

*Annual Economic and
Financial Review*



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INTERNATIONAL ECONOMIC DEVELOPMENTS

Overview

Growth in the world economy slowed to 3.4 per cent in 2008, from 5.2 per cent in 2007, largely associated with the intensification of the financial crisis in the latter part of the year. The decline in output was more marked for emerging and developing economies, where growth was 2.0 percentage points below that of the previous year, led by the developing Asian economies. Credit market constraints have precipitated wide-spread deleveraging and flight to quality concerns, resulting in a marked reduction of financial flows to emerging markets and a contraction in global trade flows. This has resulted in a widening in sovereign and corporate spreads, which has increased funding costs for these economies. In the advanced economies financial conditions remained difficult, despite wide-spread policy measures aimed at easing funding constraints and providing additional capital to financial institutions. The ensuing credit squeeze has weakened consumption and investment demand, clouding the economic outlook.

Developments in the Major Economies

The **United States** has been at the epicentre of the current crisis, and preliminary estimates indicate that economic growth slowed to 1.1 per cent in 2008, from 2.0 per cent a year earlier. The downturn in economic activity intensified during the latter part of the year, as real GDP contracted by an annualized

3.8 per cent in the fourth quarter, the largest quarterly fall since 1982. Continued dislocations in housing and financial markets resulted in marked declines in residential and commercial fixed investment, and a contraction in consumer demand. US household incomes were compressed by a deteriorating labour market, while wealth declined markedly as a result of the fall in housing and equity prices.

Firms were faced with rapidly deteriorating market conditions for their products, lack of access to working capital, and declining inventory levels. Despite widespread policy actions to ease credit constraints, uncertainty in financial markets abounded.

Consumer prices moderated, increasing by 0.1 per cent in 2008, compared to the 4.1 per cent increase recorded in the twelve months ended December 2007. The monthly rate of increase in consumer prices slowed in the latter half of the year, attributed primarily to the rapid deceleration in commodity prices. This was due to the weakening in global demand for commodities, especially crude oil. Consumer prices declined by 12.7 per cent in the final quarter of 2008, following increases in the first three quarters of 3.1, 7.9, and 2.6 per cent respectively. Core inflation, that is headline inflation minus volatile food and energy prices, rose by 1.8 per cent in 2008.



The **Canadian** economy is estimated to have expanded by 0.6 per cent in 2008, below the 2.7 per cent rate of increase recorded in the previous year. The weakening US economy, Canada's major trading partner, curtailed exports. Declining asset values, greater job losses and slower real income growth as well as increasing uncertainty about the severity of the global downturn, weighed on business and consumer sentiment. The rapid reversal in the terms of trade removed a key source of domestic income growth, further bearing down on economic activity. Export volumes declined, as the weakening global economy reduced demand for the output of Canada's resource intensive sectors. However, financial institutions in Canada were relatively unscathed by the financial crisis in 2008, thus credit conditions were healthier than in other advanced economies. Headline inflation rose by an annualised 2.4 per cent in 2008, slightly higher than the 2.1 per cent increase gained in 2007. This outturn reflected the sharp run-up in commodity prices during the first half of 2008. With volatile food and energy prices excluded, inflation rose by 1.7 per cent.

Real GDP in the **United Kingdom** increased by an estimated 0.7 per cent in 2008, lower than the 3.0 per cent outturn in 2007. Output declined by 2.2 per cent in the second half of 2008, as residential investment, business investment and exports fell sharply. Deteriorating labour market conditions eroded real income growth, acting as a drag on household consumption spending. In addition, tightening credit conditions restrained consumption

growth, and falling asset valuations reduced household wealth. Consumer price inflation in the United Kingdom averaged 3.1 per cent in 2008, a full percentage point above that recorded in 2007. On a monthly basis, the rate of increase in consumer prices was substantially lower in the final months of 2008, reflecting falls in consumer prices and the temporary cut in Value-added Tax (VAT).

The economies of the **European Union** expanded by 1.0 per cent in 2008, down from growth of 2.6 per cent in 2007. The marked deceleration in growth substantially reflects tight financial conditions, falling asset prices, and a contraction in external demand. Credit growth to both households and firms slowed rapidly, raising financing costs for companies and eroding household wealth. These effects, coupled with rising unemployment negatively affected business and consumer confidence, placing a further brake on consumption and investment growth. The performance of the Euro zone was negatively affected by the German economy, the largest economy in the region. The global nature of the recession reduced external demand for Germany's products. Net exports contracted by 0.4 per cent in 2008, following growth of 1.4 per cent in 2007. Private investment spending slowed, while new orders shrank precipitously. The economic performance of France and Italy also acted as a drag on overall growth in the EU. Domestic demand growth in both countries weakened, affected by deteriorating borrowing conditions, a decline in profit growth and reductions in household wealth. Headline inflation in the EU rose to 3.3 per cent in



2008, reflecting the sharp run-up in commodity prices in the first half of the year. However core inflation increased by a more modest 1.8 per cent, 0.1 percentage point below that recorded a year previous.

Economic conditions in **Japan** deteriorated in 2008, as the decline in global trade volumes curtailed export growth. Growth in 2008 is provisionally estimated to have contracted by 0.5 per cent, compared to growth of 2.1 per cent a year earlier. The decline in export growth, which is the largest, recorded in post-war Japan, precipitated contractions in production and business investment. Private consumption demand also weakened, attributed in part to rising unemployment and a decline in real wage growth. Financial conditions in Japan tightened by a lesser extent than in other major economies, in part owing to lower exposure of Japanese banks to structured financial products. Nonetheless, the global financial crisis has negatively affected the Japanese economy by reducing export demand. The rate of inflation, as measured by the consumer price index contracted by 1.2 per cent in 2008 compared with a 1.4 per cent increase in 2007.

In **China**, economic growth decelerated in 2008, attributed in part to the contraction in world trade. Economic growth is provisionally estimated at 9.0 per cent, which is below the 13.0 per cent expansion recorded in 2007. Exports, the mainstay of economic growth in China, slowed in the latter part of 2008, as the financial crisis deepened, curtailing

demand from overseas. The Chinese economy was not directly impacted by the financial crisis, due to the lower level of exposure of the private sector to adverse wealth effects of asset price declines compared to the advanced economies. Inflationary pressures dissipated over the course of 2008, as a result of reduced economic activity coupled with the sharp declines observed in the prices of oil and other commodities.

Commodity Prices

Rapidly weakening global demand constrained commodity prices, particularly in the latter part of the year. Petroleum prices stood at US\$41.10 per barrel in December 2008 compared with US\$91.69 per barrel at the end of 2007. This however masked the rapid deceleration from July 2008, when petroleum prices peaked at US\$133.37 per barrel. The decline in petroleum prices from their July peak is all the more remarkable given the commitment of the Organisation of Petroleum Exporting Countries to reduce production so as to support prices in the short run. The strengthening of the US dollar and the financial crisis were other major factors in the fallback of petroleum prices. Non-fuel commodity prices also retreated, particularly metals and food.

Prospects

Prospects for global growth weakened over the last quarter of 2008, as financial market strains intensified, and economic activity deteriorated. Global growth is therefore projected to slow to



0.5 per cent in 2009, down from 3.4 per cent in 2008. The advanced economies are projected to contract by 2.0 per cent compared with the 1.0 per cent performance in 2008. The **United States** is forecast to contract by 1.6 per cent in 2009, triggered by the financial crisis and negative feedback loops between the real economy and deteriorating financial sector balance sheets. A decline of 2.0 per cent is projected for the **Euro zone economies** in 2009, aided by weakness in domestic demand coupled with the adverse impact of slower global demand growth on domestic exports. In the **United Kingdom**, further declines in asset prices are projected, resulting in an impairment of financial sector balance sheets and thus reduced credit growth. The UK economy is projected to contract by 2.8 per cent in 2009. In **Canada**, global financial market strains and declining trade volumes will likely result in a reduction of 1.2 per cent in real output growth. The **Japanese economy** is projected to decline by 2.6 per cent, as the external sector continues to be a drag on economic growth. The **Chinese economy** is likely to decelerate to 6.7 per cent in 2009 compared to growth of 9.0 per cent in 2008. Export growth is expected to remain muted,

as consumers in major trading partners retrench and households repair their balance sheets. It is anticipated however that domestic demand growth will compensate somewhat, given the sizeable scope of the Chinese authorities to stimulate consumption and investment growth.

These projections are subject to substantial risks, given the uncertainty pervasive in global financial markets about the scope and breadth of the downturn, and the efficacy of policy actions designed to alleviate its excesses. As consumers in both the advanced and larger emerging market countries repair their balance sheets, commodity prices are expected to remain depressed. The potential exists for continued malaise in the financial sector to feed through to declines in real sector activity, re-enforcing a negative feedback loop and thus exacerbating the downturn even further. However, global monetary and fiscal policies are providing support, though concerns about the effectiveness of policy interventions remain. The balance of risks to the global economic outlook is thus dis-proportionately weighted to the downside, particularly if financial market tensions intensify.



REGIONAL ECONOMIC DEVELOPMENTS

Overview

Data available for five of the seven non-ECCB member countries of the Caribbean Community (CARICOM) point to a mixed growth performance in 2008. In Belize, the economy strengthened in 2008 relative to 2007, while in the Bahamas, Barbados, Guyana and Trinidad and Tobago, economic growth decelerated. In Jamaica, the economy is estimated to have contracted following growth in 2007. Consumer prices remained elevated in all countries against the backdrop of high international commodity prices, particularly oil prices in the first half of 2008. The overall fiscal deficit of the central government widened in all countries except Belize, which experienced a marked improvement as an overall fiscal surplus was realised in contrast to a deficit in 2007. The external position of all the countries deteriorated, partly as a result of higher international prices of major imports.

Output

In the **Bahamas**, preliminary estimates indicate that economic growth decelerated in 2008 relative to 2007, mainly as a result of developments in the tourism industry. Total visitor arrivals declined by 6.1 per cent over the first nine months of 2008 (the latest period for which data are available), reflecting the impact of adverse external pressures, especially the economic recession in the United States. In **Barbados** the economy expanded by 0.5 per cent

compared with growth of 4.4 per cent in 2007. The deceleration in the rate of growth was mainly as a result of a down turn in tourism activity. Value added from tourism declined by 1.7 per cent in contrast to growth of 2.8 per cent in 2007. Activity in the non-traded sector was sluggish, with moderate growth recorded for wholesale and retail trade, transportation and communication. Activity in the construction sector declined as work waned on major infrastructural and tourism-related projects. The economy of **Belize** is estimated to have expanded by 3.3 per cent compared with 1.2 per cent in 2007. The expansion was supported by strong increases in output of some major export commodities and continued investment in telecommunications. In **Guyana**, the economy is estimated to have grown by 3.1 per cent in 2008, albeit at a slower pace relative to the increase of 5.4 per cent in 2007. Growth in the construction (8.6 per cent), services (7.8 per cent) and mining and quarrying (6.1 per cent) sectors contributed to the overall economic expansion; agricultural output declined by 4.9 per cent, due to heavy rains during the year. Economic growth in **Jamaica** is estimated to have contracted by 0.6 per cent in 2008 in contrast to growth of 1.4 per cent in 2007, mainly associated with reductions in the agricultural, forestry & fishing, manufacturing, construction & transport and storage and communication sectors. In **Trinidad and Tobago**, based on data up to September 2008, economic growth was estimated to have decelerated to 3.5 per cent in 2008 from 5.5 per cent in 2007,



associated with a weak performance from both the energy and non-energy sectors.

Prices and Employment

Higher international prices of major commodities led to inflationary pressures across most of the CARICOM member states. In the **Bahamas** the average annual inflation rate increased to 4.5 per cent in 2008 from 2.5 per cent in 2007, fueled by higher costs of imported commodities. Increases were recorded for furniture and household items (6.8 per cent), food and beverage (6.7 per cent), housing (3.5 per cent) and transport and communication (3.0 per cent). In **Barbados**, inflation, as measured by a 12-month moving average, increased to 8.0 per cent in 2008 from 4.1 per cent in 2007. Substantial price increases were recorded for alcoholic beverages and tobacco, food, transportation, and fuel and light. In **Belize**, the average annual inflation rate rose to 6.4 per cent from 2.3 per cent in 2007, largely as a result of the higher cost of fuel and food. In **Guyana**, the average annual inflation rate was 6.4 per cent in 2008, a marked deceleration from the 14.0 per cent rate recorded in 2007. The moderation reflected the general stabilisation in prices in 2008, following strong increases in 2007 associated with the implementation of the VAT in January 2007. In **Jamaica**, the annual point to point inflation rate was 16.8 per cent at the end of December 2008, the same rate as that at the end of December 2007. In **Trinidad and Tobago** higher food prices led to a surge in the year on year inflation rate, which rose to

14.5 per cent at the end of December 2008 from 7.9 per cent at end of 2007.

Based on the deceleration in the pace of economic activity in most of the member countries unemployment is estimated to have increased in 2008. The available data indicate that in **Barbados**, the average unemployment rate for the first nine months of 2008 was 8.4 per cent compared with 7.1 per cent in the corresponding period of 2007. Unemployment increased mainly in the wholesale and retail trade, construction and manufacturing sectors. In **Jamaica** the unemployment rate rose to 10.3 per cent in the first ten months of the year (The latest period for which data are available) from 9.3 per cent in the corresponding period of 2007. However, in **Belize**, the expansion in economic activity contributed to a fall in the unemployment rate to 8.2 per cent from 8.5 per cent in 2007.

Central Government Fiscal Developments

Preliminary data for the **Bahamas** indicate a widening in the overall fiscal deficit to B\$121.4m in 2008 from B\$ 77.4m in 2007, as revenue contracted (0.4 per cent) while expenditure rose (10.5 per cent). In **Barbados** the overall deficit is estimated to have increased markedly, by Bds\$307.6m to Bds\$433.3m (5.9 per cent of GDP) in 2008 relative to 2007. The outturn was mainly as a result of an increase in outlays on transfers and subsidies, and strong growth (35.3 per cent) in capital expenditure associated with infrastructural development projects. Current



expenditure rose by 9.5 per cent, outpacing the 1.9 per cent increase in current revenue. In **Belize**, the fiscal operations of the central government resulted in an overall surplus of BZ\$31.2m in contrast to a deficit of BZ\$30.8m in 2007. This improvement was attributed to a 12.0 per cent increase in current revenue and a 2.7 per cent contraction in current expenditure. Additionally, capital expenditure fell by 9.9 per cent to BZ\$144.5m. In **Guyana**, the overall fiscal operations of the central government improved, imbued by higher current and capital revenue as well as constrained spending. In **Jamaica**, data available for the period April to December 2008 show an overall deficit equivalent to 5.2 per cent of GDP, well above the budgeted deficit of 4.3 per cent of GDP. The deviation from the budgeted amount reflected shortfalls in revenue and grants.

External Sector Development

In **Barbados** the external current account deficit widened, reflecting a surge in import payments as a result of the higher international prices of major commodities including food and fuel. This development, combined with reduced inflows on the capital and financial account led to a decline of \$205.5m in the stock of net international reserves. In **Belize**, the current account deficit widened to BZ\$312.3m from BZ\$104.2m in 2007, owing mainly to a 22.7 per cent increase in import payments, which outpaced growth of 8.6 per cent in export receipts. In **Guyana**, an overall balance of payments surplus of US\$7.0m was recorded in 2008,

in contrast to the deficit of US\$1.4m in 2007. The improvement was due to an increase in inflows of foreign direct investment and larger inflows on the capital account associated with disbursements to the non-financial public sector. The current account deficit however, widened because of an increase in import payments on account of higher prices for fuel and other merchandise imports. In **Jamaica** the external current account deficit widened by 6.5 percentage points to 20.0 per cent of GDP. The larger deficit was associated mainly with higher import payments and lower export receipts, reflecting the cessation of banana exports following damage by tropical storm Gustav.

Monetary and Credit Developments

In the **Bahamas** monetary liabilities (M2) grew by 5.6 per cent to B\$5,753.2m during 2008, reflecting growth in savings and fixed deposits. Domestic credit rose by 4.7 per cent to B\$6,503.2m, buoyed by public sector borrowings. Excess reserves fell by 14.2 per cent to B\$207.3m owing to an increase in commercial bank credit. In **Barbados** growth in deposits decelerated sharply in 2008 due to large withdrawals during the latter half of the year, while credit to the non-financial private sector rose by 11.0 per cent. This led to a tightening of liquidity in the banking system during the latter half of 2008, and a fall in the level compared with that of 2007. As a consequence the Central Bank lowered the stipulated minimum interest rate on deposits on two occasions, and in December 2008 it reduced the rate offered on the discount window. In **Belize**, M2 expanded by



13.3 per cent to BZ\$1,966.6m buoyed by a 22.2 per cent increase in quasi money. Commercial bank loans and advances rose by 8.9 per cent to BZ\$1,723.3m, associated with a 10.6 per cent increase in lending to the private sector. In **Guyana**, M2 expanded by 12.7 per cent underpinned by strong increases in both narrow money and quasi money. Excess liquidity in the commercial banking system increased, resulting in a downward trend in interest rates. The focus of monetary policy was on the effective management of excess liquidity in the financial system. In **Jamaica** growth in the monetary base decelerated to 9.6 per cent from 12.6 per cent in 2007, congruent with the overall contraction in economic activity and relatively tighter monetary conditions. In response to elevated inflation and instability in the domestic financial market, the Bank of Jamaica undertook a suite of monetary policy actions with the aim of increasing the supply of foreign currency, facilitating the flow of credit and reducing volatility in the foreign exchange market. In **Trinidad and Tobago**, M2 growth accelerated, increasing by 16.7 per cent during the first nine months of 2008 (the latest available data) relative to the 12.7 per cent increase in the corresponding period in 2007, mainly reflecting an expansion in narrow money. Credit to the private sector rose by 11.8 per cent, a reduced rate compared with growth of 19.7 per cent during 2007, partly as a result of an increase in commercial bank interest rates. Larger net injections by the central government contributed to a build-up of excess liquidity in the financial system. The Central Bank of Trinidad and Tobago intensified its open

market operations to absorb the excess liquidity. The Central Bank also employed a range of monetary policy tools during the year in an effort to contain inflation. These included increasing its repo rate (three times by a total of 75 basis points) to 8.75 per cent at end September; and raising its reserve requirement (on three occasions) moving from 11.0 per cent in February to 17.0 per cent in November 2008.

Outlook

The challenges faced by all the member countries in 2008 are likely to persist in 2009 as the global economic and financial crisis deepens. In the **Bahamas**, tourism and foreign direct investment related activities are likely to remain subdued. As a result, domestic unemployment is expected to increase in 2009. The overall fiscal deficit and public sector debt to GDP ratios are expected to increase as government's revenue is likely to weaken in 2009, while expenditure on infrastructure and social assistance programmes is projected to increase. In **Barbados**, an economic downturn is projected as activity in the traded sector is forecasted to decline based on a likely fall in both stay-over and cruise ship passenger arrivals. The fiscal outturn is expected to worsen as the economic slowdown is likely to restrain growth in revenue and the payment of salary increases to public servants will result in an increase in current expenditure. The external position is expected to improve as declining world prices for some commodities would lead to lower import payments. In **Belize**, economic growth is



projected to decelerate to 1.8 per cent from the 3.3 per cent recorded in 2008, based on a likely contraction in activity in tourism, construction and distributive trades. Consistent with the economic slowdown, the external current account deficit is projected to fall to 9.7 per cent of GDP from its current ratio of 11.1 per cent of GDP, based on a narrowing of the merchandise trade deficit. The

Guyanese economy is projected to grow by 4.7 per cent in 2009, with growth driven by the agricultural, engineering and construction, and services sectors. Inflation is forecasted to moderate to 5.2 per cent. The outlook for the **Jamaican** economy is for a decline in GDP, higher unemployment, tighter credit conditions and a moderation in inflationary pressures.



DOMESTIC ECONOMIC DEVELOPMENTS

Overview

The pace of economic activity in the Eastern Caribbean Currency Union (ECCU) slowed considerably in 2008 relative to 2007, in the wake of the global economic and financial crisis. Based on provisional estimates by the ECCB, real GDP for the currency union increased at the reduced rate of 1.7 per cent compared with a 5.2 per cent expansion in 2007. The slow down stemmed from a deceleration in the rate of growth in value added for construction, transportation, government services, banks and insurance, transportation and communications, together with declines in output in the manufacturing, wholesale and retail trade, and hotels and restaurants sectors. The overall slow down in GDP growth for the ECCU, however, masked improved performances in Dominica, Montserrat and Saint Lucia where output increased at an accelerated pace. Of the other member countries, growth slowed in Antigua and Barbuda, Grenada, and St Kitts and Nevis; while in Anguilla and St Vincent and the Grenadines output contracted. Changes in real GDP ranged from negative 0.5 per cent in Anguilla to 6.2 per cent in Montserrat. Inflationary pressures eased somewhat during 2008 partly as a result of a fall in international oil prices in the latter half of the year. Consumer prices rose by 4.8 per cent, compared with 5.5 per cent during 2007.

The combined overall deficit on the fiscal operations of member governments narrowed, reflecting an increase in official grant inflows and a reduction in capital expenditure. The outstanding public sector debt rose during 2008, as a result of an increase in domestic borrowing. In the banking sector, growth in monetary liabilities and domestic credit decelerated, while net foreign assets contracted. Liquidity in the commercial banking system tightened, as growth in credit outpaced that of deposits. The weighted average interest rate spread narrowed to 6.77 percentage points. An overall deficit was recorded on the external accounts, in contrast to surpluses realised in the previous two years, largely reflecting an increase in the current account deficit combined with a fall in the surplus on the capital and financial account.

Real GDP is likely to stagnate in 2009 and there are significant downside risks. The ongoing global economic and financial crisis is forecasted to adversely affect tourist arrivals, private remittances and foreign direct investment inflows which have been an important source of finance for major private sector construction projects. These factors are likely to result in a reduction in domestic output.

Output

Construction activity, which provided significant impetus for growth in recent years, is estimated to

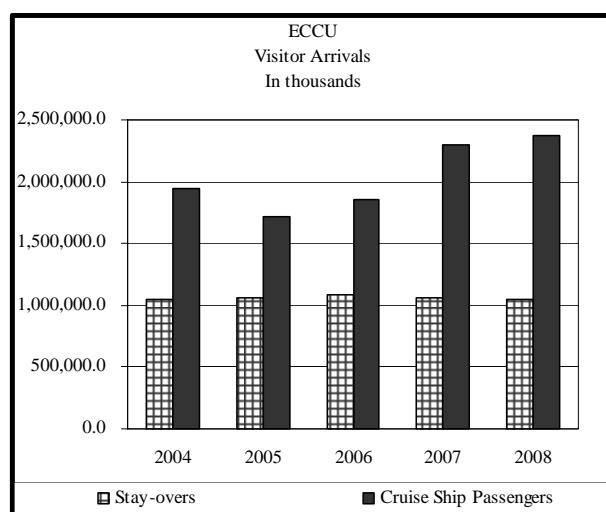


have decelerated in 2008. Growth in value added in the construction sector is estimated to have slowed to 4.0 per cent from 6.0 per cent in 2007. However, the sector's share of GDP increased to 13.6 per cent from 13.3 per cent in the previous year.

On an individual country basis, the pace decelerated significantly in Anguilla where growth in value added for that sector fell to 6.6 per cent from 65.7 per cent in 2007. This performance was attributed to the completion of major public sector infrastructure projects and a slow down of work on some major private sector tourism-related projects that encountered financing difficulties in the wake of the global crisis. Slower rates of growth were also recorded in Antigua and Barbuda and St. Vincent and the Grenadines, while in Dominica and St Kitts and Nevis, the rates quickened. In Saint Lucia and Montserrat, construction activity increased following a decline in 2007, while for Grenada activity continued to contract.

During 2008 private sector construction activity in the ECCU focussed on tourist accommodation, including hotels and condominiums, and on commercial buildings and residential properties. In the public sector, major projects included rehabilitation and construction of sports facilities in Antigua and Barbuda and St Kitts and Nevis, airport expansion in Antigua and Barbuda and St Vincent and the Grenadines, as well as road repairs and rehabilitation in most of the countries.

Tourism activity remained sluggish during 2008. Value added in the hotels and restaurants sector, an indicator of tourism activity, is estimated to have decreased by 2.2 per cent in 2008, following a 0.6 per cent contraction in 2007. This outturn was associated with a 1.7 per cent decline to 1.1million in the number of stay-over arrivals, attributable to a combination of factors including increased airfares and competition from emerging tourism markets, reduced airlift, as well as the global economic and financial crisis which led to a fall in disposable income and a decrease in travel. The number of stay-over visitors from the USA and the Caribbean fell for the second consecutive year, contracting by 1.6 per cent and 1.2 per cent respectively. Arrivals from the UK fell by 2.8 per cent, following a 10.8 per cent increase in 2007 associated with Cricket World Cup (CWC) 2007. Stay-over arrivals from Canada rose by 20.9 per cent, partly on account of increased airlift and favourable economic conditions in that market.



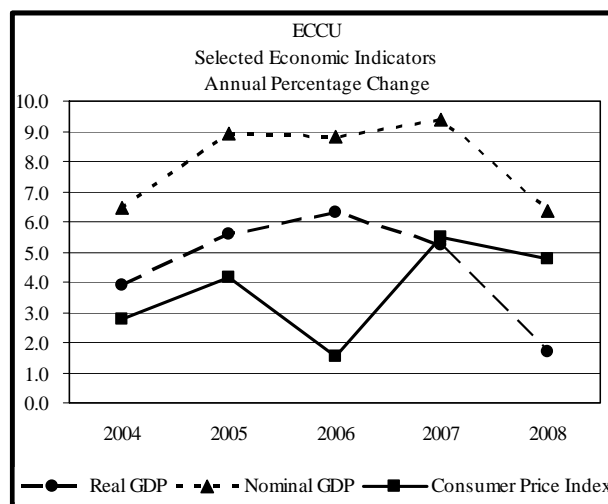
Of the other categories of visitors, growth in cruise passenger arrivals slowed to 3.0 per cent from 24.3 per cent in 2007. Yacht passenger and excursionist arrivals fell by 36.2 per cent and 30.5 per cent respectively, compared with declines of 6.5 per cent and 5.5 per cent in 2007. Overall, total visitor arrivals to the ECCU fell by 0.9 per cent to 3.6 million, following a 12.9 per cent increase in 2007.

Agricultural activity strengthened in 2008, with value added in that sector increasing by 4.3 per cent, well above the 2.8 per cent rate in 2007. Activity was buoyed by increases in crop and livestock production. The increase in crop production stemmed in part from growth of 10.8 per cent to 58,275 tonnes in banana output, and was particularly strong in Saint Lucia and Dominica as the industry continued to recover from hurricane damage in 2007. Saint Lucia, St. Kitts and Nevis and Montserrat were the main contributors to the increase in livestock production.

Weak external demand and elevated input costs contributed to a decline in manufacturing activity in 2008. Value added in that sector contracted by 6.6 per cent following growth of 2.5 per cent in 2007. Manufacturing output fell substantially in Dominica (31.3 per cent), attributable to a decrease in output of beverages and the discontinuation of dental cream production. In St Vincent and the Grenadines, output fell by 9.9 per cent on account of the loss of export markets for flour and animal feed. Manufacturing activity also fell in Grenada (8.8 per

cent), St. Kitts and Nevis (5.0 per cent) and Saint Lucia (3.4 per cent).

Among the other sectors, increases were recorded in banking and insurance (4.1 per cent), electricity and water (3.0 per cent), government services (3.8 per cent), communications (2.9 per cent) and transportation (1.3 per cent) albeit at reduced rates. Value added in the wholesale and retail trade sector contracted by 0.2 per cent.



Prices, Wages and Employment

Price pressures moderated in the ECCU during 2008. The consumer price index (CPI) increased by 4.8 per cent, compared with 5.5 per cent in 2007, on an end of period basis. Rising international food and other commodity prices contributed to increases in most of the sub-indices. The food sub-index, the largest weighted, rose by 9.6 per cent, largely reflecting increases in prices of cereals, dairy products, oils and fats. Prices in the medical care and expenses sub-index rose by 9.7 per cent on



average, largely influenced by increases in the cost of medical products and outpatient, medical and paramedical services in Saint Lucia. The fuel and light sub-index, however, fell by 4.0 per cent, following a 13.5 per cent increase during 2007, reflecting the fall in international fuel prices during the second half of 2008. On an individual country basis, inflation rates were lower than in 2007 for Antigua and Barbuda, Dominica, Grenada and Saint Lucia, while rates increased in the other countries. Inflation rates ranged from 1.9 per cent in Dominica to 8.7 per cent in St. Vincent and the Grenadines.

Information on labour cost developments in 2008 indicate that public sector wages and salaries increased in all member states except St. Kitts and Nevis. Increases in civil servants' wages and salaries were observed in Antigua and Barbuda (10.0 per cent); Saint Lucia (7.0 per cent); Anguilla (ranging from 10.0 per cent to 25.0 per cent); Grenada (ranging from 3.0 per cent to 5.0 per cent); Dominica (2.0 per cent); and St Vincent and the Grenadines (5.0 per cent). Complete data on private sector wages are unavailable. The available information indicates that in St. Kitts and Nevis the statutory minimum weekly wage was increased by 28.2 per cent to \$320.00 in August 2008. The minimum wage also increased in Dominica, at different rates for various categories of industrial workers.

Official data on employment in the ECCU are unavailable. However, the level of employment is estimated to have fallen in 2008, particularly in the

tourism industry and manufacturing sector. This assessment is based on the deceleration in construction activity and reports of lay-offs at some hotels and manufacturing companies during the second half of the year, associated with the slow down in the global economy.

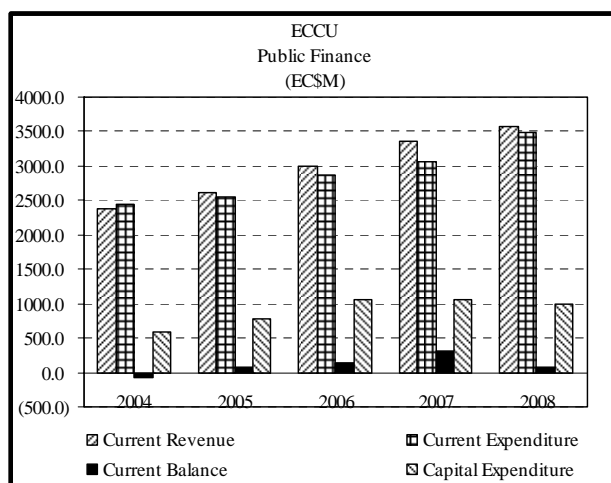
Central Government Fiscal Operations

Preliminary data on the fiscal operations of the central governments indicate that the overall deficit fell by 4.9 per cent to \$443.6m. As a percentage of GDP, the deficit contracted to 3.5 per cent from 3.9 per cent in 2007. The smaller deficit was largely as a result of a substantial increase in grant receipts and a fall in capital expenditure. As a consequence, the primary balance (that is, the difference between revenue and expenditure excluding interest payments), shifted to a surplus of \$1.1m from a deficit of \$51.1m in 2007. Among the member states, smaller overall deficits were observed for Saint Lucia and St. Vincent and the Grenadines; in Dominica the surplus remained relatively stable; in St Kitts and Nevis a surplus was realised in contrast to a deficit in 2007; and in Anguilla, Antigua and Barbuda, Grenada and Montserrat larger overall deficits were recorded.

Grant receipts (both current and capital) increased by 57.4 per cent to \$400.3m (3.2 per cent of GDP), largely reflecting higher inflows to Dominica, Grenada, St Vincent and the Grenadines and St Kitts and Nevis. These grant inflows were directed at various public sector projects and programmes,



including housing development, upgrading sporting and fishing facilities, hurricane-related rehabilitation, as well as social safety net and poverty reduction programmes.



Capital expenditure fell by 6.9 per cent to \$985.8m (7.8 per cent of GDP), reflecting the slow down in the pace of public sector construction activity from the elevated level in 2007. Saint Lucia, St. Kitts and Nevis and Antigua and Barbuda were largely responsible for the fall in capital expenditure in 2008 as major projects associated with CWC 2007 were completed in the previous year. In Dominica, however, capital expenditure increased by 38.0 per cent, largely associated with airport upgrading, schools and road network, as well as housing development.

The central governments realised a current account surplus of \$77.5m (0.6 per cent of GDP), substantially below that of \$303.2m (2.5 per cent of GDP) in 2007. This outturn stemmed from strong growth in expenditure relative to the increase in

revenue. Current expenditure rose by 14.3 per cent to \$3,491.0m, well above the 6.6 per cent rate in 2007. Growth in expenditure on personal emoluments was substantial, 12.0 per cent compared with 9.0 per cent in 2007, reflecting salary increases to civil servants by some member governments. Outlays on transfers and subsidies rose by 23.0 per cent (\$143.2m), as a number of governments expanded their social safety net programmes to cushion the impact on consumers of rising commodity prices and the global financial and economic crisis. Increased pension payments and retirement benefits as well as larger transfers to public entities in some member states also contributed to the higher level of outlays on transfers and subsidies. Payments for goods and services were 15.2 per cent above the total in 2007, partly attributable to increases in electricity rates and commodity prices, particularly fuel prices in the first half of the year.

Current revenue grew by 6.3 per cent to \$3,568.8m, a reduced rate compared with 11.8 per cent in 2007. This outturn largely reflected the slow down in the pace of economic activity, and the impact of policy interventions including the granting of concessions to mitigate the adverse effects of rising commodity prices. Growth in tax revenue fell to 5.6 per cent from 12.3 per cent in 2007. Receipts from taxes on domestic goods and services rose by 11.7 per cent, largely attributable to increased collections from the sales tax in Antigua and Barbuda and the value added tax in St Vincent and the Grenadines. Collections from taxes on income and profits also



rose, driven in part by salary and wage increases. The overall growth in tax revenue was tempered by a 3.0 per cent decline in revenue from taxes on international trade and transactions, reflecting a fall in the yield from consumption taxes and the customs service charge. This outturn was linked in part to the decision by some governments to reduce, or remove in some instances, the import duty and customs service charge on a number of essential food items. Non-tax revenue rose by 12.9 per cent, reflecting increased land sales and larger collections of interest, dividends and rent.

Public Sector Debt

The total stock of outstanding public sector debt of the ECCU member countries stood at \$11,459.1m at the end of 2008, an increase of 2.5 per cent on the level at the end of 2007. As a percentage of GDP, however, the debt fell to 90.4 per cent from 93.2 per cent in the previous year. The larger stock of debt was attributed to growth of 2.4 per cent to \$9,280.9m in central government debt, mainly domestic debt. Increased borrowing on the Regional Government Securities Market (RGSM) by some member governments contributed to the expansion in domestic debt. In line with the higher level of outstanding debt, debt service payments by central government rose by 13.3 per cent to \$897.3m compared with the total in 2007. The domestic debt of public corporations also rose, by 5.9 per cent to \$4,230.5m. Total external debt, which accounted for 51.0 per cent of the outstanding stock of public sector debt, fell by 0.1 per cent (\$5.5m).

Monetary and Financial Developments

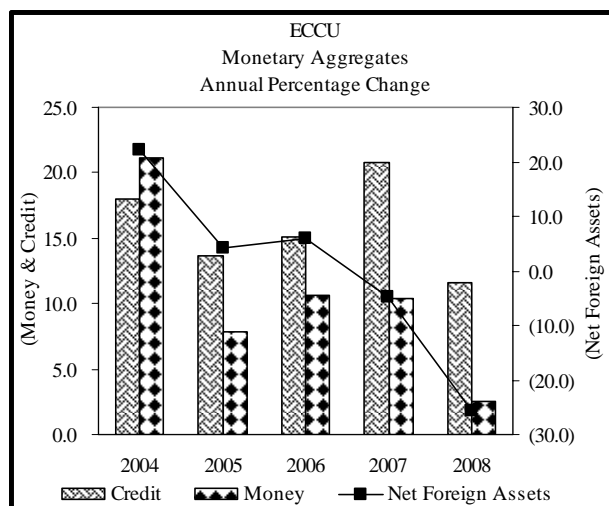
Money and Credit

Developments in money and credit during 2008 were reflective of the deceleration in economic activity. Growth in monetary liabilities (M2) slowed to 2.6 per cent from 10.4 per cent during 2007. The deceleration in M2 was traced to a slow down in the rate of growth in quasi money and a contraction in narrow money (M1). Quasi money increased by 3.6 per cent, well below the 11.2 per cent average growth rate recorded over the previous three years. The slow down was partly as a result of a 7.6 per cent decrease in private sector foreign currency deposits, reflecting to some extent the weak performance of tourism and a fall in the pace of foreign direct investment-related construction activity. In addition, private sector time and savings deposits (the other components of quasi money) grew at slower rates. M1 (comprising currency with the public and private sector demand deposits) fell by 0.9 per cent, on account of a reduction in private sector demand deposits.

Domestic credit expanded by 11.6 per cent, a significant deceleration from the 20.7 per cent growth recorded in 2007, reflecting slower rates of increases in credit to the private sector and central government. Outstanding loans to the private sector grew by 10.1 per cent, well below the 19.2 per cent rate recorded during 2007. Outstanding loans to households increased by 10.4 per cent and business credit expanded by 11.5 per cent, compared with



growth rates of 14.5 per cent and 27.0 per cent respectively during 2007.



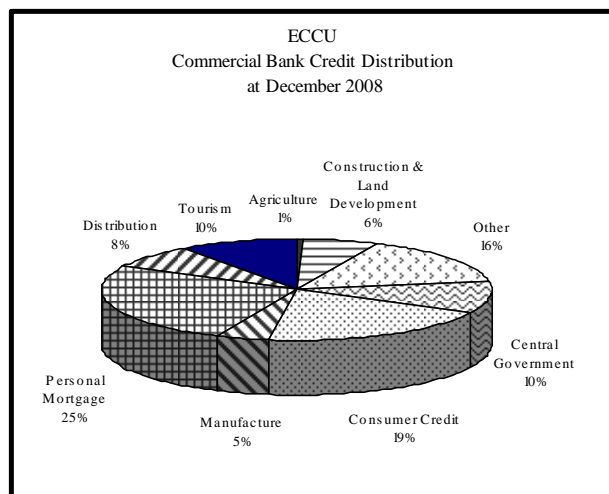
The slow down in the rate of growth in credit to businesses, reflected in part a fall in business confidence and a tightening in the terms and conditions for lending by commercial banks, in the wake of the global financial crisis. This was corroborated by a report on the Credit Market Conditions Survey, conducted with commercial banks in January 2009. The report indicates that changes in consumer and business confidence and in the banks' terms and conditions on loans to businesses were among the main factors that contributed to the decreased demand during 2008. The report also states that concerns over risks, in relation to the expected general economic situation, and head office directives on policies, in the case of the foreign branch banks, were the two main factors that contributed to the tightening in banks' lending policies. Growth in private sector credit slowed in all member countries, except St Kitts and Nevis, where the rate remained relatively stable, and

Dominica where an acceleration in the rate was observed.

Credit to the central governments rose by 9.9 per cent compared with 14.5 per cent during 2007, partly reflecting the smaller overall fiscal deficit. Central governments' deposits with the banking system rose by 2.8 per cent in contrast to a 2.1 per cent decline during 2007. In these developments the central governments' net indebtedness to the banking system rose by 18.3 per cent, at a reduced rate compared with growth of 42.9 per cent during 2007.

The distribution of credit by economic activity revealed that a major portion of the increase in credit was directed to personal use, construction and tourism activity. However, outstanding loans for those activities grew at a reduced pace, reflecting the slow-down in the economy. Credit for personal use rose by 8.3 per cent compared with 13.7 per cent during 2007, with most of the increase directed to the acquisition of property. Credit for construction increased by 27.5 per cent following a 34.5 per cent expansion during 2007, and growth in outstanding loans for tourism fell to 10.9 per cent from 39.2 per cent. By contrast, credit for distributive trades accelerated, growing by 12.6 per cent compared with 3.5 per cent during 2007. It is likely that some commercial entities had to seek working capital support from the domestic commercial banking system, as a result of the slow-down in economic activity.





The net foreign assets of the banking system fell by 25.6 per cent during 2008, following a 4.8 per cent contraction reported in 2007, partly reflecting the impact of the deterioration of global financial conditions. The net foreign assets of commercial banks fell by 77.8 per cent, much faster than the 25.7 per cent rate of decline during 2007, largely on account of a reduction in assets held abroad. Commercial banks drew down on their assets partly to fund the expansion in domestic credit and to preserve capital amidst increasing turmoil in the international financial market. The net foreign assets of the central bank also declined, by 25.6 per cent to \$2,039.8m, following a 4.8 per cent decrease during 2007, attributable in part to reduced inflows of foreign direct investment and larger import payments.

Liquidity in the commercial banking system fell during 2008. This was evidenced, in part, by a 4.1 percentage point decrease to 36.6 per cent in the ratio of liquid assets to total deposits plus liquid liabilities. The ratio of loans and advances to

deposits rose to 90.9 per cent from 85.1 per at the end of 2007.

The weighted average lending rate fell by 27 basis points to 10.11 per cent at the end of 2008, while the weighted average interest rate on deposits rose by 2 basis points to 3.34 per cent. As a consequence, the weighted average interest rate spread narrowed to 6.77 percentage points from 7.06 percentage points at the end of December 2007.

Developments on the RGSM

Activity on the Regional Government Securities Market (RGSM) expanded during 2008 relative to 2007, with increases recorded in both the volume and value of issues. The number of auctions increased by 3 to 36, and the total value of issues rose by 14.0 per cent to \$690.1m. The governments of Saint Lucia and Antigua and Barbuda increased their auctions by 4 and 1 respectively, while those of St Vincent and the Grenadines, and Grenada both reduced their issues by 1. Market activity was dominated by short-term debt, which accounted for 91.7 per cent of instruments issued, compared with 81.4 per cent during 2007. Commercial banks continued to be the major investors on the RGSM during 2008, in their capacities as both brokers and investors. Trading activity on the secondary market for government securities increased by 14.0 per cent to \$32.5m during 2008.

The average weighted yield on 91-day Treasury bills fell by 33 basis points to 5.71 per cent at the end of 2008, compared with the yield at the end of 2007.



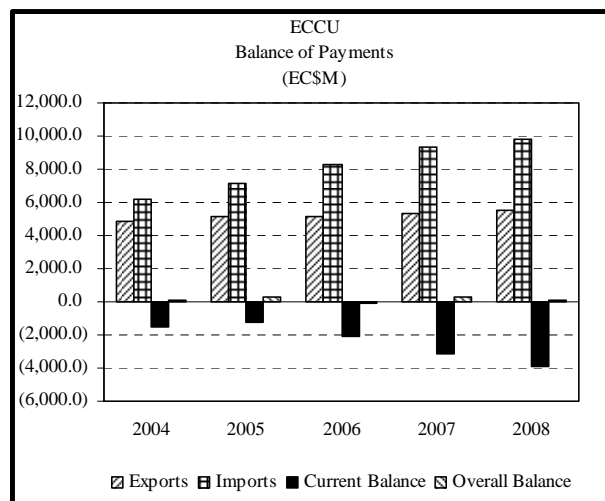
The average weighted yield on the 180-day Treasury bill and the 5-year bond also fell, by 19 basis points to 5.46 per cent, and by 2 basis points to 6.80 per cent respectively. However, the average weighted yield on the 365-day Treasury bill, at 6.50 per cent, was 3 basis points higher than the rate a year earlier. The yield on the 10-year bond fell by 4 basis points to 7.50 per cent.

Balance of Payments

Provisional data indicate that the overall balance of payments position of the ECCU deteriorated in 2008, reflecting the impact of increases in international prices of some major commodities and the global financial turmoil. An overall deficit of \$50.2m (0.4 per cent of GDP) was recorded in contrast to surpluses of \$126.4m (1.1 per cent of GDP) and \$248.1m (2.3 per cent of GDP) realised in 2007 and 2006 respectively. This outcome was influenced by a widening of the current account deficit.

The current account deficit increased to \$4,404.1m (34.7 per cent of GDP) from \$4,170.7m (34.8 per cent of GDP) in 2007, attributable to larger import payments and reduced inflows from services. Payments for merchandise imports (f.o.b.) rose by 6.5 per cent to \$7,061.7m, partly reflecting the impact of increases in international commodity prices, particularly oil during the first half of the year. Net inflows from services contracted by 5.5 per cent; largely on account of a 2.5 per cent decline to \$3,108.3m in gross travel receipts; this

was consistent with the fall in visitor arrivals, and discounting by some hotels in an effort to maintain competitiveness. In contrast, current transfers to central government rose by \$19.4m (9.5 per cent).



In the capital and financial account, net inflows of foreign direct investment are estimated to have decreased by 29.1 per cent to \$2,352.1m. This was consistent with the slow-down in direct investment-related construction activity in some member countries. Net inflows of commercial bank short-term capital more than doubled, as banks drew down on their assets abroad to finance the expansion in domestic credit and for capital preservation.

Prospects

Near term prospects for the ECCU are uncertain due to the unprecedented nature of the recent global crisis. Economic activity is expected to stagnate in 2009, based on a deterioration in global economic and financial conditions. The construction sector, which has provided the major impetus for growth in



the past three years, is likely to be adversely affected. A further decrease in FDI inflows is expected. As such, private sector construction activity is likely to contract. In the absence of major public sector construction projects, overall activity in the construction sector will decline. Tourism activity is also expected to contract, based on reduced demand for travel in the face of job losses in major source markets.

Inflationary pressures in the ECCU are likely to ease, as further decreases in oil prices are expected. In addition, prices of other commodities are likely to fall, based on reduced demand as a result of the recession in major industrialised countries.

The combined overall fiscal deficit of the central governments is likely to widen as revenue is expected to decline, in line with the contraction in economic activity, while expenditure is projected to rise. Expansions in social safety net programmes and an increase in outlays on personnel emoluments, based on recently concluded collective bargaining agreements by some member governments, are expected to result in a higher level of current expenditure. The outstanding debt of the central governments is projected to rise.

On the external accounts, the overall deficit is projected to increase, based largely on a further fall

off in FDI inflows and travel receipts. A narrowing of the current account deficit is expected as imports are likely to contract. Payments for merchandise imports are projected to decrease, based on lower prices for fuel related imports and a decrease in construction-related goods in line with the fall in construction activity. Receipts from domestic exports are likely to fall as a result of weak external demand.

Monetary liabilities and net foreign assets are expected to contract in 2009, based on the lower level of economic activity and reduced FDI inflows. Growth in domestic credit is contingent on commercial bank ability to access external resources to fund credit demand. With international credit markets basically frozen, access to resources is limited.

Uncertainty in relation to the depth and length of the global crisis poses significant downside risks to real GDP growth and fiscal sustainability in the ECCU. A further deterioration in the external environment could generate stronger negative feedback on economic activity and on monetary and credit conditions in the ECCU.



ANGUILLA

Overview

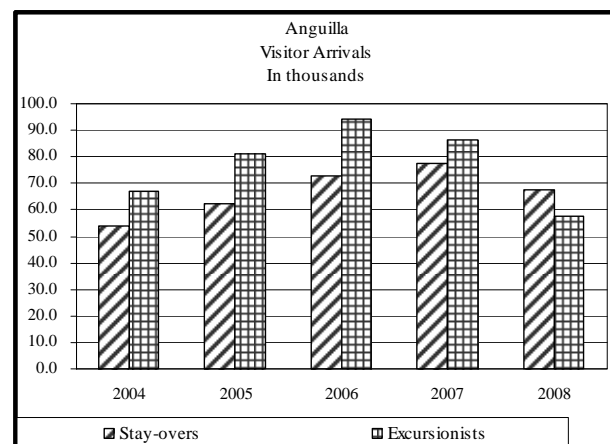
After four consecutive years of double digit growth, economic activity in Anguilla contracted in 2008. Preliminary data indicate that real gross domestic product (GDP) fell by 0.5 per cent, following growth of 21.0 per cent in 2007 and annual increases averaging 16.6 per cent in 2004 to 2007. The contraction in GDP was largely the result of a downturn in tourism activity. In addition, the pace of construction activity slowed as a number of major projects were completed and work on others was halted or reduced due to financing difficulties associated with the global financial crisis. Consumer prices are estimated to have increased by 5.9 per cent. The central government's fiscal operations resulted in a larger overall deficit, attributable to an increase in current expenditure coupled with a decline in current revenue. The total outstanding public sector debt increased. Monetary liabilities and net foreign assets contracted, while domestic credit expanded. Commercial bank liquidity tightened, and the weighted interest rate spread between loans and deposits narrowed.

In 2009 real GDP is projected to contract by 4.2 per cent based on a likely reduction in visitor arrivals and a fall in construction activity. The risks to the outlook for 2009 are heavily tilted to the downside. A more protracted economic recession in advanced economies will result in a further contraction in inflows of foreign direct investment and visitor

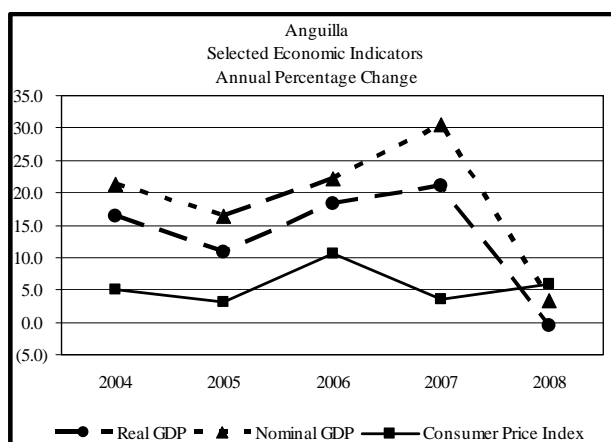
arrivals; this will have increased negative spillover effects on the economy of Anguilla.

Output

Tourism activity, as proxied by value added in the hotels and restaurants sector, contracted by 12.7 per cent in 2008, in contrast to a 6.4 per cent expansion in 2007. Consequently, the share of the hotels and restaurants sector in GDP fell to 24.5 per cent from 28.0 per cent in 2007. This downturn was largely on account of a 12.7 per cent reduction to 67,786 in stay-over arrivals, largely reflecting the impact of the global financial and economic crisis. Declines were recorded in all the major source markets. Stay-over arrivals from the USA, the largest market, fell by 11.3 per cent. The number of visitors from the United Kingdom, Canada and the Caribbean also decreased, by 19.6 per cent, 21.0 per cent and 7.3 per cent respectively. The decline in visitor arrivals from the Caribbean was partly attributed to the high cost of regional air travel. The number of excursionists fell by 33.1 per cent to 57,830.



The pace of activity in the construction sector decelerated in 2008, with growth in value added for construction falling to 5.8 per cent from 65.7 per cent in 2007. However, the contribution of the construction sector to GDP rose to 25.4 per cent from 24.0 per cent in 2007. The deceleration in activity was attributed to the completion of work on the Valley road and other infrastructural projects in the public sector and a slow-down of construction work on some major private sector projects that encountered financing difficulties following the onset of the global financial crisis.



The poor performance of the tourism industry and the slow-down in the pace of construction activity impacted adversely on some of the other sectors in the economy. Value added in the transportation, and wholesale and retail trades sectors declined by 4.7 per cent and 3.5 per cent respectively, following expansions of 28.4 per cent and 9.1 per cent in 2007. In the other service sectors value added for banks and insurance, which accounted for 16.9 per cent of GDP, increased by 6.0 per cent compared with 15.0 per cent in 2007; and that for communications

expanded by 3.0 per cent, well below the 18.6 per cent rate of increase in 2007. Government services, which accounted for 10.2 per cent of GDP, is estimated to have expanded by 5.0 per cent following a 1.1 per cent decline in 2007.

Prices, Wages and Employment

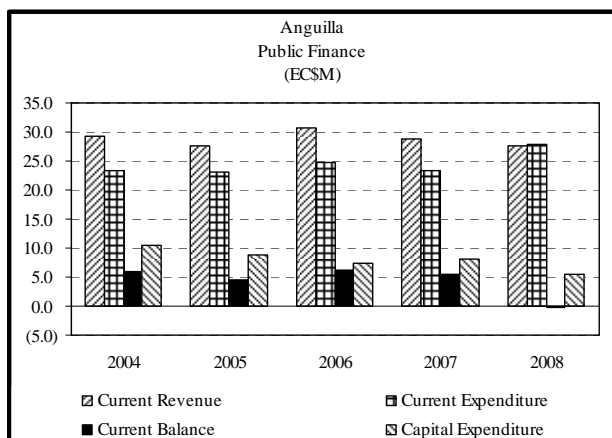
The rate of inflation, as measured by the change in the consumer price index (CPI), was 5.9 per cent during 2008 compared with 3.5 per cent in 2007. The higher rate reflects the impact of increases in prices of international oil and other commodities, particularly in the first half of 2008. Of the sub-indices, the food sub-index, the largest weighted, rose by 15.0 per cent, primarily attributable to increases in the price of flour (49.2 per cent), wheat (69.2 per cent) and rice (61.5 per cent). The second largest contributor to the rise in the inflation rate was the fuel and light sub-index which rose by 10.0 per cent, largely as a result of increases in international fuel prices during the first nine months of 2008.

Wages in the public sector rose in 2008. Various categories of public servants received salary increases of 10.0 per cent, 15.0 per cent and 25.0 per cent in September. Data are not readily available on private sector wage movements. Based on the fall in visitor arrivals and the slow down in the pace of construction activity in 2008, it was unlikely that private sector wages increased overall. Official data on employment for 2008 are not available. It is estimated that unemployment increased, as economic activity contracted.



Central Government Fiscal Operations

Preliminary data suggest that the central government’s fiscal operations resulted in an overall deficit of \$29.5m (4.0 per cent of GDP) compared with the deficit of \$15.6m in 2007. The larger deficit stemmed from an increase in current expenditure and a fall in current revenue. A primary deficit (after grants) of \$21.5m (3.7 per cent of GDP) was estimated, more than double that of \$8.5m recorded in 2007. The overall deficit was financed from both domestic and external sources.



Strong growth in expenditure coupled with a fall in revenue led to a shift in the current account balance to a deficit of \$2.5m in 2008 from a surplus \$40.0m in 2007. Current expenditure grew by \$35.7m to \$206.7m (27.9 per cent of GDP), due primarily to larger outlays on personal emoluments and transfers and subsidies. Expenditure on personal emoluments was 22.4 per cent (\$15.3m) above the total in 2007, as a result of salary increases to public servants, including parliamentarians, in September 2008. Outlays on transfers and subsidies grew by 34.2 per

cent (\$14.2m), largely reflecting transfers to the National Health Authority. Expenditure on goods and services increased by 11.3 per cent (\$6.1m), primarily associated with the higher cost of international oil.

Current revenue declined by 2.9 per cent to \$204.4m (27.5 per cent of GDP), consistent with the contraction in economic activity. Current revenue fell short of the budgeted amount of \$246.0m. Receipts from all tax categories fell. Collections from taxes on domestic goods and services decreased by 7.2 per cent; this was due mainly to a 27.0 per cent decline in stamp duties, largely from sale of properties on account of the deterioration in global and domestic economic conditions. Revenue from taxes on international trade and transactions decreased by 4.3 per cent, attributable to a 6.0 per cent decline in collections from import duties.

There was a marked decrease in capital expenditure, which fell by 37.4 per cent to \$36.9m, equivalent to 5.5 per cent of GDP, down from 10.4 per cent of GDP in 2007. The fall in capital expenditure was attributed in part to the completion of some projects and the significant shortfall in revenue collections which led to the postponement of some projects in the capital investment programme for 2008.

Public Sector Debt

Based on provisional data, the total stock of public sector debt stood at \$170.9m at the end of 2008,



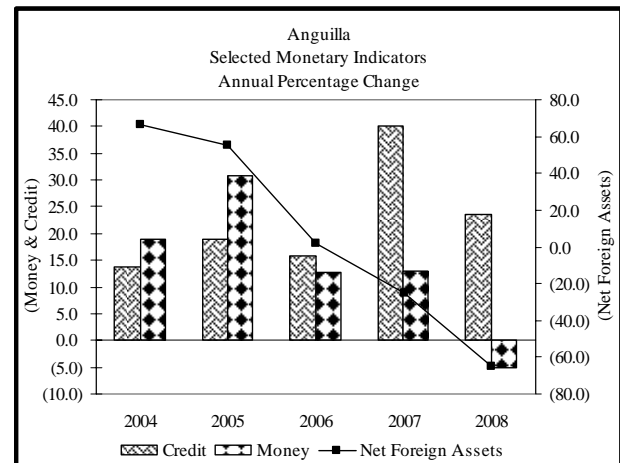
representing a 21.0 per cent increase on the level at end of 2007. The public sector debt as a percentage of GDP rose to 23.0 per cent from 19.3 per cent at the end of 2007. The increase in the public sector's indebtedness stemmed in part from growth of 23.5 per cent to \$149.6m in the outstanding stock of central government debt, reflecting the deterioration in the fiscal operations. The outstanding stock of debt of the public corporations also rose, by 5.8 per cent to \$21.2m.

Money and Credit

Consistent with the fall in economic activity, monetary liabilities (M2) declined by 5.1 per cent to \$1,102.1m, reflecting reductions in both narrow money (M1) and quasi money. M1 fell by 3.8 per cent (\$2.0m) on account of a \$4.9m decrease in private sector demand deposits; this was partly offset by a \$2.9m increase in currency with the public. A 5.2 per cent decline in quasi money resulted from reductions of 32.9 per cent and 3.3 per cent in private sector time and foreign currency deposits respectively; private sector savings deposits, the other component, grew by 5.2 per cent.

Domestic credit expanded by 23.7 per cent, largely driven by increased credit demand by the central government and the private sector. Net credit to the central government rose by 61.6 per cent (\$27.3m), attributable to strong growth in credit, particularly from the commercial banking system, as government borrowed to help finance its operations due to the shortfall in revenue collections. Private sector credit

rose by 19.0 per cent, mirroring increases of 16.4 per cent and 22.0 per cent by households and businesses respectively.



The distribution of credit by economic activity shows that the major portion of the increase in credit (64.0 per cent) was for personal use. Outstanding loans for that activity rose by 40.5 per cent (\$198.4m), largely for the acquisition of property, particularly home construction and renovation. Credit for construction more than doubled, reflecting the buoyancy in construction activity, particularly in the first half of the year. Growth in lending for tourism-related activities slowed to 6.4 per cent from 33.6 per cent, partly reflecting the downturn in tourism. Outstanding loans for distributive trades increased by 36.3 per cent (\$16.2m), with most of the increase occurring during the first half of the year.

The counterpart to the fall in M2 was a 65.3 per cent contraction to \$137.6m in the net foreign assets (NFA) of the banking system. The contraction in net foreign assets was largely attributed to a 90.2 per



cent reduction in the net foreign assets of the commercial banks, as banks drew down on their assets to meet the increased demand for credit. Anguilla’s imputed share of the ECCB’s reserves decreased by 8.6 per cent to \$110.7m.

Liquidity in the commercial banking system tightened significantly. The loans and advances to total deposits ratio increased from 85.3 per cent at end December 2007 to 103.4 per cent at end December 2008. The ratio of liquid assets to total deposits plus liquid liabilities fell by 26.0 percentage points to 29.3 per cent, and the cash reserves to total deposits declined marginally, to 6.7 per cent from 6.97 per cent at end December 2007,

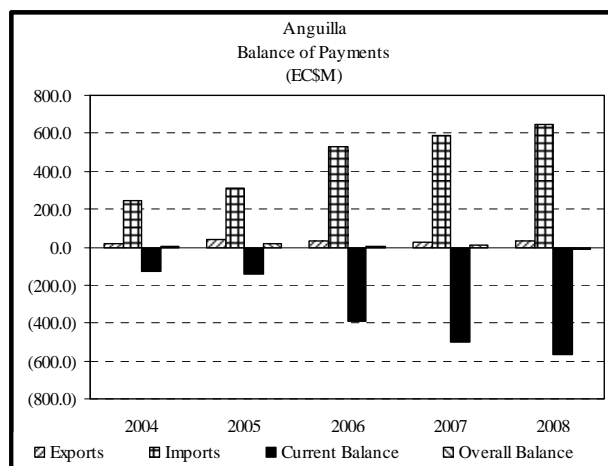
The weighted average interest rate spread between deposits and lending rates narrowed by 0.28 percentage points to 5.8 percentage points at the end of 2008 compared with end of 2007. The weighted average interest rate on deposits increased by 0.30 basis points to 3.9 per cent, as banks sought to attract deposits due to the tightened liquidity position. The weighted average lending rate increased marginally, by 0.02 basis point, to 9.7 per cent compared with the rate in 2007.

Balance of Payments

Transactions on the balance of payments resulted in an overall deficit estimated at \$10.5m (1.4 per cent of GDP) in 2008, in contrast to an \$8.2m surplus recorded in 2007. The deterioration in the overall balance was as a result of larger net outflows on the

current account. Net inflows on the capital and financial account increased, but this was insufficient to finance the expansion in the current account deficit.

The current account deficit widened to \$565.5m (equivalent to 76.2 per cent of GDP) in 2008 from \$497.2m (67.8 per cent of GDP) in 2007. The larger deficit mirrored a 9.0 per cent increase to \$614.7m in the merchandise trade deficit. A 10.0 per cent increase in import payments, emanating from the high cost of international oil and other commodities, particularly in the first half of 2008, contributed to the expansion in the merchandise trade deficit. The value of exports rose by 25 per cent to \$31.1m, on account of an increase in receipts from rum exports.



Net inflows on the services account fell by \$34.5m to \$48.6m, reflecting a decline in net travel receipts. Net travel receipts fell by 14.0 per cent (\$38.5m), in contrast to growth of 4.6 per cent in 2007. The fall was attributed to the decline in visitor arrivals.



The surplus on the capital and financial account rose to \$555.1m from \$505.4m in 2007, partly influenced by developments in the banking sector. Commercial bank activity resulted in a net inflow of \$248.3m compared with one of \$140.3m in 2007, as banks drew down on their assets abroad to finance the expansion in domestic credit. Net inflows of foreign direct investment decreased by 25.0 per cent to \$240.6m, reflecting the impact of the global credit crunch.

Prospects

A sharply deteriorating external environment poses significant challenges for the economy of Anguilla in 2009. Real GDP is expected to contract further in 2009 based on the projection for a weak performance in the economies of the major trading partner countries of Anguilla. This will adversely affect tourism and construction activity. Visitor arrivals are likely to decrease in 2009 as economic conditions, particularly in the USA and Europe, are expected to worsen. In tandem with the decline in visitor arrivals, gross travel receipts are projected to contract. Private sector construction activity is projected to slow further in 2009 as the start of major projects are likely to be postponed due to financing difficulties associated with tightening credit conditions in both the domestic and international financial markets. The slow down in

the economy's two major sectors, construction and tourism, is likely to spill over to the wholesale and retail, transport, and banks and insurance sectors.

On the fiscal accounts, a larger overall deficit is projected, based on growth in capital spending and a reduction in revenue collection as the economy contracts. Capital expenditure is expected to increase as government tries to stimulate economic activity.

Monetary liabilities and net foreign assets are expected to decline as the pace of economic activity contracts and net inflows of foreign direct investment decrease. In the external sector, a smaller merchandise trade deficit is projected, based on a decrease in import payments as economic activity weakens and international prices of some commodities, particularly oil, fall. Net travel receipts are also expected to decrease, based on a contraction in visitor arrivals.

The prospects are heavily tilted toward the downside. A deeper than projected global economic recession will cause a further contraction in real GDP in Anguilla in 2009. However, the upside is for a further decrease in international commodity prices, which is expected to have a positive impact on domestic consumer prices.



ANTIGUA AND BARBUDA

Overview

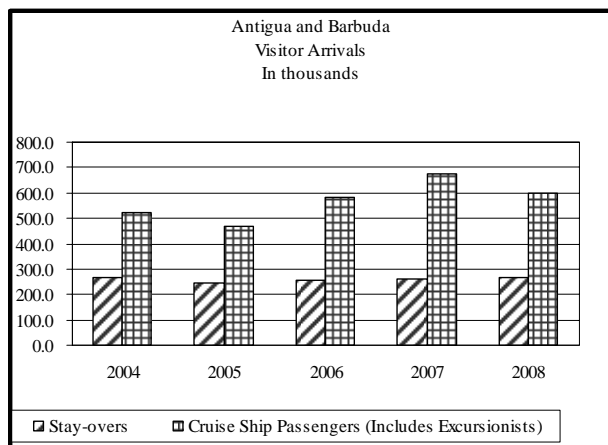
Indications are that economic activity in Antigua and Barbuda continued to expand in 2008, although at a slow rate relative to the increase in 2007. Preliminary data show that real GDP grew by 2.5 per cent in 2008, in comparison with an expansion of 6.9 per cent in 2007. The slow-down in the rate of growth largely reflected the impact of the global financial turmoil particularly in the latter half of 2008. The pace of activity in the tourism industry and construction sector, the main drivers of growth, slowed, while value added in the transportation sector, another major contributor to GDP, contracted. The consumer price index rose by 2.3 per cent during 2008, on an end of period basis. An overall deficit was recorded on the balance of payments in contrast to a surplus in 2007; this was as a result of smaller inflows on the financial and capital account and an increase in outflows on the current account. The fiscal position of the central government deteriorated, as reflected by a widening of the overall deficit. Concomitantly, the total outstanding public sector debt increased. Developments in the banking sector broadly reflected those in the real sector. Monetary liabilities expanded albeit at a slower pace, influenced by a rise in domestic credit, as net foreign assets contracted. Commercial bank liquidity fell, and the weighted average interest rate spread decreased.

The economic outlook for 2009 will be significantly influenced by conditions in the international and regional economies. The world economy is projected to experience little or no growth in 2009, as ongoing developments in the financial systems in advanced economies continue to negatively affect real sector activity. Economic activity in Antigua and Barbuda is projected to weaken further in 2009, as value added by the hotels and restaurants sector is expected to contract, while the pace of activity in other major sectors such as construction, government services and wholesale & retail trade is projected to slow. The central government is expected to incur a current account deficit on its fiscal operations, based on strong growth in expenditure associated with an expansion of the social safety net programme. In addition, the slowdown in economic activity will adversely impact revenue. The rate of inflation is projected to decrease as commodity and oil prices fall, in line with a decrease in global demand. Notwithstanding, there are a number of downside risks which could result in a further weakening of the economy. The main risk is that the recession in the USA and UK - major trading partners - may be deeper and more protracted than anticipated. On the upside, however, there is the possibility that the stimulus packages being undertaken by the USA and some other major industrial countries could lead to some recovery of those economies in the latter part of the year.



Output

Economic activity in Antigua and Barbuda was less vibrant in 2008 compared with 2007. Value added in the construction sector, the largest contributor to GDP, is estimated to have increased by 5.0 per cent, which was slightly lower than the 6.0 per cent growth recorded in 2007. Notwithstanding, the contribution of the sector to real GDP increased by 0.5 percentage point to 19.2 per cent in 2008. In the private sector the pace of activity slowed considerably, as some major tourism projects were completed while others were adversely affected by a tightening in global liquidity. Activities were concentrated on construction of private dwellings and commercial buildings, including an American university and an Epicurean mall in Woodlands. In the public sector, no major construction projects were started in 2008. Most of the work focused on repairing roads, refurbishing some schools, and completing a car park and the airport development project (phase 2).



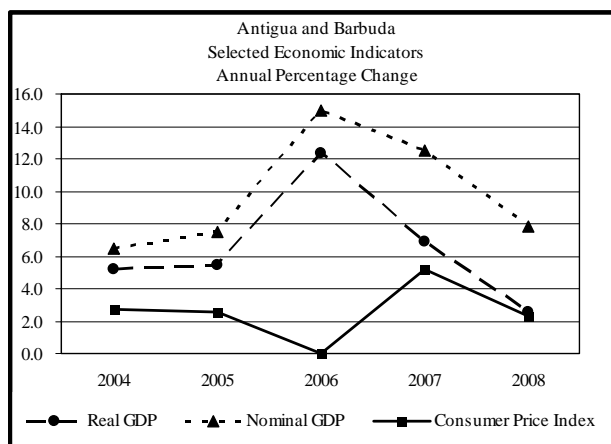
Growth in value added in the hotels and restaurants sector, an indicator of the level of tourism activity, slowed to 1.5 per cent from 4.9 per cent in 2007. Consequently, the sector's contribution to GDP fell marginally to 10.3 per cent from 10.4 per cent in 2007. The relatively weak performance in 2008 was the result of a slower rate of increase in stay-over arrivals, 1.5 per cent to 265,764 compared with growth of 3.2 per cent in the previous year, reflecting the impact of the deepening of the financial crisis in two major source markets, the USA and UK, especially in the fourth quarter. Among the major markets the performance was mixed. Arrivals from the USA, grew by 6.7 per cent compared with 7.1 per cent, while those from the UK, the largest market, fell by 7.5 per cent following an 8.1 per cent increase in 2007. The Canadian market was the most resilient, as stay-over arrivals increased by 25.7 per cent compared with 4.3 per cent in 2007. An increase in marketing and additional airlift capacity as well as a depreciation of the EC dollar in relation to the Canadian dollar contributed in part to growth in arrivals from that market. There was an upturn in the number of stay-over visitors from the Caribbean in 2008, with growth of 5.1 per cent recorded, in contrast to a decline of 13.5 per cent in 2007. The increase was linked in part to the hosting of 20-20 cricket matches by Antigua and Barbuda in 2008.

Among the other categories of visitors, the number of yacht passengers increased by 5.0 per cent, while



cruise-ship passenger arrivals decreased by 11.3 per cent as a result of less cruise ship calls.

The slow down in the pace of activity in the construction and hotels and restaurants sectors contributed to a reduction in the rates of growth in value-added for some of the other sectors. In particular, value added for banks and insurance increased by 2.3 per cent compared with 17.1 per cent in 2007. Growth in value added for wholesale and retail trade fell to 5.0 per cent from 10.1 per cent in 2007, and for communications, decreased to 5.0 per cent from 7.0 per cent.



Prices, Wages and Employment

Inflationary pressures eased during 2008, partly reflecting the fall in international oil prices in the latter half of 2008. The consumer price index (CPI) rose by 2.3 per cent (on an end-of-period basis), substantially below the 5.2 per cent rate of increase during 2007. The food sub-index, the largest weighted, increased by 10.1 per cent compared with 7.0 per cent during 2007, on account of relatively

high import prices for meats, dairy products and fruits and vegetables, as well as sustained high domestic demand pressures. Increases were also recorded for the sub-indices transport and communications (2.5 per cent) and alcoholic beverages & tobacco (5.1 per cent). The overall increase in the CPI was tempered by a decrease in the fuel and light sub-index, by 10.2 per cent, in contrast to a 19.4 per cent increase during 2007. The decline reflected the fall in oil prices on the world market, especially in the second half of the year, as well as discounting on electricity bills mainly for hoteliers.

Wages and salaries paid to public sector employees rose by 10.0 per cent, effective 01 January 2008. Although data on employment in the public and private sectors are not available, anecdotal information indicate that employment levels fell during the second half of 2008, particularly in the tourism industry. A number of hotels and restaurants laid off workers in response to falling occupancy rates and a general decline in spending by tourists.

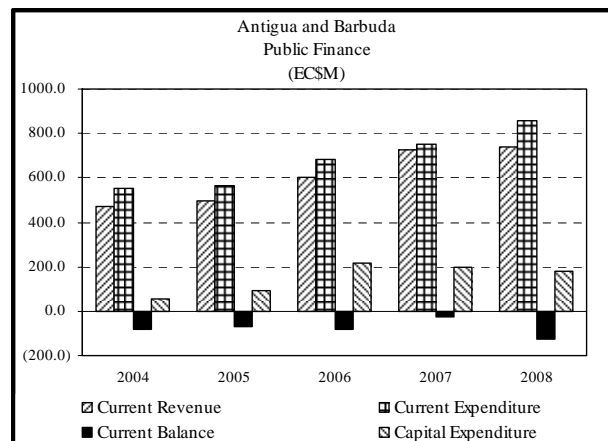
Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall deficit of \$280.6m (8.5 per cent of GDP) in 2008, which was above the revised deficit of \$200.3m (6.4 per cent of GDP) in 2007. The widening of the deficit was largely attributed to a deterioration in the current account operations.



The deficit was financed mainly by borrowing from the domestic financial system.

The current account deficit of \$122.8m (3.7 per cent of GDP) recorded in 2008, was significantly larger than the deficit of \$25.0m (0.8 per cent of GDP) in 2007. This out-turn was largely attributed to a surge in current expenditure coupled with slow growth in revenue collected. Current expenditure rose by 14.7 per cent to \$859.9m compared with an increase of 9.6 per cent in 2007. As a share of GDP, expenditure increased from 24.0 per cent in 2007 to 26.1 per cent in 2008. Increases in outlays on goods and services and transfers and subsidies were largely responsible for growth in expenditure in 2008. Outlays on goods and services grew by 22.0 per cent (\$32.4m), reflecting a combination of factors including increases in prices of goods, particularly fuel, and the expansion of the school meals and school uniforms programmes. Transfers and subsidies increased by 33.5 per cent (\$63.1m), in contrast to a 1.6 per cent decline in 2007. This reflected on expansion in social safety net programmes and other support programmes, in an attempt to cushion the effects of rising fuel and food prices and the global crisis on vulnerable groups. Expenditure on personal emoluments is estimated to have increased by 5.4 per cent, while interest payments decreased by 1.8 per cent on account of a fall in payments on the stock of domestic debt.



Current revenue increased by 1.7 per cent to \$737.1m, well below growth of 20.2 per cent recorded in 2007. As a ratio of GDP, revenue fell to 22.3 per cent from 23.2 per cent in 2007. The marked reduction in revenue growth was influenced mainly by the general slowdown in economic activity, especially in the latter half of 2008, and policy responses, including concessions to consumers on a wide range of essential food items, to cushion the impact of shocks from rising oil and food prices. Tax revenue rose marginally, as increases in receipts from taxes on property, domestic goods and services, and on income and profits were almost offset by a decline in receipts from taxes on international trade and transactions. Collections from taxes on domestic goods and services rose by 14.2 per cent to \$321.6m in 2008, compared with a more than twofold increase in the previous year following the introduction of the



Antigua and Barbuda Sales Tax (ABST) on 29 January 2007. Revenue from the ABST amounted to \$237.8m in 2008, representing a 20.7 per cent increase on the total collected in 2007. The yield from taxes on property rose by 57.9 per cent (\$5.2m), on account of the implementation of the new property tax system, which uses market-based values to assess tax liability. Meanwhile, collections from taxes on income and profits increased by 10.3 per cent (\$10.5m), driven mainly by growth in company tax receipts. Meanwhile, revenue from taxes on international trade and transactions, a major sub-category of taxes, fell by 18.1 per cent (\$54.1m). This out-turn was driven mainly by a fall in the yield from consumption taxes and the customs service charge, reflecting the decision by the government to reduce and remove in some instances, the import duty and customs service charges on a number of essential food items during the year. Non-tax revenue increased by 32.7 per cent (\$11.1m), mainly reflecting larger receipts from stamp duty associated with land sales.

Capital expenditure contracted by 10.2 per cent to \$180.0m (5.5 per cent of GDP), reflecting the completion of major works on some projects during the first half of the year. In addition, no major projects were started in 2008. Capital expenditure in 2008 focused on rehabilitating roads and schools, re-developing the airport and completing the Mount St John Medical Centre.

Public Sector Debt

The total public sector debt grew by 3.4 per cent to \$3,003.4m during 2008, but as a percentage of GDP fell to 91.0 per cent from 93.2 per cent at end of 2007. The larger debt stock was the result of an increase in the indebtedness of both the central government and the public corporations. Central government debt rose by 3.0 per cent to \$2,746.3m compared with the total at end of 2007, largely reflecting increased borrowing from the domestic market to finance the overall deficit. The outstanding debt of the public corporations rose by 7.3 per cent to \$256.4m.

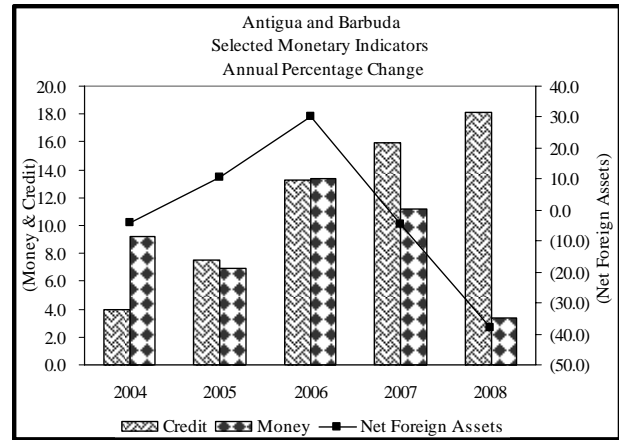
Money and Credit

Monetary liabilities (M2) grew by 3.3 per cent to \$2,843.4m during 2008, compared with an increase of 11.2 per cent in 2007. The slow down in the rate of growth reflected less vibrant economic activity and a reduction in inflows of foreign direct investment in 2008 relative to 2007. Growth was recorded for both narrow money (2.8 per cent) and quasi money (3.5 per cent). The expansion in M1 emanated primarily from growth of 6.7 per cent in currency held with the public; private sector demand deposits grew by 1.8 per cent. The increase in quasi money was attributed to growth in time deposits (8.6 per cent) and savings deposits (6.6 per cent), which more than offset a contraction of 27.8 per cent in private sector foreign currency deposits.



Domestic credit increased by 18.1 per cent to \$2597.7m, primarily as a result of an expansion in central government's borrowing. Net credit to central government increased by 75.5 per cent to \$464.2m as government borrowed from the banking system to finance the overall deficit. Central government's indebtedness to the commercial banking system rose by 40.4 per cent, while its deposits decreased by 15.2 per cent. Outstanding credit to the private sector also rose, by 8.0 per cent, mirroring increases in credit to both households (10.4 per cent) and businesses (5.4 per cent). Of the other components of domestic credit, net credit to non-financial public enterprises fell by 18.9 per cent, reflecting a decrease in credit (21.4 per cent) to these institutions combined with an increase in their deposits (6.4 per cent).

The distribution of credit by economic activity indicates strong growth in lending for construction, 40.5 per cent compared with 22.2 per cent in 2007, mirroring the buoyancy of that sector. Outstanding loans for tourism, rose by 11.0 per cent, well below the 27.1 per cent rate of growth during 2007, partly reflecting the slow down in the pace of tourism-related construction activity. Growth in outstanding loans for personal use rose to 8.4 per cent from 5.9 per cent in 2007, as credit for house and land purchase and for other personal uses, grew at relatively strong rates following decreases in 2007. Credit for the purchase of durable consumer goods increased by 5.1 per cent, roughly half the rate recorded in 2007.



The net foreign assets of the banking system contracted sharply, by 38.0 per cent (\$335.6m), mainly reflecting developments in the commercial banking sector. Net foreign assets of commercial banks decreased by 64.7 per cent (\$319.9m), mainly on account of increased liabilities to institutions within the rest of the currency union and a draw down on foreign assets. During 2008 banks borrowed abroad and drew down on their assets to finance the increase in demand for credit by the central government and the private sector.

Liquidity in the commercial banking sector fell during 2008. The ratio of liquid assets to total deposits plus liquid liabilities decreased to 41.6 per cent from 47.7 per cent in 2007. The loans to deposits ratio increased to 87.7 per cent, up from 78.9 per cent in 2007. Meanwhile, the cash reserves to deposits ratio remained virtually unchanged at 7.5 per cent.

The weighted average interest rate spread fell to 6.8 percentage points from 7.1 percentage points at the



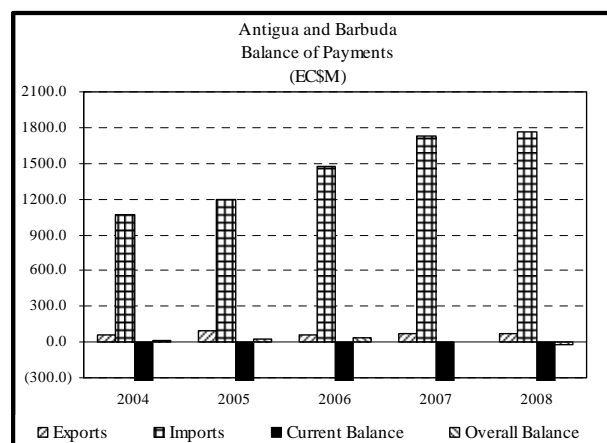
end of 2007. The overall change was attributed to movements in both deposit and lending rates. The weighted average rate on deposits increased by 2.0 basis points to 3.34 per cent, while that on loans decreased by 27.0 basis points to 10.11 per cent, partly influenced by falling mortgage rates.

Balance of Payments

An overall balance of payments deficit of \$18.2m (0.6 per cent of GDP) was recorded in 2008, in contrast to a surplus of \$2.3m (0.1 per cent of GDP) in 2007. The deterioration in the overall balance was attributed largely to a widening of the current account deficit and a decrease in net inflows on the capital and financial account.

A current account deficit of \$1,036.0m (31.4 per cent of GDP) was recorded in 2008, compared with one of \$1,024.5m (32.9 per cent) in 2007. The larger deficit mirrored in part developments on the merchandise trade account. The merchandise trade deficit widened as a result of a 2.0 per cent rise to \$1,761.9m in import payments (f.o.b), partly associated with increases in import prices, particularly of oil related products. The surplus on the services account decreased by 1.6 per cent (\$9.8m), largely reflecting an increase in net outflows for transportation and insurance services as well as a fall in gross inflows from travel. The travel account surplus fell by 2.3 per cent (\$17.4m), as gross inflows decreased by 1.1 per cent to \$902.4m, reflecting to some extent reduced spending by visitors and discounting of hotel rates by some

hoteliers in the wake of the financial and economic crisis.



On the capital and financial account, the surplus contracted by 1.0 per cent to \$1,017.7m (30.8 per cent of GDP) from \$1,026.7m (32.9 per cent of GDP) in 2007, mainly on account of a decrease in inflows of foreign direct investment. Net inflows of foreign direct investment, largely for tourism-related projects, fell by 28.9 per cent to \$684.1m, as the global credit crunch affected the funding of some major projects. This fall was partially offset by a more than six-fold increase in net inflows of commercial bank short term capital (\$273.2m), as banks drew down their assets and borrowed abroad to meet the expansion in credit demand.

Prospects

Real GDP growth is projected to decelerate further in 2009, primarily based on an expected weak performance in the tourism industry and a slow down in the pace of construction activity. With the



global economy facing a deteriorating outlook for 2009, due to strains and uncertainties caused by the on-going global financial crisis, world demand for goods and services is expected to decline. A fall in demand for travel, especially from major source markets such as the USA and UK, will severely affect stay-over arrivals to Antigua and Barbuda. In addition, recent developments in the international financial and capital markets are expected to adversely impact foreign direct investment (FDI) inflows and concomitantly tourism-related and other construction projects that are funded by such flows. This is expected to put a further damper on construction activity. The contraction in the tourism industry and slow down in the construction sector - two major drivers of economic activity - are expected to have negative spin-off effects on services-related sectors such as transport, banks and insurance and wholesale and retail trade.

The fiscal operations of the central government are projected to incur a current account deficit, as expenditure growth is expected to outstrip that of revenue. Policy initiatives, introduced in 2008 to help cushion the impact of the global recession on the economy, are expected to be maintained and some social safety net programmes are likely to be

expanded. These are projected to lead to an increase in spending on goods and services and transfers and subsidies. Revenue collections are expected to be adversely affected by the general slow-down in economic activity. Capital expenditure is projected to remain flat, based on funding constraints.

The main risks to the above projections are directly linked to developments in the international economy. If the policy actions taken by the major advanced economies fail to resolve the financial crisis, the current global recession could be much deeper and more protracted. This outcome will have a dampening effect on the demand for leisure travel and on inflows of foreign direct investment into Antigua and Barbuda. The net effect could be a sharper decline in economic activity, increased unemployment and a further deterioration of the fiscal accounts. The upside is that the aggressive monetary and fiscal policies being implemented may achieve some measure of success and the global financial conditions improve faster than anticipated. Such an outturn is likely to have positive implications for the economy of Antigua and Barbuda in the latter part of 2009.



DOMINICA

Overview

Economic activity in Dominica increased at a faster rate in 2008 relative to the outcome in 2007. Real GDP growth is provisionally estimated to have increased by 3.2 per cent compared with 1.8 per cent in 2007. Growth was mainly driven by robust construction activity and a rebound in the agricultural sector. Consumer prices rose by 1.9 per cent during 2008. The central government's fiscal operations generated an overall surplus, reflecting increases in revenue and grant inflows. Total outstanding public sector debt contracted, mainly associated with a decline in the external debt stock. In the banking system, monetary liabilities rose, partly attributable to growth in domestic credit. Commercial bank liquidity declined, but remained at a high level. The weighted average interest rate spread between loans and deposits narrowed. In the external sector, a larger overall deficit was recorded, influenced by increased outflows on the current account.

Economic activity is expected to increase in 2009, albeit at a slower pace relative to the outturn in 2008. The fiscal position of central government is likely to deteriorate. In the external sector, an overall deficit is forecasted. The prospects are contingent on developments in the USA and other advanced economies.

Output

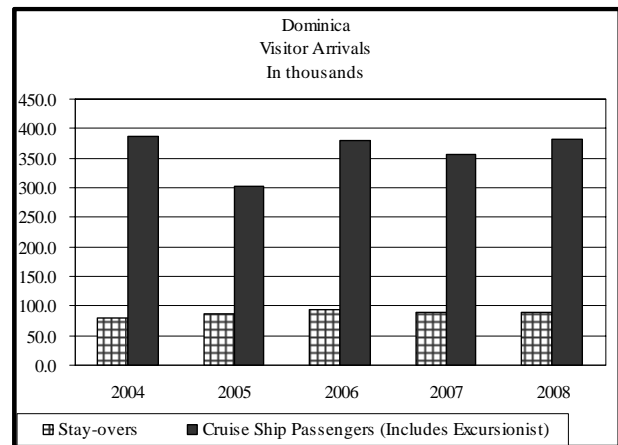
The construction sector remained a major driver of economic activity in 2008, with value added increasing by 15.0 per cent compared with growth of 12.1 per cent in 2007. The sector's contribution to GDP rose by 1.0 percentage point to 9.3 per cent. Growth in the construction sector was fuelled mainly by public sector activity on projects, such as the Melville Hall Airport Air access improvement, housing development, the road improvement and maintenance project (RIMP), the Roseau road reinstatement project and the first phase of the Canefield to Melville Hall road. The expansion in activity was also associated with reconstruction work on infrastructure that sustained damage during the passage of hurricanes Dean and Omar in August 2007 and October 2008 respectively. Private sector residential construction expanded, partly evidenced by a 4.3 per cent increase in commercial bank credit for home construction and renovation. A 28.2 per cent increase in the value of imported construction materials mirrored to some extent, the higher level of construction activity. In line with the developments in construction, value added in the mining and quarrying sector, and wholesale and retail trade rose by 3.2 percentage points and 2.8 percentage points respectively, relative to the corresponding period in 2007.



In the agricultural sector, value added increased by 5.4 per cent, in contrast to a reduction of 5.2 per cent in 2007. The sector's contribution to GDP rose to 16.1 per cent from 15.7 per cent in 2007. The upturn in the sector was associated with a 21.0 per cent expansion in banana production, reflecting initiatives to restore output to pre-hurricane Dean levels. Those initiatives included government's provision of a subsidy on the cost of inputs. The output of other crops increased by 16.0 per cent. Those increases were tempered by a decline of 2.5 per cent in the fishing sub-sector, stemming from damage to fishing vessels, equipment and infrastructure by hurricane Omar in October 2008.

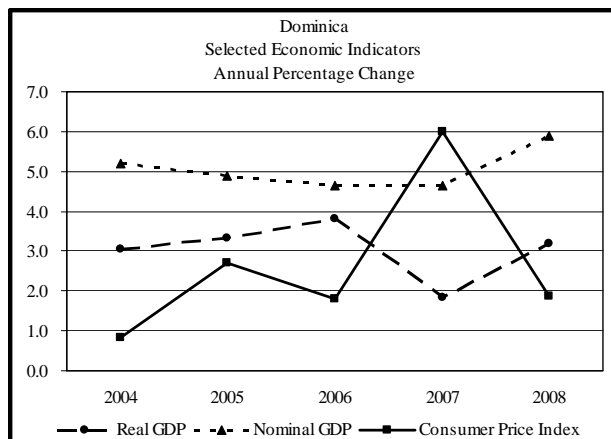
Value added in the tourism industry rebounded by an estimated 2.1 per cent, following a contraction of 5.0 per cent in 2007. The increase was attributed to positive developments in both stay-over arrivals and cruise passenger visitors. Strong growth in stay-over arrivals was observed in the last quarter, partly as a result of cultural activities and music events organised to commemorate the country's 30th anniversary of independence. Growth in arrivals from all major source markets was recorded in 2008. The most notable increases were registered in visitors from Canada (2.5 per cent), UK (1.5 per cent) and Europe (1.1 per cent); arrivals from the USA and Caribbean rose marginally. In the other categories of visitors, cruise passenger arrivals increased by 7.4 per cent to 380,671 – a turnaround from the 6.6 per cent decline in 2007, attributable to inaugural visits by larger cruise vessels. The

number of excursionists is estimated to have remained relatively stable. In line with the increase in construction activity and visitor arrivals, value added for transportation rose by 7.0 per cent compared with growth of 4.3 per cent in 2007.



Value added in the manufacturing sector is estimated to have contracted by 31.3 per cent, following a decline of 3.8 per cent in 2007. The decline was primarily attributed to the discontinuation of dental cream production in September 2007. The output of beverages fell by 3.1 per cent, partly associated with lower export demand. Those decreases were tempered by a 5.4 per cent increase in the production of soap, as resources were redirected to this product line following the discontinuation of dental cream production by the company.

Among the other sectors, increases in value added were recorded for electricity and water (4.3 per cent), banks and insurance (2.5 per cent) and government services (1.7 per cent).



Prices, Wages and Employment

Inflationary pressures declined during 2008, partly influenced by a fall in international oil prices in the latter part of the year. The consumer price index rose by 1.9 per cent on an end of period basis compared with a rate of 6.0 per cent recorded during 2007. A notable decline was observed in the fuel and light sub-index, which in turn tempered the increases in other major sub-indices. The fuel and light sub-index fell by 25.9 per cent, in contrast to the 24.1 per cent rate of increase recorded during 2007. This outturn mirrored a decline in the cost of electricity and downward adjustments in the price of petroleum products on the local market. The transport and communications sub-index declined by 2.9 per cent, consistent with the fall in the price of fuel. The food sub-index, the largest weighted, rose by 8.8 per cent, mainly attributable to increases in the price of dairy items, oil and fat products and cereals. The household furnishings and supplies sub-index grew by 8.2 per cent, largely on account of increases in costs of household services and kitchen equipment. A rise in the cost of household

repairs and higher rent led to a 6.5 per cent increase in the housing sub-index.

Information on wage movements in the public sector indicates that police and teachers received a 2.0 per cent salary increase in July 2008. Other public servants were awarded retroactive payments in December 2008, comprising 1.0 per cent and 2.0 per cent salary increases for the financial years July 2007 to June 2008, and July 2008 to June 2009 respectively. In the private sector, the minimum wage was increased for different categories of industrial workers in June 2008.

The total number of persons employed in the public service increased by 1.2 per cent to 3,911 in 2008. The number of non-established workers rose by 2.7 per cent to 773, while that of established workers increased by 1.0 per cent to 3,055. However, the number of contractual officers declined by 5.7 per cent to 83.

Official data on employment in the private sector are not available. However, it is likely that construction-related employment rose on the basis of robust activity in the sector.

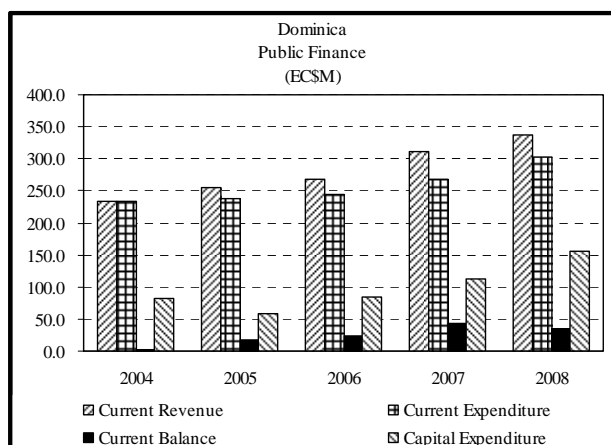
Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall surplus of \$9.2m (0.9 per cent of GDP) in 2008, relatively on par with the surplus recorded in the preceding year. The surplus was attributed to growth in revenue and an expansion in



capital grants. A primary surplus of \$42.0m (4.3 per cent of GDP) was realised, up from one of \$37.3m (4.1 per cent of GDP) in 2007.

A current account surplus of \$33.9m (3.4 per cent of GDP) was recorded in 2008, compared with one of \$44.3m (4.8 per cent) in 2007. The smaller surplus reflected faster growth in expenditure relative to that of revenue. Current expenditure rose by 13.3 per cent to \$303.5m (30.8 per cent of GDP) attributable to increases in all categories of expenditure. Spending on goods and services expanded by 34.9 per cent (\$22.5m) mainly associated with increased professional and consultancy fees and higher electricity charges. Transfers and subsidies rose by 10.2 per cent (\$5.9m), reflecting increased contributions to local institutions. Higher costs associated with servicing both domestic and foreign debt resulted in a 16.3 per cent (\$4.6m) increase in interest payments. Outlays on personal emoluments rose by 2.3 per cent (\$2.7m), partly associated with salary increases awarded to public servants in 2008.



Current revenue amounted to \$337.4m (34.3 per cent of GDP), up from the total of \$312.2m (33.9 per cent of GDP) recorded in 2007, reflecting larger collections of revenue from tax and non-tax sources. Receipts from taxes on domestic goods and services rose by 8.1 per cent (\$13.2m), fuelled by increased collections (\$12.5m) from the value added tax (VAT). The yield from taxes on international trade and transactions expanded by 14.0 per cent (\$8.4m), mainly on account of larger receipts from import duties (\$5.3m). By contrast, the yield from taxes on income and profit fell by 1.8 per cent (\$1.0m), largely attributable to a fall in collections from personal income tax reflecting the impact of income tax reform implemented in January 2008. Non-tax revenue rose by 13.1 per cent (\$3.5m), primarily on account of an increase in interest income and larger receipts from the economic citizenship programme.

Capital expenditure rose by 37.9 per cent to \$156.0m (15.9 per cent of GDP) in 2007. The increase in outlays mainly resulted from intensified work on the airport, housing, schools and various road networks. Capital expenditure was mainly financed by grants, which amounted to \$129.8m (13.2 per cent of GDP), up from \$76.1m (8.3 per cent of GDP) in 2007.

Public Sector Debt

The total outstanding debt of the public sector was estimated at \$917.3m (93.2 per cent of GDP) at the end of 2008, down from \$933.7m (101.4 per cent of



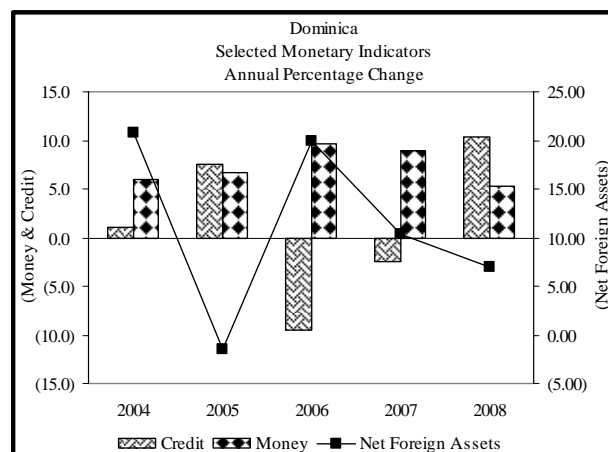
GDP) at the end of 2007. Of total outstanding debt, external debt declined by 1.9 per cent (\$12.8m) reflecting debt repayments and favourable exchange rate movements. Domestic debt fell by 1.3 per cent (\$3.6m) attributable to debt repayments. Central Government debt, which accounted for roughly 84.0 per cent of total public sector debt, fell by 0.9 per cent to \$771.2m. The outstanding debt of statutory bodies contracted by 5.8 per cent to \$146.2m. Debt service payments rose by 3.1 per cent to \$56.8m, influenced by an increase in interest payments. The ratio of debt service payments to current revenue, however, fell to 16.8 per cent from 17.6 per cent in 2007.

Money and Credit

Broad money (M2) grew by 5.3 per cent to \$788.8m during 2008, underpinned by the upturn in economic activity. The expansion in M2 was attributed to growth in quasi money (6.9 per cent or \$40.7m), reflecting an increase in private sector savings deposits (\$29.3m). Narrow money declined by 0.6 per cent (\$1.0m), largely reflecting a contraction in currency in circulation.

Domestic credit rose by 10.3 per cent to \$379.6m, mainly indicative of increased borrowings by the private sector. Credit to the private sector expanded by 8.4 per cent, largely reflecting increases in outstanding loans to businesses. The net deposits of the central government rose by 7.3 per cent to \$57.6m, attributable to an increase in deposits associated with larger grant inflows. The net

deposits of the non-financial public enterprises and non-bank financial institutions grew by 14.7 per cent and 3.2 per cent respectively, largely attributable to an increase in deposits.



The distribution of credit by economic activity indicates that the bulk of the expansion in credit was channeled into personal use. Credit for personal use rose by 4.7 per cent primarily for the acquisition of property. Increases were also registered in credit for distributive trades (10.3 per cent) and mining and quarrying (5.3 per cent), consistent with the expansion in construction activity. By contrast, declines were recorded in credit for tourism and agriculture.

The net foreign assets of the banking system rose by 7.0 per cent to \$504.1m, compared with an expansion of 10.3 per cent during 2007. This outturn was attributed to a 31.1 per cent (\$86.0m) increase in commercial banks' assets held in banks and financial institutions in the other member countries of the currency union. Dominica's imputed share of the Central Bank's reserves fell by

8.8 per cent to \$148.8m, primarily associated with a decline in bankers' reserves.

Liquidity in the commercial banking system fell during 2008 but remained at a high level. The ratio of liquid assets to total deposits plus liquid liabilities declined by 8.1 percentage points to 47.7 per cent, while the loans and advances to total deposits ratio rose by 4.1 percentage points to 58.4 per cent at the end of 2008.

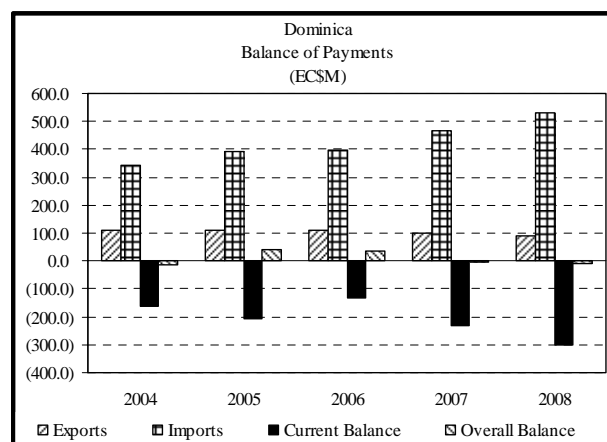
The spread between interest rates on deposits and loans decreased by 0.29 percentage point to 5.64 per cent at the end of 2008. The weighted average interest rate on deposits fell to 3.22 per cent at the end of 2008 from 3.23 per cent at the end of 2007, while that on loans declined to 8.86 per cent from 9.16 per cent.

Balance of Payments

Preliminary estimates of the balance of payments indicate that the overall deficit more than doubled to \$9.1m (0.9 per cent of GDP). This outcome was attributed to larger net outflows on the current account.

The current account deficit increased by 31.5 per cent to \$303.2m (30.8 per cent of GDP), mainly reflecting a widening of the merchandise trade deficit. Import payments rose by 14.5 per cent (\$67.3m), largely associated with an increase in the value of imports for machinery and transport equipment, consistent with the expansion in

construction activity. Earnings from merchandise exports contracted by 7.0 per cent (\$6.9m), largely associated with the discontinuation of dental cream production. The value of banana exports rose by 9.5 per cent to \$10.6m, mirroring some recovery in the banana sector. With these developments, the merchandise trade deficit increased by 20.2 per cent to \$441.4m. On the services account, net inflows rose by 5.2 per cent to \$123.0m (12.5 per cent of GDP), mainly reflecting increased inflows from travel (9.1 per cent), consistent with the expansion in visitor arrivals.



The surplus on the capital and financial account rose to \$294.1m (29.9 per cent of GDP), up from \$227.1m (24.7 per cent of GDP) in 2007. This outcome was largely the result of a 63.4 per cent (\$53.8m) increase in net inflows on the capital account, mirroring the receipt of official development assistance from both regional and international donors. Net inflows on the financial account rose by 9.3 per cent to \$155.5m.



Prospects

Economic activity is projected to increase in 2009, albeit at a slower pace relative to 2008, based on ongoing and expected developments in construction and agriculture. Activity in the construction sector, will be driven by ongoing work on the air access improvement programme, road networks, housing and other public infrastructure. Projects that are likely to commence in 2009 are phase two of the Soufriere/Scotts Head sea defence wall, a \$23.0m water project, the Carib Capacity Building Project, the Fond St Jean Sea-Defence and Roadwork Project and the West Coast road. These projects are expected to spur construction activity and have a positive impact on the wholesale and retail trade, and mining and quarrying sectors. Growth in agricultural production is forecasted, based on continued efforts to boost productivity. These efforts include the establishment of an Agricultural Information Management System (AIMS), which became fully operational in November 2008; and the establishment of an Investment Unit in the Ministry of Agriculture planned for the first quarter of 2009. The downturn in the global economy is expected to dampen activity in the manufacturing sector and tourism industry. Manufacturing output is likely to contract, based on lower export demand. Stay-over arrivals are projected to decline, as consumer demand for travel is expected to be depressed.

On the central government's fiscal accounts, the current account balance is expected to result in a

larger surplus as revenue is projected to increase, while expenditure is likely to decline based on cost cutting measures. Capital expenditure is forecasted to rise as the public sector investment programme (PSIP) is implemented. Capital grants are likely to fall, following the surge in 2008 associated with hurricane relief assistance.

In the external sector, the current account deficit is projected to widen in 2009, based on an increase in import payments, associated with an expansion in construction activity and a contraction in export receipts from manufactured goods. On the services account, gross inflows from travel are likely to fall, based on a projected decrease in stay-over arrivals. On the capital and financial account, inflows of remittances, grant funds and foreign direct investment are likely to decline, based on the recession in the major developed countries. These developments are likely to result in a widening of the overall deficit in 2009.

The prospects are subject to downside risks, particularly a protracted downturn in the global economy. This can have a worse than expected impact on the domestic economy. A further depreciation of the pound sterling in relation to the US dollar can dampen tourism demand from the UK and negatively impact earnings in the agricultural sector. Other downside risks include adverse weather.



GRENADA

Overview

Preliminary data indicate that the pace of economic activity in Grenada slowed in 2008 relative to that in 2007, partly reflecting the impact of the global economic and financial crisis. Real GDP growth is provisionally estimated at 0.3 per cent in 2008, well below the 4.5 per cent rate recorded in 2007. The slow down was partly attributed to declines in construction, tourism and manufacturing activity, which almost offset a marked increase in agriculture and expansions in some other sectors. Consumer prices rose by 5.2 per cent during 2008. The overall deficit on the central government's fiscal accounts widened, attributable to an increase in current expenditure. Total outstanding public sector debt rose, partly reflecting increased central government borrowing. Developments in the banking sector were marked by a slow down in the rate of growth in monetary liabilities and domestic credit. Commercial bank liquidity fell during 2008. The spread between commercial bank weighted average lending and deposit interest rates narrowed. An overall balance of payments deficit was recorded, in contrast to a surplus in 2007.

Marginal growth in real GDP is projected for Grenada in 2009, based on an expected further expansion in agricultural activity and some recovery in construction. The overall fiscal deficit of the central government is likely to decrease, based on a projected decline in expenditure, which will more

than offset an expected contraction in revenue. Downside risks to the projections include a deeper and protracted recession in the developed economies and adverse weather.

Output

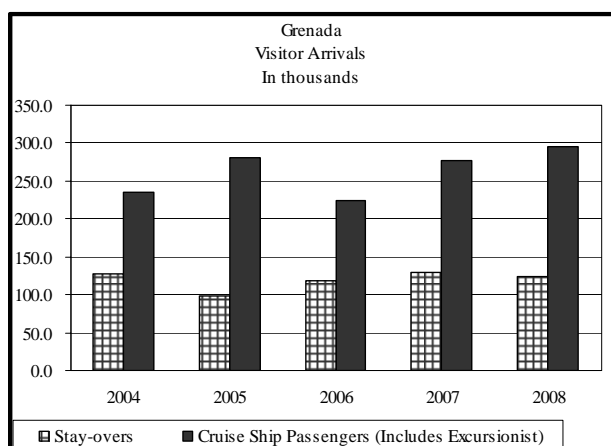
Agricultural activity strengthened in 2008. Value added in that sector expanded by 11.9 per cent in 2008, more than doubling the 4.8 per cent rate of growth realised in 2007. The sector's contribution to GDP rose to 6.4 per cent, up from 5.7 per cent in 2007. Growth was boosted by increases in output of traditional crops, reflecting the impact of ongoing crop recovery and rehabilitation programmes. Increases in production were recorded for cocoa (54.2 per cent), mace (19.0 per cent) and nutmeg (5.1 per cent). Banana output rose by 58.5 per cent to 2,117 tonnes, the highest level for the last five years. In the other sub-sectors, increases in output were recorded for fishing (8.9 per cent) livestock (2.5 per cent) and forestry (2.0 per cent).

Expansions were also recorded in value added from banks and insurance, communications, and government services – the largest contributor to GDP.

Preliminary data indicate that output in the construction sector declined by 14.2 per cent following a contraction of 11.2 per cent in 2007. Consequently, the sector's contribution to GDP fell



to 9.9 per cent from 11.8 per cent in 2007. The decline in construction activity largely reflected developments in the private sector. The onset of the global financial crisis and the subsequent recession, led to a tightening in liquidity in the international financial markets and reduced credit to foreign investors. Those developments contributed to a fall in sales of villas and condominiums and a halt in construction activity of some major foreign direct investment funded projects. As a result value added in that sector declined. Construction activity in 2008 focused on private sector residential building, and on public sector road development as well as rehabilitation of schools and houses.



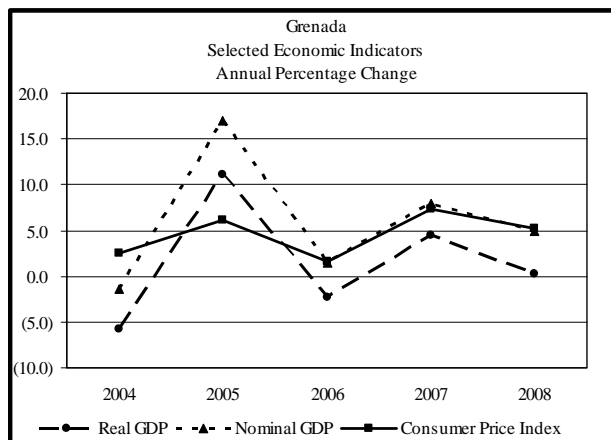
Tourism activity weakened in 2008. Value added in the hotels and restaurants sector, an indicator of tourism activity, declined by 3.1 per cent, in contrast to a 6.4 per cent expansion in 2007. The down turn in tourism activity was influenced mainly by a reduction in the number of stay-over visitors. Stay-over visitor arrivals fell by 4.2 per cent to 123,770, following growth of 8.8 per cent in 2007. The high cost of travel reduced airlift and the recession

experienced in the economies of some major source markets contributed to the decline in the number of stay-over visitors. Stay-over arrivals from the USA declined by 5.0 per cent, after increasing marginally in 2007. However, the overall decline in stay-over arrivals was tempered by increases in arrivals from Canada (14.7 per cent) and the UK (2.2 per cent). Stay-over arrivals from the Caribbean increased marginally, by 0.1 per cent.

Of the other categories of visitors, cruise ship passenger arrivals increased by 8.3 per cent as larger ships serviced the Grenada route. Yacht passenger arrivals also rose, by 11.8 per cent, following a 10.6 per cent decline in 2007. The increase reflected, in part the impact of intensive marketing of the Grenada Sailing Week 2008. The number of excursionists fell sharply, by 68.4 per cent; this contrasts with the performance in 2007 when the number grew by 35.7 per cent, associated with the hosting of Cricket World Cup 2007.

Activity in the manufacturing sector is estimated to have declined by 8.8 per cent, in contrast to a 2.2 per cent expansion in 2007. The contraction was attributed largely to sharp declines in the production of soft drinks and beer. Production of soft drinks fell by 58.3 per cent attributable to the temporary closure of the soft drinks plant for retrofitting purposes. Output of beer fell by 6.3 per cent, as production of one brand of beer was discontinued. Declines were also recorded in production of grain mill and bakery products (3.3 per cent), prepared animal feeds (9.3 per cent) and toilet paper (2.4 per

cent). Those declines were partly offset by increases in the output of malt (1.4 per cent) and stout (13.8 per cent) and rum (32.8 per cent). The strong growth in rum production was due to the availability of molasses in 2008 following a shortage of that raw material in 2007.



Prices, Wages and Employment

Consumer price inflation in Grenada was 5.2 per cent during 2008, down from 7.4 per cent in 2007 (on an end of period basis). The lower rate of inflation reflected in part the impact on domestic prices of petroleum related products, of a fall in international oil prices during the latter part of 2008. Prices in the transport and communications sub-index grew at a reduced rate, 1.1 per cent compared with 6.3 per cent in 2007. In the fuel and light sub-index, prices fell by 4.2 per cent following a 19.8 per cent increase in 2007. Prices in the food sub-index, the largest weighted, increased by 11.8 per cent, similar to the rate in 2007. Higher prices for biscuit, rice, fish and milk contributed to the increase in the food sub-index. Among the other

sub-indices, price increases were noted for housing (2.0 per cent), household furnishings and supplies (2.8 per cent) and personal services (12.5 per cent). The rise in the personal services sub-index was primarily attributed to an increase in the cost of barber and hairdressing services.

Official data on wage movements during 2008 are not available for the private sector. In the public sector, teachers and public servants received salary increases ranging from 3.0 per cent to 5.0 per cent in January 2008. Retroactive payments were made throughout the year to all categories of public servants and teachers, associated with the payment of outstanding allowances and negotiated agreements for salary increases.

Official data on employment are unavailable for 2008. Information from the National Insurance Scheme indicates a 2.4 per cent net increase in the number of contributors. Workers involved in roadside cleaning and maintenance accounted for most of the increase, consistent with an expansion of the de-bushing programme. In contrast, the number of contributors from construction and hotels and restaurants declined, in line with the contraction in activity in those sectors. Civil service employment remained largely unchanged at approximately 5000.

Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall deficit of \$111.3m (6.5 per cent of GDP) in 2008, up from one of \$108.9m

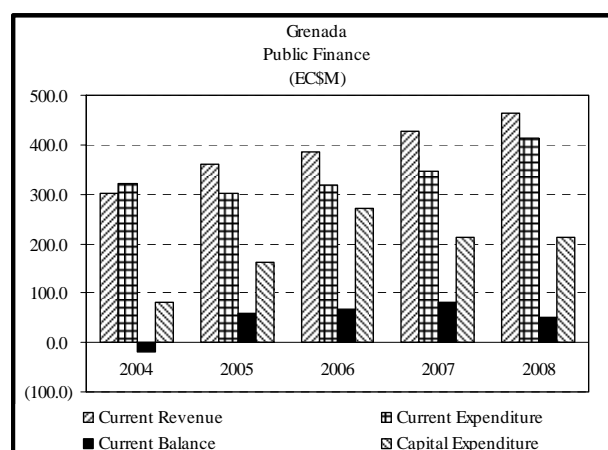


(6.6 per cent of GDP) in 2007. The deterioration in the overall balance largely reflected an increase in current expenditure. Financing of the deficit was mainly from the domestic banking system and external loans. A primary deficit of \$76.4m (4.4 per cent of GDP) was recorded, compared with one of \$75.9m (4.6 per cent of GDP) in 2007. The current savings of the central government decreased by 38.2 per cent to \$50.9m (3.0 per cent of GDP), as growth in current expenditure out-paced the expansion in current revenue.

Current revenue increased by 8.4 per cent to \$464.5m in 2008, and as a percentage of GDP rose to 27.0 per cent from 21.1 per cent in 2007. The expansion resulted primarily from growth in tax receipts, partly associated with an improvement in tax administration and collection, and the introduction of a tax amnesty in November 2008. Increases were recorded for all major categories of tax revenue, with the exception of taxes on property, which declined by 10.6 per cent (\$3.1m). The contraction was associated in part with a decline in collections from property transfer taxes, as real estate sales fell. Revenue from taxes on income and profits grew by 26.4 per cent, led mainly by a 55.4 per cent expansion in receipts from company tax. Collections from personal taxes grew by 43.4 per cent, mainly associated with salary increases and back pay in 2008. Proceeds from taxes on international trade and transactions rose by 3.0 per cent, in line with an increase in the value of imports. Collections from taxes on domestic goods and services grew by 10.4 per cent (\$7.4m),

attributable to an increase in receipts from consumption tax and licenses.

Current expenditure amounted to \$413.6m, representing a 19.5 per cent increase relative to the total realised in 2007. As a percentage of GDP, current expenditure rose to 24.0 per cent from 21.1 per cent in 2007. Growth in expenditure stemmed largely from relatively strong increases in outlays on personal emoluments and transfers and subsidies. Expenditure on personal emoluments grew by 26.8 per cent, due to salary increases and retroactive payments to public servants during the year. Outlays on transfers and subsidies rose by 23.4 per cent, indicative of an increase in pension payments and an expansion in the social safety net programmes. Spending on goods and services increased by 7.1 per cent, partly reflective of the high cost of fuel and electricity in the first eight months of the year. Interest payments rose by 5.6 per cent due to an increase in external payments.



Capital expenditure, at \$213.9m (12.4 per cent of GDP), was 1.2 per cent above the level in 2007. The



increase was mainly associated with road development, school rehabilitation and housing repairs undertaken primarily during the first half of the year. Capital spending was in part financed by grants, which more than doubled to \$51.5m.

Public Sector Debt

The outstanding debt of the public sector was estimated at \$1,850.0m at end of 2008, representing an increase of 4.5 per cent on the total at end of 2007. However, as a percentage of GDP the outstanding debt fell to 107.4 per cent from 108.0 per cent at end of 2007. Growth in public sector debt was driven by increases in borrowing by both the central government and the public corporations. The total disbursed outstanding debt of the central government grew by 2.7 per cent to \$1,581.0m, mainly attributable to an increase in domestic debt, particularly the overdraft balance at the commercial banks. Estimates of the outstanding debt of public corporations indicate a 16.1 per cent increase to \$269.1m, attributable in part to a rise in operational costs.

Money and Credit

Monetary liabilities (M2) increased by 3.7 per cent to \$1705.7m, at a reduced rate compared with growth of 11.0 per cent during 2007, reflecting the slow down in the pace of economic activity. Growth in quasi money slowed to 6.1 per cent from 9.9 per cent during 2007, while narrow money, the other component of M2, fell by 4.8 per cent following a

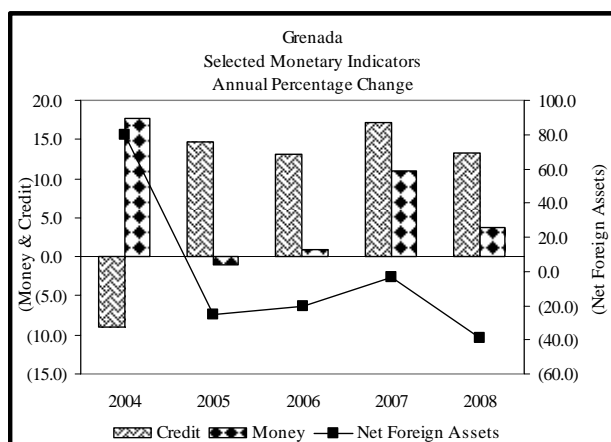
15.0 per cent increase during 2007. Of quasi money, growth in private sector savings deposits accelerated, while time deposits increased at a much slower rate than in 2007. Foreign currency deposits fell after a sharp increase during 2007. In the case of narrow money, which is closely linked to consumer transactions, the decline reflected decreases in both private sector demand deposits and currency with the public.

The counterpart to the expansion in M2 was a 13.2 per cent increase to \$1,553.1m in domestic credit, largely reflecting growth in credit to the private sector and central government. Private sector credit rose by 10.9 per cent, indicative of increases in outstanding loans to households and businesses. The central government's net indebtedness to the banking system grew by 3.9 per cent to \$108.4m, as government accessed credit from the commercial banks to help finance the overall fiscal deficit. The net deposits of the non-bank financial institutions and the non-financial public enterprises fell by 48.4 per cent and 10.9 per cent respectively, as credit growth outpaced the increase in their deposits.

The distribution of credit by economic activity indicates increases in outstanding loans for all activities. The bulk of the increase in credit was for personal use, lending for which rose by 10.7 per cent, primarily for the acquisition of property and other personal uses. Outstanding loans for manufacturing (including mining and quarrying) more than doubled following a decline in 2007. The



increase was partly associated with plant restructuring by one of the companies. Credit for distributive trade also increased markedly, by 23.7 per cent, after a decline in 2007, as additional financing was secured to meet the higher cost of imports. Credit for tourism grew by 1.5 per cent, considerably less than the 40.6 per cent growth in 2007, reflecting the weak performance of that sector. Outstanding loans for construction grew at a fast pace, by 9.6 per cent compared with 2.1 per cent in 2007, mirroring developments in that sector. Credit for agriculture and fisheries rose by 19.6 per cent reflecting increased activity in that sector.



The net foreign assets of the banking system fell by 38.7 per cent to \$248.8m during 2008, following a 3.8 per cent decline during the previous year. The contraction resulted primarily from developments in the commercial banking system. Commercial bank external transactions resulted in a shift to a net liabilities position of \$32.2m at the end of 2008 from net assets of \$107.4m at the end of December 2007. This development largely reflected a draw down of their assets and growth in liabilities to institutions

outside the Eastern Caribbean Currency Union, as banks borrowed from abroad to meet the increased demand for credit. Grenada's imputed share of ECCB's reserves declined by 5.8 per cent to \$281.0m.

Liquidity in the commercial banking system fell during 2008. The ratio of liquid assets to total deposits plus liquid liabilities fell by 5.5 percentage points to 26.6 per cent. The ratio of loans and advances to total deposits grew by 4.1 percentage points to 80.0 per cent. The cash reserve to deposits ratio fell to 7.8 per cent from 8.2 per cent in 2007.

The interest rate spread between deposit and lending rates narrowed to 6.26 percentage points from 6.67 percentage points at end of 2007. The weighted average interest rate on deposits increased to 3.16 per cent from 3.04 at the end of 2007. In contrast, the weighted average lending rate fell to 9.42 per cent down from 9.71 per cent.

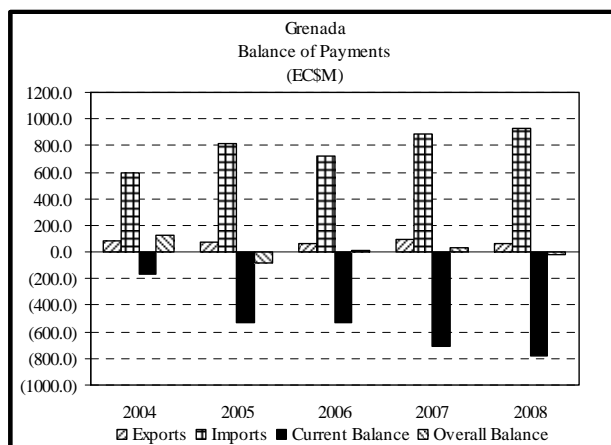
Balance of Payments

The overall balance of payment position deteriorated in 2008. An overall deficit of \$17.2m (1.0 per cent of GDP) was recorded, in contrast to a surplus of \$29.0m (1.8 per cent of GDP) in 2007. There was an increase in net inflows on the capital and financial account, but this was insufficient to finance growth in net outflows on the current account. The current account deficit widened to \$781.1m (45.4 per cent of GDP) in 2008 from \$703.9m (43.0 per cent of GDP) in 2007. The larger deficit was mainly



attributed to developments in the merchandise trade and services sub-accounts.

The merchandise trade deficit rose to \$858.6m (50.0 per cent of GDP) from \$795.1m (48.5 per cent of GDP) in 2007, attributable to an increase in the import bill. Payments for merchandise imports (f.o.b) increased by 6.8 per cent to \$926.3m, reflecting the rise in import prices of fuel and food, particularly during the first half of the year. The value of merchandise exports fell by 25.1 per cent to \$67.6m, as a result of a sharp decline in re-exports. This outturn reflects a high base in 2007 when re-exports rose substantially, associated with equipment for CWC 2007 related activities.



Transactions in the services account resulted in a net inflow of \$92.1m (5.3 per cent of GDP), roughly 6.7 per cent below the amount recorded in 2007. On the income account, net outflows rose by 5.4 per cent, partly reflecting an increase in interest payments on public sector debt.

The surplus on the capital and financial account rose by 4.2 per cent to \$764.0m in 2008, but as a percentage of GDP fell to 44.4 per cent from 44.7 per cent in 2007. Increases in inflows of capital grants and commercial bank short-term capital contributed in part to the larger surplus on the capital and financial account.

Prospects

The pace of economic growth is expected to slow even further in 2009, on the basis of decreased activity in most sectors of the economy. Tourism activity is likely to remain weak, as the number of visitors is expected to decline. The global economic and financial crisis is expected to have a negative impact on travel from the source markets. The declining trend in construction activity is projected to continue in 2009, as access to finance for funding foreign direct investment projects is likely to be constrained due to the deepening financial crisis. Based on the public sector investment programme for 2009, no new major public sector projects are expected to be undertaken to compensate for the decline in private sector construction. Notwithstanding, agricultural output is forecasted to increase, based on the ongoing crop rehabilitation programme.

The overall deficit of the central government is projected to narrow, based on a likely reduction in capital expenditure. Current savings are likely to improve, as the strong growth in current expenditure in 2008 associated with the salary increase and



retroactive payments, is not likely to be repeated in 2009. Tax revenue is projected to decline, partly due to the repeal of the National Reconstruction Levy. The loss of revenue from the repeal is likely to be offset to some extent by collections from tax-amnesty, which is scheduled to end on 30 April 2009.

In the external sector, the merchandise trade deficit is likely to narrow, based on a reduction in import payments, reflective of the slowdown in economic activity. Net inflows from travel are expected to fall

consistent with a reduction in visitor arrivals. The surplus on the capital and financial account is projected to decline, as inflows of capital grants and direct investment are likely to contract.

The risks to the forecast are heavily skewed on the downside. Further deepening of recessionary conditions in the industrialised economies could lead to a worse than expected economic outlook for the Grenada economy. Additionally, adverse weather in 2009 can further dampen economic activity in the country.



MONTSERRAT

Overview

Economic activity in Montserrat is estimated to have strengthened in 2008 relative to 2009. Provisional data indicate that real GDP increased by 6.2 per cent in 2008, following a 2.8 per cent expansion in 2007. This performance was attributed to an increase in construction activity, stimulated by public sector investment to improve the economic and social infrastructure. The expansion in construction activity had positive spill-over effects on the wholesale and retail trade, and transportation sectors. Consumer prices are estimated to have increased by 4.5 per cent during 2008. The fiscal operations of the central government resulted in a widening of the overall deficit, largely due to increased capital expenditure. However, the total outstanding debt of the public sector continued to decline in 2008. Monetary liabilities increased, while net foreign assets contracted. Liquidity in the commercial banking sector remained at a high level, and the spread between the weighted average lending and deposit rates narrowed. On the balance of payments, the overall deficit increased, reflecting larger import payments associated in part with rising international commodity prices and the higher level of economic activity.

The economy is projected to expand further in 2009. Growth is expected to be led by the construction sector, mainly driven by public sector projects including the Little Bay Development and road

construction. However, risks to the economic outlook are tilted to the downside. A further weakening of the international economy, with attendant implications for grant flows, constitutes the major risk to the projections.

Output

Value added in the construction sector, which accounted for 12.2 per cent of GDP in 2008, expanded by 16.3 per cent, after two consecutive years of double digit contractions of 11.7 per cent in 2007 and 33.8 per cent in 2006. Construction activity was mainly public-sector driven, associated with government's reconstruction efforts including road rehabilitation and Little Bay Development. The Little Bay Development Project aims at replacing the capital (Plymouth) which was destroyed by volcanic activity. Work also focused on completing administrative complexes and construction of drains. The pace of private sector construction activity is estimated to have slowed. This assessment is based in part on a deceleration in growth of commercial bank credit for home construction and renovation to 2.3 per cent during 2008 from 27.1 per cent during 2007.

The expansion in construction activity contributed to growth in the wholesale and retail trades, and transportation sectors. Value added from wholesale and retail trades, and transportation rose by 23.1 per cent and 4.1 per cent respectively, after contracting



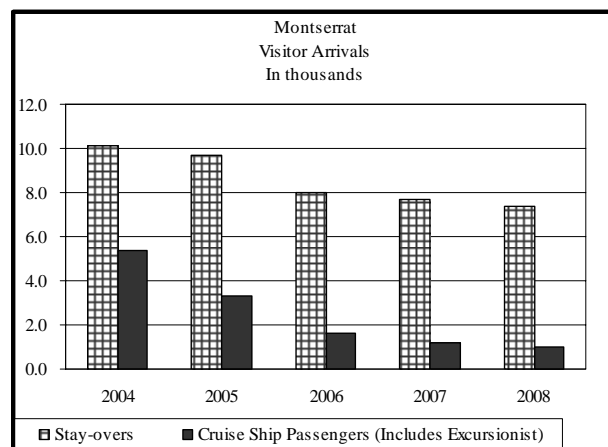
by 6.3 per cent and 1.4 per cent in 2007. In the case of wholesale and retail trades, the opening of two distribution outlets in 2007 also contributed to the increase in value added in that sector.

Growth in value added in the mining and quarrying sector decelerated considerably to 10.0 per cent in 2008, after more-than-doubling in 2007. The slow down in the rate was largely attributed to a decline in demand for aggregates from major export markets including Anguilla and St. Maarten associated with a weakening in activity in those economies.

The government services sector, the largest contributor to GDP, expanded by 5.3 per cent following growth of 6.8 per cent in 2007, reflecting an increase in civil service employment.

Among the other sectors, value added in the banks and insurance sector, the second largest contributor to GDP, expanded at a reduced rate of 1.8 per cent in 2008, compared with growth of 8.2 per cent in 2007. As a result, the sector's contribution to GDP decreased to 13.3 per cent from 13.9 per cent. This performance was partly associated with a deceleration in the rate of growth of commercial bank credit to the private sector. Value added in the agricultural sector increased by 20.7 per cent, after remaining flat in 2007. Growth in output was driven mainly by government initiatives to increase food production for domestic consumption. Those initiatives included the importation and distribution of plants (cassava, sweet potato and bananas) and animals.

Despite a 5.0 per cent contraction to 7,360 in stay-over visitor arrivals, value added in the hotels and restaurants sector, a proxy for tourism activity, grew by 9.5 per cent, following a 13.3 per cent expansion in 2007. Growth in 2008 was attributed to an increase in the number of visitors who stayed in paid accommodation. The distribution of tourist arrivals by source markets indicates that the number of visitors from Canada increased by 9.5 per cent, while that from all other markets contracted. Arrivals from the UK and the Caribbean fell by 1.7 per cent and 4.9 per cent respectively, and those from the USA decreased by 8.9 per cent. The decline in tourist arrivals was linked in part to insufficient airlift and inadequate port infrastructure.

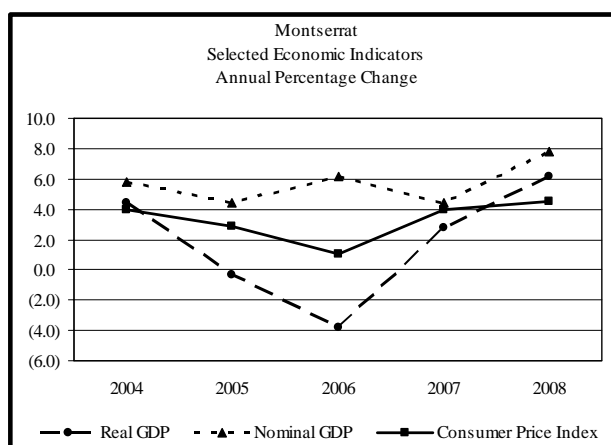


Prices, Wages and Employment

The consumer price index (CPI) rose by 4.5 per cent in 2008, marginally above the 4.0 per cent expansion in 2007, largely influenced by increases in international commodity prices. The food sub-



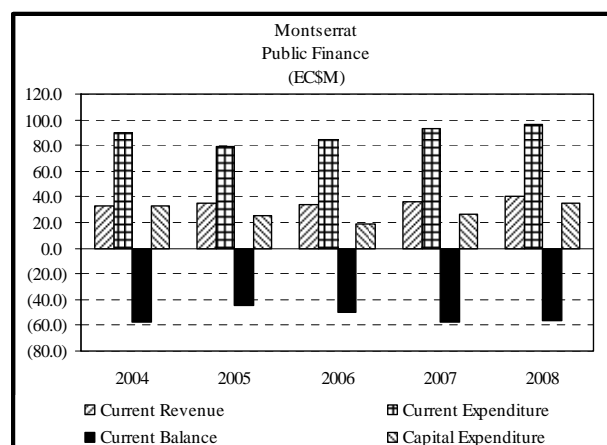
index, which accounts for almost 50.0 per cent of the index, rose by 11.0 per cent compared with 5.6 per cent in 2007, mainly reflecting higher import prices for dairy and poultry products. The sub-index gas, electricity and water rose by 5.0 per cent following a 7.6 per cent increase in 2007, reflecting increases in international oil prices particularly during the first eight months of 2008. Prices of household goods also increased, by 1.1 per cent. Those increases were partly offset by decreases in prices in the services, and clothing and footwear sub-indices.



Public sector employees were granted wage increases in 2008, based on a review of salaries and allowances in 2007. Data on private sector wage movements were not available for 2008. Detailed data on private sector employment in 2008 are also not available. In the public sector, the number increased as government employed additional staff in the various ministries, including the Ministry of Finance and the Ministry of Communication and Works.

Central Government Fiscal Operations

The fiscal operations of the central government generated an overall deficit of \$13.2m (9.7 per cent of GDP) in 2008, well above that of \$8.0m (6.4 per cent of GDP) in 2007. The larger deficit was associated with increased capital expenditure. The primary deficit increased to \$13.1m (9.6 per cent of GDP), from \$7.0m (5.6 per cent of GDP) in 2007. The overall deficit was funded mainly by grants and borrowing from the domestic commercial banking system.



Capital expenditure increased by 33.7 per cent to \$35.5m (26.1 per cent of GDP) in 2008, largely associated with government's reconstruction efforts. Capital expenditure was largely financed by capital grants which totalled \$22.0m, roughly 22.1 per cent (\$4.4m) more than the amount received in 2007.

The current account deficit (before grants) fell by \$1.0m to \$56.4m, as growth in revenue outpaced



that of expenditure. The current account deficit was financed by inflows of current grants which amounted to \$56.7m, roughly 2.2 per cent below the total in 2007. Current revenue increased by 12.2 per cent to \$40.2m, reflecting larger collections from both tax and non-tax sources. Tax revenue rose by 9.1 per cent to \$34.4m, mainly attributable to increased collections from taxes on international trade and transactions, associated in part with the expansion in economic activity and higher import prices, particularly for food and petroleum products in the first half of 2008. The intake from those taxes increased by 19.2 per cent (\$2.4m), following a 7.8 per cent decline in 2007. Revenue from taxes on income and profits was 4.3 per cent (\$0.6m) above the total in 2007, partly reflecting a larger intake from company tax. Revenue from company tax increased in 2008, after contracting marginally in 2007. Non-tax revenue grew by \$1.5m to \$5.7m, mainly reflecting an increase in collections from fees and stamp duties.

Current expenditure grew by 3.6 per cent to \$96.5m compared with the total in 2007, attributable to increased outlays on transfers and subsidies, and personal emoluments. Expenditure on transfers and subsidies rose by 9.4 per cent to \$25.7m, on account of increased public assistance and pension payments. Outlays on personal emoluments rose by 3.5 per cent, reflecting increases in employment and salaries.

Public Sector Debt

The total outstanding debt of the public sector was estimated at \$11.1m at the end of 2008, marginally below the \$11.2m recorded at the end of 2007. Accordingly the ratio of outstanding public sector debt to GDP fell to 8.2 per cent, from 9.0 per cent in 2007. The indebtedness of central government increased by \$0.2m, but this was more than offset by a \$0.4m decrease in the outstanding debt of the rest of the public sector.

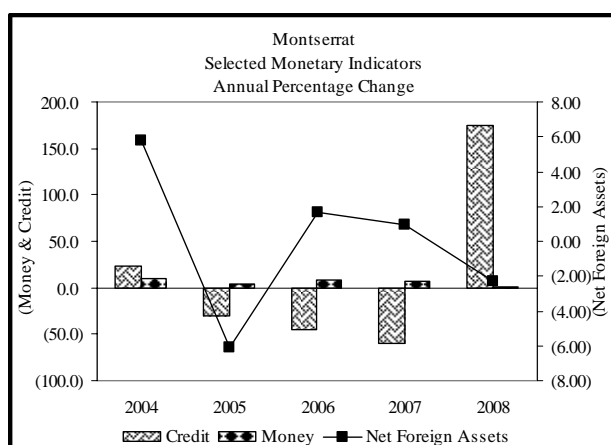
Money and Credit

Monetary liabilities (M2) increased at a reduced rate, by 0.3 per cent to \$145.1m during 2008 compared with growth of 7.2 per cent during 2007. The slowdown in the rate largely reflected developments in narrow money (M1), which contracted by 12.8 per cent (\$4.7m) following growth of 11.9 per cent during 2007. The decline in M1 was attributed to reductions of \$3.5m and \$1.2m in currency with the public and private sector demand deposits respectively. Quasi money, the other component of M2, expanded by 4.8 per cent (\$5.2m), largely on account of an increase in private sector savings deposits.

Commercial bank credit to the private sector expanded by 15.9 per cent (\$6.3m) during 2008, due mainly to increased lending to households (\$5.1m)



to facilitate home ownership. Net deposits of the central government fell by 24.2 per cent as government drew down on its deposits and borrowed from the commercial banking system to finance the overall deficit. Net deposits of the non-financial public enterprises decreased by 2.4 per cent (\$0.4m), reflecting a decrease in deposits, while those of the non-bank financial institutions increased by 50.8 per cent (\$2.6m) as a result of an expansion in deposits.



An analysis of the distribution of credit by economic activity indicates that credit for personal use, which accounted for 80.0 per cent of total credit during 2008, increased by 14.1 per cent. Most of the increase in credit for that purpose was channelled into the purchase of house and land, and consumer durables, associated in part with the purchase of houses constructed by the central government. Credit for distributive trades expanded by 26.3 per cent (\$1.0m), consistent with the expansion in activity in that sector.

The net foreign assets of the banking system fell by 2.3 per cent (\$3.9m), in contrast to growth of 0.9 per

cent (\$1.6m) during 2007. The decline was traced to a 19.5 per cent (\$7.6m) contraction in Montserrat's imputed share of the central bank's reserves. The net foreign assets of commercial banks grew by 2.9 per cent (\$3.8m), as a result of an increase in net assets held with banks and other institutions in the rest of the Eastern Caribbean Currency Union. .

Liquidity in the commercial banking system contracted during 2008 but remained at a high level. The ratio of liquid assets to total deposits plus liquid liabilities fell by 4.8 percentage points to 102.7 per cent. The loans to deposits ratio rose by 3.1 percentage points to 23.6 per cent, on account of a faster rate of growth in loans and advances relative to that of deposits.

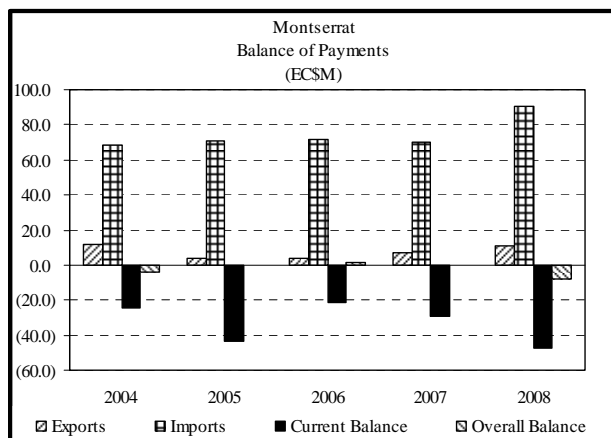
The spread between the weighted average interest rates on loans and deposits narrowed to 7.05 percentage points at the end of 2008, from 7.7 percentage points a year earlier. The narrowing of the spread was mainly due to a 0.72 percentage point decline in the weighted average interest on loans. The weighted average interest on deposits fell by 0.06 percentage point to 2.53 per cent.

Balance of Payments

The overall deficit on the balance of payments widened to \$7.6m (5.6 per cent of GDP) in 2008, from \$0.3m (0.2 per cent of GDP) in 2007. The deterioration in the external position was traced to an increase in the current account deficit and a



reduction in the surplus on the capital and financial account.



The current account deficit rose to \$47.4m (34.9 per cent of GDP) from \$29.0m (23.3 per cent of GDP) in 2007, mainly associated with a widening of the merchandise trade deficit. Strong growth in imports contributed to a 26.4 per cent increase to \$78.5m in the merchandise trade deficit. Import payments increased by 28.6 per cent (\$20.2m), associated with the expansion in construction activity and higher international commodity prices. The value of exports rose by 53.9 per cent (\$3.8m) compared with the total in 2007, reflecting an increase in demand for construction aggregates.

The surplus on the capital and financial account is estimated to have decreased to \$17.9m (13.2 per cent of GDP), from \$24.1m (19.3 per cent of GDP) in the previous year. This decline was traced to reduced inflows of direct investment for the purchase of land by non-residents. Capital grant receipts increased by \$4.0m to \$22.0m.

Prospects

The near term prospects for Montserrat are favourable. Real GDP is projected to expand in 2009, and is likely to be led by the construction sector, driven by public sector activity. Public sector construction is expected to focus on ongoing work on the Little Bay Development project, road rehabilitation and housing development.

The overall fiscal deficit (before grants) of the central government is projected to increase, based on an expansion in public sector investment.

The current account deficit on the balance of payments is likely to increase, as larger import payments and a decrease in the value of exports are projected. Import payments are expected to increase based on the expansion in construction activity, while external demand for construction aggregates is expected to contract, resulting in reduced export receipts.

The projections are largely contingent on international economic and financial developments and stability in the regional economy. A further weakening in global aggregate demand or a slower than anticipated recovery in the UK and the rest of Europe can have negative implications for the level of grant funding and the rate of disbursement, with potential adverse consequences for implementation of the public sector investment programme in Montserrat.



ST KITTS AND NEVIS

Overview

The economy continued to expand in 2008, but at a slower pace relative to the growth in 2007, partly as a consequence of the global economic downturn in the latter half of 2008. Real GDP growth is provisionally estimated at 2.5 per cent compared with 2.9 per cent in 2007. An expansion in the construction sector provided the main impetus for growth. Contractions were recorded in all the other key productive sectors, namely hotels and restaurants, manufacturing and agriculture. Consumer prices rose by 7.6 per cent during 2008, on an end of period basis. The fiscal operations of the federal government improved, as evidenced by a shift to an overall surplus from a deficit position in 2007. The total outstanding debt of the public sector increased. In the banking system, monetary liabilities (M2) expanded, supported by growth in net foreign assets and domestic credit. Commercial bank liquidity remained at a high level and the spread between lending and deposit rates narrowed.

Real GDP is projected to contract in 2009 as the negative impact of the global financial and economic crisis continues to spill over into the real economy. The hotels and restaurants and manufacturing sectors are likely to be hardest hit. Value added in ancillary sectors such as wholesale and retail and transportation, which receive direct spin-offs from tourism, will also decline. The fiscal operations of the federal government are projected to result in an

overall deficit, as revenue collections fall and spending increases. Inflationary pressures are likely to ease as international commodity prices fall.

Output

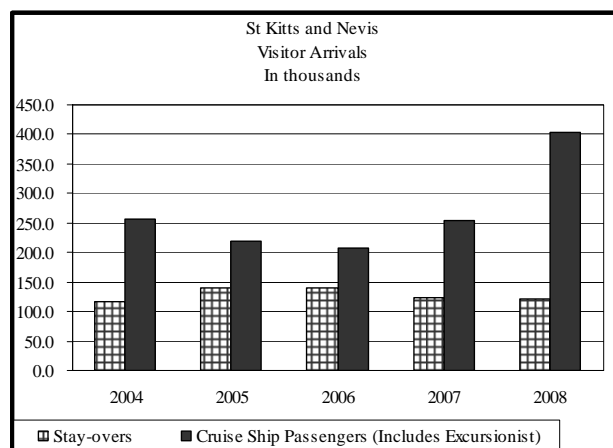
Value added in the construction sector is estimated to have increased by 4.5 per cent in 2008, compared with growth of 4.4 per cent in 2007. The sector's share of GDP rose to 15.8 per cent from 15.5 per cent in 2007. In the private sector construction activity was robust. Activity focussed on commercial properties, particularly at Port Zante, several condominium development projects, other tourism-related developments, residential accommodations and a cinema complex. In the public sector, the pace of activity slowed as some projects were winding down or were completed in 2008. The major public sector projects included road development, in particular, the West Basseterre Bypass Road in St Kitts and the Links Road Project in Nevis; upgrades to sporting facilities; refurbishment of public buildings, in particular, the Pogson Health Facility in St Kitts, the Charlestown Court House and the Government House in Nevis.

Value added for wholesale and retail trade is estimated to have increased by 3.0 per cent, partly reflecting the spin-offs from the expansion in construction activity. Increases were also estimated for electricity and water (3.9 per cent), government



services (3.0 per cent), and banks and insurance (1.8 per cent).

Among the other sectors, value added in the manufacturing sector is estimated to have contracted by 5.0 per cent, in contrast to an increase of 1.9 per cent in 2007. The sector's contribution to GDP fell to 10.5 per cent from 11.3 per cent in 2007. The downturn was mainly attributed to a contraction in output of electronic components, particularly during the latter part of the year, due to a fall in external demand as a direct consequence of the global economic crisis. Production of alcoholic beverages is estimated to have expanded, reflecting a rise in domestic demand. Output of blocks and ready mix concrete also rose, consistent with the increase in activity in the construction sector.

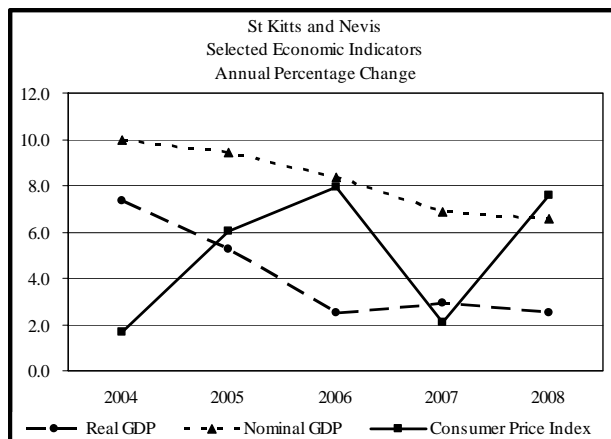


Value added in the hotels and restaurants sector, which is used as a proxy for tourism activity, is estimated to have decreased by 10.0 per cent following a contraction of 15.2 per cent in 2007. As a share of GDP, the contribution of the hotels and

restaurants sector decreased to 5.4 per cent from 6.2 per cent in the previous year. This outturn reflected a 2.3 per cent reduction to 121,380 in the number of stay-over visitors. The fall in stay-over arrivals was attributed to a number of factors including higher airfares, reduced airlift by regional and international airlines, the slow down in the global economy and the closure of the Four Seasons Hotel in October 2008 following damage by hurricane Omar. Of the major markets, the largest declines were reported for stay-over arrivals from the UK (19.8 per cent) and the Caribbean (9.6 per cent). Those declines more than offset the increases of 4.4 per cent and 3.3 per cent in stay-over visitors from the USA and Canada respectively. Of the other categories of visitors, the number of cruise ship passengers rose by 60.8 per cent to 400,853, attributable to calls by new cruise lines and visits by larger ships.

In the agricultural sector, value added is estimated to have declined by 0.8 per cent, in contrast to an increase of 8.3 per cent in 2007. The sector's share of GDP fell by 0.1 percentage point to 3.8 per cent. The contraction was associated with an estimated 4.0 per cent reduction in output in the fishing sub-sector. By contrast, output of crops, namely onions, carrots and white potatoes is estimated to have increased, reflecting the impact of initiatives by government to increase agricultural production following the closure of the sugar industry in July 2005. In the livestock sub-sector, output of beef and mutton is estimated to have increased.





Prices, Wages and Employment

The rate of inflation, as measured by the change in the consumer price index (CPI), was 7.6 per cent during 2008, a marked increase compared with 2.1 per cent in 2007. The accelerated rate of inflation was linked in part to increases in international prices of major commodities, particularly oil which reached unprecedented levels during the first eight months of 2008. A rise in the price level was observed for all the sub-indices. The largest price increase was recorded in the housing sub-index (14.7 per cent) due to strong demand for housing. Prices in the food sub-index, the largest weighted in the CPI basket, increased by 9.0 per cent, as a result of a rise in international food prices. The clothing and footwear sub-index rose by 8.9 per cent, reflecting a rise in international prices of cotton and textile. Prices in the transport and communications sub-index, the second largest weighted of the CPI basket, rose by 6.2 per cent, directly related to the increase in international price of crude oil during the first eight months of 2008.

Wages in the private sector rose in 2008. The minimum wage for private sector workers was increased by 28.2 per cent to \$320.00 in August 2008. Additionally, anecdotal information suggests that there was some upward pressure on wages for skilled labour, particularly in the construction sector. In the public sector, civil servants benefitted from a 5.0 per cent increase in wages and salaries received at the end of December 2007.

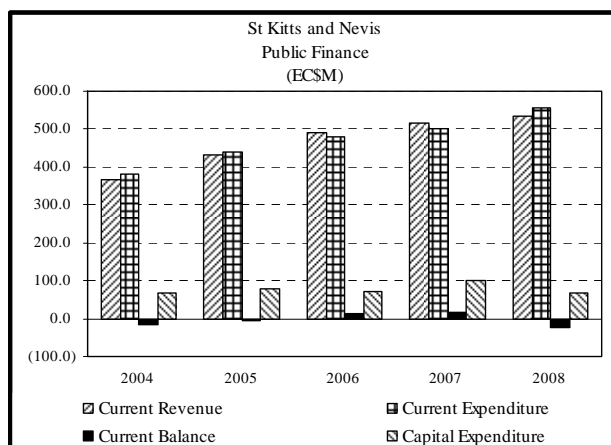
Official data on unemployment in St Kitts and Nevis are unavailable. Data on employment by the central government in St Kitts show a 2.1 per cent increase to 4,502, while that for the Nevis Island Administration show a 3.7 per cent rise to 1,347. In the private sector, anecdotal information suggests that unemployment may have risen in 2008. There were some layoffs in the tourism industry and manufacturing sector during the last quarter as a result of the global economic crisis and hurricane damage to a hotel.

Central Government Fiscal Operations

The fiscal operations of the federal government generated an overall surplus of \$6.8m (0.5 per cent of GDP) in 2008, in contrast to a deficit of \$34.1m (2.5 per cent of GDP) in 2007. This outturn was driven solely by developments on the capital account. A primary surplus of \$137.8m (9.5 per cent of GDP) was realised, well above the surplus of \$83.0m (6.0 per cent of GDP) in 2007.



Capital revenue increased by 44.2 per cent to \$52.6m associated in large measure with proceeds from land sales. Capital expenditure declined by 34.3 per cent to \$66.2m, as most of the major public sector projects that started in 2007 or prior, wound down in 2008. Capital grants rose by 77.4 per cent (\$21.4m), and were mainly for funding the upgrade of some sporting facilities.



The current account balance of the federal government shifted to a deficit of \$22.0m (1.5 per cent of GDP) from a surplus of \$14.9m (1.1 per cent of GDP) in 2007, as growth in expenditure outpaced that of revenue. Current expenditure rose by 11.1 per cent to \$556.8m in 2008, reflecting increases in all of the sub-categories. Spending on personal emoluments grew by 15.0 per cent (\$28.5m), mainly as a result of a 5.0 per cent increase in wages and salaries in December 2007. Payments for goods and services rose by 3.5 per cent (\$4.9m) associated in part with an increase in prices for fuel and government supplies. Interest payments expanded by 11.9 per cent (\$14.0m), reflecting in part a higher level of external debt. Outlays on

transfers and subsidies rose by 15.0 per cent (\$8.1m), attributable to increased payments for pensions and larger contributions to local, regional, and international agencies.

Current revenue rose by 3.6 per cent to \$534.8m, reflecting increases in collections from both tax and non-tax sources. Of the major categories of tax revenue, receipts from taxes on income and profit grew by 13.2 per cent (\$15.3m), mainly attributable to collections of company tax arrears. Receipts from taxes on international trade and transactions grew by 1.1 per cent (\$2.2m). The increase was mainly on account of a larger intake from the customs service charge, reflecting growth in import payments. Revenue from taxes on domestic goods and services fell by 0.1 per cent (\$0.1m), mainly reflecting a reduced intake from stamp duties, in part due to a decrease in land sales by the private sector. Collections from the property tax declined by 10.0 per cent (\$0.7m), reflecting a fall in receipts from land and condominium taxes. Non-tax revenue increased by 1.7 per cent (\$1.9m), associated in part with larger receipts from fees, fines and sales.

On a disaggregated level, the fiscal operations of the central government resulted in an overall surplus of \$27.6m, in contrast to a deficit of \$1.5m in 2007. The improved performance stemmed for a 43.7 per cent increase in capital revenue associated with land sales, and a 27.5 per cent decline in capital expenditure, as work on a number of major public sector projects wound down. The current account balance shifted to a deficit of \$24.4m from a surplus



of \$5.8m in 2007, as expenditure growth outpaced that of revenue. Current revenue rose by 3.0 per cent attributable to an increase in receipts from taxes on income and profits mainly from the collection of arrears, and a larger intake from the customs service charge. Current expenditure rose by 10.4 per cent, attributable to higher outlays on personal emoluments, interest payments and transfers and subsidies.

The fiscal operations of the Nevis Island Administration (NIA) resulted in an overall deficit of \$20.8m, well below that of \$32.6m recorded in 2007. The reduction in the deficit was attributed mainly to a 44.0 per cent decline in capital expenditure associated with the completion of major projects. Strong growth in current expenditure relative to the increase in current revenue resulted in a smaller current account surplus of \$2.4m compared with one of \$9.1m in 2007. Growth in current expenditure was driven largely by salary increases in December 2007.

Public Sector Debt

The total stock of public sector debt stood at \$2,483.6m (170.3 per cent of GDP) at the end of 2008, representing an increase of 0.2 per cent relative to the stock at the end of 2007. The increase was solely attributed to growth in the outstanding debt of the federal government, as the total outstanding debt of public corporations fell. The total debt of the federal government rose by 1.4 per cent to \$1,542.6m. The increase stemmed

from growth of 8.3 per cent in external borrowing associated in part with a Policy Based Loan (PBL) from the Caribbean Development Bank and a bond issue. The stock of domestic debt of the federal government fell by 2.5 per cent, due in large measure to a reduction in the overdraft balance. The outstanding debt of public corporations declined by 1.8 per cent to \$941.0m, attributable to a fall in the external component. The domestic debt of public corporations, however, increased marginally, by 0.9 per cent. Total debt service payments of the public sector increased by 4.1 per cent to \$215.5m influenced by larger interest payments, particularly on external debt. The ratio of debt service payments to current revenue stood at 40.3 per cent compared with 40.1 per cent in 2007.

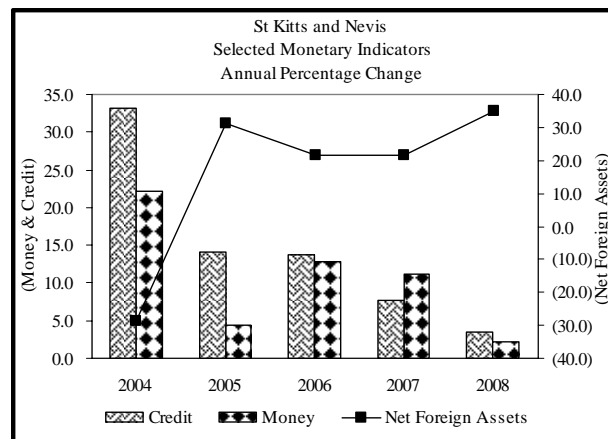
Money and Credit

Monetary liabilities (M2) rose by 2.3 per cent to \$1,476.0m during 2008; a marked deceleration compared with an expansion of 11.2 per cent in 2007. The slow-down mirrored developments in quasi money, which rose by 1.2 per cent, well below the 11.2 per cent rate recorded during 2007. Private sector saving deposits and time deposits grew by 6.3 per cent and 13.6 per cent respectively, but the overall increase in quasi money was tempered by an 11.8 per cent decline in foreign currency deposits. Narrow money (M1), the other component of M2, increased by 8.6 per cent compared with 11.2 per cent during 2007. The expansion in M1 was driven mainly by a 24.8 per cent (\$13.9m) increase in currency with the public.



Domestic credit grew by 3.5 per cent to \$1,434.5m, compared with 7.6 per cent during 2007. Growth was underpinned by increases of 13.5 per cent to \$1,156.6m in private sector credit and 16.9 per cent to \$558.1m in lending to non-financial public enterprises (NFPE). The expansion in private sector credit was driven by growth of 12.7 per cent and 15.1 per cent in credit to households and businesses respectively. The increase in credit to the NFPE was associated largely with the refinancing of a loan by a statutory body. Those increases were partly offset by a 27.5 per cent fall to \$337.1m in the net indebtedness of the federal government. The decline was mainly attributed to a 41.5 per cent contraction in central government's borrowings from the commercial banks, and a 90.7 per cent increase in its deposits representing in large measure the proceeds from the sale of public assets.

The distribution of credit by economic activity indicates increases in outstanding loans for all categories, except manufacturing (including mining and quarrying) which declined by 4.3 per cent following growth of 4.5 per cent during 2007. Lending for agriculture and fisheries, which accounted for the bulk of the expansion in credit, rose by 28.8 per cent as an enterprise borrowed from the commercial banking system to refinance a loan. Credit for personal use grew by 10.7 per cent, primarily for the acquisition of property and home construction. Outstanding loans for construction expanded by 20.8 per cent, consistent with increased activity in that sector.



The net foreign assets of the banking system grew by 34.8 per cent to \$751.7m, largely attributable to commercial banks' transactions. The net foreign assets of commercial banks rose by 51.7 per cent (\$154.6m), reflecting an increase in assets held with banks abroad and in the rest of the Eastern Caribbean Currency Union. St Kitts and Nevis' imputed share of the Central Bank's reserves rose by 15.3 per cent to \$297.8m.

Commercial bank liquidity remained at a high level during 2008. The ratio of liquid assets to total deposits plus liquid liabilities stood at 51.5 per cent at end of 2008, roughly 6.3 percentage points above that at end of 2007. The cash reserves to deposits ratio was 8.2 per cent, representing a 0.4 percentage decrease. However, the loans to deposits ratio increased by 1.9 percentage points to 88.7 per cent, as credit growth outpaced that of deposits.

The weighted average interest rate on deposits fell by 0.5 percentage point to 3.54 per cent, while that on loans declined by 0.2 percentage point to

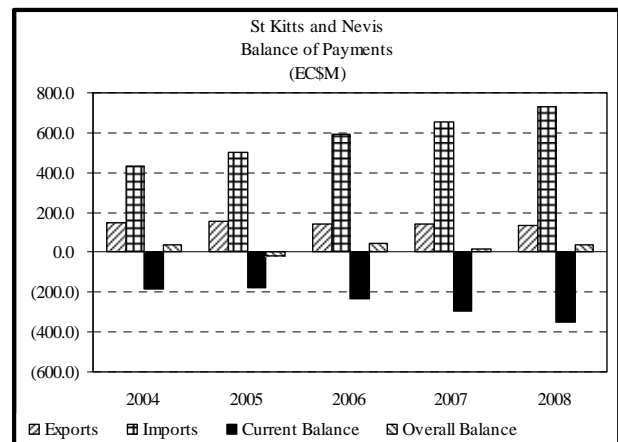
8.51 per cent. Consequently, the weighted average interest rate spread between loans and deposits fell by 0.3 percentage point to 4.95 percentage points.

Balance of Payments

Preliminary estimates of the balance of payments show an overall surplus of \$39.5m (2.7 per cent of GDP), well above that of \$19.4m (1.4 per cent of GDP) recorded in 2007. The improvement was associated with a 21.0 per cent increase to \$386.1m in the surplus on the capital and financial account, attributable to larger inflows of capital grants and official loan funds. Net inflows of capital grants increased by 77.4 per cent (\$21.4m), associated mainly with funding for the upgrade of several sporting facilities. Net inflows on the financial account rose by 16.2 per cent (\$45.4m), mainly as a result of larger inflows of portfolio investments associated with the issue of a bond by the central government in February 2008, and an increase in official loan disbursements.

The current account deficit increased to \$352.4m (24.2 per cent of GDP) from \$297.0m (21.5 per cent of GDP) in 2007. This outcome was attributed to a widening of the merchandise trade deficit and a decrease in net inflows on the services account. The merchandise trade deficit rose by 16.1 per cent to \$576.2m, reflecting an 11.8 per cent increase in import payments and a 1.9 per cent decline in the value of exports. The rise in import payments largely reflected higher international prices for food, fuel and other commodities, particularly in the first

half of 2008. A contraction in manufacturing output, in particular, electronic components, was largely responsible for the fall in export receipts. On the services account, net inflows fell by 16.3 per cent to \$163.2m, reflecting a decrease in net inflows from travel, congruent with the reduction in stay-over arrivals.



Prospects

Economic activity is projected to contract in 2009, as a direct consequence of the global economic crisis. The decline in real GDP is likely to be most pronounced in the hotels and restaurants and the manufacturing sectors.

Value added in the hotels and restaurants sector is projected to decline, based on a likely fall in stay-over arrivals. Anecdotal information reveal that most hotels reported occupancy levels in the range of 20.0 per cent to 30.0 per cent for the first quarter of 2009; a marked reduction relative to the same period in 2007 when occupancy levels were in the range of 60.0 per cent to 80.0 per cent. In addition,



the Four Seasons Hotel, a major hotel, is likely to remain closed for most of 2009. Activity, in ancillary sectors such as wholesale and retail and transportation, that receive direct spin-offs from the tourism and construction sectors, is also likely to decline.

Value added in the manufacturing sector is projected to contract, based largely on a fall in production of goods for exports. A fall in demand from the US market is likely to result in a decrease in production of manufactured goods, particularly electronic components. Preliminary information from some businesses indicates that decreases in export quotas are expected to be in the range of 30.0 per cent to 40.0 per cent.

A slow down in the pace of activity in the construction sector is projected. The construction of major new private sector projects is unlikely in the greater part of 2009 in light of the global financial and economic turmoil and the adverse impact on foreign direct investment inflows. In the public sector, no new major infrastructural works are planned for 2009.

Output in the agricultural sector is projected to increase by 1.5 per cent. The allocation of roughly 180 acres of land to farmers is expected to boost domestic production in particular, carrots, onions and potatoes.

The fiscal operations of the federal government are expected to result in an overall deficit, based on a fall in revenue coupled with increased spending. Revenue collections are expected to weaken due to the contraction in the economy. Current expenditure is likely to increase as government expands its social safety net programmes to cushion the impact of the global crisis.

In the external sector, the current account deficit is projected to widen as earnings from exports contract, consistent with the fall in output of manufactured goods. Gross travel receipts are expected to decline, in line with the contraction in visitor arrivals. Given the projected contraction in economic activity and the fall in oil prices, the value of imports is expected to decline. The surplus on the capital and financial account is likely to be reduced, as inflows of foreign direct investment and remittances are projected to decline in light of the global economic crisis.

Congruent with the anticipated contraction in economic activity and inflows of capital, a further deceleration in the growth of M2 and domestic credit is expected in 2009. In addition, there is likely to be a tightening in liquidity conditions. Inflationary pressures are expected to ease based on a fall in international prices of major commodities.



SAINT LUCIA

Overview

Provisional data indicate that real gross domestic product (GDP) in Saint Lucia expanded by 2.0 per cent in 2008, outpacing the 1.7 per cent rate of growth in the previous year. The performance in 2008 was influenced by an increase in value added for the hotels and restaurants sector, supported by growth in value added for construction and agriculture. The rate of inflation on an end of period basis decelerated to 3.8 per cent in 2008 from 6.8 per cent in 2007. The overall deficit of the central government narrowed in 2008, largely reflecting lower capital expenditure. In the banking sector, monetary liabilities increased in line with the expansion in economic activity; commercial bank liquidity tightened, and the spread between commercial banks' weighted average interest rate on loans and deposits widened. The overall balance of payments position shifted to a deficit from a surplus in 2007, partly attributable to smaller net inflows on the capital and financial account.

In 2009 real GDP is projected to contract, based on expected developments in the global economy. A deepening of the global financial crisis and the economic recession is expected to have an adverse impact on the economy of Saint Lucia. Activity in the major productive sectors, particularly hotels and restaurants and manufacturing, will be adversely affected. Slower growth in the construction sector is also projected, based on sluggish private sector

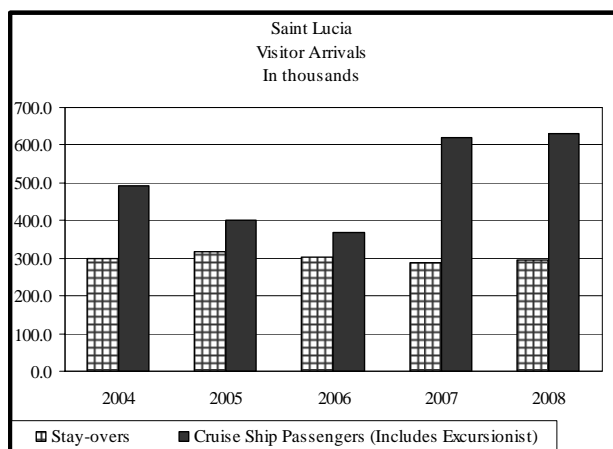
construction as a number of the foreign direct investment funded projects experience delays owing to difficulties in accessing financing. Much of the activity in construction will be led by the public sector. Growth in agricultural output is likely, based largely on increases in production of non-banana crops, while manufacturing activity is projected to fall further. The overall fiscal deficit of the central government is likely to widen, associated with an increase in capital expenditure and a slow down in revenue growth. The major downside risks to the projections include a worsening of the economic recession in the US and Europe, a further tightening in liquidity and unfavourable weather.

Output

Value added in the hotels and restaurants sector, a major pillar of the economy, increased by 2.2 per cent in 2008, in contrast to a 7.4 per cent decline in 2007. However, the sector's contribution to GDP remained relatively unchanged at 11.5 per cent in 2008 compared with 2007. The performance in 2008 mainly reflected an increase in stay-over arrivals. The number of stay-over visitors rose by 2.9 per cent to 295,761, reflecting increases of 41.0 per cent and 7.9 per cent in arrivals from Canada and Europe, respectively. Arrivals from the Caribbean rose by 1.2 per cent. Those increases were partly offset by a decline in visitors from the US market, which accounted for 36.7 per cent of total stay-overs. The fall in the number of visitors from the



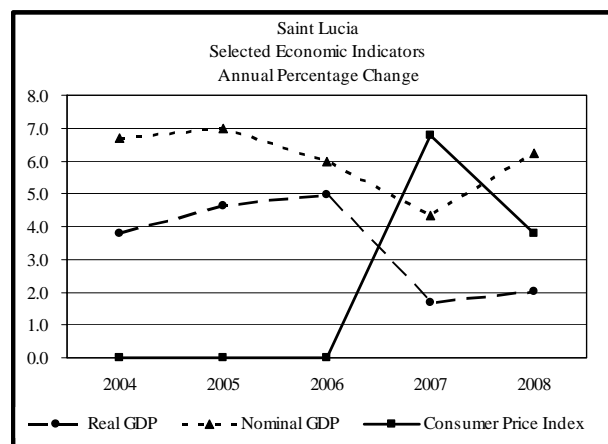
US market was attributed in part to the lower level of economic activity in that country. In addition, reduced airlift into Saint Lucia, following a reduction in daily flights by two regional carriers, impacted the performance of the industry.



Cruise passenger arrivals rose by 1.6 per cent to 619,680, representing a marked deceleration from the 70.0 per cent increase recorded in 2007. The slow down reflected in part competition from other destinations and the dampening effects on the industry of the global financial and economic crisis. In 2008, there was only one additional cruise ship call to Saint Lucia, compared with 47 in the previous year. The number of excursionists rose, while yacht passenger arrivals fell. In those developments, total visitor arrivals increased by 1.7 per cent to 947,445, at a reduced rate compared with growth of 34.0 per cent in 2007.

The downturn in construction activity in 2007 was reversed in 2008. Value added in that sector grew by 3.3 per cent, in contrast to a 10.3 per cent reduction in 2007, and contributed 7.9 per cent of

GDP. Activity in the sector was supported by work on a number of private sector tourism related projects, including Le Paradis, the Landings and the Raffles Resort, primarily during the first half of 2008. In addition, construction work was ongoing on shopping and entertainment facilities in Rodney Bay and Castries, a wholesale and retail outlet at Choc in Castries, and residential properties. The expansion in residential construction activity was evidenced by a 6.6 per cent increase in commercial bank loans for home construction and renovation. In the public sector, the pace of activity slowed as some projects were completed and no major projects were started during the year. Public sector activity focused on rehabilitating roads and other infrastructure projects, particularly for water distribution.



Value added in the agricultural sector rose by 18.9 per cent, fuelled largely by an improvement in performance in the banana industry. Agriculture contributed 3.8 per cent of GDP compared with 3.2 per cent in 2007. Banana output rose by 30.1 per cent to 39,449 tonnes, as the industry recovered from



the ravages of hurricane damage in August 2007. Increases were also recorded in output of non-banana crops and livestock production.

The contribution of manufacturing to GDP fell to 5.9 per cent, as value added in that sector declined by 3.4 per cent in contrast to a 1.7 per cent increase in 2007. Output of food, beverages and tobacco, chemicals, plastic products, rubber products and furniture fell. Those decreases resulted from the loss of regional markets, partly reflecting the effects of the financial and economic crisis.

Prices, Wages and Employment

The rate of inflation, as measured by the change in the consumer price index, was 3.8 per cent during 2008 compared with 6.8 per cent during 2007. Price increases were recorded for the sub-indices food and non-alcoholic beverages, transportation, healthcare, clothing and footwear. The food and non-alcoholic beverages sub-index, the largest weighted, rose by 5.9 per cent, well below the 11.2 per cent rate of increase in 2007. Higher prices for bread and cereals, meat, fish and seafood, dairy products and oil and fats were responsible for the increase in the food and non-alcoholic sub-index during 2008. Increases in prices for petroleum products, spare parts and air and road travel, associated with higher international oil prices, contributed to a 20.8 per cent rise in the transportation sub-index. The cost of health care rose, as indicated by a 21.9 per cent increase in the health sub-index, largely reflecting increases in the cost of medical products, and

outpatient, medical and paramedical services. The increase in the overall index was tempered by declines of 0.6 per cent and 0.3 per cent in the sub-indices education, and alcoholic beverages and tobacco respectively.

Data on wage movements in the private sector were not available. In the public sector, a salary increase of 7.0 per cent, including retroactive salary payments, was awarded to civil servants in October 2008. Despite the improvement in performance of the construction, agricultural, and hotels and restaurants sectors, unemployment is estimated to have increased, particularly in the latter part of the year. In the final quarter of 2008 the rate of unemployment stood at 16.8 per cent, compared with 13.9 per cent recorded in the last quarter of 2007.

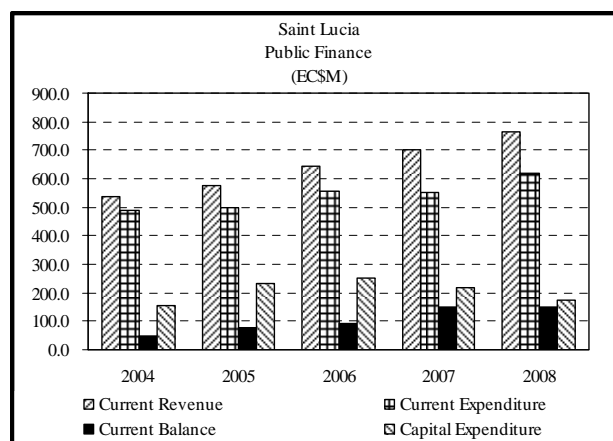
Central Government Fiscal Operations

The central government's operations resulted in an overall deficit of \$5.3m (0.2 per cent of GDP), substantially below the deficit of \$56.7m (2.2 per cent of GDP) in 2007. The smaller deficit was attributed to lower capital outlays. A primary surplus of \$77.5m (2.8 per cent of GDP) was realised, more than double that of \$24.4m (0.9 per cent of GDP) recorded in 2007.

Capital expenditure fell by 18.9 per cent to \$175.5m (6.4 per cent of GDP), as work on a number of projects wound down and no major projects were started during the year. Capital spending in 2008



was channelled into completing infrastructural work on a number of minor road projects including rehabilitating roads and culverts throughout the island.



The central government realised a current account surplus of \$149.5m (5.5 per cent of GDP), marginally below that of \$150.4m in 2007. Current revenue rose by 9.6 per cent to \$766.8m, primarily influenced by a larger intake from taxes on income and profits, taxes on domestic goods and services and taxes on international trade and transactions. Collections from taxes on income and profits grew by 25.4 per cent (\$44.9m), reflecting larger receipts from personal and corporate income taxes. Salary increases to civil servants, a tax amnesty granted during the year and a strong performance of companies in 2007 contributed to growth in receipts from taxes on income and profits.

Receipts from taxes on domestic goods and services rose by 10.4 per cent, boosted by larger collections from licences (35.0 per cent) and hotel occupancy

tax (21.5 per cent). The increase in revenue from licences was linked to a timing issue, as 2008 was the year for collections of licences, which are paid on a tri-annum basis. Hotel occupancy tax collections increased as a result of the rise in stay-over arrivals. An increase in import payments, partly associated with the expansion of the economy, contributed to growth of 2.0 per cent in receipts from taxes on international trade and transactions. However, revenue from property taxes fell by 53.3 per cent (\$2.6m), as government transferred, to the Castries City Council (a statutory body), the authority to collect taxes in the city of Castries. In the case of non-tax sources, revenue rose by 12.3 per cent to \$45.9m, influenced by increases in profits, rental income and dividends.

Current expenditure increased by 12.3 per cent to \$617.4m (22.6 per cent of GDP), mainly fuelled by larger outlays on personal emoluments, goods and services and transfers and subsidies. The granting of a salary increase as well as retroactive payments in the fourth quarter of 2008, contributed to growth of 12.8 per cent (\$32.4m) in expenditure on wages and salaries. Outlays on goods and services rose by 17.4 per cent (\$18.1m), reflecting increases in electricity and maintenance costs, and travel allowance. Interest payments were 2.2 per cent above the total in 2007, reflecting an increase in debt contracted on less favourable interest rate terms.



Public Sector Debt

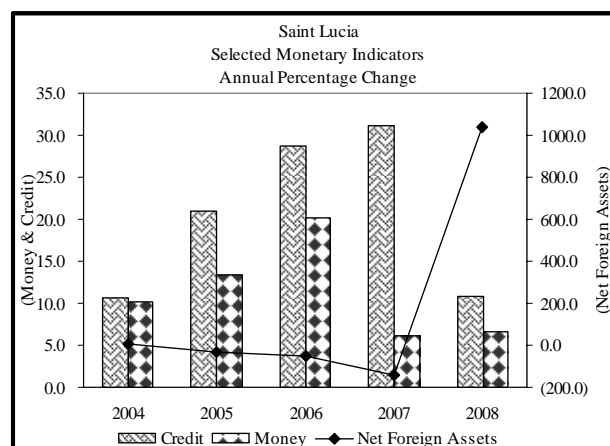
The disbursed outstanding debt of the public sector rose by 0.3 per cent to \$1,912.9m at the end of 2008 compared with the level at the end of 2007. However, the ratio of debt to GDP fell by 5.2 percentage points to 69.9 per cent. During 2008, the domestic debt rose by 14.8 per cent to \$900.8m, largely reflecting an increase in bonds issued on the Regional Government Securities Market (RGSM). The increase in the total debt was tempered by a reduction of 9.8 per cent to \$1,012.1m in the external debt, as a result of amortisation.

Money and Credit

Broad money (M2) expanded by 6.6 per cent to \$2,327.9m, compared with an increase of 6.2 per cent in 2007. The outturn reflected a 9.8 per cent rise in quasi money, which was partially offset by a 1.1 per cent fall in narrow money (M1). Growth in quasi money was attributed to increases in all of the subcomponents, particularly time and savings deposits, reflecting the expansion in economic activity. The decline in M1 was influenced by a 4.3 per cent decrease in private sector demand deposits.

Domestic credit rose by 10.8 per cent to \$3,314.6m, indicating a deceleration compared with the 31.1 per cent increase recorded in 2007. Growth in credit to the private sector slowed to 11.6 per cent from 29.5 per cent in 2007, as banks tightened their terms and conditions for lending, particularly during the

latter half of 2008. Credit to both businesses and households grew at reduced rates. During 2008 credit to the central government fell by 3.5 per cent to \$338.2m. However, net credit to the central government more than tripled to \$69.0m, as government reduced its deposits with the banking system by 19.2 per cent to \$269.2m. The fall in deposits at commercial banks reflected the retirement of maturing debt raised on the RGSM. The net deposits of non-financial public enterprises rose by 21.7 per cent, on account of growth in deposits; those of non-bank financial institutions fell, as an increase in credit exceeded that of deposits.



An analysis of credit by economic activity indicates that a major proportion of the increase in credit was directed to tourism, which accounted for 22.3 per cent of the total loans portfolio. Outstanding loans to tourism rose by 12.7 per cent (\$95.7m), partly associated with increased investments in developing hotel and entertainment facilities. Credit for construction and land development was 27.3 per cent above the level in 2007, reflecting the expansion in



activity in the construction sector. Outstanding loans for personal use expanded by 1.3 per cent, primarily for house and land purchase, and home construction and renovation. Credit for agriculture rose by 20.0 per cent (\$6.2m), reflecting the higher level of activity in that sector. Despite the decline in manufacturing activity, outstanding loans for manufacturing grew by 33.0 per cent (\$18.0m). Most of the increase in credit was channelled into the manufacturing of building material and metal works.

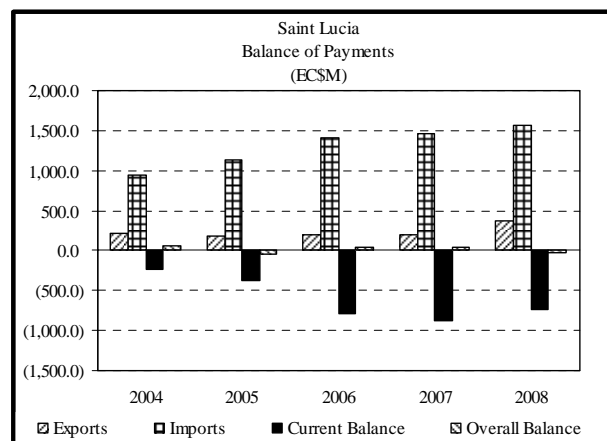
The net liabilities of the banking system stood at \$543.3m at the end of December 2008, substantially above the level of \$47.7m at the end of 2007. The sharp increase was influenced by a reduction in commercial bank assets held in financial institutions abroad and in other ECCB territories, coupled with growth in liabilities to banks outside of the currency region. During 2008 the commercial banking system borrowed from abroad to finance credit demand. Saint Lucia's imputed share of the reserves held at the Central Bank also fell, by 7.2 per cent to \$378.8m.

Liquidity in the commercial banking system tightened during 2008 compared with the level in 2007. The ratio of liquid assets to total deposits plus liquid liabilities fell by 5.7 percentage points to 19.8 per cent, while the ratio of the loans and advances to total deposits rose by 1.8 percentage points to 114.9 per cent. At the end of December 2008 the interest rate spread between loans and deposits widened to 6.71 percentage points from

6.45 percentage points at the end of December 2007. The weighted average interest rate on deposits was 2.88 per cent, representing a 0.07 percentage point reduction from that at the end of 2007, and the weighted average interest rate on lending decreased by 2.0 percentage points to 9.59 per cent.

Balance of Payments

Preliminary estimates of the balance of payments for 2008 indicate an overall deficit of \$30.4m (1.1 per cent of GDP), in contrast to a surplus of \$50.0m (1.9 per cent of GDP) in 2007. The shift to a deficit position was attributed to reduced net inflows on the capital and financial account.



The surplus on the capital and financial account fell by 24.5 per cent to \$703.8m (25.8 per cent of GDP), compared with that in 2007. The decline was the result of smaller inflows of foreign direct investment, reflecting the impact of the global financial and economic crisis. Net inflows of commercial bank short-term capital more than doubled to \$466.2m (17.1 per cent of GDP), as banks



drew down on their assets or borrowed from abroad to finance the expansion in domestic credit. Net inflows of portfolio capital fell by 31.8 per cent to \$37.8m (1.4 per cent of GDP).

The deficit on the current account declined by 16.7 per cent to \$734.2m (26.9 per cent of GDP), largely associated with a narrowing of the merchandise trade deficit and larger net inflows from services. The merchandise trade deficit fell by 0.6 per cent to \$1,186.5m (43.5 per cent of GDP), as the value of exports grew at a stronger rate relative to the increase in import payments. The value of exports rose by 81.7 per cent to \$373.5m (13.7 per cent of GDP), largely attributable to increases in banana export receipts and the re-export of petroleum products. Earnings from the export of bananas rose by 25.4 per cent to \$54.7m, reflecting a higher volume of production and exports. Payments for imports (f.o.b.) increased by 24.1 per cent to \$1,559.9m (57.2 per cent of GDP), partly as a result of higher prices for international oil and the expansion in economic activity.

Net inflows on the services account rose by 5.9 per cent to \$481.5m (17.6 per cent of GDP). This outturn was supported primarily by growth of 3.1 per cent to \$839.7m in inflows from travel, in line with the increase in stay-over arrivals.

Prospects

The economic prospects for Saint Lucia in 2009 will depend largely on the depth and length of the economic recession in the major industrialised countries and on how the financial crisis unfolds. The outlook for Saint Lucia is therefore shrouded in uncertainty. In the tourism industry, activity will likely contract, based on an expected decline in visitor arrivals from the major source markets and a decrease in airlift given the decisions of a number of regional and international carriers to reduce service to the destination. Performance in the agricultural sector is projected to decline, largely associated with developments in the banana sub-sector. Growth in construction activity is projected, albeit at a rate below that recorded in 2008. The expansion will be driven by public sector investment activity; private sector construction will be less robust compared with the level in 2008. Manufacturing activity is likely to contract, based on an expected fall in demand from the domestic and regional markets.

A widening of the overall deficit of the central government is expected in 2009, mainly based on larger capital spending as government implements policies to stimulate economic activity with the aim of minimising the fallout from the global financial and economic crisis. Work will intensify on a number of major roads and other infrastructural



projects. Current revenue is projected to fall as economic activity declines. Current expenditure will likely increase, based on salary agreements and as the authorities implement measures to temper the fall-off in economic growth and protect vulnerable groups. Interest payments are projected to rise in line with an increase in the outstanding debt.

An overall balance of payments deficit is projected for 2009, based on smaller inflows of foreign direct investment and reduced travel receipts. The merchandise trade deficit is projected to narrow,

owing to a slow-down in the growth in imports as oil prices fall and the pace of construction activity slows. Export earnings will likely decrease, associated with contractions in output of agriculture and manufactured goods.

Major downside risks to the projections include unfavourable weather and a further deepening of the recession in the USA and Europe. These could lead to a worse than expected impact on the economy of Saint Lucia.



ST VINCENT AND THE GRENADINES

Overview

Provisional data indicate that real GDP in St Vincent and the Grenadines declined by 0.5 per cent following expansions of 7.0 per cent and 7.6 per cent in 2007 and 2006 respectively. The contraction in GDP was attributed to a weak performance in the agricultural sector, and declines in manufacturing and tourism activity, reflecting the impact of the global meltdown. Activity in the construction sector was robust. Consumer prices rose by 8.7 per cent during 2008 (on an end of period basis). The fiscal operations of the central government resulted in a narrowing of the overall deficit. The total outstanding debt of the public sector rose, reflecting increases in both domestic and external debt. Monetary liabilities increased, influenced by growth in domestic credit. Commercial bank liquidity remained at a high level. The spread between commercial banks' weighted average interest rate on loans and deposits increased marginally. In the external sector, a wider overall deficit was recorded, reflecting larger outflows on the current account.

Marginal growth in real GDP is projected in 2009 as performance in the banana sub-sector is likely to improve and activity in the construction sector is expected to expand, albeit at a slower pace. Performance of the tourism industry and manufacturing sector will be contingent on developments in the international economy. A wider overall deficit is projected on the central

government's fiscal accounts, based on an expected increase in expenditure. A deeper than anticipated international financial and economic crisis could pose significant downside risks to the economic prospects for St Vincent and the Grenadines.

Output

Value added in the agricultural sector declined by an estimated 7.7 per cent in 2008, in stark contrast to growth of 9.3 per cent and 6.6 per cent recorded in 2007 and 2006 respectively. Consequently, agriculture's contribution to GDP fell to 8.7 per cent from 9.3 per cent in 2007. The downturn in the agricultural sector was influenced by a decrease in banana output, reflecting the impact of leaf spot and Moko diseases. Value added in the fishing subsector also declined, by 20.0 per cent, in contrast to growth of 26.6 per cent in 2007. The decline was linked to a fall in export demand.

In the manufacturing sector, value added decreased by 9.9 per cent, in contrast to an expansion of 1.1 per cent in 2007. Declines were recorded in output of feed (22.2 per cent), beer (22.1 per cent) and flour (7.4 per cent) as a result of a fall in both domestic and external demand and an increase in the cost of production. Output of rice increased, by 16.8 per cent, on account of higher demand.

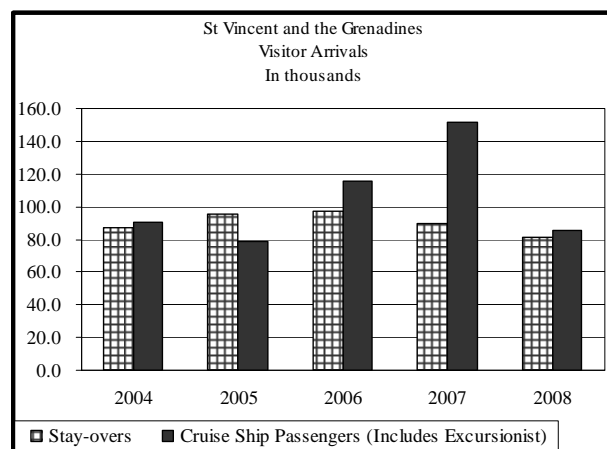
Activity in the construction sector was robust. Value added in that sector increased by 9.8 per cent



compared with 14.4 per cent in 2007. The sector's share of GDP rose to 12.1 per cent from 11.0 per cent in 2007. The expansion in construction activity was underpinned by increased investments in both the public and private sectors. Public sector projects included road rehabilitation, airport expansion, and construction of buildings – schools, fisheries complex, resource centres, housing schemes and a correctional facility. In the private sector, construction activity focused on a major hotel, renovation of tourism-related accommodation and residential building. The increase in residential construction activity was partly evidenced by growth of 5.7 per cent in commercial bank lending for home construction and renovation.

Value added in the hotels and restaurants sector, an indicator of the level of tourism activity, is estimated to have decreased by 9.0 per cent in 2008 in contrast to an increase of 1.0 per cent in the previous year. The sector's contribution to GDP fell marginally to 1.7 per cent from 1.9 per cent in 2007. The contraction in value added was mainly as a result of a decline in stay-over visitor arrivals, particularly those staying in hotels and other paid accommodation. The number of stay-over arrivals fell by 8.9 per cent, mirroring declines in arrivals in all the source markets. Stay-over arrivals from the USA and the UK fell by 11.7 per cent and 11.6 per cent respectively, largely attributable to the slow down in those economies. Arrivals from the Caribbean – the largest market – declined by 7.1 per cent, primarily on account of an increase in intra-regional air fares. Of the other categories of

visitors, cruise passenger arrivals fell by 45.3 per cent, reflecting a decline in the number of cruise-ship calls. The number of yacht passengers and excursionists also fell, by 57.9 per cent and 7.0 per cent respectively.



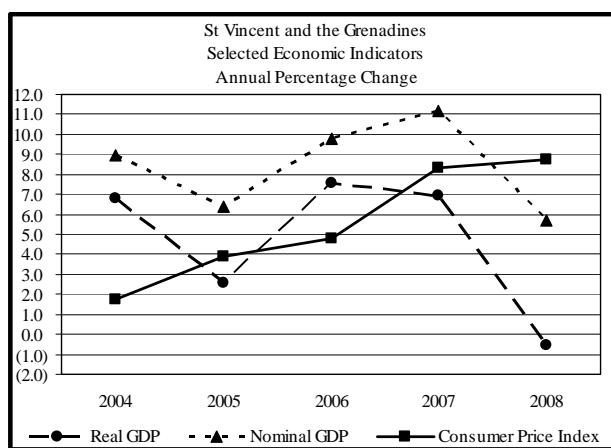
The decline in activity in tourism and agriculture contributed to a fall in wholesale and retail trade. Value added in the wholesale and retail trade sector decreased by 3.4 per cent, in contrast to an expansion of 5.0 per cent in 2007.

Prices, Wages and Employment

The consumer price index (CPI) rose by 8.7 per cent during 2008 on an end of period basis, compared with 8.3 per cent during 2007. The rise in the CPI partly reflected the impact of increases in international food and fuel prices, particularly during the first eight months of 2008. The food sub-index, the largest weighted, rose by 14.3 per cent, well above the 9.5 per cent rate during 2007, attributable to higher prices for rice, flour, chicken parts, milk, bread and plantains. The household furnishings and



supplies sub-index rose by 5.6 per cent, influenced by price increases for some living room sets. Higher cost of whisky and local rum contributed to an increase of 4.7 per cent in the alcoholic beverages and tobacco sub-index. The fuel and light sub-index rose by 2.7 per cent, reflecting increases in the cost of electricity and kerosene as a result of higher prices of international oil.



Data on wage movements in the public sector in 2008 show that civil servants received a 5.0 per cent salary increase, effective January 2008. In addition, most established public servants received salary enhancements under phases two of a reclassification exercise. All categories of workers with wages below the minimum wage regulations received increases ranging from 20.0 per cent to 30.0 per cent in July 2008.

Based on information from the National Insurance Services in St Vincent and the Grenadines, the number of registered employees remained relatively unchanged at 36,901 in 2008. Of that total, private sector employees represented 64.2 per cent

or 23,681, an increase of 21 on the amount reported in 2007.

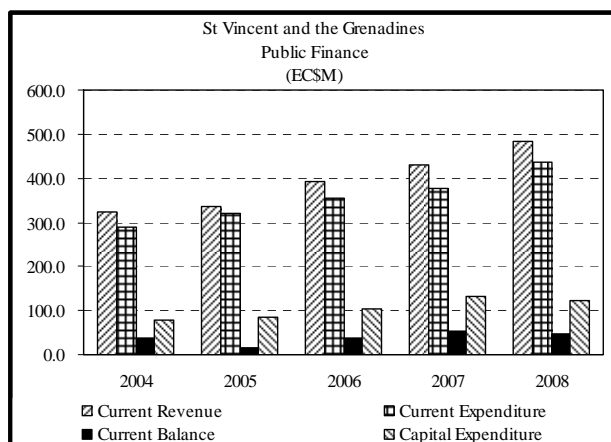
Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall deficit of \$33.3m (2.1 per cent of GDP), well below that of \$53.3m (3.6 per cent of GDP) in 2007. The smaller deficit resulted primarily from larger grant inflows and a decline in capital expenditure. A primary surplus of \$33.1m was recorded, in contrast to a deficit of \$8.6m in 2007. Grant receipts rose by 60.5 per cent to \$39.8m. Capital expenditure fell by 7.3 per cent to \$121.9m (7.6 per cent of GDP), as some development projects were completed.

A current account surplus of \$47.0m (2.9 per cent of GDP) was realised compared with one of \$52.5m (3.3 per cent of GDP) in 2007. The smaller surplus was attributed to an increase in expenditure, which more than offset growth in revenue. Current expenditure increased by 15.4 per cent to \$436.6m, and as a percentage of GDP rose to 27.2 per cent from 25.3 per cent in 2007. Growth in current expenditure was broad-based, with personal emoluments as the main driver. A salary reclassification exercise and wage increases to public servants contributed to growth of 10.0 per cent (\$18.7m) in outlays on personal emoluments. Expenditure in relation to transfers and subsidies expanded by 23.3 per cent (\$16.3m), influenced by an increase in retirement benefits and enhanced social safety net programmes. Expenditure on goods



and services rose by 20.4 per cent (\$15.4m), attributable in part to larger outlays for utilities. Interest payments were 17.7 per cent (\$7.9m) above the total in 2007, associated with larger domestic and external debt obligations.



Current revenue amounted to \$483.6m, an increase of 12.3 per cent relative to the total in 2007. As a percentage of GDP, current revenue rose to 30.2 per cent from 28.9 per cent in 2007. The expansion in current revenue resulted primarily from growth of 10.5 per cent (\$42.1m) in tax revenue. Receipts from taxes on domestic goods and services rose by 24.7 per cent (\$45.5m), on account of a 73.3 per cent (\$63.7m) increase in collections from the value added tax (VAT), which was implemented on 01 May 2007. Receipts from taxes on income and profits rose by 6.6 per cent, reflecting larger yields from corporation taxes and personal income tax. By contrast, revenue from taxes on international trade and transactions decreased by 8.9 per cent, reflecting a reduction in receipts from the consumption tax, which was replaced by the VAT in May 2007. Collections from the customs service charge and

import duties rose by 6.0 per cent and 1.2 per cent respectively, reflecting an increase in the value of imports. The yield from interest and rents nearly tripled and contributed to a 35.1 per cent (\$10.8m) increase in non-tax revenue.

Public Sector Debt

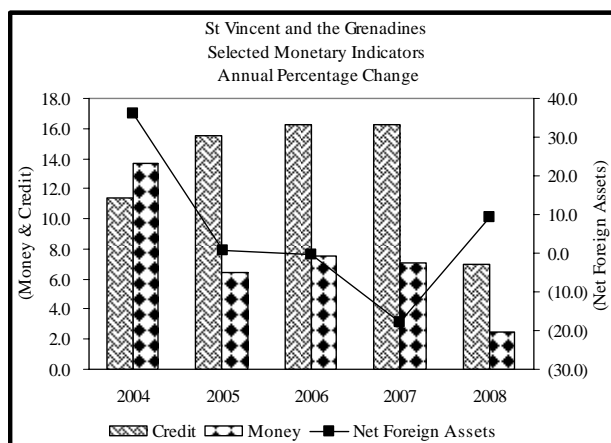
The total outstanding debt of the public sector was estimated at \$1,110.0m at the end of 2008, representing an 8.1 per cent increase on the amount at the end of 2007. As a percentage of GDP, the public sector debt increased to 69.3 per cent from 68.7 per cent in 2007. The disbursed outstanding debt of the central government, which accounted for 78.3 per cent of total debt, increased by 3.5 per cent to \$869.4m (54.2 per cent of GDP), as government borrowed to finance its investment programme. The central government's stock of domestic debt grew by 10.5 per cent, reflecting an increase in commercial bank credit, while external borrowing rose by 6.6 per cent. The disbursed outstanding debt of the public corporations increased by 28.8 per cent, mainly associated with financing for the international airport project.

Money and Credit

Monetary liabilities (M2) expanded by 2.5 per cent to \$1,031.4m during 2008, largely reflecting an increase in quasi money. Quasi money grew by 6.6 per cent (\$41.8m), associated with increases in private sector time deposits (\$22.7m) and savings deposits (\$22.5m). Those increases more than offset



a decline of 8.5 per cent (\$3.4m) in private sector foreign currency deposits. Narrow money (M1) fell by 4.5 per cent (\$16.8m), partly on account of a decline of 10.3 per cent (\$9.3m) in currency with the public.



One of the counterparts to the expansion in M2 was a 7.0 per cent increase to \$945.8m in domestic credit, reflecting growth in credit to the central government and the private sector. The net indebtedness of the central government to the banking system rose by 23.3 per cent to \$108.3m, as government borrowed to finance its capital expenditure programme. Private sector credit increased by 3.0 per cent, reflecting growth in household credit as loans to businesses fell by 6.1 per cent. The net deposits of the non-bank financial institutions contracted by 25.8 per cent, largely resulting from a fall in their deposits.

The composition of credit by economic activity shows that loans for personal use, which represented 48.9 per cent of total credit, rose by 7.7 per cent during 2008, primarily for home construction and

renovation. Increases were also recorded in outstanding loans for manufacturing and mining and quarrying (22.6 per cent), agriculture and fisheries (22.4 per cent) and construction (12.2 per cent). Among the other areas of economic activity, credit for distributive trade grew by 5.9 per cent, while outstanding loans for tourism fell by 2.5 per cent, consistent with the decrease in activity in that sector.

Growth in M2 was also influenced by a 9.2 per cent increase to \$384.9m in the net foreign assets of the banking system during 2008. The expansion largely reflected growth of 34.5 per cent in the net foreign assets of commercial banks, mirroring an increase in assets held with institutions in other ECCB territories. St Vincent and the Grenadines' imputed share of the Central Bank's reserves fell by 3.8 per cent to \$223.9m.

Liquidity in the commercial banking system remained at a high level during 2008, as evidenced by the ratio of liquid assets to total deposits plus liquid liabilities, which was virtually unchanged at 41.5 per cent. The ratio of loans and advances to total deposits, however, rose by 3.2 percentage points to 87.2 per cent, compared with the level at the end of 2007.

The interest rate spread between deposit and lending rates was virtually unchanged at 6.84 percentage points at the end of 2008. The weighted average interest rate on deposits fell by 3.0 basis points to 2.76 per cent and that on loans by 2.0 basis points to 9.60 per cent.



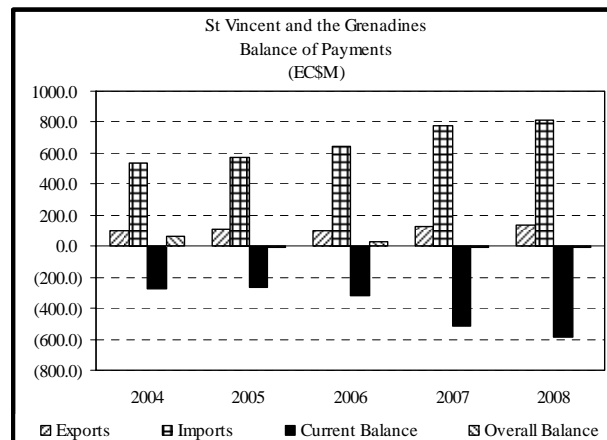
Balance of Payments

Preliminary data on the balance of payments show that St Vincent and the Grenadines' external position deteriorated in 2008. An overall deficit of \$9.4m (0.6 per cent of GDP) was recorded compared with one of \$5.0m (0.3 per cent of GDP) in 2007. This outturn was influenced by a widening of the current account deficit.

The current account deficit rose to an estimated \$584.4m (36.5 per cent of GDP) from \$512.4m (34.2 per cent of GDP) in 2007, attributable to a larger merchandise trade deficit combined with a decrease in net inflows from services. The merchandise trade deficit is estimated to have widened to \$682.7m from \$647.7m, reflecting an increase of 5.0 per cent in import payments. Growth in the import bill was attributed in part to larger imports of machinery and equipment, associated with the construction of the Argyle International Airport. Payments for imports of oil related products, food and live animals also rose, partially attributable to increases in international prices of some commodities. The value of exports amounted to \$132.8m, approximately 3.1 per cent above the level in 2007, associated primarily with an increase in domestic exports, particularly rice. Earnings from rice exports more than doubled, due to an increase in volume and in the international price of this commodity.

Services transactions resulted in a net inflow of \$89.6m, roughly 30.1 per cent below the amount in

2007. This performance was largely influenced by a 22.3 per cent fall in travel receipts, consistent with the decline in visitor arrivals.



The surplus on the capital and financial account increased to \$575.0m (35.9 per cent of GDP) from \$507.4m (33.9 per cent of GDP) in 2007. This outturn was influenced by larger inflows of direct investment (10.2 per cent), associated in part with tourism-related construction activity. There was a net outflow of \$41.3m in short-term capital by commercial banks, in contrast to a net inflow of \$98.2m in 2007.

Prospects

Economic activity is expected to remain relatively flat in 2009. A marginal increase in construction activity is projected, but this is likely to be offset by declines in some other major sectors. New and ongoing projects in both the private and public sectors are expected to drive the expansion in the construction sector. Ongoing projects include the Buccament Bay Beach Resort, which resumed in the



latter part of 2008, the Canouan Village Development project, the BM Resort properties in Bequia and residential construction. Construction work is expected to begin on the Adams Bay, Bambereaux and Fairview resorts and the Argyle International Airport. In the public sector, activity is expected to be buoyed by road rehabilitation and development, completion of a library and modern diagnostic medical centre, and the start of a lecture theatre.

In the agricultural sector, banana output is expected to contract. Growth in output of non-banana crops is projected based on ongoing initiatives by government to increase crop production. In the tourism industry stay-over arrivals are projected to contract, partly on account of the recession in major source markets. However, growth in cruise passengers arrivals is projected, based on the itinerary for cruise ship calls.

The central government's fiscal operations are expected to yield a larger overall deficit as total expenditure is projected to increase, based on

government's plan to expand the social safety net programmes. This is likely to contribute to an increase in the debt burden. Salary reclassification implemented in July 2008 as well as increases granted for the new triennium are expected to result in larger outlays on personal emoluments.

The overall balance of payments deficit is likely to widen, based on smaller inflows on the capital and financial account, associated with a fall in investments, precipitated by the global crisis. The deficit on the current account is likely to increase based in part on smaller net inflows from services transactions. Gross inflows from travel are expected to be below the 2008 level, based on a weak performance in the tourism industry.

Risks to these projections are tilted to the downside. The inherent risk of a deepening global recession particularly in the economies of the main trading partners, have the potential to impact adversely foreign direct investments, remittance inflows and visitor arrivals.



NOTES FOR STATISTICAL TABLES AND MONETARY SURVEY

NOTES ON STATISTICAL TABLES

GENERAL

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.

NOTES TO THE 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 Economic Indicators

	2004	2005	2006	2007	2008
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at basic prices	6.4	8.9	8.8	9.4	6.4
Real GDP at basic prices	3.9	5.6	6.3	5.2	1.7
GDP Deflator	2.5	3.1	2.4	3.9	4.6
Consumer Prices (end of period)	2.8	4.1	1.5	5.5	4.8
Consumer Prices (period average)	2.1	3.0	3.1	2.7	7.5
Real GDP at Factor Cost by Selected Sectors					
Agriculture	(0.9)	(12.1)	4.9	2.8	4.3
Manufacturing	(2.6)	9.0	1.2	2.5	(6.6)
Mining and Quarrying	(6.2)	16.3	36.9	22.2	4.9
Electricity and Water	2.8	1.4	3.0	7.8	3.0
Construction	5.2	19.3	12.4	6.0	4.0
Wholesale and Retail	2.0	7.7	6.1	5.4	(0.2)
Hotels and Restaurants	6.6	1.2	5.5	(0.5)	(2.2)
Transportation	12.7	3.1	6.9	7.0	1.3
Communications	3.1	9.8	4.2	6.7	2.9
Banks and Insurance	8.3	7.7	9.0	9.7	4.1
Real Estate and Housing	1.9	3.7	4.7	5.9	3.0
Government Services	3.2	2.8	4.2	5.1	3.8
Other Services	2.5	5.0	6.2	8.4	3.5
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(16.4)	(22.6)	(29.8)	(34.8)	(34.7)
Overall Balance	3.1	(0.5)	2.3	1.1	(0.4)
Merchandise Trade Balance	(38.2)	(42.6)	(46.8)	(48.9)	(48.5)
Central Government					
Current Account Balance	(0.7)	0.7	1.3	2.5	0.6
Current Revenue	26.2	26.4	27.5	28.0	28.1
Current Expenditure	26.9	25.7	26.2	25.5	27.5
Capital Expenditure and Net Lending	6.8	7.8	9.7	8.9	7.9
Overall Fiscal Balance	(3.6)	2.2	(4.9)	(3.9)	(3.5)
Total Public Sector Debt (end of period)	115.7	103.4	98.4	93.2	90.4
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Average Deposit Interest Rate	3.2	3.2	3.3	3.2	3.3
Weighted Average Lending Interest Rate	10.4	10.2	9.9	9.6	9.5
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	7,501.5	8,169.8	8,891.6	9,725.7	10,343.8
Real GDP at basic prices	5,433.6	5,738.6	6,099.8	6,418.6	6,528.0
Nominal GDP at market prices	9,118.3	9,904.9	10,927.6	11,996.1	12,682.5
GDP per capita (EC\$)	12,720	13,692	14,841	16,098	16,660
Merchandise Imports (f.o.b)	4,228.5	4,987.2	5,839.1	6,628.6	7,061.7
Merchandise Exports (f.o.b)	744.9	763.3	721.6	762.6	915.2
Gross Visitor Expenditure	2,934.0	3,042.3	3,094.8	3,188.6	3,108.3

Source: Statistics Department and ECCB

* Excluding Antigua and Barbuda's debt forgiveness

Data available at February 2009



Table 2
ECCU - Consolidated Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008 ^P
Current Revenue	2,385.6	2,615.5	3,003.1	3,358.3	3,568.8
Tax Revenue	2,107.9	2,355.4	2,700.7	3,033.6	3,202.1
Taxes on Income and Profit ^{/1}	418.9	516.2	577.2	639.4	736.2
of which:					
Personal ^{/2}	161.0	180.4	203.1	219.1	240.1
Company	215.4	277.3	290.8	309.7	405.7
Taxes on Property	45.2	46.2	59.5	64.4	63.2
Taxes on Domestic Goods and Services	475.9	497.3	689.2	973.2	1,087.2
of which:					
Accommodation Tax	89.4	98.1	106.6	77.6	66.1
Licences	77.9	67.4	85.9	89.4	102.5
Sales Tax ^{/3}	32.6	37.7	10.7	197.5	238.3
Consumption Tax ^{/4}	45.9	46.9	52.0	50.5	50.0
Value Added Tax ^{/5}	-	-	69.0	188.5	264.7
Taxes on International Trade and Transactions	1,167.9	1,295.7	1,374.9	1,356.5	1,315.6
of which:					
Consumption Tax ^{/7}	521.1	547.5	532.3	412.9	344.8
Import Duties	310.0	367.4	402.4	462.7	476.6
Foreign Exchange Tax ^{/6}	12.7	3.3	2.4	0.8	(0.0)
Customs Service Charge ^{/7}	193.0	231.9	260.9	282.3	281.4
Non-Tax Revenue	277.7	260.1	302.3	324.7	366.6
Current Expenditure	2,450.8	2,545.1	2,862.8	3,055.0	3,491.3
Personal Emoluments	1,101.9	1,128.0	1,212.3	1,321.6	1,479.7
Goods and Services	516.6	566.5	627.6	695.7	801.4
Interest Payments	397.3	349.3	400.8	415.5	444.7
Domestic	130.9	144.8	180.7	196.8	212.9
External	266.4	204.6	220.1	218.7	231.9
Transfers and Subsidies	435.0	501.2	622.2	622.3	765.5
Pensions	152.5	164.9	179.8	224.5	228.6
Current Account Balance (before grants)	(65.20)	70.43	140.27	303.24	77.49
Capital Revenue	35.3	43.4	18.6	46.9	74.7
Grants	283.5	327.3	361.1	254.3	400.3
Current Grants	135.9	132.9	72.1	58.9	92.2
Capital Grants	147.5	194.3	289.0	195.4	308.1
Capital Expenditure and Net Lending	622.0	772.1	1,056.8	1,071.1	996.1
Capital Expenditure	594.5	779.9	1,056.2	1,058.9	985.8
Primary Balance	71.13	565.60	(136.05)	(51.14)	1.12
Overall Balance (after grants)	(326.1)	216.3	(536.8)	(466.6)	(443.6)
Financing	326.1	(216.3)	536.8	466.6	443.6
Domestic	(52.1)	89.9	380.1	305.8	203.6
ECCB (net)	(62.8)	6.2	(37.2)	(4.1)	21.7
Commercial Banks (net)	13.5	152.1	24.3	255.6	135.7
Other	(2.9)	(68.3)	393.0	54.3	46.2
External	252.4	(248.2)	64.3	57.2	149.7
Net Disbursements/(Amortisation)	274.6	(221.8)	59.0	29.9	151.2
Disbursement	568.9	489.2	303.9	271.4	379.2
Amortisation	(294.3)	(711.0)	(244.9)	(241.5)	(228.0)
Change in Government Foreign Assets	(22.2)	(26.4)	5.3	27.3	(1.5)
Arrears ^{/8}	125.9	(58.0)	92.4	103.6	90.3
Domestic	15.1	0.5	0.6	2.1	(2.8)
External	110.8	(58.5)	91.9	101.5	93.1

SOURCE: Statistics Department, OECS and ECCB

/1 Taxes on Income and Profits are not collected in Anguilla

/3 Includes data for Dominica and Antigua and Barbuda

/4 Excludes Anguilla, Antigua and Barbuda and Montserrat

/5 Includes Dominica and St Vincent and the Grenadines

/7 For all territories except Anguilla

/2 Included is a Social Services Levy which is applied in St Kitts and Nevis. Not collected in Antigua and Barbuda

/6 Only includes Anguilla and Montserrat

/8 Only includes Antigua and Barbuda and Dominica

Data available at February 2009



Table 3
ECCU - Monetary Survey
(In millions of Eastern Caribbean dollars)

	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008
Net Foreign Assets	2,882.8	3,000.8	3,177.9	3,026.4	2,250.7
Central Bank (net)	1,702.9	1,611.9	1,871.9	2,056.6	2,039.8
Foreign Assets	1,707.5	1,622.4	1,879.1	2,065.1	2,049.3
Foreign Liabilities	4.6	10.5	7.2	8.5	9.5
Commercial Banks (net)	1,179.9	1,388.9	1,306.0	969.8	214.9
Assets	3,062.3	3,490.2	3,789.7	4,265.6	3,732.8
Liabilities	1,882.4	2,101.3	2,483.7	3,295.9	3,517.9
Net Domestic Assets	6,055.0	6,638.8	7,492.0	8,754.3	9,834.0
Domestic Credit	6,909.7	7,849.0	9,030.9	10,903.4	12,167.5
Central Government (net)	473.1	631.4	618.5	884.0	1,045.4
Other Public Sector (net)	(678.3)	(664.1)	(788.1)	(946.2)	(947.7)
Non-Bank Financial Institutions (net)	(202.5)	(187.4)	(172.5)	(228.9)	(249.6)
Subsidiaries and Affiliates (net)	135.9	114.1	111.4	56.1	71.8
Private Sector	7,114.8	7,881.8	9,200.5	10,965.6	12,069.7
Other Items (net)	(854.7)	(1,210.2)	(1,539.0)	(2,149.1)	(2,333.5)
Money Supply (M2)	8,937.9	9,639.6	10,669.9	11,780.6	12,084.7
Money Supply (M1)	2,085.6	2,240.5	2,414.5	2,663.5	2,641.2
Currency	486.1	521.4	586.0	594.7	612.8
Demand Deposits	1,599.4	1,719.1	1,828.5	2,068.8	2,028.3
Quasi Money	6,852.3	7,399.1	8,255.4	9,117.1	9,443.5
Savings Deposits	3,638.1	3,955.9	4,370.2	4,707.5	4,963.7
Time Deposits	1,962.3	1,936.4	2,042.0	2,337.1	2,565.7
Foreign Currency Deposits	1,251.8	1,506.8	1,843.2	2,072.5	1,914.2

Source: ECCB

Data available at February 2009

Table 4
ECCU - Selected Tourism Statistics

	2004	2005 ^R	2006 ^R	2007 ^R	2008 ^P
Total Visitors	3,244,962	3,027,731	3,214,514	3,628,382	3,595,277
Stay-Over Visitors	1,042,542	1,055,968	1,085,468	1,065,595	1,052,095
Of which:					
Visitor Arrivals by Air	1,020,372	1,055,968	1,085,468	1,065,595	1,052,095
USA	350,294	375,356	394,437	387,000	380,815
Canada	44,927	49,573	53,758	54,424	65,372
UK	242,737	231,376	227,786	252,419	245,202
Caribbean	289,697	297,973	309,089	261,125	258,087
Other Countries	92,717	101,690	100,398	110,627	102,619
Visitor Arrivals by Sea	22,170	NA()	NA()	NA()	NA()
Excursionists	115,100	112,052	122,580	115,838	80,569
Cruise Ship Passengers	1,949,929	1,723,084	1,851,150	2,301,776	2,370,013
Yacht Passengers	137,391	136,627	155,316	145,173	92,600
Number of Cruise Ship Calls	1,842	1,501	1,682	1,730	1,427
Total Visitor Expenditure (EC\$M)	2,934.03	3,042.28	3,094.77	3,188.59	3,108.27

SOURCE: Central Statistics Offices, OECS and ECCB

Data available as at February 2009



Table 5
ECCU - Balance of Payments
(In Millions of Eastern Caribbean dollars)

	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008 ^P
Current Account	(1,491.4)	(2,234.7)	(3,260.2)	(4,170.6)	(4,404.1)
Goods and Services	(1,262.3)	(2,071.7)	(3,119.5)	(3,937.4)	(4,259.1)
Goods	(3,328.6)	(4,019.8)	(4,899.1)	(5,633.7)	(5,862.4)
Merchandise	(3,483.6)	(4,223.9)	(5,117.5)	(5,866.0)	(6,146.5)
Repair on goods	0.4	0.4	0.4	0.4	0.4
Goods procured in ports by carriers	154.7	203.7	218.0	231.9	283.7
Services	2,066.2	1,948.1	1,779.6	1,696.4	1,603.3
Transportation	(380.4)	(470.8)	(564.3)	(639.5)	(692.9)
Travel	2,590.8	2,672.3	2,677.3	2,725.1	2,651.3
Insurance Services	(19.0)	(129.7)	(205.6)	(218.4)	(231.3)
Other Business Services	(56.8)	(67.1)	(105.4)	(126.5)	(76.6)
Government Services	(68.3)	(56.7)	(22.3)	(44.3)	(47.2)
Income	(823.3)	(670.8)	(583.2)	(636.5)	(558.8)
Compensation of Employees	23.4	23.0	41.3	39.6	49.8
Investment Income	(846.7)	(693.8)	(624.4)	(676.0)	(608.6)
Current Transfers	594.2	507.9	442.4	403.2	413.8
General Government	187.1	167.2	156.4	149.2	165.5
Other Sectors	407.1	340.7	286.0	254.0	248.3
Capital and Financial Account	1,776.1	2,184.7	3,508.3	4,297.0	4,353.9
Capital Account	356.6	891.3	469.4	535.0	539.5
Capital Transfers	356.6	891.3	469.1	535.0	539.5
Acquisition and Disposal of Non-Produced, Non-Financial Assets	247.9	767.7	339.4	398.2	400.4
Non-Financial Assets	108.7	123.6	129.8	136.9	139.1
Financial Account	1,419.5	1,293.4	3,039.0	3,762.0	3,814.4
Direct Investment	1,238.2	1,727.4	2,894.9	3,318.8	2,352.1
Portfolio Investment	195.7	84.0	59.1	(74.7)	4.1
Other Investments	(14.5)	(518.0)	85.0	517.9	1,458.3
Public Sector Long Term	125.0	(296.9)	13.3	57.1	137.7
Other Public Sector Capital	-	14.1	0.0	-	-
Commercial Banks	(266.8)	(209.0)	82.9	336.2	758.8
Other Assets	(256.5)	(269.1)	(387.0)	(275.6)	(253.3)
Other Liabilities*	383.9	243.0	375.7	400.1	815.0
Overall Balance	284.7	(50.0)	248.1	126.4	(50.2)
Financing	(284.7)	50.0	(248.1)	(126.4)	50.2
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	(22.2)	(26.4)	5.2	25.8	(1.5)
Change in ECCU's Net Foreign Assets [#]	(262.4)	76.4	(253.2)	(152.2)	51.7

Source: ECCB

* includes errors and omissions

adjusted for valuation changes

Data available at February 2009



Table 6
ECCU - Total Public Sector Disbursed Outstanding Debt (DOD)*
(In millions of Eastern Caribbean dollars)

Country	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008 ^P
Anguilla	89.9	110.2	120.3	141.2	170.9
Antigua and Barbuda	3,565.4	2,706.7	2,797.9	2,905.9	3,003.4
Dominica	879.8	951.7	951.9	933.7	917.3
Grenada	1,528.6	1,637.6	1,712.3	1,770.8	1,850.0
Montserrat	13.2	12.7	12.0	11.2	11.1
St Kitts and Nevis	2,003.4	2,215.7	2,379.6	2,479.6	2,483.6
Saint Lucia	1,514.3	1,613.4	1,742.5	1,906.6	1,912.9
St Vincent and the Grenadines	955.8	992.2	1,040.8	1,026.9	1,110.0
TOTAL ECCU	10,550.3	10,240.2	10,757.2	11,175.9	11,459.2

Source: ECCB

* Includes arrears of principal

Data available at February 2009

Table 7
ECCU - Central Government Disbursed Outstanding Debt (DOD)*
(In millions of Eastern Caribbean dollars)

Country	2004	2005 ^R	2006 ^R	2007 ^R	2008 ^P
Anguilla	69.7	91.8	103.2	121.1	149.6
Antigua and Barbuda	3,288.2	2,465.1	2,581.0	2,666.9	2,746.9
Dominica	694.3	775.1	789.3	778.5	771.2
Grenada	1,234.0	1,382.3	1,458.4	1,539.1	1,581.0
Montserrat	4.6	4.2	4.2	3.8	4.0
St Kitts and Nevis	1,243.1	1,364.0	1,473.0	1,521.0	1,542.6
Saint Lucia	1,215.8	1,293.5	1,428.0	1,595.4	1,616.2
St Vincent and the Grenadines	836.1	849.8	891.0	840.1	869.4
TOTAL ECCU	8,585.9	8,225.8	8,728.1	9,065.8	9,280.9

Source: ECCB

*Includes arrears of principal

Data available at February 2009

Table 8
ECCU - Total Central Government Debt Service Payments*
(In millions of Eastern Caribbean dollars)

Country	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008 ^P
Anguilla	8.6	6.7	26.9	11.0	40.3
Antigua and Barbuda	197.0	569.5	246.6	202.5	192.8
Dominica	71.8	35.1	54.9	55.1	56.8
Grenada	138.7	65.0	45.7	86.3	79.2
Montserrat	1.6	1.1	1.3	2.1	0.2
St Kitts and Nevis	132.1	158.2	209.2	205.9	215.5
Saint Lucia	158.5	130.1	129.7	136.2	190.6
St Vincent and the Grenadines	142.0	201.4	138.7	93.1	121.9
TOTAL ECCU	850.3	1,167.2	853.0	792.1	897.3

Source: ECCB

*The amounts are actual payments and not contractual obligations

Data available at February 2009



Table 9
ECCU - Participation on the RGSM

	2004	2005 ^R	2006 ^R	2007 ^R	2008
Treasury Bills					
Number of Auctions	13	16	25	28	33
Amount Raised (EC\$M)	228.0	291.5	436.3	492.7	574.1
Subscriptions (EC\$M)	417.9	563.1	499.3	623.9	975.6
Bonds					
Number of Auctions	5	2	5	5	3
Amount Raised (EC\$M)	187.0	75.0	215.2	112.5	116.0
Subscriptions (EC\$M)	277.2	75.0	215.2	117.4	119.7
of which:					
Banks	120.7	59.5	n.a.	n.a.	n.a.
Social Security	49.3	-	n.a.	n.a.	n.a.
Total number of auctions	18	18	30	33	36
Total Amounts Raised (EC\$M)	415.0	366.5	651.5	605.2	690.1
Total Subscriptions (EC\$M)	690.1	638.1	714.5	741.3	1095.3

Source: ECCB

Data available at February 2009

Table 10
ECCU - Average Weighted Interest Rates on the RGSM (%)

	2005	2006	2007	2008
91-day Treasury Bill	4.74	5.94	6.04	5.71
365-day Treasury Bill	-	-	5.65	5.46
5-year Bonds	4.97	5.82	6.47	6.50
6-year Bonds	5.50	8.25	7.00	6.80
7-year Bonds	-	8.00	-	-
10-year Bonds	6.50	7.24	7.54	7.50

Source: ECCB

Data available at February 2009



Table 11
Anguilla - Selected Economic Indicators

	2004	2005	2006	2007 ^R	2008 ^P
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at basic prices	21.3	16.4	22.2	30.6	3.3
Real GDP at basic prices	16.4	10.7	18.3	21.0	(0.5)
GDP Deflator	4.2	5.1	3.3	7.9	3.8
Consumer Prices (end of period)	5.1	3.2	10.6	3.5	5.9
Consumer Prices (period average)	4.4	4.6	8.4	5.2	7.4
Real GDP at Factor Cost by Selected Sectors					
Agriculture	7.1	2.0	5.1	4.2	4.5
Manufacturing	(24.7)	142.5	9.0	28.9	5.5
Electricity and Water	6.7	15.3	14.7	7.8	2.2
Construction	38.4	10.5	47.2	65.7	5.8
Wholesale and Retail Trade	4.4	10.0	14.5	9.1	3.6
Hotels and Restaurants	15.1	15.0	17.5	6.4	(12.7)
Transport	18.6	11.2	26.3	28.4	(4.1)
Communications	23.7	9.0	(0.9)	18.6	3.0
Banks and Insurance	25.8	3.4	6.2	15.0	6.0
Real Estate and Housing	1.8	2.0	3.0	4.0	4.1
Government Services	5.9	3.8	7.4	(1.1)	5.0
Other Services	(7.3)	3.0	10.1	3.9	(3.5)
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(31.8)	(30.7)	(66.3)	(67.9)	(76.2)
Overall Balance	0.7	3.2	1.0	1.1	(1.4)
Merchandise Trade Balance	(56.6)	(58.6)	(84.7)	(77.0)	(82.8)
Central Government					
Current Account Balance	5.8	4.6	6.1	5.5	(0.3)
Current Revenue	29.2	27.7	30.8	28.7	27.5
Current Expenditure	23.3	23.1	24.7	23.3	27.9
Capital Expenditure and Net Lending	10.4	8.9	7.3	8.1	5.5
Overall Fiscal Balance	(4.1)	(3.4)	1.3	(2.1)	(4.0)
Total Public Sector Debt (end of period)	22.4	24.0	20.4	19.3	23.0
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Average Deposit Interest Rate	5.4	3.7	3.7	3.6	3.9
Weighted Average Lending Interest Rate	10.7	10.1	9.9	9.6	9.7
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	306.1	356.4	435.6	568.8	587.4
Real GDP at basic prices	221.4	245.2	290.1	351.1	349.2
Nominal GDP at market prices	402.4	458.3	588.8	732.4	742.0
GDP per Capita (EC\$)	24444.2	26133.6	30560.5	38211.7	38497.8
Merchandise Imports (f.o.b)	243.4	308.5	532.1	589.0	645.7
Merchandise Exports (f.o.b)	15.5	39.8	33.1	24.8	31.0
Gross Visitor Expenditure	186.9	231.9	289.9	309.2	273.8

Source: Statistics Department and ECCB

Data available at 24 February 2009



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

	2004	2005	2006	2007 ^R	2008
Current Revenue	117.4	126.8	181.3	210.4	204.4
Tax Revenue	96.9	102.4	153.8	164.3	155.3
Taxes on Income and Profit	-	-	-	-	-
of Which:					
Taxes on Property	0.6	0.5	0.6	0.7	0.6
Taxes on Domestic Goods and Services	48.8	43.9	78.9	66.3	61.5
of Which:					
Stamp Duties	21.9	17.4	45.6	31.2	22.9
Accommodation Tax	12.0	12.6	14.7	13.5	15.1
Bank Deposit Levy	4.9	4.1	4.9	5.4	6.3
Taxes on International Trade and Transactions	47.5	58.0	74.3	97.3	93.1
of Which:					
Import Duty	38.7	48.5	62.5	82.7	77.8
Embarkation Tax	3.3	3.6	4.1	5.3	5.6
Foreign Currency Levy	1.1	1.0	1.4	0.3	(0.0)
Non-tax Revenue	20.5	24.4	27.5	46.1	49.1
Current Expenditure	93.9	105.9	145.2	170.4	206.7
Personal Emoluments	36.3	40.8	49.1	68.5	83.9
Goods and Services	34.6	35.3	52.2	53.7	59.8
Interest Payments	3.2	4.7	6.3	7.1	8.0
Domestic	2.3	4.0	5.5	6.3	7.4
External	0.9	0.7	0.9	0.8	0.6
Transfers and Subsidies	19.8	25.1	37.6	41.0	55.0
of Which: Pensions	1.8	2.0	2.6	4.9	6.4
Current Account Balance	23.5	21.0	36.1	40.0	(2.4)
Capital Revenue	-	0.0	0.1	3.4	9.8
Capital Grants	1.5	4.4	14.8	-	-
Capital Expenditure	41.7	40.9	43.2	59.0	36.9
Primary Balance (after grants)	(13.4)	(10.8)	14.1	(8.5)	(21.4)
Overall Balance (before grants)					
Overall Balance (after grants)	(16.7)	(15.5)	7.8	(15.6)	(29.5)
Financing	16.7	15.5	(7.8)	15.6	29.5
Domestic	15.9	15.9	(7.4)	16.6	13.2
ECCB (net)	0.2	(0.1)	(0.0)	(0.3)	7.4
Commercial Banks (net)	24.1	16.7	(30.3)	21.7	19.9
Other	(8.4)	(0.7)	22.9	(4.8)	(14.2)
External	0.7	(0.4)	(0.4)	(1.0)	16.3
Net Disbursements/(Amortisation)	0.7	(0.4)	(0.4)	(1.0)	16.3
Disbursements	1.2	0.1	0.2	-	17.3
Amortisation	(0.5)	(0.5)	(0.6)	(1.0)	(1.0)
Change in Government Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-

Source: Ministry of Finance and ECCB
Data available at 24 February 2009



Table 13
Anguilla - Monetary Survey
(In millions of Eastern Caribbean dollars)

	2004	2005	2006	2007	2008
Net Foreign Assets	334.4	517.8	528.3	396.3	137.6
Central Bank (net)	92.5	107.2	112.9	121.2	110.7
Commercial Banks (net)	241.9	410.6	415.4	275.1	26.9
External (net)	193.7	336.8	334.4	170.7	67.0
Assets	420.0	524.6	530.3	436.0	310.0
Liabilities	226.3	187.8	195.9	265.3	243.0
Other ECCB Territories (net)	48.2	73.8	81.0	104.4	(40.2)
Assets	135.1	143.8	149.0	202.0	143.9
Liabilities	86.9	70.0	68.0	97.6	184.1
Net Domestic Assets	363.3	395.0	500.1	765.5	964.5
Domestic Credit	551.4	655.2	758.4	1,063.1	1,314.4
Central Government (net)	36.7	53.3	23.0	44.4	71.7
Other Public Sector (net)	(81.4)	(93.1)	(104.0)	(129.9)	(131.3)
Non-Bank Financial Institutions (net)	(7.2)	(26.2)	(14.7)	(21.7)	(15.8)
Subsidiaries and Affiliates (net)	13.4	10.1	11.5	17.0	17.7
Private Sector	589.9	711.1	842.6	1,153.3	1,372.0
Other Items (net)	(188.1)	(260.2)	(258.3)	(297.6)	(349.9)
Money Supply (M2)	697.7	912.8	1,028.4	1,161.8	1,102.1
Money Supply (M1)	26.1	29.8	44.7	52.4	50.4
Currency with the public	9.5	9.6	13.5	12.4	15.4
Demand Deposits	16.6	20.2	31.2	39.9	35.0
Quasi Money	671.7	882.9	983.7	1,109.4	1,051.7
Savings Deposits	60.1	69.6	81.0	96.1	101.1
Time Deposits	50.0	70.9	82.8	97.8	65.7
Foreign Currency Deposits	561.6	742.5	819.9	915.5	884.9

Source: ECCB

Data available at 24 February 2009

Table 14
Anguilla - Selected Tourism Statistics

	2004	2005	2006	2007 ^R	2008 ^P
Total Visitor Arrivals	120,788	143,186	167,245	164,067	125,616
Of Which:					
Stay-Over Arrivals	53,987	62,084	72,962	77,652	67,786
USA	35,751	41,733	44,489	45,974	40,789
Canada	1,549	1,792	1,977	2,393	1,893
UK	3,198	3,834	4,344	4,568	3,671
Caribbean	7,129	8,529	15,278	15,425	14,303
Other Countries	6,360	6,196	6,874	9,292	7,130
Excursionists	66,801	81,102	94,283	86,415	57,830
Total Visitor Expenditure (EC\$M)	186.9	231.9	289.9	309.2	273.8

Source: ECCB and Statistics Department

Data available at 24 February 2009



Table 15
Anguilla - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2004	2005	2006 ^R	2007 ^R	2008 ^P
Current Account	(128.0)	(140.5)	(390.4)	(497.2)	(565.5)
Goods and Services	(142.6)	(153.9)	(411.9)	(481.1)	(566.1)
Goods	(227.2)	(268.1)	(499.1)	(564.3)	(614.7)
Merchandise	(227.9)	(268.7)	(499.0)	(564.2)	(614.7)
Repair on Goods	0.0	0.0	0.0	0.0	0.0
Goods Procured in Port by Carriers	0.6	0.6	(0.1)	(0.1)	(0.1)
Services	84.6	114.2	87.2	83.1	48.6
Transportation	(30.9)	(39.0)	(66.8)	(78.3)	(86.2)
Travel	162.5	205.5	255.9	267.6	229.2
Insurance Services	(4.9)	(5.6)	(9.9)	(10.0)	(12.1)
Other Business Services	(40.9)	(49.7)	(94.2)	(100.5)	(85.7)
Government Services	(1.2)	3.0	2.2	4.4	3.4
Income	2.1	10.7	21.1	4.5	14.0
Compensation of Employees	10.4	8.1	10.0	(0.2)	9.5
Investment Income	(8.3)	2.7	11.1	4.7	4.5
Current Transfers	12.6	2.6	0.4	(20.6)	(13.5)
General Government	19.7	9.2	17.1	6.8	17.2
Other Sectors	(7.2)	(6.6)	(16.7)	(27.4)	(30.7)
Capital and Financial Account	130.6	155.3	396.1	505.4	555.1
Capital Account	20.4	34.6	48.3	37.1	37.4
Capital Transfers	20.4	34.6	48.3	37.1	37.4
Acquisition and Disposal of Non-Produced					
Non-Financial Assets	-	-	-	-	-
Financial Account	110.2	120.7	347.8	468.3	517.7
Direct Investment	234.2	316.7	383.4	321.0	240.6
Portfolio Investment	3.2	1.6	9.5	(0.8)	(0.5)
Other Investments	(127.1)	(197.7)	(45.1)	148.1	277.6
Public Sector Long Term	0.9	(2.1)	0.6	2.6	15.2
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	(131.1)	(168.7)	(4.8)	140.3	248.3
Other Assets	(36.6)	(24.8)	(36.7)	(54.1)	(58.1)
Other Liabilities*	39.7	(2.0)	(4.1)	59.3	72.2
Overall Balance	2.6	14.7	5.7	8.2	(10.5)
Financing	(2.6)	(14.7)	(5.7)	(8.2)	10.5
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	-
Change in Imputed Reserves	(2.6)	(14.7)	(5.7)	(8.2)	10.5

Source: ECCB and Statistics Department

* includes errors and omissions

Data available at 24 February 2009



Table 16
Antigua and Barbuda - Selected Economic Indicators

	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008 ^P
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at basic prices	6.5	7.5	14.9	12.5	8.1
Real GDP at basic prices	5.2	5.5	12.4	6.9	2.8
GDP Deflator	1.2	1.9	2.3	5.2	5.2
Consumer Prices (end of period)	2.8	2.5	0.0	5.2	2.3
Consumer Prices (period average)	2.0	2.1	1.8	1.4	5.6
Real GDP at Factor Cost by Selected Sectors					
Agriculture	2.7	3.0	2.9	3.3	2.7
Manufacturing	(4.0)	3.8	8.6	8.5	3.0
Electricity and Water	6.4	6.4	5.4	10.1	5.5
Construction	2.5	19.5	35.0	6.0	5.0
Wholesale and Retail Trade	2.9	3.9	10.9	10.1	5.0
Hotels and Restaurants	6.8	(1.1)	2.4	4.9	1.5
Transport	14.6	(2.3)	13.2	12.1	(2.6)
Communications	3.1	8.0	5.0	7.0	5.0
Banks and Insurance	10.8	9.8	6.8	17.1	2.3
Real Estate and Housing	3.5	3.5	7.0	5.0	3.0
Government Services	4.6	2.9	5.4	6.5	2.0
Other Services	3.0	2.2	8.4	(4.0)	4.0
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(14.5)	(21.7)	(30.9)	(32.9)	(31.3)
Overall Balance	0.8	0.8	1.5	0.1	(0.6)
Merchandise Trade Balance	(45.7)	(47.1)	(52.3)	(53.2)	(51.1)
Central Government					
Current Account Balance	(3.7)	(3.0)	(3.0)	(0.8)	(3.7)
Current Revenue	21.5	21.1	22.2	23.2	22.3
Current Expenditure	25.1	24.0	25.2	24.0	26.0
Capital Expenditure and Net Lending	2.5	4.0	7.9	6.4	5.4
Overall Fiscal Balance	(3.0)	18.0	(7.9)	(6.4)	(8.5)
Total Public Sector Debt (end of period)	162.10	115.43	103.27	93.20	90.83
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Average Deposit Interest Rate	3.7	3.9	3.5	3.3	3.3
Weighted Average Lending Interest Rate	11.3	10.9	10.4	10.4	10.1
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	1,840.4	1,978.8	2,274.5	2,558.7	2,766.2
Real GDP at basic prices	1,420.9	1,498.6	1,683.9	1,800.7	1,850.3
Nominal GDP at market prices	2,199.5	2,344.9	2,709.2	3,118.0	3,306.6
GDP per capita (EC\$)	22,645.5	23,902.0	26,971.4	29,785.6	31,611.3
Merchandise Imports (f.o.b)	1,062.6	1,199.8	1,479.2	1,727.4	1,761.9
Merchandise Exports (f.o.b)	57.8	95.1	62.9	68.1	70.8
Gross Visitor Expenditure	910.8	835.5	882.2	912.2	902.4

Source: Statistics Department and ECCB

Data available at 23 February 2009



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

	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008 ^P
Current Revenue	472.3	493.7	602.7	724.7	737.1
Tax Revenue	427.2	455.0	567.6	690.9	692.3
Taxes on Income and Profit	46.4	63.8	111.5	100.9	111.4
of which:					
Personal Income	0.2	23.4	42.0	50.0	46.9
Company	40.5	38.1	69.1	50.4	63.4
Business Tax	0.4	0.2	0.0	0.0	-
Taxes on Property	10.0	10.5	11.3	8.9	14.1
Taxes on Domestic Goods and Services	96.8	100.5	120.0	281.7	321.6
of which:					
Stamp Duties	27.5	36.3	45.6	45.2	59.5
Hotel and Guest Tax	33.9	33.5	39.9	12.8	0.2
Telecommunications Tax	8.6	9.8	8.2	2.4	-
Antigua and Barbuda Sales Tax	n.a	n.a	-	196.92	237.77
Taxes on International Trade and Transactions	274.0	280.2	324.8	299.4	245.2
of which:					
Import Duty	60.5	71.2	82.3	92.6	97.5
Consumption Tax	100.0	103.3	123.2	68.6	19.8
Customs Service Charge	58.8	65.7	79.5	94.2	82.4
Foreign Currency Levy	10.5	1.4	-	-	-
Non-Tax Revenue	45.1	38.6	35.1	33.8	44.8
Current Expenditure	553.0	563.3	684.1	749.6	859.9
Personal Emoluments	251.1	252.8	268.2	309.0	325.7
Goods and Services	109.9	111.0	126.2	147.6	180.0
Interest Payments	109.1	89.3	98.1	104.5	102.6
Domestic	37.8	33.9	37.3	35.6	32.4
External	71.302	55.356	60.822	68.888	70.209
Transfers and Subsidies	83.0	110.2	191.6	188.5	251.6
of Which: Pensions	32.7	38.2	42.9	79.5	58.7
Current Account Balance	(80.7)	(69.6)	(81.4)	(25.0)	(122.8)
Capital Revenue	22.1	18.0	5.0	5.1	5.2
Grants	48.5	568.7	75.3	20.0	17.0
of which: Capital Grants	6.3	21.4	75.3	20.0	17.0
Debt Forgiveness	42.25	547.25	-	-	-
Capital Expenditure	55.2	94.2	213.6	200.5	180.0
Primary Balance (after grants)	43.8	512.1	(116.7)	(95.8)	(178.0)
Overall Balance (before grants)	(113.8)	(145.8)	(290.0)	(220.3)	(297.6)
Overall Balance (after grants)	(65.3)	422.9	(214.7)	(200.3)	(280.6)
Financing	65.3	(422.9)	214.7	200.3	280.6
Domestic	(10.9)	44.1	140.0	82.8	112.8
ECCB (net)	(5.7)	1.2	(1.6)	(15.3)	14.2
Commercial Banks (net)	(19.4)	(7.1)	(64.4)	84.2	185.5
Other	14.2	50.0	206.1	13.9	(86.9)
External	(9.1)	(397.2)	(13.0)	21.4	69.0
Net Disbursements/(Amortisation)	(9.0)	(397.1)	(13.1)	19.1	66.5
Disbursements	30.100	22.403	7.023	36.505	85.157
Amortisation	(39.100)	(419.491)	(20.165)	(17.422)	(18.624)
Change in Govt. Foreign Assets	(0.1)	(0.1)	0.1	2.3	2.5
Arrears	85.4	(69.7)	87.8	96.1	98.7
Domestic	8.0	13.2	7.9	7.5	3.7
External	77.4	(83.0)	79.9	88.6	95.0

Source: Ministry of Finance, Treasury Department and ECCB Estimates

Data available at 23 February 2009



Table 18
Antigua and Barbuda - Monetary Survey
(In millions of Eastern Caribbean dollars)

	2004	2005	2006	2007 ^R	2008 ^P
Net Foreign Assets	641.8	710.5	926.1	882.8	547.2
Central Bank (net)	324.3	343.7	385.1	388.3	372.6
Commercial Banks (net)	317.5	366.8	541.1	494.4	174.6
External (net)	422.7	612.8	771.4	481.7	196.4
Assets	727.2	1,026.1	1,225.0	1,461.8	1,159.6
Liabilities	304.6	413.3	453.6	980.1	963.2
Other ECCB Territories (net)	(105.1)	(246.0)	(230.3)	12.7	(21.8)
Assets	198.3	507.6	544.3	733.5	791.9
Liabilities	303.5	753.6	774.6	720.8	813.7
Net Domestic Assets	1,401.1	1,473.5	1,549.4	1,869.6	2,296.8
Domestic Credit	1,558.4	1,675.7	1,897.4	2,199.2	2,597.7
Central Government (net)	267.6	261.7	195.6	264.5	464.2
Other Public Sector (net)	(162.5)	(180.4)	(227.0)	(243.1)	(289.0)
Non-Bank Financial Institutions (net)	(14.3)	(35.5)	(36.9)	(43.5)	(46.7)
Subsidiaries and Affiliates (net)	(40.5)	(35.8)	(39.8)	(62.5)	2.4
Private Sector	1,508.1	1,665.6	2,005.5	2,283.7	2,466.8
Other Items (net)	(157.4)	(202.1)	(348.0)	(329.6)	(301.0)
Money Supply (M2)	2,042.9	2,184.1	2,475.6	2,752.4	2,843.9
Money Supply (M1)	444.5	525.3	641.8	671.8	690.4
Currency with the Public	113.3	122.1	143.7	133.9	142.9
Demand Deposits	331.2	403.2	498.0	537.9	547.5
Quasi Money	1,598.4	1,658.7	1,833.8	2,080.6	2,153.6
Savings Deposits	683.4	741.7	817.9	876.3	934.0
Time Deposits	780.1	780.2	813.2	923.1	1,002.1
Foreign Currency Deposits	134.8	136.8	202.7	281.2	217.5

Source: ECCB and Development Planning Unit
 Data available at 23 February 2009

Table 19
Antigua and Barbuda - Selected Tourism Statistics

	2004	2005	2006	2007	2008 ^P
Total Visitor Arrivals	808,158	729,653	864,057	959,260	888,801
Stay-Over Arrivals	267,627	245,380	253,669	261,786	265,764
of which:					
USA	70,440	68,637	73,497	78,697	83,971
Canada	9,441	9,898	10,053	10,489	13,188
UK	97,955	93,037	89,563	96,797	89,506
Caribbean	48,277	48,424	53,988	46,724	49,111
Other Countries	3,387	8,870	8,584	14,944	13,698
Yacht Passengers	17,778	17,422	26,715	24,686	25,913
Cruise Ship Passengers ¹	522,753	466,851	583,673	672,788	597,124
Number of Cruise Ship Calls ²	375	321	355	380	317
Total Visitor Expenditure (EC\$M)	910.76	835.53	882.22	912.18	902.43

Source: ECCB and Development Planning Unit

¹ includes Excursionists

² Windjammer Calls

Data available at 23 February 2009



Table 20
Antigua and Barbuda - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008 ^P
Current Account	(319.36)	(508.91)	(837.62)	(1,024.49)	(1,035.95)
Goods and Services	(157.59)	(371.71)	(720.76)	(916.47)	(960.81)
Goods	(932.12)	(1,006.64)	(1,311.32)	(1,548.00)	(1,582.57)
Merchandise	(1,004.79)	(1,104.62)	(1,416.32)	(1,659.32)	(1,691.10)
Repair on goods	0.19	0.19	0.09	0.19	0.18
Goods procured in ports by carriers	72.49	97.80	104.91	111.14	108.34
Services	774.53	634.93	590.56	631.52	621.76
Transportation	36.86	17.85	(20.81)	(17.03)	(21.90)
Travel	809.52	727.37	759.82	771.41	754.06
Insurance Services	(48.00)	(56.63)	(91.55)	(94.75)	(97.41)
Other Business Services	(19.32)	(52.27)	(63.83)	(25.58)	(9.47)
Government Services	(4.52)	(1.38)	6.94	(2.53)	(3.52)
Income	(184.32)	(158.80)	(176.07)	(173.46)	(137.55)
Compensation of Employees	16.62	17.72	19.49	22.61	22.90
Investment Income	(200.94)	(176.52)	(195.55)	(196.07)	(160.45)
Current Transfers	22.54	21.60	59.20	65.45	62.41
General Government	1.76	2.14	5.26	13.00	12.70
Other Sectors	20.79	19.46	53.94	52.45	49.71
Capital and Financial Account	336.70	528.45	878.82	1,026.74	1,017.70
Capital Account	57.51	578.68	85.25	30.00	27.00
Capital Transfers	57.51	578.68	85.25	30.00	27.00
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	279.18	(50.23)	793.57	996.74	990.70
Direct Investment	216.99	596.60	968.81	961.74	684.08
Portfolio Investment	32.67	28.43	66.92	(3.32)	33.70
Other Investments	29.52	(675.26)	(242.16)	38.33	272.93
Public Sector Long Term	(63.31)	(441.35)	(68.97)	(27.05)	29.14
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	43.33	(49.31)	(174.25)	46.65	319.86
Other Assets	(61.78)	(152.53)	(193.86)	(121.82)	(137.97)
Other Liabilities*	111.28	(32.07)	194.91	140.55	61.91
Overall Balance	17.34	19.54	41.20	2.25	(18.24)
Financing	(17.34)	(19.54)	(41.20)	(2.25)	18.24
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	(0.13)	(0.14)	0.14	1.03	2.51
Change in Imputed Reserves	(17.20)	(19.39)	(41.34)	(3.28)	15.73

Source: Central Statistics Office and ECCB

*includes errors and omissions

Data available at 23 February 2009



Table 21
Dominica - Selected Economic Indicators

	2004	2005	2006 ^R	2007 ^R	2008 ^P
(annual percentage change unless otherwise stated)					
National Income and Prices					
Nominal GDP at basic prices	5.2	4.9	4.7	4.6	5.9
Real GDP at basic prices	3.0	3.3	3.8	1.8	3.2
GDP Deflator	2.1	1.5	0.8	2.8	2.6
Consumer Prices (end of period)	0.8	2.7	1.8	6.0	1.9
Consumer Prices (period average)	2.4	1.7	2.6	3.2	6.3
Real GDP at Factor Cost by Selected Sectors					
Agriculture	3.5	(0.4)	2.4	(5.2)	5.4
Manufacturing	2.8	0.4	0.5	(3.8)	(31.3)
Electricity and Water	5.2	6.4	3.4	1.3	4.3
Construction	3.3	3.5	8.5	12.1	15.0
Wholesale and Retail Trade	3.3	5.0	4.5	4.7	7.5
Hotels and Restaurants	11.7	6.5	15.0	(5.0)	2.1
Transport	10.0	0.3	6.9	4.3	7.0
Communications	3.5	8.5	8.5	2.5	1.5
Banks and Insurance	5.2	9.2	3.9	5.5	2.5
Government Services	(0.7)	(0.4)	1.5	2.2	1.7
Other Services	2.7	6.3	3.1	2.5	3.0
(as a percentage of GDP)					
External Sector					
Current Account Balance	(21.1)	(25.4)	(15.7)	(25.0)	(30.8)
Overall Balance	(2.1)	4.7	4.2	(0.4)	(0.9)
Merchandise Trade Balance	(30.3)	(34.9)	(33.2)	(39.9)	(44.9)
Central Government					
Current Account Balance	0.2	2.2	2.9	4.8	3.4
Current Revenue	30.5	31.6	31.4	33.9	34.3
Current Expenditure	30.3	29.4	28.5	29.1	30.8
Capital Expenditure and Net Lending	10.3	6.7	9.4	12.2	15.7
Overall Fiscal Balance	(1.5)	2.7	1.4	1.0	0.9
Total Public Sector Debt (end of period)	114.2	117.8	111.1	101.4	93.2
(per cent per annum)					
Monetary Sector					
Weighted Average Deposit Interest Rate	3.0	3.0	3.4	3.2	3.2
Weighted Average Lending Interest Rate	9.8	9.9	9.2	9.2	8.9
(in millions of EC Dollars, unless otherwise stated)					
Memo					
Nominal GDP at basic prices	611.4	641.3	671.1	702.3	743.7
Real GDP at basic prices	428.2	442.5	459.4	467.7	482.7
Nominal GDP at market prices	770.1	808.0	856.5	920.8	983.8
GDP per capita (EC\$)	8,683	9,072	9,451	9,846	10,385
Merchandise Imports (f.o.b)	345.0	394.0	396.5	465.3	532.6
Merchandise Exports (f.o.b)	111.7	111.9	112.0	98.1	91.3
Gross Visitor Expenditure	163.7	154.0	193.6	201.1	218.0

Source: Statistics Department and ECCB
Data available at 24 February 2009



Table 22
Dominica - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2004	2005	2006 ^R	2007 ^R	2008 ^P
Current Revenue	234.6	255.1	269.0	312.2	337.4
Tax Revenue	205.2	229.3	247.9	285.5	307.1
Taxes on Income and Profit	39.2	50.7	50.5	53.2	52.2
of which:					
Personal Income Tax	27.5	30.3	33.0	37.2	35.0
Corporation Tax	8.6	21.4	18.3	18.4	19.8
Stabilisation Levy	4.7	0.4	0.8	0.1	0.0
Taxes on Property	4.7	6.9	7.5	9.3	10.3
Taxes on Domestic Goods and Services	55.9	59.3	123.2	162.7	175.9
of which:					
Sales Tax	32.6	37.7	10.7	0.6	0.5
Consumption Tax	4.8	5.1	1.4	0.0	0.0
Hotel Occupancy	0.8	0.7	0.4	0.1	0.1
Value Added Tax (VAT)	0.0	0.0	69.0	101.6	114.1
Taxes on International Trade and Transactions	105.5	112.5	66.6	60.3	68.7
of which:					
Consumption Duty (imports)	55.9	58.3	10.2	0.1	0.1
Import Duty	25.1	27.8	28.4	31.0	36.3
Service Charge (imports)	11.6	12.5	13.0	14.6	15.9
Non-Tax Revenue	29.4	25.8	21.2	26.8	30.3
Current Expenditure	233.1	237.4	244.2	267.9	303.5
Personal Emoluments	109.3	108.5	109.6	117.5	120.2
Goods and Services	38.3	50.0	46.7	64.4	86.9
Interest Payments	41.6	25.9	34.6	28.2	32.8
External	12.2	7.9	14.4	8.6	10.7
Domestic	29.4	18.0	20.2	19.6	22.1
Transfers and Subsidies	43.8	53.1	53.3	57.8	63.7
of which: Pensions	12.0	13.3	12.5	15.5	15.1
Current Account Balance	1.5	17.7	24.8	44.3	33.9
Capital Revenue	2.6	17.1	0.8	0.9	0.4
Grants	63.8	41.1	67.0	76.1	129.8
of which: Capital Grants	56.1	41.1	67.0	76.1	129.8
Capital Expenditure and Net Lending	79.1	54.5	80.4	112.2	154.8
of which: Capital Expenditure	82.3	57.8	83.6	113.0	156.0
Primary Balance (after grants)	30.4	47.3	46.8	37.3	42.0
Overall Balance (before grants)	(75.0)	(19.7)	(54.8)	(66.9)	(120.6)
Overall Balance (after grants)	(11.2)	21.4	12.2	9.2	9.2
Financing	11.2	(21.4)	(12.2)	(9.2)	(9.2)
Domestic	(22.2)	(6.9)	(18.3)	(0.3)	7.4
ECCB (net)	5.9	(12.9)	(13.0)	16.6	(8.8)
Commercial Banks (net)	(19.2)	16.1	(51.2)	(23.7)	4.9
Other	(8.8)	(10.0)	45.9	6.8	11.4
External	32.6	(7.9)	1.4	(16.2)	(8.2)
Net Disbursements/(Amortisation)	31.5	12.5	0.2	(12.9)	(2.9)
Disbursements	41.5	20.7	13.4	8.0	15.5
Amortisation	(10.0)	(8.2)	(13.2)	(20.9)	(18.4)
Change in Government Foreign Assets	1.1	(20.4)	1.2	(3.4)	(5.4)
Arrears	0.8	(6.7)	4.7	7.4	(8.4)
Domestic	(9.3)	(18.0)	(7.3)	(5.5)	(6.5)
External	10.1	11.4	12.0	12.9	(1.9)

Source: Ministry of Finance, Treasury Department and ECCB Estimates

Data available at 24 February 2009



Table 23
Dominica - Monetary Survey
(In millions of Eastern Caribbean dollars)

	2004	2005	2006	2007 ^R	2008 ^P
Net Foreign Assets	361.4	356.2	427.2	471.2	504.1
Central Bank (net)	114.1	132.7	170.2	163.2	148.8
Commercial Banks (net)	247.3	223.5	257.1	307.9	355.4
External (net)	84.9	13.6	61.7	108.6	35.6
Assets	227.6	174.0	246.8	303.6	237.5
Liabilities	142.7	160.4	185.1	195.0	201.9
Other ECCB Territories (net)	162.4	209.9	195.4	199.4	319.8
Assets	183.4	228.7	234.6	276.2	362.2
Liabilities	21.0	18.8	39.2	76.9	42.5
Net Domestic Assets	226.0	270.8	260.0	277.9	284.7
Domestic Credit	362.9	390.2	352.8	344.1	379.6
Central Government (net)	14.5	17.6	(46.5)	(53.7)	(57.6)
Other Public Sector (net)	(21.7)	(39.8)	(57.0)	(71.8)	(82.4)
Non-Bank Financial Institutions (net)	(75.9)	(59.9)	(68.6)	(82.0)	(84.6)
Subsidiaries and Affiliates (net)	(4.7)	(5.6)	(6.3)	(7.3)	(1.5)
Private Sector	450.7	477.8	531.2	558.9	605.6
Other Items (net)	(136.9)	(119.4)	(92.9)	(66.2)	(94.9)
Money Supply (M2)	587.4	627.0	687.2	749.1	788.8
Money Supply (M1)	111.2	143.0	138.3	159.1	158.1
Currency with the Public	37.6	39.0	45.4	49.0	43.9
Demand Deposits	73.6	104.1	92.9	110.1	114.2
Quasi Money	476.2	483.9	548.9	589.9	630.6
Savings Deposits	328.5	343.0	392.3	437.7	467.0
Time Deposits	134.3	130.6	145.4	142.1	148.2
Foreign Currency Deposits	13.4	10.3	11.1	10.1	15.4

Source: ECCB

Data available at 24 February 2009

Table 24
Dominica - Selected Tourism Statistics

	2004	2005	2006	2007 ^R	2008 ^P
Total Visitor Arrivals	466,278	388,480	473,553	443,486	470,332
of which:					
Stay-Over Arrivals	80,087	86,319	92,983	88,035	88,725
USA	17,515	18,492	23,537	22,492	22,616
Canada	1,633	1,977	2,837	2,707	2,775
UK	6,015	6,117	7,219	6,878	6,982
Caribbean	48,540	47,126	51,531	48,472	48,565
Other Countries	6,384	12,607	7,859	7,486	7,787
Excursionists	2,577	650	927	936	936
Cruise Ship Passengers	383,614	301,511	379,643	354,515	380,671
Number of Cruise Ship Calls	287	234	314	252	211
Total Visitor Expenditure (EC\$M)	163.7	154.0	193.6	201.1	218.0

Source: ECCB and Development Planning Unit

Data available at 24 February 2009



Table 25
Dominica - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2004 ^R	2005	2006 ^R	2007 ^R	2008 ^P
Current Account	(162.6)	(205.4)	(134.6)	(230.6)	(303.2)
Goods and Services	(117.8)	(180.3)	(146.9)	(243.0)	(311.7)
Goods	(229.1)	(278.2)	(277.0)	(359.9)	(434.8)
Merchandise	(233.2)	(282.2)	(284.6)	(367.2)	(441.4)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	4.1	4.0	7.5	7.3	6.6
Services	111.3	97.9	130.1	116.9	123.0
Transportation	(42.8)	(61.8)	(57.2)	(80.6)	(90.0)
Travel	138.9	127.7	167.1	172.6	188.4
Insurance Services	(10.5)	(10.7)	(12.8)	(14.8)	(16.5)
Other Business Services	26.2	45.1	33.1	39.8	41.3
Government Services	(0.6)	(2.4)	(0.2)	(0.2)	(0.2)
Income	(90.0)	(78.2)	(40.5)	(43.4)	(47.8)
Compensation of Employees	4.2	3.7	2.9	3.1	3.1
Investment Income	(94.3)	(82.0)	(43.5)	(46.5)	(50.9)
Current Transfers	45.2	53.1	52.9	55.7	56.3
General Government	(4.4)	0.6	0.8	(0.9)	(1.0)
Other Sectors	49.6	52.5	52.1	56.6	57.3
Capital and Financial Account	146.7	244.4	170.8	227.1	294.1
Capital Account	64.2	49.4	75.5	84.8	138.6
Capital Transfers	64.2	49.4	75.5	84.8	138.6
Acquisition and Disposal of Non-Produced, Non-Financial Assets	0.0	0.0	0.0	0.0	0.0
Financial Account	82.5	195.0	95.3	142.3	155.5
Direct Investment	70.7	51.9	70.0	143.7	140.7
Portfolio Investment	(6.7)	10.2	(0.3)	4.6	3.1
Other Investments	18.5	132.9	25.7	(6.1)	11.7
Public Sector Long Term	28.8	11.3	(7.8)	(18.0)	(8.0)
Other Public Sector Capital	0.0	0.8	0.0	0.0	0.0
Commercial Banks	(76.9)	23.8	(33.6)	(50.9)	(47.4)
Other Assets	(5.1)	16.6	6.6	(30.2)	0.0
Other Liabilities*	71.8	80.3	60.5	93.0	67.0
Overall Balance	(15.8)	39.0	36.2	(3.6)	(9.1)
Financing	15.8	(39.0)	(36.2)	3.6	9.1
Change in SDR Holdings	0.0	0.0	0.0	0.0	0.0
Change in Reserve Position with the Fund	0.0	0.0	0.0	0.0	0.0
Change in Government Foreign Assets	1.1	(20.4)	1.2	(3.4)	(5.4)
Change in Imputed Reserves	14.8	(18.6)	(37.5)	6.9	14.4

Source: ECCB and Central Statistics Office

*includes errors and omissions

Data available at 24 February 2009



Table 26
Grenada - Selected Economic Indicators

	2004	2005 ^R	2006 ^R	2007 ^R	2008 ^P
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at basic prices	(1.5)	17.0	1.5	8.0	5.0
Real GDP at basic prices	(5.7)	11.0	(2.3)	4.5	0.3
GDP Deflator	(2.3)	18.0	1.9	7.7	5.0
Consumer Prices (end of period)	4.5	5.3	3.9	3.4	4.7
Consumer Prices (period average)	2.5	6.2	1.7	7.4	5.2
	2.2	3.5	4.3	3.9	8.0
Real GDP at Factor Cost by Selected Sectors					
Agriculture	(7.5)	(41.2)	23.8	4.8	11.8
Manufacturing	(16.3)	16.9	(2.6)	2.2	(8.8)
Electricity and Water	(7.9)	4.7	13.0	8.6	5.2
Construction	5.7	83.1	(30.0)	(11.2)	(14.2)
Wholesale and Retail Trade	(19.9)	33.3	(9.9)	0.1	(8.9)
Hotels and Restaurants	(13.1)	(42.5)	50.6	6.4	(3.0)
Transport	10.1	19.8	(13.8)	(1.8)	-
Communications	(16.6)	25.4	5.6	11.4	3.0
Banks and Insurance	1.0	(1.1)	1.2	1.2	3.7
Real Estate and Housing	(10.0)	(4.3)	10.0	5.0	3.0
Government Services	2.5	(4.5)	7.0	4.9	9.5
Other Services	2.5	9.4	5.0	27.0	4.0
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(12.9)	(35.2)	(35.1)	(42.9)	(45.3)
Overall Balance	9.9	(5.8)	1.0	1.8	(1.0)
Merchandise Trade Balance	(40.5)	(49.4)	(42.8)	(48.4)	(49.8)
Central Government					
Current Account Balance	(1.6)	3.9	4.5	5.0	3.0
Current Revenue	23.7	24.1	25.3	26.1	27.0
Current Expenditure	25.3	20.1	20.8	21.1	24.0
Capital Expenditure and Net Lending	8.3	10.9	17.8	12.9	12.4
Overall Fiscal Balance	(2.6)	3.7	(6.4)	(6.6)	(6.5)
Total Public Sector Debt (end of period)	120.5	107.1	111.3	108.0	107.4
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Average Deposit Interest Rate	3.0	2.6	3.0	3.0	3.2
Weighted Average Lending Interest Rate	10.7	10.0	9.7	9.6	9.2
<i>(in millions of EC Dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	1,047.1	1,224.6	1,242.7	1,342.2	1,409.3
Real GDP at basic prices	738.2	819.7	800.5	836.1	838.3
Nominal GDP at market prices	1,267.2	1,495.4	1,524.0	1,641.2	1,722.6
GDP per capita (EC\$)	9,957.5	11,564.7	11,653.4	12,499.6	12,994.6
Merchandise Imports (f.o.b)	599.9	813.7	720.2	885.3	926.2
Merchandise Exports	86.5	74.6	68.5	90.2	67.6
Gross Visitor Expenditure	233.4	192.8	253.3	290.8	283.3

Source: Statistics Department and ECCB

Data available at 19 February 2008



Table 27
Grenada - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2004	2005 ^R	2006 ^R	2007 ^R	2008 ^R
Current Revenue	300.8	359.7	386.0	428.4	464.5
Tax Revenue	279.5	343.9	360.0	402.8	433.8
Taxes on Income and Profit	43.0	57.7	56.0	74.8	94.6
of which:					
Personal ¹	11.3	13.9	13.7	16.3	23.4
Company ²	30.3	42.3	31.6	45.8	71.2
Taxes on Property	16.4	15.4	22.6	29.0	26.0
Taxes on Domestic Goods and Services	52.0	59.9	69.0	71.3	78.7
of which:					
Value-added Tax	0.0	0.0	0.0	0.0	0.0
Consumption Tax	26.3	27.3	32.7	36.1	40.9
Stamp Duties	4.7	7.5	4.8	5.4	5.5
Licenses	8.5	13.9	16.6	14.1	17.2
Taxes on International Trade and Transactions	168.1	210.9	212.3	227.7	234.6
of which:					
Import Duty	39.8	50.1	47.3	51.0	56.0
Consumption Tax	93.0	109.8	104.3	100.1	108.1
Customs Service Charge	29.7	44.5	40.1	40.1	44.0
Non-Tax Revenue	21.3	15.9	26.0	25.6	30.7
Current Expenditure	320.8	301.1	317.5	346.0	413.6
Personal Emoluments	147.6	150.8	154.0	158.4	200.8
Goods and Services	46.1	67.9	66.1	79.1	84.7
Interest Payments	71.8	27.8	29.0	33.0	34.9
Domestic	13.8	13.9	8.7	11.2	9.7
External	58.0	13.9	20.4	21.8	25.2
Transfers and Subsidies	55.3	54.6	68.4	75.5	93.2
of which: Pensions	17.6	16.9	18.9	18.7	24.9
Current Account Balance	(19.9)	58.6	68.6	82.4	50.9
Capital Revenue	1.2	0.3	0.1	0.1	0.1
Grants	90.7	160.5	104.7	19.9	51.5
of which:					
Capital Grants	18.6	65.6	86.3	19.6	34.8
Capital Expenditure and Net Lending	105.0	163.6	271.3	211.3	213.9
of which: Capital Expenditure	81.9	163.6	271.3	211.3	213.9
Primary Balance after Grants	38.9	83.6	(68.9)	(75.9)	(76.4)
Overall Balance (before grants)	(123.7)	(104.7)	(202.6)	(128.8)	(162.9)
Overall Balance (after grants)	(32.9)	55.8	(97.9)	(108.9)	(111.3)
Financing	32.9	(55.8)	97.9	108.9	111.3
Domestic	(102.6)	(156.3)	68.8	101.8	88.2
ECCB (net)	(10.3)	(0.9)	(5.8)	12.6	1.4
Commercial Banks (net)	(44.7)	(55.6)	28.1	54.4	2.7
Other	(47.7)	(99.7)	46.5	34.8	84.2
External	95.8	82.0	29.1	7.1	23.1
Net Disbursements/(Amortisation)	117.0	82.2	29.4	7.3	23.2
Disbursements	174.3	115.6	58.1	29.5	51.4
Amortisation	(57.3)	(33.4)	(28.8)	(22.2)	(28.2)
Change in Government Foreign Assets	(21.2)	(0.2)	(0.2)	(0.2)	(0.1)
Arrears	39.7	18.4	0.0	0.0	0.0
Domestic	16.4	5.3	0.0	0.0	0.0
External	23.3	13.1	0.0	0.0	0.0

Source: Ministry of Finance, Treasury Department and ECCB Estimates

¹ Includes Debt Service Levy

² Includes Business Levy

Data available at 25 February 2009



Table 28
Grenada - Monetary Survey
(In millions of Eastern Caribbean dollars)

	2004	2005	2006	2007 ^R	2008 ^R
Net Foreign Assets	709.0	531.6	421.5	405.6	248.8
Central Bank (net)	328.6	254.4	269.4	298.2	281.0
Commercial Banks (net)	380.4	277.2	152.0	107.4	(32.2)
External (net)	177.4	77.3	5.8	(35.2)	(130.2)
Assets	535.7	422.2	394.9	388.9	365.9
Liabilities	358.3	344.9	389.1	424.1	496.1
Other ECCB Territories (net)	202.9	199.8	146.2	142.6	98.0
Assets	304.4	328.1	291.9	255.2	207.3
Liabilities	101.5	128.3	145.6	112.6	109.3
Net Domestic Assets	775.1	937.4	1,060.9	1,239.1	1,456.9
Domestic Credit	902.8	1,035.8	1,171.7	1,372.1	1,553.1
Central Government (net)	71.6	15.1	37.3	104.3	108.4
Other Public Sector (net)	(90.5)	(47.1)	(73.3)	(116.8)	(104.0)
Non-Bank Financial Institutions (net)	(90.0)	(28.8)	(23.3)	(27.2)	(14.0)
Subsidiaries and Affiliates (net)	15.0	8.2	7.1	2.6	-
Private Sector	996.7	1,088.3	1,223.9	1,409.2	1,562.8
Other Items (net)	(127.7)	(98.3)	(110.8)	(133.0)	(96.2)
Money Supply (M2)	1,484.1	1,469.0	1,482.4	1,644.7	1,705.7
Money Supply (M1)	340.5	315.3	309.5	355.8	338.6
Currency	102.1	105.3	104.5	107.8	103.4
Demand Deposits	238.4	210.1	205.0	248.0	235.2
Quasi Money	1,143.7	1,153.7	1,172.9	1,288.9	1,367.1
Savings Deposits	841.0	862.2	894.9	914.2	977.3
Time Deposits	213.5	189.8	201.2	254.1	281.3
Foreign Currency Deposits	89.2	101.6	76.9	120.7	108.6

Source: ECCB

Data available at 25 February 2009

Table 29
Grenada - Selected Tourism Statistics

	2004	2005	2006 ^R	2007 ^R	2008 ^P
Total Visitor Arrivals	375,955	384,371	347,295	411,473	423,847
Stay-Over Arrivals	127,919	98,548	118,653	129,145	123,770
Of Which:					
USA	27,451	25,181	27,126	27,217	25,868
Canada	5,111	4,341	6,335	6,038	6,927
UK	27,564	15,605	25,042	33,893	34,635
Caribbean	39,209	28,067	30,927	28,958	28,987
Other Countries	28,584	25,354	29,223	33,039	27,353
Excursionists	6,145	5,823	4,821	6,540	2,068
Yacht Passengers	5,019	4,353	4,733	4,232	4,730
Cruise Ship Passengers	229,800	275,085	218,647	270,259	292,712
Number of Cruise Ship Calls	249	260	221	258	217
Total Visitor Expenditure (EC\$M)	233.4	192.8	253.3	290.8	283.3

Source: ECCB and Development Planning Unit

Data available at 25 February 2009



Table 30
Grenada - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008 ^P
Current Account	(163.5)	(526.1)	(535.6)	(703.9)	(781.1)
Goods and Services	(313.8)	(672.0)	(555.1)	(676.7)	(751.8)
Goods	(498.6)	(724.9)	(633.0)	(775.4)	(843.9)
Merchandise	(513.4)	(739.0)	(651.7)	(795.1)	(858.6)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	14.8	14.1	18.7	19.7	14.8
Services	184.8	53.0	77.9	98.7	92.1
Transportation	(82.4)	(101.7)	(93.3)	(106.2)	(112.5)
Travel	210.4	165.7	211.4	248.1	249.2
Insurance Services	96.6	2.5	(27.5)	(31.0)	(32.5)
Other Business Services	(9.7)	3.9	(5.0)	(5.0)	(4.5)
Government Services	(30.1)	(17.5)	(7.7)	(7.3)	(7.6)
Income	(176.0)	(76.4)	(78.0)	(93.0)	(98.0)
Compensation of Employees	0.1	0.1	2.2	0.7	0.7
Investment Income	(176.1)	(76.4)	(80.2)	(93.7)	(98.6)
Current Transfers	326.4	222.2	97.5	65.8	68.6
General Government	106.9	84.5	29.8	13.2	16.4
Other Sectors	219.4	137.8	67.7	52.6	52.2
Capital and Financial Account	288.5	452.1	550.8	732.9	764.0
Capital Account	107.6	126.9	166.8	104.8	127.3
Capital Transfers	107.6	126.9	166.8	104.8	127.3
Acquisition and Disposal of Non-Produced, Non-Financial Assets	0.0	0.0	0.0	0.0	0.0
Financial Account	181.0	325.2	384.1	628.1	636.6
Direct Investment	175.5	189.4	242.4	470.5	435.4
Portfolio Investment	81.1	48.1	(2.0)	(2.8)	(12.3)
Other Investments	(75.6)	87.7	143.7	160.4	213.6
Public Sector Long Term	109.0	62.5	19.0	51.0	12.8
Other Public Sector Capital	0.0	13.3	0.0	0.0	0.0
Commercial Banks	(210.0)	103.2	125.1	44.6	139.6
Other Assets	(10.7)	(16.5)	(36.2)	(9.0)	(10.4)
Other Liabilities*	36.0	(74.7)	35.8	73.7	71.5
Overall Balance	125.1	(74.0)	15.2	29.0	(17.1)
Financing	(125.1)	74.0	(15.2)	(29.0)	17.1
Change in SDR Holdings	0.0	0.0	0.0	0.0	0.0
Change in Reserve Position with the Fund	0.0	0.0	0.0	0.0	0.0
Change in Government Foreign Assets	(21.2)	(0.2)	(0.2)	(0.2)	(0.1)
Change in Imputed Reserves	(103.9)	74.2	(15.0)	(28.8)	17.2

Source: ECCB and Statistical Department

* includes errors and omissions

Data available at 25 February 2009



Table 31
Montserrat - Selected Economic Indicators

	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at basic prices	5.8	4.4	6.2	4.4	7.8
Real GDP at basic prices	4.5	(0.3)	(3.8)	2.8	6.2
GDP Deflator	5.8	4.4	6.2	4.4	7.8
Consumer Prices (end of period)	4.0	2.9	1.0	4.0	4.5
Consumer Prices (period average)	3.1	2.7	1.9	2.7	4.9
Real GDP at Factor Cost by Selected Sectors					
Agriculture	(18.6)	(12.5)	15.5	-	21.6
Manufacturing	-	44.2	(9.3)	-	(1.5)
Mining and Quarrying	80.0	88.9	276.5	159.4	10.2
Electricity and Water	(2.7)	11.0	2.5	1.2	1.2
Construction	2.4	1.1	(33.8)	(11.7)	16.3
Wholesale and Retail Trade	0.4	2.8	(1.7)	(6.3)	23.1
Hotels and Restaurants	33.8	31.0	(7.9)	13.3	9.2
Transport	3.2	(0.2)	9.3	(1.4)	4.1
Communications	1.6	(1.8)	0.8	4.7	1.0
Banks and Insurance	10.2	9.4	(3.3)	8.2	1.8
Real Estate and Housing	1.7	2.0	5.6	0.9	1.0
Government Services	5.2	(4.9)	4.5	6.8	5.3
Other Services	8.6	4.8	(0.6)	6.3	2.0
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(22.3)	(37.5)	(17.7)	(23.2)	(34.9)
Overall Balance	(3.6)	(0.3)	1.4	(0.2)	(5.6)
Merchandise Trade Balance	(51.4)	(57.4)	(56.1)	(50.8)	(58.6)
Central Government					
Current Account Balance (before grants)	(52.1)	(38.0)	(40.8)	(46.1)	(41.5)
Current Revenue	29.3	29.8	28.5	28.7	29.6
Current Expenditure	81.4	67.8	69.3	74.8	71.1
Capital Expenditure and Net Lending	29.8	21.8	15.4	21.3	26.1
Overall Fiscal Balance	1.6	(15.6)	(3.7)	(6.4)	(9.7)
Total Public Sector Debt (end of period)	11.9	10.9	9.8	9.0	8.1
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Average Deposit Interest Rate	2.3	2.5	2.7	2.6	2.5
Weighted Average Lending Interest Rate	11.0	10.5	10.5	10.3	9.6
<i>(in millions of EC Dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	94.6	98.7	104.8	109.4	118.0
Real GDP at basic prices	60.8	60.6	58.3	59.9	63.6
Nominal GDP at market prices	110.6	116.3	121.2	124.7	135.9
GDP per capita (EC\$)	20,203	20,625	22,520	22,708	23,891
Merchandise Imports (f.o.b)	68.3	70.7	71.8	70.4	90.6
Merchandise Exports (f.o.b)	11.4	4.0	3.7	7.1	11.0
Gross Visitor Expenditure	24.8	24.3	20.9	20.1	19.0

Source: Statistics Department and ECCB

Data available at 24 February 2009



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

	2004	2005	2006	2007	2008
Current Revenue	32.4	34.6	34.5	35.8	40.2
Tax Revenue	30.6	32.5	31.8	31.6	34.4
Taxes on Income and Profit	13.1	13.0	13.5	14.4	15.0
of which:					
Company	1.7	1.8	1.8	1.7	2.1
Personal	10.8	11.0	11.3	12.2	12.3
Taxes on Property	1.0	1.4	1.4	1.4	1.0
Taxes on Domestic Goods and Services	3.2	3.3	3.5	3.4	3.7
of which:					
Hotel and Guest Tax	0.0	0.0	0.1	0.0	0.0
Insurance and Company Levy	0.3	0.3	0.2	0.3	0.2
Stamp Duty and Licenses	1.9	2.2	2.1	2.2	2.4
Taxes on International Trade and Transactions	13.2	14.7	13.4	12.4	14.8
of which:					
Import Duty	3.1	4.0	3.6	3.5	4.4
Consumption Tax	5.1	6.3	5.4	5.1	6.2
Customs Service Charge	3.7	3.3	3.2	3.1	3.9
Foreign Currency Levy	1.1	0.9	0.9	0.5	-
Non-Tax Revenue	1.8	2.1	2.7	4.2	5.7
Current Expenditure	90.1	78.8	84.0	93.2	96.5
Personal Emoluments	25.9	30.3	35.5	37.9	39.2
Goods and Services	29.8	24.6	25.7	30.8	31.5
Interest Payments	0.5	1.0	1.2	1.0	0.1
Domestic	0.1	0.1	0.1	0.1	0.1
External	0.5	0.9	1.1	0.9	0.0
Transfers and Subsidies	33.9	23.0	21.6	23.5	25.7
of which: Pensions	12.1	7.6	10.7	12.1	13.4
Current Account Balance (before grants)	(57.7)	(44.2)	(49.5)	(57.4)	(56.4)
Current Grants	55.8	37.4	53.4	58.0	56.7
Current Account Balance (after grants)	(1.8)	(6.9)	4.0	0.6	0.3
Capital Revenue	-	-	-	-	-
Capital Grants	36.5	14.0	10.2	18.0	22.0
Capital Expenditure	33.0	25.4	18.6	26.6	35.5
Primary Balance (after grants)	2.2	(17.2)	(3.3)	(7.0)	(13.1)
Overall Balance (before grants)	(90.6)	(69.6)	(68.1)	(84.0)	(91.9)
Overall Balance (after grants)	1.7	(18.2)	(4.5)	(8.0)	(13.2)
Financing	(1.7)	18.2	4.5	8.0	13.2
Domestic	(2.5)	18.4	4.7	8.0	13.3
ECCB (net)	(0.2)	(0.2)	(0.0)	(0.7)	(1.3)
Commercial Banks (net)	(5.9)	10.3	6.9	(1.3)	7.4
Other	3.6	8.4	(2.2)	10.0	7.2
External	0.8	(0.2)	(0.2)	(0.0)	(0.1)
Net Disbursements/(Amortisation)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Disbursements	-	-	-	-	-
Amortisation	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Change in Govt. Foreign Assets	0.9	(0.1)	(0.1)	0.1	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-

Source: Ministry of Finance, Treasury Department and ECCB Estimates

Data available at 24 February 2009



Table 33
Montserrat - Monetary Survey
(In millions of Eastern Caribbean dollars)

	2004	2005 ^R	2006	2007 ^R	2008
Net Foreign Assets	173.1	164.9	167.6	169.2	165.3
Central Bank (net)	38.1	37.7	39.3	39.1	31.5
Commercial Banks (net)	135.1	127.3	128.3	130.0	133.8
External (net)	38.7	39.4	42.2	49.4	43.6
Assets	67.4	73.7	75.3	89.8	86.0
Liabilities	28.8	34.3	33.1	40.4	42.4
Other ECCB Territories (net)	96.4	87.8	86.1	80.6	90.2
Assets	99.3	90.0	120.9	153.9	187.3
Liabilities	2.9	2.2	34.9	73.2	97.1
Net Domestic Assets	(53.6)	(41.3)	(32.7)	(24.6)	(20.2)
Domestic Credit	(39.3)	(27.4)	(14.9)	(5.9)	4.4
Central Government (net)	(40.4)	(30.4)	(23.5)	(25.5)	(19.3)
Other Public Sector (net)	(17.0)	(17.2)	(20.3)	(15.1)	(14.7)
Non-Bank Financial Institutions (net)	(5.6)	(7.9)	(3.5)	(5.1)	(7.6)
Subsidiaries and Affiliates (net)	-	-	-	(0.0)	(0.0)
Private Sector	23.7	28.1	32.4	39.8	46.1
Other Items (net)	(14.4)	(13.9)	(17.9)	(18.7)	(24.6)
Money Supply (M2)	119.5	123.7	134.9	144.6	145.1
Money Supply (M1)	36.1	32.0	32.7	36.6	31.9
Currency with the Public	13.0	12.3	14.2	15.1	11.6
Demand Deposits	23.1	19.7	18.5	21.5	20.3
Quasi Money	83.5	91.7	102.2	108.0	113.2
Savings Deposits	76.0	82.3	91.3	93.3	99.8
Time Deposits	4.3	5.4	4.9	5.5	6.0
Foreign Currency Deposits	3.2	4.0	6.0	9.2	7.4

Source: ECCB

Data available at 23 February 2009

Table 34
Montserrat - Selected Tourism Statistics

	2004	2005 ^R	2006	2007	2008
Total Visitor Arrivals	15,578	12,996	10,774	10,450	10,159
Of Which:					
Stay-Over Arrivals	10,132	9,690	7,991	7,746	7,360
USA	2,083	2,034	2,153	2,109	1,922
Canada	334	404	393	388	425
UK	3,021	2,968	2,321	2,190	2,152
Caribbean	4,380	3,987	2,868	2,796	2,658
Other Countries	314	297	256	263	203
Excursionists	5,083	3,137	1,509	968	959
Cruise Ship Passengers	363	169	65	273	0
Number of Cruise Ship Calls	5	2	1	3	0
Total Visitor Expenditure (EC\$M)	24.8	24.3	20.9	20.1	19.0

Source: Ministry of Finance and ECCB

Data available at 24 February 2009



Table 35
Montserrat - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2004 ^R	2005 ^R	2006	2007 ^R	2008
Current Account	(24.7)	(43.6)	(21.4)	(29.0)	(47.4)
Goods and Services	(77.8)	(95.2)	(73.8)	(73.7)	(95.0)
Goods	(55.3)	(65.6)	(66.9)	(62.1)	(78.5)
Merchandise	(56.8)	(66.8)	(68.0)	(63.3)	(79.6)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	1.5	1.1	1.1	1.2	1.1
Services	(22.5)	(29.5)	(6.9)	(11.6)	(16.5)
Transport	(8.8)	(9.2)	(10.7)	(13.5)	(14.9)
Travel	19.1	17.2	13.3	12.3	10.8
Insurance Services	(1.2)	(1.1)	(1.5)	(1.9)	(2.4)
Other Business Services	(14.6)	(12.0)	(1.8)	(0.7)	(2.0)
Government Services	(17.1)	(24.4)	(6.2)	(7.8)	(7.9)
Income	(9.6)	(8.5)	(6.3)	(10.9)	(10.0)
Compensation of Employees	(2.3)	(2.0)	-	(1.6)	(1.6)
Investment Income	(7.2)	(6.5)	(6.3)	(9.4)	(8.4)
Current Transfers	62.7	60.0	58.6	55.7	57.6
General Government	68.1	66.8	65.7	63.1	66.8
Other Sectors	(5.4)	(6.7)	(7.0)	(7.4)	(9.2)
Capital and Financial Account	20.8	43.3	23.2	28.7	39.8
Capital Account	32.0	9.1	4.9	12.7	16.3
Capital Transfers	32.0	9.1	4.9	12.7	16.3
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	(11.2)	34.2	18.3	16.0	23.5
Direct Investment	6.3	2.2	5.9	16.0	5.1
Portfolio Investment	0.1	(0.3)	0.2	0.1	0.2
Other Investments	(17.6)	32.3	12.2	(0.1)	18.2
Public Sector Long Term	(0.5)	(0.5)	(0.5)	(1.0)	(1.0)
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	(12.6)	7.8	(1.0)	(1.7)	(3.8)
Other Assets	2.6	(5.7)	(7.6)	(10.5)	(7.6)
Other Liabilities*	(7.1)	30.8	21.3	13.1	30.5
Overall Balance	(3.9)	(0.3)	1.8	(0.3)	(7.6)
Financing	3.9	0.3	(1.8)	0.3	7.6
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	0.9	(0.1)	(0.1)	0.1	-
Change in Imputed Reserves	3.0	0.4	(1.6)	0.2	7.6

Source: ECCB and Ministry of Finance

*includes errors and omissions

Data available at 24 February 2009



Table 36
St Kitts and Nevis Selected Economic Indicators

	2004	2005 ^R	2006 ^R	2007 ^R	2008 ^P
<i>(annual percentage change unless otherwise indicated)</i>					
National Income and Prices					
Nominal GDP at basic prices	10.0	9.4	8.4	6.9	6.6
Real GDP at basic prices	7.3	5.2	2.5	2.9	2.5
GDP Deflator	2.5	4.0	5.7	3.8	4.0
Consumer Prices (end of period)	1.7	6.0	7.9	2.1	7.6
Consumer Prices (period average)	2.3	3.4	8.5	4.5	5.5
Real GDP at basic prices by Selected Sectors					
Agriculture	11.7	(2.5)	(19.9)	8.3	(0.8)
Manufacturing	3.8	3.0	(6.3)	1.9	(5.0)
Electricity and Water	8.3	0.8	7.6	1.7	3.9
Construction	1.3	1.1	8.4	4.4	4.5
Wholesale and Retail Trade	(1.3)	2.1	9.3	4.8	3.0
Hotels and Restaurants	29.9	19.4	(0.9)	(15.2)	(10.0)
Transport	34.1	2.9	0.4	4.2	22.5
Communications	3.4	18.1	0.9	3.0	1.0
Banks and Insurance	17.3	9.2	8.4	7.7	1.8
Government Services	2.6	3.4	3.4	6.0	3.0
Other Services	3.4	5.1	11.2	3.9	4.0
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(17.1)	(14.7)	(17.4)	(21.5)	(24.2)
Overall Balance	3.4	(1.5)	3.5	1.4	2.7
Merchandise Trade Balance	(26.6)	(29.0)	(34.1)	(37.1)	(40.6)
Central Government					
Current Account Balance	(1.5)	(0.5)	1.0	1.1	(1.5)
Current Revenue	33.9	36.6	37.3	37.4	36.7
Current Expenditure	35.4	37.1	36.3	36.3	38.2
Capital Expenditure and Net Lending	6.2	6.7	5.4	7.3	4.5
Overall Fiscal Balance	(7.9)	(4.1)	(2.4)	(2.5)	0.5
Total Public Sector Debt (end of period)	185.7	187.0	180.4	179.5	170.3
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Average Deposit Interest Rate	3.6	4.1	3.7	3.8	3.5
Weighted Average Lending Interest Rate	9.9	9.7	9.4	9.0	8.5
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	895.0	979.3	1,061.2	1,133.9	1,208.6
Real GDP at basic prices	596.2	627.5	643.3	661.9	678.4
Nominal GDP at market prices	1,078.9	1,184.8	1,319.1	1,381.5	1,458.4
GDP Per Capita (EC\$)	18,370	19,838	21,227	22,392	23,560
Merchandise Imports (f.o.b)	434.2	500.1	592.9	652.1	729.2
Merchandise Exports (f.o.b)	147.6	157.0	143.3	139.9	137.3
Gross Visitor Expenditure	277.1	327.1	355.4	340.5	328.1

Source: Statistics Department and ECCB

Data available at 05 March 2009



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

	2004	2005	2006	2007 ^R	2008 ^P
Current Revenue	365.4	433.7	491.5	516.1	534.8
Tax Revenue	281.9	344.1	374.1	399.6	416.3
Taxes on Income and Profit	80.4	101.6	98.4	116.0	131.3
of which:					
Company	52.4	68.7	66.4	77.5	90.6
Social Services Levy	25.9	31.0	30.2	33.0	37.1
Taxes on Property	5.1	5.0	8.7	7.4	6.7
Taxes on Domestic Goods and Services	56.0	68.1	90.8	84.1	84.1
of which:					
Hotel Room Tax	12.5	15.0	15.9	14.2	13.3
Licences	7.4	7.7	8.0	9.7	9.3
Gasoline Levy	0.7	0.1	2.0	0.7	-
Stamp duties	140.5	169.5	176.1	192.1	194.3
Taxes on International Trade and Transactions					
of which:	40.7	49.1	49.4	53.1	52.5
Import Duty	68.7	80.4	84.1	94.2	94.3
Consumption Tax	24.3	31.8	34.1	35.3	37.8
Customs Service Charge	83.5	89.6	117.4	116.6	118.5
Non-Tax Revenue	381.5	439.8	478.2	501.3	556.8
Current Expenditure	159.7	163.1	169.5	189.7	218.2
Personal Emoluments	95.8	114.7	129.4	140.4	145.3
Goods and Services	81.6	95.8	109.2	117.1	131.0
Interest Payments	33.7	48.4	67.5	75.7	88.5
Domestic	47.8	47.4	41.7	41.4	42.5
External	44.3	66.3	70.1	54.1	62.2
Transfers and Subsidies	21.2	21.1	22.7	23.6	26.4
of which: Pensions	(16.1)	(6.1)	13.3	14.9	(22.0)
Current Account Balance	4.0	4.0	5.0	56.4	52.0
Capital Revenue	4.1	32.2	27.0	28.4	53.8
Grants	3.8	31.6	26.7	27.7	49.1
of which: Capital Grants	78.1	78.8	77.0	113.8	77.6
Capital Expenditure and Net Lending	66.7	78.8	71.0	100.7	66.2
of which: Capital Expenditure	(3.9)	47.1	78.1	83.0	137.8
Primary Balance (after grants)	(89.5)	(80.9)	(58.1)	(62.5)	(47.0)
Overall Balance (before Grants)	(85.5)	(48.7)	(31.1)	(34.1)	6.8
Overall Balance (after grants)	85.5	48.7	31.1	34.1	(6.8)
Financing	120.6	96.0	74.6	80.1	(53.1)
Domestic	11.6	0.2	1.1	(0.4)	(24.5)
ECCB (net)	74.9	88.5	69.7	42.7	(103.1)
Commercial Banks (net)	34.1	7.3	3.8	37.8	74.6
Other	(35.1)	(47.3)	(43.5)	(46.0)	46.2
External	(35.2)	(46.9)	(43.5)	(46.0)	46.2
Net Disbursements/(Amortisation)	10.3	9.1	15.2	24.9	99.6
Disbursements	(45.5)	(56.0)	(58.7)	(70.9)	(53.4)
Amortisation	0.0	(0.5)	-	-	-
Change in Govt. Foreign Assets	-	(0.5)	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-

Source: Ministry of Finance, Treasury Department and ECCB Estimates

Data available at 05 March 2009



Table 38
St Kitts and Nevis - Monetary Survey
(In millions of Eastern Caribbean dollars)

	1905	2005	2006	2007 ^R	2008 ^P
Net Foreign Assets	287.09	376.52	457.94	557.56	751.66
Central Bank (net)	211.52	193.03	239.14	258.28	297.75
Commercial Banks (net)	75.58	183.50	218.80	299.28	453.91
External (net)	225.66	210.41	197.88	425.55	506.69
Assets	538.58	598.80	635.41	870.40	962.21
Liabilities	312.92	388.39	437.53	444.85	455.52
Other ECCB Territories (net)	(150.08)	(26.91)	20.92	(126.27)	(52.78)
Assets	122.70	250.30	281.93	227.99	343.99
Liabilities	272.78	277.22	261.01	354.26	396.77
Net Domestic Assets	815.78	774.31	840.39	886.00	724.36
Domestic Credit	992.12	1,132.30	1,287.58	1,385.62	1,434.46
Central Government (net)	262.97	351.66	422.49	464.77	337.13
Other Public Sector (net)	(46.53)	(33.69)	(30.35)	(71.39)	29.06
Non-Bank Financial Institutions (net)	48.83	41.00	37.91	34.14	(20.29)
Subsidiaries and Affiliates (net)	(21.66)	(31.28)	(41.98)	(60.64)	(68.04)
Private Sector	748.51	804.61	899.51	1,018.74	1,156.59
Other Items (net)	(176.34)	(357.99)	(447.19)	(499.62)	(710.10)
Money Supply (M2)	1,102.87	1,150.84	1,298.33	1,443.55	1,476.03
Money Supply (M1)	166.91	163.69	184.49	205.10	222.83
Currency	44.61	49.88	55.10	56.19	70.12
Demand Deposits	122.30	113.80	129.38	148.91	152.70
Quasi Money	935.96	987.15	1,113.84	1,238.45	1,253.20
Savings Deposits	418.24	468.12	518.94	562.49	597.78
Time Deposits	203.49	183.31	188.10	232.94	264.51
Foreign Currency Deposits	314.23	335.72	406.80	443.01	390.92

Source: ECCB

Data available at 05 March 2009

Table 39
St Kitts and Nevis - Selected Tourism Statistics

	2004	2005	2006 ^R	2007 ^R	2008 ^P
Total Visitor Arrivals	382,290	364,519	349,733	380,459	525,747
of which:					
Stay-Over Arrivals	117,638	140,504	139,268	124,181	121,380
USA	64,859	79,569	77,587	70,441	73,518
Canada	6,325	8,468	8,130	7,045	7,274
UK	11,004	11,149	11,148	12,199	9,782
Caribbean	31,909	36,994	37,813	29,777	26,907
Other Countries	3,541	4,324	4,590	4,719	3,899
Excursionists	3,045	4,309	4,514	5,044	2,306
Yacht Passengers	7,072	4,355	2,876	1,911	1,208
Cruise Ship Passengers	254,535	215,351	203,075	249,323	400,853
Number of Cruise Ship Calls	373	244	261	244	240
Total Visitor Expenditure (EC\$M)	277.1	327.1	355.4	340.5	328.1

Source: Tourism Authority, Immigration Department and ECCB Estimates

Data available at 05 March 2009



Table 40
St Kitts and Nevis - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2004 ^R	2005	2006 ^R	2007 ^R	2008 ^P
Current Account	(184.6)	(174.7)	(229.8)	(297.0)	(352.4)
Goods and Services	(128.8)	(144.4)	(229.5)	(301.2)	(413.0)
Goods	(275.5)	(328.6)	(435.5)	(496.1)	(576.2)
Merchandise	(286.7)	(343.1)	(449.6)	(512.2)	(592.0)
Repair on goods	0.1	0.2	0.2	0.2	0.2
Goods procured in ports by carriers	11.1	14.3	13.9	15.9	15.6
Services	146.7	184.2	206.0	194.9	163.2
Transport	(62.7)	(72.9)	(85.5)	(81.4)	(90.3)
Travel	251.0	297.5	318.9	306.8	291.7
Insurance Services	(18.2)	(22.1)	(19.9)	(23.0)	(25.4)
Other Business Services	(22.2)	(18.8)	(10.4)	(13.0)	(18.0)
Government Services	(1.2)	0.6	2.9	5.4	5.1
Income	(105.0)	(94.9)	(87.3)	(85.8)	(28.4)
Compensation of Employees	(7.7)	(6.3)	(2.2)	(1.4)	(1.5)
Investment Income	(97.3)	(88.5)	(85.2)	(84.5)	(26.9)
Current Transfers	49.2	64.5	87.0	90.1	89.0
General Government	(3.6)	8.2	23.3	23.7	23.8
Other Sectors	52.8	56.3	63.7	66.4	65.2
Capital and Financial Account	221.5	156.7	276.1	316.4	391.9
Capital Account	14.5	39.8	36.0	38.1	59.6
Capital Transfers	14.5	39.8	35.7	38.1	59.6
Acquisition and Disposal of Non-Produced, Non-Financial Assets	0.0	0.0	0.2	0.0	0.0
Financial Account	206.9	117.0	240.1	278.3	332.2
Direct Investment	150.6	251.1	298.1	425.3	236.7
Portfolio Investment	(26.6)	(40.6)	(56.6)	(29.6)	15.5
Other Investments	82.9	(93.6)	(1.4)	(117.4)	80.1
Public Sector Long Term	(2.2)	(16.9)	17.4	(25.8)	43.4
Commercial Banks	152.1	(107.9)	(35.3)	(80.5)	(154.6)
Other Assets	(60.4)	(13.7)	0.0	16.4	17.7
Other Liabilities*	(6.5)	44.9	16.6	(27.6)	173.6
Overall Balance	36.8	(18.0)	46.3	19.4	39.5
Financing	(36.8)	18.0	(46.3)	(19.4)	(39.5)
Change in SDR holdings	0.0	0.0	0.0	0.0	0.0
Change in Reserve Position with the Fund	0.0	0.0	0.0	0.0	0.0
Change in Government Foreign Assets	0.0	(0.5)	(0.2)	(0.3)	0.0
Change in Imputed Reserves	(36.9)	18.5	(46.1)	(19.1)	(39.5)

Source: Planning Unit and ECCB

* Includes errors and omissions

Data available at 05 March 2009



Table 41
Saint Lucia - Selected Economic Indicators

	2004	2005 ^R	2006 ^R	2007 ^R	2008
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at basic prices	6.7	7.0	6.0	4.4	6.5
Real GDP at basic prices	3.8	4.6	4.9	1.7	2.0
GDP Deflator	2.8	2.3	1.0	2.6	4.1
Consumer Prices (end of period)	3.5	5.2	(0.6)	8.2	3.8
Consumer Prices (period average)	1.5	3.9	2.3	3.1	8.2
Real GDP at Factor Cost by Selected Sectors					
Agriculture	(2.9)	(24.7)	9.8	0.8	18.9
Manufacturing	(3.0)	16.3	6.7	1.7	(3.4)
Electricity and Water	1.9	(13.4)	(8.6)	12.7	2.0
Construction	1.0	12.5	13.2	(10.3)	3.3
Wholesale and Retail Trade	8.4	5.8	9.0	4.6	4.0
Hotels and Restaurants	5.9	6.3	(2.7)	(7.4)	(3.0)
Transport	7.3	0.6	11.2	3.1	2.9
Communications	4.6	7.3	1.0	3.0	1.5
Banks and Insurance	4.5	9.6	21.4	9.4	7.2
Real Estate and Housing	3.3	5.7	2.6	7.6	3.0
Government Services	4.1	8.4	2.1	3.8	2.7
Other Services	0.6	1.9	3.9	4.0	2.5
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(11.0)	(16.1)	(32.1)	(34.7)	(26.8)
Overall Balance	3.1	(2.0)	1.5	2.0	(1.1)
Merchandise Trade Balance	(33.6)	(41.6)	(49.2)	(49.5)	(43.4)
Central Government					
Current Account Balance	2.2	3.4	3.7	5.9	5.5
Current Revenue	25.0	25.1	26.2	27.6	28.0
Current Expenditure	22.8	21.6	22.5	21.6	22.6
Capital Expenditure and Net Lending	7.2	10.2	10.2	8.5	6.4
Overall Fiscal Balance	(4.7)	(6.6)	(6.4)	(2.2)	(0.2)
Total Public Sector Debt (end of period)	46.2	45.6	44.3	75.1	69.9
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Average Deposit Interest Rate	2.8	2.7	2.9	3.0	2.9
Weighted Average Lending Interest Rate	10.7	10.5	10.2	9.4	9.6
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	1,778.5	1,903.0	2,017.1	2,105.0	2,242.7
Real GDP at basic prices	1,274.2	1,333.0	1,398.9	1,422.5	1,455.4
Nominal GDP at market prices	2,154.0	2,295.4	2,464.4	2,539.9	2,736.5
GDP per capita (EC\$)	10,949	11,562	12,090	12,294	12,766
Merchandise Imports (f.o.b)	939.6	1,128.9	1,406.6	1,462.6	1,559.9
Merchandise Exports (f.o.b)	215.4	173.2	195.2	205.5	373.4
Gross Visitor Expenditure	879.3	996.2	793.7	814.5	839.7

Source: Statistics Department and ECCB

Data available at 03 March 2009



Table 42
Saint Lucia - Central Government Fiscal Operations
(In million of Eastern Caribbean dollars)

	2004	2005	2006	2007 ^R	2008
Current Revenue	537.8	575.7	644.7	699.9	766.8
Tax Revenue	495.7	540.8	603.8	659.0	721.0
Taxes on Income and Profit	116.4	139.6	148.4	176.6	221.5
of which:					
Personal	47.1	53.1	65.5	66.1	76.3
Company	44.2	60.4	60.1	72.8	111.9
Taxes on Property	4.9	4.0	4.7	4.9	2.3
Taxes on Domestic Goods and Services	93.3	89.5	105.6	119.7	132.1
of which:					
Stamp Duty	15.7	16.5	22.2	31.0	28.7
Hotel Occupancy Tax	25.1	29.3	28.3	30.8	37.5
Licenses	25.1	11.0	21.0	19.6	26.4
Taxes on International Trade and Transactions	281.0	307.7	345.2	357.9	365.1
of which:					
Consumption Tax (Imports)	116.6	109.3	110.8	113.5	115.7
Import Duty	72.7	84.0	94.9	105.4	108.2
Service Charge (Imports)	44.2	51.8	64.9	66.7	67.3
Excise Tax (Imports)	22.6	29.4	40.9	40.1	38.2
Non-Tax Revenue	42.0	34.9	40.9	40.8	45.8
Current Expenditure	490.4	496.7	554.1	549.5	617.4
Personal Emoluments	227.1	222.7	255.1	252.4	284.8
Goods and Services	95.5	91.0	105.5	104.1	122.2
Interest Payments	61.9	70.0	79.1	81.1	82.8
Domestic	18.3	21.1	27.1	34.8	34.6
External	43.6	48.9	52.0	46.3	48.2
Transfers and Subsidies	105.9	113.1	114.5	112.0	127.6
of which: Pensions	35.3	42.4	41.4	41.0	46.8
Current Account Balance (before grants)	47.4	79.0	90.5	150.4	149.5
Capital Revenue	0.9	0.0	0.9	0.0	5.0
Grants	6.0	4.2	3.3	9.3	15.7
of which: Capital Grants	6.0	4.2	3.3	9.3	15.7
Capital Expenditure and Net Lending	154.8	234.1	251.3	216.3	175.5
of which: Capital Expenditure	154.8	234.1	251.3	216.3	175.5
Primary Balance (after grants)	(38.7)	(81.0)	(77.4)	24.4	77.5
Overall Balance (before grants)	(106.6)	(155.2)	(159.8)	(65.9)	(21.0)
Overall Balance (after grants)	(100.5)	(151.0)	(156.6)	(56.7)	(5.3)
Financing	100.5	151.0	156.6	56.7	5.3
Domestic	50.1	49.4	62.5	14.2	9.1
ECCB (net)	(13.2)	3.7	(9.8)	(23.4)	49.1
Commercial Banks (net)	(12.7)	35.9	68.4	72.6	2.7
Other	76.0	9.7	3.9	(35.1)	(42.7)
External	50.4	101.6	94.0	42.5	(3.7)
Net Disbursements/(Amortisation)	48.9	99.9	81.7	41.2	(4.6)
Disbursements	82.0	130.1	113.4	112.5	63.1
Amortisation	(33.1)	(30.2)	(31.7)	(71.3)	(67.7)
Change in Government Foreign Assets	1.5	1.7	12.3	1.3	0.9
Arrears	0.0	0.0	0.0	0.0	0.0
Domestic	0.0	0.0	0.0	0.0	0.0
External	0.0	0.0	0.0	0.0	0.0

Source: Ministry of Finance, Treasury Department and ECCB Estimates

Data available at 03 March 2009



Table 43
Saint Lucia - Monetary Survey
(In millions of Eastern Caribbean dollars)

	2004	2005	2006	2007 ^R	2008
Net Foreign Assets	352.7	243.0	117.6	(47.7)	(543.3)
Central Bank (net)	351.5	308.3	356.9	408.2	378.8
Commercial Banks (net)	1.2	(65.3)	(239.3)	(455.9)	(922.1)
External (net)	(69.4)	(82.7)	(224.7)	(292.1)	(525.6)
Assets	299.9	350.5	427.0	486.2	396.9
Liabilities	369.3	433.3	651.7	778.4	922.5
Other ECCB Territories (net)	70.6	17.4	(14.6)	(163.8)	(396.5)
Assets	182.9	284.9	388.1	584.4	306.7
Liabilities	112.3	267.5	402.7	748.2	703.2
Net Domestic Assets	1,156.4	1,468.7	1,938.6	2,230.9	2,871.2
Domestic Credit	1,465.3	1,772.1	2,280.5	2,990.4	3,314.6
Central Government (net)	(130.3)	(90.7)	(32.0)	17.2	69.0
Other Public Sector (net)	(194.2)	(185.2)	(214.8)	(243.4)	(296.3)
Non-Bank Financial Institutions (net)	(35.4)	(37.8)	(40.4)	(41.3)	(29.2)
Subsidiaries and Affiliates (net)	174.7	168.5	180.8	167.1	121.2
Private Sector	1,650.4	1,917.3	2,386.8	3,090.8	3,449.9
Other Items (net)	(308.9)	(303.4)	(341.9)	(759.6)	(443.4)
Money Supply (M2)	1,509.1	1,711.8	2,056.2	2,183.2	2,327.9
Money Supply	481.3	547.3	560.7	639.0	631.7
Currency	99.2	106.4	126.6	128.0	142.6
Demand Deposits	382.1	440.9	434.1	510.9	489.1
Quasi Money	1,027.8	1,164.5	1,495.5	1,544.2	1,696.2
Savings Deposits	810.4	916.3	1,064.9	1,150.8	1,210.3
Time Deposits	178.7	185.9	222.7	283.3	371.2
Foreign Currency Deposits	38.7	62.2	207.9	110.2	114.7

Source: ECCB

Data available at 03 March 2009

Table 44
Saint Lucia - Selected Tourism Statistics

	2004	2005 ^R	2006 ^R	2007 ^R	2008
Total Visitor Arrivals	813,681	747,308	695,279	931,685	947,445
Stay-Over Arrivals of Which:	298,431	317,939	302,510	287,518	295,761
USA	107,089	112,557	117,450	113,433	108,596
Canada	15,315	16,506	17,491	18,640	26,279
UK	81,370	84,725	73,312	79,180	83,693
Caribbean	74,242	84,902	78,465	59,049	59,757
Other Countries	20,415	19,249	15,792	17,216	17,436
Excursionists	11,441	7,541	7,051	7,841	9,582
Cruise Ship Passengers	481,279	394,364	359,573	610,163	619,680
Yacht Passengers	22,530	27,464	26,145	26,163	22,422
Number of Cruise Ship Calls	328	258	267	314	315
Total Visitor Expenditure (EC\$M)	879.3	996.2	793.7	814.5	839.7

Source: Saint Lucia Tourist Board

Data available at 03 March 2009



Table 45
Saint Lucia - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008
Current Account	(235.9)	(370.4)	(792.2)	(881.6)	(734.2)
Goods and Services	(87.2)	(209.6)	(674.1)	(734.7)	(576.8)
Goods	(679.6)	(889.2)	(1,145.7)	(1,189.3)	(1,058.3)
Merchandise	(724.2)	(955.7)	(1,211.4)	(1,257.1)	(1,186.5)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	44.6	66.4	65.7	67.8	128.1
Services	592.4	679.6	471.6	454.6	481.5
Transport	(131.8)	(140.0)	(158.9)	(171.2)	(185.2)
Travel	779.8	891.1	687.5	700.4	737.0
Insurance Services	(18.9)	(20.8)	(26.4)	(22.2)	(23.1)
Other Business Services	(28.5)	(48.0)	(25.9)	(39.7)	(34.2)
Government Services	(8.2)	(2.7)	(4.6)	(12.7)	(13.0)
Income	(186.3)	(195.8)	(150.4)	(183.5)	(195.4)
Compensation of Employees	0.4	0.5	0.3	0.5	0.5
Investment Income	(186.6)	(196.2)	(150.7)	(184.0)	(195.9)
Current Transfers	37.6	35.0	32.3	36.6	38.1
General Government	(0.5)	(3.3)	(1.2)	7.5	7.1
Other Sectors	38.1	38.4	33.6	29.1	31.0
Capital and Financial Account	303.3	325.5	828.4	931.6	703.8
Capital Account	9.3	14.4	30.7	23.4	23.4
Capital Transfers	9.3	14.4	30.7	23.4	23.4
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	294.0	311.1	797.7	908.2	680.4
Direct Investment	206.6	211.2	631.6	684.1	282.8
Portfolio Investment	44.0	64.9	(8.0)	1.3	(25.3)
Other Investments	43.4	34.9	174.1	222.8	422.8
Public Sector Long Term	45.4	20.2	64.0	33.1	(7.2)
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	54.0	66.5	174.0	216.6	466.2
Other Assets	(79.8)	(90.3)	(47.1)	(45.1)	(48.1)
Other Liabilities*	23.8	38.5	(16.8)	18.2	12.0
Overall Balance	67.4	(44.9)	36.3	50.0	(30.4)
Financing	(67.4)	44.9	(36.3)	(50.0)	30.4
Change in SDR Holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	1.5	1.7	12.3	1.3	0.9
Change in Imputed Reserves	(68.9)	43.2	(48.6)	(51.3)	29.5

Source: ECCB and Statistics Department

* includes errors and omissions

Data available at 03 March 2009



Table 46
St Vincent and the Grenadines - Selected Economic Indicators

	2004 ^R	2005	2006 ^R	2007 ^R	2008 ^P
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at basic prices	8.9	6.4	9.8	11.1	5.7
Real GDP at basic prices	6.8	2.6	7.6	7.0	(0.5)
GDP Deflator	2.0	3.7	2.1	3.9	6.3
Consumer Prices (end of period)	1.7	3.9	4.8	8.3	8.7
Consumer Prices (period average)	3.0	3.7	3.0	6.9	10.1
Real GDP at Factor Cost by Selected Sectors					
Agriculture	(5.2)	(3.9)	6.6	9.3	(7.7)
Manufacturing	3.3	1.6	3.0	1.1	(9.9)
Electricity and Water	7.1	8.4	1.8	4.9	(1.3)
Construction	14.7	0.4	11.4	14.4	9.8
Wholesale and Retail Trade	9.8	4.4	6.8	5.0	(3.4)
Hotels and Restaurants	7.3	9.5	1.0	1.0	(9.0)
Transport	10.1	(0.7)	17.5	11.5	(5.1)
Communications	19.3	(1.1)	10.3	8.2	3.5
Banks and Insurance	3.1	10.4	5.8	5.4	5.0
Government Services	2.5	5.3	4.3	7.1	5.9
Other Services	6.0	10.0	3.5	5.0	3.0
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(24.3)	(22.3)	(23.7)	(34.2)	(36.5)
Overall Balance	6.0	(0.6)	2.4	(0.3)	(0.6)
Merchandise Trade Balance	(38.4)	(38.6)	(39.9)	(43.2)	(42.6)
Central Government					
Current Account Balance	3.2	1.2	2.8	3.5	2.9
Current Revenue	28.6	28.0	29.3	28.7	30.2
Current Expenditure	25.4	26.8	26.4	25.2	27.2
Capital Expenditure and Net Lending	6.6	6.7	7.5	8.8	7.6
Overall Fiscal Balance	(1.4)	(4.2)	(3.9)	(3.6)	(2.1)
Total Public Sector Debt (end of period)	84.2	82.6	77.4	68.5	69.3
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Average Deposit Interest Rate	2.8	3.0	2.8	2.8	2.8
Weighted Average Lending Interest Rate	8.8	9.9	9.9	9.6	9.6
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	928.4	987.9	1,084.6	1,205.4	1,274.1
Real GDP at basic prices	693.7	711.6	765.5	818.9	814.7
Nominal GDP at market prices	1,135.7	1,201.8	1,344.4	1,498.5	1,603.0
GDP per capita (EC\$)	8,880	9,413	10,696	12,303	12,004
Merchandise Imports (f.o.b)	535.5	571.5	639.7	776.5	815.5
Merchandise Exports (f.o.b)	98.9	107.7	102.9	128.8	132.8
Gross Visitor Expenditure	258.0	280.5	305.8	300.2	244.0

Source: Statistics Department and ECCB

Data available at 24 February 2009



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

	2004	2005	2006	2007 ^R	2008 ^P
Current Revenue	324.9	336.1	393.3	430.8	483.6
Tax Revenue	290.9	307.3	361.7	399.9	442.0
Taxes on Income and Profit	80.4	89.8	98.8	103.6	110.4
of which:					
Individual	38.5	41.1	49.3	54.3	56.0
Company Tax	37.5	44.4	43.5	43.1	46.7
Taxes on Property	2.5	2.5	2.6	2.8	2.2
Taxes on Domestic Goods and Services	70.0	72.7	98.2	184.1	229.6
of which:					
Stamp Duty	20.9	21.0	38.2	28.0	29.2
Consumption Duties	7.5	6.4	7.2	3.6	0.0
Hotel Turnover Tax	5.1	6.8	7.3	6.1	0.0
Value Added Tax	-	-	-	86.9	150.6
Taxes on International Trade and Transactions	138.1	142.3	162.1	109.6	99.8
of which:					
Import Duty	29.5	32.7	34.0	43.3	43.8
Consumption Tax	81.8	80.0	94.2	31.4	0.5
Customs Service Charge	20.8	22.3	26.1	28.3	30.0
Non-Tax Revenue	34.0	28.8	31.6	30.8	41.6
Current Expenditure	288.1	322.0	355.4	378.3	436.6
Personal Emoluments	144.8	158.9	171.3	188.1	206.8
Goods and Services	66.6	72.1	75.8	75.6	91.0
Interest Payments	27.6	35.0	43.2	44.7	52.6
Domestic	12.7	15.5	20.2	23.4	29.5
External	14.8	19.5	23.0	21.3	23.0
Transfers and Subsidies	49.1	55.9	65.2	69.9	86.2
of which: Pensions	19.8	23.3	28.1	29.2	36.9
Current Account Balance	36.8	14.2	37.8	52.5	47.0
Capital Revenue	3.9	4.0	6.0	0.9	1.6
Grants	18.7	12.0	5.5	24.8	39.8
of which: Capital Grants	18.7	12.0	5.5	24.8	39.8
Capital Expenditure and Net Lending	75.1	80.6	101.3	131.5	121.9
of which: Capital Expenditure	78.9	85.1	103.6	131.5	121.9
Primary Balance (after grants)	11.9	(15.5)	(8.8)	(8.6)	33.1
Overall Balance (before grants)	(34.4)	(62.5)	(57.5)	(78.1)	(73.3)
Overall Balance (after grants)	(15.7)	(50.5)	(52.0)	(53.3)	(33.3)
Financing	15.7	50.5	52.0	53.3	33.3
Domestic	(100.6)	29.2	55.1	3.7	26.2
Central Banks (net)	(54.5)	17.9	(2.8)	14.3	4.7
Commercial Banks (net)	16.4	47.4	(2.9)	4.8	15.8
Other	(62.6)	(36.1)	60.9	(15.4)	5.7
External	116.3	21.3	(3.1)	49.6	7.1
Net Disbursements/(Amortisation)	120.8	28.1	4.9	22.3	6.5
Disbursements	229.5	191.2	96.5	60.0	47.1
Amortisation	(108.7)	(163.2)	(91.6)	(37.7)	(40.6)
Change in Govt. Foreign Assets	(4.5)	(6.8)	(8.0)	27.2	0.6

Source: Ministry of Finance, Treasury Department and ECCB Estimates

Data available at 21 February 2009



Table 48
St Vincent and the Grenadines - Monetary Survey
(In millions of Eastern Caribbean dollars)

	2004	2005	2006	2007 ^R	2008 ^P
Net Foreign Assets	426.8	429.9	428.4	352.5	384.9
Central Bank (net)	200.3	185.7	210.4	232.7	223.9
Commercial Banks (net)	226.5	244.1	218.0	119.8	161.1
External (net)	106.2	181.2	117.3	61.1	17.4
Assets	245.8	320.3	255.0	228.9	210.6
Liabilities	139.5	139.1	137.7	167.8	193.2
Other ECCB Territories (net)	120.2	62.9	100.7	58.6	143.6
Assets	192.7	178.4	257.5	338.8	377.9
Liabilities	72.4	115.5	156.9	280.1	234.3
Net Domestic Assets	394.7	444.2	511.4	653.9	646.4
Domestic Credit	565.8	653.8	760.3	883.9	945.8
Central Government (net)	9.1	74.4	68.7	87.8	108.3
Other Public Sector (net)	(63.2)	(66.6)	(60.3)	(53.0)	(49.1)
Non-Bank Financial Institutions (net)	(23.1)	(32.2)	(23.1)	(42.3)	(31.4)
Subsidiaries and Affiliates (net)	(0.2)	-	-	(0.0)	-
Private Sector	643.2	678.2	775.1	891.5	918.0
Other Items (net)	(171.1)	(209.6)	(248.9)	(230.1)	(299.4)
Money Supply (M2)	821.49	874.08	939.76	1,006.34	1,031.37
Money Supply (M1)	287.04	327.71	344.31	371.67	354.86
Currency	64.39	74.44	80.50	89.82	80.54
Demand Deposits	222.65	253.27	263.81	281.86	274.33
Quasi Money	534.46	546.37	595.45	634.66	676.51
Savings Deposits	383.91	430.19	476.57	512.82	535.34
Time Deposits	124.37	101.38	88.38	82.22	104.93
Foreign Currency Deposits	26.18	14.80	30.50	39.62	36.24

Source: ECCB

Data available at 21 February 2009

Table 49
St Vincent and the Grenadines - Selected Tourism Statistics

	2004	2005	2006	2007 ^R	2008 ^P
Total Visitor Arrivals	261,469	256,075	306,578	327,502	203,330
Of Which:					
Stay-Over Arrivals	86,721	95,504	97,432	89,532	81,549
USA	25,106	27,153	28,598	26,637	23,535
Canada	5,219	6,187	6,542	6,724	6,611
UK	12,610	13,941	14,837	16,714	14,781
Caribbean	36,011	39,944	38,219	29,924	27,799
Other Countries	7,775	8,279	9,236	9,533	8,823
Excursionists	12,936	8,928	9,034	6,797	6,321
Yacht Passengers	84,227	81,890	93,638	86,718	36,487
Cruise Ship Passengers	77,585	69,753	106,474	144,455	78,973
Number of Cruise Ship Calls	225	182	263	279	127
Total Visitor Expenditure (EC\$M)	258.0	280.5	305.8	300.2	244.0

Source: Department of Tourism and ECCB Estimates

Data available at 21 February 2009



Table 50
St Vincent and the Grenadines - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2004 ^R	2005 ^R	2006 ^R	2007 ^R	2008 ^P
Current Account	(275.6)	(268.3)	(318.3)	(512.4)	(584.4)
Goods and Services	(236.7)	(244.8)	(307.4)	(510.5)	(583.9)
Goods	(431.1)	(458.5)	(530.6)	(638.7)	(673.5)
Merchandise	(436.6)	(463.8)	(536.9)	(647.7)	(682.7)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	5.4	5.3	6.2	8.9	9.2
Services	194.4	213.8	223.2	128.2	89.6
Transport	(57.9)	(64.1)	(71.0)	(91.2)	(91.9)
Travel	219.4	240.3	263.4	245.7	191.0
Insurance Services	(13.9)	(15.2)	(16.1)	(20.8)	(21.9)
Other Business Services	52.1	64.7	62.6	18.1	35.9
Government Services	(5.3)	(11.9)	(15.7)	(23.6)	(23.5)
Income	(77.0)	(72.3)	(65.3)	(56.4)	(55.7)
Compensation of Employees	1.8	1.3	8.5	15.8	16.2
Investment Income	(78.8)	(73.5)	(73.8)	(72.2)	(71.9)
Current Transfers	38.1	48.7	54.4	54.4	55.2
General Government	(1.0)	(0.9)	15.7	22.8	22.4
Other Sectors	39.1	49.7	38.7	31.7	32.8
Capital and Financial Account	344.2	260.5	351.0	507.4	575.0
Capital Account	51.1	38.4	22.0	204.0	109.9
Capital Transfers	51.1	38.4	22.0	204.0	109.9
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	293.1	222.1	329.0	303.4	465.1
Direct Investment	177.4	108.2	294.6	296.5	326.6
Portfolio Investment	89.6	(22.1)	33.8	(21.7)	(10.3)
Other Investments	26.2	136.0	0.6	28.6	148.7
Public Sector Long Term	6.9	70.0	(10.3)	42.2	53.4
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	(49.3)	(17.6)	26.2	98.2	(41.3)
Other Assets	(23.4)	14.9	(56.9)	(38.4)	(8.9)
Other Liabilities*	92.0	68.8	41.6	(73.4)	145.6
Overall Balance	68.6	(7.8)	32.7	(5.0)	(9.4)
Financing	(68.6)	7.8	(32.7)	5.0	9.4
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	(4.5)	(6.8)	(8.0)	27.2	0.6
Change in Imputed Reserves	(64.2)	14.6	(24.7)	(22.3)	8.8

Source: ECCB

*includes errors and omissions

Data available at 21 February 2009

