

# Eastern Caribbean Central Bank



## *Economic and Financial Review*

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# EASTERN CARIBBEAN CENTRAL BANK

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**The ECCB welcomes your questions and comments on this publication.**



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## DOMESTIC ECONOMIC DEVELOPMENTS

### Overview

Economic activity in the Eastern Caribbean Currency Union (ECCU) continues to be negatively impacted by the global economic and financial crisis, even though global recovery is on the way. Preliminary data indicate that economic activity contracted at a faster pace during the first quarter of 2010, relative to the comparable period in 2009. This outturn was reflected in an accelerated rate of decline mainly in the construction, wholesale and retail trade, and transport sectors. On an individual country basis, economic activity declined in all of the member countries with the exception of Dominica and Grenada. Consumer prices rose in all of the member countries with the exception of St Kitts and Nevis and St Vincent and the Grenadines, at rates ranging from 0.3 per cent in Montserrat to 4.5 per cent in Grenada. In St Kitts and Nevis and St Vincent and the Grenadines, prices declined by 1.9 per cent and 0.5 per cent respectively. The fiscal operations of the central governments resulted in an overall deficit in contrast to a surplus in the first three months of 2009. This outturn mainly reflected developments on the current account, as the decline in revenue outstripped that in expenditure. The stock of public sector debt increased. The merchandise trade deficit is estimated to have decreased, as import payments fell. In the banking sector, monetary liabilities (M2) and domestic credit rose, while net foreign assets declined. The liquidity position of commercial banks in the currency union

improved and the spread between the weighted average interest rates on loans and deposits widened.

The economic outlook for the remainder of 2010 is unfavourable. Notwithstanding the current global recovery, weak consumer demand in major source markets, such as the UK and the USA, is expected to negatively impact the export of leisure services from the region. In addition, slow improvements in the housing and labour markets in these advanced economies, are likely to constrain the recovery in the tourism industry. Construction activity, one of the major contributors to economic output in the currency union, is expected to remain subdued as a result of unfavourable external and domestic conditions. Fiscal developments are expected to be dominated by the stabilisation and consolidation of operations based on the declining trajectory of revenue collections. Liquidity in the domestic banking system is expected to remain tight, consistent with the decline in economic activity, which is likely to continue to retard deposit growth. The risk to this outlook is heavily weighted on the downside and emanates from both the external and domestic spheres. On the external front, the main risk is related to the spill-over of the fiscal fragility of some European countries. Domestically, the main risk is centered on the deterioration of the fiscal positions of central governments and the ability of member governments to stabilise the situation.

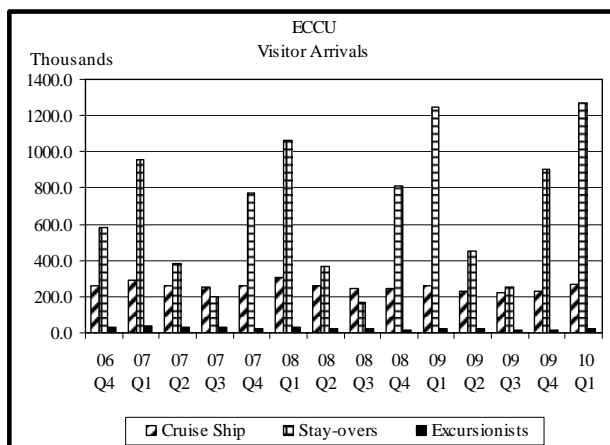


**Output**

The contraction in construction activity, the major driver of growth in recent times, reflected the continued impact of the fall-off in private inflows, especially foreign direct investment, on private sector construction and cut backs on capital spending by the governments as they continued to face constraints in accessing finance. Capital spending was cut by 45.0 per cent (\$92.5m) on aggregate, as the governments tried to adjust their spending in line with limited access to external funding, including loans and grant flows. Among the member countries, activity fell in all countries except Dominica. Consistent with the decline in construction activity, output in the mining and quarrying sector also decreased. Other key sectors that recorded contractions included wholesale and retail trade, transport, communications and government services. The decline in wholesale and retail trade was associated with the general contraction in economic activity and the concomitant fall-off in domestic demand for goods and services.

By contrast, activity in the agricultural and manufacturing sectors as well as the tourism industry increased during the period under review. Output in the agricultural sector rose on account of improvements in non-crop sub-sectors such as fishing, forestry and livestock, which more than compensated for the declines in crop production. Crop production fell primarily due to declines in banana output in the main producing member states, as a combination of drought conditions and Black Sigatoka leaf spot disease affected production. Manufacturing activity increased as a result of an expansion in output of major commodities in key member states. In Grenada, production of soft drinks, beer, flour and paint increased, while in Saint Lucia there was an expansion in the output of food, beverages and tobacco. These increases were partially offset by weak performances in the manufacturing sector in St Vincent and Grenadines and St Kitts and Nevis.

Activity in tourism industry increased during the first three months of 2010, albeit at a slower pace relative to that in the corresponding period of 2009. Total visitor arrivals grew by 2.3 per cent to 1.6m compared with growth of 8.3 per cent in the first quarter of 2009. The lower rate of growth was mainly attributed to developments in the cruise sub-sector. The number of cruise passengers, which accounted for 79.1 per cent of total arrivals to the region, increased by 1.8 per cent to 1.3m compared with growth of 16.8 per cent in the first three months of 2009. This slowdown was consistent with a decrease in the number of cruise ship calls during





the period under review. Of the other categories of visitors, stay-over arrivals, the group with the largest economic impact, rose by 3.3 per cent to 269,616 in contrast to a 15.6 per cent decrease in the comparable period of 2009. The rebound was led by increases in arrivals from the North American market. Stay-over visitors from the USA rose by 11.0 per cent in contrast to a 20.2 per cent decline in the first quarter of 2009, while arrivals from Canada grew by 12.9 per cent during the period under review compared with a 6.0 per cent increase in the corresponding period of 2009. Stay-over arrivals from the Caribbean rose by 3.0 per cent in contrast to a decline of 21.8 per cent in the first quarter of 2009. The number of stay-over visitors from the UK fell by 15.2 per cent. The weak performance of the UK market reflected the extent to which the recovery in that economy continues to lag that of its North American counterparts, and the impact of the introduction of an Air Passenger Duty in November 2009 on tickets originating in the UK. Among the member countries, increases in stay-over arrivals were recorded in Dominica (18.5 per cent), Saint Lucia (12.5 per cent), Antigua and Barbuda (1.2 per cent) and Grenada (0.9 per cent), while declines were recorded in St Kitts and Nevis (12.8 per cent), Montserrat (8.4 per cent), Anguilla (7.0 per cent) and St Vincent and the Grenadines (2.0 per cent). Expansions were also recorded in the number of yacht passengers (12.9 per cent) and excursionists (4.8 per cent).

### **Prices**

Prices rose in all of the ECCU member countries except St Kitts and Nevis and St Vincent and the Grenadines, with rates ranging from 0.3 per cent in Montserrat to 4.5 per cent in Grenada. The rise in prices during the quarter under review was largely influenced by the higher cost of food and fuel. Increases in the food sub-index, the largest weighted, ranged from 0.1 per cent in Antigua and Barbuda and St Kitts and Nevis to 4.1 per cent in Grenada. The average price of gasoline in the ECCU member countries during the first three months of 2010 was \$11.71 compared with the average price of \$9.72 in the corresponding period of 2009. Price increases for gasoline were recorded for all countries except St Vincent and the Grenadines. Based on information from the commodity price matrix for member countries, and consistent with the rise in international fuel prices, the cost of electricity rose for all countries except St Kitts and Nevis. In St Kitts and Nevis electricity prices declined as a result of the removal of the fuel surcharge in December 2009.

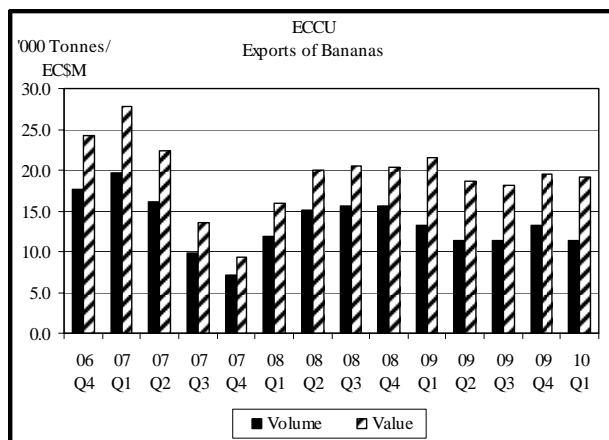
### **Trade and Payments**

Complete trade data are not available for the period under review. Preliminary estimates indicate that the merchandise trade deficit narrowed, attributable to a reduction in import payments and an increase in



export receipts. Import payments fell by 12.6 per cent, to \$1,196.1m, consistent with the fall-off in real economic activity during the review period. The value of imports fell in all of the ECCU member countries except Dominica and Montserrat. The value of exports grew by 15.1 per cent to \$255.6m, on account of increases in the non-banana export of agricultural produce, especially cocoa and nutmeg in Grenada, and manufactured commodities such as alcohol and beverages, soap, flour and feeds.

Gross travel receipts rose by 2.6 per cent to \$882.8m, in line with the increase in the number of stay-over arrivals during the review period. Commercial bank transactions resulted in a net outflow of \$181.2m in short-term capital, in contrast to a net inflow of \$95.6m in the corresponding period of 2009. Net amortisation on foreign loans by central governments stood at \$2.9m, in contrast to net disbursements of \$16.0m during the comparable period in 2009.



**Central Government Fiscal Operations**

The consolidated fiscal operations of the central governments resulted in an overall deficit of \$86.7m, compared with one of \$47.8m in the first quarter of 2009. This deterioration was mainly due to developments on the current account and a decline in capital grants. Performances were mixed amongst the member countries. Of the member countries, Saint Lucia recorded an increase in the overall deficit, while Dominica and St Vincent and the Grenadines moved from a surplus to a deficit. St Kitts and Nevis recorded a smaller surplus and Anguilla and Montserrat shifted from a deficit to a surplus. The current operations of the central governments generated a deficit of \$30.4m, in contrast to a surplus of \$48.8m recorded in the first quarter of 2009. This outturn was due to the fall-off in current revenue and the relative stickiness of expenditure.

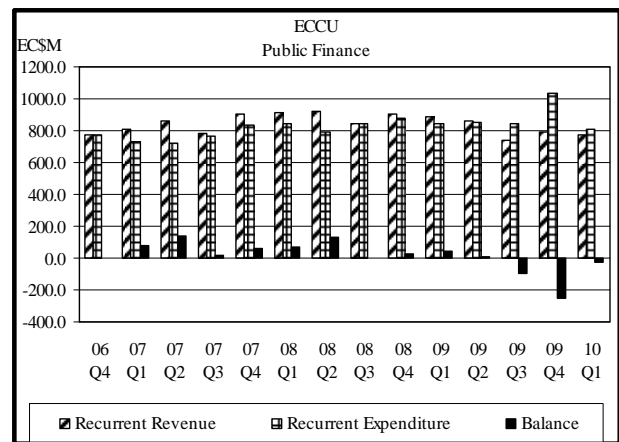
Current revenue fell by 12.3 per cent to \$776.0m, as a result of a 14.1 per cent (\$112.8m) decline in tax revenue as receipts from all of the major tax categories contracted. The collections from taxes on domestic goods and services fell by 12.0 per cent, compared with an 8.1 per cent decline in the corresponding period of 2009. The yield from taxes on international trade and transactions decreased by 16.5 per cent (\$51.1m) compared with a 2.6 per cent decline in the first quarter of 2009.



The performances of these indirect taxes were consistent with the decline in economic activity across member states and the concomitant fall in imports and domestic consumption spending. Of the other categories, revenue from taxes on income and profits fell by 12.8 per cent (\$26.1m) marked by a reduction in collections from company tax, while receipts from taxes on property declined by 19.4 per cent (\$3.5m). Current revenue and its major sub component, tax revenue, fell in all of the member countries except for Dominica and Montserrat. The contractions in tax revenue ranged from 2.2 per cent in Anguilla to 29.1 per cent in Antigua and Barbuda. Receipts from non-tax revenue rose by 5.3 per cent (\$4.4m).

Current expenditure fell by 3.5 per cent to \$806.4m as there was a contraction in most of the major sub components. Interest payments fell by 8.1 per cent, attributable to a decrease in external obligations. Outlays on goods and services fell by 6.4 per cent (\$10.5m), as result of a number of expenditure control measures introduced at the beginning of the year in member countries. The targeting of this line item was part of a broader fiscal consolidation programme aimed at stabilising fiscal operations given the projected fall-off in revenues. To this end, payments for goods and services fell in all countries except for Grenada, Saint Lucia and St Kitts and Nevis. Antigua and Barbuda recorded the largest decline (47.4 per cent) followed by St Vincent and the Grenadines (19.0 per cent). Spending on transfer and subsidies contracted by 5.0 per cent (\$10.0m). Expenditure on personal emoluments amounted to

\$367.0m during the period under review, relatively unchanged from the level in the first quarter of 2009. However, of the member countries, increases in personal emoluments were recorded in St Kitts and Nevis (3.0 per cent), Saint Lucia (7.9 per cent) and Montserrat (8.9 per cent), while in the other countries, decreases ranged from 0.2 per cent in St Vincent and the Grenadines to 9.1 per cent in Antigua and Barbuda.



Capital expenditure contracted by 45.5 per cent to \$110.7m, as a number of major public sector projects was halted due to financing constraints. The decline in capital expenditure was observed in all member countries with the exception of Montserrat, which recorded an increase of 12.2 per cent (\$0.7m). Capital grants fell by 81.5 per cent (\$62.4m).

**Public Sector Debt**

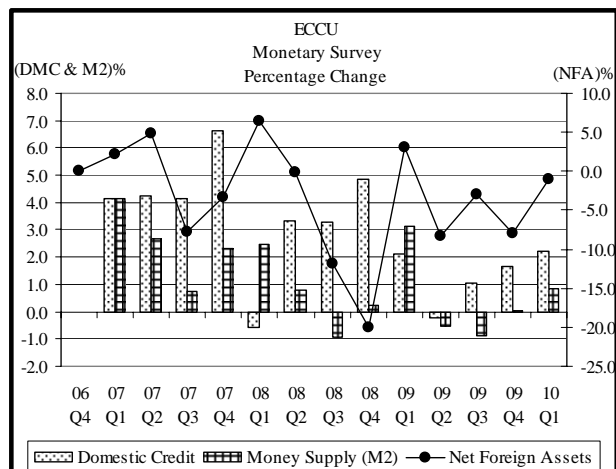
The total outstanding debt of the public sector rose by 1.0 per cent to \$11,849.8m during the quarter under review, on account of increases in central

government's outstanding debt and that of public corporations. Central governments' stock of outstanding grew by 1.2 per cent to \$9,545.8m, while that of public corporations increased by 0.6 per cent to \$2,304.0m. The stock of outstanding domestic debt for central government rose by 3.2 per cent to \$4,665.6m, while external debt fell by 0.7 per cent to \$4,880.2m. Of the member countries, increases were recorded in the public sector debt in Saint Lucia (6.6 per cent), St Kitts and Nevis (1.0 per cent), Antigua and Barbuda (0.5 per cent), and St Vincent and the Grenadines (0.5 per cent).

## Financial Developments

### *Monetary and Credit Developments*

Monetary liabilities (M2) expanded by 1.9 per cent to \$12,628.5m, influenced by an increase in narrow money (M1) and quasi money. M1 rose by 2.1 per cent, compared with growth of 3.3 per cent. The reduced rate of growth was associated in part with the fall in economic activity during the period under review. However, growth in M1 was attributed to an expansion in private sector demand deposits (3.3 per cent) and EC dollars cheques and drafts issued (41.0 per cent). By contrast, currency held with the public fell by 6.0 per cent. Quasi money increased by 1.9 per cent in the first quarter of 2010 in contrast to a decrease of 0.8 per cent during the comparable period of 2009, as a result of expansions in private sector savings, time and foreign currency deposits.

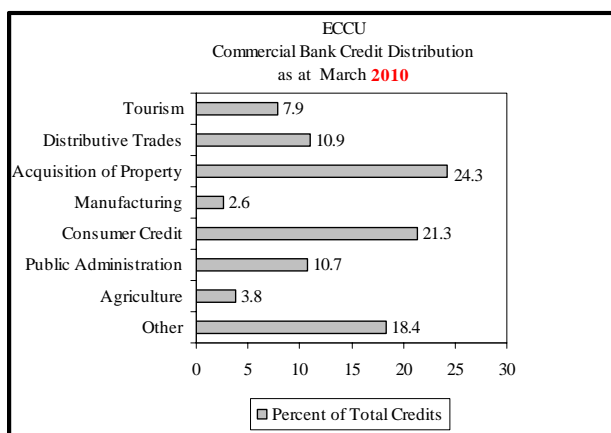


Domestic credit fell by 0.3 per cent to \$12,638.6m during the review period, influenced by a decrease in lending to both the private sector and the central government. Credit to the private sector fell by 0.1 per cent, in contrast to growth of 0.7 per cent in the first quarter of 2009. This outturn was influenced by a contraction in credit to subsidiaries and affiliates (5.0 per cent), non-bank financial institutions (4.9 per cent) and businesses (0.1 per cent), which more than offset the 0.2 per cent increase in lending to households. Net deposits of non-financial public enterprises fell by 4.1 per cent, as credit extended to those enterprises increased, while their deposits fell. Net credit to the central governments decreased by 4.7 per cent to \$1,213.7m, in contrast to an increase of 13.5 per cent during the first quarter of 2009. This contraction was influenced by growth of 7.8 per cent (\$76.3m) in central government deposits, while credit extended increased by 0.8 per cent. The expansion in deposits largely reflected developments



in Saint Lucia associated in part with proceeds from Treasury bills and bond issues. In the comparable period of 2009 central government deposits fell by 7.2 per cent and credit rose by 3.6 per cent.

An analysis of the distribution of credit by economic activity indicates that outstanding credit for construction grew at a decelerated rate of 1.3 per cent, compared with growth of 3.7 per cent in the corresponding period of 2009, while credit for tourism rose by 0.1 per cent compared with an increase of 1.2 per cent in the corresponding period of 2009. A slower rate of growth was also recorded in credit extended for distributive trades, which grew by 0.1 per cent compared with an increase of 1.0 per cent in the first quarter of 2009. Lending for personal use was virtually unchanged during the period under review, while, credit for agriculture contracted by 0.8 per cent in contrast to a 0.3 per cent contraction in the corresponding period of 2009.



The net foreign assets of the ECCU banking system increased by 11.7 per cent to \$2,144.7m during the first three months of 2010, influenced primarily by a reduction of 76.5 per cent in the net liability position

of commercial banks. This performance was due to slower growth in liabilities (3.3 per cent) relative to that in foreign assets (8.0 per cent). Additionally, the net foreign assets of the Central Bank rose by 2.0 per cent to \$2,200.3m.

Commercial bank liquidity eased during the quarter under review, marked by a 1.7 percentage point increase to 31.3 per cent in the ratio of liquid assets to total deposits plus liquid liabilities and a 0.6 percentage point rise to 8.3 per cent in the ratio of cash reserves to deposits. The loans and advances to deposits ratio fell to 88.8 per cent from 90.7 per cent at the end of December 2009, on account of growth in deposits and a contraction in total loans and advances.

The spread between the average weighted interest rate on deposits and loans rose by 0.20 percentage point to 6.47 percentage points during the first quarter of 2010. This widening was due to an increase in the weighted average lending rate and a decline in the weighted average deposit rate. The weighted average lending rate rose to 9.59 per cent from 9.49 per cent at the end of December 2009, while the weighted average interest rate on deposits fell to 3.12 per cent from 3.22 per cent at the end of December 2009.

**Developments on the Regional Government Securities Market (RGSM)**

Activity on the primary market for government securities increased marginally, during the first

quarter of 2010, as global and regional financial conditions as well as domestic markets improved slightly. Gross funds raised amounted to \$205.6m, an increase of 16.6 per cent relative to the total in the first quarter of 2009. This total represented the issuance of ten (10) securities, comprising eight Treasury bills and two bonds. Growth was associated with an increase in issuance by the Government of Saint Lucia, which issued five of the ten securities on the market during the review period. In addition, the value of bonds issued during the first quarter of 2010 stood at \$75.7m compared with \$13.3m during the corresponding period in 2009. The Government of Saint Lucia, which continued to be the primary issuer of bonds on the market, was responsible for the improved performance as a result of the issuance of two long-term bonds. However, this increase in the issued value of bonds was offset by a decline in the value of Treasury bills issued, which fell by 20.2 per cent to \$130.0m. This decline was partly a result of the fall in issuance by the Government of Antigua and Barbuda.

Notwithstanding these improvements, there was a marginal weakening in investor sentiment in the market as evidenced by a fall in subscriptions during the period. The bid-to-cover ratio<sup>1</sup> fell to 1.17 from a ratio of 1.21 in the comparable period of 2009, as the value of bids fell to \$240.5m. This fall in the subscriptions ultimately resulted in two

under-subscriptions during the period. Meanwhile, investor demand for short-term securities improved as the bid-to-cover ratio for Treasury bills rose to 1.27.

Interest rate movements during the period were generally consistent with the increase in demand for Treasury bills and the associated competitive bidding process it generated. As a result the weighted average interest rate on 91-day Treasury bills declined to 5.31 per cent; 63 basis points lower than the weighted average rate in the comparable period of 2009. Rates contracted for all of the three issuing governments during the period. Interest rates on the six and eight-year securities were 7.25 per cent and 7.50 per cent respectively. No comparative maturities were issued on the market in the same period of 2009.

Trading in the secondary market for government securities improved in the first quarter of 2010, as reflected in a 58.0 per cent increase in the value of securities traded, to \$9.52m.

### Prospects

The outlook for economic activity remains uncertain for the rest of 2010 and the risks suggest that real GDP may contract further in 2010. The impact of the global economic and financial crisis continues to negatively impact growth in the ECCU.

<sup>1</sup> The bid-to-cover ratio represents the value of bids received in an auction divided by the value of bids accepted. The higher the demand by investors at the auction, the higher the ratio.



Notwithstanding the current global recovery, weak consumer demand in major source markets for tourist arrivals, such as the UK and USA, is expected to negatively impact the export of leisure services from the region. In addition, slow improvements in the housing and labour market in these advanced economies, is likely to further constrain the recovery in the tourism industry. Construction activity, a major contributor to economic activity in the currency union, is expected to remain subdued as a result of unfavourable external and domestic conditions. On the external front the negative shock to tourism related private capital flows, slow recovery of the global financial markets and associated tight credit conditions are likely to stymie construction activity of villas, condos and hotels that are heavily dependent on funding from this source. Tight domestic credit conditions are likely to limit access to credit for mortgages and related property developments, while reduced capital spending will dampen public sector construction activities. The weak performances of these two sectors will have negative spill-over effects on other key sectors such as: transport, wholesale and retail trade as well as mining and quarrying. In addition, remittance flows, which are an important source of spending power in a number of countries, are expected to remain below pre-crisis levels in light of the high levels of unemployment in the USA and the UK. Given this forecast, and the lag with which external economic and financial impulses are transmitted to the ECCU, it is expected that recovery of real economic activity in the ECCU

will be slow and that domestic labour markets will remain soft.

Fiscal developments are expected to be dominated by the stabilisation and consolidation of operations based on the declining trajectory of revenue coupled with lower levels of grant receipts. To this end, member countries are expected to implement a number of measures aimed at improving revenue and reducing expenditure, inline with the general goals of fiscal and debt sustainability laid out in the ECCU Eight Point Stabilisation and Growth Programme. Notwithstanding these efforts to realign expenditure with projected lower levels of revenues, fiscal balances are expected to deteriorate further over the rest of the year. The outturn is likely to be influenced by the stickiness in expenditure, especially current expenditure, which means that it would contract at a much slower rate than any fall-off in revenue. Hence, the burden of the spending adjustments is likely to fall on capital expenditure which is expected to move in line with developments over the first three months. However, the IMF programmes being undertaken by some countries, together with official flows from friendly governments and funds from other international and regional agencies, should go a long way to ease the financing constraints faced by most countries. Given the projected widening of the overall deficits, public sector disbursed and outstanding debt is expected to increase.



Liquidity in the domestic banking system is expected to remain tight consistent with the projected decline in real economic activity, which is likely to continue to retard deposit growth. In addition, slow recovery in international financial markets is expected to impair private capital inflows into the system which would further exacerbate the liquidity situation. The weak real economy, which affects the demand for loans, along with tightening credit conditions by commercial banks are expected to suppress domestic credit. Consequently, net foreign assets of the banking system are likely to increase as commercial banks seek to compensate for the fall-off in activity on their loan portfolio by pursuing other opportunities for returns outside of the ECCU.

Activity on the RGSM may decrease due to the policy decision by a member country to limit its external borrowing for the remainder of the year. However, rates are expected to remain low given the captive nature of the market and limited options

available to investors to get the comparable returns offered by the sovereign securities.

The risk to this outlook is heavily weighted on the downside and emanates from both the external and domestic spheres. On the external front the main risk is related to the spill-over of the fiscal fragility of some European countries. In particular, the deteriorating fiscal positions and high debt of these countries could feed back into the financial markets and be transmitted across borders, resulting in another round of global financial market turmoil. On the domestic front the main risk is centered on the deteriorating fiscal positions of central governments and the ability of member governments to stabilise the situation. This may further reduce the policy space in terms of governments' ability to respond to any further shock, man made or natural, which may affect the economies. This highlights the need for member governments to coordinate their responses and remain committed to the implementation of the ECCU Eight Point Stabilisation and Growth Programme.





## ANGUILLA

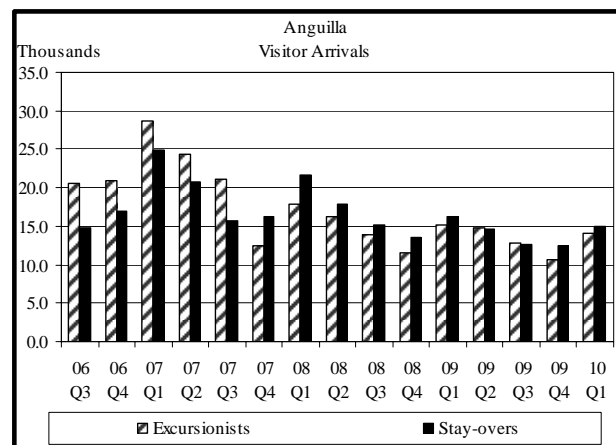
### Overview

The economy of Anguilla continued to contract in the first quarter of 2010, following a sharp decline recorded in 2009. Economic activity is estimated to have been below the level of the corresponding period of 2009, largely as a result of a decline in activity in both the tourism industry and the construction sector. Consumer prices increased by 0.8 per cent, on an end-of-period basis. In the external sector, the merchandise trade deficit decreased on account of a decline in imports. Supported by grant inflows, the fiscal operations of the central government resulted in an overall surplus in contrast to an overall deficit in the first quarter of 2009. Total outstanding public sector debt fell during the quarter under review. In the banking system, net foreign assets and domestic credit increased, while monetary liabilities decreased. Commercial bank liquidity improved and the weighted average interest rate spread between loans and deposits narrowed.

The economic contraction observed in the first quarter is expected to continue for the remainder of 2010, based on a deteriorating outlook for construction and tourism activity and their economic importance and spillover effects. A further downside risk would be a delay in the passage of Anguilla’s 2010 Appropriation Act (Budget) due to prolonged negotiations.

### Output

Construction activity in the first quarter of 2010 is estimated to have declined relative to the outturn in the corresponding period of 2009, as major projects slowed or were halted due to financing constraints. In the public sector, work was suspended on the Blowing Point Ferry Terminal, the Airport Master Plan project, road rehabilitation and sea port development. Private sector construction activity rose relative to the outturn in the first quarter of 2009, supported by increases in commercial bank credit to construction companies (1.8 per cent) and to individuals (2.4 per cent) for home construction and renovation.



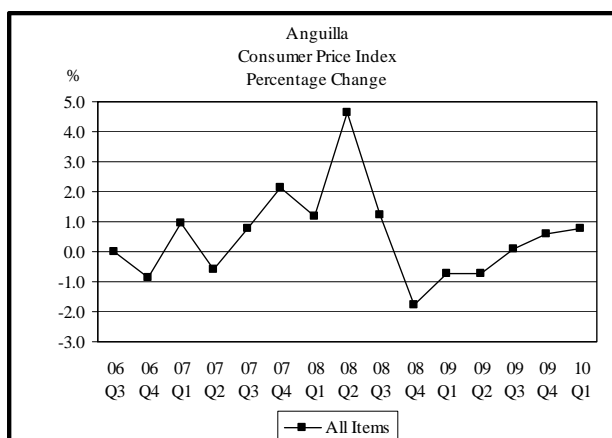
The performance of the tourism industry is estimated to have deteriorated in the first quarter of 2010 compared with the corresponding period of 2009. Total visitor arrivals fell by 7.0 per cent to 29,061, reflecting contractions in all categories of visitors.



The number of stay-over visitors declined, marked by decreases in arrivals from all the main markets. Weak growth and high unemployment in Anguilla’s primary tourism markets, the USA and the euro zone, as a result of the impact of the global economic and financial downturn in 2009, continue to impede growth in arrivals. The number of excursionists declined by 7.0 per cent to 14,032.

**Prices**

The consumer price index rose by 0.8 per cent during the quarter under review. This outturn was attributed to increases in the sub-indices fuel and light (5.0 per cent), transport and communication (2.2 per cent) and food (0.5 per cent). The expansion in the fuel and light sub-index was due to a 25.0 per cent rise in the fuel surcharge, while the increase in the transport and communications sub-index was associated with higher prices of vehicles and the resulting insurance premiums. Growth in the food sub-index, which has the largest weight in the basket of goods and services, reflected higher prices for bread and cereal products.



**Trade and Payments**

A merchandise trade deficit of \$105.7m was recorded in the first quarter of 2010 compared with one of \$128.1m in the corresponding period of 2009. The decrease in the deficit was attributed to a 21.1 per cent decline in import payments, consistent with the contraction in economic activity. Declines were recorded in most import categories. The value of exports fell by 33.2 per cent to \$7.4m.

Gross travel receipts are estimated to have declined by 6.3 per cent, in line with the fall in visitor arrivals. The transactions of commercial banks resulted in a net inflow of \$33.2m in short-term capital, in contrast to an outflow of \$147.8m during the first quarter of 2009.

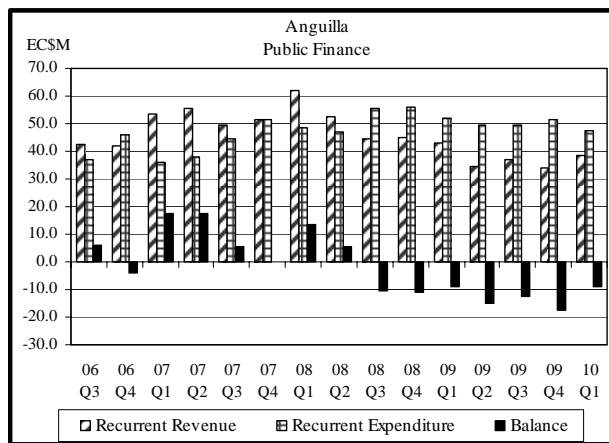
**Central Government Fiscal Operations**

The fiscal operations of the central government resulted in an overall surplus of \$12.8m in the first three months of 2010, in contrast to an overall deficit of \$11.7m recorded in the corresponding period of 2009. The shift was largely attributed to an increase in grant receipts (\$22.3m). A primary surplus (after grants) of \$16.2m was recorded, in contrast to a primary deficit (after grants) of \$9.5m in the first quarter of 2009.

The central government recorded a current account deficit of \$9.3m, compared with one of \$8.9m in the first three months of 2009. The increase in the deficit reflected a decline in revenue intake. Current



revenue fell by 9.8 per cent to \$38.6m, largely associated with a decrease in non-tax revenue and lower receipts from taxes on international trade and transactions. Non-tax revenue contracted by 29.9 per cent (\$3.5m). Receipts from taxes on international trade and transactions fell by 16.0 per cent (\$2.8m), mainly associated with lower revenue from import duties (\$2.5m). The yield from taxes on domestic goods and services rose by 17.0 per cent (\$2.2m) due to an increase in collections from stamp duty.



Current expenditure fell by 7.5 per cent to \$47.9m, reflecting a decrease in outlays in all categories of expenditure, except interest payments. Outlays on transfers and subsidies declined by 14.6 per cent (\$2.2m), as the authorities curtailed spending due to financing constraints; similarly, spending on goods and services decreased by 13.5 per cent (\$1.4m). Expenditure on personal emoluments contracted by 5.9 per cent (\$1.4m), reflecting a 5.0 per cent wage cut and a hiring freeze implemented in the fourth quarter of 2009. By contrast, interest payments increased by 52.5 per cent (\$1.2m) on account of an

expansion in the debt stock relative to the level in the first quarter of 2009.

Capital expenditure amounted to \$0.2m in the first quarter of 2010, compared with \$2.8m in the corresponding quarter of 2009, attributable to government’s policy response to suspend the implementation of capital projects due to financing constraints, precipitated by the global developments.

**Public Sector Debt**

Total disbursed outstanding debt of the public sector was estimated at \$179.6m at the end of March 2010, a decrease of 6.2 per cent on the amount at the end of December 2009. This outturn mainly reflected a reduction in the debt of the central government. The central government’s debt, which accounts for 89.5 per cent of the total public sector debt, decreased by 6.7 per cent to \$160.7m, largely reflecting a fall in domestic borrowing. The outstanding debt of public corporations fell by 2.0 per cent to \$18.9m.

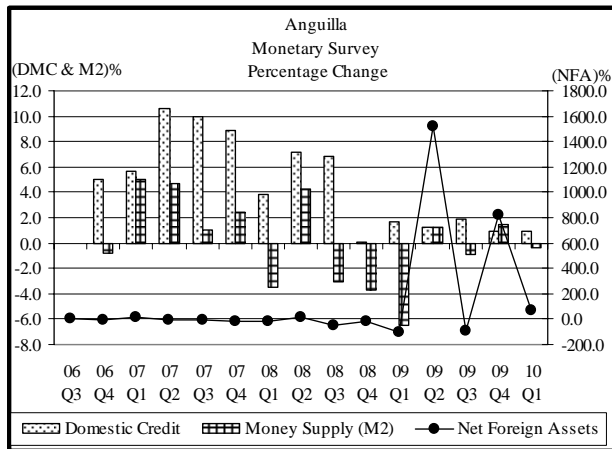
**Money and Credit**

Monetary liabilities (M2) contracted by 0.4 per cent to \$1,070.2m during the first three months of 2010, compared with a decline of 6.5 per cent in the corresponding period of 2009. The contraction in M2 during the period under review was influenced by an 8.3 per cent (\$4.2m) fall in narrow money (M1), associated with a decline in currency in circulation (\$4.0m). Quasi money, the other



component of M2, was relatively unchanged at \$1,023.2m.

Domestic credit rose by 0.9 per cent to \$1,389.2m, as a result of an increase in outstanding loans to the private sector. Credit to the private sector rose by 1.6 per cent, attributable to an increase in lending to private businesses (6.1 per cent). The central government’s net indebtedness to the banking system fell by 17.4 per cent (\$22.5m), reflecting a decrease of 15.7 per cent (\$21.7m) in commercial bank credit. In the rest of the public sector, the net deposits of the non-financial public enterprises fell by 7.7 per cent, influenced by a reduction in their deposits.



The distribution of credit by economic activity shows a 2.3 per cent (\$35.7m) contraction in commercial bank credit, indicative of the slowdown in the economy. Decreases were observed in credit extended for personal use (\$10.9m), underpinned by a fall in lending for house and land purchases

(\$11.8m). A decline was also recorded in credit for tourism (\$5.3m).

The net foreign assets of the banking system increased by 66.7 per cent to \$62.5m, in contrast to a decrease of 98.7 per cent during the first three months of 2009. This increase was primarily influenced by a 52.2 per cent rise to \$33.2m in commercial banks’ net foreign assets, mainly reflecting a build up of assets held with institutions outside of the Eastern Caribbean Currency Union and a reduction in their liabilities with banks and other financial institutions in the rest of the currency union. Anguilla’s imputed share of the ECCB reserves declined by 8.1 per cent to \$93.0m.

Liquidity in the commercial banking system rose during the first quarter of 2010. The ratio of liquid assets to total deposits plus liquid liabilities increased by 1.2 percentage points to 29.5 per cent, while the loans and advances to deposits ratio fell by 2.1 percentage points to 107.8 per cent.

The weighted average interest rate spread between deposits and loans declined to 6.20 percentage points from 6.53 percentage points at the end of December 2009. This was as a result of an increase of 0.02 percentage points to 3.56 per cent in the weighted deposits rate and a decrease in the weighted lending rates to 9.76 per cent from 10.07 per cent in December 2009.



**Prospects**

A contraction in economic activity is projected in 2010, although the rate of decline is likely to slow relative to that recorded in 2009. This outturn is based on the first quarter performance and expected developments in the rest of the year, particularly with respect to tourism and construction, as these sectors continue to be negatively impacted by global developments and domestic fiscal constraints.

On the fiscal accounts of the central government, a deterioration in current savings is projected, as current revenue is likely to decline at a faster rate than that of current expenditure. Capital expenditure is projected to be below the level recorded in 2009, constrained by finances.

On the external accounts, the merchandise trade deficit is projected to decrease, on account of a reduction in import payments as economic activity contracts. Gross inflows from travel are likely to be lower than in 2009.

The downside risks to these projections include a worsening of the global economy due to the spill-over effects of the euro zone sovereign debt crisis and a possible double dip recession in the United States of America. Both occurrences will lead to low levels of foreign direct investment and tourist arrivals. In addition, the late implementation of the 2010 budget due to protracted fiscal negotiations is also likely to dampen economic activity.



## ANTIGUA AND BARBUDA

### Overview

Preliminary data indicate that economic activity in Antigua and Barbuda decreased in the first quarter of 2010 compared with the outturn in the corresponding period of 2009. Value added in most of the economic sectors declined; the contraction was particularly acute in the construction and mining and quarrying sectors. By contrast, output in the hotels and restaurants sector increased marginally, resulting from an up-tick in stay-over visitor arrivals. Consumer prices rose by 0.4 per cent, on an end-of-period basis. The central government incurred a smaller overall deficit, as capital spending was virtually suspended due to financing difficulties. Disbursed outstanding public sector debt increased, compared with the level at the end of December 2009. Monetary liabilities of the banking system increased marginally on account of an expansion in net foreign assets. Commercial bank liquidity and the weighted average interest rate spread rose during the review period.

The economic recession experienced in the first quarter of 2010 is likely to continue for the rest of the year, as activity in most of the major sectors is projected to remain depressed in the near-term. On the upside, tourism demand, particularly among stay-over visitors, is expected to rebound as a result of enhanced marketing efforts. The main risks to the outlook relate to the euro depreciation, a slow global

economic recovery, tepid US job growth, inflation and adverse weather.

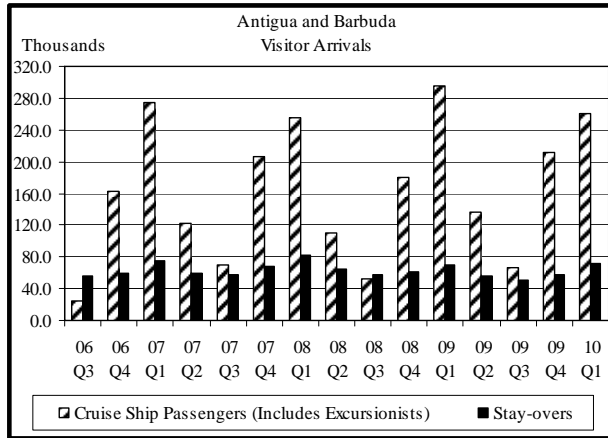
### Output

Construction activity, which previously provided significant impetus to growth, is estimated to have declined in the first quarter of 2010 relative to the level in the corresponding period of 2009. The contraction in activity was attributed to the suspension of capital projects as well as a scale-back of key commercial and foreign direct investment projects in the private sector as a result of ongoing financing difficulties. In the public sector, work was aborted on the Sunrise Community Hub and the airport development projects. Instead, activity focussed on less costly repairs and renovations to schools and some public buildings. Major tourism projects, such as Half Moon Bay, La Perla's, Eden Beach Club, Hodge's Bay Club, Marina Residences and Reeds Point, were either significantly scaled back or stalled. Value added in the mining and quarrying sector also fell, consistent with the reduction in construction activity.

The performance of the tourism industry, for which value added in the hotels and restaurants sector is used as a proxy, improved slightly due to a rebound in stay-over visitor arrivals. The number of stay-over visitors increased by 1.2 per cent to 71,238, as opposed to a decline of 14.3 per cent in the first



quarter of 2009. Additional airlift, intensified marketing, the opening of a new hotel and some discounting on rooms were the main contributing factors for the turnaround in the review period. The number of stay-over arrivals from Canada almost doubled as a result of the introduction of new flights.



There were also increases in arrivals from the Caribbean (23.3 per cent) and the USA (8.3 per cent). By contrast, the number of overnight visitors from Europe fell by 25.1 per cent, attributable to ongoing recessionary conditions in the euro zone. Among the European countries, the largest decline in stay-over visitor arrivals (28.2 per cent) was estimated in the UK market, influenced by the introduction of the Air Passenger Duty (APD) in November 2009 and the comparatively slow recovery of the UK economy. Given those developments, North America surpassed Europe as the most important source market for tourists. Of the other categories of visitors, yacht passenger arrivals are estimated to have increased by 4.3 per cent to 10,636 in contrast to a decline of 20.3 per cent in the first quarter of 2009. The number of

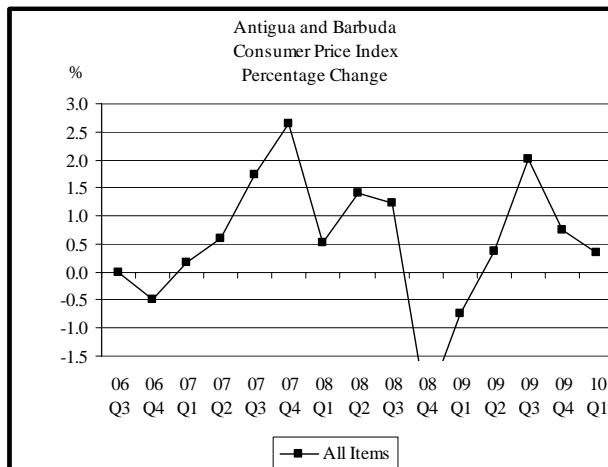
cruise ship passengers fell by 11.7 per cent, reflecting a reduction in cruise ship calls as one major ship decided to replace Antigua and Barbuda with another Caribbean island from January 2010.

Activity in the wholesale and retail trade sector is estimated to have fallen due to a decline in imports and value added for transport is estimated to have decreased in line with the reduction in construction activity and cruise passenger arrivals. Among the other economic sectors, declines were also recorded in value added for manufacturing, government services and communication whereas value added for electricity and water, banks and insurance, agriculture and real estate and housing rose.

**Prices**

The consumer price index rose by 0.4 per cent on an end-of-period basis, reflecting increases in the prices of food and fuel and light. Prices in the food sub-index, the highest weighted, rose by 0.1 per cent above the level at the end of December 2009, as a result of increases in the prices of cereal, meat and dairy products. Those increases were largely attributable to the combined effects of the reduction in the number of zero-rated items on which the Antigua and Barbuda Sales Tax (ABST) is levied and the introduction of a revenue recovery charge. An increase in the fuel variation rate and the price of liquefied petroleum gas, in response to rising international oil prices, led to a 6.1 per cent expansion in the fuel and light sub-index. Partially offsetting those increases was a 3.5 per cent decline

in prices in the alcoholic beverages and tobacco sub-index. Prices in the other sub-indices either decreased marginally or remained the same.



### Trade and Payments

Complete trade statistics are not available for the first quarter of 2010. Preliminary data on cargo throughput indicate that the volume of imports fell by 30.0 per cent, reflecting reductions in all the main sub-categories. The volume of fuel imported declined by 38.1 per cent relative to the level in the corresponding period of 2009, consistent with the general downturn in economic activity. The volume of cement imported decreased by 45.4 per cent, in line with the contraction in construction activity. In addition, the import volume of general cargo and vehicles declined by 6.7 per cent and 47.0 per cent respectively, due to the economic recession and the general fall in consumer spending. The volume of exports fell by 3.9 per cent, influenced by declines in the export of general cargo and cement. Those

reductions were partly offset by increases in the re-exports of fuel and vehicles.

Gross travel receipts rose marginally (0.2 per cent) to \$259.0m, reflecting the increase in stay-over visitor arrivals. Commercial bank transactions resulted in a net outflow of \$136.0m in short-term capital, up from one of \$130.8m during the first quarter of 2009. External loan disbursements to the central government amounted to \$9.3m, while debt repayment totalled \$10.9m. Consequently there were net outflows of \$1.6m, compared with payments of \$5.7m made in the first quarter of 2009.

### Central Government Fiscal Operations

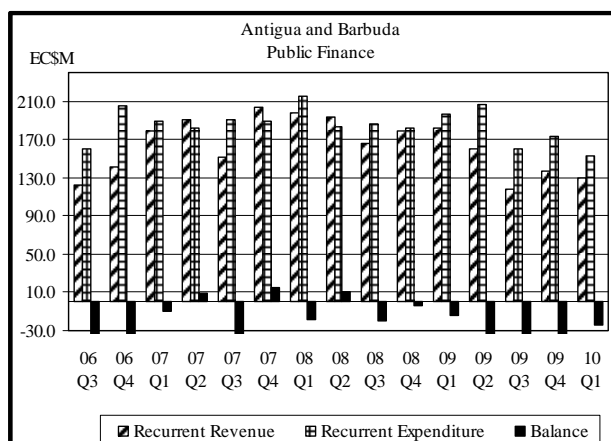
The fiscal operations of the central government yielded an overall deficit of \$24.0m in the first quarter of 2010, below that of \$37.3m in the corresponding period of 2009. The narrowing of the deficit stemmed from a reduction in capital expenditure, which outweighed an expansion in the current account deficit. A primary deficit of \$9.4m was incurred, compared with one of \$24.9m in the first quarter of 2009. The overall deficit was financed primarily from domestic sources.

Capital expenditure amounted to \$1.0m, representing a decline of 96.3 per cent relative to the total in the first quarter of 2009 as the government continued to experience financing difficulties for its public sector investment programme.





The current account deficit increased by 69.1 per cent to \$23.6m as a result of a significant decline in current revenue, which was only partially offset by a reduction in current expenditure. Current revenue fell by 28.7 per cent to \$129.7m, primarily attributable to a 29.1 per cent decline in tax revenue. Receipts from taxes on international trade and transactions decreased by 40.2 per cent, in line with the decline in import levels. Collections from taxes on domestic goods and services fell by 21.6 per cent (\$15.8m), associated with a contraction in receipts from the ABST due to the weak economy and poor compliance. Revenue from taxes on income and profit declined by 30.9 per cent (\$10.3m), largely influenced by a smaller intake from the company tax. By contrast, the yield from taxes on property increased by 15.6 per cent (\$0.7m).



Current expenditure contracted by 21.7 per cent to \$153.3m, resulting from reductions in outlays on all categories of expenditure, except for interest payments. Spending on transfers and subsidies fell by 27.5 per cent, largely reflecting reduced outlays for grants and subventions to statutory corporations

and overseas missions. Payments for goods and services decreased by 47.4 per cent (\$18.1m), mainly on account of the implementation of new procurement guidelines for better expenditure control. Outlays on personal emoluments declined by 9.1 per cent, primarily as a result of a reduction in overtime pay. Interest expenses rose by 17.7 per cent (\$2.2m), reflecting an increase in the outstanding debt stock.

**Public Sector Debt**

The total disbursed outstanding debt of the public sector was estimated at \$3,222.3m at the end of March 2010, up from \$3,205.7m at the end of December 2009. The disbursed outstanding debt of the central government rose by 0.8 per cent to \$2,736.5m at the end of March 2010, as an increase in its domestic debt was only partially offset by a reduction in external holdings. By contrast, estimates of public corporations’ outstanding debt fell by 0.9 per cent to \$485.8m, largely on account of a contraction in external debt.

**Money and Credit**

Monetary liabilities (M2) increased by 0.8 per cent (\$24.5m) to \$3,021.4m during the first quarter of 2010, compared with a 6.5 per cent expansion during the corresponding period of 2009. Growth in M2 was largely associated with an increase of 1.0 per cent in quasi money, attributable to expansions in private sector savings deposits (2.9 per cent) and foreign currency deposits (0.7 per cent). Those

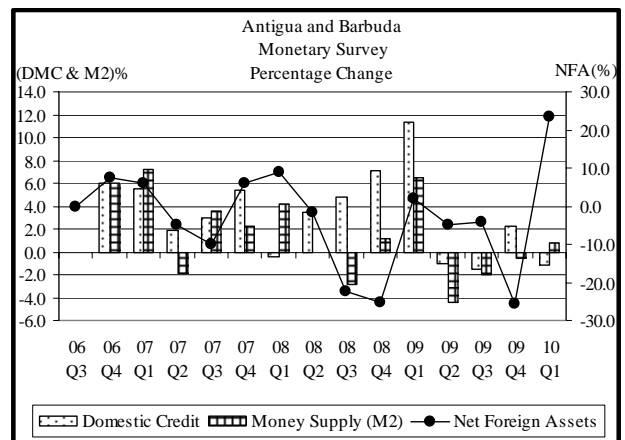


increases were tempered by a decline of 0.8 per cent in private sector time deposits. Narrow money rose marginally (0.3 per cent) as a fall in currency with the public was offset by increases in private sector demand deposits and the issuance of EC dollar cheques and drafts.

Domestic credit declined by 1.1 per cent to \$3,000.1m, primarily influenced by the transactions of the private sector. Credit to the private sector fell by 1.1 per cent (\$27.6m), largely reflecting a reduction in outstanding loans to households (\$22.0m). Lending to non-bank financial institutions as well as subsidiaries and affiliates also declined whereas credit to businesses inched upwards. In the public sector, the net deposits of non-financial public enterprises rose by 5.2 per cent, on account of an expansion in their deposits. Net claims on the central government increased marginally (0.2 per cent), mainly attributable to a fall in its deposits at commercial banks, which was mostly offset by growth in credit.

The distribution of credit by economic activity indicates reductions in outstanding loans for all categories, except manufacturing (including mining and quarrying) and distributive trades, each of which increased by 2.2 per cent. Lending for personal use, which represented the bulk of outstanding credit, fell by 1.3 per cent (\$17.1m), primarily as a result of a decline in outstanding loans for durable consumer goods. Credit for construction decreased by 1.6 per cent (\$4.3m) in line with reduced activity in that sector.

The net foreign assets of the banking system stood at \$464.6m at the end of March 2010, representing growth of 22.3 per cent compared with the total at the end of December 2009. Commercial banks' net foreign assets more than doubled to \$223.5m, representing an increase in assets held with institutions both outside and within the currency union. Antigua and Barbuda's imputed share of ECCB's reserves fell by 17.5 per cent.



Liquidity in the commercial banking system increased as the ratio of liquid assets to total deposits plus liquid liabilities rose by 3.1 percentage points to 45.0 per cent. The loans and advances to total deposits ratio fell to 89.7 per cent at the end of March 2010, from 91.3 per cent at the end of December 2009.

The interest rate spread between loans and deposits widened to 7.16 percentage points at the end of March 2010, from 5.61 percentage points at the end of December 2009. The weighted average interest rate on loans rose by 1.43 percentage points to



10.35 per cent and that on deposits decreased by 0.12 percentage point to 3.19 per cent.

### **Prospects**

Antigua and Barbuda's economy is unlikely to emerge from the recession in 2010, premised principally on the lagged transmission effect of a global turnaround. Consequently real GDP is expected to decline albeit at a lower rate compared with the contraction in 2009. The level of construction activity is likely to remain subdued, given private sector financing difficulties as a result of tight credit conditions and dwindling inflows of foreign direct investment and remittances. Value added in the hotels and restaurants sector is expected to increase as the economic recovery in the USA and the UK becomes more entrenched. The opening of a hotel in March 2010 and additional flights from the USA and Canada are also expected to facilitate an increase in visitor arrivals. However these projections may be tempered by persistently high US unemployment levels and the impact of the introduction of the UK's Air Passenger Duty in November 2009, which are likely to affect tourism demand from those markets. A projected expansion in enrollment at the American University of Antigua is expected to lead to increased activity in the other services sector. Those increases are likely to be offset by a decline in value added in the construction sector as activity for the rest of the year is not expected to counterbalance the contraction in the first quarter.

Notwithstanding the lacklustre revenue performance in the first quarter of 2010, the fiscal operations of the central government are projected to improve in 2010 relative to the outturn in 2009. The forecast is based largely on the recent implementation of various economic stabilisation and adjustment measures, aimed at restoring fiscal and debt sustainability. Revenue measures include an amendment to the ABST regulations, which reduced the number of items on the zero-rated list to 29 from 75; the introduction of a revenue recovery charge; and the implementation of a tax compliance certificate. On the expenditure side, circulars were sent to various ministries in January 2010, which introduced a new procedure – Request to Incur Expenditure – to encourage a higher level of discipline and reporting requirements. These measures are expected to lead to increased revenue and better expenditure management, and to unlock financing resources that would allow the government to reduce its arrears and meet its fiscal requirements in 2010.

Another noteworthy development has been the natural completion of a temporary (2-year) suspension of the common external tariff (CET) on selected items, namely yeast, baby formula, baking powder, canned beef, cheese, fish, juice, oil, cereal, sardines, soups, teas and tuna, as of 04 March 2010. Any of these items, originating outside of the CARICOM region, would now attract a CET ranging from 5 per cent to 40 per cent. Grants from the European Union, under its Vulnerability Flex



(V-Flex) mechanism, are likely to be released in the latter half of the year. Additional revenue is also anticipated from the divestiture of a state-owned insurance company.

In the external sector, the reduction in the volume of imports is likely to continue on its downward path given expectations of weak economic activity. Gross inflows from travel are likely to expand, consistent with the expected increase in visitor arrivals.

The downside risks to the projections include further depreciation of the Euro, a lengthy period of slow growth in the US and UK and external inflationary

pressures, which are likely to lead to higher consumer prices and a depressed economy given the close linkages. More specifically, the euro depreciation could lead to less visitor arrivals from Europe. Additionally, a more protracted transition of the global economy from recession to recovery could further delay a rebound in exports, and impede the recovery in Antigua and Barbuda. Tepid US job growth will restrict consumer spending on goods and services, including exports and travel. High US unemployment is also likely to result in lower inflows of remittances to the domestic economy. Other downside risks include rising international commodity prices and adverse weather.



## DOMINICA

### Overview

The economy of Dominica grew during the first quarter of 2010, albeit at a slower pace relative to the corresponding period in 2009. This slowdown in economic activity was influenced primarily by contractions in the agriculture and manufacturing sectors. There was however increased activity in the tourism and construction sectors. The consumer price index (CPI) rose by 0.8 per cent, on an end-of-period basis, on account of increases in international commodity prices, especially fuel. The merchandise trade deficit is estimated to have widened reflecting increased import payments. Central government's fiscal operations resulted in an overall deficit, in contrast to a surplus in the first quarter of 2009, influenced mainly by a decline in grant receipts. Total public sector outstanding debt declined, reflecting a reduction in both domestic and external obligations. In the banking system, monetary liabilities rose at a slower pace compared to the corresponding period in 2009. Meanwhile, the weighted average interest rate spread decreased and commercial bank liquidity increased.

Economic activity is expected to rebound during 2010 following the contraction in 2009, on account of a recovery in key sectors such as tourism, manufacturing and construction. Improvements in the economic and financial conditions in major source markets such as the USA and UK, should positively impact the demand for leisure services,

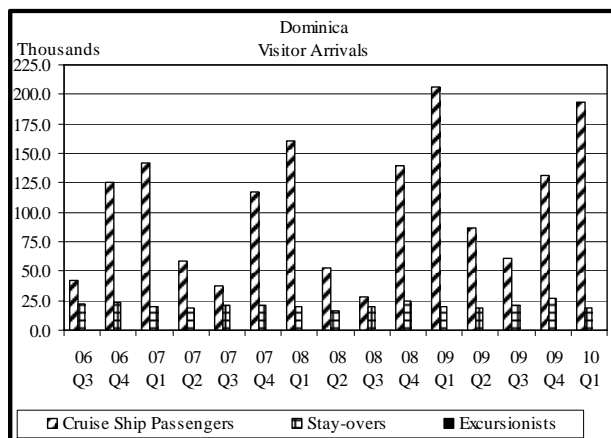
hence the tourism industry is expected to return to positive growth. In addition, manufacturing activity is expected to increase in the remainder of the year, based mainly on an anticipated recovery in the production of beverages and laundry soap. In the construction sector, the expected turnaround will be driven by an increase in the pace of implementation of major public sector projects. Downside risks to the outlook are associated with a delayed recovery in the global economy, reduced grant flows, higher oil prices and leaf spot disease in the agricultural sector.

### Output

Activity in the tourism industry increased in the review period relative to the corresponding period in 2009. This was partly reflected in a 10.6 per cent rise in total visitor arrivals to 249,841, as both the number of stay-over and cruise ship arrivals increased. The number of stay-over visitors rose by 18.5 per cent to 22,923, marked by increases from all the major source markets, as marketing efforts which intensified in 2009 took effect. Arrivals from the USA, which account for 30.2 per cent of the market, rose by 20.1 per cent, while those from the Caribbean, which account for the largest share (46.7 per cent) on average, increased by 17.3 per cent. Of the other markets, arrivals from Canada and the UK rose by 18.3 per cent and 17.9 per cent respectively. The number of cruise ship passengers increased by 9.9 per cent to 226,743, consistent with an expansion in the number of cruise ship calls. These increases



were partially tempered by a 40.1 per cent decline in excursionists to 175.



Construction activity is estimated to have expanded during the first quarter of 2010, when compared to the corresponding period of 2009. This growth was the result of increased activity in both the public and private sectors. In the public sector, activity was centred mainly on improving the road network. Activity included a number of major road projects such as the Roseau–Melville Hall Road and Rehabilitation of the West Coast Road. In addition, work continued on the Melville Hall Air Access Improvement project and, a water project aimed at improving capacity for three communities. Activity in the private sector was dominated by construction of residential buildings and a new supermarket in Portsmouth. Increases in the value of housing starts and imports of construction material, by 47.8 per cent and 2.0 per cent respectively, were consistent with the expansion in construction.

In the agricultural sector, output declined mainly due to a contraction in crop production, especially

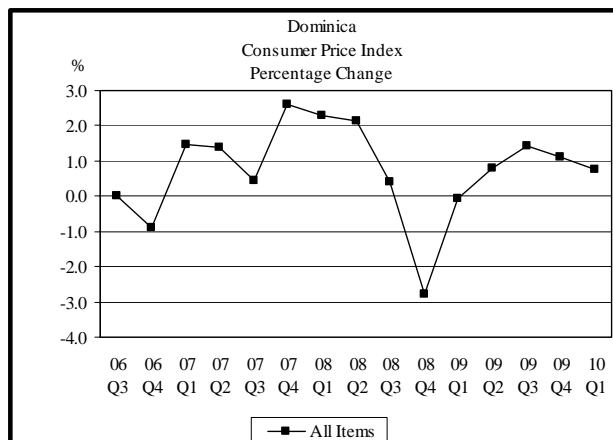
bananas. Banana output fell by 44.1 per cent to 971 tonnes in the first quarter of 2010, in contrast to a more than tripling of output in the corresponding period of 2009. The negative impact of a prolonged drought, coupled with the effects of the black sigatoka leaf spot disease were the main factors contributing to this poor performance. Notwithstanding these declines in crop production, increases were recorded in livestock, forestry and fishing production.

Output in the manufacturing sector is estimated to have declined compared with the level in the first quarter in 2009, on account of weak performances of major product lines. Production of soap fell by 1.5 per cent, and paints and varnishes declined by 22.1 per cent. The output of these products was negatively impacted by weak demand in main markets, particularly Jamaica and Trinidad and Tobago. These declines were only partially offset by a 12.3 per cent increase in beverages.

### Prices

The consumer price index rose by 0.8 per cent during the first quarter of 2010 in contrast to a 0.1 per cent contraction in the corresponding period of 2009. Price increases were recorded for the sub-indices food (0.5 per cent) and transportation and communication (0.2 per cent), which together account for over half of the weight in the basket of goods and services. The largest increase was recorded for the fuel and light sub index (6.4 per cent), mainly reflecting the rebound in international

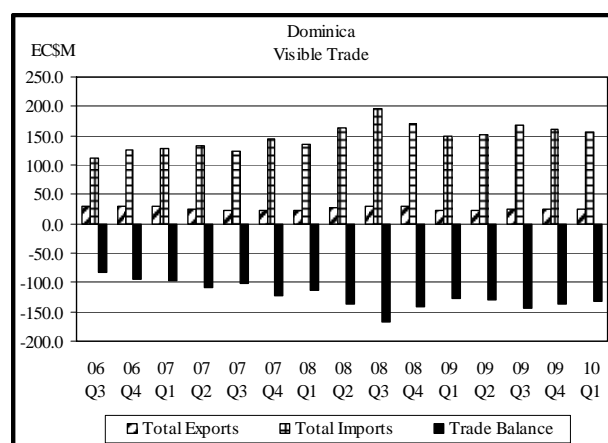
oil prices. These increases were partially tempered by declines in the Housing and Utilities (0.6 per cent), Medical Care and Expenses (0.1 per cent) and Education (0.3 per cent).



**Trade and Payments**

A merchandise trade deficit of \$131.7m was recorded in the first three months of 2010, compared with a deficit of \$127.4m in the corresponding period of 2009. The widening of the deficit was attributed to a 4.9 per cent increase in imports, which was primarily due to by higher payments for mineral fuels and related products. Meanwhile, the value of exports expanded by 13.8 per cent (\$3.1m), mainly influenced by an increase in re-exports (\$2.8m). Domestic exports rose by 1.2 per cent (\$0.3m). Of domestic exports, receipts from exports of soap expanded by 15.5 per cent (\$1.0m), while receipts from banana fell by 41.2 per cent (\$1.1m), mirroring a fall in the volume exported, as drought and leaf spot disease negatively impacted production.

Gross inflows from travel increased by 11.4 per cent to \$56.4m, consistent with growth in the number of stay-over visitors. Commercial bank transactions resulted in a net outflow of \$4.0m in short-term capital, compared with a net outflow of \$66.1m in the corresponding period of 2009. External loan disbursements to the central government amounted to \$6.4m, up from disbursements of \$2.3m in the corresponding period of 2009.



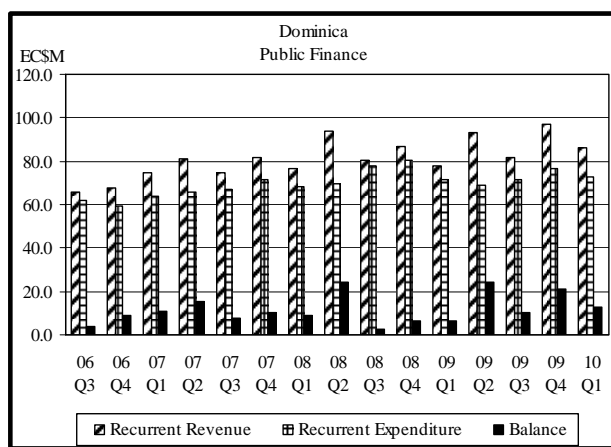
**Central Government Fiscal Operations**

Preliminary data on the fiscal operations of the central government indicate an overall deficit of \$2.7m in the first quarter of 2010, in contrast to a surplus of \$25.3m in the corresponding period of 2009. This deterioration in the fiscal accounts was due mainly to a decline in grant receipts. As a consequence the primary surplus amounted to \$4.9m compared with \$28.7m in the first quarter of 2009.

The central government’s fiscal operations yielded a current account surplus of \$13.0m in the period



under review, exceeding the surplus of \$6.5m recorded in the corresponding period of 2009. This improvement was due primarily to a faster rate of growth in revenue relative to current expenditure. Current revenue rose by 10.2 per cent to \$86.1m, reflecting increased receipts from both tax and non-tax sources. Tax revenue grew by 7.8 per cent (\$5.7m), marked by increases in all the major sub-categories. Of the sub-categories, the intake from taxes on domestic goods and services grew by 9.2 per cent (\$4.0m) influenced by increased collections from excise taxes (\$3.8m). Revenue from taxes on international trade and transaction increased by 6.5 per cent (\$1.0m). This outturn was partly influenced by the increase in economic activity during the first three months in 2010. Receipts from taxes on income, profit and capital gains rose by 1.1 per cent (\$0.2m), due to increased collections of corporate tax arrears and pre-payments of liabilities. Non-tax revenue rose by 46.7 per cent (\$2.3m) driven by a rise in collections from fees, fines and land sales as well as the economic citizenship programme.



Current expenditure rose by 2.1 per cent to \$73.0m, mainly influenced by increased interest payments on both domestic and external debt. Interest payments amounted to \$7.6m compared with \$3.4m in the first quarter of 2009, reflecting increases in both domestic and external commitments. This increase was partially offset by declines in spending on goods and services (\$2.2m) and transfers and subsidies (\$0.6m). Outlays on personal emoluments remained relatively unchanged.

Capital expenditure fell by 60.6 per cent to \$17.1m, partially reflecting the impact of reduced grant receipts on the implementation and continuation of a number of projects in the public sector investment programme (PSIP). Capital grants totalled \$0.5m in the first quarter of 2010, compared with \$61.7m in the corresponding period of 2009.

### Public Sector Debt

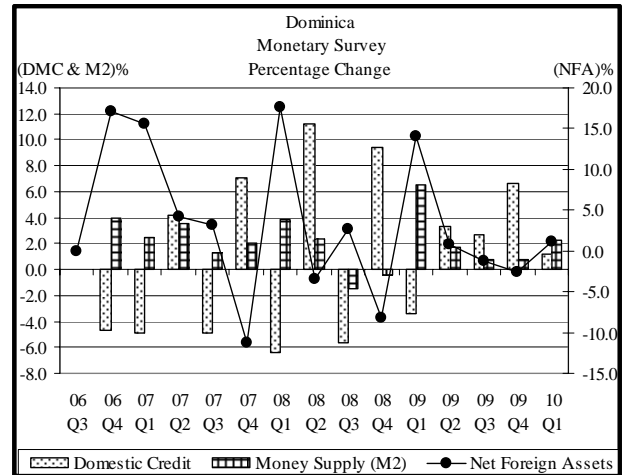
Preliminary data indicate that the total disbursed outstanding debt of the public sector declined by 1.3 per cent to \$838.7m at the end of March 2010. This outturn reflected a decrease in the outstanding debt of both the central government and the public corporations. The debt of the central government contracted by 1.3 per cent (\$8.8m) to \$692.1m, attributable to a fall in both domestic and external debt stocks. Meanwhile, the stock of debt of the public corporations fell by 1.7 per cent to \$146.5m, reflecting scheduled amortisation.



**Money and Credit**

Broad money (M2) grew by 2.3 per cent to \$995.0m during the quarter ending March 2010, compared with an increase of 6.5 per cent in the corresponding period of 2009. The expansion in M2 reflected increases in both the narrow money supply (M1) and quasi-money. M1 rose by 3.9 per cent (\$7.9m), due to an expansion in private sector demand deposits (\$14.1m). The increase in private sector demand deposits was partially offset by a decline in currency in circulation (\$9.3m). Quasi money grew by 1.8 per cent (\$14.1m), mainly as a result of an expansion in private sector savings deposits (\$11.7m).

Domestic credit grew by 1.8 per cent to \$522.9m during the review period, in contrast to a decline of 3.5 per cent during the first three months of 2009. This outturn was influenced by an expansion in credit to the private sector and a reduction in the net deposits of the non-financial public enterprises. Private sector credit grew by 1.1 per cent (\$7.2m), largely on account of an increase in lending to businesses (\$9.0m). Meanwhile, the net deposits of non-financial public enterprises and statutory bodies fell by 2.9 per cent, due to a decline in deposits. The net deposits of the central government rose by 1.5 per cent (\$0.7m), partly attributable to reduced borrowing.



The distribution of credit by economic activity shows increases in outstanding loans for construction and distributive trade (3.0 per cent and 12.9 per cent respectively). Declines were recorded in outstanding credit for agriculture and fisheries (8.2 per cent), manufacturing, including mining and quarrying (3.0 per cent), tourism (2.0 per cent) and for personal use (3.4 per cent).

The net foreign assets of the banking system expanded by 0.7 per cent to \$560.9m compared with an increase of 14.0 per cent during the first quarter of 2009. The expansion was due to a 1.1 per cent increase in the net foreign assets of the commercial banks, attributable to growth in the assets held with banks in other ECCB territories. Dominica’s imputed share of the Central Bank’s reserves decreased by 0.3 per cent to \$173.6m.



Liquidity in the commercial banking system increased marginally during the period under review. The ratio of liquid assets to total deposits plus liquid liabilities rose to 44.9 per cent from 44.5 per cent at the end of 2009. The ratio of loans and advances to total deposits fell by 0.7 percentage point to 59.7 per cent. Consistent with the overall easing of liquidity during the review period, the weighted average interest rate spread decreased to 6.73 percentage points from 6.79 percentage points at the end of 2009.

### Prospects

Economic activity is expected to rebound during 2010 following a contraction in 2009, on account of recovery in key sectors such as tourism, manufacturing and construction. Improvements in the economic and financial conditions in major source markets such as the USA and UK, should positively impact the demand for leisure services, hence growth in the tourism industry is expected to remain positive for the year. In addition, manufacturing activity is expected to increase in the remainder of the year, based mainly on anticipated recovery in the production of beverages and laundry soap. In the construction sector the expected turnaround will be driven by an increase in the pace of implementation of major public sector projects - mainly in the area of roads, housing and water redistribution – as well as a rise in private sector residential and commercial construction activities. These improvements would be further augmented by an increase in agricultural output, albeit at a slower

pace, as the sector continues to recover from the severe drought and leaf spot disease that affected banana production in the first three months of 2010.

With regard to the central government's fiscal accounts, the favourable developments observed on the current account in the first three months of 2010 are expected to hold for the rest of the year. The improvement in real economic activity should positively impact revenue growth. Additionally, a strong thrust aimed at restraining and reducing expenditure, especially on goods and services, should lead to an improvement in the overall fiscal balance.

The merchandise trade deficit is projected to widen in 2010, based on increased import payments, especially for oil and related products as well as construction material. This is consistent with the projected improvement in the real economy in general and construction activity in particular. Domestic exports are projected to stagnate given mixed performances of the manufacturing sector and the agriculture industry. However, inflows from travel are projected to rise in line with the increase in tourism activity.

This outlook is subject to a number of uncertainties and risks, which are tilted to the downside, given unfolding developments in the global economy. The uncertainty surrounding the pace and strength of the global recovery has implications for the recovery in real economic activity. If the global recovery stalls it would affect tourist arrivals as well as the demand for local manufactured products. Economic activity



could be further retarded if the programmed grant funds for 2010 do not materialise. As a result, planned capital spending may have to be cut with negative consequences for construction activity.

Other downside risks are related to rising oil prices and the authorities' inability to resolve the problem of the leaf spot disease that has been affecting the banana industry.



## GRENADA

### Overview

Preliminary data indicate that economic activity in Grenada expanded in the first quarter of 2010 compared with the performance in the corresponding period of 2009. This outturn was largely influenced by the performance of the manufacturing sector and increased enrollment at the St George's University. Consumer prices increased by 4.5 per cent, on an end-of-period basis. The merchandise trade deficit narrowed, as a result of a sharp reduction in import payments. The central government incurred a smaller overall deficit, attributable to a contraction in capital expenditure. The disbursed outstanding public sector debt fell, compared with the level at the end of December 2009. Monetary liabilities of the banking system increased, driven by growth in domestic credit. Commercial bank liquidity rose slightly and the weighted average interest rate spread between loans and deposits decreased.

Growth in the economy is projected to contract for the remainder of 2010, albeit at a slower pace than in 2009, as the large increase in manufacturing that contributed to growth in the first quarter is expected to moderate. Agricultural output is projected to be below the outturn of 2009 as production slows. Tourist arrivals, particularly stay-over visitors, are expected to increase marginally as a result of developments in the global economy. Those projections are subject to downside risks, which include weak global economic activity in general

and a prolonged deceleration in US economic growth in particular.

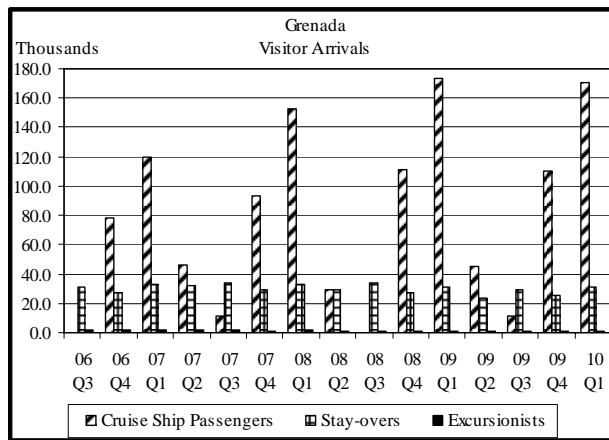
### Output

Activity in the manufacturing sector expanded, attributable to increases in the output of some major commodities. The production of soft drinks amounted to 48,068 cases in the first quarter of 2010, compared with 5,684 cases in the corresponding period of 2009, as the soft drinks plant became fully operational following its re-opening in June 2009. Beer production rose by 22.6 per cent as a result of the bottling of a new line of beer that until the second quarter of 2009 was imported, while rum expanded by 49.7 per cent based on the availability of raw materials. The output of flour and paint grew by 2.7 and 17.9 per cent respectively, as a result of strong export demand. The overall increase in the sector's output was tempered by decreases in the production of malt and toilet paper.

In the tourism industry, total visitor arrivals were estimated to have fallen by 1.6 per cent to 203,718 in the first quarter of 2010, in contrast to the 9.3 per cent rate of growth realised in the corresponding period of 2009. The downturn was influenced mainly by a reduction in the number of cruise ship passenger arrivals. This category of passenger arrivals fell by 1.8 per cent to 170,613, consistent with a decline in the number of cruise calls. Yacht



passenger arrivals were also estimated to have declined by 30.9 per cent to 1,289, on account of the impact of the financial crisis on these types of travellers. On the positive side, there was a marginal increase in the number of stay-over visitors, which rose by 0.9 per cent to 30,913. Stay-over arrivals from the USA rose by 3.0 per cent in contrast to a decline of 3.9 per cent in the first quarter of 2009. Arrivals from Canada recorded an increase of 6.8 per cent. Conversely, visitors from the UK fell by 9.5 per cent, while arrivals from the Caribbean contracted by 1.2 per cent. The number of excursionists grew by 13.6 per cent (108).



Agricultural output is estimated to have contracted, largely reflecting the impact of drought conditions on crops. Banana production fell by 51.4 per cent to 247 tonnes, resulting from the lingering impact of the Black Sigatoka disease and drought conditions during the first quarter of 2010. For the traditional crops, output of cocoa grew by 13.1 per cent and mace production almost doubled to 7.4 tonnes, while nutmeg production declined by 2.6 per cent (2 tonnes). Output of other crops was estimated to

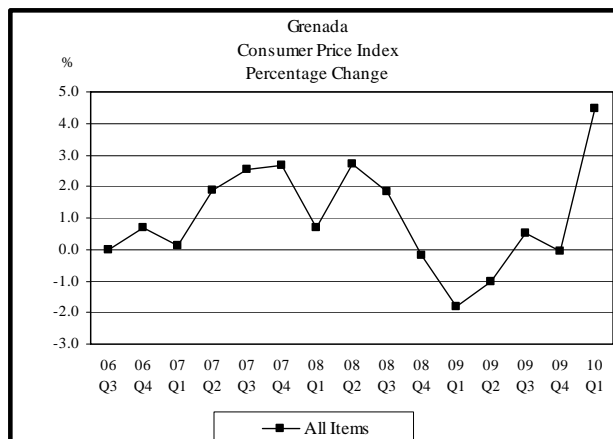
have increased by 2.0 per cent, largely attributable to an expansion in vegetable production.

Construction activity remained subdued in the first quarter of 2010, mainly as a consequence of the continued unavailability of foreign financing for large private sector projects. Partly indicative of the fall in overall construction activity was a 10.6 per cent reduction in the value of imported building materials. In the private sector, following developments in 2009, work remained suspended on all major foreign direct investment funded projects. Public sector activity focussed on repairs and renovations to schools and some other public buildings.

**Prices**

The consumer price index rose by 4.5 per cent on an end-of-period basis, reflecting increases in all categories except housing, which fell by 0.5 per cent. Prices in the food sub-index, the largest weighted, rose by 4.1 per cent, led by increases in the prices of fruits and vegetables. A rise in the cost of maintenance expenses contributed to growth of 7.2 per cent in the transportation and communication sub-index. Higher costs of petroleum products and electricity services, as a result of rising international oil prices, contributed to a 3.2 per cent increase in the fuel and light sub-index. The implementation of a value added tax during the period under review influenced increases in medical care and expenses (11.1 per cent) and clothing and footwear (5.4 per cent).



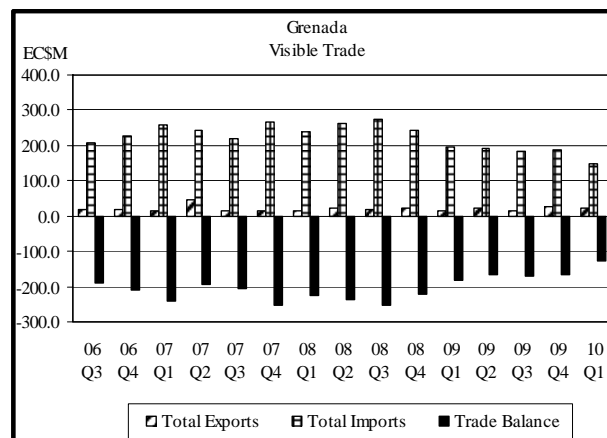


### Trade and Payments

A merchandise trade deficit of \$130.6m was estimated for the first quarter of 2010, compared with one of \$180.4m in the corresponding period of 2009. The smaller deficit reflected a 23.5 per cent reduction to \$149.1m in import payments, consistent with the slowdown in economic activity. The value of total exports grew by 26.4 per cent to \$18.6m, driven by growth in domestic exports. Receipts from domestic exports rose by 44.7 per cent, (\$5.3m), primarily as a result of increases in earnings from nutmeg, cocoa and manufactured exports. By contrast the value of re-exports fell by 51.5 per cent (\$1.4m).

Gross travel receipts fell by 3.2 per cent to \$78.3m, associated with the reduction in total visitor arrivals. Commercial bank transactions resulted in a net outflow of \$29.3m in short-term capital; well below the outflow of \$93.8m recorded in the comparable period of 2009. Gross disbursements to the central government amounted to \$2.3m, while debt repayment totalled \$11.2m. Consequently there

were net official outflows of \$8.8m, in contrast to a net inflow of \$2.4m in the first quarter of 2009.



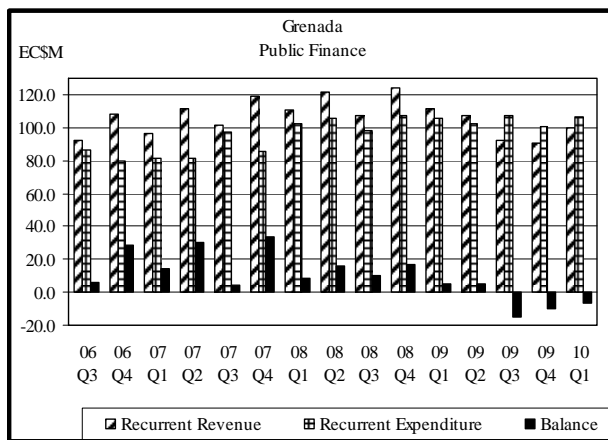
### Central Government Fiscal Operations

The fiscal operations of the central government yielded an overall deficit of \$13.8m in the first three months of 2010, compared with the deficit of \$21.6m recorded in the corresponding period of 2009. The decrease in the deficit stemmed mainly from a reduction in capital expenditure. A primary surplus of \$1.5m was realised, in contrast to a primary deficit of \$7.6m in the first quarter of 2009.

The central government recorded a current account deficit of \$6.6m, in contrast to a surplus of \$5.5m in the first three months of 2009. The reversal was attributed mainly to a contraction in current revenue. Current revenue fell by 10.1 per cent to \$100.2m, attributable to a 7.0 per cent (\$7.2m) decline in tax revenue. The yield from taxes on property declined by 61.4 per cent (\$4.9m), due largely to the late distribution of property tax demand notices to property owners. A fall in the volume and value of



imports, led to a 4.8 per cent (\$2.3m) fall in receipts from taxes on international trade and transactions. Receipts from taxes on income and profit contracted by 4.2 per cent (\$1.0m) as the tax amnesty that was in place during the same period of 2009 was not repeated. Collections from taxes on domestic goods and services increased by 4.7 per cent (\$1.1m), partly driven by the introduction of the value added tax.



Current expenditure rose by 0.9 per cent to \$106.8m, influenced by an increased outlay on goods and services and interest payments. Spending on goods and services grew by 33.1 per cent (\$6.2m), largely reflecting higher costs for utilities, particularly electricity services. Interest payments expanded by 9.1 per cent (\$1.3m) on account of increased payments on external loans. By contrast, expenditure on transfers and subsidies declined by 25.4 per cent (\$6.4m), as efforts to rationalise the social safety net programmes continued. Meanwhile, outlays on personal emoluments fell by 0.5 per cent (\$0.2m).

Capital expenditure contracted by 55.4 per cent to \$13.6m, due to the authorities efforts to consolidate this category of spending and to prioritise high impact projects. Capital grants rose marginally to \$3.9m in the first quarter of 2010 from \$3.5m in the same period of 2009.

**Public Sector Debt**

The total disbursed outstanding debt of the public sector was estimated at \$1,855.0m at the end of March 2010, down from \$1,883.0m at the end of December 2009. Both the central government and the public corporations contributed to the decline in the debt stock. The disbursed outstanding debt of the central government, which accounted for 89.4 per cent of total public sector debt, contracted by 1.6 per cent to \$1,657.4m, indicative of a fall in both external and domestic debt stocks by 1.3 per cent and 2.6 per cent respectively. The disbursed outstanding debt of public corporations amounted to \$197.5m, roughly 1.0 per cent below the total at the end of 2009.

**Money and Credit**

Monetary liabilities (M2) expanded by 2.4 per cent to \$1,864.2m during the first quarter of 2010, compared with a 0.9 per cent increase during the corresponding period of 2009. Growth in M2 was largely driven by an increase of 11.5 per cent in the money supply (M1), attributable to an expansion in



private sector demand deposits (14.5 per cent) and a rise in issuances of cheques and drafts. Those increases were partially offset by a decline of 5.8 per cent in currency with the public. Quasi money rose by 0.4 per cent (\$5.9m), mainly influenced by an increase in private sector time deposits (\$5.5m).

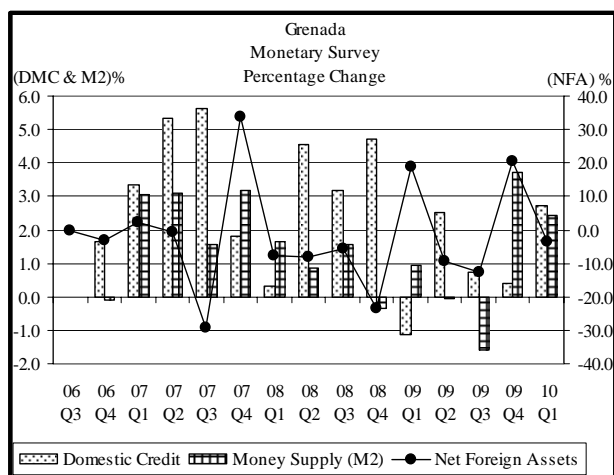
Domestic credit grew by 2.7 per cent to \$1,686.6m during the quarter under review. Commercial bank credit to the private sector increased by 1.1 per cent, due to expansions in lending to households (0.8 per cent) and businesses (1.8 per cent). The net deposits of non-bank financial institutions fell by 3.9 per cent (\$0.6m) on account of a reduction in loans. Net claims on the central government more than tripled, mainly attributable to an increase in temporary advances. In the rest of the public sector, the net deposits of non-financial public enterprises rose by 0.2 per cent, reflecting marginal growth in their deposits.

category, increased by 0.5 per cent (\$6.1m), particularly for home construction and renovations. Credit for tourism related activity grew by 2.9 per cent (\$4.3m) as persons in the industry continue to access credit for working capital. Marginal increases were also recorded in credit for distributive trades, construction and manufacturing (including mining and quarrying).

The net foreign assets of the banking system stood at \$273.4m at the end of March 2010, representing a 3.6 per cent (\$10.2m) reduction in the total at the end of December 2009. Grenada's imputed share of ECCB's reserves fell by 13.0 per cent to \$263.9m. The commercial banks moved to a net foreign assets position of \$9.5m at the end of March 2010 from a net liability position at the end of December 2009. The reversal mainly reflected an increase in assets held in institutions in other ECCB territories.

Liquidity in the commercial banking system rose. This was evidenced by a 0.3 percentage point increase to 24.5 per cent in the ratio of liquid assets to total deposits plus liquid liabilities. The loans and advances to total deposits ratio fell to 81.9 per cent at the end of March 2010, from 83.3 per cent at the end of December 2009.

The weighted average interest rate spread between loans and deposits fell to 6.94 percentage points at the end of March 2010, from 7.65 percentage points at the end of December 2009. The weighted average interest rate on loans fell by 1.12 percentage points



The distribution of credit by economic activity indicates that lending for personal use, the largest





to 9.56 per cent, while that on deposits decreased by 0.41 percentage point to 2.62 per cent.

### **Prospects**

Economic activity is expected to contract in 2010, albeit at a slower pace than that recorded in 2009, based on projected developments for the remainder of the year. Growth in the manufacturing sector, which grew robustly during the first quarter of 2010 relative to the comparable period in 2009, is expected to taper off over the next nine months, as the impact of the re-opening of the soft drinks plant in the second quarter of 2009 dissipates. Agricultural production is expected to ebb, partly as crop output moderates due to the effects of the drought during the first quarter of the year, and the continued impact of the Black Sigatoka disease on banana productivity. Activity in the tourism industry is projected to decline, albeit at a slower pace than the outturn for 2009. The fall in total visitor arrivals will be mainly influenced by the projected contraction in cruise ship arrivals. Stay-over arrivals are expected to increase moderately, largely contingent on developments in the global economy. Activity in the construction sector is projected to contract, albeit at a slower rate relative to 2009. By contrast, a projected expansion in enrollment at the St George's University is expected to stimulate economic activity in 2010.

The overall fiscal deficit of the central government is likely to be smaller relative to the outturn in 2009, on account of smaller projected outlays for capital expenditure, as financing continues to be a challenge. Nonetheless, the current account balance is likely to result in a lower deficit compared to the outturn in 2009, largely based on increased revenue from the introduction of the value added tax and excise tax in February 2010.

In the external sector, growth in domestic export receipts is projected, based on the likely expansion in the volume of agricultural and manufactured exports. Gross inflows from travel are projected to contract consistent with the expected decline in visitor arrivals.

Risks to the projections are skewed to the downside given the volatility in the global economy. Persistent high unemployment and low consumption demand in the USA coupled with the economic uncertainties in Europe are likely to continue to impact negatively on tourist arrivals and foreign capital flows into Grenada. These developments are likely to lead to depressed economic conditions in Grenada.



## MONTSERRAT

### Overview

Based on developments in the first quarter of 2010, economic activity in Montserrat contracted relative to the performance in the corresponding period of 2009. This outturn was largely influenced by developments in the construction and mining and quarrying sectors. The consumer price index increased by 0.3 per cent during the first quarter of 2010, on an end-of-period basis. On the external accounts, the merchandise trade deficit widened, largely attributable to an increase in imports. Central government's fiscal operations shifted to an overall surplus. The total outstanding public sector debt was below the level recorded at the end of December 2009. In the banking sector, monetary liabilities and domestic credit rose, while commercial bank liquidity remained at a high level. The spread between commercial bank weighted average interest rates on loans and deposits widened marginally during the period under review.

Economic prospects for the remainder of 2010 are biased toward the downside, based largely on the outlook for construction. Real economic output is not likely to pick up in the short term, as activity in the main contributing sectors is expected to remain depressed. Downside risks to the projections include a slower than expected global economic recovery, unfavourable developments in the UK and the Euro zone, limited air access and the continued threat of an active volcano.

### Output

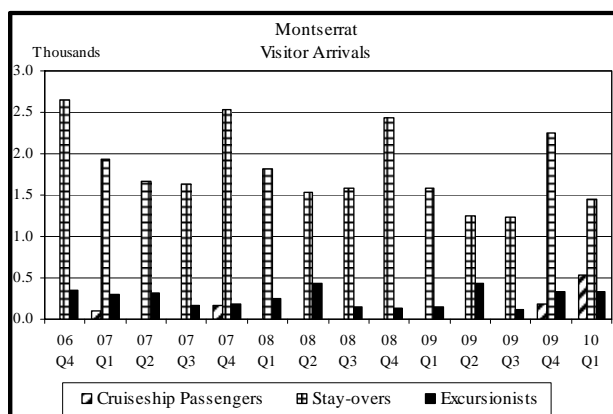
The pace of activity in the construction sector, one of the main contributors to economic growth is estimated to have contracted in the first quarter of 2010 relative to the performance in the corresponding period of 2009. This assessment is supported by a 33.3 per cent decline in the number of new construction projects started in the period under review. Notwithstanding, the focus of public sector construction remained on the development of Little Bay and some rehabilitation of public buildings, while private sector activity concentrated on building and renovating residential properties.

Output in the mining and quarrying sector fell in the first quarter of 2010, relative to the first three months of 2009. The outturn resulted from lower domestic demand as a result of the weak performance in the construction sector, coupled with decreased demand for sand and aggregate material from the major export markets.

Agricultural output is estimated to have declined in the first quarter of 2010, mainly the result of a contraction in the production of crops, which constitutes about 22.5 per cent of the activity in that sector. Crop production fell by an estimated 75.7 per cent, driven primarily by a fall in the output of vegetables, largely as a result of drought conditions. In the fishing sub-sector, the volume of fish caught



is estimated to have increased by 43.8 per cent relative to the first three months of 2009.

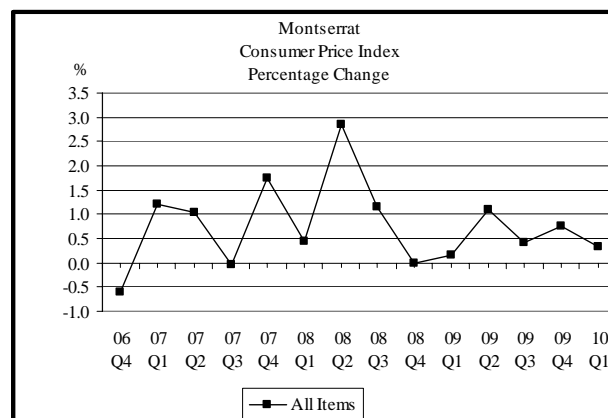


Activity in the tourism industry expanded, as evidenced by a 24.0 per cent increase to 2,779 in the total number of visitor arrivals. Of the sub-categories of arrivals, there was a more than twofold increase in the number of excursionists. Two cruise ships calls were made in the review period, resulting in 535 cruise ship passengers visiting the island. There were no cruise ship calls in the first quarter of 2009. The number of stay-over visitors fell by 8.4 per cent, largely mirroring declines from the USA and UK markets, as the labour market woes in these economies continued to adversely affect the demand for travel. Yacht passenger arrivals fell by 10.5 per cent to 453 in line with a reduction in the number of yacht visits.

**Prices**

Consumer prices rose by 0.3 per cent during the period under review, largely attributable to increases in the food, services, and gas, electricity and water

sub-indices. Prices in the food sub-index, the largest weighted in the CPI basket, grew by 0.4 per cent, slightly below growth of 0.5 per cent recorded during the first quarter of 2009. The expansion in the index was also influenced by growth of 4.2 per cent in the gas, electricity and water sub-index and 0.2 per cent in the services sub-index.



**Trade and Payments**

Estimates of merchandise trade indicate a deficit of \$18.7m for the first three months of 2010, slightly above one of \$18.2m recorded in the corresponding period of 2009. The widening of the deficit was attributed to a 4.0 per cent increase in import payments to \$20.4m. The expansion in import payments was partially offset by an increase of 25.5 per cent (\$0.4m) in the value of total exports, primarily driven by a rise in re-exports. Gross receipts from travel are estimated to have decreased by 12.2 per cent to \$4.2m, in line with a decline in the number of stay-over visitors, the largest spending category.



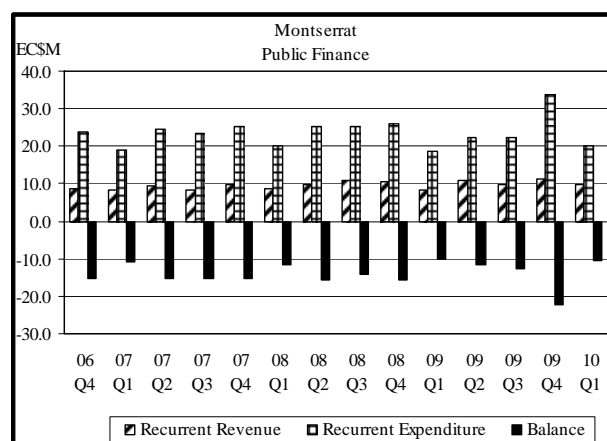
Official grant inflows increased by 66.5 per cent (\$7.7m) in contrast to a decline of 17.1 per cent (\$2.4m) in the first quarter of 2009, when these inflows were negatively affected by the depreciation of the pound sterling. Transactions of commercial banks resulted in a net inflow of \$12.2m in short-term capital compared with one of \$17.4m during the corresponding period of 2009.

### Central Government

Central government's fiscal operations resulted in an overall surplus of \$2.4m in the first quarter of 2010, in contrast to a deficit of \$4.6m in the corresponding period of 2009. The improvement in the government's fiscal operations was largely as a result of an increase in current grants, which amounted to \$10.9m compared with \$3.8m in the first quarter of 2009. A primary surplus (after grants) of \$2.4m was recorded, up from a deficit of \$4.5m in the first quarter of 2009.

Current revenue grew by 19.5 per cent (\$1.6m), largely reflecting a 13.8 per cent (\$1.0m) increase in tax revenue, attributable to growth in all categories of taxes. The yield from taxes on income and profits grew by 11.9 per cent (\$0.4m), influenced primarily by an increase in collections from personal income tax, in line with growth in personal emoluments. Revenue from taxes on international trade and transactions increased by 14.7 per cent (\$0.4m), mainly due to larger receipts from consumption tax. The yield from taxes on domestic goods and services grew by 13.5 per cent (\$0.2m), mirroring higher

collections from licenses and stamp duties. Non-tax revenue increased by 63.8 per cent (\$0.6m), in contrast to a fall of 7.0 per cent (\$0.1m) in the first quarter of 2009, on account of smaller collections from fees and stamp duties.



Current expenditure rose by 8.9 per cent to \$20.3m, attributable to increased outlays on personal emoluments and transfers and subsidies. Spending on personal emoluments, which account for more than half of current expenditure, increased by 8.8 per cent (\$0.9m), as a result of an expansion in the public service. Outlays on transfers and subsidies grew by 31.2 per cent (\$1.3m) due largely to increased pension payments. These developments were tempered by a decline of 8.8 per cent in expenditure on goods and services, the result of deliberate measures by the authorities to reduce spending in that area.

Capital expenditure amounted to \$6.5m compared with \$5.8m in the first three months of 2009. The increase in capital outlays was largely attributed to higher inflows of capital grants, which totalled



\$8.3m, roughly 7.9 per cent more than the amount received in the first quarter of 2009.

**Public Sector Debt**

The stock of outstanding public sector debt was estimated at \$8.8m at the end of March 2010, a decline of 0.7 per cent on the total at the end of December 2009. This outturn largely reflected a fall of 2.7 per cent in the stock of debt of the central government, as it reduced its domestic borrowing. The outstanding debt of public corporations remained unchanged during the review period.

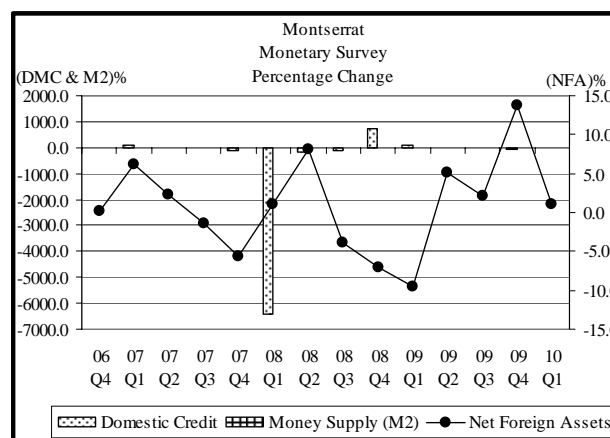
**Money and Credit**

Broad money (M2) grew by 1.1 per cent to \$167.6m during the first three months of 2010, in contrast to a contraction of 5.3 per cent during the corresponding period of 2009. Growth in M2 was associated with an expansion of 2.4 per cent (\$3.1m) in quasi money, which more than offset the 3.3 per cent (\$1.3m) decline in narrow money (M1). The expansion in quasi money was mainly influenced by increases in private sector foreign currency deposits and savings deposits.

Domestic credit rose by 5.6 per cent to \$10.5m during the first quarter of 2010, reflecting growth in lending to the private sector. Commercial bank credit to the private sector grew by 5.2 per cent (\$2.8m), associated with increases of 3.4 per cent (\$1.5m) and 15.4 per cent (\$1.2m) in credit to households and businesses, respectively. Central

government’s net deposit position rose by 19.6 per cent (\$4.1m) as government reduced its outstanding loans with commercial banks. The net deposits of non-financial public enterprises fell by 8.6 per cent, reflecting a decline in their deposits.

The distribution of credit by economic activity reveals that lending for personal use accounted for 78.3 per cent of total loans granted during the first three months of 2010. Credit for personal use grew by 4.1 per cent (\$1.8m), and was mainly associated with credit extended for durable consumer goods. Lending for construction and other purposes increased by \$0.9m and \$0.7m respectively, while credit for tourism, distributive trades and mining and quarrying declined marginally.



Consistent with growth in M2 was an increase of 1.1 per cent in the net foreign assets of the banking system. The expansion in net foreign assets was traced to a 36.9 per cent (\$14.2m) increase in Montserrat’s imputed share of the Central Bank’s reserves. Commercial banks’ net foreign assets contracted by 8.5 per cent (\$12.2m), largely as a

result of a decrease in assets held with banks and other institutions within the Eastern Caribbean Currency Union coupled with an increase in liabilities to those institutions.

Liquidity in the commercial banking system tightened, but remained at a high level, during the review period. The ratio of liquid assets to total deposits plus liquid liabilities was 89.2 per cent, marginally lower than the 89.4 per cent recorded at the end of December 2009. The ratio of loans and advances to total deposits grew by 0.5 percentage point to 24.9 per cent.

The weighted average interest rate spread between loans and deposits increased by 0.07 percentage point to 6.24 percentage points during the first quarter of 2010, as the weighted average interest rate on deposits decreased by 0.11 percentage point to 2.47 per cent and that on loans by 0.04 percentage point to 8.71 per cent.

### **Prospects**

The economic outlook for Montserrat remains contingent on developments in the construction sector. Construction activity is projected to remain depressed and below the level of 2009. Planned public sector activity for the continued development of the town of Little Bay is not likely to be sufficient to create the impetus required to drive the economy

forward. Developments in the construction sector are expected to adversely impact activity in the transport, wholesale and retail and mining and quarrying sectors.

The fiscal operations of the central government are projected to result in an overall deficit, on account of a deterioration in the current account balance. Revenue performance is not likely to improve and it is expected that current expenditure will increase, as government attempts to fill some of its vacant positions.

In the external sector, a deterioration of the overall balance is projected on account of a larger current account deficit. The trade deficit is expected to deteriorate, as total exports are predicted to decrease as a result of weak external demand, while import payments may remain virtually unchanged.

Risks to the projections are tilted to the downside. The slow pace of economic recovery in the advanced economies is likely to adversely impact the recovery efforts in the ECCU territories, including Montserrat. More particularly, developments in the UK and euro zone have the potential to affect the economic performance of Montserrat. Other downside risks, such as adverse weather, limited air access and the inherent threat of an active volcano, remain.



## ST KITTS AND NEVIS

### Overview

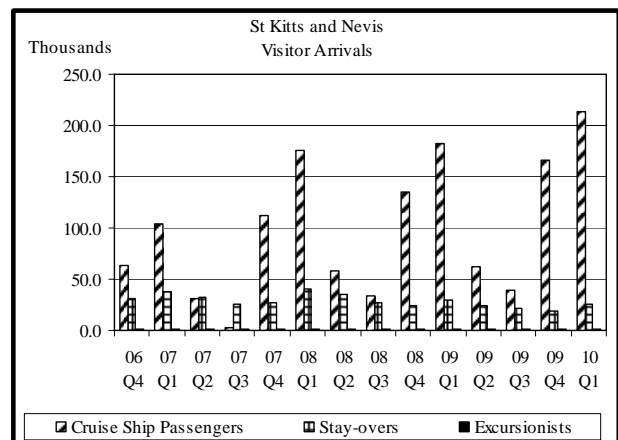
Preliminary data for St Kitts and Nevis indicate that economic activity continued to decline in the first quarter of 2010, following a contraction in 2009. With the exception of agricultural production, output was estimated to have declined in all of the key productive sectors. Consumer prices fell by 1.9 per cent during the review period mainly as a result of lower international prices for most commodities. The operations of the federal government resulted in an overall surplus, albeit smaller than that recorded in the first quarter of 2009. The outstanding stock of public sector debt rose relative to the total at the end of December 2009. In the banking sector monetary liabilities and liquidity rose, while domestic credit declined. The weighted average interest rate spread between loans and deposits increased.

Economic activity is projected to weaken in the remainder of 2010 based on developments in the tourism industry and construction sector. The outlook for tourism is likely to deteriorate with the culmination of the winter tourism season, while further weakening in the construction sector is projected as financial constraints continue to hinder project implementation. The fiscal position of the federal government is likely to shift to a deficit position as revenue collections are projected to fall at a faster rate than that of expenditure. Congruent with the estimated contraction in economic activity, growth in monetary liabilities is expected decelerate

and domestic credit is projected to decline. Consumer prices are likely to remain subdued based on projected low levels of international commodity prices.

### Output

In the tourism industry, the number of stay-over visitors is estimated to have declined by 12.8 per cent to 25,371, due largely to the lingering effects of the global economic recession recorded in 2009. Hotel occupancies averaged 30.4 per cent during the first quarter of 2010, compared with an average of 37.3 per cent in the corresponding period of 2009.



Decreases were recorded in arrivals from the three major markets - the Caribbean (30.7 per cent), the USA (4.5 per cent) and the UK (5.1 per cent). The decline in Caribbean visitors was influenced in part by the high cost of intra-regional travel and the reduction in disposable incomes as a result of an overall economic slow-down across the region. Of



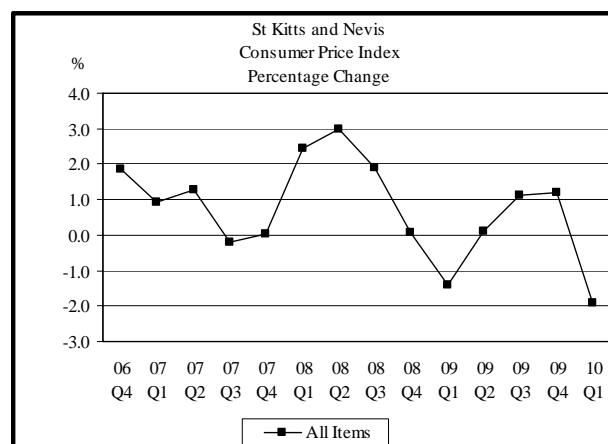
the other categories of visitors, cruise ship passenger arrivals rose by 16.6 per cent, largely attributable to an increase in the number of cruise ship calls. Consequently, total visitors arrivals were estimated to have increased by 12.5 per cent in contrast to a 2.1 per cent decline recorded in the corresponding period of 2009.

Activity in the construction sector contracted influenced by developments in both the private and public sectors. Private residential construction is estimated to have slowed relative to the outturn in the first quarter of 2010, marked by a deceleration in credit extended for home construction and renovation. In the public sector, construction activity declined as shown by a 19.7 per cent contraction in capital expenditure. Data on manufacturing output are not available for the period under review. However, it is estimated that production would have declined, primarily attributable to a reduction in external demand for electronic components, based on global economic developments.

Output in the agricultural sector rose, mainly influenced by an expansion in crop production. Crop production increased by 14.8 per cent, mainly on account of increases in the output of sweet pepper, carrots, watermelons, peanuts, yams, and tomatoes. The rise in crop production was associated with favourable weather conditions. This expansion in output was offset by a fall in livestock production. All aspects of livestock production (beef, pork, mutton and goat) decreased, with the exception of egg production, which increased by 3.0 per cent.

## Prices

The consumer price index fell by 1.9 per cent during the first quarter of 2010, on an end-of-period basis. The largest decrease was recorded for the transportation and communication sub-index, which fell by 6.1 per cent, mainly reflecting a decrease in airfares relative to the level recorded in December 2009. The housing sub-index registered the second largest decline of 5.5 per cent associated in part with lower costs of building materials. The food sub-index, the largest weighted, rose by 0.1 per cent, largely attributable to higher prices for poultry, fish and alcoholic beverages.



## Trade and Payments

Estimated data on merchandise trade for the period January to March 2010 show a deficit of \$156.0m compared with one of \$196.2m in the corresponding period of 2009. The smaller deficit resulted from a 2.0 per cent (\$4.4m) decrease in import payments, reflecting the contraction in economic activity.





Export receipts are estimated to have increased by 0.6 per cent (\$0.2m).

Gross travel receipts fell by 8.7 per cent to \$66.4m, mainly associated with the contraction in stay-over visitors. The external transactions of commercial banks resulted in a net outflow of \$59.6m, reflecting an accumulation of foreign assets. External loan disbursements to the federal government amounted to \$5.8m during the review period, while repayments on external debt totalled \$6.7m.

### **Central Government Fiscal Operations**

Preliminary estimates of the fiscal operations of the federal government show an overall surplus of \$4.5m in the first quarter of 2010, compared with one of \$19.6m in the corresponding period of 2009. The outturn was mainly as a result of a decrease in current grants, which amounted to \$0.9m compared with a total of \$20.6m in the first quarter of 2009. A primary surplus of \$25.7m was recorded in the first quarter of 2010, well below the surplus of \$49.9m generated in the corresponding period of 2009.

The federal government realised a current account surplus of \$8.2m, compared with one of \$6.8m in the first quarter of 2009, as the decline in current expenditure exceeded the decrease in current revenue.

Current expenditure fell by 4.8 per cent to \$110.8m, mainly associated with lower interest payments and reduced outlays on transfers and subsidies. Total

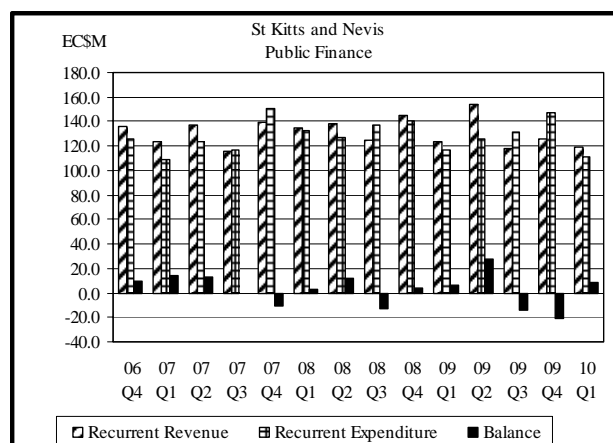
interest payments decreased by 30.0 per cent (\$9.1m) mainly due to a reduction in external interest payments (\$8.4m). Outlays on transfers and subsidies declined by 9.6 per cent (\$1.1m) due to reduced payments to overseas missions and organisations. Expenditure on personal emoluments increased by 3.0 per cent (\$1.6m), while expenditure on goods and services increased by 14.6 per cent (\$3.1m).

Current revenue fell by 3.3 per cent to \$119.0m, reflecting declines in tax revenue, while non-tax revenue increased. Tax revenue contracted by 9.9 per cent (\$9.0m), consistent with the economic downturn. The revenue intake from taxes on income and profits declined by 21.4 per cent (\$5.9m) reflecting a decrease in the yield from corporate income tax. Collections from taxes on international trade and transactions fell by 9.8 per cent (\$4.1m), consistent with the contraction in imports as economic activity declined. Receipts from taxes on domestic goods and services increased by 2.2 per cent (\$0.5m), while collections from taxes on property increased by 47.5 per cent (\$0.5m). Non-tax revenue rose by 15.2 per cent to \$37.6m, mainly reflecting increases in interest and dividends.

Capital spending declined by 33.9 per cent to \$7.9m, reflecting the completion of several large infrastructural projects in 2009. Capital revenue amounted to \$3.6m compared with \$2.4m in the first quarter of 2009, associated with the sale of Crown lands, while capital grants totalled \$1.4m in the first



three months of 2010, down from \$1.9m in the comparable period of 2009.



On a disaggregated level, the fiscal operations of the central government resulted in an overall surplus of \$0.8m, compared with that of \$24.3m realised in the first quarter of 2009. The decrease in the overall surplus partially reflects a fall in current revenue and a decline in current grants. The current account surplus amounted to \$2.3m in the first quarter of 2010 compared with a surplus of \$5.1m in the corresponding quarter of 2009. The smaller current account surplus reflects the decrease in current revenue, which fell by 7.4 per cent to \$93.6m. Tax revenue declined by 16.5 per cent (\$12.4m) influenced by decreases in collections from all sub-categories, except for that of taxes on property. The yield from taxes on income and profits declined by 25.9 per cent (\$6.4m), while receipts from taxes on domestic goods and services fell by 21.3 per cent (\$3.3m). The yield from taxes on international trade and transactions fell by 9.5 per cent (\$3.2m) as imports declined.

Current expenditure declined by 4.8 per cent to \$91.4m, mainly influenced by a reduction in interest payments. Interest payments fell by 25.7 per cent (\$6.8m), largely owing to a decrease in external interest payments (\$7.0m). Expenditure on goods and services and outlays on personal emoluments increased by 11.9 per cent (\$2.2m) and 3.5 per cent (\$1.5m), respectively. Capital expenditure was estimated at \$5.6m in the first quarter of 2010, relatively unchanged from the total recorded in the corresponding period of 2009.

In the case of the Nevis Island Administration, the fiscal operations resulted in an overall surplus of \$3.7m in the first quarter of 2010, in contrast to a deficit of \$4.7m recorded in the corresponding quarter of 2009. This development was mainly associated with an improvement in current revenue collections. Current revenue increased by 15.4 per cent to \$25.4m, associated with an expansion in tax receipts, most notably the yield from taxes on domestic goods and services. Those receipts rose by 74.3 per cent (\$3.7m) largely attributable to an increase in collections from stamp duties. Current expenditure fell by 4.5 per cent to \$19.4m, mainly on account of reduced interest payments. Capital expenditure declined by 63.4 per cent (\$4.0m), as most capital projects were completed in 2009.

### Public Sector Debt

The total outstanding debt of the public sector is estimated to have increased by 1.0 per cent (\$26.1m)

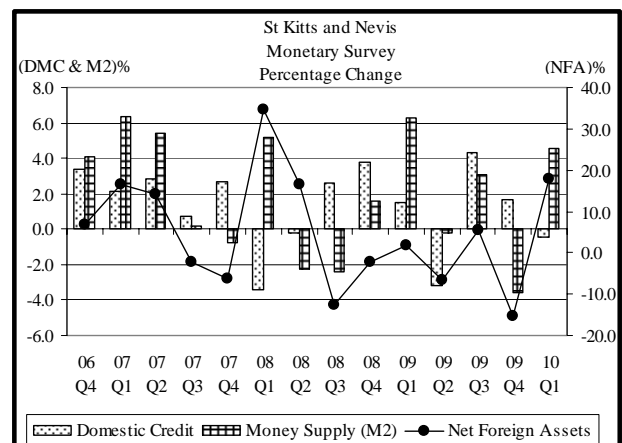


to \$2,578.6m at the end of March 2010, compared to the stock at the end of December 2009. This outturn was due to a 1.9 per cent expansion (\$30.4m) in the debt of the federal government, marked by an increase in domestic debt (\$32.7m). By contrast, the external debt of the federal government fell by 1.0 per cent (\$2.3m). Total outstanding debt of statutory corporations is estimated to have decreased by 0.5 per cent (\$4.3m).

**Money and Credit Developments**

The rate of growth of monetary liabilities (M2) decelerated during the first quarter of 2010 indicative of the downturn in economic activity. Monetary liabilities rose by 4.6 per cent to \$1,839.8m during the first quarter of 2010, compared with growth of 6.3 per cent in the corresponding period of 2009. The outturn during the period under review was influenced by growth of 7.7 per cent in narrow money (M1) and a 4.1 per cent rise in quasi money. The increase in M1 was due primarily to an expansion of 6.1 per cent (\$10.0m) in private sector demand deposits in contrast to a 2.1 per cent decrease recorded in the corresponding period of 2009. Currency with the public rose by 11.0 per cent (\$8.6m), a decelerated rate compared with growth of 20.1 per cent (\$14.1) in the corresponding period of 2009. Despite the slower rate of growth in quasi money, the increase during the period under review was largely attributed to a rise in private sector foreign currency and time deposits.

Domestic credit decreased by 0.4 per cent to \$1,669.7m in contrast to growth of 1.6 per cent in the corresponding period of 2009. The contraction was led by a decline in credit extended to the private sector, while net credit to the federal government increased. Credit to the private sector decreased by 1.7 per cent (\$21.8m), mainly influenced by a 5.1 per cent (\$21.6m) decline in credit to businesses. The federal government’s indebtedness to the commercial banking system rose by 5.4 per cent, mainly on account of a 3.9 per cent (\$24.1m) increase in loans and advances. On a disaggregated level, commercial bank loans and advances to the central government increased by 7.8 per cent (\$19.8m), while those extended to the local government rose by 4.5 per cent (\$5.2m). Net credit to non-financial public enterprises fell by 83.1 per cent (\$5.6m), as deposit growth outpaced that of credit.



Credit extended to the key economic sectors fell, with the exception of credit for personal use, which remained relatively flat during the first quarter of



2010. Lending to construction firms decreased by 2.0 per cent, while credit for tourism and manufacturing fell by 6.0 per cent and 2.9 per cent respectively, consistent with the contraction in activity in those sectors.

The net foreign assets of the banking system rose by 17.9 per cent to \$745.5m during the review period. The increase mainly reflected an expansion in the net foreign assets of commercial banks (19.9 per cent), as banks accumulated assets in institutions abroad. St Kitts and Nevis' imputed share of ECCB's reserves increased by 16.2 per cent to \$385.7m.

Liquidity in the commercial banking system rose during the first quarter of 2010. The ratio of liquid assets to total deposits plus liquid liabilities increased by 3.4 percentage points to 57.3 per cent, while the ratio of loans and advances to total deposits declined to 75.0 per cent from 77.4 per cent at the end of December 2009. The weighted average interest rate on loans increased by 0.02 percentage point to 8.50 per cent and that on deposits fell by 0.01 percentage point to 3.36 per cent. Consequently, the weighted average interest rate spread rose by 0.03 percentage points to 5.14 percentage points during the first quarter of 2010.

### Prospects

Economic indicators point to a further downturn in economic activity in the remainder of 2010. The outlook for the economy is premised on the

lingering effects of the global economic crisis, in particular the high unemployment rate in major economies, and the volatility in the financial markets, which has heightened the uncertainty surrounding the global economic recovery. The decline in real output is likely to be most pronounced in the tourism industry as well as the construction and manufacturing sectors.

Value added in the hotels and restaurants sector, a proxy for developments in the tourism industry, is likely to fall as stay-over arrivals decline. The decrease in stay-over visitors is premised on weak demand for leisure travel based on global developments. Moreover, the Four Seasons Resort, the largest hotel in Nevis, is likely to remain closed for most of 2010, thereby contributing to weak prospects for the tourism industry. Activity is also likely to be constrained in ancillary sectors, such as wholesale and retail trade, and transport, which receive direct spin-offs from the tourism and construction sectors.

Construction activity is likely to decline as the prospects for any new major private sector projects are weak for the remainder of 2010. Implementation of a number of major projects has been slow as a result of financing constraints. In the public sector, no new major infrastructural works are planned for 2010. Output in the agricultural sector is projected to expand, barring any adverse weather.

The federal government is likely to record an overall deficit on its fiscal operations, as a result of broad-



based contractions in revenue, given the economic downturn. The federal debt is likely to increase in 2010, as the government borrows to finance its operations.

In the external sector, the trade deficit is projected to narrow as earnings from exports contract, consistent with the fall in output of manufactured goods. Additionally, given the projected contraction in economic activity, the volume of imports is expected to decline.

Consistent with the anticipated contraction in economic activity and the decline in capital inflows, growth in both M2 and domestic credit is expected to decelerate in 2010. It is likely that the reduction in credit growth would lag that of deposits, which should result in a tightening of commercial banks' liquidity. Inflationary pressures will continue to moderate as the prices of international commodities remain subdued.



## SAINT LUCIA

### Overview

Economic activity contracted in the first three months of 2010 compared with the outturn in the corresponding period of 2009, largely attributable to declines in construction and wholesale and retail trade. By contrast, increased activity was estimated in the tourism industry as well as the agricultural sector, while activity in the manufacturing sector remained relatively flat. Consumer prices rose by 0.9 per cent on an end-of-period basis, in contrast to a fall in the first quarter of 2009. The fiscal operations of the central government resulted in a larger overall deficit compared with the first quarter of 2009. The total public sector outstanding debt increased during the period. Broad money (M2) contracted, influenced by a decline in domestic credit and a reduction in net foreign liabilities. Liquidity in the commercial banking system eased and the weighted average interest rate spread between loans and deposits widened.

Economic activity is projected to increase in the remainder of 2010, notwithstanding the contraction recorded in the first three months of the year. Accelerated economic activity will be supported by improvements in the real sector, specifically tourism, and further buoyed by strengthening activity in agriculture and manufacturing. The performance of the construction sector will lag that of the other economic drivers, influenced by depressed private sector construction. Public sector construction

however is projected to strengthen as a number of major projects commence and ongoing projects intensify. The outturn will depend largely on the pace of the global recovery particularly that of the USA, which remains fragile. On balance the risks remain tilted to the downside, reflecting the uncertainties in the global economy, especially the heightened tensions in financial markets caused by economic turmoil in the euro zone.

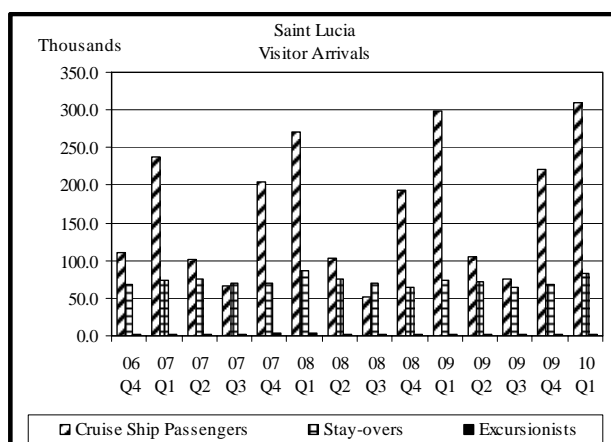
### Output

Construction activity fell in the first quarter of 2010 evidenced by a 16.9 per cent reduction in the importation of construction related materials. In the private sector, activity decreased as a number of projects neared completion including a shopping mall in Rodney Bay; however, the sector was buoyed by ongoing work on the Landings villa/residential development at Pigeon Point and the Jalousie (Tides Sugar Beach) project in the south of the island. Activity in the public sector contracted as work was completed on a major project, the East Coast road.

The performance of the tourism industry improved in the first quarter of 2010, relative to the corresponding period of 2009. Total visitor arrivals increased by 6.7 per cent to 408,740, reflecting growth in the number of stay-over visitors and cruise passengers. Stay-over arrivals increased by 12.5 per cent to 83,530 in the period under review, in contrast



to a 13.7 per cent decline in the first quarter of 2009. Growth in stay-over arrivals mainly reflected the strong performance of the US market. Visitor arrivals from the USA increased by 37.9 per cent, associated with intensified marketing and improved airlift. Stay-over visitors from Germany more than doubled to 1,516, while arrivals from France rose by 39.0 per cent; those increases were also attributable to additional airlift and enhanced marketing efforts. Arrivals from the Caribbean, another major market rose by 3.0 per cent, in contrast to a contraction of 27.6 per cent in the first quarter of 2009.



The number of cruise passengers increased by 4.1 per cent to 310,250, attributable to an increase in the number of cruise ship calls to 198 from 174 in the first quarter of 2009. Yacht visitor arrivals rose by 48.6 per cent (4,504), while the number of excursionists fell by 17.0 per cent (243).

Output in the agricultural sector is estimated to have expanded based on increased production, particularly of non-banana crops. Non-banana agricultural produce is estimated to have expanded

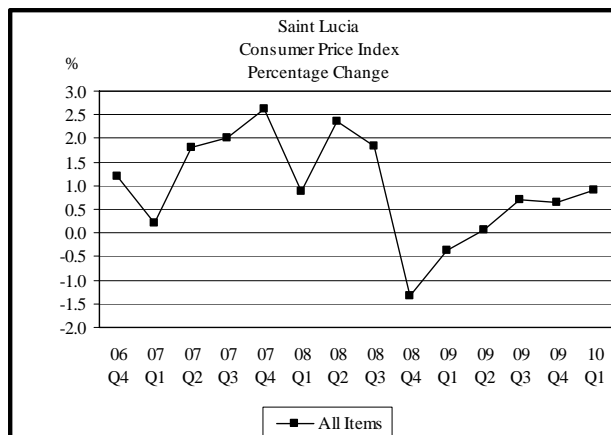
as a result of increased local demand from hotels and supermarkets based on heightened activity in the tourism industry, as well as a rise in external demand. The output of livestock is estimated to have increased by 6.0 per cent. The overall increase in agricultural output, however, was constrained by a 3.8 per cent fall to 8,353 tonnes in the production of banana, attributable to a combination of leaf spot disease and protracted drought conditions.

Manufacturing output was relatively flat during the period under review. A 3.9 per cent increase was recorded in the production of food, beverages and tobacco (the largest group of commodities). However, this increase was moderated by a decline in the output of corrugated paper and paper products (7.5 per cent).

**Prices**

The rate of inflation as measured by the consumer price index (CPI) was 0.9 per cent during the first three months of 2010 in contrast to a 0.4 per cent fall in prices during the corresponding period of 2009. The rise in the rate of inflation was influenced by increases in the sub-indices education (14.8 per cent), recreation and culture (5.8 per cent), household furnishings, supplies and maintenance (5.1 per cent), clothing and footwear (4.7 per cent), and food and alcoholic beverages (0.7 per cent). The rise in the CPI was moderated by declines in the sub-indices for communication (1.0 per cent), transport (0.5 per cent) and alcoholic beverages tobacco and narcotics (0.3 per cent).





### Trade and Payments

A merchandise trade deficit of \$190.2m was recorded in the first three months of 2010, compared to one of \$281.4m in the corresponding period of 2009. The smaller deficit was attributed to a fall in import payments coupled with an increase in export earnings. Import payments fell by 17.3 per cent to \$323.9m largely associated with the lower level of construction activity. Receipts from total exports rose by 21.5 per cent to \$133.7m, fuelled by increases in both domestic exports and re-exports. Earnings from domestic exports were 58.9 per cent above the amount recorded in the first quarter of 2009, led by growth in the export of beverages and machinery and equipment including electrical products. The increase in domestic exports was partly moderated by a decline of 3.5 per cent to \$14.5m, in the value of banana exports. Re-exports rose by 2.7 per cent, largely reflecting exports of petroleum and construction equipment.

Gross travel receipts rose by 10.9 per cent to \$277.9m influenced by the increase in stay-over

arrivals. The activities of commercial banks resulted in net inflows of \$39.0m in short-term capital. Net external loan disbursements to the central government rose to \$60.6m during the period under review compared with \$51.0m in the first quarter of 2009.

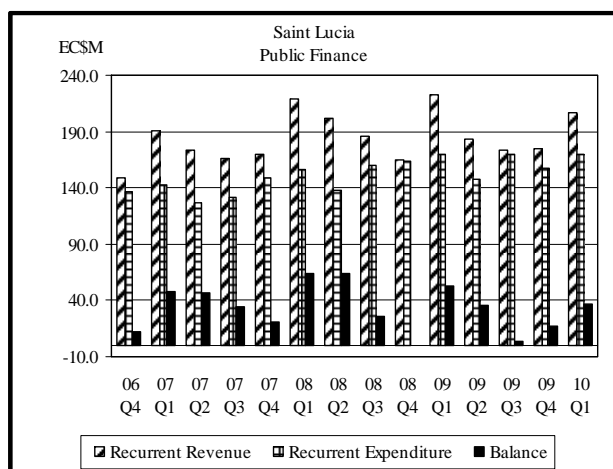
### Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall deficit of \$40.4m, compared with the deficit of \$19.5m recorded in the first three months of 2009. The larger overall deficit was primarily attributable to a reduction in the current account surplus. A primary deficit of \$16.7m was recorded during the period under review in contrast to a primary surplus of \$12.5m in the first quarter of 2009.

A current account surplus of \$22.5m was realised in the first three months of 2010, down from that of \$52.7m in the corresponding period of 2009. A decrease in current revenue was the main contributor to this outturn. Current revenue fell by 9.4 per cent to \$201.4m, attributable to a 12.2 per cent fall in tax revenue. The decline in tax revenue was influenced by lower receipts from all of the major tax categories highlighting the general decline in economic activity. A decline in collections from taxes on international trade and transactions (14.0 per cent) was largely influenced by a 50.5 per cent (\$23.7m)



reduction in the receipts from consumption duty associated with lower imports. The reduction in receipts from consumption duty was partly offset by an increase in collections from the excise tax (\$15.4m) which was broadened to include the consumption tax in September 2009. In addition, the rise in the excise tax was also associated with the impact of a flexible fuel pricing mechanism introduced in February 2009. Taxes on income and profits fell by 11.1 per cent, largely associated with lower yields from corporation tax (32.7 per cent). Receipts from taxes on domestic goods and services fell by 9.2 per cent, largely attributable to a 36.9 per cent (\$2.2m) fall in collections from licenses. The yield from property tax was 23.6 per cent (\$0.3m) below the amount collected in the corresponding period of 2009.



Current expenditure rose by 5.4 per cent to \$178.9m, influenced by an increase in spending on all categories except interest payments. Increases were recorded in expenditure on transfers and subsidies (21.7 per cent), goods and services (15.7 per cent) and personal emoluments (7.9 per cent). Outlays on

interest payments fell by 26.1 per cent (\$8.4m), reflecting lower payments for both domestic and external debt, as scheduled interest payments were deferred to the next quarter.

Outlays on capital expenditure fell by 41.1 per cent to \$47.8m in contrast to a 24.0 per cent increase in the first quarter of 2009. The contraction was mainly influenced by the completion of a major infrastructural project - the East Coast road – that was under construction in the first quarter of 2009. Ongoing capital expenditure included preliminary work on the EU funded general hospital and the rehabilitation of roads.

**Public Sector Debt**

The disbursed outstanding debt of the public sector is estimated to have increased by 6.6 per cent to \$2,029.5m during the first three months of 2010. This outturn was mainly influenced by an expansion of 6.1 per cent (\$99.9m) in the outstanding debt of the central government, largely reflecting increased domestic borrowing (12.0 per cent) through two new bonds and two additional Treasury bill issues. The external debt of the central government rose by 1.6 per cent. The outstanding debt of the statutory bodies rose by 9.7 per cent to \$295.6m.

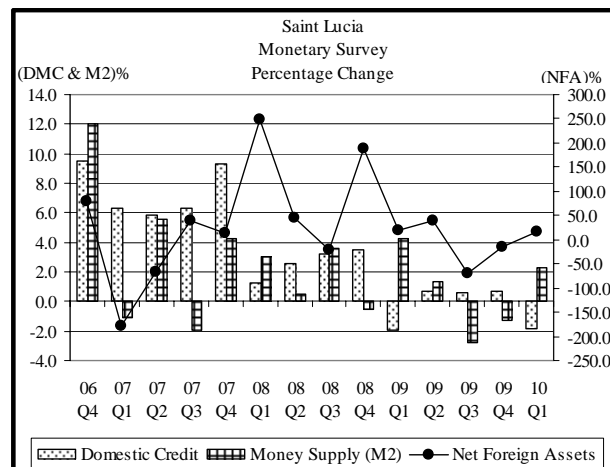
**Money and Credit**

Broad money (M2) expanded by 2.2 per cent to \$2,567.17m during the first three months of 2010, compared with growth of 4.2 per cent during the corresponding period of 2009. This development

reflected an increase in quasi money (3.6 per cent) to \$1,918.4m, attributable to growth in private sector savings, time and foreign currency deposits. Narrow money fell by 1.6 per cent, largely reflecting reductions in currency held with the public and private sector demand deposits.

Domestic credit contracted by 1.8 per cent to \$3,393.5m during the period under review. Outstanding loans to the private sector fell by 0.4 per cent, influenced by decreased credit to businesses (2.2 per cent), subsidiaries and affiliates (2.1 per cent) and non-bank financial institutions (1.4 per cent). Central government moved to a net deposit position of \$30.4m from a net credit position of \$47.7m at the end of December 2009. The shift was attributed to a 39.2 per cent (\$93.9m) increase in the deposits of central government, attributable in part to the proceeds from Treasury bill and bond issues. The net deposits of the nonfinancial public enterprises fell by 9.2 per cent, as deposits declined and credit rose.

The distribution of credit by economic activity indicates that commercial bank credit decreased for distributive trades (1.0 per cent), agriculture and fisheries (0.9 per cent) and tourism (0.4 per cent). Those declines were partially offset by an increase in credit for personal use (3.0 per cent), manufacturing, including mining and quarrying (2.5 per cent), and construction (2.2 per cent).



The net foreign liabilities position of the banking system declined to \$420.9m from \$503.6m at the end of December 2009. The decrease was associated in part with a 4.3 per cent reduction in the net liabilities position of commercial banks, reflecting an increase in assets held in institutions outside of the ECCU. Saint Lucia's imputed share of the central banks' reserves increased by 10.8 per cent to \$450.4m.

Liquidity in the commercial banking system improved during the period under review, but remained tight. The ratio of liquid assets to total deposits plus liquid liabilities was 23.8 per cent at the end of March 2010, compared with 22.2 per cent at the end of December 2009, while the loans and advances to deposits ratio fell to 113.4 per cent from 117.3 per cent at end December 2009.

The weighted average interest rate on deposits rose by 0.01 percentage point to 3.16 per cent, while that on loans fell by 0.03 percentage point to 9.70 per cent. As a result, the weighted average interest rate

spread decreased to 6.54 percentage points at the end of March 2010 from 6.59 per cent at the end of December 2009.

### **Prospects**

The economy is projected to expand in 2010, based largely on increased activity in the tourism industry. Stay-over arrivals are projected to rise in response to intensified marketing in the major source markets. The expansion in the economy will also be influenced by growth in agricultural output as the sector recovers from the effects of the drought and the leaf spot disease is contained. Manufacturing activity is also likely to increase. Construction activity is projected to fall below the level recorded in 2009 as a result of weak foreign direct investment inflows to finance private sector construction as well as a slow rate of implementation of the public sector investment programme due to financing constraints.

The merchandise trade deficit is projected to be below the level recorded in 2009, consistent with

lower import payments associated with depressed construction activity. Inflows from travel, however, are projected to increase in line with the expansion in the number of stay-over visitors.

The overall deficit on the fiscal accounts of the central government is projected to increase consistent with a fall in revenue as economic activity remains constrained.

The global economic recovery remains susceptible to variations in international developments. As the global economy recovers from the contractionary effects on output in 2009, further risks are emerging. Recent developments in Europe associated with Greece and the rest of the European Union can possibly impact Saint Lucia directly through the number of European tourists to the destination or through the potentially adverse effects on the US financial system and the strength of the US recovery. Other risks include the threat of fiscal and debt unsustainability associated with contracting revenues and projected increases in expenditure.



## ST VINCENT AND THE GRENADINES

### Overview

Preliminary data indicate that St Vincent and the Grenadines experienced a decline in economic activity in the first quarter of 2010, compared with the outturn in the corresponding period of 2009. The decline in economic activity was driven largely by developments in the construction sector, one of the main contributors to economic output. The consumer price index fell by 0.5 per cent, on an end-of-period basis. The central government's fiscal operations yielded an overall deficit, in contrast to a surplus in the first quarter of 2009. Total outstanding public sector debt was above the level recorded at the end of December 2009. The merchandise trade deficit is estimated to have narrowed, primarily associated with a decline in import payments. In the banking system, monetary liabilities rose, while commercial bank liquidity remained at a high level. The spread between commercial bank lending and deposit interest rates widened during the review period.

The economic prospects for the remainder of 2010 are tilted towards the downside. Economic conditions are projected to remain depressed in the near-term, as activities in the main economic sectors are not likely to pick up over that period. The lingering effects of the global economic recession are projected to continue to negatively impact construction activity and to impinge on performance in other ancillary sectors. Risks to these projections

are further tilted to the downside by the slower than anticipated global recovery, which has the potential to affect foreign direct investment, remittance flows and stay-over visitor arrivals to St Vincent and the Grenadines. Other factors such as a reversal in the decline of international commodity prices and adverse weather may also pose significant threats to economic growth.

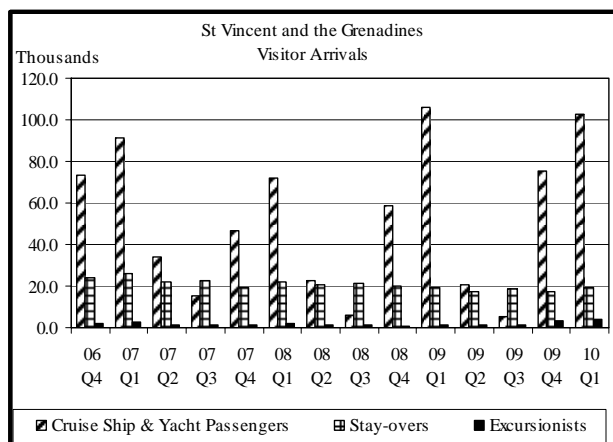
### Output

The pace of activity in the construction sector, one of the main contributors to economic growth, contracted relative to the first quarter of 2009. The fall in construction activity was attributed to decreased private and public sector investment, as a result of sluggish economic conditions in the global market. Partially indicative of the decline in construction activity was a 15.2 per cent fall in the value of imports of construction materials. In the private sector, construction activity focused on the first phase of a major hotel project at Buccament, and a few residential buildings. Work in the public sector slowed as most major projects were completed and only a few new projects were started during the quarter. However, road rehabilitation continued. Activity in the mining and quarrying sector declined in line with developments in construction.

Activity in the transport sector decreased in the first quarter of 2010 compared with the level in the



corresponding period of 2009. This performance was influenced by a fall in the activity of all three sub-sectors (air, road and sea transport), associated largely with the decline in visitor arrivals and the volume of imports. The performance of the manufacturing sector was weak, largely attributable to the adverse impact of falling demand and commodity prices. Output of rice, beer and flour fell by 30.4 per cent, 4.0 per cent and 2.3 per cent respectively. Production of galvanize sheets also declined by 20.0 per cent during the review period. These declines more than offset growth of 10.8 per cent in the production of feeds.



In the tourism industry, activity contracted, as evidenced by a 2.0 per cent fall to 19,159 in the number of stay-over visitors, mirroring declines in the major source markets, except Canada. Visitor arrivals from the UK and the USA were estimated to have fallen by 5.1 per cent and 0.7 per cent respectively, primarily as a result of sluggish recovery and labour market distress in these economies - due to the lingering effects of the global recession. The fall in the number of visitors from

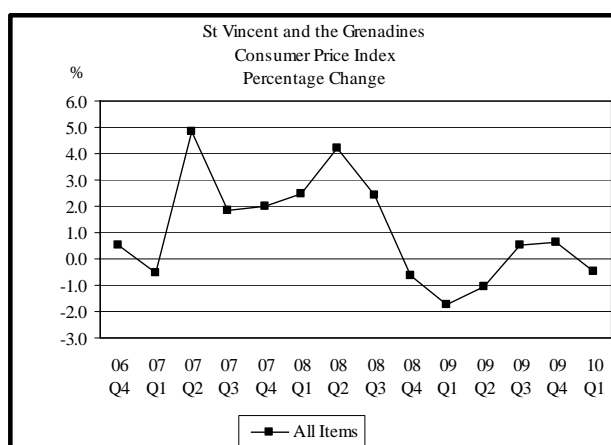
the Caribbean, which is the largest source market, was largely attributed to increasing intra-regional airfares and reduced airlift. Of the other categories of visitors, the number of cruise passengers fell by 4.3 per cent to 85,626, a reversal of the 68.3 per cent growth recorded in the corresponding period of 2009. Notwithstanding, the number of excursionists more than doubled, while yacht passenger arrivals grew by 4.1 per cent.

Agricultural output is estimated to have declined, mainly as a result of a contraction in the production of both banana and non-banana crops, which together contribute almost three quarters of total output in that sector. Banana output fell by 25.7 per cent to 1,705 tonnes, influenced by the impact of disease and a gradual shift away from the traditional crop. The output of other crops was negatively affected by drought conditions. Notwithstanding the lacklustre performance of the agricultural sector, activity in the fishing sub-sector increased as fishermen were given incentives to improve their output.

**Prices**

The consumer price index fell by 0.5 per cent during the first quarter of 2010, compared to a decline of 1.7 per cent during the corresponding period of 2009. The fall in prices during the review period was underpinned by declines in the prices of food and household furnishings and supplies. The food sub-index, which accounts for more than half of the CPI basket, fell by 1.3 per cent, attributable to lower

prices for some basic grocery items including fish, chicken, condensed milk, corned beef, potatoes, rice, flour, tomatoes and ground provisions. Lower prices for household furnishings and supplies were attributed to a fall in the price of light bulbs and laundry soap. These declines were partially offset by increases in all the other sub-indices including transport and communications, which was influenced by a rise in the price of unleaded petrol.



### Trade and Payments

A merchandise trade deficit of \$183.6m was estimated for the first three months of 2010, compared with one of \$218.5m in the comparable period of 2009. The narrowing of the deficit stemmed principally from a 13.3 per cent fall in import payments to \$218.1m, consistent with the contraction in economic activity. Receipts from domestic exports fell by 2.5 per cent, reflecting a reduction in the value of the main commodities exported. Earnings from rice almost halved, while that from feeds, banana and flour decreased by 28.4 per cent, 19.0 per cent and 7.6 per cent respectively.

These developments partly reflect declines in the prices for flour and feeds and a contraction in production of rice and bananas.

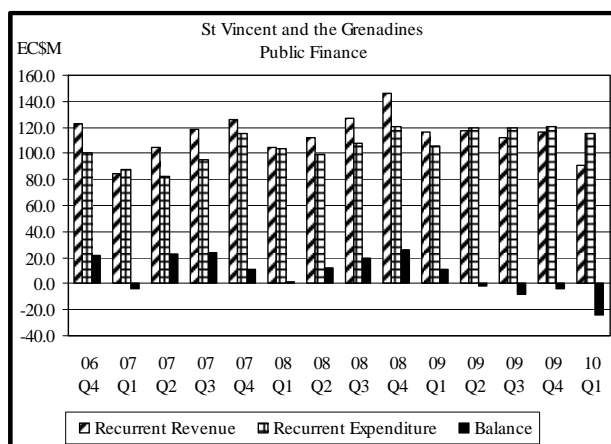
Gross travel receipts are estimated to have fallen by 0.6 per cent to \$74.2m, consistent with the decline in the number of stay-over visitors. Transactions of commercial banks resulted in a net inflow of \$29.6m in short-term capital during the first quarter of 2010, in contrast to a net outflow of \$29.8m recorded during the first quarter of 2009.

### Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall deficit of \$25.5m in the first three months of 2010, in contrast to a surplus of \$1.9m in the corresponding period of 2009. This outcome was largely the result of developments on the current account. The current account deteriorated resulting in a deficit of \$24.3m, in contrast to a surplus of \$10.6m in the first quarter of 2009, attributable to strong current expenditure growth, coupled with a decline in current revenue. A primary deficit of \$11.0m was recorded, down from a surplus of \$16.7m in the first three months of 2009.

Current expenditure grew by 8.8 per cent to \$115.4m, on account of an increase in transfers and subsidies. Outlays on transfers and subsidies grew by 57.7 per cent (\$12.6m) influenced by larger subventions to state owned enterprises and increased spending on pensions and social safety net

programmes. By contrast, personal emoluments, which account for the largest share of expenditure, decreased by 0.2 per cent, as a result of an 8.9 per cent decline in wages paid to temporary workers. This decline more than offset a 0.7 per cent increase in salaries paid to established workers. Interest payments were 1.9 per cent lower than the total in the first quarter of 2009, associated with a contraction in foreign debt obligations. Expenditure on goods and services fell by 18.9 per cent, as government implemented deliberate measures to reduce spending in that area. Part of the budgetary allocations from that category was transferred to the Building Roads and General Service Authority (BRAGSA), a new public enterprise, which was created to manage expenditure on roads and other maintenance services.



Current revenue declined by 21.9 per cent to \$91.1m, attributable to decreases in the yield from all subcategories of taxes. Revenue from taxes on domestic goods and services contracted by 33.3 per cent, mainly reflecting a decrease in collections from the excise tax (89.9 per cent), stamp duties

(58.9 per cent) and the value added tax (17.8 per cent). Receipts from taxes on international trade and transactions fell by 19.1 per cent, largely associated with lower collections from customs service taxes and import duties, reflecting the slowdown in economic activity. Collections from taxes on income and profits decreased by 2.2 per cent primarily linked to a decline of 16.2 per cent in taxes from corporations. The contraction in corporate tax receipts was influenced by the implementation of tax reduction measures, based on the recommendations of the ECCU Tax Reform Commission. An 89.9 per cent fall in the yield from interest and rents contributed to a decline of 1.6 per cent in non-tax revenue.

Capital expenditure amounted to \$1.5m compared with \$9.1m in the first quarter of 2009, representing delayed implementation of the public sector investment programme (PSIP). Roughly half of the PSIP is expected to be financed by funding from the European Union and to concentrate on social spending, especially low income housing.

**Public Sector Debt**

The total disbursed outstanding debt of the public sector was estimated at \$1,124.4m at the end of March 2010, a marginal increase of approximately 0.5 per cent above the total at the end of December 2009. This outturn largely reflected an increase in central government’s borrowing, as its stock of domestic debt grew. Central government’s domestic debt increased by 7.1 per cent, while its external

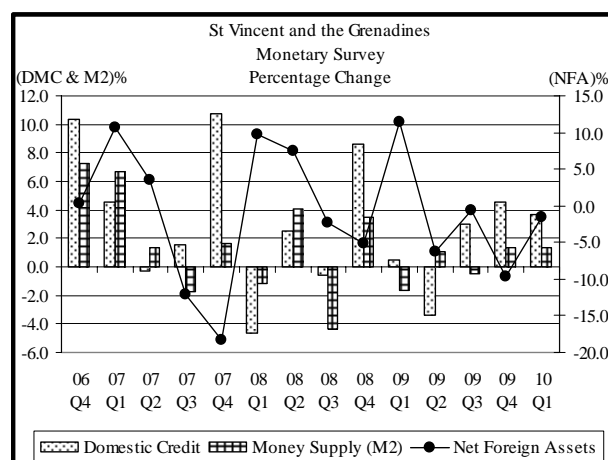
borrowing declined by 2.7 per cent. Total debt incurred by the public corporations rose marginally (0.1 per cent) to \$228.4m.

### Money and Credit

Monetary liabilities (M2) rose by 1.4 per cent to \$1,100.7m during the quarter ended March 2010 in contrast to a contraction of 1.6 per cent during the corresponding period of 2009. Growth in M2 mirrored increases in both quasi money and the narrow money supply (M1). Quasi money grew by 1.8 per cent, largely associated with growth in private sector foreign currency deposits (42.0 per cent) and private sector time deposits (3.5 per cent). M1 rose by 0.5 per cent to \$361.0m, largely on account of an expansion of 2.9 per cent in private sector demand deposits.

The source of the increase in M2 was growth of 3.7 per cent to \$1,067.5m in domestic credit. The expansion in credit emanated from increased borrowing by the central government and, to a lesser extent, the private sector. The net indebtedness of the central government to the banking system rose by 27.1 per cent to \$162.2m, as the government borrowed more and drew down on its deposits to finance the overall deficit. Credit to the private sector grew by 0.1 per cent, as loans extended to businesses and households increased by 0.2 per cent and 0.1 per cent respectively. In the rest of the public sector, net deposits of non-financial public enterprises fell by 5.6 per cent influenced largely by an increase of 3.8 per cent in their borrowing.

The net foreign assets of the banking system fell by 1.6 per cent to \$355.5m, in contrast to growth of 11.4 per cent during the first quarter of 2009. This outcome was attributed largely to an 18.7 per cent decline in the net foreign assets of commercial banks. Commercial banks reduced their assets held at institutions within the currency union and borrowed abroad to finance the increase in domestic credit. St Vincent and the Grenadines' imputed share of the Central Bank's reserves rose by 11.8 per cent to \$226.9m.



An analysis of the distribution of credit by economic activity indicates that outstanding loans increased by 1.8 per cent, influenced by an expansion in lending for most categories. Outstanding credit for tourism and construction increased by 31.1 per cent (\$11.3m) and 8.1 per cent (\$3.9m) respectively, in contrast to decreases of 24.8 per cent and 2.5 per cent respectively during the first three months of 2009. Credit for personal use grew by 0.2 per cent (\$1.3m), while that for agriculture and fisheries increased by 9.9 per cent (\$0.3m). By contrast,



credit for distributive trades fell by 0.5 per cent commensurate with the fall in economic activity.

Liquidity in the commercial banking system remained at a high level during the review period. The ratio of liquid assets to total deposits plus liquid liabilities was 37.5 per cent at the end of March 2010, about 0.2 percentage point below the level at the end of 2009. The ratio of loans and advances to total deposits grew by 2.2 percentage points to 87.9 per cent.

The weighted average interest rate on deposits decreased to 2.73 per cent from 2.93 per cent at the end of December 2009, while the weighted average lending rate fell marginally to 9.06 per cent. Both changes resulted in an increase of 12 basis points in the weighted average interest rate spread.

### **Prospects**

Economic activity in St Vincent and the Grenadines is projected to contract in 2010, as the pace of recovery in the advanced economies, particularly the USA, slows. Prospects for construction, transport and manufacturing remain dim as the economy continues to struggle to recuperate from the negative impact of the global financial crisis. Activity in the construction sector, a significant contributor to economic output, is expected to decline, largely as a result of tightened liquidity in the global financial market. It is unlikely that the capital projects planned for this year will be implemented and a few may be delayed due to funding constraints. Public

sector investment for the first half of the year may be restricted to road construction and rehabilitation, while the main focus of the private sector will be the completion of the first phase of the Buccament Hotel and Resort. Developments in the construction sector are expected to impact activity in the mining and quarrying sector.

In the agricultural sector, output growth is expected to remain flat, based on a projected decline in yields from crops, due largely to changes in weather conditions. Expected gains in the livestock and fishing sub-sectors will be insufficient to compensate for the losses in crops. The current difficulties faced by the transport, manufacturing and wholesale and retail trade sectors are likely to persist throughout the year.

Stay-over visitor arrivals are expected to decline as high unemployment lingers, associated with the sluggish recovery in the advanced economies, especially the USA and the weak performance of the Caribbean economies. Cruise passenger arrivals are projected to decline based on the number of scheduled visits for 2010.

Central government's fiscal operations are likely to result in a larger overall deficit, influenced by a further deterioration of the current account. Larger outlays for transfers and subsidies are expected as the government continues to support state owned enterprises. Also, initiatives to expand the social safety net programmes in keeping with government's poverty reduction plan are likely to



add further pressure to outlays on transfers and subsidies. Spending on personal emoluments is projected to increase since an additional 2.0 per cent salary increase for public servants is still outstanding for the year 2010.

In the external sector, the merchandise trade deficit is projected to contract as a result of a fall in imports. Net inflows on the financial account are expected to fall as foreign direct investments continue to be adversely impacted by the slow global economic recovery. This outturn is likely to result in a smaller capital and financial account surplus, hence a larger overall balance of payments deficit. Gross travel receipts are projected to be lower than

the levels in 2009, based on the fragility of the tourism industry.

The pace of the global economic recovery is likely to be slower than initially forecasted, hence a prolonged recessionary period in the domestic economy is expected. Consequently, the risks to growth are tilted towards the downside. The potential adverse effects of reduced foreign investments and remittance inflows remain, as the unfavourable labour market developments linger and affect consumer spending in the USA and the UK. Additionally, adverse weather and upward movements in international commodity prices pose risks to economic prospects.



## INTERNATIONAL ECONOMIC DEVELOPMENTS

### Overview

In the wake of a severe economic and financial meltdown in 2009, a recovery is underway in the global economy, albeit weak and uneven. Global output contracted by 0.6 per cent in 2009 following a steep drop in international trade as credit froze and consumer confidence fell. The monetary policy environment remains accommodative as evidenced by generally low global interest rates with the exception of some emerging economies, while consumer price pressures remain muted particularly in the more advanced economies. Some improvement in labour conditions was evidenced by a gradual stabilisation of the rate of unemployment, following the marked deterioration in 2009.

Commodity prices made some gains by the end of 2009, after having fallen to their lowest point in February of 2009 - a period which coincided with the depths of the recession. During the first quarter of 2010 commodity prices strengthened, led by steady increases in prices for energy. Crude oil prices averaged US\$82.00 per barrel during the first quarter of 2010, above the US\$61.81 per barrel average observed during the corresponding period of 2009. This movement illustrates the sustained rebound in prices compared with all of 2009 when petroleum prices averaged US\$70.52 per barrel. Developments in commodity markets reflect optimism surrounding the economic recovery. The optimism along with successful domestic

consumption policies implemented by some countries to weather the fall in global trade, have fuelled the better-than-expected global economic performance.

### Developments in the Major Economies

The economic expansion in the **United States of America**, which began in the second half of 2009, was sustained during the first quarter of 2010 at a rate of 2.7 per cent, following a 5.6 per cent increase in the fourth quarter of 2009. The outturn compared favourably with the 6.4 per cent contraction in the first quarter of 2009. The performance in the first quarter of 2010 was supported by positive contributions from personal consumption expenditure (PCE) which increased by 3.0 per cent as well as private inventory investment (1.9 per cent), exports (11.3 per cent) and nonresidential fixed investment (2.2 per cent). The gains in these components of GDP were partially offset by declines in state and local government spending (3.8 per cent) and residential fixed investment (10.3 per cent). Labour market conditions remained fragile, as indicated by an unemployment rate of 9.7 per cent associated with the lagged effects of the economic downturn as companies - including financial firms - reduced payrolls. This compared adversely with an 8.6 per cent unemployment rate in the corresponding period of 2009. Consumer price inflation moderated to a 0.1 per cent rate compared with a rate of 0.2 per cent in March 2009.



Real GDP in **Canada** rose by 1.5 per cent in the first quarter of 2010, outpacing the 1.2 per cent rise in the fourth quarter of 2009 and contrasting with a 1.4 per cent decline in the first three months of 2009. On an annualized basis first quarter real GDP grew by 6.1 per cent after expanding by 4.9 per cent in the fourth quarter of 2009. Domestic demand advanced by 1.1 per cent as spending on housing and consumer goods and services rose. Notably, real GDP rose by 0.6 per cent in March representing the seventh consecutive monthly advance. Major contributors to the outturn, residential investment, increased for a fourth consecutive quarter (5.4 per cent), as did consumer spending on goods and services (1.1 per cent). Both export and import volumes rose for a third consecutive quarter, with growth in imports (3.4 per cent) outpacing growth in exports (2.9 per cent) in the first quarter of 2010. Consumer spending rose by 1.1 per cent in the first quarter of 2010, above the 1.0 per cent gain in the fourth quarter while household spending on semi-durable goods largely for clothing, footwear, and accessories also rose. Consumer prices increased at a 0.3 per cent rate below the 0.8 per cent rise in the fourth quarter of 2009 and a deceleration compared with the 0.4 per cent increase in the first quarter of 2009.

In the **United Kingdom**, output advanced by 0.3 per cent during the first quarter of 2010, after the economy exited the recession during the fourth quarter of 2009, when a growth rate of 0.4 per cent was recorded. The performance contrasted with a 2.6 per cent contraction in the first quarter of 2009. Developments in the first three months of 2010 were

fuelled largely by increases in manufacturing (1.2 per cent) and the services industry (0.2 per cent) but partly constrained by declines in value added for the construction sector (0.5 per cent). Gross fixed capital formation increased by 1.5 per cent, while the exports of goods and services remained flat and imports rose by 1.4 per cent. House prices in the UK rose by 1.6 per cent during the first quarter of 2010 or at an annualized pace of 8.8 per cent. The unemployment rate in the UK rose to 8.0 per cent - the highest since 1996 - from 7.1 per cent during the corresponding period of 2009.

Economic activity in the **euro Area** expanded by 0.2 per cent in the first quarter of 2010, in contrast to a 2.5 per cent contraction in the corresponding period of 2009, and compared with the fourth quarter of 2009 when the economy virtually stagnated, expanding by 0.1 per cent. Growth was constrained by a number of austerity measures implemented by some members of the currency union, which also threaten to constrain growth going forward. The CPI increased by 1.4 per cent in March 2010, on an annualised basis.

Economic activity in **Japan** improved as evidenced by a 1.2 per cent rise in GDP in the first quarter of 2010, in contrast to a 4.2 per cent fall in the corresponding period of 2009. The performance of the economy also improved compared with the 1.1 per cent expansion in GDP in the fourth quarter of 2009. The recovery marked the fourth successive quarter of expansion and was fuelled by increases in exports facilitated by an upsurge in manufacturing



activity. Exports increased in the first quarter by 6.9 per cent on a quarter-on-quarter basis representing the thirteenth consecutive monthly rise. Business fixed investment also improved as evidenced by an increase in the aggregate supply of capital goods. During the period under review consumer prices fell by 1.2 per cent. The rate of unemployment was 4.9 per cent in the first three months of 2010; down from a rate of 5.2 per cent in the fourth quarter of 2009.

Growth in **China** accelerated to an 11.9 per cent rate in the first quarter of 2010, the fastest pace in almost three years, compared with 6.1 per cent in the first quarter of 2009 and 8.7 per cent for all of 2009. The implementation of stimulus policies in 2009 to boost domestic demand in the face of declining export earnings has been largely successful in sustaining economic activity. However, the corollary to robust economic growth has been a surge in asset prices as evidenced by record property price increases in March 2010, particularly for residential and commercial real-estate. In 70 cities real estate prices rose by 11.7 per cent in March compared with a year earlier, the most since 2005. The robust economic expansion has also fuelled inflationary pressures as indicated by a 2.2 per cent rise in consumer prices in the first three months of 2010, in contrast to a 0.6 per cent fall during the corresponding period of 2009. During the first quarter of 2010 China recorded a global trade surplus of US\$14.5 billion, 76.6 per cent below that recorded in the first quarter of 2009. The large decline in the surplus was mainly attributed to developments in March 2010 when a

US\$7.2 billion trade deficit was recorded as imports outpaced exports.

### **Commodity Prices**

Commodity prices experienced upward pressure during the first quarter of 2010 on the strength of the economic rebound after the steepest global recession since the 1930s. Prices - which were already at historic highs in 2008, fuelled by sustained global demand for petroleum and food - fell sharply in 2009 as eroding consumer confidence helped reduce global demand. However, compared with the first quarter of 2009, higher prices on average have been observed for most major categories of commodities. According to the World Bank's commodity price index, average price increases were observed for energy and food of 57.7 per cent and 11.9 per cent respectively. Prices for agricultural output were 19.2 per cent higher during the period under review when compared with the corresponding period of 2009, whereas the average price of grain fell by 7.3 per cent. Other major commodities, for example, metals and minerals which had experienced rapid price reductions in the wake of falling demand, rebounded by 61.6 per cent as global trade recovered.

### **Prospects**

Indicators point to a strengthening economic recovery, characterised by varying rates of expansions. The pace of growth will be led by emerging and developing economies such as China



India and Brazil. In the more advanced economies, growth will be less robust reflecting the protracted effects of the financial crisis on the banking systems in those jurisdictions. Nonetheless, for the advanced economies, higher growth will be skewed more towards the USA and Japan. Growth in the EU and Europe is expected to lag as a consequence of the large fiscal imbalances impacting countries such as Greece, Portugal and Spain, coupled with the large debt overhang in the UK. While the risks, on balance, appear to be moderate, a number of recent

developments threaten to derail the recovery and constrain the robustness of the expansion. These include the fiscal crisis in the European Union, the environmental disaster in the Gulf of Mexico and the heightened political tensions in the Korean peninsula. More specifically, the challenges faced by policy makers include reducing intractably high unemployment rates, the gradual unwinding of accommodative policy stances and the systematic repair of the global financial system through more rigorous financial regulation.



## REGIONAL ECONOMIC DEVELOPMENTS

### Output

The economic performance of the member countries of the Caribbean Community (CARICOM) was mixed during the first quarter of 2010. In **The Bahamas**, economic activity remained weak despite signs that a recovery may be underway, particularly in the tourism industry where arrivals stabilised relative to the outturn in the first quarter of 2009. In **Barbados**, real GDP is estimated to have fallen marginally (0.1 per cent) compared with a decline of 4.8 per cent in the corresponding period of 2009. This was influenced by a sharp contraction in sugar production as the industry was affected by the most severe drought since 2002. By contrast, activity in the other traded sectors (manufacturing, non-sugar agriculture and fisheries, and tourism) rebounded. The **Belize** economy continued to register growth in the first quarter of 2010, reflecting increased output of the major export commodities, except for sugarcane and sugar. The performance of non-sugar agriculture (especially banana), petroleum and tourism industries was the most outstanding among the economic sectors. Preliminary estimates for **Guyana** show that activity in most of the economic sectors was robust during the first quarter of 2010, led by agricultural output, which increased in the sugar, rice and forestry sectors, despite severe dry weather conditions. In **Haiti**, real GDP fell sharply relative to the level in the first quarter of 2009 due to the devastation caused by an earthquake in January 2010 that measured 7.0 on the Richter scale. The

**Jamaican** economy is estimated to have contracted by 1.6 per cent as activity fell in the mining and quarrying, construction, manufacturing and finance and insurance services sectors. In **Trinidad and Tobago**, economic activity, which rebounded in the last quarter of 2009, is estimated to have continued to expand during the first three months of 2010, largely stemming from increased production of petrochemicals and natural gas.

### Prices

In **Barbados**, consumer prices were estimated to have increased by 2.7 per cent during the first quarter of 2010, down from a rate of 8.6 per cent during the corresponding period in 2009. By contrast, **Guyana** recorded an inflation rate of 0.5 per cent relative to one of 0.4 per cent during the first quarter of 2009. However both rates are not necessarily comparable as the former was calculated using 2009 as the consumer price index (CPI) base year whereas the latter used 1994 as the CPI base period. Inflationary pressures intensified in **Haiti** during the quarter ending March 2010, driven by domestic supply constraints following the earthquake. As a result, the 3-month average rate of inflation was 5.8 per cent compared with 5.0 per cent during the first quarter of 2009. In **Jamaica**, headline inflation rose to 4.1 per cent due mainly to the impact of tax measures implemented in January 2010 and the increase in public transportation costs in some regions in February 2010. In **Trinidad and**



**Tobago**, annual point-to-point inflation declined to 4.8 per cent at the end of February 2010 from 11.7 per cent a year earlier.

### Employment

Employment data are not available for most of the CARICOM member countries during the first three months of 2010. In **Barbados**, the unemployment rate is estimated to have fallen to 9.8 per cent at the end of March 2010 from 10.1 per cent at the end of March 2009. In **Haiti**, the impact of the earthquake on employment was determined to be an 8.5 per cent decline in existing jobs, associated with damages and losses in trading activities, tourism, transport and communications. The job loss was tempered somewhat by the creation of temporary positions, including roughly 70,000 under a World Food Programme initiative called “Cash and Food for Work.”

### Central Governments’ Fiscal Developments

The overall fiscal deficit of the central government of **The Bahamas** decreased by 14.0 per cent to B\$76.8m in the first quarter of 2010, representing the combined effects of smaller current expenditure outlays and larger receipts from import and excise duties. In **Barbados**, the first quarter fiscal deficit was estimated to have declined by 34.7 per cent to BDS\$131.5m, as a reduction in current and capital expenditure outpaced a decline in current revenue. In **Belize**, the central government’s fiscal operations resulted in an overall deficit of BZ\$28.0m,

compared with one of BZ\$61.7m in the first quarter of 2009. The narrowing of the deficit was attributable to a 15.3 per cent expansion in total revenue and grants, mainly due to higher receipts from the Gross Sales Tax, import duties and petroleum operations, coupled with lower capital outlays. In **Guyana**, the overall balance of the central government fell due to an expansion in capital and current expenditure, which more than counterbalanced an increase in receipts. In **Jamaica**, the central government incurred an overall deficit of J\$55.9 billion for the period October 2009 to March 2010, up from one of J\$51.2 billion for the corresponding period in FY 2008/09. The wider deficit stemmed from higher domestic interest payments arising from the implementation of the Jamaica Debt Exchange in February 2010, which offset growth in revenue and grants. In **Trinidad and Tobago**, the central government’s fiscal deficit during the period January to March 2010 was TT\$161.5m, which compared favourably with the deficit of TT\$2,320.3m in the corresponding period in 2009. The main factor that contributed to the contraction was a reduction in total expenditure, more specifically, reduced transfers and subsidies to state enterprises and the Infrastructure Development Fund (which is partly used to finance the government’s capital programme).

### External Sector Developments

The available information on the balance of payments’ transactions of CARICOM member countries indicates some weakening in their external





sectors. In **Barbados**, preliminary estimates of the balance of payments indicate that the current account position shifted to a deficit of B\$67.9m in the first quarter of 2010 from a surplus of B\$39.9m in the comparable period of 2009, primarily on account of larger outflows on the goods and services sub-account. The deterioration on the current account led to a smaller overall surplus despite an improvement in the capital account balance. In **Guyana**, the current account deficit increased to US\$118.8m from US\$63.8m in the first quarter of 2009. The larger deficit was due primarily to a 27.7 per cent increase in payments for merchandise imports, reflecting higher international fuel and commodity prices. The capital account surplus rose by 2.0 per cent, influenced by an increase in disbursements and a decline in commercial banks' foreign assets. The developments on the current and capital (including financial) accounts resulted in a shift in the overall balance position to a deficit of US\$24.6m from a surplus of US\$44.6m in the first quarter of 2009. In **Jamaica**, the external current account deficit is estimated to have widened to US\$691.4m during the period October 2009 to March 2010 from US\$649.6m during the corresponding period in FY 2008/09 as a result of a contraction in receipts from exports, which was partially offset by a decline in investment income outflows and an increase in remittance inflows.

### Monetary and Credit Developments

Developments in the banking system in **The Bahamas** during the first quarter of 2010 were

characterised by increased commercial bank liquidity; an acceleration in domestic credit growth, occasioned by an expansion in commercial bank advances to the government that offset a reduction in private sector credit; and a contraction in external reserves, which largely reflected sustained weakness in the foreign exchange earning sectors. In **Barbados**, commercial bank liquidity was relatively unchanged compared with the level at the end of March 2009, as there was no increase in the demand for credit and deposits stagnated during the review period. In **Belize**, monetary and credit conditions eased, as evidenced by growth in monetary liabilities and commercial bank liquidity as well as a lower interest rate spread. Net foreign assets of the banking system rose by BZ\$57.0m, stemming from the seasonal rebound in gross travel receipts, which also contributed to the expansion in liquidity. In **Guyana**, broad money and private sector credit grew by 1.5 per cent and 2.3 per cent respectively during the first quarter of 2010, consistent with the expansion in economic activity. Commercial bank lending and saving rates trended marginally downwards, with the exception of the prime lending rate, which remained stable. In **Haiti**, monetary developments were primarily characterised by an excess supply of foreign currency, resulting from the rise in remittances and international aid flows in the advent of the earthquake. The central bank reacted by buying reserves, totalling US\$90.0m, in an effort to preserve exchange rate stability and keep inflation under control. The Bank of **Jamaica** (BOJ) continued to ease its monetary policy stance during the quarter ending March 2010 by reducing interest



rates across the menu of open market operations securities by 200 basis points, which influenced a downward trend in market-determined interest rates. For example, the benchmark 180-day Treasury bill rate fell to 10.5 per cent from 21.8 per cent at the end of March 2009. Money and credit developments in **Trinidad and Tobago** featured the temporary suspension of a steady reduction in the central bank's policy rate (the "repo" rate), which began in the first quarter of 2009; the "repo" rate was held at its historic low of 5.0 per cent during the first three months of 2010. Other developments included a reduction in bank credit, despite the accommodative monetary policy stance and lower domestic interest rates, as well as a decline in bond yields.

### Outlook

Economic prospects for 2010 are largely favourable relative to the outturn in 2009 as either the rates of economic contraction would moderate (except in the case of Haiti) or countries would begin to post growth, contingent on the performance of the international economy, particularly the USA, as well as developments in global food, oil and other commodity prices. In **The Bahamas**, economic activity is expected to remain subdued; however, real GDP is forecast to register a marginal decline of 0.5 per cent compared with a contraction of 4.5 per cent in 2009 as tourism and foreign investments continue to be affected by the pace of the fragile

recovery in the global economy. The economic outlook for **Barbados** is uncertain with real GDP tentatively projected to decline by 0.5 per cent as a revival of demand for tourism, international business and financial services, and manufacturing and agricultural exports has not yet materialised. In **Belize**, the forecast is for real GDP to increase by at least 1.5 per cent, resulting from an anticipated surge in domestic electricity generation, a tenuous revival in distributive trade and continued growth in petroleum production. The **Guyanese** economy is expected to grow modestly (4.4 per cent) in 2010 with positive contributions from all sectors. In **Haiti**, real GDP is expected to contract by 8.5 per cent, based on an evaluation of damages and losses caused by the earthquake disaster to the overall economy. In **Jamaica**, a very moderate improvement in economic activity is projected for FY 2010/11 with real GDP growth expected to be in the range of 0.0 per cent to 1.0 per cent, based on a likely recovery in the tourism industry and mining and agricultural sectors. In **Trinidad and Tobago**, the forecast is for a rebound in economic activity to 2.0 per cent from a contraction of 3.2 per cent in 2009, predicated on the fact that export and private sector demand has already gained strength in the second quarter. The economic expansion is expected to be led by robust activity in the energy sector and a likely recovery in the non-energy industries, particularly construction and manufacturing.



## NOTES FOR STATISTICAL TABLES AND MONETARY SURVEY

### STATISTICAL TABLES

All figures have been rounded to either the nearest whole number or the first decimal place (except in cases where values are small and need to be rounded off at two decimal places instead).

--	denotes 'nil'
0.0	denotes 'negligible'
n.a.	denotes 'not available'
**	denotes 'not applicable'
R	denotes 'revised'
P	denotes 'provisional'
E	denotes 'ECCB estimates'

Some figures may differ from those in previous publications because of subsequent revision based on more accurate data.

### MONETARY SURVEY

1. Central government represents central and local government.
  - 1.1 Domestic Credit to Central Government (net)
    - Central Bank and commercial banks' total holdings of Treasury Bills and Debentures
    - plus Central Bank and commercial banks' loans and advances to central government
    - plus Central Bank interest due on Securities
    - minus Total central government deposits held with the Central Bank and commercial banks
    - minus Sinking Fund Call Account and Government Operating Account held with the Central Bank
2. Other Public Sector represents national insurance (social security scheme) and non-financial public enterprises.
3. Private Sector represents households and private businesses.
4. Currency = total currency liabilities of the Central Bank less commercial banks' holdings of local currency cash.
5. Demand Deposits = total private businesses and households residents' demand deposits.
6. Savings Deposits = total private businesses and households residents' savings deposits.
7. Time Deposits = total private businesses and households residents' time deposits.
8. Foreign Currency Deposits = total private businesses and households residents' foreign currency deposits



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**Table 1**  
**ECCU - Selected Tourism Statistics**

	2009	2009	2009	2009	2010
	1 <sup>st</sup> Qr	2 <sup>nd</sup> Qr	3 <sup>rd</sup> Qr	4 <sup>th</sup> Qr	1 <sup>st</sup> Qr
Total Visitors	1,566,204	720,733	500,642	1,173,542	1,602,554
Stay-Over Visitors	261,038	226,834	219,882	228,434	269,616
Of which:					
USA	93,324	91,559	75,145	74,872	103,575
Canada	30,153	10,913	8,609	16,832	34,038
UK	63,291	45,038	41,721	53,232	53,686
Caribbean	46,479	57,442	73,077	57,377	47,869
Other Countries	27,791	21,882	21,330	26,121	30,448
Excursionists <sup>1</sup>	20,434	20,054	16,749	16,433	21,410
Cruise Ship Passengers <sup>2</sup>	1,246,212	448,532	251,547	902,412	1,268,025
Yacht Passengers <sup>4</sup>	38,520	25,313	12,464	26,263	43,503
Number of Cruise Ship Calls <sup>3</sup>	811	227	100	541	797
<b>Total Visitor Expenditure (EC\$M)</b>	<b>860.23</b>	<b>644.55</b>	<b>576.48</b>	<b>699.54</b>	<b>882.77</b>

Sources: Central Statistics Offices, OECS and ECCB

<sup>1</sup> Excursionists includes Sea Arrivals for Saint Lucia and excludes Antigua and Barbuda.

<sup>2</sup> Cruise ship passengers excludes Anguilla but includes Antigua and Barbuda.

<sup>3</sup> Cruise ship calls excludes Anguilla and St Vincent and the Grenadines.

<sup>4</sup> Yacht passengers includes St Kitts and Nevis and St Vincent and the Grenadines.

Data available at 30 June 2010

**Table 2**  
**ECCU - Monetary Survey**  
**(EC\$M at end of period)**

	2008	2009	2009	2009	2009	2010
	4 <sup>th</sup> Qr	1 <sup>st</sup> Qr	2 <sup>nd</sup> Qr	3 <sup>rd</sup> Qr	4 <sup>th</sup> Qr	1 <sup>st</sup> Qr
Net Foreign Assets	2,271.76	2,341.17	2,148.51	2,085.00	1,920.10	2,144.71
Central Bank (net)	2,039.76	2,050.45	2,097.36	2,226.29	2,156.97	2,200.34
External Assets	2,049.27	2,060.99	2,105.53	2,232.82	2,162.25	2,202.87
External Liabilities	9.52	10.55	8.18	6.53	5.29	2.53
Commercial Banks (net)	232.00	290.73	51.15	(141.29)	(236.87)	(55.63)
External Assets	3,750.45	3,605.61	3,310.51	3,802.10	4,015.13	4,335.55
External Liabilities	3,518.45	3,314.88	3,259.36	3,943.38	4,252.00	4,391.19
Net Domestic Assets	9,914.07	10,224.47	10,347.94	10,298.74	10,468.14	10,483.77
Domestic Credit	12,111.23	12,367.54	12,338.08	12,467.13	12,673.21	12,638.61
Central Government (net)	1,041.84	1,169.52	1,119.21	1,122.00	1,273.26	1,213.71
Other Public Sector (net)	(962.17)	(793.96)	(867.50)	(878.43)	(908.49)	(871.22)
Private Sector	12,031.56	11,991.98	12,086.37	12,223.56	12,308.45	12,296.11
Households	6,023.40	6,011.12	5,971.11	6,080.72	6,137.77	6,151.79
Business	5,530.00	5,538.43	5,648.80	5,699.97	5,750.99	5,745.38
Non-Bank Financial Institutions (net)	182.41	160.58	173.52	154.62	134.37	127.75
Subsidiaries and Affiliates (net)	295.74	281.85	292.94	288.26	285.33	271.20
Other Items (net)	(2,197.16)	(2,143.06)	(1,990.13)	(2,168.39)	(2,205.06)	(2,154.83)
Monetary Liabilities (M2)	12,185.82	12,565.65	12,496.45	12,383.74	12,388.24	12,628.48
Money Supply (M1)	2,742.28	2,659.94	2,556.16	2,450.54	2,530.43	2,583.86
Currency with the Public	612.84	586.41	569.29	553.51	621.37	583.86
Demand Deposits	2,028.32	1,977.67	1,885.80	1,806.45	1,834.40	1,894.71
EC\$ Cheques and Drafts Issued	101.12	95.86	101.08	90.58	74.66	105.29
Quasi Money	9,443.54	9,905.71	9,940.29	9,933.21	9,857.81	10,044.62
Savings Deposits	4,963.66	5,099.89	5,190.40	5,202.19	5,222.29	5,289.79
Time Deposits	2,565.66	2,707.93	2,752.00	2,743.30	2,705.37	2,762.86
Foreign Currency Deposits	1,914.22	2,097.89	1,997.90	1,987.72	1,930.15	1,991.97

Source: Eastern Caribbean Central Bank

Data available at 30 June 2010



**Table 3**  
**ECCU - Central Government Fiscal Operations**  
(In millions of Eastern Caribbean dollars)

	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
<b>Current Revenue</b>	884.43	860.46	741.52	787.34	775.99
Tax Revenue	801.23	775.50	672.88	704.38	688.40
Taxes on Income and Profits <sup>1</sup>	204.91	222.36	160.54	141.97	178.77
Of Which:					
Personal Income Tax <sup>2</sup>	65.99	62.86	58.27	57.21	61.26
Company	113.62	138.14	85.12	64.43	86.62
Taxes on Property	17.98	18.74	13.87	10.72	14.49
Taxes on Domestic Goods and Services	268.41	243.91	223.98	234.39	236.33
Of Which:					
Accommodation Tax	14.98	11.19	8.06	6.50	15.80
Licences	28.40	18.94	18.89	23.06	24.94
Sales Tax <sup>2</sup>	57.88	52.17	42.45	51.83	44.54
Stamp Duties	32.92	28.43	29.96	26.17	28.71
Consumption Tax <sup>4</sup>	12.03	13.19	10.14	10.26	8.89
Value Added Tax	67.59	67.30	58.41	73.98	67.74
Taxes on International Trade and Transactions	309.94	290.50	274.49	317.30	258.81
Of Which:					
Import Duties	96.85	96.07	90.93	116.26	86.73
Consumption Tax <sup>6</sup>	101.51	89.33	84.79	82.24	60.56
Customs Service Charge <sup>6</sup>	61.41	57.55	55.75	68.51	40.40
Non-Tax Revenue	83.20	84.96	68.64	82.96	87.59
<b>Current Expenditure</b>	835.60	843.21	833.49	861.19	806.36
Personal Emoluments	366.99	366.87	368.12	378.61	366.97
Goods and Services	162.40	190.91	189.80	204.41	151.95
Interest Payments	109.02	83.32	90.55	86.87	100.19
Domestic	51.38	50.40	55.68	45.84	53.01
External	57.64	32.92	34.87	41.03	47.18
Transfers and Subsidies	197.19	202.11	185.03	191.29	187.24
Of Which: Pensions	48.65	52.24	48.31	57.72	52.84
<b>Current Account Balance</b>	48.83	17.25	(91.97)	(73.84)	(30.37)
<b>Capital Revenue</b>	5.30	10.96	2.91	11.90	4.96
<b>Grants</b>	100.99	85.92	58.50	89.20	50.72
<b>Capital Expenditure and Net Lending</b>	202.89	193.70	215.33	260.60	111.97
Of Which: Capital Expenditure	203.15	192.92	212.94	260.93	110.65
<b>Primary Balance</b>	61.25	3.75	(155.35)	(146.47)	13.53
<b>Overall Balance</b>	(47.77)	(79.57)	(245.89)	(233.34)	(86.66)
<b>Financing</b>	47.77	79.57	245.89	233.34	86.66
Domestic	139.69	(29.78)	55.63	265.96	31.63
ECCB (net)	(11.26)	(1.86)	24.86	37.69	18.48
Commercial Banks (net)	152.21	(52.03)	(21.54)	113.50	(41.28)
Other	(1.26)	24.11	52.30	114.77	54.43
External	(13.23)	21.88	169.60	(8.31)	37.03
Net Amortisation/(Amortisation)	(15.97)	20.68	173.48	(11.31)	38.11
Disbursements	69.57	77.04	238.69	48.66	120.15
Amortisation	(85.54)	(56.36)	(65.21)	(59.97)	(82.04)
Change in Government Foreign Assets	2.73	1.20	(3.88)	3.00	(1.08)
Arrears <sup>7</sup>	(78.68)	87.47	20.66	(24.31)	18.01
Domestic	0.10	8.17	0.27	(40.14)	18.97
External	(78.78)	79.30	20.40	15.83	(0.96)

Source: Ministry of Finance and ECCB

<sup>1</sup> Taxes on income and profits are not collected in Anguilla

<sup>2</sup> Includes a social services levy which is applied in St Kitts and Nevis

<sup>3</sup> Excludes Anguilla, Antigua and Barbuda and Montserrat

**Data available at 30 June 2010**

<sup>4</sup> Includes Dominica and Grenada

<sup>5</sup> Excludes Dominica and St Vincent and the Grenadines

<sup>6</sup> Includes Antigua and Barbuda and Dominica



**Table 4**  
**ECCU - Total Public Sector Disbursed Outstanding Debt (DOD)\***  
**(In millions of Eastern Caribbean dollars at end of period)**

	2006	2007	2008	2009 <sup>R</sup>	Mar 2010
Anguilla	120.3	141.2	170.9	191.5	179.6
Antigua and Barbuda	2,840.1	2,835.7	2,979.1	3,205.7	3,222.3
Dominica	951.9	917.9	898.1	862.8	851.7
Grenada	1,656.3	1,710.0	1,777.1	1,883.8	1,855.0
Montserrat	12.0	11.2	11.1	8.8	8.8
St Kitts and Nevis	2,379.6	2,474.0	2,489.6	2,552.5	2,578.6
Saint Lucia	1,718.0	1,857.1	1,884.8	1,903.5	2,029.5
St Vincent and the Grenadines	1,028.1	1,026.9	1,093.8	1,118.4	1,124.4
<b>TOTAL ECCU</b>	<b>10,706.3</b>	<b>10,974.0</b>	<b>11,304.4</b>	<b>11,727.1</b>	<b>11,849.8</b>

Source: ECCB

\* Includes arrears of principal

Data available at 30 June 2010

**Table 5**  
**ECCU - Central Government Disbursed Outstanding Debt (DOD)**  
**(In millions of Eastern Caribbean dollars at end of period)**

	2006	2007	2008	2009 <sup>R</sup>	Mar 2010
Anguilla	103.2	121.1	149.6	172.3	160.7
Antigua and Barbuda	2,582.8	2,558.2	2,683.6	2,715.5	2,736.5
Dominica	789.3	762.1	749.2	713.8	705.1
Grenada	1,458.4	1,539.1	1,580.2	1,684.3	1,657.4
Montserrat	4.2	3.8	4.0	2.2	2.1
St Kitts and Nevis	1,473.0	1,515.4	1,550.7	1,623.5	1,653.9
Saint Lucia	1,428.0	1,595.4	1,616.2	1,634.1	1,733.9
St Vincent and the Grenadines	891.6	840.1	849.8	890.3	896.0
<b>TOTAL ECCU</b>	<b>8,730.5</b>	<b>8,935.2</b>	<b>9,183.3</b>	<b>9,435.9</b>	<b>9,545.7</b>

Source: ECCB

Data available at 30 June 2010

**Table 6**  
**ECCU - Total Central Government Debt Service Payments**  
**(In millions of Eastern Caribbean dollars)**

	2006	2007	2008	2009 <sup>R</sup>	Jan - Mar 2010
Anguilla	26.9	11.0	40.3	51.0	29.0
Antigua and Barbuda	246.6	202.5	243.5	321.5	38.1
Dominica	54.9	55.1	58.2	29.2	11.4
Grenada	45.7	86.3	79.2	117.5	27.4
Montserrat	0.2	1.2	0.2	0.2	-
St Kitts and Nevis	209.2	205.9	212.6	184.4	28.7
Saint Lucia	122.7	136.2	355.2	385.1	98.9
St Vincent and the Grenadines	83.0	93.6	107.6	112.9	38.3
<b>TOTAL ECCU</b>	<b>789.2</b>	<b>791.7</b>	<b>1,096.8</b>	<b>1,201.8</b>	<b>271.8</b>

Source: ECCB

Data available at 30 June 2010





**Table 7**  
**Regional Government Securities Market (RGSM)**  
**Funds Raised on the RGSM**

	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
Total Bid Amount (EC\$M)	214.5	241.8	292.9	161.5	240.5
Volume	176.3	178.8	238.0	146.8	205.6

Source: ECCB

Data available at end of May 2010

**Table 8**  
**Regional Government Securities Market (RGSM)**  
**Weighted Average Interest Rates**

	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
91-day Treasury Bills	5.94	5.73	5.77	5.74	5.31
180-day Treasury Bills	5.90	**	4.50	**	**
365-day Treasury Bills	**	6.75	6.00	6.26	**
5-year Bond	**	**	7.00	**	**
6-year Bond	**	**	7.15	7.25	7.25
7-year Bond	8.00	8.00	**	**	**
8-year Bond	**	**	**	**	7.50
10-year Bond	**	**	**	**	**

Source: ECCB

Data available at end of May 2010

**Table 9**  
**Regional Government Securities Market (RGSM)**  
**Secondary Market Activity on the RGSM**

	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
Volume	9.5	2.3	1.8	2.7	2.3
Value (EC\$M)	9.5	2.3	1.8	2.6	4.1

Source: ECCB

Data available at end of May 2010



**Table 10**  
**Anguilla - Selected Tourism Statistics**

	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
Total Visitors	31,249	29,380	25,435	23,095	29,061
Stay-Over Visitors	16,161	14,555	12,617	12,515	15,029
Of which:					
USA	10,623	8,830	5,797	7,143	9,879
Canada	756	444	229	391	703
UK	683	753	686	799	635
Italy	369	283	444	205	342
Germany	89	207	40	90	82
Caribbean	2,445	2,933	4,539	2,902	2,274
Other Countries	1,196	1,105	882	985	1,114
Excursionists	15,088	14,825	12,818	10,580	14,032
<b>Total Visitor Expenditure (EC\$M)</b>	<b>67.38</b>	<b>55.28</b>	<b>53.48</b>	<b>52.95</b>	<b>63.12</b>

Sources: Statistics Department

Data available at 08 June 2010

**Table 11**  
**Anguilla - Consumer Price Index**  
**January 2001 = 100**

	Weight	Index Mar 2010	Percentage Change*				
			2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
All Items	1,000.00	141.50	(0.71)	(0.73)	0.07	0.57	0.78
Food	321.2	147.90	1.19	(0.06)	0.62	0.34	0.48
Alcoholic Beverages and Tobacco	3.0	126.60	0.47	3.99	(0.71)	1.20	(0.08)
Housing	171.5	112.30	0.96	(0.18)	(0.70)	0.26	(1.75)
Fuel and Light	68.6	136.50	(9.99)	(7.84)	-	6.83	5.08
Clothing and Footwear	30.7	107.90	3.13	0.69	(1.17)	(0.54)	(1.46)
Household Furnishings and Supplies	97.3	163.70	(7.27)	0.44	(0.18)	(0.80)	1.24
Transport and Communications	235.3	141.90	(6.11)	(1.02)	(0.14)	0.65	2.16
Medical Care and Expenses	30.9	218.40	54.36	(0.07)	0.09	0.09	(0.27)
Education	9.9	216.40	4.17	(1.09)	5.36	0.60	(1.32)
Personal Services	16.4	135.80	2.69	(0.01)	(1.47)	1.27	-
Miscellaneous	15.3	82.70	1.88	(2.59)	0.22	(2.46)	(5.16)

Sources: Statistics Department

\*at end of period

Data available at 08 June 2010



**Table 12**  
**Anguilla - Central Government Fiscal Operations**  
(In millions of Eastern Caribbean dollars)

	2008	2008	2008	2008	2009
	1 <sup>st</sup> Qr	2 <sup>nd</sup> Qr	3 <sup>rd</sup> Qr	4 <sup>th</sup> Qr	1 <sup>st</sup> Qr
<b>Current Revenue</b>	42.82	34.60	37.09	33.82	38.63
Tax Revenue	31.03	27.32	28.50	24.75	30.36
Taxes on Property	0.70	0.27	0.20	0.33	0.67
Taxes on Domestic Goods and Services	12.73	11.53	13.36	7.03	14.90
Of Which:					
Accommodation Tax	5.15	2.82	1.97	1.41	5.80
Bank Deposit Levy	-	3.47	3.00	-	-
Licences	4.61	2.94	2.57	1.64	4.94
Stamp Duties	1.85	1.17	4.57	2.87	3.49
Taxes on International Trade and Transactions	17.60	15.52	14.93	17.39	14.79
Of Which:					
Import Duty	14.73	12.86	12.61	15.02	12.25
Customs Surcharge	0.86	0.71	0.72	0.79	0.69
Ticket Tax	0.23	0.18	0.25	0.27	0.21
Embarkation Tax	1.36	1.27	1.10	1.01	1.40
Non-Tax Revenue	11.79	7.29	8.59	9.06	8.27
<b>Current Expenditure</b>	51.76	49.65	49.47	51.51	47.90
Personal Emoluments	23.87	22.38	22.09	22.40	22.45
Goods and Services	10.53	12.11	13.14	12.63	9.11
Interest Payments	2.24	2.64	1.49	1.90	3.42
Domestic	1.92	1.93	0.96	1.78	2.70
External	0.32	0.71	0.53	0.12	0.73
Transfers & Subsidies	15.12	12.52	12.75	14.58	12.92
Of Which: Pensions	1.89	1.43	1.92	2.03	2.08
<b>Current Account Balance</b>	(8.94)	(15.05)	(12.38)	(17.70)	(9.27)
<b>Capital Revenue</b>	0.00	-	-	-	-
<b>Grants</b>					22.27
Of which: Capital Grants	-	-	-	-	-
<b>Capital Expenditure</b>	2.77	1.96	2.77	3.08	0.21
<b>Primary Balance (after grants)</b>	(9.47)	(14.37)	(13.66)	(18.87)	16.21
<b>Overall Balance</b>	(11.71)	(17.01)	(15.15)	(20.77)	12.79
<b>Financing</b>	11.71	17.01	15.15	20.77	(12.79)
Domestic	9.10	17.18	15.43	21.01	(26.72)
ECCB (net)	(0.24)	0.25	2.05	11.60	(0.27)
Commercial Banks (net)	(0.52)	8.37	13.14	22.93	(22.22)
Other	9.86	8.55	0.24	(13.51)	(4.23)
External	2.62	(0.17)	(0.27)	(0.24)	(4.16)
Net Amortisation	2.62	(0.17)	(0.27)	(0.24)	(4.16)
Disbursements	2.69	-	-	-	-
Amortisation	(0.07)	(0.17)	(0.27)	(0.24)	(4.16)
Arrears	-	-	-	-	18.09

Source: Ministry of Finance and Treasury Department  
Data available at 08 June 2010



**Table 13**  
**Anguilla - External Trade**  
**(EC\$M)**

	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
Total Exports (without transshipment)	11.01	37.04	8.38	5.86	7.36
Total Imports (without transshipment)	139.07	108.07	101.69	107.32	113.10
Trade Balance	(128.06)	(71.04)	(93.31)	(101.47)	(105.74)

Source: Statistics Department  
**Data available at 08 June 2010**

**Table 14**  
**Anguilla - Monetary Survey**  
**(EC\$M at end of period)**

	2008 4 <sup>th</sup> Qr	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
Net Foreign Assets	160.13	2.14	34.74	4.05	37.51	62.53
Central Bank (net)	110.69	100.47	80.01	80.71	101.14	92.98
Commercial Banks (net)	49.44	(98.33)	(45.27)	(76.65)	(63.63)	(30.45)
External (net)	84.61	18.24	17.88	9.67	36.34	44.68
Assets	327.61	274.97	277.92	286.50	305.08	322.16
Liabilities	243.00	256.73	260.05	276.83	268.75	277.48
Other ECCB Territories	(35.17)	(116.57)	(63.14)	(86.33)	(99.97)	(75.13)
Assets	148.94	125.06	123.90	137.09	131.36	126.90
Liabilities	184.11	241.63	187.04	223.41	231.33	202.03
Net Domestic Assets	967.68	1,052.76	1,033.29	1,054.52	1,037.05	1,007.72
Domestic Credit	1,299.37	1,321.28	1,338.28	1,363.67	1,376.39	1,389.23
Central Government (net)	71.71	70.96	79.58	94.77	129.30	106.82
Other Public Sector (net)	(139.60)	(148.16)	(154.00)	(158.22)	(162.54)	(150.07)
Private Sector	1,367.26	1,398.48	1,412.70	1,427.12	1,409.62	1,432.48
Households	679.42	675.48	666.02	665.04	666.85	650.87
Business	668.15	697.42	720.77	737.82	717.99	761.60
Non-Bank Financial Institutions (NBFI)	7.33	7.22	7.55	6.00	6.49	6.37
Subsidiaries & Affiliates	12.36	18.36	18.36	18.26	18.30	13.65
Other Items (net)	(331.69)	(268.52)	(304.99)	(309.15)	(339.34)	(381.52)
Monetary Liabilities (M2)	1,127.81	1,054.90	1,068.03	1,058.57	1,074.55	1,070.25
Money Supply (M1)	55.48	49.11	54.10	49.07	51.38	47.10
Currency with the Public	15.39	10.38	12.32	12.92	16.40	13.57
Demand Deposits	37.47	35.64	34.17	31.97	31.95	31.08
EC\$ Cheques and Drafts Issued	2.63	3.09	7.61	4.18	3.03	2.46
Quasi Money	1,072.32	1,005.79	1,013.93	1,009.50	1,023.18	1,023.15
Savings Deposits	101.13	105.22	104.15	101.53	101.18	103.01
Time Deposits	68.45	77.11	97.95	98.62	102.41	107.08
Foreign Currency Deposits	902.74	823.47	811.83	809.35	819.59	813.05

Source: Eastern Caribbean Central Bank

\*\* As of January 2009 the Private Sector includes the following economic sectors: households, private businesses, non-bank financial institutions and subsidiaries and affiliates.

**Data available at 08 June 2010**



**Table 15**  
**Antigua and Barbuda - Selected Tourism Statistics**

	2009 <sup>R</sup>	2009 <sup>R</sup>	2009 <sup>R</sup>	2009 <sup>R</sup>	2010
	1 <sup>st</sup> Qr	2 <sup>nd</sup> Qr	3 <sup>rd</sup> Qr	4 <sup>th</sup> Qr	1 <sup>st</sup> Qr
Total Visitors	376,715	197,416	117,809	273,491	343,282
Stay-Over Visitors	70,400	55,829	51,089	57,092	71,238
Of which:					
USA	23,982	21,916	18,156	18,014	25,975
Canada	4,901	2,381	1,727	3,938	9,646
Europe	30,097	19,428	16,644	22,708	22,541
UK	24,784	16,038	13,482	18,947	17,791
Germany	1,052	890	702	1,108	887
Switzerland	360	193	134	281	345
Italy	2,609	1,709	1,847	1,561	2,462
France	564	353	264	386	527
Other Europe	728	245	215	425	529
Caribbean	7,666	9,181	12,097	9,358	9,452
South America	448	402	296	294	346
Other Countries	3,306	2,521	2,169	2,780	3,278
Cruise Ship Passengers	296,121	136,908	65,776	210,990	261,408
Number of Cruise Ship Calls	179	59	20	109	147
Yacht Passengers	10,194	4,679	944	5,409	10,636
Number of Yacht Calls	1,649	1,137	210	765	1,775
<b>Total Visitor Expenditure (EC\$M)</b>	<b>258.45</b>	<b>193.31</b>	<b>168.24</b>	<b>203.82</b>	<b>259.03</b>

Sources: Department of Tourism and Eastern Caribbean Central Bank

Data available at 27 May 2010

**Table 16**  
**Antigua and Barbuda - Consumer Price Index**  
**January 1993 = 100**

	Weight	Index Mar 2010	Percentage Change*				
			2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
<b>All Items</b>	1,000.0	120.78	(0.73)	0.36	2.02	0.74	0.35
Food	214.2	131.42	4.20	1.54	(0.46)	3.33	0.14
Alcoholic Beverages and Tobacco	1.6	130.53	0.04	5.10	0.95	0.06	(3.48)
Housing	218.3	109.68	(0.56)	-	-	-	-
Fuel and Light	63.9	135.62	(12.44)	3.88	16.44	4.27	6.14
Clothing and Footwear	110.6	103.98	(0.67)	-	-	3.66	(0.46)
Household Furnishings and Supplies	126.0	112.95	0.89	0.15	0.34	(2.66)	(0.26)
Transport and Communications	153.5	120.14	(2.15)	(1.62)	2.60	-	(0.11)
Medical Care and Expenses	27.6	113.51	(2.99)	0.03	-	-	-
Education	23.4	160.96	(11.64)	-	10.75	-	-
Personal Services	43.0	154.48	-	-	-	-	-
Miscellaneous	17.9	117.37	(0.28)	1.25	8.19	(1.07)	(0.07)

Sources: Central Statistical Office and Eastern Caribbean Central Bank

\*at end of period

Data available at 27 May 2010



**Table 17**  
**Antigua and Barbuda - Central Government Fiscal Operations**  
(In millions of Eastern Caribbean dollars)

	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
<b>Current Revenue</b>	181.83	159.51	117.82	136.69	129.67
Tax Revenue	173.81	153.74	113.47	132.37	123.20
Taxes on Income and Profits	33.20	27.65	20.42	16.75	22.93
Of Which:					
Personal Income	10.40	10.17	8.23	6.95	9.80
Company	22.73	17.32	12.19	9.72	13.12
Taxes on Property	4.54	4.84	3.47	2.00	5.25
Taxes on Domestic Goods and Services	73.14	65.35	53.29	60.79	57.38
Of Which:					
Stamp Duties	7.95	8.03	7.23	6.30	6.95
Hotel and Guest Tax	-	-	-	-	-
Antigua and Barbuda Sales Tax	57.80	52.05	42.19	51.78	44.48
Telecommunications Tax	-	-	-	-	1.15
Taxes on International Trade and Transactions	62.93	55.90	36.30	52.82	37.63
Of Which:					
Import Duty	20.46	18.64	15.32	24.45	16.52
Consumption Tax	13.50	9.15	0.02	2.85	0.00
Customs Service Charge	15.67	15.82	13.14	18.32	3.15
Environmental Tax	1.27	1.29	0.39	1.41	0.56
Passenger Facility Charge	3.65	4.32	2.27	0.28	2.72
Non-Tax Revenue	8.02	5.78	4.35	4.32	6.47
<b>Current Expenditure</b>	195.79	206.30	160.82	173.90	153.28
Personal Emoluments	72.51	73.85	71.86	72.44	65.90
Other Goods and Services	38.22	49.64	32.33	50.85	20.12
Interest Payments	12.40	12.15	14.08	8.11	14.60
Domestic	9.22	8.07	10.62	5.01	10.21
External	3.19	4.08	3.46	3.10	4.39
Transfers & Subsidies	72.67	70.67	42.55	42.50	52.66
Of Which: Pensions	17.91	22.56	15.07	16.94	17.71
<b>Current Account Balance</b>	(13.97)	(46.79)	(43.00)	(37.21)	(23.62)
<b>Capital Revenue</b>	2.38	0.13	-	-	0.59
<b>Grants</b>	-	-	-	-	-
Of which: Capital Grants	-	-	-	-	-
Debt Forgiveness	-	-	-	-	-
<b>Capital Expenditure</b>	25.76	36.72	29.59	82.97	0.97
<b>Primary Balance</b>	(24.94)	(71.23)	(58.50)	(112.07)	(9.39)
<b>Overall Balance</b>	(37.34)	(83.37)	(72.58)	(120.18)	(23.99)
<b>Financing</b>	37.34	83.37	72.58	120.18	23.99
Domestic	120.07	1.47	(78.10)	138.39	25.18
ECCB (net)	72.54	7.19	(34.04)	31.87	3.22
Commercial Banks (net)	48.47	16.85	(32.89)	54.30	(2.21)
Other	(0.95)	(22.56)	(11.17)	52.23	24.16
External	(5.70)	(7.61)	129.62	4.76	(1.60)
Net Amortisation/(Amortisation)	(5.70)	(7.61)	129.62	4.76	(1.60)
Disbursements	0.11	2.53	135.00	7.61	9.29
Amortisation	(5.82)	(10.14)	(5.38)	(2.85)	(10.90)
Change in Government Foreign Assets	-	-	-	-	-
Arrears	(77.02)	89.52	21.07	(22.98)	0.42
Domestic	0.42	10.31	0.67	(38.81)	1.37
External	(77.44)	79.20	20.40	15.83	(0.96)

Source: Ministry of Finance, Treasury Department and ECCB Estimates  
Data available at 27 May 2010



**Table 18**  
**Antigua and Barbuda - Monetary Survey**  
**(EC\$M at end of period)**

	2008 <sup>R</sup>	2009 <sup>R</sup>	2009 <sup>R</sup>	2009 <sup>R</sup>	2009 <sup>R</sup>	2010
	4 <sup>th</sup> Qr	1 <sup>st</sup> Qr	2 <sup>nd</sup> Qr	3 <sup>rd</sup> Qr	4 <sup>th</sup> Qr	1 <sup>st</sup> Qr
Net Foreign Assets	550.66	561.93	533.65	511.15	379.77	464.62
Central Bank (net)	372.61	253.04	259.95	336.49	292.26	241.10
Commercial Banks (net)	178.06	308.89	273.70	174.66	87.51	223.52
External (net)	199.88	59.19	(52.40)	(99.72)	(128.10)	(35.63)
Assets	1,163.07	804.53	776.20	958.14	1,147.18	1,305.36
Liabilities	963.19	745.34	828.59	1,057.87	1,275.28	1,340.99
Other ECCB Territories	(21.82)	249.70	326.09	274.38	215.61	259.14
Assets	791.88	820.31	890.55	932.42	862.87	967.52
Liabilities	813.70	570.61	564.45	658.04	647.26	708.38
Net Domestic Assets	2,470.29	2,654.88	2,540.66	2,501.09	2,617.11	2,556.82
Domestic Credit	2,735.00	3,043.88	3,011.02	2,966.39	3,033.76	3,000.12
Central Government (net)	464.25	585.26	609.30	542.37	628.54	629.55
Other Public Sector (net)	(289.01)	(65.77)	(128.00)	(116.26)	(134.33)	(141.35)
Private Sector	2,559.77	2,524.39	2,529.72	2,540.28	2,539.55	2,511.92
Households	1,327.04	1,299.39	1,292.42	1,309.47	1,320.25	1,298.21
Business	1,139.80	1,128.24	1,137.44	1,144.67	1,142.74	1,143.87
Non-Bank Financial Institutions (net)	31.21	35.86	31.53	21.40	16.11	14.00
Subsidiaries and Affiliates (net)	61.72	60.90	68.33	64.73	60.45	55.84
Other Items (net)	(264.71)	(389.00)	(470.35)	(465.30)	(416.64)	(443.30)
Monetary Liabilities (M2)	3,020.96	3,216.81	3,074.31	3,012.24	2,996.88	3,021.43
Money Supply (M1)	759.76	717.56	646.43	607.95	630.51	632.64
Currency with the Public	142.89	138.06	131.42	124.58	146.13	133.02
Demand Deposits	577.12	536.05	474.39	452.99	459.62	467.53
XCD Cheques and Drafts Issued	39.76	43.46	40.61	30.38	24.76	32.09
Quasi Money	2,261.20	2,499.25	2,427.88	2,404.28	2,366.37	2,388.79
Savings Deposits	934.84	976.60	981.17	984.15	960.27	987.84
Time Deposits	1,057.43	1,053.18	1,014.63	1,005.90	1,000.24	992.15
Foreign Currency Deposits	268.94	469.47	432.08	414.24	405.86	408.80

Source: Eastern Caribbean Central Bank

Data available at 27 May 2010



**Table 19**  
**Dominica - Selected Tourism Statistics**

	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 <sup>R</sup> 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
Total Visitors	225,921	105,545	82,198	158,217	249,841
Stay-Over Visitors	19,339	18,498	20,792	26,642	22,923
Of which:					
USA	5,773	5,244	5,061	5,398	6,933
Canada	671	453	505	1,034	794
UK	1,736	1,096	1,612	2,231	2,047
Caribbean	9,129	10,282	12,389	15,240	10,709
Other Countries	2,030	1,423	1,225	2,739	2,440
Excursionists	292	190	160	200	175
Cruise Ship Passengers	206,290	86,857	61,246	131,375	226,743
Number of Cruise Ship Calls	130	36	20	78	131
<b>Total Visitor Expenditure (EC\$M)</b>	50.61	41.36	35.88	55.42	57.75

Sources: Central Statistical Office  
Data available at 11 June 2010

**Table 20**  
**Dominica - Consumer Price Index**  
**January 2001 = 100**

	Weight	Index Mar 2010	Percentage Change*				2010 <sup>P</sup> 1 <sup>st</sup> Qr
			2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	
<b>All Items</b>	1,000.0	123.19	(0.08)	0.81	1.43	1.11	0.75
Food	328.8	143.97	0.74	1.24	2.18	1.33	0.48
Alcoholic Beverages and Tobacco	9.5	131.56	1.40	0.52	0.66	4.47	0.63
Housing and Utilities	111.7	117.01	0.75	(2.17)	(1.69)	-	(0.58)
Fuel and Light	58.6	146.54	(2.67)	5.37	3.18	4.80	6.41
Clothing and Footwear	82.1	99.71	(0.17)	0.68	1.11	1.59	0.67
Household and Furnishing Equipment	93.5	110.71	0.05	0.80	0.70	0.45	1.49
Transportation and Communication	194.3	104.11	(1.57)	0.24	1.67	0.53	0.22
Medical Care and Expenses	31.6	112.48	0.31	0.46	(0.06)	-	(0.07)
Education	29.0	120.95	0.12	(0.22)	4.30	0.31	(0.25)
Personal Services	42.5	117.26	(1.16)	2.25	(0.33)	-	-
Miscellaneous	18.4	116.12	0.54	0.78	3.90	0.50	0.19

Sources: Central Statistical Office and Eastern Caribbean Central Bank  
\*at end of period

Data available at 11 June 2010





**Table 21**  
**Dominica - Central Government Fiscal Operations**  
(In millions of Eastern Caribbean dollars)

	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
<b>Current Revenue</b>	78.06	93.28	81.52	97.21	86.05
Tax Revenue	73.09	88.31	74.42	84.75	78.77
Taxes on Income, Profit and Capital Gains	12.93	17.69	13.89	11.43	13.08
Of Which:					
Personal Income	8.24	9.97	6.93	6.93	7.50
Corporation	5.01	8.87	7.61	4.86	6.22
Development Levy	-	-	-	-	-
Stabilisation Levy	0.00	0.01	0.01	0.00	0.00
Taxes on Property	2.00	3.02	2.09	2.03	2.59
Taxes on Domestic Goods and Services	43.18	49.90	41.59	51.26	47.14
Of Which:					
Sales Tax	0.09	0.12	0.25	0.06	0.06
Licences	4.79	5.86	3.06	4.42	5.16
Consumption Tax	-	-	0.00	-	0.00
Hotel Accommodation Tax	0.00	0.00	-	-	-
Value Added Tax	30.80	29.06	28.04	36.95	30.38
Excise Tax	7.21	14.37	9.79	9.35	10.96
Taxes on International Trade and Transactions	14.98	17.70	16.85	20.02	15.96
Of Which:					
Consumption Tax	0.01	0.02	0.00	0.01	0.02
Import Duty	7.52	7.82	8.05	10.26	8.34
Customs Service Charge/Customs Surcharge	3.45	4.52	4.00	5.50	3.21
Non-Tax Revenue	4.97	4.97	7.11	12.46	7.28
<b>Current Expenditure</b>	71.55	68.92	71.62	76.36	73.04
Personal Emoluments	31.04	31.03	30.75	32.87	31.03
Goods and Services	20.33	19.29	20.10	24.65	18.12
Interest Payments	3.35	5.67	2.85	2.20	7.62
Domestic	1.43	0.90	0.93	0.94	3.76
External	1.91	4.77	1.92	1.26	3.86
Transfers and Subsidies	16.84	12.93	17.93	16.63	16.28
Of Which: Pensions	4.00	3.89	4.00	5.23	3.95
<b>Current Account Balance</b>	6.51	24.36	9.90	20.85	13.01
<b>Capital Revenue</b>	0.09	0.15	0.06	0.11	0.42
<b>Grants</b>	61.73	-	-	-	0.53
Of which: Capital Grants	61.73	-	-	-	0.53
<b>Capital Expenditure and Net Lending</b>	43.00	41.58	30.08	36.10	16.68
Of which: Capital Expenditure	43.28	41.85	30.24	36.39	17.07
<b>Primary Balance</b>	28.68	(11.41)	(17.27)	(12.95)	4.90
<b>Overall Balance</b>	25.33	(17.08)	(20.12)	(15.15)	(2.72)
<b>Financing</b>	(25.33)	17.08	20.12	15.15	2.72
Domestic	(26.71)	12.09	7.58	4.47	1.24
ECCB (net)	(2.87)	1.18	(10.98)	3.34	4.35
Commercial Banks (net)	(14.98)	6.42	5.49	21.85	(5.09)
Other	(8.87)	4.49	13.07	(20.73)	1.99
External	3.05	7.03	12.94	12.01	1.97
Net Amortisation	0.31	5.83	16.82	9.01	3.06
Disbursements	2.67	9.70	20.90	11.65	6.38
Amortisation	(2.36)	(3.87)	(4.08)	(2.64)	(3.32)
Change in Government Foreign Assets	2.73	1.20	(3.88)	3.00	(1.08)
Other Foreign Financing	-	-	-	-	-
Arrears	(1.67)	(2.05)	(0.40)	(1.33)	(0.50)
Domestic	(0.32)	(2.14)	(0.40)	(1.33)	(0.50)
External	(1.35)	0.10	-	-	-

Source: Ministry of Finance  
Data available at 11 June 2010



**Table 22**  
**Dominica - Selected Trade Statistics**  
 (Value: EC\$M; Volume: tonnes)

	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 <sup>R</sup> 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
Visible Trade Balance	(127.42)	(130.33)	(143.48)	(136.80)	(131.71)
Total Imports	149.79	151.94	167.66	160.99	157.17
Total Exports	22.38	21.61	24.18	24.19	25.47
Re-Exports	0.80	0.91	1.91	2.16	3.63
Domestic Exports	21.58	20.69	22.27	22.03	21.83
Of Which:					
Bananas					
Value	2.68	2.56	2.05	1.76	1.58
Volume	1,737	1,659	1,343	1,151	971
Soap					
Value	6.28	4.95	6.61	9.84	7.25
Volume	1,593	1,514	1,588	1,867	1,682
Dental Cream					
Value	-	-	-	-	-
Volume	-	-	-	-	-

Source: Central Statistical Office, Dominica Coconut Products and WIBDECO  
 Data available at 11 June 2010

**Table 23**  
**Dominica - Monetary Survey**  
 (EC\$M at end of period)

	2008 4 <sup>th</sup> Qr	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 <sup>R</sup> 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
Net Foreign Assets	504.13	574.88	579.18	571.98	557.34	564.02
Central Bank (net)	148.78	153.39	157.50	162.42	174.06	176.70
Commercial Banks (net)	355.35	421.49	421.68	409.56	383.28	387.31
External (net)	35.60	105.68	66.74	48.23	48.87	6.51
Assets	238.07	291.77	254.15	227.93	232.48	209.30
Liabilities	202.47	186.09	187.41	179.69	183.61	202.79
Other ECCB Territories	319.76	315.80	354.94	361.32	334.41	380.81
Assets	398.73	406.35	445.83	449.64	426.92	462.76
Liabilities	78.98	90.55	90.89	88.32	92.51	81.96
Net Domestic Assets	380.87	367.43	379.55	393.66	415.69	430.99
Domestic Credit	470.38	454.11	469.14	481.80	513.71	519.81
Central Government (net)	(57.63)	(75.47)	(67.87)	(73.36)	(48.17)	(51.98)
Other Public Sector (net)	(83.86)	(76.14)	(79.14)	(88.04)	(92.47)	(89.75)
Private Sector	611.87	605.72	616.14	643.19	654.34	661.54
Households	383.36	382.29	385.78	388.39	389.51	387.73
Business	222.29	217.26	221.49	246.44	256.44	265.48
Non-Bank Financial Institutions (net)	2.20	2.16	2.12	1.78	1.79	1.73
Subsidiaries and Affiliates (net)	4.03	4.02	6.76	6.57	6.60	6.60
Other Items (net)	(89.52)	(86.68)	(89.59)	(88.14)	(98.02)	(88.82)
Monetary Liabilities (M2)	884.99	942.31	958.72	965.63	973.03	995.01
Money Supply (M1)	187.36	212.76	202.77	205.08	202.06	209.97
Currency with the Public	43.91	44.56	43.23	41.66	50.68	45.69
Demand Deposits	139.54	164.65	156.21	156.20	147.68	161.83
EC\$ Cheques and Drafts Issued	3.92	3.54	3.34	7.22	3.70	2.46
Quasi Money	697.63	729.55	755.95	760.56	770.97	785.03
Savings Deposits	473.29	480.64	502.23	504.25	520.53	532.28
Time Deposits	208.85	234.05	239.55	241.00	236.27	238.43
Foreign Currency Deposits	15.49	14.87	14.17	15.31	14.16	14.32

Source: Eastern Caribbean Central Bank

\*\* As of January 2009 the Private Sector includes the following economic sectors: households, private businesses, non-bank financial institutions and subsidiaries and affiliates.

Data available at 11 June 2010



**Table 24**  
**Grenada - Selected Tourism Statistics**

	2009 <sup>R</sup>	2009 <sup>R</sup>	2009 <sup>R</sup>	2009 <sup>R</sup>	2010 <sup>P</sup>
	1 <sup>st</sup> Qr	2 <sup>nd</sup> Qr	3 <sup>rd</sup> Qr	4 <sup>th</sup> Qr	1 <sup>st</sup> Qr
Total Visitors	207,079	70,492	41,585	136,808	203,718
Stay-Over Visitors	30,641	23,546	29,598	25,622	30,913
Of which:					
USA	7,646	5,156	7,185	4,760	7,874
Canada	2,805	884	1,552	1,587	2,995
Europe	11,157	7,023	6,880	9,016	10,447
Of which:					
Germany	931	395	213	771	826
United Kingdom	8,540	5,669	5,946	6,941	7,726
Caribbean	5,451	6,380	8,259	5,774	5,387
Other Countries	3,582	4,103	5,722	4,485	4,210
Excursionists	795	666	656	711	903
Cruise Ship Passengers	173,660	44,873	10,882	110,337	170,613
Yacht Passengers	1,866	1,342	449	122	1,289
Number of Cruise Ship Calls	126	33	13	72	111
<b>Total Visitor Expenditure (EC\$M)</b>	<b>80.88</b>	<b>55.06</b>	<b>65.13</b>	<b>65.67</b>	<b>78.26</b>

Sources: Board of Tourism

**Data available at 25 May 2010**

**Table 25**  
**Grenada - Consumer Price Index**  
**January 2001 = 100**

	Weight	Index Mar 2010	Percentage Change*				
			2009	2009	2009	2009	2010 <sup>P</sup>
			1 <sup>st</sup> Qr	2 <sup>nd</sup> Qr	3 <sup>rd</sup> Qr	4 <sup>th</sup> Qr	1 <sup>st</sup> Qr
<b>All Items</b>	1000.0	132.80	(1.80)	(1.01)	0.52	(0.07)	4.46
Food	367.5	143.10	(1.32)	(3.74)	0.47	(1.18)	4.14
Alcoholic Beverages and Tobacco	8.6	127.68	0.56	0.21	0.35	0.48	7.19
Housing	102.0	125.03	0.01	(0.18)	0.62	(0.08)	(0.54)
Fuel and Light	55.0	141.93	(19.77)	7.85	8.83	3.63	3.04
Clothing and Footwear	97.7	102.66	-	(0.95)	(0.79)	(0.01)	5.40
Household Furnishings and Supplies	95.3	112.47	1.28	0.09	(0.33)	(0.53)	2.04
Transport and Communications	156.5	142.34	(2.08)	1.16	(0.39)	1.40	7.07
Medical Care and Expenses	46.5	140.44	(0.01)	(0.06)	(0.33)	0.09	11.07
Education	37.4	134.98	-	-	0.65	0.17	7.75
Personal Services	16.0	114.74	-	-	-	-	-
Miscellaneous	17.5	122.63	0.36	1.70	(0.04)	0.44	6.45

Sources: Central Statistical Office and Ministry of Finance

\*at end of period

**Data available at 25 May 2010**

**Table 26**  
**Grenada - Central Government Fiscal Operations**  
(In millions of Eastern Caribbean dollars)

	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 <sup>R</sup> 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
<b>Current Revenue</b>	111.36	107.17	92.42	90.85	100.18
Tax Revenue	103.14	102.61	87.34	86.84	95.95
Taxes on Income and Profits	24.62	26.69	17.19	18.73	23.59
Of Which:					
Personal Income	8.56	7.91	5.60	6.15	6.93
Company	16.07	18.77	11.60	12.57	16.66
Taxes on Property	7.99	5.61	2.24	2.99	3.08
Taxes on Domestic Goods and Services	22.18	20.98	18.51	14.29	23.23
Of Which:					
Value-added Tax	-	-	-	-	7.12
Consumption Duties	10.26	11.18	7.93	8.15	6.91
Stamp Duties	1.86	0.83	0.73	0.85	0.92
Licences	4.61	3.69	6.63	1.43	4.33
Taxes on International Trade and Transactions	48.34	49.33	49.40	50.83	46.04
Of Which:					
Import Duty	10.93	10.90	10.95	11.54	10.81
Consumption Tax	20.83	21.33	21.06	21.33	18.73
Customs Service Charge	8.06	8.12	7.78	9.37	7.85
Non-Tax Revenue	8.22	4.56	5.08	4.01	4.23
<b>Current Expenditure</b>	105.89	102.40	107.50	100.85	106.79
Personal Emoluments	48.03	47.19	47.82	48.20	47.82
Goods and Services	18.79	26.98	19.79	20.40	25.00
Interest Payments	13.95	5.28	18.81	7.27	15.21
Domestic	2.20	2.05	6.72	3.50	2.13
External	11.75	3.24	12.09	3.77	13.09
Transfers and Subsidies	25.12	22.95	21.08	24.99	18.75
Of Which: Pensions	5.99	5.77	5.68	5.91	5.94
<b>Current Account Balance</b>	5.47	4.76	(15.08)	(10.00)	(6.61)
<b>Capital Revenue</b>	0.04	0.04	0.02	0.05	0.06
<b>Grants</b>	3.46	1.98	17.34	6.38	6.43
Of which: Capital Grants	3.46	1.98	3.85	3.42	3.90
<b>Capital Expenditure</b>	30.53	33.96	33.23	19.35	13.62
<b>Primary Balance</b>	(7.62)	(21.90)	(12.14)	(15.65)	1.47
<b>Overall Balance</b>	(21.57)	(27.18)	(30.95)	(22.92)	(13.75)
<b>Financing</b>	21.57	27.18	30.95	22.92	13.75
Domestic	19.13	5.60	33.45	32.10	22.59
ECCB (net)	3.96	1.40	0.61	(42.89)	41.74
Commercial Banks (net)	(0.42)	4.17	5.17	3.95	(12.34)
Other	15.59	0.03	27.67	71.03	(6.82)
External	2.44	21.58	(2.50)	(9.18)	(8.84)
Net Amortisation	2.44	21.58	(2.50)	(9.18)	(8.84)
Disbursements	9.37	27.75	2.03	-	2.33
Amortisation	(6.93)	(6.17)	(4.53)	(9.18)	(11.17)
Change in Government Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-

Source: Ministry of Finance  
Data available at 25 May 2010



**Table 27**  
**Grenada - Selected Agricultural Production**

Unit		2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 <sup>R</sup> 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
Bananas	(tonnes)	508	473	409	375	247
Cocoa	(tonnes)	271	130	43	73	307
Nutmeg	(tonnes)	73	145	111	78	72
Mace	(tonnes)	4	13	8	5	7

Source: Central Statistical Office

Data available at 25 May 2010

**Table 28**  
**Grenada - Selected Trade Statistics**  
(Value: EC\$M; Volume: 000 tonnes)

	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 <sup>R</sup> 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
<b>Visible Trade Balance</b>	(180.35)	(167.91)	(168.78)	(164.83)	(130.55)
<b>Total Imports</b>	195.06	190.49	184.88	189.53	149.14
<b>Total Exports</b>	14.71	22.59	16.10	24.70	18.59
Re-Exports	2.80	4.72	1.71	10.88	1.36
Domestic Exports	11.90	17.87	14.39	13.81	17.23
Of Which:					
Bananas					
Volume	18.31	5.22	17.41	8.31	0.00
Value	0.02	0.01	0.02	0.01	0.00
Nutmeg					
Volume	52.78	62.71	93.52	140.96	157.22
Value	1.03	1.18	1.83	2.96	3.48
Mace					
Volume	0.00	4.44	17.25	8.87	5.42
Value	0.00	0.08	0.40	0.22	0.14
Cocoa					
Volume	110.50	245.65	49.11	61.39	343.77
Value	1.26	2.49	0.47	0.59	3.28
Manufactured Exports					
Volume					
Value	7.95	8.80	9.07	8.55	8.00

Source: Central Statistical Office and WIBDECO

Data available at 25 May 2010



**Table 29**  
**Grenada - Monetary Survey**  
**(EC\$M at end of period)**

	2009 4 <sup>th</sup> Qr	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 <sup>R</sup> 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
Net Foreign Assets	248.79	296.18	269.05	235.26	283.67	273.43
Central Bank (net)	280.96	234.59	240.00	239.56	303.45	263.92
Commercial Banks (net)	(32.17)	61.59	29.05	(4.30)	(19.78)	9.50
External (net)	(130.21)	(128.38)	(155.69)	(147.99)	(140.11)	(148.69)
Assets	365.91	354.87	332.06	334.22	340.23	324.16
Liabilities	496.12	483.25	487.75	482.21	480.34	472.85
Other ECCB Territories	98.04	189.97	184.74	143.69	120.34	158.20
Assets	207.35	225.41	238.50	209.69	209.08	233.53
Liabilities	109.30	35.44	53.75	66.00	88.74	75.34
Net Domestic Assets	1,518.40	1,487.47	1,513.91	1,519.21	1,536.36	1,590.77
Domestic Credit	1,601.05	1,583.27	1,622.96	1,635.19	1,641.80	1,686.55
Central Government (net)	122.89	126.43	132.00	137.78	98.85	125.40
Other Public Sector (net)	(118.52)	(139.32)	(133.38)	(158.30)	(125.80)	(126.06)
Private Sector	1,596.68	1,596.15	1,624.34	1,655.71	1,668.76	1,687.22
Households	995.69	1,015.91	1,036.19	1,059.96	1,087.57	1,096.23
Business	567.12	557.57	565.49	572.62	565.41	575.83
Non-Bank Financial Institutions (net)	33.86	22.68	22.66	23.13	15.78	15.15
Subsidiaries and Affiliates (net)	-	-	-	-	-	-
Other Items (net)	(82.66)	(95.79)	(109.04)	(115.99)	(105.44)	(95.78)
Monetary Liabilities (M2)	1,767.19	1,783.65	1,782.97	1,754.47	1,820.03	1,864.20
Money Supply (M1)	369.06	348.45	320.46	306.96	332.26	370.58
Currency with the Public	103.40	89.69	88.03	85.27	106.66	100.44
Demand Deposits	252.12	244.09	221.76	209.90	217.67	249.19
EC\$ Cheques and Drafts Issued	13.54	14.67	10.67	11.78	7.94	20.95
Quasi Money	1,398.13	1,435.20	1,462.51	1,447.52	1,487.77	1,493.62
Savings Deposits	980.59	999.29	1,008.74	1,015.03	1,014.42	1,013.97
Time Deposits	291.64	310.59	329.75	306.71	339.17	344.68
Foreign Currency Deposits	125.91	125.31	124.02	125.78	134.18	134.98

Source: Eastern Caribbean Central Bank

\*\* As of January 2009 the Private Sector includes the following economic sectors: households, private businesses, non-bank financial institutions and subsidiaries and affiliates.

**Data available at 25 May 2010**



**Table 30**  
**Montserrat - Selected Tourism Statistics**

	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
Total Visitors	2,241	2,232	1,479	2,912	2,779
Stay-Over Visitors	1,587	1,247	1,230	2,247	1,453
Of which:					
USA	490	296	277	543	391
Canada	140	60	36	131	137
UK	379	336	391	758	292
Caribbean	502	497	506	762	509
Other Countries	76	58	20	53	124
Excursionists	148	426	122	328	338
Cruise Ship Passengers	-	-	-	189	535
Number of Cruise Ship Calls	-	-	-	1	2
Yacht Passengers	506	559	127	148	453
Number of Yachts	106	132	29	28	86
<b>Total Visitor Expenditure (EC\$M)</b>	<b>4.81</b>	<b>3.13</b>	<b>2.91</b>	<b>5.54</b>	<b>4.22</b>

Sources: Ministry of Finance and Eastern Caribbean Central Bank

Data available at 17 May 2010

**Table 31**  
**Montserrat - Consumer Price Index**  
**January 2001 = 100**

	Weight	Index Mar 2010	Percentage Change*				
			2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
<b>All Items</b>	1,000.0	243.20	0.17	1.10	0.42	0.75	0.33
Food	495.0	248.30	0.45	1.06	(0.41)	0.65	0.36
Alcohol and Tobacco	46.0	233.90	2.28	1.34	0.40	0.61	1.87
Household Goods	102.0	173.50	0.12	1.25	0.53	1.52	(0.06)
Gas, Electricity and Water	18.0	209.60	(14.53)	1.39	6.19	3.82	4.17
Rent	7.0	955.70	-	-	-	-	-
Clothing and Footwear	179.0	220.80	-	0.32	-	(0.09)	-
Services	153.0	274.30	0.47	2.02	3.05	1.18	0.18

Sources: Statistics Department, Ministry of Finance

\*at end of period

Data available at 17 May 2010



**Table 32**  
**Montserrat - Central Government Fiscal Operations**  
**(In millions of Eastern Caribbean dollars)**

	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
<b>Current Revenue</b>	8.32	10.76	9.61	11.40	9.94
Tax Revenue	7.38	9.66	8.63	10.15	8.40
Taxes on Income and Profits	3.36	4.84	4.25	4.38	3.76
Of Which:					
Personal Income	2.97	3.37	3.77	3.31	3.26
Company	0.25	1.24	0.29	0.96	0.37
Taxes on Property	0.10	0.14	0.60	0.22	0.15
Taxes on Domestic Goods and Services	1.41	1.22	0.40	0.67	1.60
Of Which:					
Hotel Occupancy	0.01	0.01	0.01	0.01	0.01
Insurance Company Levy	0.05	0.05	0.06	0.06	0.04
Licences and Stamp Duties	0.89	0.96	0.22	0.46	1.06
Taxes on International Trade and Transactions	2.52	3.46	3.39	4.88	2.89
Of Which:					
Import Duty	0.82	0.98	0.96	1.44	0.82
Consumption Tax	1.02	1.49	1.52	2.27	1.32
Customs Service Charge	0.68	0.84	0.87	1.08	0.72
Non-Tax Revenue	0.94	1.10	0.98	1.25	1.54
<b>Current Expenditure</b>	18.59	22.47	22.44	33.81	20.25
Personal Emoluments	9.84	10.26	10.83	10.47	10.71
Goods and Services*	4.65	6.21	4.81	8.23	4.24
Interest Payments	0.06	0.01	0.01	0.01	-
Domestic	0.05	-	-	-	-
External	0.01	0.01	0.01	0.01	-
Transfers and Subsidies	4.04	5.99	6.80	15.10	5.30
Of Which: Pensions	2.54	2.47	3.62	8.64	2.60
<b>Current Account Balance (before grants)</b>	(10.27)	(11.71)	(12.84)	(22.42)	(10.31)
<b>Current Account Balance (after grants)</b>	(6.46)	6.39	(0.65)	3.81	0.54
<b>Capital Revenue</b>	-	-	-	-	-
<b>Grants</b>	11.50	26.33	27.45	34.92	19.15
Of which: Capital Grants	7.69	8.23	15.26	8.69	8.30
<b>Capital Expenditure</b>	5.79	9.23	11.45	10.62	6.50
<b>Primary Balance</b>	(16.00)	(20.93)	(24.28)	(33.03)	(16.80)
<b>Overall Balance</b>	(4.56)	5.39	3.16	1.88	2.35
<b>Financing</b>	4.56	(5.39)	(3.16)	(1.88)	(2.35)
Domestic	4.59	(5.36)	(3.13)	(1.85)	(2.35)
ECCB (net)	(0.18)	(0.26)	0.14	(0.44)	0.29
Commercial Banks (net)	7.39	(7.02)	0.21	(1.57)	(4.41)
Other	(2.62)	1.92	(3.48)	0.16	1.77
External	(0.03)	(0.03)	(0.03)	(0.03)	-
Net Amortisation/(Amortisation)	(0.03)	(0.03)	(0.03)	(0.03)	-
Disbursements	-	-	-	-	-
Amortisation	(0.03)	(0.03)	(0.03)	(0.03)	(0.00)
Change in Government Foreign Assets	-	-	-	-	-

Source: Ministry of Finance

\*Goods and Services include Miscellaneous Payments

Data available at 17 May 2010





**Table 33**  
**Montserrat - Selected Trade Statistics**  
 (Value: EC\$M)

	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
Visible Trade Balance	(18.22)	(16.27)	(17.16)	(19.84)	(18.65)
Total Imports	19.59	18.40	19.47	22.53	20.37
Total Exports	1.37	2.14	2.31	2.69	1.72
Total Domestic Exports	0.92	1.18	1.03	0.66	0.93
Total Re-Exports	0.45	0.95	1.28	2.02	0.79

Source: Ministry of Finance  
 Data available at 17 May 2010

**Table 34**  
**Montserrat - Monetary Survey**  
 (EC\$M at end of period)

	2008 4 <sup>th</sup> Qr	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
Net Foreign Assets	165.31	149.63	157.39	160.74	182.89	184.89
Central Bank (net)	31.51	33.20	29.34	28.30	38.61	52.85
Commercial Banks (net)	133.80	116.44	128.04	132.44	144.27	132.04
External (net)	43.61	26.94	37.05	42.00	51.15	47.01
Assets	86.04	70.20	79.79	81.82	90.81	87.11
Liabilities	42.43	43.26	42.74	39.83	39.66	40.10
Other ECCB Territories	90.19	89.49	90.99	90.44	93.12	85.03
Assets	187.28	189.01	192.14	194.56	203.70	199.87
Liabilities	97.09	99.52	101.14	104.12	110.58	114.84
Net Domestic Assets	(12.34)	(4.75)	(9.64)	(9.85)	(17.12)	(17.25)
Domestic Credit	12.12	21.24	15.61	17.23	9.93	10.49
Central Government (net)	(19.31)	(12.10)	(19.38)	(19.03)	(21.04)	(25.16)
Other Public Sector (net)	(14.75)	(13.45)	(12.60)	(14.52)	(22.22)	(20.30)
Private Sector	46.18	46.79	47.59	50.78	53.19	55.95
Households	38.23	39.10	40.29	43.27	45.28	46.82
Business	7.85	7.69	7.30	7.52	7.91	9.13
Non-Bank Financial Institutions (net)	0.10	-	-	-	-	-
Subsidiaries and Affiliates (net)	-	-	-	0.00	-	-
Other Items (net)	(24.46)	(26.00)	(25.25)	(27.08)	(27.05)	(27.75)
Monetary Liabilities (M2)	152.97	144.88	147.75	150.89	165.77	167.64
Money Supply (M1)	39.31	26.13	24.73	26.85	38.15	36.89
Currency with the Public	11.57	3.41	4.06	6.67	14.86	12.54
Demand Deposits	27.61	22.48	20.46	19.96	23.06	24.07
EC\$ Cheques and Drafts Issued	0.14	0.24	0.22	0.22	0.22	0.29
Quasi Money	113.66	118.75	123.02	124.04	127.62	130.74
Savings Deposits	99.82	103.80	107.67	107.14	110.61	111.93
Time Deposits	6.10	6.46	6.84	8.23	9.21	9.08
Foreign Currency Deposits	7.74	8.50	8.50	8.68	7.80	9.73

Source: Eastern Caribbean Central Bank  
 Data available at 2 June 2010



**Table 35**  
**St Kitts and Nevis - Selected Tourism Statistics**

	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 <sup>R</sup> 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
Total Visitors	212,681	87,925	60,958	185,997	239,333
Stay-Over Visitors	29,101	24,318	21,267	18,395	25,371
Of which:					
USA	16,977	15,127	12,393	9,913	16,214
Canada	2,950	1,092	1,240	1,131	1,861
UK	1,974	1,448	1,396	1,678	1,873
Caribbean	6,322	5,676	5,534	4,878	4,383
Other Countries	878	975	704	795	1,040
Excursionists	955	1,366	719	678	1,004
Cruise Ship Passengers	182,508	62,238	38,972	166,835	212,850
Yacht Passengers	117	3	-	89	108
Number of Cruise Ship Calls	109	28	12	86	121
<b>Total Visitor Expenditure (EC\$M)</b>	<b>72.73</b>	<b>55.90</b>	<b>47.96</b>	<b>48.82</b>	<b>66.39</b>

Source: Eastern Caribbean Central Bank

Data available at 17 May 2010

**Table 36**  
**St Kitts and Nevis - Consumer Price Index**  
**January 1993 = 100**

	Weight	Index Mar 2009	Percentage Change*				
			2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
<b>All Items</b>	1,000.00	134.94	(1.42)	0.10	1.13	1.18	(1.93)
Food	280.50	140.69	0.44	(0.70)	(0.35)	1.09	0.11
Alcoholic Beverages and Tobacco	7.10	130.23	1.11	(0.87)	3.00	(0.38)	(0.02)
Housing	129.90	114.37	(4.64)	(3.71)	0.03	(0.39)	(5.53)
Fuel and Light	43.70	102.10	(1.00)	0.79	(0.23)	(0.11)	(2.12)
Clothing and Footwear	92.90	131.38	0.21	(0.01)	(0.07)	(3.15)	0.59
Transportation and Communication	21.40	159.95	(5.52)	1.85	3.21	6.80	(6.06)
Household Furnishings and Supplies	37.20	117.17	0.54	0.34	4.64	(3.77)	0.11
Medical Care and Expenses	140.50	168.70	1.12	5.14	(1.70)	2.16	2.10
Education	192.70	135.20	0.00	0.00	0.50	5.86	0.00
Personal Services	19.90	115.16	0.00	0.00	0.00	0.00	0.00
Miscellaneous	34.20	124.89	6.38	2.21	0.41	(1.92)	0.70

Source: Planning Unit, Ministry of Finance

\*at end of period

Data available at 17 May 2010



**Table 37**  
**St Kitts and Nevis - Federal Government Fiscal Operations**  
**(In millions of Eastern Caribbean dollars)**

	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
<b>Current Revenue</b>	123.08	153.74	117.97	126.36	119.04
Tax Revenue	90.47	114.85	86.01	89.33	81.48
Taxes on Income and Profits	27.39	57.28	25.39	24.81	21.54
Of Which:					
Company	17.69	48.38	15.45	15.47	14.46
Social Services	8.76	8.43	9.58	8.46	6.51
Taxes on Property	0.99	3.14	3.21	1.64	1.46
Taxes on Domestic Goods and Services	20.52	17.48	15.93	17.45	20.97
Of Which:					
Hotel Room Tax	1.44	1.36	1.07	0.81	1.79
Stamp Duties	9.89	9.05	8.12	6.27	10.08
Gasoline Levy	0.00	0.00	0.00	0.00	0.00
Taxes on International Trade and Transactions	41.57	36.95	41.47	45.44	37.51
Of Which:					
Import Duty	12.04	10.08	10.95	12.21	10.36
Consumption Tax	19.09	17.15	19.56	21.63	17.24
Customs Service Charge	8.39	7.22	8.89	9.32	7.37
Non-Tax Revenue	32.61	38.89	31.96	37.02	37.56
<b>Current Expenditure</b>	116.33	126.02	131.66	147.65	110.80
Personal Emoluments	53.02	53.88	54.23	58.76	54.63
Goods and Services	21.18	30.00	46.07	33.03	24.27
Interest Payments	30.29	28.21	17.83	40.96	21.20
Domestic	13.09	22.79	15.67	23.75	12.35
External	17.20	5.42	2.16	17.21	8.85
Transfers and Subsidies	11.84	13.93	13.53	14.91	10.70
Of Which: Pensions	5.03	5.26	5.20	5.75	5.29
<b>Current Account Balance</b>	6.76	27.72	(13.69)	(21.30)	8.24
<b>Capital Revenue</b>	2.35	10.18	2.41	11.52	3.63
<b>Grants</b>	22.49	28.27	5.00	3.51	2.26
Of which: Capital Grants	1.88	0.75	2.99	0.85	1.39
<b>Capital Expenditure and Net Lending</b>	11.97	13.68	28.62	21.45	9.62
Of which: Capital Expenditure	11.95	12.63	26.07	21.50	7.90
<b>Primary Balance</b>	49.91	80.70	(17.07)	13.25	25.71
<b>Overall Balance</b>	19.62	52.49	(34.90)	(27.71)	4.52
<b>Financing</b>	(19.62)	(52.49)	34.90	27.71	(4.52)
Domestic	(0.51)	(40.01)	21.85	39.13	(38.86)
ECCB (net)	(0.46)	(29.98)	46.96	19.70	10.96
Commercial Banks (net)	49.77	(23.49)	(341.73)	(23.29)	(331.14)
Other	(49.82)	13.47	316.62	42.72	281.32
External	(19.11)	(12.49)	13.05	(11.42)	34.34
Net Amortisation	(19.11)	(12.49)	13.05	(11.42)	34.34
Disbursements	0.69	0.18	21.38	6.80	41.00
Amortisation	(19.80)	(12.66)	(8.33)	(18.22)	(6.66)
Change in Government Foreign Assets	0.00	0.00	0.00	0.00	0.00
Arrears	0.00	0.00	0.00	0.00	0.00
Domestic	0.00	0.00	0.00	0.00	0.00
External	0.00	0.00	0.00	0.00	0.00

Source: Ministry of Finance  
Data available at 17 May 2010



**Table 38**  
**St Kitts and Nevis - Monetary Survey**  
**(EC\$M at end of period)**

	2008 4 <sup>th</sup> Qr	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
Net Foreign Assets	746.66	760.03	708.68	746.86	632.17	745.55
Central Bank (net)	297.75	415.40	499.76	438.11	331.92	385.69
Commercial Banks (net)	448.91	344.62	208.92	308.75	300.26	359.85
External (net)	506.69	680.75	516.31	531.79	493.87	601.28
Assets	962.21	1153.67	964.62	1315.94	1297.64	1432.02
Liabilities	455.52	472.92	448.31	784.15	803.78	830.74
Other ECCB Territories	(57.78)	(336.13)	(307.39)	(223.05)	(193.61)	(241.42)
Assets	344.02	341.41	365.03	381.24	380.50	376.23
Liabilities	401.80	677.54	672.42	604.28	574.11	617.65
Net Domestic Assets	922.18	1013.35	1060.66	1077.49	1126.89	1094.22
Domestic Credit	1608.94	1633.83	1581.26	1650.14	1676.97	1669.67
Central Government (net)	337.13	386.47	336.37	378.71	375.19	395.55
Other Public Sector (net)	29.06	8.03	(1.07)	5.17	7.10	1.20
Private Sector	1242.75	1239.33	1245.96	1266.26	1294.69	1272.92
Households	737.21	750.32	766.00	791.78	796.54	799.14
Business	419.38	417.57	405.17	396.48	419.06	397.48
Non-Bank Financial Institutions (net)	41.32	41.68	43.53	44.07	44.68	43.28
Subsidiaries and Affiliates (net)	44.83	29.76	31.26	33.94	34.41	33.03
Other Items (net)	(686.76)	(620.48)	(520.60)	(572.65)	(550.08)	(575.45)
Monetary Liabilities (M2)	1668.85	1773.38	1769.34	1824.35	1759.06	1839.77
Money Supply (M1)	270.05	272.94	274.29	270.78	255.02	274.56
Currency with the Public	70.12	84.24	84.64	84.81	78.33	86.94
Demand Deposits	181.59	177.80	178.53	174.45	165.30	175.32
EC\$ Cheques and Drafts Issued	18.34	10.90	11.13	11.52	11.38	12.30
Quasi Money	1398.80	1500.44	1495.04	1553.58	1504.05	1565.21
Savings Deposits	602.57	616.71	628.34	632.02	638.55	645.16
Time Deposits	398.12	447.43	457.19	503.59	490.97	517.81
Foreign Currency Deposits	398.10	436.29	409.51	417.98	374.53	402.23

Source: Eastern Caribbean Central Bank

\*\* As of January 2009 the Private Sector includes the following economic sectors: households, private businesses, non-bank financial institutions and subsidiaries and affiliates.

**Data available at 21 May 2010**



**Table 39**  
**Saint Lucia - Selected Tourism Statistics**

	2009	2009 <sup>R</sup>	2009 <sup>R</sup>	2009	2010
	1 <sup>st</sup> Qr	2 <sup>nd</sup> Qr	3 <sup>rd</sup> Qr	4 <sup>th</sup> Qr	1 <sup>st</sup> Qr
Total Visitors	383,131	188,049	146,329	297,252	408,740
Stay-Over Visitors	74,251	71,324	64,773	68,143	83,530
Of which:					
USA	22,464	29,918	22,148	24,155	30,980
Canada	15,455	4,321	2,223	6,564	15,427
UK	21,258	16,613	15,446	18,536	19,584
France	1,450	1,384	1,300	1,222	2,015
Germany	646	417	323	1,030	1,516
Caribbean	9,811	16,032	20,925	13,411	10,108
Excursionists	1,428	1,231	1,223	1,085	1,185
Cruise Ship Passengers	298,181	105,494	74,671	220,960	310,250
Number of Cruise Ship Calls	174	59	35	129	198
Yacht Passengers	9,271	10,000	5,662	7,064	13,775
<b>Total Visitor Expenditure (EC\$M)</b>	<b>250.67</b>	<b>188.11</b>	<b>156.32</b>	<b>204.64</b>	<b>277.93</b>

Source: Saint Lucia Tourist Board  
Data available at 18 May 2010

**Table 40**  
**Saint Lucia - Consumer Price Index**  
**January 2001 = 100**

	Weight	Index Mar 2010	Percentage Change*				
			2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
<b>All items</b>	99.87	106.97	(0.36)	0.08	0.70	0.64	0.92
Food & Non-Alcoholic Beverages	25.02	109.23	(1.03)	(0.88)	0.51	(0.15)	0.67
Alcoholic Beverages, Tobacco & Narcotics	6.53	107.24	1.24	(0.03)	1.75	4.17	(0.30)
Clothing & Footwear	1.66	105.56	(15.86)	3.62	7.17	(2.59)	4.71
Housing, Utilities, Gas & Fuels	17.36	98.92	(5.20)	0.85	4.07	(0.81)	1.32
Household Furnishings, Supplies & Maintenance	3.31	116.92	2.87	5.03	(1.41)	0.71	5.07
Health	3.96	117.04	(2.82)	(0.47)	0.87	(1.23)	1.97
Transport	16.40	107.37	0.47	(4.81)	(1.97)	6.17	(0.53)
Communication	12.54	98.98	-	0.52	(0.52)	-	(1.02)
Recreation & Culture	1.37	113.48	5.32	5.46	0.18	(5.84)	5.77
Education	3.70	122.61	0.04	8.50	(2.08)	1.06	14.80
Hotels & Restaurants	1.10	109.99	1.66	(1.34)	0.58	(1.11)	(0.34)
Miscellaneous							

\*at end of period

Data available at 18 May 2010



**Table 41**  
**Saint Lucia - Central Government Fiscal Operations**  
(In millions of Eastern Caribbean dollars)

	2009 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
<b>Current Revenue</b>	222.28	183.80	173.38	174.31	206.40
Tax Revenue	218.21	169.50	172.90	163.43	193.73
Taxes on Income and Profits	82.12	56.30	52.16	35.68	75.28
Of Which:					
Personal Income	22.39	18.58	18.83	17.65	22.36
Company	46.72	29.76	25.86	7.10	31.46
Taxes on Property	1.29	1.31	0.68	0.94	0.99
Taxes on Domestic Goods and Services	31.30	21.28	24.56	30.30	28.43
Of Which:					
Consumption Duty	1.40	1.41	1.80	1.53	1.57
Licences	5.98	1.35	2.55	9.15	3.77
Hotel Occupancy Tax	8.37	7.00	5.01	4.28	8.21
Taxes on International Trade and Transactions	103.49	90.61	95.51	96.51	89.02
Of Which:					
Consumption Tax (Imports)	46.93	40.19	42.64	34.28	23.25
Import Duty	21.90	22.56	22.65	26.61	21.44
Service Charge (Imports)	16.35	13.65	14.99	16.17	14.19
Non-Tax Revenue	4.08	14.30	0.48	10.88	12.67
<b>Current Expenditure</b>	169.62	147.81	170.36	156.95	169.19
Personal Emoluments	74.41	77.72	77.66	79.23	76.84
Goods and Services	33.49	22.22	34.47	27.77	38.21
Interest Payments	32.00	17.79	22.89	17.16	23.64
Domestic	14.87	10.84	12.31	6.19	11.64
External	17.13	6.95	10.58	10.97	12.00
Transfers and Subsidies	29.72	30.09	35.35	32.79	30.51
Of Which: Pensions	1.66	1.20	2.23	1.87	1.36
<b>Current Account Balance</b>	52.66	35.99	3.02	17.35	37.20
<b>Capital Revenue</b>	0.01	0.04	0.04	0.01	-
<b>Grants</b>	1.81	23.42	0.68	-	-
Of which: Capital Grants	1.81	23.42	0.68	-	-
<b>Capital Expenditure and Net Lending</b>	73.95	28.76	54.49	43.03	43.55
<b>Primary Balance</b>	12.53	48.47	(27.85)	(8.51)	17.29
<b>Overall Balance (after grants)</b>	(19.47)	30.68	(50.74)	(25.68)	(6.35)
<b>Financing</b>	19.47	(30.68)	50.74	25.68	6.35
Domestic	(1.23)	(41.89)	65.44	24.62	(25.66)
ECCB (net)	(60.54)	18.65	15.81	16.94	(37.82)
Commercial Banks (net)	30.07	(18.59)	(1.45)	(22.26)	(40.24)
Other	29.24	(41.95)	51.07	29.94	52.40
External	20.69	11.21	(14.70)	1.06	32.01
Net Amortisation	20.69	11.21	(14.70)	1.06	32.01
Disbursements	50.97	18.83	16.67	17.34	60.63
Amortisation	(30.28)	(7.62)	(31.36)	(16.28)	(28.62)
Change in Government Foreign Assets	-	-	-	-	-

Source: Ministry of Finance  
Data available at 28 May 2010



**Table 42**  
**Saint Luica - Banana Production**

	2009 1 <sup>st</sup> Qr	9.5 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
Volume (tonnes)	8,679	7,498	7,933	9,814	8,353
Value (EC\$M)	15.03	13.08	13.39	14.80	14.51
Unit Price (EC\$/ tonnes)	1,731.67	1,744.47	1,687.89	1,508.05	1,737.17

Source: WIBDECO

Data available at 18 May 2010

**Table 43**  
**Saint Lucia - Selected Trade Statistics**  
(Value: EC\$M)

	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
<b>Total Exports</b>	110.07	106.11	103.55	119.55	133.71
Total Domestic Exports	36.71	42.55	44.05	54.78	58.35
Total Re-Exports	73.36	63.56	59.51	64.77	75.36
<b>Total Imports</b>	391.42	336.04	366.98	359.73	323.89
<b>Trade Balance</b>	(281.36)	(229.94)	(263.43)	(240.18)	(190.18)

Source: Central Statistical Office and ECCB Estimates

Data available at 18 May 2010



**Table 44**  
**Saint Lucia - Monetary Survey**  
**(EC\$M at end of period)**

	2008 <sup>R</sup> 4 <sup>th</sup> Qr	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
Net Foreign Assets	(543.34)	(431.56)	(262.47)	(441.50)	(503.58)	(420.88)
Central Bank (net)	378.76	450.22	478.13	437.77	406.63	450.38
Commercial Banks (net)	(922.10)	(881.78)	(740.59)	(879.27)	(910.21)	(871.26)
External (net)	(525.60)	(489.42)	(390.04)	(511.44)	(572.59)	(540.00)
Assets	396.94	440.99	412.82	424.59	441.69	487.03
Liabilities	922.55	930.41	802.86	936.02	1,014.28	1,027.03
Other ECCB Territories	(396.50)	(392.36)	(350.55)	(367.84)	(337.62)	(331.26)
Assets	306.74	289.27	357.32	379.27	367.66	384.38
Liabilities	703.24	681.63	707.87	747.10	705.28	715.64
Net Domestic Assets	3,021.02	3,013.50	2,879.03	2,985.84	3,014.39	2,988.05
Domestic Credit	3,453.35	3,387.73	3,411.51	3,432.60	3,456.10	3,393.54
Central Government (net)	69.03	38.56	38.61	52.98	47.66	(30.40)
Other Public Sector (net)	(296.29)	(305.50)	(307.96)	(316.01)	(337.01)	(305.96)
Private Sector	3,680.61	3,654.67	3,680.87	3,695.63	3,745.45	3,729.90
Households	1,273.77	1,252.95	1,202.68	1,228.08	1,240.90	1,279.47
Business	2,176.10	2,193.89	2,261.22	2,255.85	2,297.73	2,247.66
Non-Bank Financial Institutions (net)	57.94	39.02	48.74	46.94	41.25	40.69
Subsidiaries and Affiliates (net)	172.80	168.81	168.24	164.77	165.57	162.08
Other Items (net)	(432.33)	(374.22)	(532.48)	(446.76)	(441.71)	(405.48)
Monetary Liabilities (M2)	2,477.68	2,581.95	2,616.56	2,544.33	2,510.80	2,567.17
Money Supply (M1)	672.51	681.93	689.65	633.59	659.58	648.80
Currency with the Public	142.57	151.67	146.77	143.45	142.46	130.67
Demand Deposits	518.85	518.34	524.06	474.87	504.23	492.67
EC\$ Cheques and Drafts Issued	11.09	11.91	18.83	15.26	12.89	25.47
Quasi Money	1,805.17	1,900.02	1,926.91	1,910.75	1,851.22	1,918.37
Savings Deposits	1,226.57	1,271.39	1,290.39	1,285.91	1,301.71	1,324.31
Time Deposits	420.06	456.08	472.52	458.85	405.44	427.74
Foreign Currency Deposits	158.54	172.56	164.00	165.99	144.07	166.32

Source: Eastern Caribbean Central Bank  
**Data available at 18 May 2010**





**Table 45**  
**St Vincent and the Grenadines - Selected Tourism Statistics**

	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 <sup>E</sup> 1 <sup>st</sup> Qr
Total Visitors	127,187	39,694	24,849	95,388	125,800
Stay-Over Visitors	19,558	17,517	18,516	17,041	19,159
Of which:					
USA	5,369	5,072	4,128	4,500	5,329
Canada	2,475	1,278	1,097	1,960	2,475
UK	3,937	3,085	2,762	3,303	3,738
Caribbean	5,153	6,461	8,828	4,916	5,047
Other Countries	2,624	1,621	1,701	2,362	2,570
Excursionists	1,611	1,285	1,051	3,190	3,773
Yacht Passengers	16,566	8,730	5,282	13,431	17,242
Cruise Ship Passengers	89,452	12,162	0	61,726	85,626
Number of Cruise Ship Calls	93	12	0	66	87
<b>Total Visitor Expenditure (EC\$M)</b>	74.70	52.40	46.57	62.68	74.22

Source: Department of Tourism  
 Data available at 01 June 2010

**Table 46**  
**St Vincent and the Grenadines - Consumer Price Index**  
**January 2001 = 100**

	Weight	Index Mar 2010	Percentage Change*				
			2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
<b>All Items</b>	1,000.0	132.30	2.48	4.22	2.43	(0.61)	(1.74)
Food	536.1	146.03	3.79	6.07	3.42	0.42	(1.56)
Alcoholic Beverages and Tobacco	9.5	132.94	(0.29)	0.30	0.38	4.27	(0.14)
Housing	97.9	107.35	-	(0.07)	0.08	0.04	0.05
Fuel and Light	29.8	125.17	2.54	11.57	0.68	(10.85)	(18.37)
Clothing and Footwear	88.7	113.03	0.04	0.47	0.81	-	-
Household Furnishings and Supplies	61.5	111.94	1.38	1.66	2.24	0.24	(0.32)
Transport and Communications	68.5	117.04	3.24	2.89	2.67	(7.10)	(3.94)
Medical Care and Expenses	10.1	130.47	-	-	-	-	7.66
Education	34.3	150.26	-	0.09	0.42	(0.89)	-
Personal Services	33.5	118.20	(0.80)	1.22	1.30	0.35	(0.22)
Miscellaneous	30.1	104.59	-	-	-	-	-

Source: Central Statistical Office, Ministry of Finance  
 \*at end of period  
 Data available at 17 May 2010



**Table 47**  
**St Vincent and the Grenadines - Central Government Fiscal Operations**  
(In millions of Eastern Caribbean dollars)

	2009 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
<b>Current Revenue</b>	116.67	117.59	111.70	116.72	91.14
Tax Revenue	104.09	109.52	101.60	112.77	78.76
Taxes on Income and Profits	21.28	31.91	27.23	30.20	20.82
Of Which:					
Individual	15.07	14.59	13.56	14.70	14.71
Company Tax	5.17	13.80	12.12	13.75	4.33
Taxes on Property	0.36	0.41	1.39	0.55	0.30
Taxes on Domestic Goods and Services	63.94	56.17	56.34	52.60	42.67
Of Which:					
Stamp Duties	6.67	4.40	4.16	3.71	2.74
Consumption Duties	0.00	0.00	0.00	0.00	0.00
Hotel Turnover Tax	0.00	0.00	0.00	0.00	0.00
Value Added Tax	36.78	38.23	30.37	37.03	30.25
Taxes on International Trade and Transactions	18.51	21.02	16.64	29.41	14.97
Of Which:					
Import Duty	8.45	12.23	9.43	14.73	6.19
Consumption Tax	0.14	0.00	0.00	(0.14)	0.00
Customs Service Charge	8.80	7.39	6.08	8.73	3.91
Non-Tax Revenue	12.58	8.07	10.09	3.96	12.38
<b>Current Expenditure</b>	106.07	119.63	119.61	120.15	115.44
Personal Emoluments	54.28	50.55	52.89	54.24	54.18
Goods and Services	15.20	24.47	19.09	26.86	12.32
Interest Payments	14.73	11.57	12.58	9.26	14.45
Domestic	8.60	3.82	8.47	4.68	8.98
External	6.13	7.75	4.11	4.59	5.48
Transfers and Subsidies	21.86	33.04	35.04	29.79	34.48
Of Which: Pensions	9.62	9.66	10.59	11.34	13.32
<b>Current Account Balance</b>	10.60	(2.04)	(7.91)	(3.43)	(24.31)
<b>Capital Revenue</b>	0.44	0.43	0.38	0.22	0.26
<b>Grants</b>	0.00	5.92	8.03	44.39	0.07
Of which: Capital Grants	0.00	5.92	8.03	44.39	0.07
<b>Capital Expenditure and Net Lending</b>	9.12	27.81	25.09	44.00	1.51
Of which: Capital Expenditure	9.12	27.81	25.09	44.00	1.51
<b>Primary Balance</b>	16.66	(11.92)	(12.01)	6.45	(11.03)
Overall Balance (after grants)	1.93	(23.49)	(24.59)	(2.82)	(25.49)
<b>Financing</b>	(1.93)	23.49	24.59	2.82	25.49
Domestic	15.26	21.14	(6.90)	8.09	42.19
ECCB (net)	(23.48)	(0.28)	4.31	(2.43)	(1.14)
Commercial Banks (net)	32.42	(38.55)	(10.28)	57.60	35.76
Other	6.31	59.97	(0.92)	(47.08)	7.56
External	(17.19)	2.35	31.48	(5.27)	(16.70)
Net Amortisation/(Amortisation)	(17.19)	2.35	31.48	(5.27)	(16.70)
Disbursements	3.06	18.06	42.71	5.26	0.53
Amortisation	(20.25)	(15.71)	(11.23)	(10.53)	(17.23)
Change in Government Foreign Assets	-	-	-	-	-

Source: Ministry of Finance  
Data available at 17 May 2010



**Table 48**  
**St Vincent and the Grenadines - Selected Trade Statistics**  
 (Value: EC\$M; Volume: 000 tonnes)

	2009 1 <sup>st</sup> Qr	2009 2 <sup>nd</sup> Qr	2009 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 <sup>P</sup> 1 <sup>st</sup> Qr
<b>Visible Trade Balance</b>	(218.49)	(168.38)	(174.90)	(204.29)	(183.56)
<b>Total Imports</b>	251.49	198.05	211.27	239.95	218.13
<b>Total Exports</b>	33.00	29.68	36.37	35.65	34.56
Re-Exports	3.54	4.26	14.55	5.56	5.83
Domestic Exports	29.46	25.41	21.82	30.09	28.73
Of Which:					
Bananas					
Volume	2.29	1.75	1.61	1.87	1.70
Value	3.84	2.92	2.73	2.97	3.11
Flour					
Volume	2.58	2.47	2.76	2.79	2.69
Value	6.16	5.98	6.23	6.05	5.69
Rice					
Volume	1.21	1.36	1.14	0.79	0.82
Value	4.96	2.46	3.41	2.43	2.51
Feeds					
Volume	1.42	0.90	1.30	1.34	1.53
Value	1.55	1.15	1.12	1.09	1.11

Source: Central Statistical Office  
 Data available at 17 May 2010

**Table 49**  
**St Vincent and the Grenadines - Monetary Survey**  
 (EC\$M at end of period)

	2008 4 <sup>th</sup> Qr	2009 <sup>R</sup> 1 <sup>st</sup> Qr	2009 <sup>R</sup> 2 <sup>nd</sup> Qr	2009 <sup>R</sup> 3 <sup>rd</sup> Qr	2009 4 <sup>th</sup> Qr	2010 1 <sup>st</sup> Qr
<b>Net Foreign Assets</b>	384.94	428.90	402.05	399.68	361.27	355.54
Central Bank (net)	223.88	238.06	197.46	200.18	203.03	226.94
Commercial Banks (net)	161.06	190.83	204.59	199.50	158.24	128.60
External (net)	17.42	17.72	11.31	(13.84)	(26.21)	(30.78)
Assets	210.61	214.61	212.97	172.96	160.09	168.41
Liabilities	193.18	196.89	201.66	186.79	186.30	199.20
Other ECCB Territories	143.64	173.11	193.29	213.34	184.45	159.38
Assets	377.95	345.87	374.48	383.31	365.48	346.64
Liabilities	234.31	172.76	181.19	169.97	181.03	187.26
<b>Net Domestic Assets</b>	697.97	636.40	674.25	671.24	724.50	745.13
Domestic Credit	985.53	990.02	956.11	984.78	1,029.15	1,067.47
Central Government (net)	108.29	117.24	78.41	72.43	127.61	162.23
Other Public Sector (net)	(49.20)	(53.67)	(51.36)	(32.25)	(41.23)	(38.93)
Private Sector	926.44	926.45	929.06	944.60	942.78	944.17
Households	588.68	595.70	581.74	594.73	592.59	593.31
Business	329.31	318.79	329.92	338.57	343.71	344.33
Non-Bank Financial Institutions (net)	8.45	11.96	17.40	11.30	6.47	6.53
Subsidiaries and Affiliates (net)	-	0.00	0.00	-	-	-
Other Items (net)	(287.56)	(353.62)	(281.86)	(313.55)	(304.65)	(322.34)
<b>Monetary Liabilities (M2)</b>	1,082.91	1,065.30	1,076.31	1,070.91	1,085.77	1,100.67
Money Supply (M1)	386.29	348.60	341.25	347.92	359.13	360.95
Currency with the Public	80.54	61.93	56.36	51.81	63.50	58.65
Demand Deposits	294.04	278.61	276.22	286.11	284.89	293.01
EC\$ Cheques and Drafts Issued	11.72	8.05	8.67	10.01	10.75	9.29
Quasi Money	696.62	716.70	735.06	722.99	726.64	739.72
Savings Deposits	544.86	546.26	567.70	572.18	575.02	571.30
Time Deposits	115.00	123.03	133.57	120.41	121.65	125.89
Foreign Currency Deposits	36.76	47.42	33.78	30.40	29.96	42.53

Source: Eastern Caribbean Central Bank

\*\* As of January 2009 the Private Sector includes the following economic sectors: households, private businesses, non-bank financial institutions and subsidiaries and affiliates.

Data available at 26 May 2010



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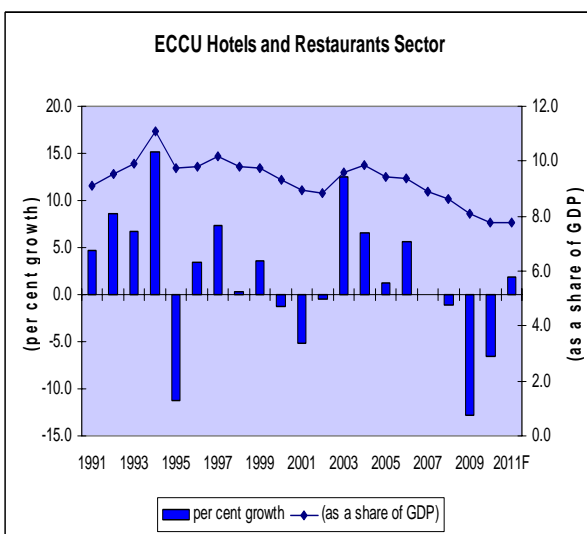
# ANALYSIS OF THE ECCU TOURISM INDUSTRY

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## 1. RECENT DEVELOPMENTS

### 1.1 Performance in 2009

Tourism activity in the ECCU remained on a downward path in 2009 as the tourism-dependent region continued to feel the impact of declining tourist arrivals and reduced access to financing for upgrading and adding to the hotel stock. Value added in the hotels and restaurants sector, an indicator of tourism activity, is estimated to have decreased by 12.8 per cent in 2009, following a revised contraction of 1.1 per cent in 2008. As a share of GDP, the hotels and restaurants sector decreased to 8.1 per cent from 8.6 per cent in the previous year.



The outturn in 2009 was associated with an 11.8 per cent decline to 936,188 in stay-over arrivals – the lowest level since 2002, attributable to the continued

impact of a fall in disposable incomes and a decrease in travel from major source markets due to the impact of the global economic and financial crisis. Elevated airfares and reduced airlift also contributed to the fall in stay-over arrivals. The number of stay-over visitors from the UK and the USA fell by 17.4 per cent and 12.7 per cent respectively, compared with declines of 2.4 per cent and 0.7 per cent respectively in 2008. Stay-over arrivals from the Caribbean fell by 10.3 per cent whereas overnight visitors from Canada increased marginally (0.2 per cent). All of the member countries reported reductions in the number of stay-over visitors, which was particularly sharp in St Kitts and Nevis (27.1 per cent) largely as a result of the closure of the Four Seasons Resort since October 2008.

Notwithstanding the poor performance of the stay-over sub-sector, the cruise ship segment continued to be resilient, as international travellers sought out more value packages given the reduction in their spending power. Consequently, growth in cruise ship passenger arrivals accelerated to 18.3 per cent from 4.6 per cent in 2008, as the number of cruise ship calls rose by 14.7 per cent in sharp contrast to a contraction of 15.3 per cent in 2008. Cruise ship activity was especially robust in Antigua and Barbuda, Dominica and St Kitts and Nevis.

Of the other categories of visitors, yacht passenger arrivals rose by 3.6 per cent as opposed to a decline



of 1.7 per cent in 2008, while the number of excursionists fell by 14.8 per cent compared with a decrease of 25.1 per cent in 2008. Overall, total visitor arrivals to the ECCU expanded by 8.4 per cent to roughly 4.0 million, following a 2.0 per cent increase in 2008.

Gross travel receipts declined by 9.7 per cent to \$2,780.8m (23.3 per cent of GDP), in line with the fall in visitor arrivals, and discounting by some hotels in an effort to maintain competitiveness. None of the member countries reported increases in visitor expenditure.

## **1.2 First Half 2010 Performance**

Tourism activity in the ECCU remained positive, albeit at a lower level, in the first half of 2010. Total visitor arrivals were estimated to have increased by 0.6 per cent to 2.3 million, following growth of 7.9 per cent in the comparable period in 2009. The expansion reflected increases in all categories of arrivals, with the exception of the cruise ship sub-sector. Stay-over visitor arrivals increased by 3.8 per cent to 506,606, as opposed to a decline of 14.8 per cent in the first half of 2009. Additional airlift, intensified marketing, the opening of new hotels and some discounting on rooms were the main contributing factors for the turnaround in the review period. Dominica and Saint Lucia recorded the largest increases – 15.6 per cent and 11.9 per cent respectively – in stay-over visitor arrivals. Market segmentation revealed mixed performance. The number of stay-over visitors from Canada and the

US increased by 15.2 per cent and 11.7 per cent respectively as the economy of those countries rebounded and new flights were introduced during the review period. An 11.0 per cent increase in arrivals from other countries was largely attributable to successful promotional campaigns in various non-traditional markets, like Germany and Italy. By contrast, the number of stay-over visitors from the UK fell by 9.2 per cent, influenced by the introduction of the Air Passenger Duty (APD) in November 2009 and the comparatively slow recovery of the UK economy, whereas arrivals from the Caribbean declined by 4.4 per cent.

Of the other categories of visitors, yacht passenger arrivals are estimated to have increased by 10.9 per cent to 70,821 in contrast to a marginal decline (0.1 per cent) in the first half of 2009. Similarly, the number of excursionists to the region rose by 10.6 per cent as opposed to a contraction of 18.6 per cent in the corresponding period in 2009. On the other hand, cruise ship passenger arrivals fell by 0.9 per cent to 1.7 million, in contrast to an 18.3 per cent rate of growth in the first half of 2009. Of the member countries that reported declines in the number of cruise ship passengers, Antigua and Barbuda recorded the highest rate of contraction (22.9 per cent), followed by Grenada (6.8 per cent) and St Vincent and the Grenadines (4.5 per cent). The sharp reduction in cruise ship arrivals in Antigua and Barbuda may be attributed to the pullout of Carnival Cruise Lines at the beginning of the year. Twenty-three (23) fewer calls were made

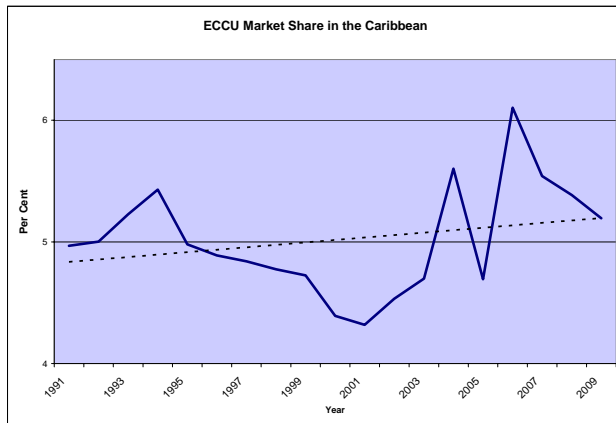


on the ECCU member countries relative to the number visiting in the first half of 2009.

Total visitor expenditure was estimated to have increased by 3.9 per cent to \$1,563.7m consistent with the expansion in arrivals.

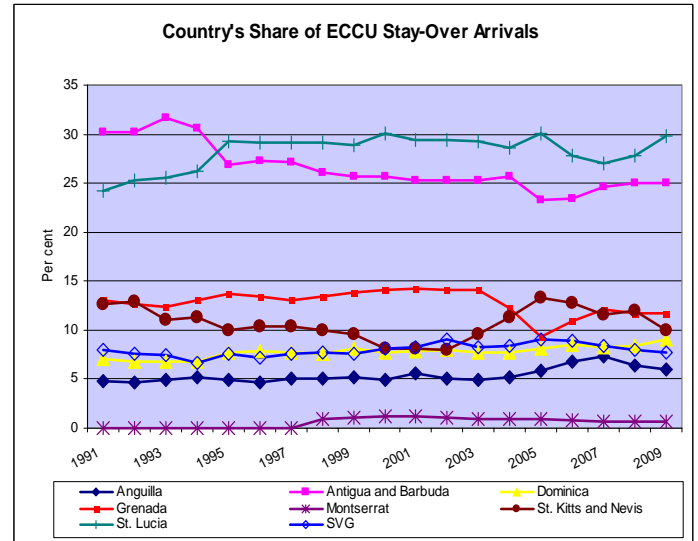
### 1.3 Market Share Developments

ECCU market share in the world was virtually flat over the last 19 years (1991 to 2009), averaging 0.13 per cent. There was more volatility in the sub-region's market share in the wider Caribbean over the same period. Generally, the market share in the Caribbean has trended upwards, averaging 5.0 per cent over the reference period and peaking at 6.1 per cent in 2006.



An analysis of the country-by-country market share in the ECCU region shows that Saint Lucia increased its average market share to 28.9 per cent post-2000 from 27.5 per cent pre-2000. Marginal increases in market share were recorded for St Vincent and the Grenadines, Anguilla, Dominica and Montserrat. On the other hand, the biggest loser

was Antigua and Barbuda, which observed a 3.6 percentage-point drop to 24.8 per cent in average market share since 2000. Grenada and St Kitts and Nevis reported small losses.



Considering total arrivals, which recognises the contribution of all categories of visitors – namely stay-over visitors, cruise ship passengers, yacht passengers and excursionists, the country-by-country analysis from 1999 to 2009 yields very different results except for Dominica and Grenada. Total market share in 2009 ranged from 0.2 per cent for Montserrat to 25.6 per cent for Saint Lucia. St Kitts and Nevis increased its market share by 4.3 percentage points to 13.8 per cent in 2009. Dominica and Antigua and Barbuda also reported gains in market share of 3.0 percentage points and 0.8 percentage points respectively during the review period. By contrast, Grenada observed a 4.1 percentage-point decline to 11.5 per cent in market share, followed by St Vincent and the Grenadines (1.9 percentage points) and Anguilla (1.6



percentage points). Montserrat and Saint Lucia practically maintained their market shares as both countries reported minuscule losses.

While some industry analysts infer that a reduction in market share (in arrivals) is equivalent to a loss of competitiveness in tourism, it may also suggest a shift in strategy from mass tourism to high-end tourism, to yield larger tourism receipts. Therefore, market shares in arrivals need to be assessed along with shares in tourism receipts to draw conclusions on changes in competitiveness.

#### **1.4 Trends in Share of Receipts**

As was the case in market share ranking, Montserrat occupied the bottom end of the scale of shares in total visitor expenditure with a proportion of 0.6 per cent. However, it was Antigua and Barbuda – rather than Saint Lucia – that held the largest share (29.6 per cent) of gross travel receipts in the ECCU. Dominica increased its share of receipts by 4.7 percentage points to 6.6 per cent in 2009. Expansions were also observed in Anguilla (2.3 percentage points), Saint Lucia (1.1 percentage points), St Kitts and Nevis (1.0 percentage points) and St Vincent and the Grenadines (0.4 percentage points). Conversely, Grenada recorded an 8.3 percentage-point fall to 9.6 per cent share of receipts, followed by Antigua and Barbuda (0.9 percentage points) and Montserrat (0.3 percentage points).

#### **1.5 Competitiveness**

An analysis of the changes in market shares of both arrivals and receipts in ECCU member countries from 1999 to 2009 produces four (4) patterns:

- **Loss in shares of both arrivals and receipts**, as observed in Grenada and Montserrat. This situation indicates a loss in competitiveness. Grenada's tourism industry suffered a devastating blow with the passage of hurricane Ivan in September 2004. Following the hurricane, the country lost its 3<sup>rd</sup> place rank (in terms of ECCU market share) to St Kitts and Nevis until 2007 when it regained that position.
- **Loss in market share but gain in shares of receipts**, as observed in Anguilla, Saint Lucia and St Vincent and the Grenadines. This development implies a deliberate policy shift in marketing strategy to upscale tourism. Given that the increase in share of receipts is higher than the decline in share of arrivals for Anguilla and Saint Lucia, there is evidence to conclude that those countries experienced an improvement in competitiveness. Both destinations also retained their positions – 1<sup>st</sup> (Saint Lucia) and 7<sup>th</sup> (Anguilla) – in terms of stay-over arrivals throughout the review period.
- **Gain in market share but loss in shares of receipts**, as observed in Antigua and Barbuda. This phenomenon suggests a shift



towards mass tourism, which was made possible largely through heavy discounting on accommodation rates, and reflects a loss of competitiveness as the country is not receiving revenue comparable to the number of visitors that it hosts.

- **Gain in shares of both arrivals and receipts**, as observed in Dominica and St Kitts and Nevis, which reflects an improvement in competitiveness.

## 2. OUTLOOK

The overall performance of the tourism industry for 2010 hinges on the current summer and upcoming winter seasons that, in turn, are based on how the region's main source markets perform. Despite some positive signals in the first half of the year, the near and medium-term outlook for the ECCU tourism industry remains uncertain. The most likely outcome, based on current economic indicators for these countries, is some softening in the tourism industry throughout the remainder of the year. Of major concern are the lingering effects of the global economic and financial crisis on the tourism industry, which is likely to continue on the path of contraction in the medium term, even after a recovery in the global economy due to the lagged response of employment and income to economic growth. The long-standing debacle between the Leeward Islands Airline Pilot's Association (LIALPA) and the LIAT airline management, which grounded flights for 2 days in mid-June 2010, may have some negative implications on tourist arrivals

to the region.<sup>2</sup> Other downside risks include rising US unemployment, inflationary pressures and adverse weather conditions.

## 3. POLICY ISSUES AND CHALLENGES

Tourism Intelligence International expects that the most probable recovery pattern for the industry would be a medium term (2-5 year) recovery. During the crisis, prospective tourists cancelled, postponed or scaled down their travel plans. However, as the global economic outlook brightens, it is likely that consumers will resume their travel plans with a lag and in moderation.

Data on arrivals by visitor category indicate that international travellers are showing strong preference for cruise vacations, which are often perceived as offering more value for money on account of the resemblance to all-inclusive packages – that is, including entertainment, food and beverage.

The Caribbean region is the most tourist dependent region in the world, and the effects of the global economic recession and climate change on the tourism industry are of particular concern. While many understand the difficulties that LIAT faces in a small market with diseconomies of scale and high fixed costs, the high cost of intra-regional travel remains a major concern.

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<sup>2</sup> The regional carrier has had a monopoly on intra-regional travel since it purchased the assets of its former rival, Caribbean Star Airlines, in October 2007.





Backward and forward linkages with other economic sectors are not well established. For example, there is still untapped potential for agri-tourism – the integration of small scale farmers to supply the tourist industry and supermarkets.

#### **4. POLICY RECOMMENDATIONS**

The following policy recommendations are proposed:

- Seize the opportunity to promote the Caribbean given the BP oil spill in the Gulf coast;
- Offer value for money by including low-cost freebies and enhancing customer service;
- Target affluent individuals, establish new markets, reduce entry fees and encourage “stay-cations”;
- Promote the region as ‘one’ destination;
- Develop the cultural and heritage tourism niches.

The Gulf oil spill, which began after the drilling rig – *Deepwater Horizon* – sank on 22 April 2010 following a blowout of BP’s well, has wreaked environmental and economic havoc in the Gulf region. Oil has washed ashore in several coastal states, namely Louisiana, Mississippi and Alabama; while tar balls and oil patties have soiled some Florida beaches. The ECCU region should take advantage of the present opportunity by launching an extensive marketing campaign in the US, which highlights the fact that our beaches are pristine clean and not affected by the oil spill.

One of the surest ways of guaranteeing repeat stay-over arrivals and encouraging cruise ship passengers to return to the region as stay-over visitors is to offer value for money. In more practical terms, this can be done by enhancing the visitor experience and including free offers e.g. game of golf, discount on food and beverage and/or coupons for retail purchases as part of a hotel visit. Psychological pricing strategies tend to be perceived by the consumer as more attractive. However such strategies would require close collaboration among private sector partners, especially those who directly service the tourism industry. Hotel and restaurant establishments should also be encouraged to institute staff training programmes that focus on providing excellent customer service – that is, by not only meeting but also exceeding customers’ expectations.

Tourism marketing strategies should target high net worth individuals who may be only slightly affected by the global downturn. There is still potential for increasing arrivals despite the weak global economy as the World Travel and Tourism Council (WTTC) expects that global tourism will be largely driven by activity in emerging markets. Hence, ECCU policymakers should consider expanding the marketing thrust to include potential tourists from South America, particularly in countries like Brazil, which is fast becoming a developed country. The governments should provide incentives for regional travel by reducing ticket taxes on airfare. A



relatively new word “stay-cation”<sup>3</sup> became popular during the economic recession; the idea is to encourage hoteliers and resort owners to have specials for locals during the off-seasons (summer months) to shore up revenue.

Recognising that some destinations may be complements rather than substitutes and consistent with the aims and ideals of the recently-established OECS Economic Union, member countries should consider pooling financial and human capital resources to market their tourism products as a single package. Such an initiative allows for the showcasing of each country’s natural competitive advantage and discourages governments from competing in the same niches. An example of how the islands can be matched with their obvious niches follows: nature and eco-tourism – Dominica; yachting – Grenada and St Vincent and the Grenadines; health tourism – Grenada; mass and cruise tourism – Antigua and Barbuda and Saint Lucia; high-end clientele – Anguilla; and adventure – Montserrat.

Another policy initiative is to develop and promote cultural and heritage tourism. The region has a wealth of cultural tourism resources, which include forts, botanical gardens, carnivals and music festivals. Despite a good supply and diverse range of complementary resources and products, the level of market readiness varies widely across categories. Some products, attractions and businesses are able to respond well to market demand. On the other hand, others need improvement in terms of their physical product and/or how they are positioned to attract markets. There are opportunities to develop, coordinate and package the region’s cultural and heritage resources to create market-ready cultural tourism experiences that appeal primarily to neighbouring markets and secondarily to more distant places. Opportunities also exist to coordinate cultural tourism products and packages with other tourism-related ventures, such as agri-tourism (distilleries, farm-gate sales, etc), cuisine tourism, sports tourism, and nature-based tourism.

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<sup>3</sup> A stay-cation is a vacation that is spent at one's home/neighbourhood/country enjoying all that the nearby environs have to offer.

