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# EASTERN CARIBBEAN CENTRAL BANK

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## **INTERNATIONAL ECONOMIC DEVELOPMENTS**

### **Overview**

Global economic activity was robust in 2006 despite a rise in the average price of petroleum. The International Monetary Fund (IMF) estimates that output increased by 5.4 per cent, surpassing growth of 4.9 per cent in 2005. This performance reflected an expansion in economic activity in the US and a further strengthening in the economies of the European Union and Japan. Among the emerging market and developing economies, rapid expansions were recorded for China and India, while momentum was sustained across other regions as countries benefited from high commodity prices and historically low interest rates. Inflationary pressures remained subdued.

### **Developments in the Major Economies**

The US economy grew by 3.3 per cent in 2006, slightly above the 3.2 per cent rate of increase recorded in 2005. The performance was influenced by strong growth (5.6 per cent) in the first quarter of 2006, attributed to heightened consumer spending associated with a robust housing market. However, successive quarter point increases in the Federal Funds rate up to June 2006 increased mortgage rates and reduced the demand for home purchases and home equity loans, a major source of consumer financing. The adverse impact of successive interest rate increases on the housing market and on consumer spending, which comprises two-thirds of US gross domestic product (GDP), resulted in a marked deceleration

in economic growth during the final three quarters of 2006.

Economic activity in 2006 was buoyed by fairly robust consumer spending as unemployment remained near historic lows, reflecting the reluctance of firms to retrench workers even as the economy slowed. Service oriented establishments in particular, were cautious about making their existing workforce redundant, anticipating difficulties in attracting skilled workers when economic activity picked up. Consumer spending was also sustained by strong increases in real wages and salaries, 6.4 per cent in 2006 compared with 5.5 per cent in the previous year.

The slump in the housing market had an adverse effect on activity in the manufacturing sector as inventories increased to levels not seen in recent years. This development, combined with a fall in demand in the domestic auto industry, contributed to a decrease in business investment. Notwithstanding, the manufacturing sector benefited from strong overseas demand by Asian and European economies for US produced capital goods, partly influenced by a depreciation of the US currency. Exports of goods and services from the US rose by 8.9 per cent in 2006, above the 6.8 per cent rate recorded in 2005, reflecting an increase in demand from European and Asian markets.

Consumer prices moderated, increasing by 3.2 per cent during 2006 compared with 3.4 per cent in



2005. However, core inflation, which excludes energy and food, was 2.6 per cent, well above the 2.2 per cent rate recorded during 2005.

The labour market in the US remained tight as unemployment was low throughout 2006. Employers were reluctant to retrench workers because of uncertainty regarding the duration of the economic slowdown in the latter half of 2006. Despite the tightness of the labour market, job losses were recorded in the manufacturing sector in particular, due to the fall in residential construction.

The Canadian economy is estimated to have expanded by 2.8 per cent in real terms in 2006 compared with growth of 2.9 per cent in 2005. This slowdown stemmed from reduced demand for Canadian exports, partly as a result of weakness in the US automotive and housing sectors. Net exports declined by an estimated 1.3 per cent, reflecting the effects of currency appreciation and a fall in demand from the US, particularly for manufactured goods. Domestic demand remained the main driver of the economy as private consumption expanded by 3.8 per cent and business investment rose by 8.0 per cent. Productivity in Canada was 1.2 per cent in 2006, below the 2.1 per cent level in 2005, but above the 0.3 per cent level in 2004. In 2006 the tightening of the labour market, particularly in the western part of the country, led to an increase of 3.8 per cent in hourly compensation compared with 4.4 per cent in 2005.

Real GDP in the UK increased by 2.7 per cent in 2006 compared with growth of 1.9 per cent in

2005. The expansion in 2006 stemmed largely from strong domestic demand and a vibrant manufacturing sector buoyed by strong growth in the rest of Europe, a market for 50.0 per cent of exports from the UK. Domestic demand was influenced largely by an appreciation in asset prices, particularly in the housing sector. Higher energy prices contributed to an increase in inflation to 2.3 per cent from 2.0 per cent during 2005. In November 2006 the Bank of England raised the official bank rate to 5.0 per cent from 4.75 per cent in an effort to contain inflation.

The economies of the European Union increased by 2.6 per cent, the fastest rate in six years, as domestic demand strengthened and the terms of trade improved. Germany was the principal engine of growth, driven by increases in exports and strong investment partly generated by major improvements in competitiveness. A boost in consumption from the FIFA World Cup and increased spending in anticipation of a rise in the value-added tax (VAT) in early 2007 also contributed to growth in GDP in 2006. In France and Italy economic growth lagged that of Germany and was more dependent on consumption, supported by a pickup in employment growth. Improved labour market performance was generally observed across the region, and the unemployment rate in the Euro area fell to 7.6 per cent by the end of 2006, the lowest level in 15 years. Headline consumer price inflation fell to below 2 per cent by the end of 2006, influenced by decreases in oil prices in the latter half of the year.

In Japan the economy grew by 2.2 per cent in 2006, an improvement over the 1.9 per cent rate of





increase recorded in 2005. Growth was strong in the first quarter (2.9 per cent), but decelerated during the three remaining quarters. The expansion in 2006 was driven by buoyant export growth and steady domestic demand. Real GDP growth benefited from a strengthening in private non-residential investment, net exports and a rebound in private consumption. Consumer prices rose on average by 0.3 per cent during 2006, reversing a decline of 0.3 per cent during the previous year. Consecutive price increases were recorded beginning in May 2006 and this brought to an end a decade of deflation.

The Chinese economy maintained steady and rapid growth in 2006. Real GDP increased by 10.7 per cent, roughly 0.3 percentage point above the rate in 2005. Growth in consumer demand accelerated, while that in fixed asset investment slowed to 24.0 per cent from 26.0 per cent in 2005. Household income, enterprise profits and fiscal revenue rose substantially. Price movements were broadly stable, with the consumer price index (CPI) increasing by 1.5 per cent, or 0.3 percentage point below the rate during 2005. While prices remained generally stable during the first three quarters of 2006, higher grain prices during the last quarter influenced an upswing in prices at the end of the year. China's trade surplus reached an all-time high of US\$177.5 billion, roughly 26.0 per cent above the surplus in 2005. Growth in household income and domestic consumer demand contributed to a 13.7 per cent increase in the volume of retail sales, up from the 12.9 per cent rate in 2005.

### **Commodity Prices**

Commodity prices remained elevated during 2006, particularly in the first seven months. Petroleum prices rose steadily to around US\$76.0 a barrel in August 2006. High rates of economic growth in developed and developing countries, coupled with an escalation in geo-political tensions, placed upward pressure on commodity prices. Subsequent oil price declines from August largely reflected some easing of security tensions in the Middle East, improved supply-demand balance in oil markets, and favourable weather in the second half of 2006. Metal prices rose by 57.0 per cent, largely contributing to the 22.0 per cent increase in the IMF commodities and energy price index in 2006. Food prices rose by 10.0 per cent, driven mainly by higher prices for corn, wheat, and soybean oil in the second half of the year.

### **Prospects**

Global economic growth is expected to moderate to 4.9 per cent in 2007 from 5.4 per cent in 2006. The most recent projections by the IMF forecast US economic growth to slow to 2.2 per cent in 2007, as a further weakening in the housing market is expected. Growth of 2.3 per cent is projected for the Euro zone in 2007, down from 2.6 per cent in 2006. Japan's economy is expected to expand by 2.3 per cent in 2007, slightly above the 2006 rate of growth.



While the risks to the global growth outlook have subsided somewhat since the fall in petroleum prices from August 2006, uncertainties remain, largely in relation to the potential for a sharper slowdown in US growth if the housing market continues to contract.



## REGIONAL ECONOMIC DEVELOPMENTS

### Overview

Macroeconomic data for the larger member countries of the Caribbean Community (CARICOM) – Barbados, Belize, Jamaica, and Trinidad and Tobago – indicate strong growth in real GDP in 2006, bolstered by an expansion in construction and investment activities. Most countries (with the exception of Trinidad and Tobago) reported fiscal deficits in 2006, albeit lower than in 2005. Balance of payments performance was mixed in the CARICOM member countries. Inflation rose during 2006 while monetary policy in most of the central banks within the region focused on liquidity management.

### Output

The Barbados economy registered above average growth of 3.9 per cent in 2006. The expansion was influenced by increases in the non-traded sectors, primarily construction, as well as tourism and manufacturing. Value added from construction was estimated to have increased by 7.0 per cent in 2006 following an expansion of 13.5 per cent in the previous year. As with 2005, residential and public sector infrastructural projects as well as preparations for Cricket World Cup (CWC) 2007 drove construction activity. Activity in the tourism industry rose by 1.5 per cent in 2006, following a 2.2 per cent contraction in the previous year. The rebound in the sector was attributed to ongoing efforts of the Barbados Tourism Authority, vibrant economic growth in

the major source markets and favourable currency appreciation of the pound sterling. Increases were recorded in long-stay visitors to Barbados from the UK (4.3 per cent), Germany (7.3 per cent), the rest of CARICOM (3.5 per cent) and Canada (3.4 per cent). This follows a decline in arrivals from these markets in the previous year. By contrast, a continuation of the downward trend in cruise passenger arrivals seen in 2005 was realised in 2006, largely reflecting the change in itinerary by cruise lines as a result of high international fuel costs. Cruise passenger arrivals declined by 6.3 per cent in 2006, following a contraction of over 20.0 per cent in 2005. In the manufacturing sector output increased, mainly influenced by electronics (10.0 per cent), other manufacturing (3.9 per cent) and processed foods (1.5 per cent). The sector was negatively influenced by a contraction in beverages (9.0 per cent), largely attributable to a fall in rum production. Consequently total manufacturing output rose marginally by 0.2 per cent.

Real GDP in Belize decelerated to 2.5 per cent in 2006 from 3.5 per cent in 2005, mainly associated with the impact of the second year of a home-grown fiscal and monetary adjustment programme. In the agricultural sector, favourable weather contributed to an increase in sugar cane deliveries (26.3 per cent), while deliveries of citrus products contracted, primarily influenced by a 21.3 per cent fall in orange deliveries following an expansion in production during the previous year. By contrast, grapefruit deliveries expanded by 10.4 per cent to record breaking levels, largely



attributable to higher grapefruit prices. Activity in the manufacturing sector was dominated by the production of sugar and citrus concentrates. Consequently, sugar production expanded, mirroring the increase in sugar deliveries. Performance in the tourism industry was mixed, as in the previous year. The number of stay-over visitors increased by 4.8 per cent, largely reflecting an expansion in marketing efforts in major markets, while cruise ship passenger arrivals decreased by 18.0 per cent, associated in part with an increase in demand for Mediterranean cruise vacations.

In Jamaica real economic growth is estimated to have expanded by 2.5 per cent in 2006 from 1.6 per cent in 2005, largely attributable to growth in agriculture, forestry and fishing, and tourism. An increase of 17.9 per cent in agriculture, forestry and fishing following two consecutive years of decline was the largest contributor to GDP growth in the period under review. Growth in the sector was influenced by improved labour productivity, an expansion in banking system credit as well as favourable weather. Value added in tourism expanded, associated with increases in stay-over and cruise ship arrivals. This outturn reflected in part the impact of a rise in the number of hotel rooms and airlift as well as intensified promotions.

The economy of Trinidad and Tobago was positively affected by unprecedented high energy prices and growth in output levels in the energy sector. Real GDP rose by 12.0 per cent in 2006 compared with 8.0 per cent in 2005. Activity in the energy sector expanded by 20.6 per cent following an increase of 11.9 per cent in 2005,

largely associated with a full year's production at two plants. Output in the non-energy sector showed a lower rate of increase relative to that observed in 2005. An expansion of 6.5 per cent in the non-energy sector was associated with strong growth in construction and quarrying (14.5 per cent), manufacturing (11.8 per cent), education and cultural services (9.4 per cent) and finance, insurance and real estate (7.5 per cent).

### **Prices, Wages and Employment**

Average consumer prices in most of the larger CARICOM countries rose during 2006, influenced by increased international oil prices and by domestic factors. Of the countries for which data are available, inflation in Barbados for the 12 month period ending October 2006 rose by 7.6 per cent compared with 5.5 per cent in the corresponding period of 2005. The rise in the overall price level was associated in part with the pass-through effect of higher oil prices and the implementation of a cess on imports. In Belize consumer prices increased on average by 4.3 per cent compared with a rise of 3.7 per cent in 2005. The upward adjustment in prices was registered across all sub-indices, largely attributable to the increase in international oil prices and the replacement of the sales tax (9.0 per cent) with a general sales tax (10.0 per cent). In Trinidad and Tobago inflation averaged 8.3 per cent for 2006 compared with 6.9 per cent in 2005, largely influenced by rising food prices (23.2 per cent). Excluding food prices, core inflation rose by 3.6 per cent compared with 2.7 per cent in 2005. A significant decline in inflation was reported in Jamaica to 5.8 per cent from 12.9 per cent in 2005.



This inflation rate was the lowest since 1981 and was associated in part with strong expansion in agricultural supply which facilitated the decline in prices of agricultural products. Core inflation declined to 3.4 per cent from 5.2 per cent in 2005. Data were unavailable on wages in the CARICOM countries under review.

Consistent with the strong economic outturn across member countries of CARICOM, unemployment rates were estimated to have declined during 2006. Unemployment in Barbados in 2006 is estimated at 8.7 per cent compared with 9.1 per cent in 2005. The decline in the unemployment rates was associated in part with new jobs created in the construction and utilities sectors and the tourism industry. This outturn offset reported job losses in manufacturing and government services and in the finance, insurance and business services sectors. In Belize, the unemployment rate declined to 9.4 per cent from 11.0 per cent in 2005, influenced by a decrease in the labour force participation rate and the job seeking rate. Notwithstanding, job growth was realised in the service sector. In Trinidad and Tobago an unemployment rate of 6.6 per cent was recorded as the average for the first nine months of 2006. The reported unemployment rate was a historic low, indicative of the robust growth in the economy and the resulting tight labour market. Labour shortages were reported in the construction and manufacturing sectors. Available data as at the end of June 2006 show a decline in the unemployment rate in Jamaica to 10.7 per cent, from 12.2 per cent at the end of June 2005.

### **Central Government Fiscal Operations**

In Barbados the overall fiscal deficit declined to BDS\$117.3m in 2006 from BDS\$258.1m in 2005, largely reflecting higher yields from corporate and value-added taxes. Total receipts expanded by an estimated 12.0 per cent compared with an increase of 6.6 per cent in 2005, mainly reflecting growth in collections from corporate taxes (46.2 per cent) as more entities became liable to pay taxes, and a rise in value-added tax collections (13.3 per cent) as economic activity expanded. Total expenditure rose by 4.5 per cent compared with growth of 12.8 per cent in 2005, associated with a slower rate of growth in all categories with the exception of interest payments and capital expenditure. Interest payments rose by 11.0 per cent in 2006 compared with 6.9 per cent in 2005, mainly as a result of higher domestic interest rates and new debt. Capital expenditure was estimated to have increased by 13.6 per cent compared with a rise of 9.3 per cent in 2005, driven by preparations for CWC 2007 as well as various public-private partnership projects. In Belize the overall fiscal deficit was reduced by 70.8 per cent in 2006 to BZ\$44.3m as revenue rose by 12.8 per cent and expenditure contracted by 5.6 per cent. An expansion in economic activity and the introduction of a broad based general sales tax in July 2006 contributed to the boost in revenue collections. Expenditure contracted, largely as a result of a reduction in debt related interest and fees. In 2005 high expenditure was associated with placement of an international bond. Spending on capital projects was reduced for the third



consecutive year. For the period April to December 2006 central government operations in Jamaica resulted in a deficit, roughly 5.5 per cent of GDP compared with 4.2 per cent of GDP as was budgeted. Revenue and grants were below budget but higher than collections of the comparable period of 2005. Larger-than-budgeted expenditure reflected greater spending on wages and salaries and interest payments on domestic debt. In Trinidad and Tobago, government's fiscal operations resulted in a surplus of TT\$4,687.8m in the fiscal year 2005/2006. Total revenue rose by 29.3 per cent to TT\$38,479.5m, while expenditure expanded by 37.2 per cent to TT\$33,800.6m. The rise in collections was bolstered by high prices for crude and natural gas. As a result government was able to transfer TT\$3.2 billion to the Revenue Stabilisation Fund. Long-term sustainability of current expenditure remains an issue as the non-oil fiscal deficit expanded to 14.3 per cent of GDP from 9.4 per cent of GDP in the comparable period of the previous year.

### **Money and Credit**

Several central banks across the larger CARICOM countries tightened their monetary policy stance during 2006 as economic activity expanded and liquidity increased. In Barbados, monetary policy tightened during 2006. A reduction in credit growth was realised, as evidenced by a 13.6 per cent increase in credit to the non-financial private sector, roughly half the rate recorded in 2005. Liquidity was reported to have remained relatively tight and credit growth, although reduced, outpaced domestic deposit expansion. In Belize monetary policy focused on

liquidity tightening and as a result the reserve requirement was increased twice in 2006, January and September, as a means of mopping up liquidity. The effectiveness of this measure was mitigated by increased buoyancy in the external sector. Growth in net foreign assets and private sector loans resulted in a 13.3 per cent increase in monetary liabilities. The net foreign assets of the banking system expanded by 94.7 per cent, attributable to foreign loan inflows, higher export earnings and an increase in tourism receipts. Private sector loans were largely for personal use. The increase in private sector credit was facilitated by a reduction of 10 basis points in the weighted average lending rate while the weighted average deposit rate increased by 30 basis points. In Jamaica, monetary policy eased during 2006 and was accompanied by a decline in market-determined interest rates. Monetary aggregates increased in 2006, fuelled by an 18.7 per cent expansion in currency issued compared with growth of 10.0 per cent in 2005. Broad money rose by 13.6 per cent relative to an increase of 8.6 per cent in 2005. Monetary expansion during 2006 was facilitated by growth in private sector credit and an accumulation of net foreign assets by the Bank of Jamaica. At the end of December 2006 credit to the private sector surpassed the level of 2005 by 29.6 per cent. Trinidad and Tobago tightened its monetary stance during 2006, resulting in a deceleration in credit growth. Loans to the private sector expanded by 12.1 per cent during 2006 compared with growth of 18.3 per cent in the previous year and consumer credit rose by 18.5 per cent relative to an increase of 24.2 per cent in 2005. Conversely, lending to businesses expanded by 24.2 per cent during 2006 compared



with growth of 14.3 per cent in 2005. In an effort to mop up excess liquidity, government issued a \$700m bond in November 2006 with an eight year tenor and an interest rate of 8.0 per cent.

### **External Sector**

In Barbados the current account deficit declined, influenced by growth in travel credits and lower import payments as a result of the cession on extra-regional imports. The surplus on the capital and financial account could not offset the deficit on the current account. The balance of payments was financed by extensive foreign borrowing and a decrease was recorded in the net international reserves (NIR) in 2006 in contrast to an expansion in 2005. At the end of 2006 liquid foreign reserves were enough to cover 23.6 weeks of retained imports. In Belize the current account deficit decreased, mainly as a result of an increase in export earnings (31.3 per cent) and higher inflows from tourism (20.9 per cent) and remittances (29.3 per cent). Growth in export earnings, which fuelled a narrowing of the merchandise trade deficit, was associated with higher prices for citrus and sugar, the start of oil exportation and an expansion in commercial freezone cross-border sales. An increase was recorded in imports, attributable to higher domestic consumption and an expansion in imports in the commercial free zones. The current account deficit declined to 2.4 per cent of GDP in 2006 from 14.4 per cent of GDP in 2005. The deficit was financed by inflows from loans, grants and foreign direct investments. At the end of 2006 gross official reserves stood at 2.2 months of merchandise imports. In Jamaica the largest

annual increase in import payments was recorded in 2006, largely driven by higher prices of imported commodities, particularly oil. Increases were recorded in imports of machinery and transport equipment, food, manufactured goods, mineral fuels and chemicals. Earnings from exports increased in 2006, partly offsetting the expansion in import payments. Growth in receipts from alumina exports fuelled the increase in export earnings, as the average price of the ore rose. In spite of the growth in export earnings, the merchandise trade deficit deteriorated, resulting in a widening of the current account balance. Net private and official investment inflows were sufficient to finance the current account deficit. Net international reserves rose during the period under review. Gross reserves accounted for 17.9 weeks of imported goods and services. A current account surplus of 9.0 per cent of GDP was recorded in Trinidad and Tobago in 2006, mirroring robust economic growth. The surplus was buttressed by strong earnings on the merchandise account, associated with higher volumes and prices of energy exports. At the end of 2006 gross official reserves (net of balances in the Revenue Stabilisation Fund) stood at roughly 7.8 months of imports of goods and services.

### **Prospects**

In Barbados economic activity is projected to increase relative to 2006, supported by continued robust expansion in the non-traded sectors and improved performance of the traded sectors. The expansion in both the traded and non-traded sectors will be driven by developments in the tourism industry as well as CWC 2007.



Employment levels are expected to remain high and inflation is projected to fall as international oil prices decline. In Jamaica the expansion in economic activity is expected to continue in 2007 and single digit inflation is projected. It is expected that robust real sector performance will support foreign exchange market stability and promote fiscal consolidation. The monetary stance of the Bank of Jamaica is projected to hold. In Trinidad and Tobago economic conditions will continue to be buoyant in 2007, mirroring growth in the energy sector. Spin off effects would

include increases in surpluses on both the fiscal and external accounts. The labour market is expected to tighten and inflation (headline as well as core) is likely to rise. Economic activity in Belize is projected to decelerate in 2007 as the country undergoes austerity measures as part of a home-grown fiscal and monetary adjustment programme which began in 2005. Downside risks to the projected developments in these CARICOM countries include an upswing in international oil prices and a downturn in the major trading economy, the US.





## DOMESTIC ECONOMIC DEVELOPMENTS

### Overview

Economic activity in the Eastern Caribbean Currency Union (ECCU) continued to expand at a strong pace in 2006. Provisional data indicate that real GDP increased by 7.1 per cent following growth of 5.8 per cent in 2005. The expansion was underpinned by robust activity in the construction sector, associated with preparations for Cricket World Cup (CWC) 2007 and tourism related investments. Improved performances in the hotels and restaurants, agricultural and transport sectors also contributed to the expansion. These developments spurred increases in the wholesale and retail trades, and banking and insurance sectors. Real GDP growth rates were higher for all the ECCU member countries except Saint Lucia, where they fell marginally, and Grenada. In Grenada the rate slowed substantially, to 2.1 per cent, on account of a fall in construction activity as major work ended on some buildings that sustained hurricane damage in September 2004. Consumer prices rose by 1.4 per cent, partly reflecting the impact of high energy prices and increases in the price of food and housing as a result of demand pressures in some countries. The consolidated overall fiscal deficit of the central governments widened as spending on capital projects rose. The disbursed outstanding debt of the public sector increased following a decline during 2005. Developments in the banking sector were marked by strong growth in monetary liabilities, domestic credit and net foreign assets, a fall in commercial bank liquidity and a narrowing of the spread between commercial bank interest

rates on deposits and loans. Activity on the Regional Governments Securities Market (RGSM) was robust in 2006, influenced by an increase in the number of participating governments. In the external sector, the overall balance of payments shifted to a surplus from a deficit in 2005, reflecting larger inflows of foreign direct investment.

The economic outlook for the ECCU in 2007 is positive. Growth in real GDP is projected, albeit at a reduced rate. An improvement in performance in the tourism industry and agricultural sector is projected. However, the pace of construction activity is likely to slow as major CWC-related projects will be completed in early 2007.

The prospects for growth will depend on developments in the global economy, particularly in relation to performance in the US – the major trading partner – favourable weather and international oil price movements.

### Output

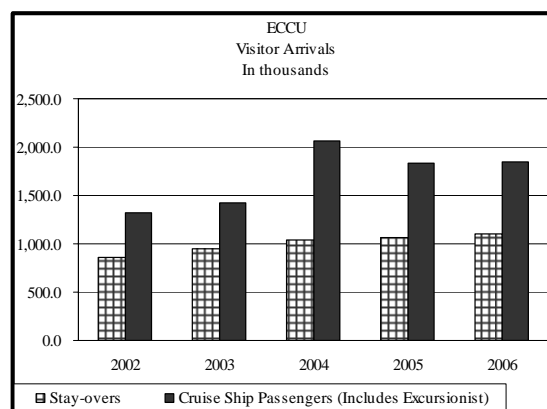
Construction activity continued to expand at a strong pace in 2006. Value added increased by 15.5 per cent following growth of 20.4 per cent in 2005. Activity rose in most of the member countries, with the largest increase recorded for Antigua and Barbuda (35.0 per cent), followed by Saint Lucia (25.0 per cent). Growth was driven by both the public and private sectors. In the public sector, major projects included building and



upgrading stadia associated with preparations for CWC, as well as roads, airports and schools. Mirroring the vibrancy in the public sector was a 33.4 per cent increase to \$1,040.0m in capital outlays by the central governments. Private sector activity was boosted by increased investments in hotels and villas, commercial buildings and residential properties. Some member governments granted tax incentives for constructing and expanding residential properties under the Home Stay Programme to accommodate visitors for the CWC. The expansion in construction activity was largely supported by inflows of foreign direct investment and grants, as well as increased borrowing from the commercial banking system.

Value added in the hotels and restaurants sector, a measure of tourism activity, expanded by 6.1 per cent following marginal growth of 0.2 per cent in 2005. The acceleration was attributable to an increase in stay-over arrivals, particularly those staying in paid accommodation. The number of stay-over visitors rose by 3.0 per cent to 1.1m, largely reflecting growth in arrivals from the US and the Caribbean. Stay-over arrivals from the UK and other major European markets declined, partly as a result of a decrease in airlift from the UK. All the member countries, except Montserrat and Saint Lucia, recorded increases in stay-over arrivals. In Grenada the increase was largest, 20.4 per cent, on account of the reopening of a number of hotels that were damaged by hurricane Ivan. Of the other categories of visitors the number of cruise ship visitors rose by 0.3 per cent to 1.7m following an 11.6 per cent decline in 2005. The increase stemmed from growth of 11.7 per cent to 1,676 in the number of cruise ship calls, partly the

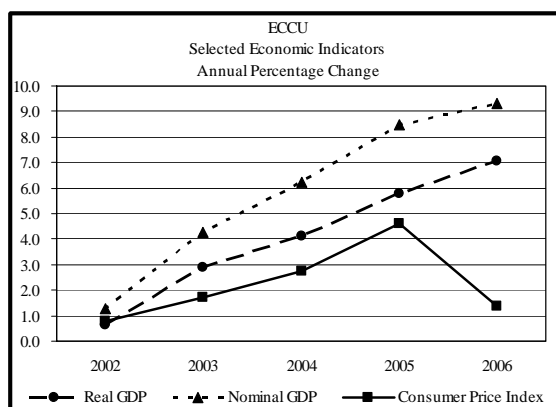
result of visits by new cruise lines and additional calls by traditional cruise lines. The number of yacht passengers grew by 9.0 per cent, mainly reflecting strong growth in St Vincent and the Grenadines. Arrivals by excursionists were 4.7 per cent above the total in 2005.



Performance in the agricultural sector improved in 2006, with value added increasing by 10.8 per cent after declining by 11.7 per cent in the previous year. This outturn stemmed from a rebound in banana production. Output of banana rose by 6.4 per cent to 61,710 tonnes, in contrast to a 25.7 per cent decline in 2005, mirroring increases in Saint Lucia (13.2 per cent) and Dominica (7.6 per cent). The banana industry benefited from the control of leaf spot disease in Saint Lucia, favourable weather, as well as from exporting under the Fair Trade label which guarantees higher prices to farmers. Production of other crops, mainly cocoa, nutmeg and mace, increased, reflecting some recovery following hurricane damage to trees in Grenada. In St Kitts and Nevis harvesting of sugar cane was discontinued following the closure of the sugar industry in St Kitts and Nevis in July 2005.



Value added in the manufacturing sector is estimated to have expanded by 3.4 per cent, well below the 6.1 per cent rate of growth in 2005. As a result of higher demand, increases were recorded in output of soap and dental cream, concrete blocks and ready mixed concrete, processed foods, electronic components, corrugated paper and paper board. Those increases were partly offset by declines in production of beer in Dominica and soft drinks in Grenada.



### Prices, Wages and Employment

Consumer price inflation in the ECCU fell to an average of 1.4 per cent during 2006 (on an end of period basis), down from 4.6 per cent during 2005, as the impact of international oil price increases in 2005 subsided. All countries except Antigua and Barbuda and Saint Lucia registered increases in consumer prices. In Antigua and Barbuda the consumer price index (CPI) remained stable, while the index fell in Saint Lucia as a result of decreases in food prices, largely vegetables. In the other member countries increases in the CPI ranged from 1.0 per cent in Montserrat to 10.7 per cent in Anguilla. The high rate in Anguilla was influenced by strong increases

in the sub-indices housing, and household furnishings and supplies, as a result of demand pressures associated with an influx of construction labour.

Wages and salaries in the public sector rose in 2006 reflecting increases in Anguilla, Montserrat, Saint Lucia and St Vincent and the Grenadines. Those increases ranged from 4.5 per cent in St Vincent and the Grenadines to 12.0 per cent for the lower category of salary earners in Montserrat. Data on private sector wage levels were unavailable. Anecdotal information suggests some upward pressure on wages of construction workers in those countries where activity in that sector was robust. During the year the government of Saint Lucia announced an increase in the minimum wage for construction workers.

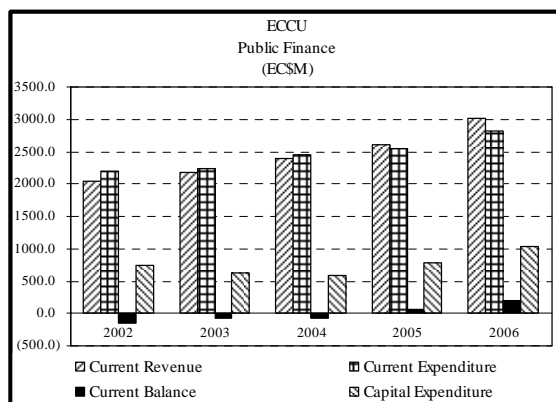
Complete data on the level of employment are unavailable for the ECCU. The available information on the public sector indicates higher levels in civil servant employment in Antigua and Barbuda, Montserrat and St Kitts and Nevis. In the private sector, it is likely that employment in construction and hotels and restaurants increased, based on the expansion in activity in those sectors. During 2006 there was some tightening of the labour market in some countries, particularly Anguilla, as workers were imported for the construction sector.

### Central Government Fiscal Operations

The consolidated fiscal operations of the central governments resulted in an increase in the overall deficit to \$448.8m in 2006 from \$288.1m



(excluding Antigua and Barbuda's debt forgiveness) in 2005. As a percentage of GDP the deficit rose to 4.2 per cent from 2.9 per cent in 2005. The widening of the overall deficit was attributable to a 33.4 per cent increase in capital expenditure to \$1,040.0m, the largest amount in ten years, largely reflecting outlays on CWC related construction projects. The primary balance shifted to a deficit of \$53.6m (0.5 per cent of GDP) from a surplus of \$18.3m (0.2 per cent of GDP) in 2005. Among the member countries, larger deficits were recorded for Antigua and Barbuda, Saint Lucia and St Vincent and the Grenadines. In Montserrat and St Kitts and Nevis the deficit fell, and in Dominica the surplus increased. The overall balance shifted to a surplus in Anguilla, while in Grenada it switched to a deficit.



The central governments realised a current surplus of \$192.5m (1.8 per cent of GDP), up from \$71.2m (0.7 per cent of GDP) in 2005. The improvement in the current operations stemmed from a strong increase in revenue relative to growth in expenditure. Current revenue rose by 15.0 per cent to \$3,006.8m (28.0 per cent of GDP), mirroring larger receipts from tax revenue as a

result of the economic expansion. New measures implemented in some countries, particularly Antigua and Barbuda and Dominica, contributed to the higher tax revenue. Increases in receipts were recorded in all major tax categories. Tax receipts were boosted by growth of 38.5 per cent in revenue from taxes on domestic goods and service, reflecting the introduction of the value added tax (VAT) in Dominica in March 2006 and higher receipts from stamp duties in Anguilla, Antigua and Barbuda, St Kitts and Nevis and St Vincent and the Grenadines. The increased collections were partly associated with land sales.

Current expenditure rose by 10.6 per cent to \$2,814.3m (26.2 per cent of GDP), driven by increases in all major categories of expenditure. Outlays on personal emoluments rose by 7.3 per cent, as some countries awarded salary increases to public workers in 2006. Increased spending on transfers and subsidies (17.8 per cent) reflected in part larger transfers to statutory bodies. Payments for goods and services rose by 9.2 per cent, largely representing increases in fuel related expenditure stemming from the rise in international oil prices. Interest payments were 13.4 per cent above the level in 2005, as a result of increases in the debt stock of some member countries.

### Public Sector Debt

The total disbursed outstanding debt of the public sector stood at \$11,109.0m (103.5 per cent of GDP) at the end of 2006, well above the level of \$10,474.3m (106.9 per cent of GDP) at the end of 2005. The stock of public sector debt rose in all countries except Anguilla, Dominica and

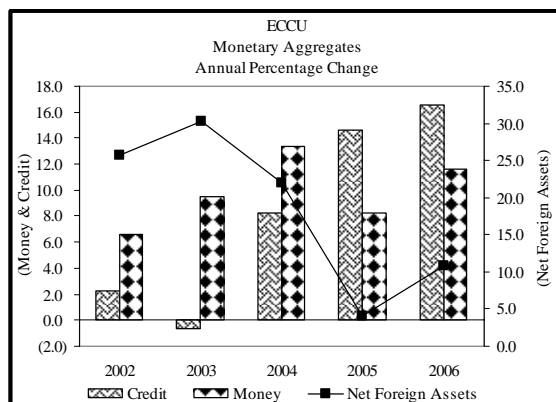


Montserrat. The higher level of public sector debt was attributable to an increase of 5.9 per cent to \$8,977.2m (83.6 per cent of GDP) in central governments' debt. Of the total central governments' debt, domestic debt rose by 6.5 per cent to \$3,946.3m, largely reflecting increased borrowing from the commercial banking system by the governments of St Kitts and Nevis, and Saint Lucia. External debt rose by 5.4 per cent to \$5,030.9m.

## Monetary and Financial Developments

### Money and Credit

Monetary liabilities (M2) stood at \$10,105.1m, an increase of 11.6 per cent compared with the stock at the end of 2005. Growth was largely driven by an increase in private sector foreign currency deposits (25.1 per cent), attributable to larger inflows of foreign direct investment. Savings deposits also increased, by 10.8 per cent, associated with the expansion in economic activity. Narrow money grew by 8.3 per cent, reflecting increases in both currency in circulation and private sector demand deposits.



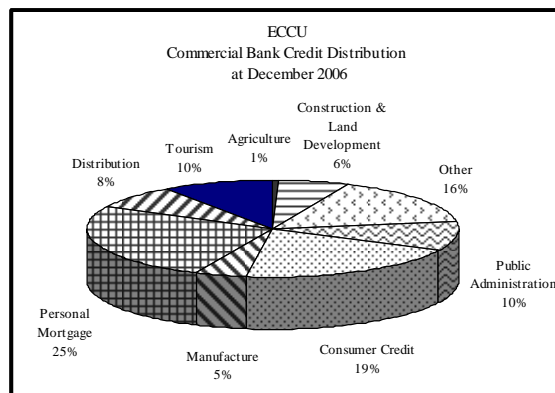
Domestic credit grew by 16.5 per cent to \$8,467.3m, following an expansion of 14.6 per cent during 2005. Robust growth in private sector credit accounted for this surge in domestic credit. Private sector credit rose by 18.0 per cent (\$1,325.9m), the highest rate in ten years, mirroring increases in outstanding loans to businesses (24.3 per cent) and households (13.3 per cent). All member countries recorded growth in private sector credit, with rates ranging from 11.2 per cent in Dominica to 24.5 per cent in Saint Lucia. The net deposits of the non-bank financial institutions (NBFIs) declined by 8.0 per cent, largely reflecting a fall in their deposits, particularly in Anguilla.

Net credit to the central governments declined by 2.0 per cent to \$618.5m, in contrast to a 33.5 per cent increase in 2005. This outturn was mainly the result of a 21.0 per cent increase in deposits, partly associated with growth in revenue receipts by some member governments and the issue of treasury bills and bonds. Credit to the central governments rose by 13.6 per cent to \$1,679.4m. Increases in credit were recorded in all member countries except Dominica. The net deposits of the non-financial public enterprises rose by 18.7 per cent, reflecting growth in deposits.

The distribution of commercial bank credit by economic activity shows growth of 13.1 per cent (\$579.7m) in credit for personal use, largely for the acquisition of property and durable goods. Credit for construction and tourism increased by \$146.1m and \$316.4m respectively, and



outstanding loans for manufacturing, and mining and quarrying more than doubled, reflecting the higher level of activity.



The net foreign assets of the banking system grew by 10.9 per cent to \$3,327.1m, well above the 4.1 per cent rate recorded in 2005. This outcome was partly influenced by an increase in foreign direct investment inflows for tourism related projects. The net foreign assets of the Central Bank rose by 16.1 per cent and those of the commercial banks were up by 4.8 per cent.

Liquidity in the commercial banking system decreased during 2006. The ratio of liquid assets to total deposits plus liquid liabilities fell by 2.4 percentage points to 34.5 per cent compared with that at the end of 2005. The ratio of loans and advances to total deposits rose by 4.8 percentage points to 78.6 per cent, as growth in loans and advances outpaced that of deposits. Commercial banks' weighted average interest rate on deposits rose by 0.1 percentage point to 3.3 per cent. The weighted average interest rate on loans and advances fell by 0.3 percentage point to 9.9 per cent, as competition among banks and non-banks increased. Consequently, the spread between commercial bank lending and deposit interest rates

narrowed to 6.7 per cent from 7.0 per cent in the previous year.

### *Developments on the RGSM*

The RGSM experienced an upsurge in activity in 2006. Gross funds raised by participating governments increased by 80.0 per cent to EC\$665.2m compared with the total in 2005. This was the largest amount raised since the RGSM was launched in November 2002. The number of issues more than doubled to 30 during 2006. This upsurge in activity was due primarily to the entry to the market in March 2006 of the government of Antigua and Barbuda, with monthly issues of treasury bills and two bond issues, one of which was a US dollar bond issued in July. Consequently, total issues by participating governments rose to a record high of \$339.2m in the third quarter. The participating governments on the RGSM during 2006 were Antigua and Barbuda, Grenada, Saint Lucia and St Vincent and the Grenadines.

The use of long term debt instruments by participating governments increased in 2006. While in 2005 the only long-term instruments issued on the market were two bonds by the Government of Saint Lucia, in 2006 long-term financing was raised by the governments of Antigua and Barbuda, Saint Lucia and St Vincent and the Grenadines. Consequently the proportion of treasury bills fell to 68.0 per cent of total issues from 80.0 per cent in 2005.

There was a marked decline in commercial banks' participation on the RGSM during 2006, with the value of bids falling to \$251.1m from



\$498.8m in 2005. The reduction in commercial banks' investment on the market could be attributed to the decline in commercial bank liquidity and increased lending to the private sector. Complete data are not available, but there are indications that Antigua and Barbuda had the most diversified investor base, with participation by a significant proportion of private individuals and medium sized businesses. The geographic dispersion of these investors also appeared to be more varied across local, regional and extra-regional markets.

The RGSM achieved a milestone in its development in July 2006 with the issue of a special US dollar denominated bond by the Government of Antigua and Barbuda. The issue was fully subscribed.

In September the Government of Dominica listed three bonds on the Eastern Caribbean Securities Exchange (ECSE) secondary market platform, as part of its debt restructuring programme. At the end of 2006 those bonds had not been traded, possibly due to the relatively low interest rate offered on those securities.

Yields on the RGSM rose in 2006, reflecting increases across the maturity spectrum. The increase in yields on the short end was larger than that at the longer end. The average weighted yield on 91-day treasury bills rose by 1.2 percentage points to 5.94 per cent, while that on the 10 year bond rose by 0.74 percentage point to 7.24 per cent. The increase in yields across the maturity spectrum was due to a number of factors including the decline in commercial bank liquidity, higher

short term rates in the US, a relative increase in the rates of alternative investments and growth in the volume of issues by participating governments.

In Saint Lucia the rate on 91-day treasury bills rose to 5.00 per cent from 3.98 per cent in 2005. Despite the increase in the rate the issue was undersubscribed by \$0.5m, a reversal from the outcome a year earlier when a similar issue was oversubscribed by as much as \$57m. This was partly due to a decline in commercial bank liquidity.

Yields for treasury bills from St Vincent and the Grenadines also rose, by 82 basis points to a weighted average of 5.67 per cent. In ten of the eleven treasury bill auctions in 2006 the allotted rate equalled the maximum rate of 5.82 per cent established by that government; this compares with three out of the twelve auctions in 2005.

Rates on the 10 year bonds also rose, though not as sharply as those on the shorter-term instruments. The average yield increased to 7.24 per cent from 6.50 per cent in 2005. The yields on bonds issued by the Government of Saint Lucia rose to 7.40 per cent from 6.50 per cent in 2005, as government increased the rate of interest in an attempt to raise a higher amount of funds.

Secondary market activity for government securities increased almost sixfold to just over \$34.0m in 2006, up from \$5.9m in 2005. Trading in securities in the fourth quarter was over \$10.0m, representing a significant increase compared with \$3.0m traded in the corresponding quarter of 2005. Of the \$10.0m traded in that quarter, securities of



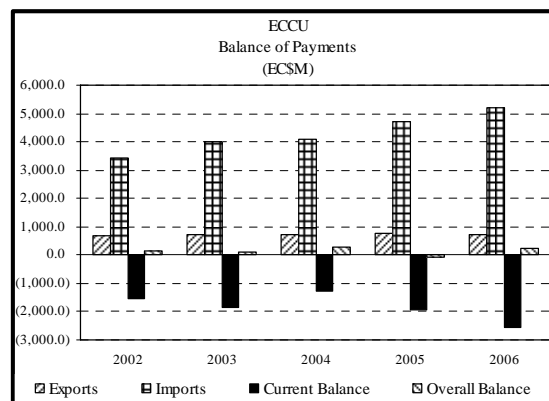
the government of Antigua and Barbuda accounted for the bulk of trades with a value of just under \$5.0m.

### Balance of Payments

Preliminary data show that the balance of payments position of the Currency Union improved in 2006. The overall balance shifted to a surplus of \$248.0m (2.3 per cent of GDP) from a deficit of \$43.7m (0.4 per cent of GDP) in 2005. This performance stemmed from an increase in the surplus on the capital and financial account, attributable to larger inflows of foreign direct investment for tourism related construction projects. In the rest of the capital and financial account, commercial bank transactions resulted in a net outflow of \$66.3m compared with one of \$209.0m in 2005. Inflows of official grants fell by 51.3 per cent to \$390.6m. This outcome contrasts with the performance in 2005 when inflows more than doubled, associated with debt forgiveness in Antigua and Barbuda.

The current account deficit widened to \$2,554.0m from \$1,943.5m in 2005, or by 4.4 percentage points to 23.8 per cent of GDP, reflecting an increase in the merchandise trade deficit. A 10.0 per cent increase in import payments to \$5,234.4m (f.o.b) contributed to a widening of the merchandise trade deficit to \$4,494.6m from \$3,976.4m in 2005. The increase in import payments stemmed from the expansion in construction activity and higher import prices. The value of exports is estimated to have risen, partly influenced by increases in earnings from banana as both volume and prices rose. Net

inflows on the services account declined by 1.2 per cent to \$1,987.4m, due to larger net outflows from insurance and other business services transactions. Net travel receipts, the largest category under the services account, rose by 4.9 per cent to \$3,221.6m, in line with growth in visitor arrivals.



### Prospects

The economic prospects for the currency union in 2007 are favourable. Growth in real GDP is projected, but a moderation in the rate is expected based on likely developments in the construction sector. Some slowdown in the pace of construction activity is projected, as CWC related public and private sector projects wind up in early 2007. The focus of public sector activity in 2007 will be on ongoing upgrading of hospitals, airports and roads, and low cost housing development. Private sector activity will concentrate on additional hotels, villas and commercial buildings. Tourism activity is likely to remain buoyant. The tourism industry is expected to benefit from the hosting of CWC matches by five member countries, from additional hotel rooms and airlift, as well as increased marketing. The expansion in tourism and





construction will have spillover benefits on other sectors, particularly wholesale and retail trades, transport, communication and banking.

Movements in consumer prices will be influenced in part by developments in international oil prices. The implementation in 2006 of a complete pass-through fuel pricing mechanism in some member countries will result in more immediate and automatic adjustments in consumer prices. New tax measures by some member countries in 2007 are likely to contribute to an increase in consumer prices in the ECCU.

The current account surplus of the central governments is expected to increase in 2007 on account of new tax measures, expenditure control and continued growth in economic activity. Growth in current expenditure is projected to moderate and capital expenditure is likely to fall as some construction projects, particularly those related to CWC, are completed. Consequently, the overall fiscal deficit of the central governments is expected to narrow.

Monetary liabilities and domestic credit are projected to increase, albeit at a reduced rate based on developments in the rest of the economy. Activity on the RGSM will decline slightly in 2007, given banks' reduced liquidity as a result of private sector lending for the upcoming CWC. The current account deficit of the balance of payments is projected to remain virtually unchanged. Import payments are expected to increase, but at a reduced rate in line with the moderation in the pace of economic activity. Gross travel receipts are likely to increase as growth in visitor arrivals is projected. The current account deficit is expected to be partially financed by inflows of foreign direct investment for ongoing and new tourism related projects.

Downside risks to the projections include a slowdown in the US economy, rising international geopolitical tensions, further increases in oil prices, unfavourable weather and less than expected benefits from CWC.



## ANGUILLA

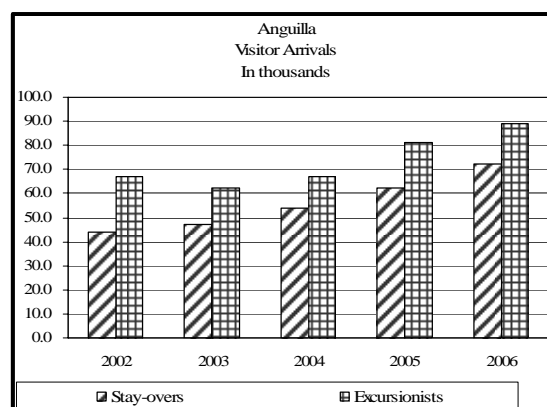
### Overview

Economic activity in Anguilla remained vibrant in 2006. Provisional data indicated that real GDP growth was 12.5 per cent, following increases of 10.9 per cent and 16.4 per cent in 2005 and 2004 respectively. The expansion in 2006 was driven by robust activity in tourism and construction. The consumer price index rose by 10.7 per cent on an end of period basis. An overall surplus was recorded on the central government's fiscal accounts, in contrast to a deficit in 2005. Total outstanding public sector debt fell during 2006. In the banking system, monetary liabilities expanded, influenced by increases in domestic credit and net foreign assets. Liquidity in the commercial banking system fell but remained at a high level. Commercial bank interest rates spread narrowed during 2006. Preliminary estimates indicate a smaller overall balance of payments surplus in 2006 than in 2005, mainly the result of larger outflows on the current account.

The economy is projected to expand in 2007 on the strength of buoyant activity in the construction sector and expected developments in the tourism industry. On the central government's fiscal accounts, a current account surplus is projected as the economy continues to expand. Downside risks to the projections include shortage of skilled labour, high oil prices, a slowdown in the US economy and adverse weather.

### Output

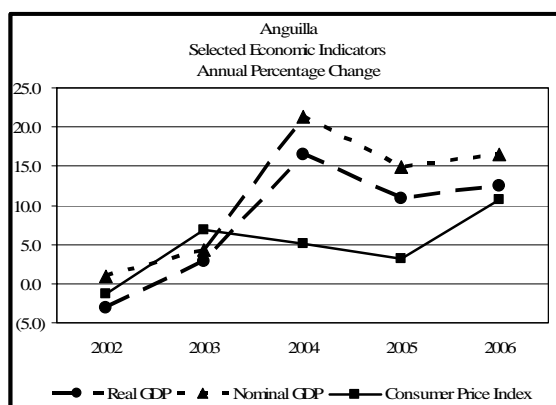
Tourism activity, as measured by value-added in the hotels and restaurants sector, increased by 20.9 per cent in 2006 compared with growth of 15.0 per cent in 2005. The sector's contribution to GDP rose by 2.4 percentage points to 34.3 per cent in 2006. This performance was influenced by growth of 16.1 per cent to 72,084 in stay-over arrivals, attributable to intense marketing and an increase in airlift following improvements to the Wallblake airport. Growth was recorded in arrivals from the Caribbean (77.6 per cent) and the UK (11.1 per cent). Stay-over arrivals from the USA, the major source market, increased by 5.8 per cent. The number of excursionists grew by 9.7 per cent to 89,007.



Value added in the construction sector rose by 8.1 per cent in 2006 compared with growth of 12.4 per cent in 2005, despite the moratorium on major new foreign tourism investment. Activity



was fuelled by robust private and public sector investment. Work continued on privately owned hotels, resorts and villas, and shopping centres. Private residential construction activity is also estimated to have expanded based on a 17.0 per cent increase in outstanding commercial bank loans for home construction and renovation. Public sector activity focused on road rehabilitation and the construction of piers at Road Bay and Blowing Point.



The expansion in tourism and construction activity contributed to growth in most of the other service sectors. Increases in value added were recorded for the transport sector (16.1 per cent), wholesale and retail trade (14.5 per cent), and electricity and water services (12.1 per cent). Value added in the banks and insurance sector, which accounted for 17.5 per cent of total output, rose by 6.0 per cent. In the government services sector value added rose by 12.5 per cent, partly influenced by an increase in the number of public sector workers.

## Prices, Wages and Employment

The rate of inflation as measured by the change in the consumer price index (CPI), was 10.7 per cent during 2006 (on an end of period basis), compared with 3.2 per cent during 2005. Factors which contributed to the strong upward pressure on prices were high levels of demand particularly for housing and household supplies, and a rise in the cost of imports associated with increased global oil prices, mainly in the first eight months of 2006. Increases were recorded in all the major sub-indices, particularly household furnishings and supplies (57.6 per cent), housing (14.1 per cent), personal services (9.0 per cent) and food (7.7 per cent). The growth in the household furnishings and supplies sub-index reflected higher prices for furniture, kitchenware, electrical goods and other household items. Increases in prices of poultry products, meats, soft drinks, sugars and preserves, and dry goods contributed to the rise in the food sub-index.

Information on wage movements, available for only the public sector, indicates that civil servants received a 10.0 per cent increase in July 2006 and a 50.0 per cent bonus in December. Wages in the private sector are likely to have increased based on a tightening in labour market conditions in line with robust economic growth.

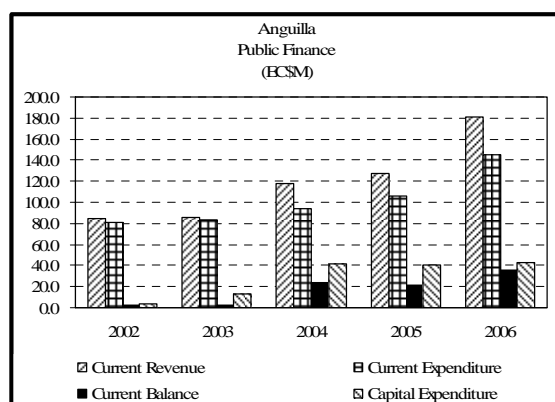
Employment, particularly in the construction sector, is estimated to have increased in 2006.



During the year labour had to be imported, mainly for the construction sector. Data on the labour market indicated that the total number of work permits in 2006 exceeded the level in 2005 by almost 51.0 per cent (723).

### Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall surplus of \$7.6m (1.4 per cent of GDP) in 2006, in contrast to a deficit of \$15.5m (3.4 per cent of GDP) in 2005. The turnaround in the fiscal position was due to an increase in current revenue coupled with larger receipts in capital grants. A current account surplus of \$36.0m (6.6 per cent of GDP) was realised in 2006, up from \$21.0m (4.6 per cent of GDP) in 2005, as growth in revenue exceeded that of expenditure.



Current revenue rose by 42.9 per cent to \$181.2m (33.3 per cent of GDP) in 2006 and exceeded the budgeted estimate by \$41.4m. The growth in current revenue was largely driven by a 79.3 per cent (\$34.8m) increase in receipts from taxes on domestic goods and services, reflecting

larger collections from stamp duties. Receipts from stamp duties more than doubled, attributable to land sales. Revenue from taxes on international trade and transactions rose by 28.1 per cent, largely attributed to growth in receipts from import duties (28.9 per cent), reflecting an increase in import payments. Revenue from non-tax sources grew by \$3.2m, partly reflecting increases in earnings from rental of property.

Current expenditure, at \$145.2m, was 37.1 per cent above the total in 2005 and exceeded the budgeted estimate by \$20.1m. As a share of GDP, expenditure increased to 26.7 per cent from 23.4 per cent in 2005. Current expenditure grew across all categories but the major components that contributed to the increase in expenditure were goods and services, transfers and subsidies, and personal emoluments. Outlays on goods and services grew by 47.9 per cent (\$16.9m), resulting from higher operating costs, partly reflecting the impact of oil price increases. Expenditure associated with transfers and subsidies rose by 49.8 per cent (\$12.5m), largely due to increased subventions to the Tourist Board and the Health Authority. Outlays on personal emoluments rose by 20.3 per cent (\$8.3m), attributed to salary increases. Interest payments were 34.0 per cent (\$1.6m) above the total in 2005, reflecting larger domestic payments associated with increased borrowing from the commercial banking system.

Capital expenditure amounted to \$43.2m in 2006 compared with \$40.9m in 2005. Capital outlays increased, particularly in the latter half of 2006, associated with expenditure on seaport

development, road construction and rehabilitation projects, and resettlement of home-owners to facilitate the expansion of the airport. Capital grants more than tripled to \$14.8m in 2006 compared with the total in 2005, mainly attributed to funds received from the European Development Fund (EDF). These funds, which were received in November 2006, will be used to partly repay the loan contracted in 2004 for the airport development project.

### Public Sector Debt

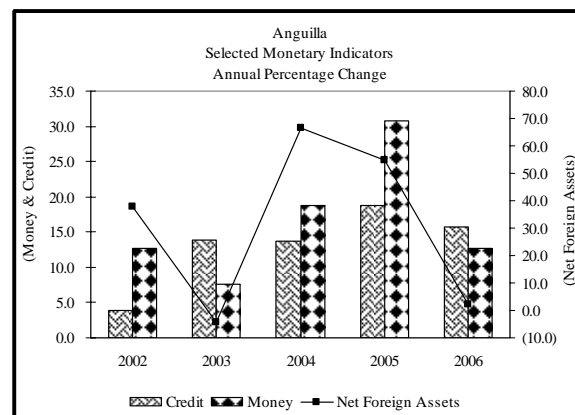
The public sector debt was estimated at \$114.0m (20.9 per cent of GDP) at the end of 2006, down from \$115.0m (25.4 per cent of GDP) in 2005. This development reflected a reduction in the debt of statutory bodies. The outstanding debt of the central government, which accounted for roughly 85.0 per cent of the total debt, rose by 5.3 per cent to \$96.9m at the end of December 2006. This was due in part to additional commercial bank loans to finance the seaport development.

### Money and Credit

Broad money (M2) expanded by 12.7 per cent to \$1,028.4m, compared with growth of 30.8 per cent in 2005. The expansion in M2 was largely driven by an increase of 10.4 per cent (\$77.4m) in private sector foreign currency deposits, the major component. Growth in those deposits was partly influenced by inflows of foreign direct investment for tourism related construction projects. Increases were also recorded in private sector time deposits (\$11.9m) and savings deposits (\$11.4m).

Narrow money (comprising currency with the public and private sector demand deposits) rose by 50.0 per cent (\$14.9m), primarily driven by growth in private sector demand deposits.

Domestic credit expanded by 15.8 per cent to \$758.4m following growth of 18.8 per cent during 2005, mainly reflecting an increase in private sector credit. Growth of 18.5 per cent in credit to the private sector mirrored increases in outstanding loans to households (26.3 per cent) and businesses (11.6 per cent). Central government's net indebtedness to the banking system decreased by 56.8 per cent to \$23.0m. This outturn reflected a more than twofold increase in central government's deposits in the commercial banking system, which was partially offset by growth of 7.0 per cent (\$5.4m) in credit. In the rest of the public sector, a reduction in credit combined with an increase in deposits resulted in growth of 11.7 per cent in the net deposits of the non-financial public enterprises. Credit to the non-bank financial institutions grew by 57.8 per cent (\$2.8m), while their deposits fell by 28.0 per cent (\$8.7m), resulting in a decrease in their net deposits.



The distribution of commercial bank credit by economic activity shows that roughly 48.0 per cent of total credit was channelled into personal use. Credit for personal use rose by 20.0 per cent, largely as a result of increased borrowing for the acquisition of property mainly for home construction and renovation, and the purchase of durable consumer goods. Increases were also recorded in outstanding loans for tourism (14.7 per cent) and distributive trades (0.2 per cent). Decreases in credit were recorded for agriculture and fisheries (25.8 per cent) as well as manufacturing, mining and quarrying (4.4 per cent).

The net foreign assets of the banking system rose by 2.0 per cent to \$528.3m during 2006 compared with growth of 54.8 per cent in 2005. The slowdown in the rate was largely the result of developments in the commercial banking system. Commercial banks' net foreign assets rose by 1.2 per cent to \$415.4m, substantially below the 69.7 per cent rate of increase in 2005. This outturn was attributed in part to a reduction in the rate of growth in assets held with banks and other institutions outside the currency union. Anguilla's imputed share of the Central Bank's reserves increased by 5.3 per cent to \$112.9m.

Liquidity in the commercial banking system fell but remained at a high level during 2006. The ratio of liquid assets to total deposits plus liquid liabilities fell by 4.8 percentage points to 49.0 per cent. The ratio of loans and advances to total deposits increased by 3.1 percentage points to 71.5 per cent.

The spread between lending and deposit interest rates narrowed during 2006. The weighted average deposit interest rate remained unchanged at 3.7 per cent while the weighted average interest rate on lending fell by 0.2 percentage point to 9.9 per cent. Mortgage rates of some commercial banks declined from 10.0 per cent in 2005 to 9.0 per cent in 2006.

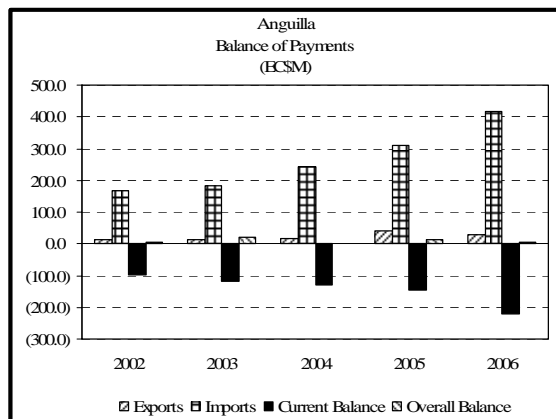
### **Balance of Payments**

An overall balance of payments surplus of \$5.7m (1.0 per cent of GDP) was recorded in 2006 compared with one of \$14.7m (3.2 per cent of GDP) in 2005. The smaller overall surplus resulted from a larger deficit on the current account.

The current account deficit rose to \$222.2m (40.8 per cent of GDP) in 2006 from \$143.6m (31.7 per cent of GDP) in 2005. This outturn was attributed to a widening of the merchandise trade deficit to \$387.6m from \$268.7m in 2005, reflecting growth in import payments. As a percentage of GDP, the trade deficit rose to 71.2 per cent from 59.3 per cent in 2005. Import payments (f.o.b.) rose by 34.7 per cent to \$415.6m, reflecting a higher volume of imports consistent with the expansion in economic activity, and a rise in oil prices. The value of exports fell by 29.6 per cent to \$28.0m, reflecting a decline in re-exports. This downturn contrasts with the performance in 2005 when the value of re-exports rose substantially as heavy equipment and machinery associated with road and airport runway construction were re-exported. Net inflows from



services grew by 17.1 per cent to \$135.0m, largely attributed to increased inflows from travel. Gross travel receipts were estimated at \$271.6m, up from \$232.3m in 2005, consistent with growth in visitor arrivals.



The current account deficit was financed by increased inflows on the capital and financial account. A surplus of \$227.9m was recorded on the capital and financial account in 2006 compared with one of \$158.3m in 2005. As a share of GDP the surplus rose to 41.8 per cent from 34.9 per cent in 2005. This performance was largely attributed to inflows of foreign direct investment associated with resort and villa construction. Commercial bank transactions resulted in a net outflow of \$4.8m in 2006, compared with one of \$168.7m in 2005.

### Prospects

Growth in real GDP is projected in 2007, albeit at a reduced rate relative to 2006. The

expansion will continue to be driven by tourism and construction. Growth in stay-over arrivals is expected to be influenced in part by ongoing marketing efforts and an increase in airlift. The tourism industry is likely to benefit further from cruise ship activity as a new small cruise vessel is expected to dock in Anguilla weekly. Construction activity will be driven by both private and public sector investment. Work on two major tourism related projects will continue throughout the year and in 2008, based on the planned phases. Public sector construction will focus on seaport and road development.

On the central government's fiscal accounts, a current account surplus is projected based on an expected increase in revenue as a result of continued economic expansion. In the external sector, the merchandise trade deficit is expected to widen based on an increase in import payments, associated with the expansion in economic activity. Growth in travel receipts is projected as a result of an increase in visitor arrivals.

The projections are subject to downside risks which include skills shortages, rising oil prices, a slowdown in the US economy and unfavourable weather. These conditions can have a negative impact on consumer prices, the merchandise trade deficit and overall economic activity.

## ANTIGUA AND BARBUDA

### Overview

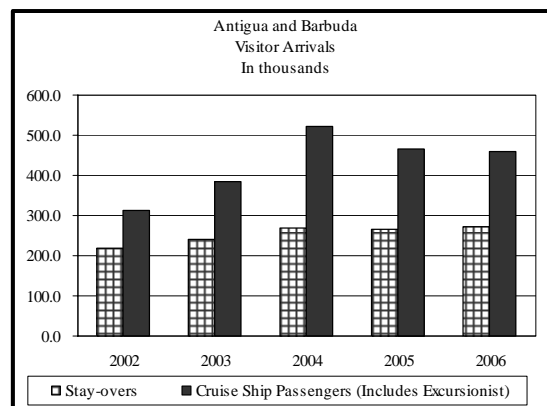
Provisional data indicated that real GDP in Antigua and Barbuda increased by 11.5 per cent in 2006, following a 5.3 per cent expansion in 2005. Growth was driven by vibrant activity in the construction sector and an upturn in the tourism industry, which contributed to improved performances in the transport and wholesale and retail trade sectors. The consumer price index was virtually unchanged during 2006. The fiscal operations of the central government resulted in an overall deficit; this contrasts with a surplus in 2005, associated with debt forgiveness. The outstanding debt of the public sector increased during 2006. Growth was recorded in monetary liabilities and domestic credit, while commercial bank liquidity remained at a high level. The spread between commercial bank interest rates on loans and deposits narrowed. Increased inflows of foreign direct investment contributed to a larger overall balance of payments surplus.

Economic activity is projected to increase in 2007. However, growth is likely to decelerate relative to the outturn in 2006 as the pace of construction activity is expected to slow. Tourism activity is expected to strengthen. On the central government's fiscal accounts, a smaller overall deficit is expected as growth in current revenue is projected and a reduction in capital expenditure is likely. These projections are contingent on favourable developments in the global and domestic economies. Rising international oil

prices and a slowdown in the US economy could dampen the expansion in economic activity.

### Output

The construction sector expanded by 35.0 per cent in 2006, following growth of 19.5 per cent in 2005. As a result its contribution to GDP increased to 19.1 per cent from 15.7 per cent in 2005. Construction growth emanated from both the public and private sectors. Major public sector projects included the Sir Vivian Richards Stadium, road works and infrastructural development in the area of the stadium in preparation for Cricket World Cup (CWC) 2007. Private sector activity focused on residential housing and on building and renovating hotels, villas and other tourist facilities.

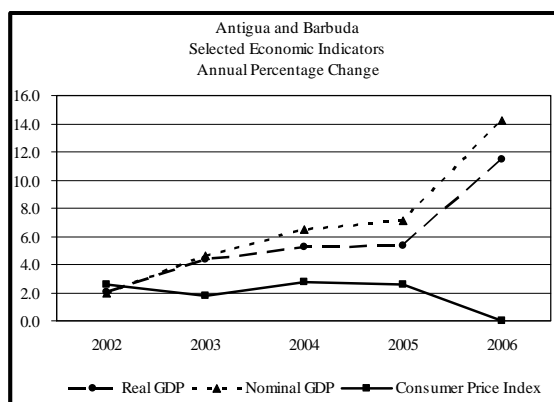


Activity in the tourism industry, as proxied by value-added in the hotels and restaurants sector, increased by 4.0 per cent in 2006, in contrast to a 1.1 per cent decline in 2005. The sector's contribution to GDP however, decreased to 10.9 per cent from 11.7 per cent in 2005.





Growth in the value-added was attributable to a 2.4 per cent increase to 273,414 in stay-over arrivals. The outturn was influenced by additional airlift, increased marketing activities including special promotions during the summer months, and favourable economic conditions in the major source markets. The 50<sup>th</sup> anniversary of the annual carnival celebrations and the inaugural 20/20 cricket tournament also attracted additional visitors. Increases were recorded in stay-over arrivals from the Caribbean (10.4 per cent) and the USA (6.2 per cent). Those increases were partly offset by a 4.8 per cent fall in stay-over arrivals from the UK, the major market. Of the other categories of visitors, the number of yacht visitor arrivals rose by 21.2 per cent to 21,122, partly because Antigua and Barbuda hosted a yacht show in December. The number of cruise-ship passengers fell by 1.3 per cent to 460,849.



The expansion in construction and tourism activity generated spillover effects in some of the other service sectors, which provided further stimulus for growth. The wholesale and retail trade sector grew by 15.0 per cent, far above the 3.2 per cent rate recorded in 2005. The transport

sector expanded by 10.6 per cent in 2006, after contracting by 1.5 per cent. Value-added in the banking and insurance, and communications sectors grew by 5.7 per cent and 5.0 per cent respectively.

### Prices, Wages and Employment

The general price level, as measured by the consumer price index, remained virtually unchanged during 2006 following a 2.5 per cent increase in 2005 (on an end-of-period basis). Increases were recorded for food (1.4 per cent) and alcoholic beverages and tobacco (3.7 per cent) but these were offset by a 4.6 per cent decrease in the fuel and light sub-index. A number of sub-indices, such as housing and transport and communications, remained unchanged.

Wage and salary increases were granted to certain categories of public servants in 2006. Teachers and police officers were paid previously negotiated increases, retroactive to January 2005.

Data on employment in the public and private sectors are not available. In the public sector, additional staff were employed at the Inland Revenue Department, in preparation for the introduction of the Antigua and Barbuda Sales Tax (ABST) and security personnel (police and firemen) were hired ahead of the CWC 2007. In the private sector, increased demand for skilled labour in construction is likely to have generated increases in both wage and employment levels in the construction sector.

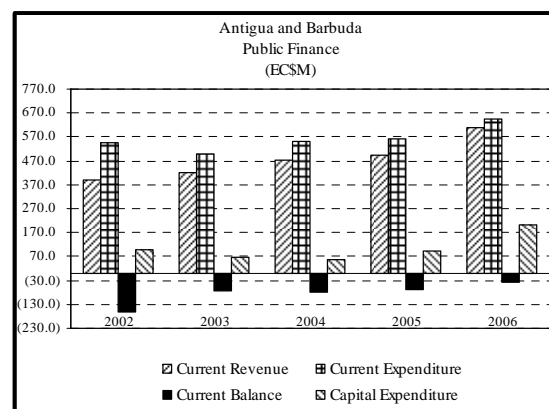


### Central Government Fiscal Operations

The fiscal operations of the central government generated an overall deficit of \$176.3m (6.5 per cent of GDP) in 2006. This contrasts with the outturn in 2005 when a surplus of \$422.9m (18.0 per cent of GDP) was realised, largely on account of debt forgiveness totalling \$547.3m. The overall deficit was financed partly by borrowing from the domestic financial system including the Regional Government Securities Market (RGSM) (\$141.7m), inflows of grants (\$55.0m) and the accumulation of arrears. A portion of funds raised on the RGSM was also used to settle outstanding obligations to domestic creditors and to finance the voluntary separation package.

A current account deficit of \$36.3m (1.3 per cent of GDP) was recorded in 2006, well below that of \$69.6m (3.0 per cent of GDP) in 2005. This outturn was traced to a higher rate of growth in revenue relative to the increase in expenditure, attributable to a programme of fiscal reforms and the expansion in economic activity. Current revenue increased by 22.9 per cent to \$606.5m (22.5 per cent of GDP), reflecting growth in tax revenue. Tax revenue rose by 25.6 per cent to \$571.4m (21.2 per cent of GDP), on account of increases in all sub-categories. Receipts from taxes on income and profits grew by 81.4 per cent, mainly on account of the collection of outstanding taxes from a large private sector entity and the re-introduction of income tax in April 2005. Collections from taxes on domestic goods and services and from taxes on international trade and transactions rose by 19.4 per cent and 15.8 per

cent respectively, reflecting the general increase in economic activity. Larger receipts from stamp duties, associated with land sales, also contributed to growth in revenue from taxes on domestic goods and services. In contrast non-tax revenue decreased by 9.2 per cent (\$3.5m).



Current expenditure increased by 14.1 per cent to \$642.8m (23.9 per cent of GDP). The largest contributor to growth in expenditure was transfers and subsidies, outlays on which increased by 44.0 per cent to \$158.7m. This increase was associated with the settlement of liabilities to a public sector corporation, transfers to the CWC Local Organising Committee, contributions to the Tourism Promotion Fund, and the voluntary separation package. Outlays on personal emoluments rose by 5.5 per cent as a result of additional staff and retroactive wage and salary increases to certain categories of workers. Increases were also recorded in interest payments (9.9 per cent) on account of a higher level of outstanding debt, and outlays on goods and services (7.4 per cent).

Capital expenditure more than doubled to \$200.1m (7.4 per cent of GDP) in 2006. This



performance was mainly on account of preparations for CWC 2007, which included building the stadium, road works and airport rehabilitation.

### **Public Sector Debt**

The outstanding stock of public sector debt grew by 4.7 per cent to \$3,048.3m (113.1 per cent of GDP) during 2006, mirroring an increase in central government's debt. The total outstanding debt of the central government expanded by 5.8 per cent to \$2,871.9m, reflecting increases in both external and domestic debt and the accumulation of arrears. The debt stock of the public corporations decreased by 9.8 per cent.

### **Money and Credit**

Monetary liabilities increased by 13.3 per cent to \$2,475.6m during 2006, driven by the expansion in economic activity and inflows of foreign direct investment. Growth was recorded in both narrow money (M1) and quasi money. M1 increased by 22.2 per cent, as a result of a rise in private sector demand deposits. Quasi money expanded by 10.6 per cent on account of growth in foreign currency deposits (48.2 per cent) and private sector savings (10.3 per cent). Time deposits, which accounted for 44.3 per cent of quasi-money, rose by 4.2 per cent.

Domestic credit expanded by 13.2 per cent to \$1,897.4m, representing the largest rate of increase in five years, partly influenced by growth of 20.4 per cent in credit to the private sector. Credit to businesses, which rose by 24.7 per cent, was the

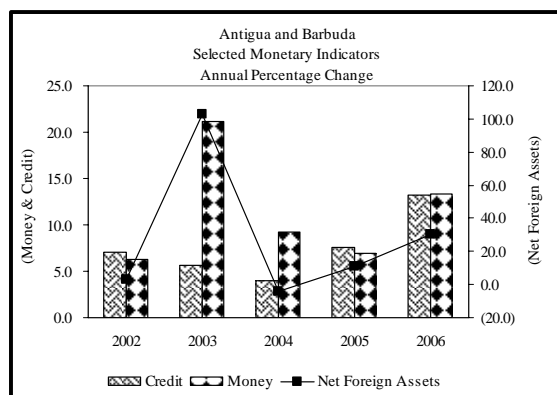
main driver of growth in private sector credit. Outstanding loans to households grew by 17.1 per cent. The net indebtedness of the central government to the banking system decreased by 25.3 per cent on account of a more than tripling of deposits. The increase in deposits largely represented proceeds from the issuance of treasury bills and two bonds, one of which was denominated in foreign currency. Net credit to the non-financial public enterprises decreased by 25.8 per cent, reflecting a decline in credit (19.8 per cent) combined with trend growth in deposits (10.0 per cent).

The distribution of credit by economic activity shows that credit for construction increased by 47.0 per cent, after decreasing by 9.7 per cent in 2005, indicative of the high level of activity in that sector. Tourism related lending rose by 38.1 per cent, compared with an increase of 8.7 per cent in 2005 associated with the expansion in activity in the sector, including upgrading tourism accommodation. Credit for personal use increased by 16.5 per cent, mainly for the acquisition of property and durable consumer goods. Outstanding credit for distributive trades and agriculture decreased by 3.1 per cent and 1.3 per cent respectively.

The net foreign assets of the banking system rose by 30.4 per cent to \$926.2m during 2006. This performance was largely attributable to a 47.5 per cent expansion to \$641.2m in the net foreign assets of the commercial banking system, reflecting accumulation of assets, largely with head-offices and other institutions outside the ECCU. Antigua and Barbuda's imputed share of



ECCB reserves increased by 12.0 per cent to \$385.1m.



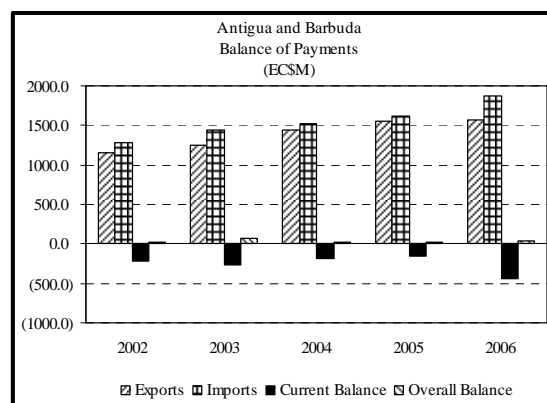
Commercial bank liquidity was high during 2006. The ratio of liquid assets to total deposits plus liquid liabilities increased to 45.7 per cent at the end of 2006 from 45.0 per cent at the end of 2005. The loans to deposits ratio increased by 1.7 percentage points to 77.6 per cent. The cash reserves to deposits ratio increased by 1.0 percentage point to 9.8 per cent.

The spread between commercial banks' weighted average interest rates on loans and deposits fell to 6.9 per cent during 2006 from 7.1 per cent during 2005. The weighted average interest rate on deposits decreased by 0.5 percentage point to 3.5 per cent and that on loans fell by 0.7 percentage point to 10.4 per cent. The fall in lending rates was likely due to increased competition and attempts by commercial banks to facilitate the expansion in credit demand.

## Balance of Payments

The external position of Antigua and Barbuda strengthened in 2006. An overall balance of payments surplus of \$41.3m (1.5 per cent of GDP) was realised, more than doubling the surplus of \$19.5m (0.8 per cent of GDP) in 2005. The larger surplus was due to increased net inflows on the capital and financial account.

The surplus on the capital and financial account almost doubled to \$457.1m (17.0 per cent of GDP) in 2006 from \$230.1m (9.8 per cent of GDP) in 2005, largely reflecting developments in the financial account. The balance on the financial account shifted to a surplus of \$420.5m from a deficit of \$402.3m in 2005 when there were large official outflows associated with debt forgiveness. Net inflows of direct investment continued to trend upwards, increasing by 63.1 per cent to \$512.7m, following growth of 44.8 per cent in 2005, associated with tourism related construction projects. The activities of commercial banks led to net outflows of \$174.3m in short-term capital, compared with \$49.3m in 2005.



A current account deficit of \$439.2m (16.3 per cent of GDP) was recorded in 2006, more than double that of \$156.9m (6.7 per cent of GDP) in 2005. The increase in the deficit was partly linked to larger net outflows in the merchandise trade account, reflecting the general expansion in activity, and a rise in import prices. The merchandise trade deficit expanded by 23.8 per cent to \$1,149.6m (42.7 per cent of GDP), reflecting an increase in import payments. The surplus on the services account decreased by 3.5 per cent to \$740.1m, attributable to larger outflows for insurance services. Gross travel receipts rose by 2.4 per cent, consistent with the increase in visitor arrivals.

Net outflows on the income account increased by 26.0 per cent to \$144.3m, partly reflecting increases in external interest payments by central government and income repatriated by direct investment companies.

### **Prospects**

Real GDP growth is expected to moderate in 2007, largely based on a decline in construction activity. The culmination of the Sir Vivian Richards Stadium project and other CWC related projects will result in a significant decrease in public sector construction which will only be partly offset by an expansion in private sector activity.

Growth in real GDP is expected to be driven by the hotels and restaurants sector, which is expected to strengthen with the hosting of Cricket

World Cup, additional hotel rooms and increased marketing. Ongoing efforts to rebrand the destination and streamline marketing activities are also expected to yield positive results.

On the central government's fiscal performance, a further narrowing of the current account deficit is expected in 2007 based on tax reform measures which include the introduction of the Antigua and Barbuda Sales Tax and further improvements in tax administration. Current expenditure is expected to decline based on the ongoing public sector reform programme and the implementation of expenditure control measures. A reduction in capital expenditure is projected as major infrastructural projects associated with CWC preparations will be completed by the first quarter of 2007.

Growth in monetary liabilities and domestic credit is projected, albeit at a reduced rate, in line with the slowdown in the pace of economic activity. On the balance of payments, the merchandise trade deficit is likely to contract based on a reduction in construction related imports and moderation in international oil prices. Gross travel receipts are expected to increase, in line with the expansion in tourism activity. There is likely to be some upward movement in the consumer price index associated with new tax measures.

The major downside risks to the outlook for 2007 include rising international oil prices, a slowdown in the US economy and adverse weather.



## DOMINICA

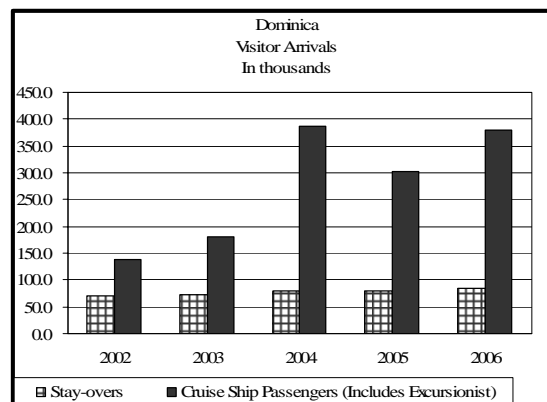
### Overview

Economic activity in Dominica expanded in 2006 for the fourth consecutive year. Provisional data indicate that output grew by an estimated 4.6 per cent, the highest rate in the last four years. Growth was broad based, fuelled largely by increased activity in construction and tourism. Consumer prices rose by 1.6 per cent during 2006, on an end of period basis. The fiscal operations of the central government resulted in a larger overall surplus. The public sector debt fell during 2006. In the banking system the stock of broad money increased, supported by an expansion in net foreign assets. Commercial bank liquidity remained at a high level. The spread between commercial bank lending and deposit rates narrowed. A smaller overall surplus was recorded on the balance of payments.

Growth in economic activity is projected in 2007, albeit at a reduced rate relative to the increase in 2006. The expansion will be largely based on continued buoyancy in construction and tourism. Agricultural output is expected to increase based on growth in banana production. The current account operations of the central government will improve, contingent on ongoing reform measures. Downside risks to the outlook include increases in international oil prices, a slowdown in US economic growth, unfavourable weather and delays in grant disbursements for public sector construction projects.

### Output

Construction activity intensified in 2006, largely influenced by the implementation of the public sector investment programme (PSIP). Value added in the sector rose by 10.0 per cent, exceeding the 2.7 per cent rate of increase in 2005. The sector contributed 7.6 per cent to total output, up from 7.2 per cent in 2005. Construction activity was fuelled by the Windsor Park Stadium project, the largest undertaking on the PSIP, upgrading Melville Hall airport and improving the road network. Indications are that private sector residential construction gained momentum in 2006. Commercial bank data show a 22.8 per cent rise in credit extended for home construction and renovation, in contrast to a 0.5 per cent increase in 2005.



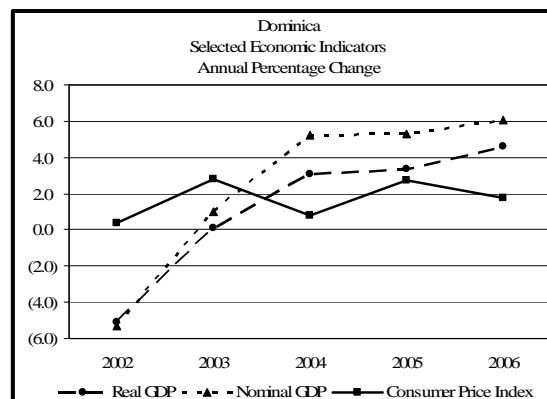
Value added in the hotel and restaurant sector grew by 15.0 per cent, substantially above the 1.1 per cent rate of growth in 2005, reflecting increases in the number of visitors. This outcome

reflected an increase of 7.1 per cent to 92,474 in the number of stay-over visitors. Of the major markets, arrivals from the US and the Caribbean rose by 26.7 per cent and 8.7 per cent respectively, attributable to increased marketing and additional airlift. Cruise ship activity rebounded in 2006. Cruise passenger arrivals rose by 25.9 per cent to 379,503 in contrast to a 24.1 per cent decline in 2005, reflecting a 31.2 per cent increase in the number of cruise ship calls. The number of excursionists increased by 39.2 per cent to 905 in 2006, when the ferry service was reintroduced between Dominica and Guadeloupe. In 2005 excursionists declined by 74.8 per cent.

Value added in the transport sector increased by 14.5 per cent following a 1.5 per cent decline in 2005. The increase reflected expansions in the road (15.5 per cent) and sea (14.5 per cent) transport sub-sectors, in line with buoyant activity in construction and the upturn in cruise ship passenger arrivals. In the rest of the services sector value added for banks and insurance expanded by 9.7 per cent and that for communications grew by 6.5 per cent. Value added in the wholesale and retail sector rose by 2.5 per cent.

Agricultural output increased by 2.3 per cent after declining by 0.6 per cent in 2005. As a share of GDP the agricultural sector accounted for 16.7 per cent compared with 17.1 per cent in 2005. The performance in 2006 was largely attributable to a 7.6 per cent expansion in banana production to 11,408 tonnes, influenced by improved weather and higher export prices. Value added in the fisheries sub-sector rose by 3.5 per cent, partly as a

result of the use of new technology, and output in the livestock sub-sector increased by 1.5 per cent.



Value added in the manufacturing sector is estimated to have declined by 1.0 per cent following growth averaging 1.7 per cent over 2003 to 2005. This downturn was attributed to declines in output of beer (12.8 per cent) and beverages (9.5 per cent), influenced by a fall in demand. These declines were tempered by an 8.2 per cent increase in dental cream production to 1,608 tonnes and growth of 4.5 per cent to 8,221 tonnes in output of soap, reflecting a rise in demand. As a share of GDP, the manufacturing sector accounted for 6.0 per cent compared with 6.3 per cent in 2005.

### Prices, Wages and Employment

Consumer prices rose by 1.6 per cent during 2006 (on an end of period basis), compared with 2.7 per cent during 2005. The increase was mainly attributable to a 3.9 per cent rise in the food sub-index which has the largest weight. Increases in prices of vegetables, meat and restaurant meals contributed to the rise in the food sub-index. The housing and utilities sub-index rose by

9.5 per cent, reflecting a higher cost for home repairs. Increases in the rate for medical care and expenses (9.9 per cent) and alcoholic drinks and tobacco (9.5 per cent) also contributed to the overall rise in prices. Those increases were partially offset by declines in the sub-indices fuel and light (3.6 per cent) and transport and communication (1.9 per cent). The fall in the fuel and light sub-index was partly due to a decline in the surcharge on electricity consumption in the last quarter of 2006.

Data on wage movements in the private sector are not available. Wages and salaries in the civil service remained stable during the period under review, consistent with a wage-freeze agreement between the Dominica Public Service Union and the government of Dominica for the 2003/2006 period. Under the Poverty Reduction and Growth Facility (PGRF) programme, efforts were geared towards streamlining the public sector. Consequently, downsizing and outsourcing of government services led to a 10.6 per cent decline to 5,559 in the number employed by the public sector in 2006. The number of established workers fell by 10.3 per cent to 2,921 and non-established workers decreased by 10.4 per cent to 2,571. Data on employment in the private sector are unavailable. It is likely that employment in construction and tourism increased, based on the expansion in activity.

### **Central Government Fiscal Operations**

The central government's fiscal operations resulted in an overall surplus in 2006 for the second consecutive year. A surplus of \$54.4m

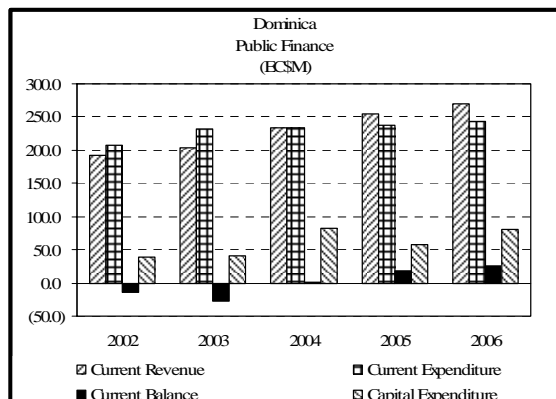
(6.3 per cent of GDP) was realised, well above that of \$21.4m (2.6 per cent of GDP) in 2005. The improved performance was the result of an increase in grant receipts to \$106.3m from \$41.1m in 2005. Grants in 2006 largely represented inflows from the Government of Trinidad and Tobago as part of the oil relief fund; from the Government of Venezuela for the housing development project; and from the People's Republic of China towards construction of the Windsor Park Stadium. The European Union provided multilateral assistance for the airport development project. Capital outlays amounted to \$81.0m in 2006, or 40.1 per cent above the total in 2005. Capital revenue fell to \$0.8m, in contrast to a substantial increase in 2005 associated with one off receipts from the sale of land. The primary balance showed a surplus of \$89.0m, compared with one of \$47.3m in 2005.

A current account surplus of \$25.0m (2.9 per cent of GDP) was recorded compared with one of \$17.7m (2.2 per cent of GDP) in 2005. The improvement reflected strong growth in revenue compared with the increase in expenditure. Current revenue rose by (5.4 per cent) to \$269.0m (31.3 per cent of GDP), mainly associated with an 8.1 per cent increase in tax revenue. Receipts from taxes on domestic goods and services more than doubled to \$123.2m and accounted for 49.7 per cent of total tax revenue, up from 25.9 per cent in 2005. This performance was related to improvements in tax administration and the implementation of an excise tax and a value added tax (VAT) on 1 March 2006, which replaced taxes on consumption, hotel occupancy, entertainment and sales. Collections from the VAT amounted to





\$69.0m in 2006 and those from the excise tax totalled \$25.4m. Receipts from taxes on international trade and transactions fell by 40.8 per cent to \$66.6m as consumption taxes on a number of commodities were abolished.



Current expenditure rose by 2.8 per cent to \$244.0m, underscored by an expansion in domestic interest payments. As a percentage of GDP, expenditure fell to 28.4 per cent from 29.3 per cent in 2005. Domestic interest payments rose by 82.2 per cent to \$14.4m, mainly associated with the settlement of interest arrears with a non-financial public enterprise as part of the ongoing debt restructuring exercise. Personal emoluments, the largest component of current expenditure, grew by 1.0 per cent to \$109.6m, largely representing payment of increments. Outlays on goods and services declined by 6.6 per cent to \$46.7m, reflecting the impact of expenditure control measures.

### Public Sector Debt

The total public sector debt fell by 0.6 per cent to \$945.9m during 2006, reflecting a decline in the outstanding debt of statutory bodies. The total

disbursed outstanding debt (including arrears) of the central government was estimated at \$775.9m (90.2 per cent of GDP) at the end of 2006, up from \$774.4m (95.5 per cent of GDP) at the end of 2005. Of the total outstanding debt, external debt rose by 3.0 per cent to \$539.4m, while the stock of domestic debt fell by 5.6 per cent to \$236.5m, reflecting the settlement of some arrears. Debt service payments amounted to \$55.7m, or 47.2 per cent above the level in 2005. As a share of current revenue, debt service payments rose to 20.7 per cent from 14.8 per cent in 2005.

### Money and Credit

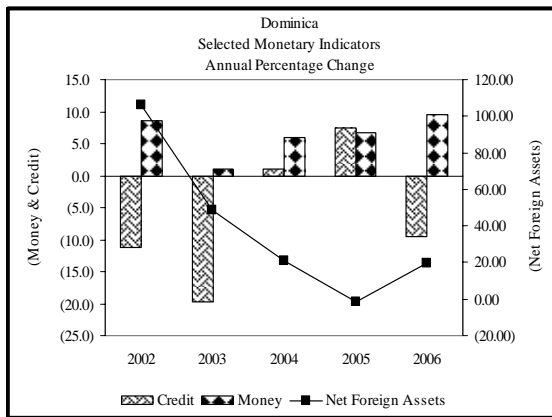
The stock of broad money (M2) expanded by 9.6 per cent to \$687.2m during the period under review, in line with growth in the economy. The expansion in M2 reflected a 13.4 per cent increase in quasi money, mainly attributable to growth in private sector savings deposits (14.4 per cent). Narrow money (M1) declined by 3.3 per cent, as a result of a 10.8 per cent decrease in private sector demand deposits.

Domestic credit declined by 9.6 per cent to \$352.8m at the end of 2006, largely reflecting a fall in outstanding loans to the central government combined with an increase in its deposits. Central government credit from the banking system fell by 5.3 per cent to \$73.4m, while its deposits more than doubled to \$119.9m, due to grant inflows from bilateral donors. The net deposits of the non-financial public enterprises rose by 43.2 per cent to \$57.0m, reflecting an increase in deposits and a reduction in credit. Credit to the private sector was 11.2 per cent above the level in 2005,



mirroring increases to households (12.1 per cent) and businesses (9.7 per cent).

The distribution of credit by economic activity shows that the largest share of credit was extended for personal use (57.4 per cent). Credit for that purpose grew by 18.9 per cent compared with the total at the end of 2005, with most of the increase channelled into home construction and renovation. Credit for tourism increased by 65.5 per cent, associated with building and renovating accommodation. Growth in credit was also recorded for manufacturing, mining and quarrying, while declines were recorded for construction and distributive trades.

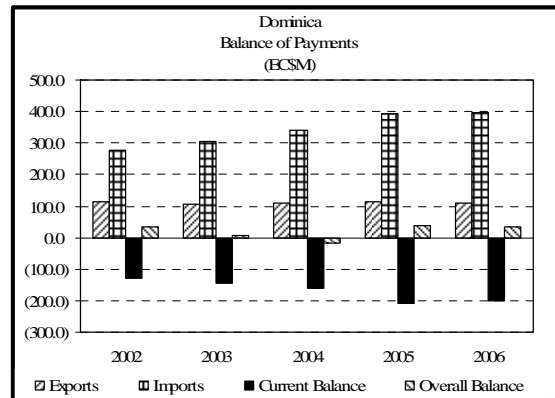


The net foreign assets of the banking system grew by 19.9 per cent to \$427.2m in contrast to a 1.4 per cent decline in 2005. Growth in net foreign assets stemmed mainly from inflows of official grants and an increase in gross travel receipts. Dominica’s imputed share of the reserves of the Central Bank increased by 28.3 per cent to \$170.2m. Commercial banks’ net foreign assets rose by 15.0 per cent to \$257.1m, reflecting an increase in assets held outside the Currency Union.

Liquidity in the commercial banking system increased during 2006. The ratio of liquid assets to total deposits plus liquid liabilities rose to 52.5 per cent from 49.8 per cent at the end of 2005. The ratio of loans and advances to total deposits fell to 57.5 per cent from 58.1 per cent in 2005, as total deposits grew at a slightly faster rate than total loans and advances. The spread between commercial bank interest rates on loans and deposits fell by 1.1 percentage points to 5.8 per cent during 2006. This development was due to a 0.4 percentage point increase to 3.4 per cent in the weighted average interest rate on deposits coupled with a 0.7 percentage point decrease to 9.2 per cent in the weighted average lending rate.

**Balance of Payments**

Preliminary data indicate that the overall surplus on the balance of payments fell to \$36.2m (4.2 per cent of GDP) from \$39.0m (4.8 per cent of GDP) in 2005. This performance was attributed to a reduction in net inflows on the capital and financial account.



The surplus on the capital and financial account declined by 4.8 per cent to \$237.2m (27.6



account declined by 4.8 per cent to \$237.2m (27.6 per cent of GDP), primarily as a result of net outflows of commercial bank capital. Commercial bank transactions led to a net outflow of \$33.6m in short term capital in contrast to a net inflow of \$23.8m in 2005. Of the other components, net inflows of capital transfers more than doubled to \$114.7m, largely representing grants from bilateral and multilateral donors for public sector projects. Net inflows of direct investment rose marginally to \$88.2m.

The current account deficit narrowed to \$200.9m (23.4 per cent of GDP) from \$210.1m (25.9 per cent of GDP) in 2005. The outturn was largely influenced by increased inflows on the services account, reflecting larger inflows from travel. Consistent with the expansion in visitor arrivals, gross travel receipts grew by 19.4 per cent to \$183.9m. The merchandise trade deficit rose to \$285.1m from \$280.6m in 2005. The increase was attributable to growth of 1.0 per cent to \$396.0m in import payments (f.o.b.) coupled with a 1.2 per cent decline to \$110.9m in the value of exports. The decline in exports was largely associated with a 65.3 per cent fall in the value of re-exports. This outturn contrasts with developments in 2005 when the value of re-exports rose substantially as major capital projects were completed and machinery re-exported. Receipts from domestic exports grew by 3.3 per cent associated with a 12.7 per cent increase to \$16.3m in banana export earnings. Improved prices under the Fair Trade label and an increase in volume were largely responsible for growth in banana receipts.

## Prospects

Growth in economic activity in Dominica is projected in 2007, with the expansion likely to stem from construction and tourism. Construction activity will include completion of the Windsor Park Stadium, road development and airport improvement, as well as the government initiated housing programme which involves building 500 prefabricated houses in 2007 and 2008. The construction sector may also benefit from foreign direct investment in tourism related projects.

In the tourism industry stay-over arrivals are expected to increase based on the filming by a US company of a reality show in the first half of the year and on a new marketing strategy launched in December 2006. The new marketing strategy involves niche marketing for adventure tourism, wider print media coverage, extensive online marketing and participation in specialised trade shows. As part of the efforts to upgrade the tourism product, a new Tourism Regulation and Standards Act was developed that stipulates minimum health, safety and security standards for the accommodation sector. In the cruise category, cruise ship passenger arrivals are likely to increase based on the schedule for cruise ship calls which shows visits by larger ships in 2007.

In the agricultural sector, an increase in banana production is projected in 2007 based on large scale new planting, as farmers respond to higher market prices under the Fair Trade label. Assuming favourable weather and market



conditions, producers expect to surpass the 2006 level. Value added in the manufacturing sector is projected to decline as a large manufacturing company may contract its operations.

The fiscal operations of the central government are expected to yield a surplus on the current account in 2007, as the government continues with fiscal reform measures aimed at increasing revenue and rationalising expenditure. Growth in tax revenue is projected based on the expansion in output and an increase in collections from the VAT introduced in 2006. Government expects to reduce the level of foregone revenue by containing leakages from tax concessions. Current expenditure is expected to grow at a slow rate based on ongoing reforms to streamline public sector employment and strengthen expenditure

management. Capital expenditure is expected to fall, in line with the completion of the sports stadium.

In the external sector the merchandise trade deficit is projected to widen, partly on account of an increase in merchandise imports associated with the expansion in activity, particularly in the construction sector. A fall in domestic export receipts is projected based on the downsizing of a large manufacturing company. Net inflows from travel will increase, consistent with growth in stay-over visitor arrivals.

Downside risks to the projections include high and rising international oil prices, a slowdown in the US economy and adverse weather.



## GRENADA

### Overview

Indications are that economic activity in Grenada continued to expand in 2006, although at a slow rate relative to the increase in 2005. Real GDP growth is provisionally estimated at 2.1 per cent in comparison with an expansion of 12.1 per cent in 2005. The slowdown in the rate was attributed to a decline in construction activity as major hurricane related reconstruction work was completed in 2005. The increase in output in 2006 reflected a rebound in activity in the agricultural sector and tourism industry. Consumer prices rose by 1.7 per cent during 2006 (on an end of period basis). The overall balance on the central government's fiscal accounts shifted to a deficit from a surplus in 2005, attributed to an increase in capital expenditure. Total outstanding public sector debt rose, reflecting increases in both domestic and external debt stocks. Monetary liabilities increased, influenced by growth in domestic credit. Commercial bank liquidity remained high despite a decline in the level. The spread between commercial bank lending and deposit interest rates narrowed. An overall balance of payments surplus was recorded, in contrast to a deficit in 2005.

Growth in real GDP is projected in 2007 as the expansion in agricultural and tourism activity is expected to continue and some recovery in the other sectors is likely. The fiscal balances of the central government are likely to improve based on the ongoing comprehensive medium term reform programme. Downside risks to the projections

include unfavourable weather, increases in international oil prices and a further slowdown in US economic growth.

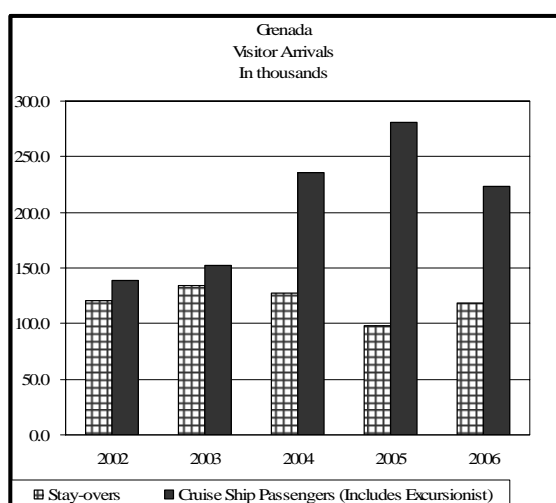
### Output

Value added in the agricultural sector increased by 72.5 per cent in 2006 in contrast to a 38.1 per cent decline in 2005. The sector's contribution to GDP expanded by 3.4 percentage points to 8.3 per cent in 2006. The improved performance was attributed to an increase in the output of traditional crops, reflecting the impact of a crop recovery programme in the aftermath of hurricanes Ivan and Emily, which affected production in 2005. Increases in production were recorded for mace (78.8 per cent), cocoa (65.2 per cent) and nutmeg (38.6 per cent) though output remained well below pre-2005 levels. Available data suggest a more complete recovery among other crops, particularly bananas. In the other sub-sectors, output of livestock and forestry increased by 10.0 per cent and 2.5 per cent respectively, whereas value added in the fishing sub-sector fell by 2.0 per cent.

Value added in the hotels and restaurants sector increased by 38.0 per cent following a contraction of 42.5 per cent in 2005, influenced by a rebound in stay-over visitor arrivals. The number of stay-over visitors increased by 20.4 per cent to 118,653, as opposed to a decline of 23.0 per cent in 2005. The reopening of some major hotels, previously closed for renovations, as well as additional airlift contributed to the turnaround



in 2006. Stay-over arrivals from all the major markets increased, particularly from the UK (60.5 per cent), Canada (45.9 per cent) and the Caribbean (10.2 per cent). Of the other categories of visitors, the number of yacht passengers increased by 8.7 per cent to 4,733, in contrast to a decline of 13.3 per cent in 2005. Cruise ship passengers fell by 20.5 per cent, attributable to a decline in cruise ship calls. The number of excursionists decreased by 17.2 per cent to 4,821.



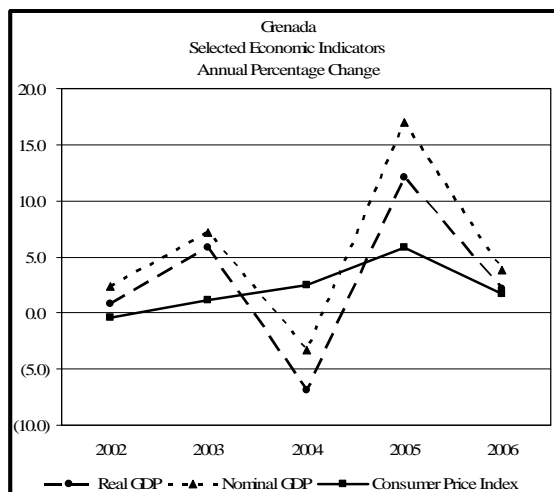
Preliminary data suggest that output in the construction sector declined by 15.0 per cent, in contrast to a 91.0 per cent expansion in 2005. As a result the sector's share of GDP decreased by 3.0 percentage points to 14.8 per cent. The completion of the bulk of post-hurricane reconstruction in late 2005 and a shortage of building materials during the earlier part of 2006 contributed to the decline in construction activity. Public sector activity focused on improving the transportation infrastructure and rebuilding the Grenada National Stadium in preparation for Cricket World Cup (CWC) 2007. Among the

projects spearheaded by the private sector were housing development and hotel renovations.

Increases were recorded in value added for electricity and water (22.1 per cent) and real estate and housing (10.0 per cent), as a number of residential and commercial buildings, including hotels, were restored in 2005. Value added for banks and insurance also increased by 10.0 per cent. Value added for transport decreased by 10.0 per cent, in line with the fall in construction activity and cruise passenger arrivals. Value added for wholesale and retail trade fell by 6.0 per cent, reflecting a decline in imports – particularly for the construction sector. Among the other service sectors, value added for government services increased by 4.0 per cent whereas that for communications fell by 2.0 per cent.

Manufacturing output is estimated to have declined by 1.0 per cent, following growth of 18.8 per cent in 2005. Soft drink production, a major activity, fell by 31.2 per cent as a result of increased competition from regional imports. Cigarette production ended with the closure of the factory in January 2006. Declines in output were also recorded for macaroni (32.7 per cent), paint (31.0 per cent) and toilet paper (13.7 per cent). Those declines were partially offset by increases in output of other beverages, particularly beer by 30.0 per cent to 652,497 gallons and malt by 26.6 per cent to 197,928 gallons – the highest production levels in 5 years. Output of prepared animal feed and chemicals also rose. Those increases were due to a higher level of demand.





### Prices, Wages and Employment

The rate of inflation as measured by a change in the consumer price index slowed to 1.7 per cent in 2006 from 5.8 per cent during 2005 when prices rose, largely due to post-hurricane supply shortages. The main contributing factors to the increase in 2006 were rising costs of food (the largest weighted sub-index) and housing. Prices in the food sub-index rose by 4.3 per cent, attributable to increases in the prices of bakery items, meat, fish and vegetables. Higher costs of rent and building materials – particularly cement, concrete blocks and paint – led to a 4.5 per cent rise in the housing sub-index. Partially offsetting those increases was an 11.1 per cent decline in the fuel and light sub-index, reflecting decreases in the costs of kerosene and liquid propane gas.

Data on wage increases in the private sector are not available. Public sector wages and salaries were generally stable except for some increase associated with increments.

The number of workers on the permanent establishment of the central government remained virtually unchanged at roughly 5,000. Information on private sector employment is not available. It is likely that employment in the tourism industry increased with the reopening of major hotels while the number employed in construction fell based on the contraction of activity in that sector.

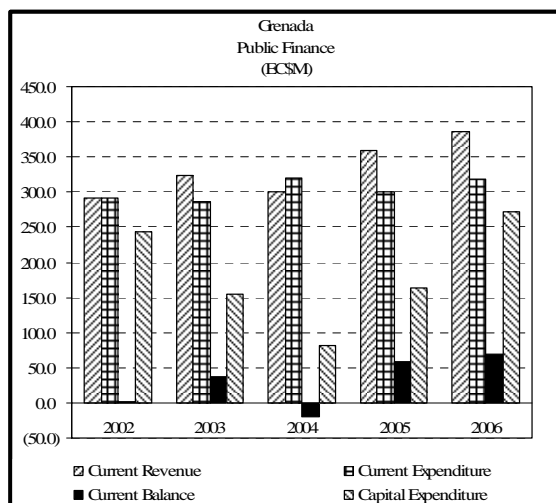
### Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall deficit of \$97.9m (7.0 per cent of GDP) in 2006, in contrast to a surplus of \$55.8m (4.1 per cent of GDP) in 2005. The deterioration of the overall balance largely reflected an increase in capital expenditure. A primary deficit of \$68.9m was recorded following a surplus of \$83.6m in 2005. Central government's savings increased by 17.1 per cent to \$68.6m as growth in current receipts outpaced that in current expenditure.

Current revenue rose by 7.3 per cent to \$386.0m relative to the amount in 2005. As a percentage of GDP current revenue grew to 27.8 per cent from 26.4 per cent in 2005. The expansion in current revenue mainly resulted from growth of 63.5 per cent (\$10.2m) in non-tax receipts, reflecting an increase in contributions from a statutory corporation. Tax revenue increased by 4.7 per cent, associated with growth in economic activity and the implementation of reform measures. Increases were recorded in all categories of taxes with the exception of taxes on



income and profit, which fell by 2.9 per cent reflecting a 25.3 per cent decline in receipts from company tax. The fall in company tax receipts is linked to the high base in 2005 when revenue rose substantially as a result of the collection of arrears. Partially offsetting this decline were receipts of \$7.9m from a national reconstruction levy (NRL) introduced in January 2006, at a rate of 3.0 per cent on taxable income in excess of EC\$1,000 per month. Of the other categories, the intake from taxes on property rose by 46.8 per cent (\$7.2m) due to the restoration of some buildings and improvements in tax administration. Proceeds from taxes on domestic goods and services increased by 15.2 per cent as a result of larger receipts from consumption tax. Collections from taxes on international trade and transactions rose by 0.7 per cent.



Current expenditure totalled \$317.5m (22.9 per cent of GDP), representing a 5.4 per cent increase relative to the total in 2005. Outlays on transfers and subsidies rose by 25.3 per cent, as subventions to regional and international institutions were larger than the amount paid in

2005. Interest payments grew by 4.3 per cent, reflecting larger external payments as external borrowings rose. Expenditure on personal emoluments increased by 2.1 per cent due to increments. Payments for goods and services fell by 2.7 per cent as a result of efforts to control discretionary spending.

Capital expenditure increased by 65.8 per cent to \$271.3m (19.5 per cent of GDP), partly as a result of preparations for CWC 2007. Capital spending was financed in part by grants, which rose by 31.6 per cent to \$86.3m. The major donors were the People's Republic of China, Venezuela and Trinidad and Tobago.

### Public Sector Debt

The outstanding debt of the public sector increased by 5.0 per cent to \$1,680.9m, largely reflecting an increase in central government debt. Total disbursed outstanding debt of the central government amounted to \$1,451.3m (104.5 per cent of GDP), an increase of 5.1 per cent on the total at the end of 2005. The increase in the stock of central government debt was mainly attributable to growth of 6.2 per cent to \$1,145.2m in external debt, primarily associated with loan disbursements from the Caribbean Development Bank for infrastructure development.

### Money and Credit

Monetary liabilities (M2) increased by 0.9 per cent to \$1,482.4m during 2006, reflecting an expansion in quasi money. Quasi money grew by 1.7 per cent (\$19.2m), associated with increases in

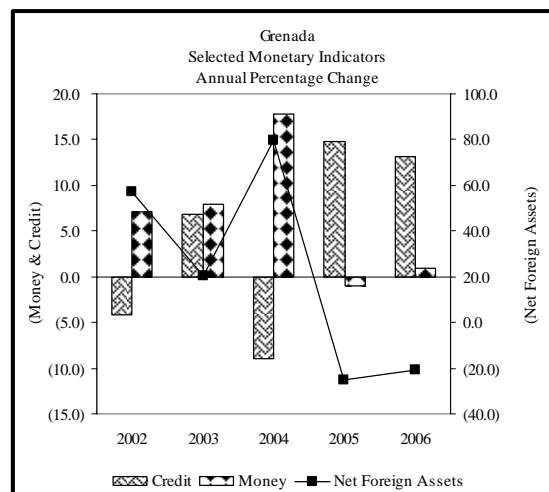




private sector time deposits (6.0 per cent) and savings deposits (3.8 per cent) as a result of higher interest rates. Those increases more than offset a reduction in private sector foreign currency deposits. Narrow money (M1) fell by 1.8 per cent, primarily attributable to a decline in private sector demand deposits.

The counterpart to the expansion in M2 was a 13.1 per cent increase to \$1,171.7m in domestic credit, reflecting growth in net credit to the central government and in private sector credit. The net indebtedness of the central government to the banking system more than doubled to \$37.3m, as government borrowed to finance its capital programme. Credit to the central government rose by 11.3 per cent and its deposits fell by 11.8 per cent. Private sector credit rose by 12.5 per cent, mirroring increases in outstanding loans to businesses and households. The net deposits of the non-financial public enterprises increased by 55.6 per cent (\$26.3m), largely resulting from growth in deposits.

The distribution of credit by economic activity shows increases in outstanding loans for tourism (63.1 per cent), partly for renovation work at major hotels. Personal loans increased by 10.7 per cent, primarily for home construction and renovation, and the purchase of house and land. Credit for distributive trades also increased, while outstanding loans for agriculture and fisheries fell. Credit for construction decreased by 10.2 per cent, in line with reduced activity in that sector. Outstanding loans for manufacturing (including mining and quarrying) were largely unchanged.



The net foreign assets of the banking system fell by 20.7 per cent to \$421.5m during 2006, following a reduction of 25.0 per cent during the previous year. The contraction mirrored in part a decline of 45.2 per cent in the net foreign assets of the commercial banks, largely reflecting growth in liabilities to institutions outside the Currency Union as banks borrowed to meet the increased demand for credit. Grenada's imputed share of ECCB's reserves increased by 5.9 per cent.

Liquidity in the commercial banking system fell during 2006 but remained at a high level. The ratio of loans and advances to total deposits increased by 7.2 percentage points to 73.2 per cent. The cash reserves to deposits ratio was unchanged at 7.8 per cent, while the ratio of liquid assets to deposits plus liquid liabilities fell by 5.8 percentage points to 34.7 per cent.

The interest rate spread between deposit and lending rates narrowed to 6.7 per cent from 7.4 per cent during 2005. The weighted average interest rate on deposits rose by 0.4 percentage point to

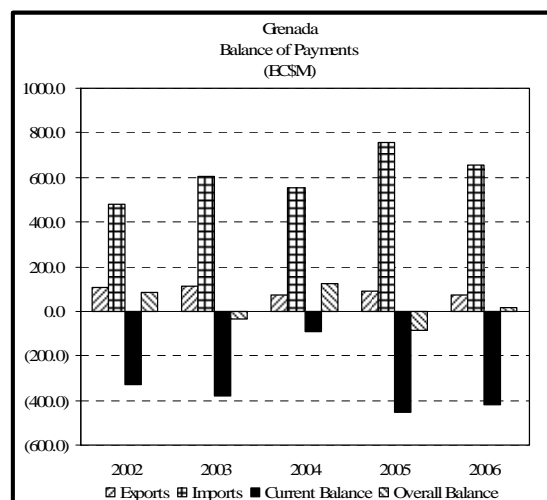
3.0 per cent, reflecting increases in both savings and time deposit rates. The weighted average interest rate on loans fell by 0.3 percentage point to 9.7 per cent. The results of the commercial bank credit market conditions survey suggest that banks eased lending terms and conditions because of increased competition from other banks and non-banks.

### Balance of Payments

The overall balance of payments position improved in 2006. An overall surplus of \$15.2m (1.1 per cent of GDP) was recorded, in contrast to a deficit of \$74.0m (6.4 per cent of GDP) in 2005. The turnaround was influenced by smaller net outflows on the current account and larger net inflows on the capital and financial account. The current account deficit narrowed to \$417.1m (30.0 per cent of GDP) in 2006 from \$453.9m (33.4 per cent of GDP) in 2005. This outturn mainly reflected a decrease in the merchandise trade deficit to 41.9 per cent of GDP from 49.1 per cent of GDP in 2005, attributed to a decline in the import bill consistent with reduced construction activity. Merchandise imports (f.o.b) declined by 13.2 per cent to \$656.8m. Earnings from merchandise exports fell by 15.1 per cent based on reduced receipts from traditional exports such as nutmeg and mace, reflecting a decline in volume.

Services transactions resulted in net inflows of \$103.7m, representing an increase of 60.3 per cent on the amount in 2005. This outturn was influenced by larger inflows associated with travel and lower outflows from transportation services. Gross receipts from travel are estimated to have

increased by 30.9 per cent to \$252.4m, consistent with growth in stay-over and yacht passenger arrivals. Net outflows on the income account rose by 4.3 per cent, attributable to an increase in interest payments on central government's debt.



The surplus on the capital and financial account increased to \$432.4m (31.1 per cent of GDP) from \$379.9m (27.4 per cent of GDP) in 2005. This performance was due to larger receipts of direct investment (39.5 per cent) for hotel improvement, and of capital grants (21.9 per cent).

### Prospects

Economic growth is expected for 2007 as activity in the major sectors expands. An upturn in construction activity is likely, fuelled by both public and private sector projects including roads and bridges, the second phase of the Princess Alice Hospital project, hotel and resort development, and student accommodation. Additional airlift in June 2006 and Grenada's hosting of CWC 2007 matches in April are likely to boost tourism activity in the first half of the year. The



agricultural and manufacturing sectors are likely to benefit from the increase in tourism.

Receipts from tax revenue are expected to increase along with the rise in real sector activity and ongoing public sector reform measures. New reform measures include establishing a unit in January to focus on collecting tax arrears. Those developments, coupled with measures to contain current expenditure growth, should lead to an increase in central government's savings. The overall fiscal deficit is projected to narrow based on a likely reduction in capital expenditure.

The deficit on the current account of the balance of payments may contract as a result of larger net inflows from services transactions. Gross inflows from travel are expected to rise, consistent with growth in visitor arrivals. The merchandise trade deficit is likely to widen based on the expected expansion in economic activity.

There are some downside risks to the projections for growth. These include a slowdown in the US economy, unfavourable weather, and increases in international oil prices.



## MONTserrat

### Overview

Preliminary data indicate that the Montserrat economy expanded by 3.2 per cent in 2006 following growth of 1.5 per cent in 2005. This expansion was largely attributable to increases in value added for government services, mining and quarrying and agriculture. The consumer price index (CPI) rose by 1.0 per cent during 2006 on an end of period basis. The central government's fiscal operations resulted in a narrowing of the overall deficit, attributable to a reduction in capital expenditure and an increase in grant receipts. Public sector debt fell marginally. In the banking system, monetary liabilities expanded, reflecting an increase in private sector savings. Liquidity remained at a high level. Notwithstanding, the spread between interest rates on deposits and loans narrowed. A smaller overall surplus was recorded on the balance of payments.

The economic prospects for 2007 are uncertain due to ongoing volcanic activity. Growth in construction activity is projected based on ongoing public sector investment in housing and the development of Little Bay. Uncertainty related to volcanic activity may dampen the economic outlook.

### Output

Value added by the government services sector, the largest contributor to economic output in Montserrat in 2006, is estimated to have increased by 4.5 per cent compared with growth of

3.1 per cent in the previous year. The expansion resulted mainly from an increase in the number of established public servants.

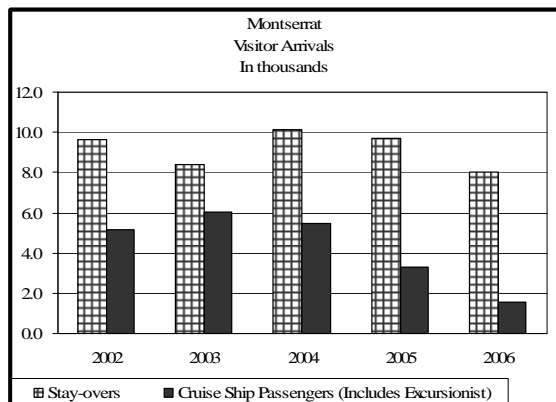
Value added in the mining and quarrying sector rose substantially in 2006. This performance was mainly as a result of the establishment of two additional companies producing sand and aggregate for export. As a consequence, the sector's share of GDP rose to 2.2 per cent from 0.3 per cent in 2005.

Agricultural output grew by 27.4 per cent, after a decline of 12.5 per cent in 2005. Growth was influenced by increases in the production of root crops and vegetables and the reintroduction of crops, mainly irish potatoes and yams. Output of cabbage, tannia, broccoli and onions more than tripled, mainly on account of the introduction of new agronomic practices including training for farmers. In the rest of the agricultural sector output of fish fell by 0.5 per cent.

Value added in the construction sector, the second largest contributor to GDP, fell by 5.0 per cent following a decline of 4.5 per cent in 2005. This contraction was attributable to a fall in both private and public sector construction activity. In the private sector the value of new commercial construction projects fell by 15.6 per cent and the number declined by 10.0 per cent. The value of new residential construction projects fell, while the number remained stable. In the public sector the focus of activity was the Lookout housing project, which involves building 60 housing units at a total



cost of approximately \$12.5m, a public market facility in Little Bay, a water storage tank and an occupational therapy unit at the hospital.

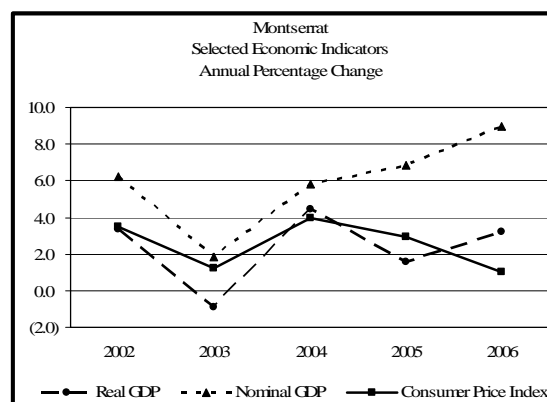


Value added in the hotels and restaurants sector, a measure of activity in the tourism industry, declined by 9.6 per cent, in contrast to a 31.0 per cent increase in 2005. The downturn reflected a 17.5 per cent decrease in the number of stay-over visitors. From the key markets, the largest decline (28.1 per cent) was recorded for stay-over arrivals from the Caribbean. Arrivals from the UK fell by 21.8 per cent, whereas those from the USA increased by 5.9 per cent. The number of excursionists declined by 51.9 per cent, following a 38.3 per cent decrease in 2005 due to the loss of a ferry operating service in July 2005. Those developments resulted in a 17.1 per cent contraction to 10,774 in total visitor arrivals.

Of the other sectors, increases in value added were recorded for manufacturing (4.0 per cent), electricity and water (3.7 per cent), real estate and housing (3.1 per cent) and communications (2.5 per cent). Value added in the transport, and banking and insurance sectors declined by 4.3 per cent and 1.6 per cent respectively.

## Prices, Wages and Employment

The consumer price index rose by 1.0 per cent during 2006, (on an end of period basis), largely attributable to movements in the food and gas, electricity and water sub indices. A 2.7 per cent rise in the food sub-index was influenced by increases in the prices of chicken legs, vegetables, cheese and cooking oil. Higher international oil prices led to an increase in the cost of electricity, which was the sole contributor to a 1.2 per cent rise in the gas, electricity and water sub-index. The services and household goods sub-indices fell by 1.5 per cent and 1.0 per cent respectively.



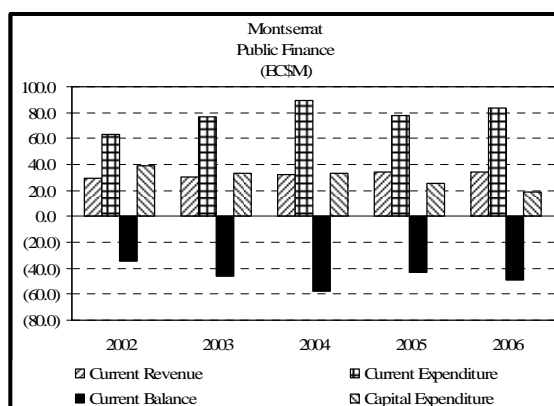
Workers in the public service received salary increases ranging from 5.0 per cent at the top of the salary scale to 12.0 per cent at the bottom, effective January 2006. Data on wages and salaries in the private sector were not available.

Data on employment available only for the public sector indicate that the number of government established workers grew by 2.5 per cent to 624. In the private sector it is likely that employment in the construction and hotel and

restaurant sectors fell based on the contraction in activity in those sectors.

### Central Government Fiscal Operations

The overall fiscal deficit of the central government narrowed to \$4.5m (3.5 per cent of GDP) in 2006 from \$17.4m (14.7 per cent of GDP) in 2005. This performance was mainly attributable to a 42.8 per cent increase in current grants coupled with a 26.4 per cent reduction in capital expenditure. Capital outlays amounted to \$18.6m (14.7 per cent of GDP), largely associated with the Lookout housing project and the public market at Little Bay. The primary deficit narrowed to \$3.3m (2.6 per cent of GDP) from \$17.2m (14.5 per cent of GDP) in 2005.



The fiscal operations of the central government resulted in a widening of the current account deficit before grants to \$49.5m (39.0 per cent of GDP) from \$43.4m (36.6 per cent of GDP) in 2005. This outturn was attributable to an expansion in current expenditure and a reduction in current revenue. Current expenditure rose by 7.6 per cent to \$84.0m, largely the result of increased outlays on personal emoluments (17.3

per cent), reflecting salary and wage increases awarded to civil servants. Outlays on goods and services rose by 4.5 per cent (\$1.1m), partly associated with an ash cleaning programme following a volcanic eruption in May.

### Public Sector Debt

Total public sector debt fell to \$12.0m (9.5 per cent of GDP) at the end of 2006 from \$12.7m (10.7 per cent of GDP) at the end of 2005, reflecting a decline in the debt stock of the statutory bodies. The total disbursed outstanding debt of the central government remained at \$4.2m (3.3 per cent of GDP) at the end of 2006. Of the total stock, external debt declined by 4.0 per cent to \$2.4m but this was offset by a 5.6 per cent increase to \$1.9m in the stock of domestic debt.

### Money and Credit

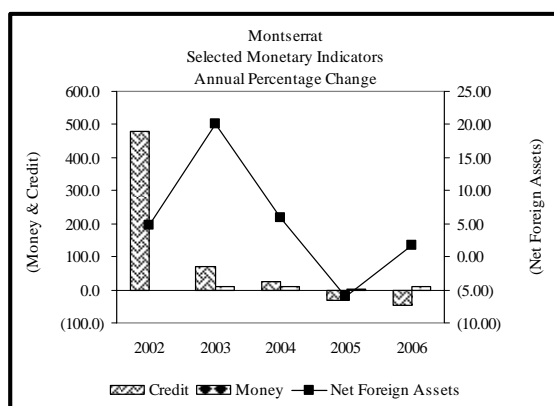
Monetary liabilities expanded by 9.1 per cent to \$134.9m, reflecting increases in quasi money and narrow money (M1). Driven by robust growth in private sector deposits and foreign currency deposits, quasi money rose by 11.5 per cent. M1 grew by 2.3 per cent, influenced by a 15.4 per cent increase in currency with the public, as private sector demand deposits contracted by 6.1 per cent.

Commercial bank credit to the private sector increased by 15.3 per cent (\$4.3m), driven largely by credit to households. Net deposits of non-bank financial institutions declined by 56.2 per cent (\$4.4m), reflecting a fall in deposits coupled with an increase in credit. Central government's net deposits fell by 22.7 per cent to \$23.5m, largely



attributed to a decline in its deposits with the commercial banking system. Credit to central government from the banking system rose by 5.9 per cent (\$0.1m). Net deposits of non-financial public enterprises increased by 18.1 per cent (\$6.9m), reflecting an increase in saving deposits of one of the enterprises.

An analysis of credit by economic activity shows that credit for personal use increased by 22.6 per cent (\$5.2m). Of personal loans, credit for property acquisition rose by \$2.8m and that for other personal use, excluding consumer durables, rose by \$1.9m. Credit for construction grew by 24.3 per cent (\$0.3m), while outstanding loans for tourism declined, consistent with the contraction in activity in the industry.



The net foreign assets of the banking system stood at \$165.3m, an increase of 1.6 per cent relative to the level at the end of 2005. Montserrat's imputed share of the reserves of the central bank grew by 4.4 per cent (\$1.6m) and commercial banks' net foreign assets rose by 0.8 per cent (\$1.0m).

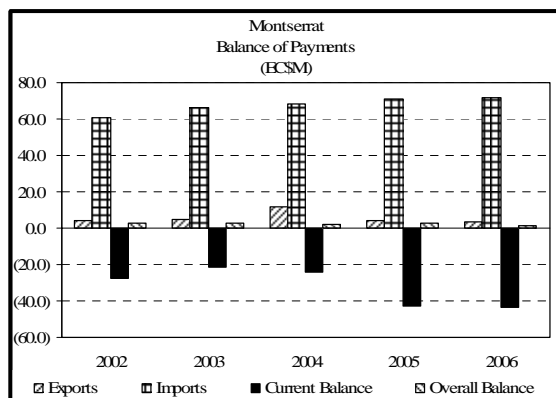
Liquidity in the commercial banking system fell, but remained at a high level. The ratio of liquid assets to total deposits plus liquid liabilities declined by 23.5 percentage points to 85.7 per cent, reflecting an increase in liquid liabilities. The ratio of loans and advances to total deposits increased by 2.9 percentage points to 18.3 per cent.

The weighted average interest rate on deposits rose by 0.2 percentage point to 2.7 per cent while that on loans remained stable at 10.5 per cent. Consequently the spread between lending and deposit interest rates narrowed.

### Balance of Payments

An overall balance of payments surplus of \$1.6m (1.3 per cent of GDP) was recorded in 2006 compared with one of \$2.5m (2.1 per cent of GDP) in 2005. The reduced surplus was due to a widening of the current account deficit to \$43.3m (34.1 per cent of GDP) from \$42.5m (35.8 per cent of GDP) in 2005, as imports of goods and services increased. Net outflows from services were \$3.2m above the level in 2005, reflecting a decrease of \$3.4m in gross travel receipts consistent with the fall in visitor arrivals. The merchandise trade deficit rose by \$1.1m to \$68.0m, partly mirroring an increase in import payments. Net outflows of investment income also rose by \$1.1m, partly reflecting an increase in official interest payments. These increases were partly offset by larger inflows of current transfers to finance central government's operations.





The surplus on the capital and financial account remained virtually unchanged at \$44.9m. On the capital account, net inflows rose by 36.6 per cent (\$9.7m), in line with an increase in grant receipts, but these were largely offset by a fall of 52.4 per cent (\$9.8m) in net inflows on the financial account. The decline resulted from a net outflow of \$1.0m in commercial bank short-term capital; in the previous year there were net inflows of \$10.1m.

### Prospects

The outlook for Montserrat's economy in 2007 is uncertain, based on ongoing volcanic activity. An upturn in activities in the construction sector is projected as work is expected to intensify on the Lookout housing development phase 2 and the public market, which started in September 2006. Home construction under the resettlement programme is expected to continue and a number of housing initiatives are likely to begin in 2007, as government has identified housing as an area of priority. Among these initiatives are the housing projects for mentally disabled (\$2.0m) and vulnerable persons (\$1.5m). The first phase of the Little Bay development project, estimated at

\$2.2m, is expected to begin in April 2007. This project consists of four phases to run over a ten-year period. Growth in value added in mining and quarrying is also projected based on an expansion in construction activity in Montserrat and an increase in external demand for sand and aggregate.

Increased efforts in marketing day tours and yachting are expected to generate more activity in the tourism industry. The Montserrat Tourist Board has been collaborating with Air Montserrat to promote day trips to Montserrat by cruise ship passengers and other visitors out of Antigua and Barbuda and Nevis. Efforts are also being made to encourage yachtsmen to sail from Antigua and Barbuda to Montserrat. A ferry service to Antigua and Barbuda is likely to resume by mid year and will contribute to growth in visitor arrivals.

Value added in the agricultural sector is projected to increase as the Ministry of Agriculture, with the assistance of the Department for International Development, introduced farmers to the use of greenhouses to protect crops from volcanic ash and acid rain. This initiative is likely to improve production of vegetables and root crops.

The central government's fiscal operations are expected to result in a larger overall deficit before grants. Current expenditure is expected to be above the 2006 level, partly based on an increase in outlays on personal emoluments. Current revenue is expected to increase in line with the expansion in the economy. The government has expressed commitment to grant tax incentives that





will stimulate investments and encourage persons to return to Montserrat. This initiative could dampen tax collections in 2007.

The external current account deficit is expected to widen, based on a likely increase in imports, particularly building materials, in line with the expansion in construction activity. On the services account, gross inflows from travel are expected to rise as visitor arrivals increase. Larger

inflows of grants are projected based on central government's capital expenditure programme for 2007.

Downside risks to the projections include ongoing volcanic activity, high and increasing oil prices and a slowdown in the US economy, which can have an adverse impact on tourism, central government operations and consumer prices.



## ST KITTS AND NEVIS

**Overview**

Provisional data indicate that the economy of St Kitts and Nevis expanded by 5.8 per cent in 2006, compared with the revised growth rate of 4.1 per cent in 2005. Value added increased in all sectors with the exception of agriculture which declined, attributable to the closure of the sugar industry in July 2005. Consumer prices rose by 8.4 per cent during 2006 on an end of period basis. The fiscal operations of the federal government resulted in a reduction in the overall deficit, reflecting strong growth in current revenue and a fall in capital expenditure. The outstanding debt of the public sector increased during 2006. Monetary liabilities expanded, consistent with the increase in economic activity. Commercial bank liquidity declined, but remained at a high level. The spread between commercial banks' interest rates on loans and deposits rose marginally. In the external sector an overall surplus was recorded in contrast to a deficit in 2005, as a result of higher inflows on the capital and financial account.

Real GDP is projected to grow in 2007 based on likely increases in construction, manufacturing, tourism and agriculture output. The current account surplus of the federal government is expected to expand; however an increase in the overall deficit is likely as capital expenditure grows. This outlook is dependent on the implementation of private sector initiatives, favourable weather and developments in the international economy.

**Output**

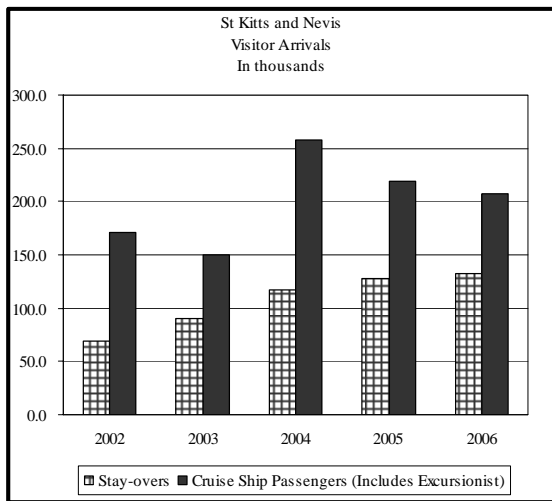
Value added in the construction sector, the largest contributor to overall output, is estimated to have increased by 13.0 per cent in 2006, well above the revised growth rate of 5.6 per cent in 2005, associated in part with preparations for hosting Cricket World Cup (CWC) 2007. This performance was attributable to activity in both the public and private sectors. Major public sector projects included upgrading sporting facilities in preparation for CWC, expanding the Robert L Bradshaw International Airport, constructing the Old Road fisheries complex and improving the road network. Activity in the private sector concentrated on upgrading and developing commercial properties, particularly at Port Zante and building hotels, villas, condominiums, houses and the Beaumont Park racetrack.

Output in the manufacturing sector is estimated to have risen by 4.1 per cent compared with 0.6 per cent in 2005, fuelled in part by increased production of cement blocks and ready-mix concrete associated with the expansion in construction activity. Production of beverages and electronic components rose on account of higher demand from external markets.

Provisional data indicate that value added in the hotels and restaurants sector, a measure of activity in the tourism industry, increased by 4.0 per cent. This outturn reflects growth in the number of stay-over visitors, the highest spending

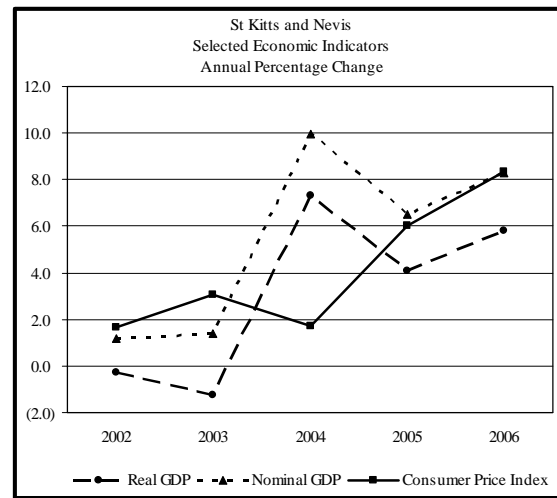


category. Stay-over arrivals are estimated to have risen by 3.6 per cent to 132,321, as St Kitts hosted a number of events including the Caribbean Gift and Craft Show, the annual meeting of the International Whaling Commission and international cricket matches. The number of visitors from the Caribbean, the second largest market, is estimated to have increased by 18.6 per cent following two consecutive years of decline. Stay-over arrivals from the USA, the major market, rose by an estimated 2.4 per cent. Of the other categories of visitors, the number of cruise ship passengers declined by 5.7 per cent to 203,075, despite an increase in cruise ship calls. This outcome was largely on account of visits by smaller cruise vessels. The number of yacht passengers fell by 34.0 per cent to 2,876.



Among the other sectors, value added for banks and insurance grew by 9.6 per cent and that for wholesale and retail trade expanded by 7.5 per cent, influenced by the increase in construction activity. Value added for communications and government services rose by 5.0 per cent and 4.0 per cent respectively.

Agricultural output contracted by 14.4 per cent following a decline of 6.6 per cent in 2005, mainly because sugar cane harvesting was stopped. Notwithstanding this decline, production of other crops is estimated to have risen by 50.1 per cent. This performance was attributable to improved irrigation systems, the introduction of a new variety of tomatoes, an expansion in acreage under crop cultivation, particularly sweet potatoes, and deeper linkages between agriculture and tourism. In the livestock sub-sector value added fell by 5.0 per cent, reflecting a decrease in output of beef. Production of pork rose, partly influenced by increased marketing efforts under the agricultural diversification programme.



**Prices, Wages and Employment**

Inflation as measured by the change in the consumer price index (CPI) rose to 8.4 per cent during 2006 from 6.0 per cent during 2005, on an end of period basis. Price increases were observed in all the sub-indices with the exception of the fuel and light sub-index. The education sub-index, the second largest weighted, rose by 18.5 per cent on



account of higher prices for computer equipment and an increase in school fees. Prices in the transportation and communication sub-index rose on average by 15.2 per cent, reflecting an increase in the import price of vehicles. The medical care and expenses sub-index increased by 11.4 per cent, as a result of higher fees charged by medical practitioners. Prices in the food sub-index, the largest weighted of the CPI basket, rose by 7.1 per cent, reflecting higher prices for meat, poultry, fish, fruits, vegetables, non-alcoholic beverages and cereal. Higher demand for housing and the increased cost of building materials led to a 6.9 per cent rise in the housing sub-index.

Public sector wages and salaries remained generally stable in 2006. Information on wages and salaries in the private sector is not available. Complete data on the level of employment in St Kitts and Nevis are not available. It is likely that wages for construction workers rose as the demand for workers increased in line with the robust construction activity.

In the public sector, the number of established workers employed by the federal government increased by 3.3 per cent to 3,683 while that of non-established workers fell by 0.4 per cent to 1832. In the private sector, employment in the construction and hotels and restaurants sectors is likely to have expanded based on the increase in activity in those sectors. During the year a number of displaced workers from the sugar industry were absorbed into other sectors.

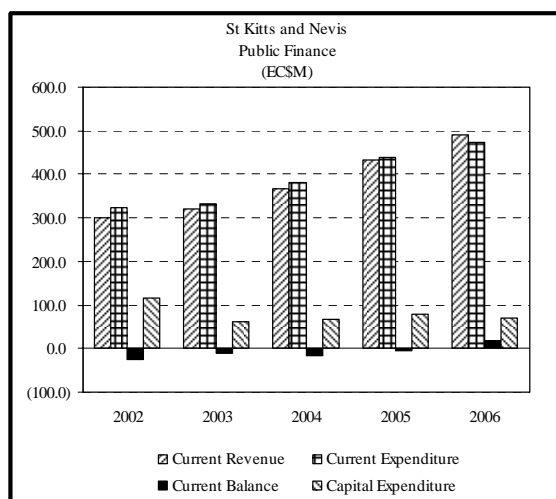
### Central Government Fiscal Operations

The overall fiscal deficit of the federal government narrowed to \$26.5m (2.1 per cent of GDP) in 2006 from \$48.7m (4.2 per cent of GDP) in 2005. The smaller overall deficit resulted from an improvement in the current account operations and a reduction in capital expenditure. A primary surplus of \$78.7m (6.1 per cent of GDP) was realised in comparison to one of \$47.1m (4.1 per cent of GDP) in 2005.

The fiscal operations of the federal government resulted in a current account surplus of \$17.3m (1.3 per cent of GDP), in contrast to a deficit of \$6.1m (0.5 per cent of GDP) in 2005, as growth in current revenue outpaced that of current expenditure. Current revenue rose by 13.3 per cent to \$491.5m (38.1 per cent of GDP), exceeding the budgeted revenue by 6.5 per cent. Larger receipts from both tax and non-tax sources contributed to the increase in revenue. Receipts from taxes grew by 8.7 per cent (\$30.3m), largely driven by growth of 33.3 per cent (\$22.7m) in collections from taxes on domestic goods and services. Revenue from taxes on property rose by 74.0 per cent (\$3.7m). Growth in collections from taxes on domestic goods and services and taxes on property was mainly associated with land sales for tourism development projects. The yield from taxes on international trade and transactions expanded by 3.9 per cent on account of higher import payments, particularly for petroleum products and construction material. Those



increases were partly offset by a 3.1 per cent decrease in receipts from taxes on income and profits. This outturn contrasts with the performance in 2005 when revenue from that tax rose substantially with the collection of arrears. Receipts from non-tax sources rose by 31.0 per cent, largely the result of increased collections by the electricity department attributable to a fuel surcharge introduced in November 2005.



Current expenditure rose by 7.8 per cent to \$474.2m (36.8 per cent of GDP), surpassing the budgeted estimate by 11.4 per cent. Spending on goods and services was 12.8 per cent above the level in 2005, due to higher operating costs of the electricity department. Interest payments grew by 9.8 per cent on account of increased domestic debt obligations. Outlays on transfers and subsidies rose by 5.7 per cent, partly explained by severance payments to former sugar workers on behalf of the St Kitts Sugar Manufacturing Corporation (SSMC). Expenditure on personal emoluments was 3.9 per cent above the level in 2005, reflecting an increase in employment.

Preliminary data indicate that capital expenditure declined by 9.9 per cent to \$71.0m. Major projects undertaken included the Warner Park stadium development, the Old Road fisheries complex, road development, electricity and water supply upgrades, and hospital and airport enhancement. Capital grants, mainly related to the Warner Park development project, fell by 16.1 per cent to \$26.5m.

On a disaggregated level the overall deficit of the central government fell to \$28.8m from \$55.9m in 2005 as a result of strong growth in revenue and a decline in capital spending. The primary surplus more than doubled to \$65.0m. The current account deficit narrowed to \$2.1m from \$28.2m in 2005, attributable to faster growth in revenue compared with the increase in expenditure. Current revenue rose by 16.1 per cent to \$394.2m, reflecting increases in all the categories of revenue except taxes on income and profits. The increase in revenue resulted from larger collections from stamp duties associated with land sales. Growth in receipts from the electricity department as a result of the fuel surcharge also contributed to the increase in revenue. Current expenditure rose by 7.8 per cent to \$396.3m as a result of increases in all category of expenditure. Capital expenditure declined by 15.8 per cent to \$53.8m as major capital projects were completed during the year.

The Nevis Island Administration (NIA) realised a reduction in the overall surplus to \$2.2m from \$7.2m in 2005 as the current account surplus declined and capital expenditure increased.



The current account surplus fell to \$19.4m from \$22.1m in 2005. Current expenditure grew by 8.0 per cent to \$77.9m, while current revenue increased by 3.2 per cent to \$97.3m. Growth in expenditure was mainly driven by larger outlays on goods and services (28.5 per cent) and personal emoluments (6.9 per cent). Increases were recorded in all categories of revenue with the exception of taxes on domestic goods and services. Capital expenditure rose by 15.0 per cent to \$17.2m.

### Public Sector Debt

Total public sector debt stood at \$2,433.1m at the end of 2006, an increase of 6.9 per cent on the amount at the end of 2005, reflecting increases in the outstanding debt of the federal government and the statutory corporations. As a percentage of GDP, however, the public sector debt fell to 188.3 per cent from 196.6 per cent in 2005. The total outstanding debt of the federal government is estimated to have increased by 5.8 per cent to \$1,443.5m. The increase was attributable to an expansion of 14.0 per cent to \$881.8m in the stock of domestic debt, reflecting increased borrowing by the central government for severance payments and capital projects. External debt declined by 4.8 per cent to \$561.7m, as some loans matured and external borrowing fell. Total debt service payments rose by 30.8 per cent to \$206.9m as a result of the higher level of domestic debt and redemption of treasury bills. The ratio of debt service payments to current revenue increased to 42.1 per cent from 36.5 per cent in 2005.

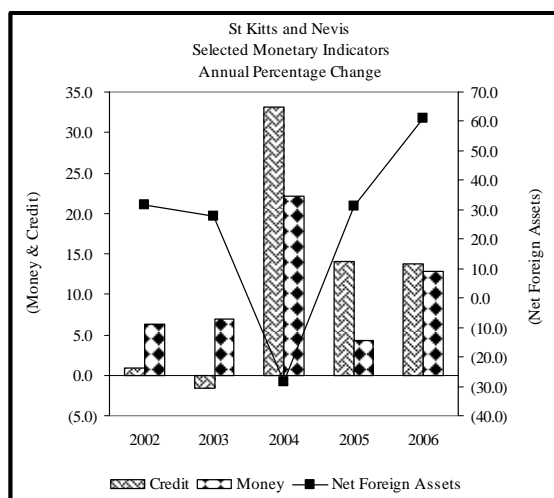
### Money and Credit

Monetary liabilities (M2) grew by 12.8 per cent to \$1,298.3m during 2006, reflecting the increase in economic activity. The expansion was attributable to growth in both quasi money (12.8 per cent) and narrow money, or M1 (12.7 per cent). The increase in quasi money was largely on account of growth in private sector foreign currency deposits and savings deposits. Growth in M1 represented increases in currency with the public and private sector demand deposits.

Domestic credit expanded by 13.7 per cent to \$1,287.6m, influenced by increased borrowing by the private sector, federal government and non-financial public enterprises. Credit to the private sector rose by 11.8 per cent, reflecting growth in credit to business entities (13.4 per cent) and households (10.9 per cent), as business and consumer confidence increased. Net borrowing by the federal government from the banking system increased by 20.1 per cent, mainly because of a 26.9 per cent rise in credit from commercial banks. On a disaggregated level, commercial bank credit to the central government increased by 28.0 per cent, partly associated with loans for electricity and water upgrades and for severance payments to former sugar workers. The NIA's outstanding obligations to commercial banks rose by 16.3 per cent. In the rest of the public sector the net deposits fell by 10.0 per cent as credit grew, largely for the airport expansion project.



The distribution of credit by economic activity shows a 23.2 per cent expansion in outstanding loans for construction, supporting growth in that sector. Outstanding credit for personal use rose by 11.1 per cent. Of loans for personal use, credit for the acquisition of property increased by 14.7 per cent, as outstanding loans for house and land purchase rose by 19.8 per cent and credit for home construction and renovation grew by 9.6 per cent.



The net foreign assets of the banking system amounted to \$607.1m at the end of 2006 compared with a total of \$376.5m at the end of 2005. Commercial banks' net foreign assets doubled to \$368.0m, largely on account of a 31.0 per cent increase in assets held outside the currency union, as banks increased their foreign investment portfolios. St Kitts and Nevis' imputed share of the reserves held at the Central Bank rose by 23.9 per cent to \$239.1m.

Liquidity in the commercial banking system fell during 2006. The ratio of liquid assets to total deposits plus liquid liabilities contracted by 0.3 percentage points to 45.5 per cent, reflecting

growth in deposits. The loans and advances to deposits ratio rose to 85.1 per cent from 80.4 per cent at the end of 2005, as a result of faster growth in loans and advances (18.4 per cent) than in deposits (11.9 per cent). Commercial banks' weighted average interest rate on deposits fell by 0.4 percentage points to 3.7 per cent and that on loans fell by 0.3 percentage points to 9.4 per cent. Consequently the spread between commercial banks' interest rates rose marginally.

### Balance of Payments

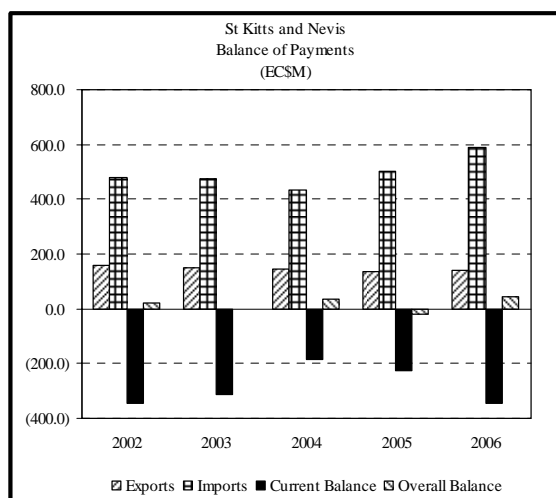
The external position of St Kitts and Nevis improved in 2006. An overall surplus of \$46.1m (3.6 per cent of GDP) was recorded in contrast to a deficit of \$18.0m (1.6 per cent of GDP) in 2005. This outcome was attributable to an 88.2 per cent increase to \$390.9m in net inflows on the capital and financial account. The surplus on the financial account more than doubled to \$356.0m, reflecting larger inflows of foreign direct investment. These inflows were mainly associated with the development of commercial properties, hotels, villas and condominiums. The surplus on the capital account declined by 12.3 per cent to \$34.9m, reflecting the reduction in capital grants to the central government.

The current account deficit widened to an estimated \$344.8m (26.8 per cent of GDP) from \$225.7m (19.5 per cent of GDP) in 2005. This outcome was associated with developments in the goods and services accounts. The merchandise trade deficit increased by 23.5 per cent to \$450.3m as growth in import payments outweighed that of export receipts. Merchandise import payments



rose by an estimated 17.8 per cent to \$589.2m, reflecting a rise in imports, particularly building materials, and the impact of increases in international oil prices in the first eight months of the year. Earnings from domestic exports grew by an estimated 3.8 per cent to \$127.6m, partly influenced by an increase in receipts from exports of beverages and electronic components. On the services account, a 24.8 per cent reduction to \$121.9m in net inflows was attributable to an increase in outflows for construction services. Consistent with growth in the number of stay-over visitors, gross travel receipts are estimated to have risen by 1.6 per cent to \$314.1m.

Output in the manufacturing sector is projected to increase on account of expansions in the operations of two companies and the establishment, in November 2006, of a company producing building supplies. A rebound in agricultural activity is expected as the agricultural diversification programme is implemented in St Kitts and cotton production revived in Nevis. Cruise ship passenger arrivals are likely to increase, based on the schedule for cruise ship visits. Stay-over arrivals are expected to increase as a result of the CWC, the reopening of a major hotel, ongoing tourism promotion, and additional airlift in the latter part of 2007.



## Prospects

Growth in the St Kitts and Nevis economy is expected to continue in 2007, based on ongoing and likely developments in construction, manufacturing and agriculture. Construction activity is projected to expand, fuelled by private sector investments in tourist amenities and residential development, and public sector investment in road construction and rehabilitation.

The current account surplus of the federal government is projected to increase as current revenue grows and current expenditure declines. The projection for growth in current revenue is based on economic expansion and improvements in tax administration. In current expenditure, outlays on goods and services are expected to decline based on plans by the electricity department to use less expensive fuel. Major road development projects, including the West Basseterre bypass road and the main road in Nevis, will contribute to a higher level of capital expenditure.

Monetary liabilities and domestic credit are projected to grow in line with the expansion in economic activity. In the external sector, the merchandise trade deficit is expected to widen, as import payments are likely to increase in line with the expansion in the economy. Gross travel receipts are projected to be larger than in 2006, consistent with the increase in visitor arrivals.





Larger inflows of direct investment are projected, associated with tourism development projects.

The prospects for growth will depend on the rate of implementation of private sector projects, particularly those of foreign investors, and

developments in international oil prices. Continued increases in consumer prices could have an adverse impact on tourism, the external current account balance and the fiscal operations of the federal government.



## SAINT LUCIA

### Overview

Economic activity in Saint Lucia continued to expand in 2006. Real GDP is provisionally estimated to have expanded by 5.7 per cent, following a 5.8 per cent increase in 2005. The expansion was underpinned by growth in the construction sector partly associated with preparations for Cricket World Cup (CWC) 2007, and increases in the wholesale and retail trades, and transport sectors. Those increases were partly offset by a decrease in value added in the hotels and restaurants sector as visitor arrivals declined. Consumer prices fell by 0.6 per cent in 2006 on an end of period basis, compared with a 5.2 per cent increase in the previous year. The central government recorded a larger overall deficit compared with the level in 2005. The total public sector disbursed outstanding debt rose during 2006. Monetary liabilities and domestic credit expanded, and commercial bank liquidity tightened. The spread between commercial banks' average interest rates on deposits and loans narrowed. An overall surplus was recorded on the balance of payments in contrast to a deficit in 2005, attributable to increased foreign direct investment inflows.

The economic prospects for Saint Lucia in 2007 are favourable. Real GDP is projected to expand, but the rate is likely to slow. Construction activity, which fuelled the expansion in 2006, is expected to decelerate as projects associated with CWC 2007 wind down in early 2007. The outlook

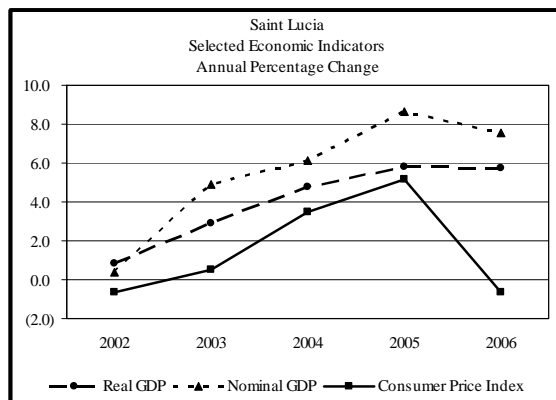
for tourism is uncertain; it would depend on the success of efforts aimed at increasing tourist traffic, particularly from the UK, a major market. Banana output is projected to increase and contribute to growth in the agricultural sector. The slowdown in the US economy, further increases in international oil prices and unfavourable weather represent some of the major downside risks to the projections.

### Output

The construction sector was a major driver of economic activity in 2006 with value added increasing by 25.0 per cent, surpassing the 10.4 per cent rate in 2005. The sectors' share of GDP rose to 9.2 per cent from 7.8 per cent in 2005. Growth was fuelled by both public and private sector projects. Public sector projects included two new secondary schools, a psychiatric hospital, rehabilitating the Castries to Gros Islet and Castries to Vieux Fort highways, and enhancements to the Beausejour cricket stadium in preparation for CWC 2007. In the private sector a number of hotels were under construction including Discovery at Marigot Bay, completed in November 2006; Plantation on Cotton Bay, the Landings and the Bay Gardens Resort and Spa. Private sector residential construction is also estimated to have increased. This was evidenced in part by growth of 8.0 per cent in commercial bank credit for home construction and renovation, well above the 0.4 per cent rate of increase in 2005.



The robust expansion in construction activity had positive spillover effects on the wholesale and retail trades, and transport sectors, which increased by 10.5 per cent and 5.9 per cent respectively. Value added for mining and quarrying, which accounted for 0.5 per cent of GDP, also increased, by 32.0 per cent.

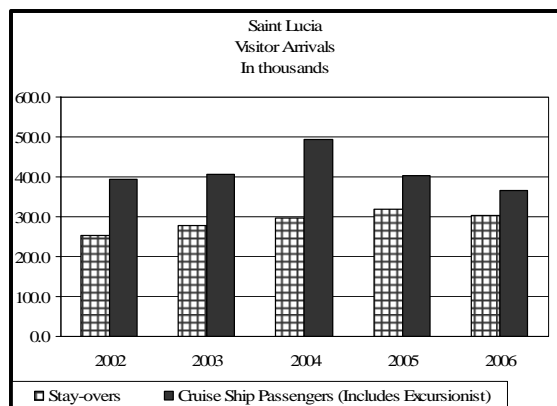


Value added in the agricultural sector increased by 12.2 per cent, in contrast to a 22.0 per cent decline in 2005. As a result the sector's contribution to GDP increased to 3.5 per cent from 3.3 per cent in 2005. The expansion was largely influenced by a 13.3 per cent increase to 33,982 tonnes in banana output, following a 29.1 per cent decline in 2005. The rebound in banana output was attributed to efforts by the authorities to control leaf spot infestation, which significantly reduced yields in 2005. Renewed confidence in the banana industry, associated with better prices under the Fair Trade label, also contributed to growth in banana output. Production of other crops is estimated to have increased based on preliminary data which indicate growth in output of tomatoes, watermelon and pineapples.

Activity in the manufacturing sector remained buoyant in 2006. Value added in that sector expanded by 5.0 per cent following growth of 6.0 per cent in 2005. Increases in production were recorded for processed foods, beverages and tobacco, corrugated paper and paper board, and plastic products.

Value added in the hotel and restaurant sector, an indicator of the level of tourism activity, declined by 3.6 per cent in contrast to growth of 6.3 per cent in 2005. This downturn largely reflected a decline in stay-over visitor arrivals, particularly those staying in hotels and other paid accommodation. The number of stay-over visitors decreased by 4.9 per cent to 302,510, partly as a result of reduced air access. The breakdown of arrivals by markets indicates a 13.5 per cent fall in the number of stay-over visitors from the UK, partly reflecting reduced airlift with the loss of a charter service in January 2006. In addition, the staging of the FIFA World Cup in Germany in July 2006 may have attracted UK visitors away from Saint Lucia. Declines were also observed in arrivals from France (48.0 per cent) and the Caribbean (7.6 per cent). Arrivals from Canada increased by 6.0 per cent, and those from the US, the major market, rose by 4.3 per cent, attributable to intensified marketing, particularly in the north-east US. The decline in stay-over arrivals was reflected by a fall in the average hotel occupancy rate to 64.9 per cent in 2006 from 68.8 per cent in 2005.





Of the other categories of visitors, the number of cruise ship passengers declined in 2006, for the second consecutive year, by 8.8 per cent to 359,593. The major factors contributing to the weak performance of the cruise sector in 2006 were repairs to the cruise port in Castries, increased home porting, particularly in the US by larger vessels of the major cruise lines, and visits by smaller size vessels. The number of cruise ship calls to Saint Lucia increased by 3.5 per cent in 2006, notwithstanding the decline in cruise ship passenger arrivals. Excursionists and yacht passenger arrivals fell by 7.7 per cent and 7.0 per cent respectively.

### Prices, Wages and Employment

The consumer price index (CPI) fell by 0.6 per cent during 2006, on an end of period basis. The decline was the result of a 2.0 per cent fall in the food sub-index, the largest component of the goods and services basket. Reductions in prices of vegetables (13.0 per cent) and tubers (2.2 per cent) were largely responsible for the decrease in the food sub-index. The overall decline in the CPI was tempered by increases in the sub-indices medical care and health (6.0 per cent) associated

with higher fees for physician services; as well as alcoholic beverages and tobacco (1.7 per cent) and recreation and entertainment (1.2 per cent).

The available information on wages and salaries indicates that civil servants received a 4.0 per cent increase in wages and salaries in April 2006, in addition to retroactive salary payments in January 2006, based on a salary and wage agreement for the period April 2004 to March 2007. In the private sector, it is likely that wages increased for some categories of construction workers, based on the high level of activity in that sector. During the year the government announced a \$55.00 a day minimum wage for construction sector workers.

The rate of unemployment fell to an average of 15.8 per cent in 2006 from 18.7 per cent in 2005. This development was partly attributed to increases of 23.5 per cent and 5.6 per cent in the number employed in the construction sector and the tourism industry respectively. Those increases were partly offset by a decline of 3.8 per cent in total employment in public administration and social security.

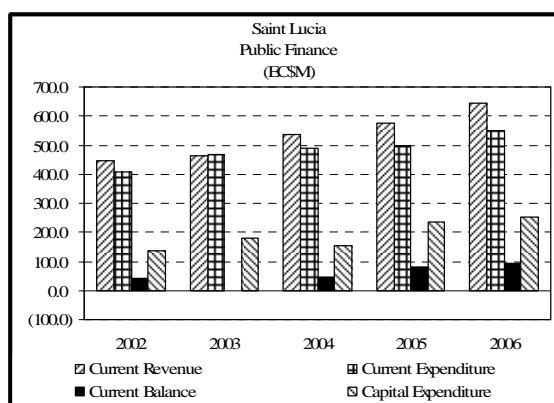
### Central Government Fiscal Operations

The central government incurred an overall fiscal deficit of \$153.6m (6.1 per cent of GDP) in 2006, compared with one of \$151.0m (6.3 per cent of GDP) in 2005. The widening of the deficit was attributed to an increase in capital spending. Capital expenditure rose by 7.3 per cent to \$251.3m (10.0 per cent of GDP), reflecting larger outlays associated with infrastructure upgrading in



preparation for CWC 2007, roads, two new secondary schools, and a major water distribution project. The current account surplus rose to \$93.5m (3.7 per cent of GDP) from \$79.0m (3.3 per cent of GDP) in 2005. The primary deficit narrowed to \$76.0m from \$81.0m in 2005.

Current revenue grew by 12.0 per cent to \$644.8m (25.6 per cent of GDP), partly driven by growth of 11.6 per cent in tax receipts. Increases in receipts were recorded for all the major tax categories. Revenue from taxes on international trade and transactions rose by 12.2 per cent (\$37.5m), reflecting larger collections of service charge, import duties and excise tax on imports, as the value of imports increased. Receipts from taxes on domestic goods and services were 18.0 per cent (\$16.1m) above the total in 2005. This performance was on account of a near doubling in collections from licences, reflecting the timing of payment by a major company.



Current expenditure rose by 11.0 per cent to \$551.2m (21.9 per cent of GDP) in 2006, largely associated with increased outlays on all the major categories. Expenditure on personal emoluments grew by 14.0 per cent, primarily as a result of a 4.0

per cent salary increase in April 2006 and retroactive payments to public servants. Outlays on goods and services rose by 13.8 per cent, reflecting increased expenditure on utilities and rent. Interest payments grew by 10.9 per cent, consistent with the higher level of outstanding debt.

### Public Sector Debt

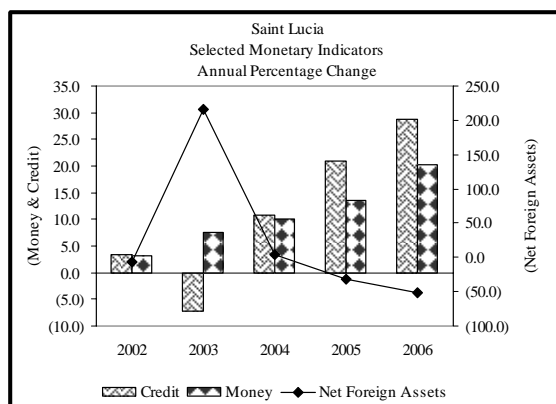
The total public sector debt was estimated at \$1,822.8m at the end of 2006 compared with \$1,615.7m in 2005. As a percentage of GDP, the public sector debt rose to 72.5 per cent from 67.8 per cent in 2005. The increase stemmed from growth of 11.4 per cent to \$1,444.2m in the disbursed outstanding debt of the central government. The stock of domestic debt rose by 23.2 per cent to \$486.9m and that of external debt increased by 6.3 per cent, as government borrowed to finance its capital programme.

### Money and Credit

The stock of broad money (M2) expanded by 20.1 per cent to \$2,056.2m compared with growth of 13.4 per cent in 2005, driven by the expansion in the economy. Growth in M2 was mainly reflected in an increase in quasi money (28.4 per cent), attributed to a more than threefold increase in private sector foreign currency deposits, and a 16.2 per cent rise in private sector savings deposits. Narrow money (M1) rose by 2.4 per cent, influenced by a 19.0 per cent increase in currency with the public which was partly offset by a decline in private sector demand deposits.



Domestic credit expanded by 28.7 per cent to \$2,280.5m, underpinned by a 24.5 per cent rise in credit to the private sector, reflecting an increase in business and consumer confidence. Growth of 36.4 per cent and 12.4 per cent was recorded in lending to businesses and households respectively. The net deposits of the central government declined by 64.7 per cent to \$32.0m. This outturn was the result of a 15.6 per cent (\$54.7m) fall in deposits at commercial banks, coupled with a 5.1 per cent (\$13.7m) increase in commercial bank credit, largely to finance central government's capital expenditure programme. The net deposits of the non-financial public enterprises increased by 15.9 per cent, reflecting growth in deposits and a decline in outstanding loans.



An analysis of the distribution of credit by economic activity indicates that credit for tourism rose by 74.9 per cent, partly indicative of the high level of investment activity in that industry. Outstanding loans for construction grew by 36.7 per cent, consistent with the robust activity in that sector, and credit for manufacturing and mining and quarrying increased by 12.3 per cent. Credit for personal use rose by 7.4 per cent, largely

associated with the purchase of durable consumer goods and the acquisition of property.

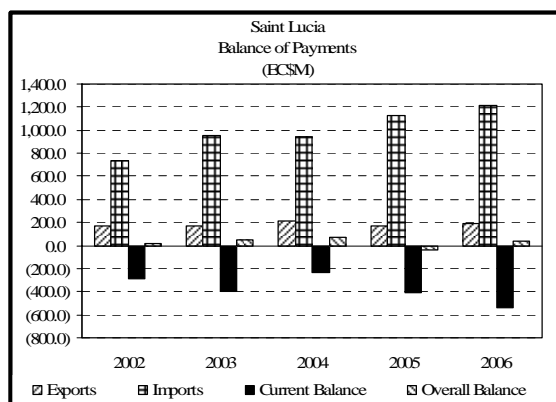
The net foreign assets of the banking system fell by 51.6 per cent to \$117.6m at the end of 2006, following a 31.1 per cent decline during 2005. The net external liabilities of the commercial banks more than tripled to \$239.3m at the end of 2006, as commercial banks continued to borrow from abroad to meet the expansion in domestic credit. Saint Lucia's imputed share of the reserves held by the Central Bank rose by 15.8 per cent to \$356.9m.

Liquidity in the commercial banking system tightened in 2006. The ratio of liquid assets to total deposits plus liquid liabilities declined by 1.6 percentage points to 25.4 per cent, while that of loans and advances to total deposits increased by 7.9 percentage points to 93.6 per cent. Commercial banks' weighted average interest rate on deposits rose by 0.2 percentage point to 2.9 per cent, while that on loans fell by 0.3 percentage point to 10.2 per cent. Consequently, the spread between interest rates on deposits and loans fell to 7.3 per cent from 7.8 per cent in 2005.

### Balance of Payments

The overall balance of payments shifted to a surplus of \$36.3m (1.4 per cent of GDP) in 2006 from a deficit of \$41.2m (1.7 per cent of GDP) in 2005. This performance was attributable to larger net inflows on the capital and financial account. The surplus on the capital and financial account increased by 56.8 per cent to \$571.2m, fuelled

primarily by larger inflows of foreign direct investment associated with a number of hotel and other tourism related construction projects. Larger net inflows of commercial bank short-term capital, \$174.0m compared with \$66.5m in 2005, also contributed to the increase in the surplus on the capital and financial account. There was a net outflow of \$11.1m in portfolio investment, in contrast to a net inflow of \$64.9m in 2005. This outcome was linked to a reduction in bonds issued on the Regional Government Securities Market.



The current account deficit widened to \$534.9m (21.3 per cent of GDP) from \$405.4m (17.0 per cent of GDP), as the deficit on the goods and services account rose. The merchandise trade deficit is estimated to have increased to \$1,015.3m (40.4 per cent of GDP) from \$955.7m (40.1 per cent of GDP). Payments for imports (f.o.b.) rose by 7.2 per cent to \$1,210.5m, associated with the expansion in economic activity and a rise in import prices. The value of exports grew by 12.7 per cent to \$195.2m, influenced largely by growth of 14.1 per cent to \$47.2m in banana export receipts. An increase in the volume of banana exports and favourable prices under the Fairtrade label contributed to the larger receipts from banana.

Net inflows on the services account fell by 8.8 per cent to \$588.0m. This decline reflected a 2.7 per cent decrease to \$935.5m in gross inflows from travel, associated with the fall in visitor arrivals.

## Prospects

The economic forecast for 2007 is favourable. Real GDP is projected to increase, with the construction sector expected to provide the main stimulus to growth. Work will continue on both public and private sector projects. Public sector construction will include ongoing work on the Castries to Gros Islet highway, the new general hospital and the psychiatric hospital. Private sector activity will include ongoing work on a number of hotels, and residential and commercial properties. In the agricultural sector, the prospects are encouraging as banana output is projected to increase, assuming control of leaf spot disease, favourable weather and higher export prices for bananas under the Fairtrade label. The industry's long-term outlook, however, is still uncertain given the problems of high production costs and declining preferential market access. Performance in the tourism industry is likely to be mixed. A major carrier has announced a reduction in the number of weekly flights from the UK, commencing in April 2007. This development will result in a fall in stay-over arrivals, which is likely to more than offset any increase in stay-over arrivals associated with the CWC matches. Cruise passenger arrivals are likely to increase as a major cruise company resumes calls to Saint Lucia.



The overall deficit of the central government is expected to narrow in 2007. Capital outlays may decrease as expenditure associated with CWC 2007 tapers off in the first quarter of 2007. Growth in current revenue is projected, in line with the expansion in economic activity. Current expenditure will be above the level in 2006, based on larger outlays on personal emoluments following salary increases in April 2006. Interest payments are projected to rise as central government's outstanding debt increases.

In the external sector, the merchandise trade deficit is projected to widen as construction related imports increase. Growth in receipts from banana

exports is likely, based on the expansion in output and higher export prices under the Fair Trade label.

The major downside risks to the projections include a slowdown in the US economy, unfavourable weather and high and volatile oil prices. Increases in energy prices will have an adverse impact on consumer prices, the cost of production, the cost of travel and hence visitor arrivals. The CARICOM Visa requirement for some extra-regional visitors to the CWC 2007 matches can also dampen growth in visitor arrivals.





## ST VINCENT AND THE GRENADINES

### Overview

Provisional data indicate that the pace of economic activity in St Vincent and the Grenadines strengthened in 2006, with real GDP estimated to have increased by 6.5 per cent, up from 2.2 per cent in 2005. Growth in 2006 was broad-based, largely driven by expansions in the construction, manufacturing and agriculture, and hotels and restaurants sectors, which had positive spillover effects on the transport and wholesale and retail trade sectors. The consumer price index rose by 4.8 per cent during 2006, on an end of period basis. The fiscal operations of the central government resulted in a widening of the overall deficit. The total public sector outstanding debt increased during 2006. In the banking system, monetary liabilities and domestic credit increased, net foreign assets declined slightly and commercial bank liquidity contracted. The spread between commercial bank interest rates on deposits and loans widened. The overall balance of payments shifted to a surplus from a deficit in 2005.

Output in 2007 is projected to expand, based in part on an expected increase in activity in the construction, wholesale and retail trades and manufacturing sectors. The merchandise trade deficit is expected to widen, but is likely to be financed by increased capital inflows for public and private sector projects. The main downside risks to the projections include rising international oil prices, unfavourable weather and a slowdown in economic activity in the US.

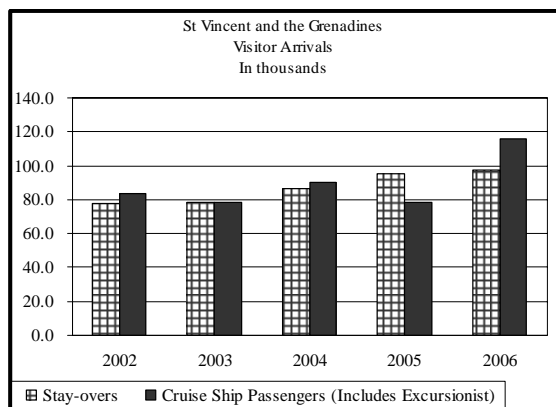
### Output

Value added in the construction sector is estimated to have increased by 6.0 per cent in 2006, well above the 0.4 per cent rate of growth recorded in 2005. The expansion was underpinned by increased investments by both the public and private sectors. Public sector projects included rehabilitating the Windward highway, upgrading airports and educational facilities, a jet port, low-income housing development, a correctional facility and learning resource centres. Private sector activity focused on renovating hotels and building private homes. The expansion in residential construction activity was supported in part by a 3.2 per cent increase in commercial bank lending for home construction and renovation; during the previous year credit for that activity fell by 2.6 per cent.

Activity in the manufacturing sector also strengthened in 2006, with value added increasing by 5.8 per cent, exceeding the 2.1 per cent rate of growth recorded in 2005. The improvement reflected increased production of galvanised sheeting as well as rice and animal feeds. Production of galvanised sheeting rose by 34.0 per cent, as a result of strong demand in both the domestic and external markets, associated with vibrant construction activity. Rice production increased by 17.3 per cent in contrast to a reduction of 6.3 per cent in 2005, reflecting improved marketing. Output of animal feeds grew by 11.4 per cent compared with 1.3 per cent in



2005, due to an increase in local and regional demand.



Tourism activity as measured by value added in the hotels and restaurants sector increased by 6.0 per cent, albeit at a reduced rate compared with growth of 10.6 per cent in 2005. The sector's contribution to GDP declined by 1.0 percentage point to 2.1 per cent. The expansion in value added was mainly the result of an increase in stay-over visitors, particularly those in paid accommodation. The number of stay-over visitors rose by 2.0 per cent to 97,432, mirroring increases in arrivals from most of the major markets. Stay-over arrivals from the UK and Canada increased by 6.4 per cent and 5.7 per cent respectively, and those from the USA rose by 5.3 per cent. Those increases were attributed to a number of factors including the reintroduction of direct air service to St Vincent from Puerto Rico and Martinique, and an appreciation of the pound sterling and the Canadian dollar. Arrivals from the Caribbean declined by 4.3 per cent.

Of the other categories of visitors, cruise ship passenger arrivals rose by 52.6 per cent to 106,474, reflecting a 44.5 per cent increase in the

number of cruise ship calls. The resumption of visits by some traditional liners and visits of new liners contributed to growth in the number of calls. Yacht passenger arrivals rose by 14.4 per cent, partly reflecting the impact of anti-crime and harassment measures introduced in 2005. Those measures included more patrols by the coastguard, immigration and other security personnel, and the declaration of a new port of entry. The country's inaugural participation in the Grand Pavios boat show in France in September 2005 also had a positive impact on growth in yacht passenger arrivals.

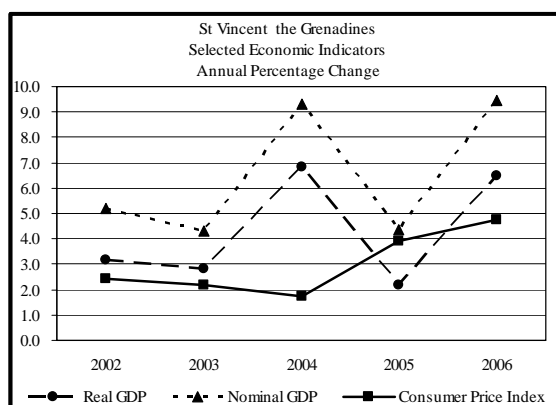
Value added in the agricultural sector rose by 2.3 per cent in contrast to a decline of 6.0 per cent in 2005. This performance was influenced by a 2.5 per cent increase in output in the crops sub-sector. Production of non-banana crops increased and more than offset a 9.3 per cent decrease to 15,758 tonnes in banana output - a record low for the industry. Increased yields were recorded in banana output up to April 2006 relative to the corresponding period a year earlier, but this trend was reversed from May when production was negatively affected by drought and windstorms. In the fishing sub-sector, value added increased by 2.0 per cent in contrast to a decline of 13.1 per cent in 2005, when there was a ban on exports.

Activity in the transport sector rebounded in 2006, with value added estimated to have increased by 17.2 per cent following a decline of 6.7 per cent in 2005. The sector's contribution to GDP rose by 1.4 percentage points to 15.4 per cent in 2006. Growth in value added was partly linked to strong activity in the construction and



manufacturing sectors and an increase in cruise ship traffic which resulted in increased usage of road and port facilities.

Value added in the wholesale and retail trades sector increased by 6.4 per cent, surpassing the 2.8 per cent rate of growth in 2005. This performance was largely driven by an increase in demand for consumer durables and building materials, partly associated with the expansion in construction.



Among the other sectors, increases were recorded in value added for banking and insurance and communications. Value added in the banking and insurance sector increased by 4.6 per cent, slightly above the 4.4 per cent rate of growth in 2005. In the communications sector, value added increased by 3.5 per cent compared with growth of 9.2 per cent in 2005.

### Prices, Wages and Employment

The rate of inflation as measured by the change in the consumer price index was 4.8 per cent during 2006, on an end of period basis. Increases were recorded in most sub-indices. The food sub-index rose by 5.7 per cent, partly

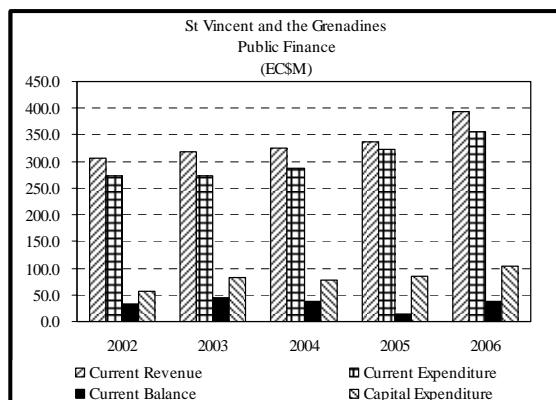
attributable to increases in prices of fish, sugar, bread, cocoa and malt beverages. The sub-indices transport and communications, and fuel and light rose by 11.5 per cent and 9.3 per cent on account of increases in the price of petrol. Of the other sub-indices increases were recorded for education (5.2 per cent) and personal services (4.6 per cent).

Public sector workers were granted a 4.5 per cent salary increase as at 1 January 2006. Data on wage and employment movements in the private sector were not available. The expansion in activity, particularly in construction and tourism, may have led to an increase in private sector employment.

### Central Government Fiscal Operations

The fiscal transactions of the central government resulted in an overall deficit of \$52.0m (3.9 per cent of GDP) in 2006, exceeding the deficit of \$50.5m (4.3 per cent of GDP) recorded in 2005, on account of increased capital spending. The deficit was financed mainly from domestic sources. Capital expenditure expanded by 21.7 per cent to \$103.6m (7.9 per cent of GDP), associated with infrastructure development including the sports stadium, the jet port at Canouan, a correctional facility and road improvement projects. A current account surplus of \$37.8m (2.9 per cent of GDP) was recorded compared with one of \$14.2m (1.2 per cent of GDP) in 2005. The larger surplus was influenced by growth in current revenue, which outpaced the increase in current expenditure. The deficit on the primary balance fell to \$8.8m from \$15.5m in 2005.





Current revenue increased by 17.0 per cent to \$393.3m (29.9 per cent of GDP), following growth of 3.4 per cent in 2005. This performance was underpinned by tax revenue growth of 17.7 per cent, partly associated with vibrant economic activity and the collection of arrears. The yield from taxes on domestic goods and services increased by 35.1 per cent, mainly attributable to additional receipts from stamp duty (82.3 per cent) and the consumption tax (11.4 per cent). The expansion in stamp duty collections was due to payments from a local company for the sale of lands, while the increased yield from consumption tax reflected payments of arrears by two manufacturing companies. Collections from taxes on international trade and transactions grew by 13.9 per cent, mirroring increases in receipts from consumption tax (17.7 per cent), the customs service charge (17.0 per cent) and import duties (4.0 per cent). This outcome was attributable to an increase in the value of imports, improvements in administrative efficiency and measures implemented to reduce discretionary tax concessions. Receipts from taxes on income and profits were 10.1 per cent above the level in 2005, reflecting larger collections from personal income

tax. Non-tax revenue rose by 9.7 per cent to \$31.6m, mainly on account of increased receipts from the alien landholding licence.

Current expenditure grew by 10.4 per cent to \$355.4m (27.0 per cent of GDP), broadly in line with the budgeted amount of \$356.2m in 2006. Expenditure on personal emoluments increased by 7.8 per cent, partly attributed to the enhanced compensation packages offered to public sector workers in 2006. Outlays on transfers and subsidies rose by 16.7 per cent, mainly on account of increases in grants and pension contributions. Interest payments were 23.5 per cent above the level in 2005, reflecting an increase in outstanding debt associated with bond and treasury bill issues. Additional spending on utilities and supplies and materials contributed to a 5.0 per cent increase to \$75.8m in expenditure on goods and services.

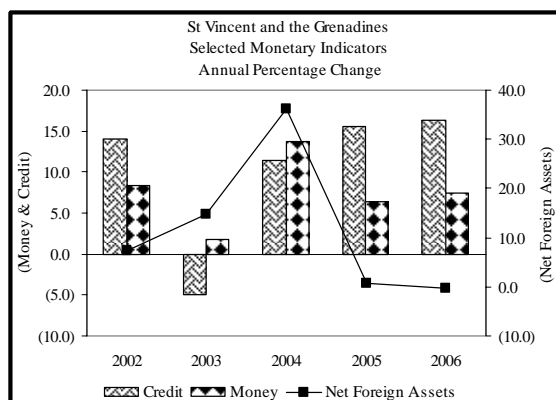
### Public Sector Debt

Based on preliminary data, the total outstanding debt of the public sector stood at \$1,052.0m (79.9 per cent of GDP) at the end of 2006, representing a 6.0 per cent increase on the amount at the end of 2005. The outstanding stock of central government debt rose by 4.6 per cent to \$889.3m (67.5 per cent of GDP), largely reflecting an increase in domestic debt as government issued bonds and treasury bills to finance the public sector investment programme. The outstanding debt of the statutory bodies also increased, by 14.2 per cent (\$20.3m), largely associated with financing for a new power plant project.



## Money and Credit

Broad money (M2) expanded by 7.5 per cent to \$939.8m during 2006, partly as a result of increased economic activity and inflows of foreign direct investment. Growth was recorded for both narrow money (M1) and quasi-money. M1 rose by 5.1 per cent, reflecting increases in currency held with the public (8.1 per cent) and private sector demand deposits (4.2 per cent). Quasi money grew by 9.0 per cent, as private sector savings deposits rose by 10.8 per cent and foreign currency deposits more than doubled. The increase in foreign currency deposits partly reflected funds from the liquidation of an offshore bank.



The counterpart to the expansion in M2 was an increase of 16.3 per cent to \$760.3m in domestic credit, reflecting in part growth in private sector borrowing. Outstanding credit to the private sector rose by 14.3 per cent, mirroring increases in loans to both businesses (27.9 per cent) and households (8.0 per cent). The net indebtedness of the central government fell by 7.7 per cent to \$68.7m, reflecting an increase in deposits that more than offset an expansion in commercial bank credit.

The net deposits of the non-bank financial institutions and the non-financial public enterprises also contracted, on account of a reduction in their deposits.

The distribution of credit by economic activity shows that credit for the manufacturing, mining and quarrying sectors more than doubled and loans for construction rose by 64.0 per cent, reflecting the increased activity in those sectors. Outstanding loans for personal use increased by 10.0 per cent, reflecting growth in credit for the purchase of durable goods (21.9 per cent), house and land purchases (16.0 per cent) and home construction and renovation (3.2 per cent). Credit for agriculture, including fisheries, fell by 2.5 per cent.

The net foreign assets of the banking system decreased by 0.3 per cent to \$428.4m, in contrast to growth of 0.7 per cent during 2005. The decrease was the result of a 10.7 per cent decline in the net foreign assets of commercial banks, as banks reduced their assets held with institutions outside the currency union to finance the increased demand for credit. St Vincent and the Grenadines' imputed share of the reserves held by the ECCB rose by 13.0 per cent to \$210.4m.

Liquidity in the commercial banking system fell during 2006, but remained at a high level. The ratio of liquid assets to total deposits plus liquid liabilities fell to 43.1 per cent from 44.0 per cent in 2005. The loans and advances to deposits ratio increased by 5.6 percentage points to 78.5 per cent. Commercial banks' weighted average interest rate on deposits fell by 0.2 percentage



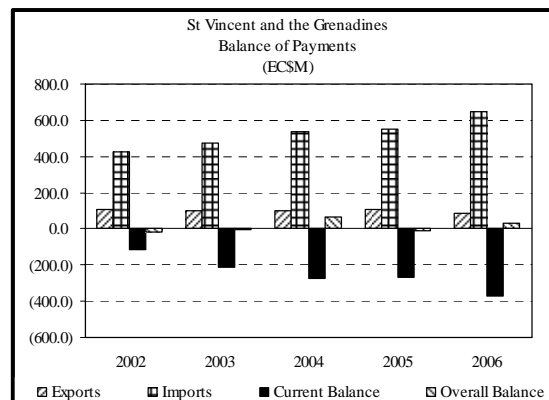
point to 2.8 per cent and that on loans remained stable at 9.9 per cent. As a result the spread between interest rates on loans and deposits rose to 7.1 per cent from 6.9 per cent in 2005.

### Balance of Payments

An overall balance of payments surplus of \$32.7m (2.5 per cent of GDP) was recorded in 2006 in contrast to a deficit of \$7.8m (0.7 per cent of GDP) in 2005. This outcome was influenced by larger net inflows on the capital and financial account, which more than offset a widening of the current account deficit. Net inflows on the capital and financial account rose by 55.0 per cent to \$405.7m on account of increased inflows of direct investment. Net inflows of foreign direct investment more than doubled to \$227.9m, partly associated with the start of construction of a resort at Buccament and ongoing work on the Canouan Development Project. Commercial bank transactions resulted in a net inflow of \$26.2m in short term capital in contrast to a net outflow of \$17.6m in 2005, as commercial banks drew down on their assets abroad to meet the increased demand for credit.

The current account deficit rose to \$373.1m (28.3 per cent of GDP) from \$269.5m (23.2 per cent of GDP) in 2005, mainly associated with developments in the merchandise trade account. A 17.8 per cent increase to \$644.6m in import payments was partly responsible for a widening in the merchandise trade deficit to \$557.0m (42.3 per cent of GDP) from \$442.9m (38.1 per cent of GDP) in 2005. Growth in import payments was mainly attributable to increases in oil prices and

the expansion in economic activity. Earnings from domestic exports fell, reflecting a decrease in banana receipts on account of a decline in the volume exported. Increases were recorded in export receipts from galvanised sheeting, flour, rice and feed, attributable to a higher level of demand.



Net inflows on the services account rose by 7.2 per cent to \$213.5m. This performance was largely on account of an increase in gross receipts from travel, reflecting growth in visitor arrivals. On the income account, net outflows increased by 14.9 per cent to \$95.1m, primarily influenced by larger outflows of investment income, mainly official debt service payments.

### Prospects

Real GDP is projected to expand in 2007 based primarily on developments in construction, manufacturing, agriculture and tourism. New and ongoing private and public sector construction projects are expected to contribute to the expansion in construction. Public sector projects will focus on upgrading roads and building an airport and schools. Private sector projects will



focus on tourism related projects including ongoing work on the Buccament resort which is scheduled to be completed in 2007 and the start of the Isle De Quatre Development Project.

Growth in manufacturing output is expected, partly based on an increase in demand and the opening of a cassava factory in late 2006. Activity in the tourism sector is expected to remain buoyant. Stay-over arrivals are projected to grow based on additions to hotel capacity and a new regional marketing thrust expected to get underway during the year. Cruise ship passenger arrivals will likely increase, based on the schedule for cruise ship calls in 2007.

The central government's overall deficit is expected to widen due to an increase in capital expenditure associated with infrastructure development. Debt service payments are projected to increase based on the issuance of treasury bills and bonds to finance capital expenditure. Growth in current revenue is projected, as the economy expands and new tax measures are implemented. A value-added tax and an excise tax are among the tax measures introduced in the 2007 budget

address. The effects of those measures will be tempered, however, by reductions in the rates on income and corporation taxes.

Monetary liabilities and domestic credit are expected to increase as economic activity expands. In the external sector, the merchandise trade deficit is projected to widen as a result of an increase in import payments associated with the expansion in economic activity. Domestic export receipts will be influenced by developments in the agricultural and manufacturing sectors. Larger inflows from travel are likely based on an increase in visitor arrivals.

These projections are contingent on developments in the international economy, particularly the economies of the major trading partners. World economic growth prospects are favourable, despite a likely slowdown in the US economy. However, further increases in international oil prices and unfavourable weather could have an adverse effect on the prospects, particularly for the construction and agricultural sectors and the tourism industry.



## 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**

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<i>(annual percentage change unless otherwise stated)</i>					
<b>National Income and Prices</b>					
Nominal GDP at basic prices	1.3	4.3	6.2	8.5	9.3
Real GDP at basic prices	0.7	2.9	4.1	5.8	7.1
GDP Deflator	0.6	1.3	2.0	2.6	2.1
Consumer Prices (end of period)	0.8	1.7	2.7	4.6	1.4
Consumer Prices (period average)	0.9	1.5	2.1	3.5	2.8
<b>Real GDP at Factor Cost by Selected Sectors</b>					
Agriculture	6.8	(5.2)	(0.0)	(11.7)	10.8
Manufacturing	(0.2)	0.2	0.5	6.1	3.4
Mining and Quarrying	(1.5)	6.7	(6.2)	16.4	37.7
Electricity and Water	1.9	2.9	2.8	5.7	5.7
Construction	(2.5)	3.8	4.9	20.4	15.5
Wholesale and Retail	(0.3)	5.3	2.0	8.4	7.4
Hotels and Restaurants	(0.5)	12.5	6.6	0.2	6.1
Transportation	(1.0)	7.3	12.2	3.7	6.1
Communications	(0.3)	(1.8)	3.8	11.9	3.3
Banks and Insurance	3.9	2.4	8.4	4.8	7.0
Real Estate and Housing	2.3	2.9	1.9	3.7	3.3
Government Services	3.3	0.8	3.4	3.0	4.1
Other Services	0.9	2.8	0.7	3.6	3.3
<i>(as a percentage of GDP)</i>					
<b>External Sector</b>					
Current Account Balance	(19.5)	(22.1)	(14.3)	(19.4)	(23.8)
Overall Balance	2.1	1.5	3.3	(0.4)	2.3
Merchandise Trade Balance	34.2	39.2	37.5	40.6	41.9
<b>Central Government</b>					
Current Account Balance	(2.2)	(0.9)	(0.7)	0.7	1.8
Current Revenue	25.6	25.9	26.5	26.7	28.0
Current Expenditure	27.8	26.8	27.2	26.0	26.2
Capital Expenditure and Net Lending	9.8	7.6	6.9	7.9	9.7
Overall Fiscal Balance	(8.9)	(5.0)	(3.6)	(2.9)*	(4.2)
Total Public Sector Debt (end of period)	102.9	107.4	117.9	106.9	103.5
<i>(per cent per annum)</i>					
<b>Monetary Sector</b>					
Weighted Average Deposit Interest Rate	3.8	4.8	3.2	3.2	3.3
Weighted Average Lending Interest Rate	11.3	13.2	10.4	10.2	9.9
<i>(in millions of EC dollars, unless otherwise stated)</i>					
<b>Memo</b>					
Nominal GDP at basic prices	6,672.5	6,956.4	7,388.1	8,013.6	8,758.2
Real GDP at basic prices	5,021.1	5,167.0	5,378.8	5,688.8	6,090.1
Nominal GDP at market prices	7,958.6	8,388.5	8,997.7	9,795.4	10,734.8
GDP per capita (EC\$)	11,457	11,933	12,527	13,422	14,502
Merchandise Imports (f.o.b)	3,419.3	3,994.0	4,105.5	4,728.8	5,198.3
Merchandise Exports (f.o.b)	698.3	703.4	731.1	752.4	703.7
Gross Visitor Expenditure	2,253.1	2,624.7	2,925.3	3,069.7	3,221.6

Source: Statistics Department and ECCB

\* Excluding Antigua and Barbuda's debt forgiveness

Data available at 02 March 2007



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005	2006
<b>Current Revenue</b>	2,038.1	2,171.6	2,385.6	2,615.5	3,006.8
Tax Revenue	1,753.2	1,890.8	2,107.9	2,355.4	2,704.4
Taxes on Income and Profit <sup>/1</sup>	415.0	418.9	418.9	516.2	581.4
of which:					
Personal <sup>/2</sup>	150.5	148.7	161.0	180.4	203.1
Company	230.5	229.6	215.4	277.3	294.8
Taxes on Property	43.8	43.2	45.2	46.2	59.5
Taxes on Domestic Goods and Services	349.8	379.6	475.9	497.3	689.0
of which:					
Accommodation Tax	62.8	66.6	89.4	98.1	106.6
Licences <sup>/3</sup>	54.9	58.1	77.9	67.4	85.9
Sales Tax <sup>/4</sup>	17.5	23.8	32.6	37.7	10.7
Consumption Tax <sup>/5</sup>	42.1	46.8	45.9	46.9	52.0
Taxes on International Trade and Transactions	944.7	1,049.1	1,167.9	1,295.7	1,374.5
of which:					
Consumption Tax <sup>/7</sup>	459.3	482.3	521.1	547.5	532.3
Import Duties	250.2	288.3	310.0	367.4	402.4
Foreign Exchange Tax <sup>/6</sup>	8.4	11.4	12.7	3.3	2.4
Customs Service Charge <sup>/8</sup>	146.7	172.0	193.0	231.9	260.9
Non-Tax Revenue	284.9	280.8	277.7	260.1	302.5
<b>Current Expenditure</b>	2,215.9	2,246.9	2,450.5	2,544.3	2,814.3
Personal Emoluments	1,044.5	1,067.3	1,101.9	1,128.0	1,209.8
Goods and Services	496.6	453.4	516.6	566.5	618.6
Interest Payments	324.9	342.4	397.0	348.6	395.2
Domestic	157.5	137.5	131.0	144.8	175.3
External	167.4	204.8	266.0	203.7	219.9
Transfers and Subsidies	350.0	383.8	435.0	501.2	590.6
Pensions	127.8	133.8	152.5	164.9	178.4
<b>Current Account Balance (before grants)</b>	(177.8)	(75.3)	(64.9)	71.2	192.5
<b>Capital Revenue</b>	36.5	33.7	35.3	43.4	19.2
<b>Grants</b>	212.0	258.8	283.5	327.3	380.0
Current Grants	45.5	64.8	135.9	132.9	72.1
Capital Grants	166.6	194.0	147.5	194.3	307.8
Debt Forgiveness			42.2	547.3	-
<b>Capital Expenditure and Net Lending</b>	782.4	638.6	622.0	772.1	1,040.6
Capital Expenditure	737.1	633.7	594.5	779.9	1,040.0
<b>Primary Balance</b>	(386.83)	(79.05)	71.13	565.60	(53.57)
Overall Balance (before grants)	(923.75)	(680.22)	(651.57)	(657.46)	(828.77)
<b>Overall Balance (after grants)</b>	(711.7)	(421.4)	(325.8)	217.1	(448.8)
Excluding Antigua and Barbuda's Debt Forgiveness			(342.0)	(288.1)	(448.8)
<b>Financing</b>	711.7	421.4	325.8	(217.1)	448.8
Domestic	(190.6)	(145.5)	(52.4)	52.7	297.1
ECCB (net)	(31.8)	20.0	(62.8)	6.2	(37.2)
Commercial Banks (net)	21.1	(141.3)	13.5	152.1	24.3
Other	(179.9)	(24.1)	(3.2)	(105.6)	310.0
External	752.2	449.7	252.4	(211.7)	59.2
Net Disbursements/(Amortisation)	751.9	543.6	274.6	(185.4)	53.9
Disbursement	899.0	734.9	568.9	489.2	299.6
Amortisation	(147.1)	(191.3)	(294.3)	(674.5)	(245.7)
Change in Govt. Foreign Assets	0.3	(93.9)	(22.2)	(26.4)	5.3
Arrears	150.0	117.1	125.9	(58.0)	92.5
Domestic	82.1	44.7	15.1	0.5	0.6
External	68.0	72.4	110.8	(58.5)	91.9

SOURCE: Statistics Department, OECS and ECCB

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

/3 Excludes St Vincent and the Grenadines

/5 For all territories except Anguilla, Antigua and Barbuda, Montserrat and Kitts and Nevis

/7 For all territories except Anguilla

Data available at 09 March 2007

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

/4 Dominica is the only territory with a Sales tax

/6 Only includes Anguilla and Montserrat

/8 For all territories except Anguilla



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Net Foreign Assets</b>	1,814.1	2,362.2	2,882.8	3,000.6	3,327.1
Central Bank (net)	1,355.1	1,449.1	1,702.9	1,611.7	1,871.9
Foreign Assets	1,362.9	1,457.7	1,707.5	1,622.2	1,879.1
Foreign Liabilities	7.8	8.5	4.6	10.5	7.2
Commercial Banks (net)	459.0	913.1	1,179.9	1,388.9	1,455.2
Assets	2,016.9	2,500.9	3,062.3	3,490.2	3,938.9
Liabilities	1,557.9	1,587.8	1,882.4	2,101.3	2,483.7
<b>Net Domestic Assets</b>	4,922.9	5,017.5	5,484.8	6,055.0	6,778.0
<b>Domestic Credit</b>	5,895.0	5,858.1	6,340.7	7,266.2	8,467.3
Central Government (net)	643.7	522.4	473.1	631.4	618.5
Other Public Sector (net)	(731.9)	(747.3)	(677.0)	(663.0)	(787.0)
Non-Bank Financial Institutions (net)	(252.5)	(264.0)	(202.5)	(187.4)	(172.5)
Subsidiaries and Affiliates (net)	101.6	115.4	135.9	114.1	111.4
Private Sector	6,134.1	6,231.6	6,611.2	7,371.1	8,697.0
<b>Other Items (net)</b>	(972.2)	(840.6)	(855.9)	(1,211.1)	(1,689.2)
<b>Money Supply (M2)</b>	6,737.0	7,379.7	8,367.6	9,055.6	10,105.1
Money Supply (M1)	1,321.7	1,508.1	1,896.0	2,086.7	2,258.9
Currency	395.7	429.6	486.1	521.4	586.0
Demand Deposits	925.9	1,078.5	1,409.9	1,565.3	1,672.9
Quasi Money	5,415.3	5,871.6	6,471.6	6,968.9	7,846.2
Savings Deposits	2,827.2	3,106.1	3,601.6	3,913.5	4,337.7
Time Deposits	1,669.5	1,787.4	1,688.7	1,647.5	1,746.7
Foreign Currency Deposits	918.7	978.1	1,181.3	1,407.9	1,761.8

Source: ECCB

Data available at 02 March 2007

**Table 4**  
**ECCU**  
**Selected Tourism Statistics**

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
Total Visitors	2,325,805	2,510,026	3,244,946	3,036,046	3,090,677
Of which:					
Stay-Over Visitors	862,341	947,473	1,042,526	1,064,921	1,096,879
Visitor Arrivals by Air	842,027	925,738	1,020,356	1,043,195	1,075,153
USA	282,840	296,034	350,294	372,313	394,193
Canada	40,939	42,602	44,927	49,340	52,805
UK	192,378	223,488	242,737	229,763	225,349
Caribbean	246,524	274,989	289,697	288,373	302,821
Other Countries	79,346	88,625	92,701	103,406	99,985
Visitor Arrivals by Sea	20,314	21,735	22,170	21,726	21,726
Excursionists	109,161	113,892	115,100	111,414	116,622
Cruise Ship Passengers	1,208,885	1,313,210	1,949,929	1,723,084	1,728,243
Yacht Passengers	145,418	135,451	137,391	136,627	148,933
Number of Cruise Ship Calls	1,400	1,558	1,842	1,501	1,676
<b>Total Visitor Expenditure (EC\$M)</b>	<b>2,253.15</b>	<b>2,624.50</b>	<b>2,925.29</b>	<b>3,069.59</b>	<b>3,221.62</b>

SOURCE: Central Statistics Offices, OECS and ECCB

Data available as at 02 March 2007

**Notes:**

Excursionists include sea arrivals for Saint Lucia and exclude Antigua and Barbuda  
Cruise ship passengers exclude Anguilla but include excursionists for Antigua and Barbuda  
Cruise ship calls exclude Anguilla  
Yacht passengers include St Kitts and Nevis and St Vincent and the Grenadines



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Current Account</b>	(1,549.2)	(1,853.6)	(1,283.0)	(1,943.5)	(2,554.0)
Goods and Services	(1,224.0)	(1,551.1)	(1,155.2)	(1,760.6)	(2,288.2)
Goods	(2,643.7)	(3,189.7)	(3,219.3)	(3,772.6)	(4,275.6)
Merchandise	(2,721.0)	(3,290.5)	(3,374.4)	(3,976.4)	(4,494.6)
Repair on goods	0.1	0.1	0.4	0.4	0.4
Goods procured in ports by carriers	77.1	100.8	154.7	203.4	218.7
Services	1,419.8	1,638.6	2,064.0	2,012.0	1,987.4
Transportation	(273.8)	(374.2)	(375.0)	(440.9)	(481.2)
Travel	1,951.6	2,302.2	2,582.0	2,702.4	2,812.6
Insurance Services	(123.3)	(144.7)	(17.9)	(126.1)	(180.7)
Other Business Services	(81.6)	(83.4)	(56.8)	(67.4)	(109.6)
Government Services	(53.2)	(61.2)	(68.3)	(55.9)	(53.7)
Income	(589.8)	(651.3)	(722.0)	(670.9)	(678.0)
Compensation of Employees	5.9	9.5	23.4	23.4	32.9
Investment Income	(595.7)	(660.8)	(745.4)	(694.3)	(710.9)
Current Transfers	264.6	348.7	594.2	488.0	412.2
General Government	55.7	123.0	187.1	144.6	139.0
Other Sectors	208.9	225.7	407.1	343.4	273.1
<b>Capital and Financial Account</b>	1,714.5	1,977.3	1,578.7	1,899.9	2,802.0
Capital Account	356.2	354.2	366.5	926.3	516.7
Capital Transfers	355.7	353.7	366.5	926.3	516.7
Acquisition and Disposal of Non-Produced, Non-Financial Assets	0.5	0.5	-	-	-
Financial Account	1,358.2	1,623.2	1,212.2	973.6	2,285.3
Direct Investment	918.3	1,500.2	1,212.2	1,449.5	2,294.7
Portfolio Investment	447.2	407.6	195.7	78.8	44.9
Other Investments	(7.3)	(284.6)	(195.8)	(554.7)	(54.2)
Public Sector Long Term	106.7	74.1	0.0	(378.2)	75.9
Other Public Sector Capital	1.5	-	-	14.1	-
Commercial Banks	(208.6)	(454.1)	(266.8)	(209.0)	(66.3)
Other Assets	(100.2)	(161.7)	(256.5)	(340.1)	(201.7)
Other Liabilities*	193.3	257.2	327.5	358.5	137.8
<b>Overall Balance</b>	165.3	123.7	295.8	(43.7)	248.0
<b>Financing</b>	(165.3)	(123.7)	(295.8)	43.7	(248.0)
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	(20.5)	1.2	(33.3)	(32.9)	5.4
Change in ECCU's Net Foreign Assets <sup>#</sup>	(144.8)	(124.9)	(262.4)	76.6	(253.4)

Source: ECCB

\* includes errors and omissions

# adjusted for valuation changes

Data available at 09 March 2007



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

Country	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
Anguilla	61.7	64.2	94.9	115.0	114.0
Antigua and Barbuda	2,656.9	2,829.4	3,500.6	2,911.1	3,048.3
Dominica	907.3	930.7	918.3	951.2	945.9
Grenada	1,260.2	1,352.7	1,573.3	1,600.6	1,680.9
Montserrat	19.8	15.2	13.2	12.7	12.0
St Kitts and Nevis	1,504.2	1,731.7	2,065.5	2,275.8	2,433.1
Saint Lucia	1,061.3	1,267.4	1,484.2	1,615.7	1,822.8
St Vincent and the Grenadines	719.0	816.4	955.8	992.2	1,052.0
<b>TOTAL ECCU</b>	<b>8,190.4</b>	<b>9,007.7</b>	<b>10,605.8</b>	<b>10,474.3</b>	<b>11,109.0</b>

Source: ECCB

\* Includes arrears of principal

Data available at 02 March 2007

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

Country	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
Anguilla	31.8	37.5	69.7	92.0	96.9
Antigua and Barbuda	2,493.1	2,665.2	3,288.2	2,715.4	2,871.9
Dominica	725.1	745.3	694.3	774.4	775.9
Grenada	939.2	1,040.0	1,234.0	1,380.9	1,451.3
Montserrat	10.8	5.9	4.6	4.2	4.2
St Kitts and Nevis	1,028.6	1,169.9	1,243.1	1,364.0	1,443.5
Saint Lucia	777.5	958.9	1,186.3	1,296.3	1,444.2
St Vincent and the Grenadines	655.2	728.0	836.1	849.8	889.3
<b>TOTAL ECCU</b>	<b>6,661.3</b>	<b>7,350.7</b>	<b>8,556.3</b>	<b>8,477.0</b>	<b>8,977.2</b>

Source: ECCB

Data available at 02 March 2007

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

Country	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
Anguilla	4.2	6.8	8.6	5.2	26.9
Antigua and Barbuda	167.8	136.0	197.0	550.2	246.6
Dominica	56.8	56.1	54.3	37.4	55.8
Grenada	89.3	103.0	138.7	62.6	45.7
Montserrat	2.3	1.8	1.4	0.3	1.3
St Kitts and Nevis	102.3	123.4	132.1	158.2	206.9
Saint Lucia	70.2	83.2	158.5	130.1	128.2
St Vincent and the Grenadines	46.2	97.0	142.0	164.9	83.0
<b>TOTAL ECCU</b>	<b>539.1</b>	<b>607.3</b>	<b>832.6</b>	<b>1,108.9</b>	<b>794.4</b>

Source: ECCB

\*Excluding Antigua and Barbuda's Debt Forgiveness

Data available at 02 March 2007



**Table 9**  
**Participation on the RGSM**

	2002	2003	2004	2005	2006
<b>Treasury Bills</b>					
Number of Auctions	-	11	13	16	25
Issue Amount (EC\$M)	-	184.0	228.0	294.0	450.0
Subscriptions (EC\$M)	-	287.0	417.9	563.1	499.3
of which:					
Banks	-	231.1	348.8	439.3	226.2
Social Security	-	16.0	17.9	16.7	6.0
<b>Bonds</b>					
Number of Auctions	1	-	5	2	5
Issue Amount (EC\$M)	75.0	-	187.0	75.0	215.2
Subscriptions (EC\$M)	75.0	-	277.2	75.0	215.2
of which:					
Banks	52.2	-	120.7	59.5	24.9
Social Security	9.7	-	49.3	-	4.0

Source: ECCB

Data available at March 2007

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

	2004	2005	2006
91-day Treasury Bill	4.68	4.74	5.94
365-day Treasury Bill	5.26	4.97	5.82
5-year Bonds	5.79	5.50	8.25
6-year Bonds	6.00	-	-
7-year Bonds	-	-	8.00
10-year Bonds	7.00	6.50	7.24

Source: ECCB

Data available at March 2007



**Table 11**  
**Anguilla - Selected Economic Indicators**

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<i>(annual percentage change unless otherwise stated)</i>					
<b>National Income and Prices</b>					
Nominal GDP at basic prices	0.9	4.3	21.3	14.9	16.5
Real GDP at basic prices	(3.1)	2.9	16.4	10.9	12.5
GDP Deflator	4.1	1.4	4.1	3.6	3.6
Consumer Prices (end of period)	(1.4)	6.9	5.1	3.2	10.7
Consumer Prices (period average)	0.5	3.2	4.4	4.6	8.4
<b>Real GDP at Factor Cost by Selected Sectors</b>					
Agriculture	15.1	1.5	7.1	2.0	2.5
Manufacturing	1.2	9.6	(24.7)	142.5	6.6
Electricity and Water	9.2	3.9	6.7	15.3	12.1
Construction	(8.4)	3.2	38.4	12.4	8.1
Wholesale and Retail Trade	(10.8)	5.9	4.4	10.0	14.5
Hotels and Restaurants	(8.3)	6.7	15.1	15.0	20.9
Transport	(4.7)	2.9	18.6	9.0	16.1
Communications	7.5	(9.7)	23.7	13.0	5.0
Banks and Insurance	(10.5)	6.3	25.8	3.4	6.0
Real Estate and Housing	3.1	2.4	1.8	2.0	3.0
Government Services	3.2	4.6	5.9	1.0	12.5
Other Services	2.5	25.5	(7.3)	3.0	2.0
<i>(as a percentage of GDP)</i>					
<b>External Sector</b>					
Current Account Balance	(31.7)	(37.4)	(32.0)	(31.7)	(40.8)
Overall Balance	1.8	6.0	0.7	3.2	1.0
Merchandise Trade Balance	(50.5)	(53.8)	(56.6)	(59.3)	(71.2)
<b>Central Government</b>					
Current Account Balance	1.0	0.8	5.8	4.6	6.6
Current Revenue	27.5	26.9	29.2	28.0	33.3
Current Expenditure	26.5	26.1	23.3	23.3	26.7
Capital Expenditure and Net Lending	1.1	4.0	10.4	9.0	7.9
Overall Fiscal Balance	0.6	2.8	(4.1)	(3.4)	1.4
Total Public Sector Debt (end of period)	20.2	20.2	23.6	25.4	20.9
<i>(per cent per annum)</i>					
<b>Monetary Sector</b>					
Weighted Average Deposit Interest Rate	3.2	3.9	5.4	3.7	3.7
Weighted Average Lending Interest Rate	10.3	10.6	10.7	10.1	9.9
<i>(in millions of EC dollars, unless otherwise stated)</i>					
<b>Memo</b>					
Nominal GDP at basic prices	242.0	252.4	306.1	351.6	409.4
Real GDP at basic prices	184.9	190.2	221.4	245.6	276.2
Nominal GDP at market prices	305.3	317.8	402.4	453.4	544.7
GDP per Capita (EC\$)	20,300	20,691	24,444	25,778	29,489
Merchandise Imports (f.o.b)	166.1	182.4	243.4	308.5	415.6
Merchandise Exports (f.o.b)	11.8	11.5	15.5	39.8	28.0
Gross Visitor Expenditure	153.6	162.7	186.2	232.3	271.6

Source: Statistics Department and ECCB

\*ECCB Estimates

Data available at 02 March 2007



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

	2002	2003	2004	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Current Revenue</b>	83.9	85.4	117.4	126.8	181.2
Tax Revenue	63.8	65.9	96.9	102.4	153.6
Taxes on Income and Profit	-	-	-	-	-
of Which:					
Taxes on Property	0.5	0.6	0.6	0.5	0.6
Taxes on Domestic Goods and Services	29.0	28.1	48.8	43.9	78.7
of Which:					
Stamp Duties	8.8	6.9	21.9	17.4	45.6
Accommodation Tax	9.2	9.1	12.0	12.6	14.7
Bank Deposit Levy	2.5	3.5	4.9	4.1	4.9
Taxes on International Trade and Transactions	34.4	37.2	47.5	58.0	74.3
of Which:					
Import Duty	29.8	30.2	38.7	48.5	62.5
Embarkation Tax	2.8	3.4	3.3	3.6	4.1
Non-tax Revenue	20.1	19.5	20.5	24.4	27.6
<b>Current Expenditure</b>	81.0	83.0	93.9	105.9	145.2
Personal Emoluments	41.1	42.4	36.3	40.8	49.1
Goods and Services	33.8	33.7	34.6	35.3	52.2
Interest Payments	3.4	3.5	3.2	4.7	6.3
Domestic	2.8	2.6	2.3	4.0	5.5
External	0.6	0.9	0.9	0.7	0.9
Transfers and Subsidies	2.8	3.4	19.8	25.1	37.6
of Which: Pensions	1.6	1.7	1.8	2.0	2.6
<b>Current Account Balance</b>	3.0	2.5	23.5	21.0	36.0
Capital Revenue	-	16.5	-	0.0	-
Capital Grants	2.0	2.7	1.5	4.4	14.8
<b>Capital Expenditure and Net Lending</b>	3.3	12.6	41.7	40.9	43.2
of which: Capital Expenditure	3.3	12.6	41.7	40.9	43.2
<b>Primary Balance (after grants)</b>	5.1	12.5	(13.4)	(10.8)	13.9
Overall Balance (before grants)	(0.4)	6.4	(18.2)	(20.0)	(7.2)
<b>Overall Balance (after grants)</b>	1.7	9.1	(16.7)	(15.5)	7.6
<b>Financing</b>	(1.7)	(9.1)	16.7	15.5	(7.6)
Domestic	(1.8)	(8.8)	15.9	15.9	(7.2)
ECCB (net)	(4.4)	(0.5)	0.2	(0.1)	(0.0)
Commercial Banks (net)	3.7	(6.3)	24.1	16.7	(30.3)
Other	(1.1)	(2.0)	(8.4)	(0.7)	23.1
External	0.1	(0.3)	0.7	(0.4)	(0.4)
Net Disbursements/(Amortisation)	0.1	(0.3)	0.7	(0.4)	(0.4)
Disbursements	0.5	1.1	1.2	0.1	0.2
Amortisation	(0.4)	(1.4)	(0.5)	(0.5)	(0.6)
Change in Government Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-

Source: Ministry of Finance and ECCB  
Data available at 02 March 2007



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

	2002	2003	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Net Foreign Assets</b>	209.4	200.6	334.4	517.8	528.3
Central Bank (net)	70.8	89.9	92.5	107.2	112.9
Commercial Banks (net)	138.6	110.8	241.9	410.6	415.4
External (net)	92.0	64.6	193.7	336.8	334.4
Assets	284.7	282.3	420.0	524.6	530.3
Liabilities	192.7	217.7	226.3	187.8	195.9
Other ECCB Territories (net)	46.6	46.2	48.2	73.8	81.0
Assets	65.8	74.0	135.1	143.8	149.0
Liabilities	19.2	27.8	86.9	70.0	68.0
<b>Net Domestic Assets</b>	336.2	386.5	363.3	395.0	500.1
<b>Domestic Credit</b>	425.7	484.7	551.4	655.2	758.4
Central Government (net)	19.1	12.3	36.7	53.3	23.0
Other Public Sector (net)	(65.8)	(67.8)	(81.4)	(93.1)	(104.0)
Non-Bank Financial Institutions (net)	(11.1)	(9.2)	(7.2)	(26.2)	(14.7)
Subsidiaries and Affiliates (net)	4.3	9.0	13.4	10.1	11.5
Private Sector	479.2	540.4	589.9	711.1	842.6
<b>Other Items (net)</b>	(89.5)	(98.2)	(188.1)	(260.2)	(258.3)
Money Supply (M2)	545.6	587.1	697.7	912.8	1,028.4
Money Supply (M1)	19.5	24.5	26.1	29.8	44.7
Currency with the public	8.2	9.0	9.5	9.6	13.5
Demand Deposits	11.3	15.5	16.6	20.2	31.2
Quasi Money	526.1	562.6	671.7	882.9	983.7
Savings Deposits	50.0	51.9	60.1	69.6	81.0
Time Deposits	49.2	55.6	50.0	70.9	82.8
Foreign Currency Deposits	426.8	455.1	561.6	742.5	819.9

Source: ECCB

Data available at 02 March 2007

**Table 14**  
**Anguilla - Selected Tourism Statistics**

	2002	2003	2004	2005	2006 <sup>P</sup>
Total Visitor Arrivals	111,118	109,282	120,788	143,186	161,091
Of Which:					
Stay-Over Arrivals	43,969	46,915	53,987	62,084	72,084
USA	28,755	30,644	35,751	41,733	44,148
Canada	1,301	1,289	1,549	1,792	1,719
UK	2,529	2,962	3,198	3,834	4,258
Caribbean	7,455	7,362	7,129	8,529	15,146
Other Countries	3,929	4,658	6,360	6,196	6,813
Excursionists	67,149	62,367	66,801	81,102	89,007
<b>Total Visitor Expenditure (EC\$M)</b>	<b>153.6</b>	<b>162.7</b>	<b>186.2</b>	<b>232.3</b>	<b>271.6</b>

Source: ECCB and Statistics Department

Data available at 02 March 2007



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

	2002	2003	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Current Account</b>	(96.9)	(118.9)	(128.7)	(143.6)	(222.2)
Goods and Services	(82.0)	(103.5)	(143.4)	(152.7)	(252.0)
Goods	(154.6)	(171.0)	(227.2)	(268.1)	(387.0)
Merchandise	(154.3)	(171.0)	(227.9)	(268.7)	(387.6)
Repair on Goods	0.0	0.0	0.0	0.0	-
Goods Procured in Port by Carriers	(0.3)	(0.1)	0.6	0.6	0.6
Services	72.6	67.6	83.9	115.3	135.0
Transportation	(23.8)	(26.4)	(30.9)	(39.0)	(52.9)
Travel	131.1	138.7	161.7	205.9	239.9
Insurance Services	(2.7)	(2.7)	(4.9)	(5.6)	(7.7)
Other Business Services	(27.8)	(39.0)	(40.9)	(48.9)	(47.4)
Government Services	(4.2)	(3.1)	(1.2)	3.0	3.1
Income	(17.3)	(16.1)	2.1	6.5	16.3
Compensation of Employees	0.6	1.3	10.4	8.1	17.5
Investment Income	(17.9)	(17.4)	(8.3)	(1.5)	(1.2)
Current Transfers	2.4	0.6	12.6	2.6	13.5
General Government	6.4	10.0	19.7	9.2	24.6
Other Sectors	(4.0)	(9.4)	(7.2)	(6.6)	(11.1)
<b>Capital and Financial Account</b>	102.4	138.0	131.3	158.3	227.9
Capital Account	21.6	21.1	22.1	34.6	45.3
Capital Transfers	21.6	21.1	22.1	34.6	45.3
Acquisition and Disposal of Non-Produced Non-Financial Assets	-	-	-	-	-
Financial Account	80.7	116.9	109.2	123.7	182.6
Direct Investment	89.8	79.4	234.2	266.9	301.3
Portfolio Investment	0.0	(0.6)	3.2	1.6	1.6
Other Investments	(9.0)	38.1	(128.1)	(144.8)	(120.3)
Public Sector Long Term	(1.0)	(0.6)	0.9	(2.1)	(2.0)
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	(52.2)	27.9	(131.1)	(168.7)	(4.8)
Other Assets	(1.4)	(35.2)	(36.6)	(24.9)	(29.9)
Other Liabilities*	45.6	46.0	38.8	50.9	(83.6)
<b>Overall Balance</b>	5.4	19.1	2.6	14.7	5.7
<b>Financing</b>	(5.4)	(19.1)	(2.6)	(14.7)	(5.7)
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	-
Change in Imputed Reserves	(5.4)	(19.1)	(2.6)	(14.7)	(5.7)

Source: ECCB and Statistics Department

\* includes errors and omissions

Data available at 02 March 2007



**Table 16**  
**Antigua and Barbuda - Selected Economic Indicators**

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
	<i>(annual percentage change unless otherwise stated)</i>				
<b>National Income and Prices</b>					
Nominal GDP at basic prices	2.0	4.6	6.5	7.1	14.2
Real GDP at basic prices	2.0	4.3	5.2	5.3	11.5
GDP Deflator	(0.1)	0.3	1.2	1.7	2.4
Consumer Prices (end of period)	2.5	1.8	2.8	2.5	0.0
Consumer Prices (period average)	2.4	2.0	2.0	2.1	1.8
<b>Real GDP at Factor Cost by Selected Sectors</b>					
Agriculture	1.0	2.5	2.7	3.0	2.9
Manufacturing	3.2	7.9	(4.0)	0.9	5.0
Electricity and Water	4.1	(2.7)	6.4	6.4	5.0
Construction	3.5	6.7	2.5	19.5	35.0
Wholesale and Retail Trade	(2.8)	3.6	2.9	3.2	15.0
Hotels and Restaurants	2.1	10.2	6.8	(1.1)	4.0
Transport	(3.3)	14.7	14.6	(1.5)	10.6
Communications	0.4	1.4	3.1	8.0	5.0
Banks and Insurance	11.7	(2.3)	10.8	3.8	5.7
Real Estate and Housing	3.0	3.0	3.5	3.5	3.0
Government Services	5.7	2.9	4.6	3.0	3.5
Other Services	3.5	2.2	3.0	4.0	4.0
	<i>(as a percentage of GDP)</i>				
<b>External Sector</b>					
Current Account Balance	(11.5)	(12.9)	(8.3)	(6.7)	(16.3)
Overall Balance	1.1	3.5	0.8	0.8	1.5
Merchandise Trade Balance	39.8	43.2	42.1	39.5	42.7
<b>Central Government</b>					
Current Account Balance	(8.3)	(3.7)	(3.7)	(3.0)	(1.3)
Current Revenue	20.1	20.8	21.4	21.0	22.5
Current Expenditure	28.4	24.4	25.0	24.0	23.9
Capital Expenditure and Net Lending	5.2	3.2	2.5	4.0	7.4
Overall Fiscal Balance	(11.8)	(6.2)	(3.0)	18.0	(6.5)
	<i>(per cent per annum)</i>				
<b>Monetary Sector</b>					
Weighted Average Deposit Interest Rate	4.3	5.1	3.7	4.0	3.5
Weighted Average Lending Interest Rate	11.3	13.4	11.3	11.1	10.4
	<i>(in millions of EC dollars, unless otherwise stated)</i>				
<b>Memo</b>					
Nominal GDP at basic prices	1,651.9	1,728.4	1,840.4	1,970.5	2,250.4
Real GDP at basic prices	1,294.6	1,350.4	1,420.9	1,496.3	1,668.6
Nominal GDP at market prices	1,929.5	2,036.7	2,210.0	2,349.9	2,694.8
GDP per capita (EC\$)	21,091.9	21,664.8	22,645.5	23,801.9	26,685.6
Merchandise Imports (f.o.b)	798.8	929.8	987.6	1,023.8	1,214.0
Merchandise Exports (f.o.b)	31.2	49.4	57.8	95.1	64.4
Gross Visitor Expenditure	739.2	809.5	910.8	915.5	937.4

Source: Statistics Department and ECCB

Data available at 2 March 2007



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

	2002	2003	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Current Revenue</b>	387.6	422.8	472.3	493.7	606.5
Tax Revenue	348.0	383.2	427.2	455.0	571.4
Taxes on Income and Profit	61.4	62.6	46.4	63.8	115.7
of which:					
Personal Income	--	0.2	0.2	23.4	42.2
Company	55.6	57.0	40.5	38.1	73.1
Business Tax	1.3	0.6	0.4	0.2	0.0
Taxes on Property	7.9	11.1	10.0	10.5	11.3
Taxes on Domestic Goods and Services	70.4	83.9	96.8	100.5	120.0
of which:					
Stamp Duties	18.7	21.4	27.5	36.3	45.6
Hotel and Guest Tax	20.7	22.2	33.9	33.5	39.9
Telecommunications Tax	8.7	8.3	8.6	9.8	8.2
Taxes on International Trade and Transactions	208.3	225.6	274.0	280.2	324.4
of which:					
Import Duty	54.6	57.0	60.5	71.2	82.3
Consumption Tax	81.0	85.7	100.0	103.3	123.2
Customs Service Charge	48.8	52.8	58.8	65.7	79.5
Foreign Currency Levy	6.6	9.3	10.5	1.4	-
Non-Tax Revenue	39.6	39.7	45.1	38.6	35.1
<b>Current Expenditure</b>	547.5	497.4	553.0	563.3	642.8
Personal Emoluments	236.8	250.2	251.1	252.8	266.8
Goods and Services	153.1	95.9	109.9	111.0	119.1
Interest Payments	94.8	77.5	109.1	89.3	98.1
Domestic	49.7	32.7	37.8	33.9	37.3
External	45.1	44.8	71.3	55.4	60.8
Transfers and Subsidies	62.8	73.9	83.0	110.2	158.7
of Which: Pensions	22.6	31.2	32.7	38.2	42.0
<b>Current Account Balance</b>	(159.8)	(74.6)	(80.7)	(69.6)	(36.3)
Capital Revenue	3.4	3.0	22.1	18.0	5.0
Grants	28.6	11.2	48.5	568.7	55.0
of which: Capital Grants	28.6	11.2	6.3	21.4	55.0
Debt Forgiveness	--	--	42.2	547.3	--
<b>Capital Expenditure and Net Lending</b>	99.7	65.5	55.2	94.2	200.1
of which: Capital Expenditure	99.7	65.5	55.2	94.2	200.1
<b>Primary Balance (after grants)</b>	(132.7)	(48.4)	43.8	512.1	(78.2)
Overall Balance (before grants)	(256.2)	(137.0)	(113.8)	(145.8)	(231.3)
<b>Overall Balance (after grants)</b>	(227.6)	(125.8)	(65.3)	422.9	(176.3)
<b>Financing</b>	227.6	125.8	65.3	(422.9)	176.3
Domestic	17.6	(8.3)	(10.9)	44.1	105.4
ECCB (net)	(8.4)	0.2	(5.7)	1.2	(1.6)
Commercial Banks (net)	13.3	(1.6)	(19.4)	(7.1)	(64.4)
Other	12.7	(6.9)	14.2	50.0	171.5
External	37.1	31.4	(9.1)	(397.2)	(16.8)
Net Disbursements/(Amortisation)	36.6	31.5	(9.0)	(397.1)	(17.0)
Data Disbursements	59.5	57.0	30.1	22.4	3.2
Amortisation	(22.9)	(25.5)	(39.1)	(419.5)	(20.2)
Change in Govt. Foreign Assets	0.5	(0.1)	(0.1)	(0.1)	0.1
Arrears	172.9	102.7	85.4	(69.7)	87.8
Domestic	99.0	40.0	8.0	13.2	7.9
External	73.9	62.7	77.4	(83.0)	79.9

Source: Ministry of Finance, Treasury Department and ECCB Estimates  
Data available at 2 March 2007



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

	2002	2003	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Net Foreign Assets</b>	328.8	668.0	641.8	710.5	926.2
Central Bank (net)	236.6	307.1	324.3	343.7	385.1
Commercial Banks (net)	92.2	360.8	317.5	366.8	541.2
External (net)	243.5	320.5	422.7	612.8	771.4
Assets	515.8	609.7	727.2	1,026.1	1,225.0
Liabilities	272.4	289.1	304.6	413.3	453.6
Other ECCB Territories (net)	(151.2)	40.3	(105.1)	(246.0)	(230.2)
Assets	140.5	192.9	198.3	507.6	544.3
Liabilities	291.7	152.6	303.5	753.6	774.6
<b>Net Domestic Assets</b>	1,216.3	1,203.1	1,401.1	1,473.5	1,549.3
<b>Domestic Credit</b>	1,420.1	1,499.3	1,558.4	1,675.7	1,897.4
Central Government (net)	294.1	292.7	267.6	261.7	195.6
Other Public Sector (net)	(214.4)	(167.2)	(162.5)	(180.4)	(227.0)
Non-Bank Financial Institutions (net)	(82.9)	(70.1)	(14.3)	(35.5)	(36.9)
Subsidiaries and Affiliates (net)	(33.8)	(47.8)	(40.5)	(35.8)	(39.8)
Private Sector	1,457.0	1,491.6	1,508.1	1,665.6	2,005.5
<b>Other Items (net)</b>	(203.8)	(296.2)	(157.4)	(202.1)	(348.0)
<b>Money Supply (M2)</b>	1,545.1	1,871.1	2,042.9	2,184.1	2,475.6
Money Supply (M1)	308.0	369.5	444.5	525.3	641.7
Currency with the Public	88.2	98.9	113.3	122.1	143.7
Demand Deposits	219.8	270.7	331.2	403.2	498.0
Quasi Money	1,237.1	1,501.6	1,598.4	1,658.7	1,833.8
Savings Deposits	524.8	577.1	683.4	741.7	817.9
Time Deposits	594.8	817.6	780.1	780.2	813.2
Foreign Currency Deposits	117.5	106.8	134.8	136.8	202.7

Source: ECCB and Development Planning Unit  
 Data available at 2 March 2007

**Table 19**  
**Antigua and Barbuda - Selected Tourism Statistics**

	2002	2003	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
Total Visitor Arrivals	548,833	640,381	808,158	751,379	755,385
Of Which:					
Stay-Over Arrivals	218,399	239,185	267,627	267,106	273,414
of which:					
USA	60,679	64,523	70,440	68,637	72,909
Canada	10,184	8,592	9,441	9,898	10,005
UK	72,401	81,275	97,955	93,037	88,558
Caribbean	37,372	43,318	48,277	48,424	53,472
Other Countries	2,465	3,801	3,387	8,870	9,081
Yacht Passengers	18,193	17,362	17,778	17,422	21,122
Cruise Ship Passengers <sup>11</sup>	312,241	383,834	522,753	466,851	460,849
Number of Cruise Ship Calls <sup>12</sup>	200	294	375	321	353
<b>Total Visitor Expenditure (EC\$M)</b>	<b>739.2</b>	<b>809.5</b>	<b>910.8</b>	<b>915.5</b>	<b>937.4</b>

Source: ECCB and Development Planning Unit

<sup>11</sup> includes Excursionists

<sup>12</sup> Windjammer Calls

Data available at 02 March 2007



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Current Account</b>	(222.5)	(263.4)	(183.5)	(156.9)	(439.2)
Goods and Services	(125.8)	(194.7)	(82.6)	(64.1)	(312.0)
Goods	(727.2)	(830.4)	(857.1)	(830.9)	(1,052.1)
Merchandise	(767.6)	(880.4)	(929.8)	(928.6)	(1,149.6)
Repair on goods	0.0	-	0.2	0.2	0.2
Goods procured in ports by carriers	40.3	49.9	72.5	97.5	97.3
Services	601.5	635.7	774.5	766.8	740.1
Transportation	53.3	35.7	36.9	37.7	34.6
Travel	649.8	715.5	809.5	807.3	814.4
Insurance Services	(59.1)	(68.8)	(48.0)	(52.6)	(75.1)
Other Business Services	(34.8)	(38.7)	(19.3)	(24.2)	(32.6)
Government Services	(7.8)	(7.9)	(4.5)	(1.4)	(1.3)
Income	(111.9)	(104.5)	(123.4)	(114.5)	(144.3)
Compensation of Employees	9.0	14.1	16.6	17.7	18.2
Investment Income	(120.9)	(118.6)	(140.0)	(132.2)	(162.5)
Current Transfers	15.2	35.8	22.5	21.7	17.1
General Government	(1.7)	3.1	1.8	2.1	1.0
Other Sectors	16.9	32.7	20.8	19.6	16.1
<b>Capital and Financial Account</b>	243.4	334.0	200.6	176.4	480.5
Capital Account	37.6	27.5	57.5	578.7	60.0
Capital Transfers	37.6	27.5	57.5	578.7	60.0
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	205.8	306.5	143.0	(402.3)	420.5
Direct Investment	177.8	449.1	217.0	314.3	512.7
Portfolio Investment	(5.9)	7.1	32.7	28.4	26.3
Other Investments	33.8	(149.7)	(106.6)	(745.0)	(118.5)
Public Sector Long Term	(17.5)	(29.0)	(87.6)	(441.4)	16.5
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	12.6	(268.6)	43.3	(49.3)	(174.3)
Other Assets	(29.2)	(53.9)	(61.8)	(152.5)	(46.6)
Other Liabilities*	67.9	201.9	(0.6)	(101.8)	85.9
<b>Overall Balance</b>	20.9	70.6	17.1	19.5	41.3
<b>Financing</b>	(20.9)	(70.6)	(17.1)	(19.5)	(41.3)
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	0.5	(0.1)	0.1	(0.1)	-
Change in Imputed Reserves	(21.4)	(70.5)	(17.2)	(19.4)	(41.3)

Source: Central Statistics Office and ECCB

\*includes errors and omissions

Data available at 2 March 2007





**Table 21**  
**Dominica - Selected Economic Indicators**

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006
<b>(annual percentage change unless otherwise stated)</b>					
<b>National Income and Prices</b>					
Nominal GDP at basic prices	(5.6)	1.0	5.2	5.3	6.1
Real GDP at basic prices	(7.8)	0.1	3.0	3.4	4.6
GDP Deflator	2.4	0.9	2.1	1.9	1.4
Consumer Prices (end of period)	0.4	2.8	0.8	2.7	1.6
Consumer Prices (period average)	0.2	1.5	2.4	1.7	2.6
<b>Real GDP at Factor Cost by Selected Sectors</b>					
Agriculture	(8.2)	(3.4)	3.5	(0.6)	2.3
Manufacturing	(9.3)	0.9	2.8	1.5	(1.0)
Electricity and Water	6.5	(1.9)	5.2	2.7	1.1
Construction	(22.9)	11.4	3.3	2.7	10.0
Wholesale and Retail Trade	(3.5)	3.4	3.3	11.0	2.5
Hotels and Restaurants	(7.0)	(3.1)	11.7	1.1	15.0
Transport	(18.7)	6.3	10.0	(1.5)	14.5
Communications	(12.0)	(26.5)	3.5	8.0	6.5
Banks and Insurance	(8.6)	3.6	5.2	5.0	9.7
Government Services	13.0	(2.0)	(0.7)	2.2	1.0
Other Services	6.8	(1.9)	2.7	2.9	3.0
<b>(as a percentage of GDP)</b>					
<b>External Sector</b>					
Current Account Balance	(18.9)	(20.3)	(20.8)	(25.9)	(23.4)
Overall Balance	4.9	1.0	(2.1)	4.7	4.2
Merchandise Trade Balance	(23.7)	(27.7)	(30.0)	(34.6)	(33.2)
<b>Central Government</b>					
Current Account Balance	(2.1)	(3.8)	0.2	2.2	2.9
Current Revenue	28.0	28.8	30.5	31.5	31.3
Current Expenditure	30.2	32.6	30.3	29.3	28.4
Capital Expenditure and Net Lending	5.3	5.5	10.3	6.7	9.0
Overall Fiscal Balance	(5.1)	(4.4)	(1.5)	2.6	6.3
Total Public Sector Debt (end of period)	131.9	131.2	119.2	117.3	110.0
<b>(per cent per annum)</b>					
<b>Monetary Sector</b>					
Weighted Average Deposit Interest Rate	3.6	3.5	3.0	3.0	3.4
Weighted Average Lending Interest Rate	11.0	11.8	9.8	9.9	9.2
<b>(in millions of EC Dollars, unless otherwise stated)</b>					
<b>Memo</b>					
Nominal GDP at basic prices	575.2	581.1	611.4	644.0	683.0
Real GDP at basic prices	415.2	415.6	428.2	442.7	463.0
Nominal GDP at market prices	688.1	709.7	770.1	810.7	860.0
GDP per capita (EC\$)	8,238	8,323	8,683	9,015	9,562
Merchandise Imports (f.o.b)	276.4	304.0	342.2	392.8	396.0
Merchandise Exports (f.o.b)	113.4	107.3	110.8	112.2	110.9
Gross Visitor Expenditure	122.9	141.4	163.7	154.0	183.9

Source: Statistics Department and ECCB  
Data available at 08 March 2007



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006
<b>Current Revenue</b>	192.9	204.3	234.6	255.1	269.0
Tax Revenue	162.0	179.4	205.2	229.3	247.9
Taxes on Income and Profit	41.6	45.2	39.2	50.7	50.5
of which:					
Personal	28.4	27.8	27.5	30.3	33.0
Company	9.8	9.5	8.6	21.4	18.3
Stabilisation Levy	4.9	9.3	4.7	0.4	0.8
Taxes on Property	2.6	1.9	4.7	6.9	7.5
Taxes on Domestic Goods and Services	32.4	40.2	55.9	59.3	123.2
of which:					
Sales Tax	17.5	23.8	32.6	37.7	10.7
Consumption Tax	5.0	5.6	4.8	5.1	1.4
Hotel Occupancy	0.5	0.6	0.8	0.7	0.4
Value Added Tax (VAT)	-	-	-	-	69.0
Taxes on International Trade and Transactions	85.4	92.2	105.5	112.5	66.6
of which:					
Consumption Duty (imports)	51.4	52.7	55.9	58.3	10.2
Import Duty	19.6	21.1	25.1	27.8	28.4
Service Charge (imports)	6.0	8.3	11.6	12.5	13.0
Non-Tax Revenue	30.9	24.9	29.4	25.8	21.2
<b>Current Expenditure</b>	207.5	231.5	233.1	237.4	244.0
Personal Emoluments	123.9	115.6	109.3	108.5	109.6
Goods and Services	6.9	29.6	38.3	50.0	46.7
Interest Payments	40.1	44.6	41.6	25.9	34.6
External	19.0	17.1	12.2	7.9	14.4
Domestic	21.1	27.4	29.4	18.0	20.2
Transfers and Subsidies	36.6	41.7	43.8	53.1	53.0
of which: Pensions	10.8	11.7	12.0	13.3	12.5
<b>Current Account Balance</b>	(14.6)	(27.2)	1.5	17.7	25.0
Capital Revenue	1.8	1.4	2.6	17.1	0.8
Grants	14.0	33.2	63.8	41.1	106.3
of which: Capital Grants	14.0	24.7	56.1	41.1	106.3
<b>Capital Expenditure and Net Lending</b>	36.6	38.8	79.1	54.5	77.8
of which: Capital Expenditure	39.7	41.4	82.3	57.8	81.0
<b>Primary Balance (after grants)</b>	4.8	13.1	30.4	47.3	89.0
Overall Balance (before grants)	(49.3)	(64.6)	(75.0)	(19.7)	(51.9)
<b>Overall Balance (after grants)</b>	(35.4)	(31.4)	(11.2)	21.4	54.4
<b>Financing</b>	35.4	31.4	11.2	(21.4)	(54.4)
Domestic	(22.9)	(10.8)	(22.2)	(6.9)	(59.2)
ECCB (net)	0.3	(10.6)	5.9	(12.9)	(13.0)
Commercial Banks (net)	(39.4)	(12.6)	(19.2)	16.1	(51.2)
Other	15.2	11.9	(9.1)	(10.6)	(1.4)
External	60.1	29.7	32.6	(7.9)	0.1
Net Disbursements/(Amortisation)	55.5	31.0	31.5	12.5	(1.1)
Disbursements	62.2	40.1	41.5	20.7	13.0
Amortisation	(6.7)	(9.1)	(10.0)	(8.2)	(14.1)
Change in Government Foreign Assets	4.7	(1.3)	1.1	(20.4)	1.2
Arrears	(1.9)	12.5	0.8	(6.7)	4.7
Domestic	(4.0)	3.0	(9.3)	(18.0)	(7.3)
External	2.1	9.6	10.1	11.4	12.0

Source: Ministry of Finance, Treasury Department and ECCB Estimates

Data available at 08 March 2007



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

	2002 <sup>R</sup>	2003	2004 <sup>R</sup>	2005 <sup>R</sup>	2006
<b>Net Foreign Assets</b>	201.0	299.2	361.4	356.2	427.2
Central Bank (net)	122.8	128.8	114.1	132.7	170.2
Commercial Banks (net)	78.2	170.4	247.3	223.5	257.1
External (net)	63.3	81.0	84.9	13.6	61.7
Assets	159.2	177.0	227.6	174.0	246.8
Liabilities	95.9	96.0	142.7	160.4	185.1
Other ECCB Territories (net)	14.9	89.4	162.4	209.9	195.4
Assets	48.8	98.2	183.4	228.7	234.6
Liabilities	33.9	8.9	21.0	18.8	39.2
<b>Net Domestic Assets</b>	348.2	255.3	226.0	270.8	260.0
<b>Domestic Credit</b>	447.3	359.3	362.9	390.2	352.8
Central Government (net)	51.1	27.9	14.5	17.6	(46.5)
Other Public Sector (net)	10.6	(3.8)	(21.7)	(39.8)	(57.0)
Non-Bank Financial Institutions (net)	(46.6)	(81.8)	(75.9)	(59.9)	(68.6)
Subsidiaries and Affiliates (net)	(1.1)	(3.5)	(4.7)	(5.6)	(6.3)
Private Sector	433.3	420.6	450.7	477.8	531.2
<b>Other Items (net)</b>	(99.1)	(104.0)	(136.9)	(119.4)	(92.9)
<b>Money Supply (M2)</b>	549.2	554.5	587.4	627.0	687.2
Money Supply (M1)	106.6	107.9	111.2	143.0	138.3
Currency with the Public	35.5	34.2	37.6	39.0	45.4
Demand Deposits	71.1	73.7	73.6	104.1	92.9
Quasi Money	442.6	446.6	476.2	483.9	548.9
Savings Deposits	262.2	279.0	328.5	343.0	392.3
Time Deposits	158.2	157.4	134.3	130.6	145.4
Foreign Currency Deposits	22.3	10.2	13.4	10.3	11.1

Source: ECCB

Data available at 08 March 2007

**Table 24**  
**Dominica - Selected Tourism Statistics**

	2002	2003	2004	2005 <sup>R</sup>	2006
Total Visitor Arrivals	207,726	254,162	466,278	388,480	472,882
of which:					
Stay-Over Arrivals	69,193	73,190	80,087	86,319	92,474
USA	15,464	15,717	17,515	18,492	23,427
Canada	2,039	1,954	1,633	1,977	2,822
UK	5,652	6,034	6,015	6,117	7,182
Caribbean	40,289	43,408	48,540	47,126	51,224
Other Countries	5,749	6,077	6,384	12,607	7,819
Excursionists	1,674	3,928	2,577	650	905
Cruise Ship Passengers	136,859	177,044	383,614	301,511	379,503
Number of Cruise Ship Calls	187	206	287	234	307
<b>Total Visitor Expenditure (EC\$M)</b>	<b>122.93</b>	<b>141.35</b>	<b>163.71</b>	<b>153.97</b>	<b>183.91</b>

Source: ECCB and Development Planning Unit

Data available at 08 March 2007



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006
<b>Current Account</b>	(129.7)	(144.3)	(160.4)	(210.1)	200.9
Goods and Services	(91.1)	(105.9)	(115.6)	(188.1)	(163.5)
Goods	(160.4)	(194.0)	(227.3)	(276.6)	(281.1)
Merchandise	(163.0)	(196.8)	(231.4)	(280.6)	(285.1)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	2.5	2.7	4.1	4.0	4.0
Services	69.3	88.2	111.6	88.5	117.7
Transportation	(35.2)	(40.3)	(42.5)	(61.6)	(63.4)
Travel	98.3	117.3	138.9	127.7	156.6
Insurance Services	(7.9)	(6.6)	(10.4)	(11.7)	(12.0)
Other Business Services	20.2	25.6	26.2	37.1	39.5
Government Services	(6.0)	(7.8)	(0.6)	(2.9)	(3.0)
Income	(75.4)	(72.9)	(90.0)	(75.6)	(83.9)
Compensation of Employees	1.5	1.7	4.2	3.7	3.7
Investment Income	(76.9)	(74.6)	(94.3)	(79.3)	(87.6)
Current Transfers	36.8	34.5	45.2	53.5	46.4
General Government	2.8	1.0	(4.4)	0.7	(8.1)
Other Sectors	34.0	33.4	49.6	52.8	54.5
<b>Capital and Financial Account</b>	163.6	151.7	144.6	249.1	237.2
Capital Account	55.3	50.7	72.4	49.4	114.7
Capital Transfers	55.3	50.7	72.4	49.4	114.7
Acquisition and Disposal of Non-Produced, Non-Financial Assets	0.0	0.0	0.0	0.0	0.0
Financial Account	108.2	101.0	72.1	199.8	122.4
Direct Investment	54.3	85.0	70.7	88.0	88.2
Portfolio Investment	32.7	9.4	(6.7)	10.2	0.1
Other Investments	21.2	6.6	8.1	101.6	34.1
Public Sector Long Term	35.8	27.5	28.8	11.3	(15.0)
Other Public Sector Capital	0.0	0.0	0.0	0.8	0.0
Commercial Banks	(64.9)	(92.1)	(76.9)	23.8	(33.6)
Other Assets	(7.6)	20.3	(5.1)	(35.8)	(13.0)
Other Liabilities*	57.9	50.9	61.4	101.4	95.7
<b>Overall Balance</b>	33.8	7.3	(15.8)	(40.0)	36.2
<b>Financing</b>	(33.8)	(7.3)	15.8	(40.0)	(36.2)
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	4.7	(1.3)	1.1	(20.4)	1.2
Change in Imputed Reserves	(38.5)	(6.0)	14.8	(18.6)	(37.5)

Source: ECCB and Central Statistics Office

\*includes errors and omissions

Data available at 08 March 2007



**Table 26**  
**Grenada - Selected Economic Indicators**

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>P</sup>	2006 <sup>P</sup>
<i>(annual percentage change unless otherwise stated)</i>					
<b>National Income and Prices</b>					
Nominal GDP at basic prices	2.4	7.2	(3.3)	17.0	3.8
Real GDP at basic prices	0.8	5.8	(6.9)	12.1	2.1
GDP Deflator	1.6	1.3	3.8	4.3	1.6
Consumer Prices (end of period)	(0.4)	1.1	2.5	5.8	1.7
Consumer Prices (period average)	(0.4)	2.2	2.2	3.5	3.9
<b>Real GDP at Factor Cost by Selected Sectors</b>					
Agriculture	19.0	(2.4)	(7.3)	(38.1)	72.5
Manufacturing	(3.8)	(2.4)	(14.6)	18.8	(1.0)
Electricity and Water	3.3	6.7	(7.9)	4.7	22.1
Construction	1.0	26.0	3.3	91.0	(15.0)
Wholesale and Retail Trade	0.5	7.4	(19.9)	27.5	(6.0)
Hotels and Restaurants	5.6	13.8	(13.1)	(42.5)	38.0
Transport	1.8	7.5	6.3	23.7	(10.0)
Communications	(11.4)	1.9	(12.0)	30.7	(2.0)
Banks and Insurance	6.1	8.0	1.0	(1.5)	10.0
Government Services	5.2	0.6	3.5	(6.4)	4.0
Other Services	(14.5)	2.4	(15.7)	3.0	4.0
<i>(as a percentage of GDP)</i>					
<b>External Sector</b>					
Current Account Balance	(29.9)	(31.8)	(8.0)	(33.4)	(30.0)
Overall Balance	7.7	(2.9)	10.9	(6.4)	1.1
Merchandise Trade Balance	34.0	41.0	41.7	49.1	41.9
<b>Central Government</b>					
Current Account Balance	0.1	3.2	(1.7)	4.3	4.9
Current Revenue	26.6	27.0	26.1	26.4	27.8
Current Expenditure	26.5	23.9	27.9	22.1	22.9
Capital Expenditure and Net Lending	22.2	13.0	9.1	12.0	19.5
Overall Fiscal Balance	(19.7)	(4.8)	(2.9)	4.1	(7.0)
Total Public Sector Debt (end of period)	114.5	112.9	136.6	117.7	121.0
<i>(per cent per annum)</i>					
<b>Monetary Sector</b>					
Weighted Average Deposit Interest Rate	3.2	3.7	3.0	2.6	3.0
Weighted Average Lending Interest Rate	10.5	12.1	10.7	10.0	9.7
<i>(in millions of EC Dollars, unless otherwise stated)</i>					
<b>Memo</b>					
Nominal GDP at basic prices	899.4	963.9	931.6	1,089.6	1,131.3
Real GDP at basic prices	676.3	715.6	666.2	746.7	762.7
Nominal GDP at market prices	1,100.3	1,197.8	1,151.7	1,360.4	1,389.0
GDP per capita (EC\$)	8,689.5	9,280.0	8,859.3	10,289.5	10,611.7
Merchandise Imports (f.o.b)	480.0	604.5	554.7	756.8	656.8
Merchandise Exports	105.5	112.9	74.2	88.5	75.1
Gross Visitor Expenditure	247.0	280.1	225.4	192.8	252.4

Source: Statistics Department and ECCB

Data available at 02 March 2007



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

	2002 <sup>R</sup>	2003	2004 <sup>R</sup>	2005 <sup>R</sup>	2006
<b>Current Revenue</b>	292.5	323.6	300.8	359.7	386.0
Tax Revenue	262.4	298.3	279.5	343.9	360.0
Taxes on Income and Profit	43.5	47.5	43.0	57.7	56.0
of which:					
Personal <sup>1</sup>	8.8	10.1	11.3	13.9	13.7
Company <sup>2</sup>	32.5	35.5	30.3	42.3	31.6
Taxes on Property	18.0	17.0	16.4	15.4	22.6
Taxes on Domestic Goods and Services	49.6	59.0	52.0	59.9	69.0
of which:					
Value-added Tax	-	-	-	-	0.0
Consumption Tax	25.6	28.2	26.3	27.3	32.7
Stamp Duties	3.4	4.1	4.7	7.5	4.8
Licenses	11.0	14.5	8.5	13.9	16.6
Taxes on International Trade and Transactions	151.3	174.8	168.1	210.9	212.3
of which:					
Import Duty	31.7	42.4	39.8	50.1	47.3
Consumption Tax	83.7	93.6	93.0	109.8	104.3
Customs Service Charge	25.5	31.7	29.7	44.5	40.1
Non-Tax Revenue	30.1	25.3	21.3	15.9	26.0
<b>Current Expenditure</b>	291.5	285.7	320.8	301.1	317.5
Personal Emoluments	124.7	130.4	147.6	150.8	154.0
Goods and Services	57.8	40.5	46.1	67.9	66.1
Interest Payments	49.7	63.1	71.8	27.8	29.0
Domestic	12.7	17.2	13.8	13.9	8.7
External	37.0	45.8	58.0	13.9	20.4
Transfers and Subsidies	59.3	51.8	55.3	54.6	68.4
of which: Pensions	14.0	14.2	17.6	16.9	18.9
<b>Current Account Balance</b>	1.0	37.9	(19.9)	58.6	68.6
Capital Revenue	2.7	0.3	1.2	0.3	0.1
Grants	23.5	59.2	90.7	160.5	104.7
of which:					
Capital Grants	19.5	59.2	18.6	65.6	86.3
<b>Capital Expenditure and Net Lending</b>	244.5	155.4	105.0	163.6	271.3
of which: Capital Expenditure	244.5	155.4	81.9	163.6	271.3
<b>Primary Balance after Grants</b>	(167.5)	5.0	38.9	83.6	(68.9)
Overall Balance (before grants)	(240.7)	(117.3)	(123.7)	(104.7)	(202.6)
<b>Overall Balance (after grants)</b>	(217.2)	(58.1)	(32.9)	55.8	(97.9)
<b>Financing</b>	217.2	58.1	32.9	(55.8)	97.9
Domestic	(55.7)	(16.7)	(102.6)	(156.3)	68.8
ECCB (net)	(30.8)	31.5	(10.3)	(0.9)	(5.8)
Commercial Banks (net)	7.1	24.1	(44.7)	(55.6)	28.1
Other	(32.1)	(72.2)	(47.7)	(99.7)	46.5
External	293.8	72.8	95.8	82.0	29.1
Net Disbursements/(Amortisation)	293.8	50.7	117.0	82.2	29.4
Disbursements	318.0	79.5	174.3	115.7	58.1
Amortisation	(24.1)	(28.8)	(57.3)	(33.4)	(28.8)
Change in Government Foreign Assets	-	22.1	(21.2)	(0.2)	(0.2)
Arrears	(21.0)	1.9	39.7	18.4	-
Domestic	(13.0)	1.8	16.4	5.3	-
External	(8.0)	0.2	23.3	13.1	-

Source: Ministry of Finance, Treasury Department and ECCB Estimates

<sup>1</sup> Includes Debt Service Levy

<sup>2</sup> Includes Business Levy

Data available at 02 March 2007



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

	2002	2003	2004 <sup>R</sup>	2005 <sup>R</sup>	2006
<b>Net Foreign Assets</b>	327.7	395.1	709.0	531.6	421.5
Central Bank (net)	237.2	224.7	328.6	254.4	269.4
Commercial Banks (net)	90.6	170.4	380.4	277.2	152.0
External (net)	2.7	58.1	177.4	77.3	5.8
Assets	272.9	330.7	535.7	422.2	394.9
Liabilities	270.2	272.6	358.3	344.9	389.1
Other ECCB Territories (net)	87.9	112.3	202.9	199.8	146.2
Assets	99.6	131.0	304.4	328.1	291.9
Liabilities	11.6	18.7	101.5	128.3	145.6
<b>Net Domestic Assets</b>	839.6	865.3	775.1	937.4	1,060.9
Domestic Credit	928.2	991.9	902.8	1,035.8	1,171.7
Central Government (net)	71.1	126.6	71.6	15.1	37.3
Other Public Sector (net)	(31.9)	(61.4)	(90.5)	(47.1)	(73.3)
Non-Bank Financial Institutions (net)	(7.3)	(27.9)	(90.0)	(28.8)	(23.3)
Subsidiaries and Affiliates (net)	-	21.7	15.0	8.2	7.1
Private Sector	896.2	933.0	996.7	1,088.3	1,223.9
<b>Other Items (net)</b>	(88.5)	(126.6)	(127.7)	(98.3)	(110.8)
<b>Money Supply (M2)</b>	1,167.4	1,260.4	1,484.1	1,469.0	1,482.4
Money Supply (M1)	212.0	241.1	340.5	315.3	309.5
Currency	75.2	84.7	102.1	105.3	104.5
Demand Deposits	136.8	156.4	238.4	210.1	205.0
Quasi Money	955.4	1,019.3	1,143.7	1,153.7	1,172.9
Savings Deposits	632.1	692.6	841.0	862.2	894.9
Time Deposits	243.9	230.7	213.5	189.8	201.2
Foreign Currency Deposits	79.4	96.0	89.2	101.6	76.9

Source: ECCB

Data available at 02 March 2007

**Table 29**  
**Grenada - Selected Tourism Statistics**

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006
Total Visitor Arrivals	275,665	299,215	375,955	384,371	347,333
of which:					
Stay-Over Arrivals	121,074	133,724	127,919	98,548	118,653
USA	29,961	30,924	27,451	25,181	27,126
Canada	4,306	5,296	5,111	4,341	6,335
UK	28,688	32,506	27,564	15,605	25,042
Caribbean	33,242	36,871	39,209	28,067	30,927
Other Countries	24,877	28,127	28,584	25,354	29,223
Excursionists	4,094	4,931	6,145	5,823	4,821
Yacht Passengers	8,975	6,695	5,019	4,353	4,733
Cruise Ship Passengers	135,061	146,925	229,800	275,085	218,684
Number of Cruise Ship Calls	259	267	249	260	221
<b>Total Visitor Expenditure (EC\$M)</b>	<b>247.0</b>	<b>279.9</b>	<b>225.4</b>	<b>192.8</b>	<b>252.4</b>

Source: ECCB and Development Planning Unit

Data available at 02 March 2007



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Current Account</b>	(329.2)	(381.1)	(92.2)	(453.9)	(417.1)
Goods and Services	(258.8)	(343.8)	(282.6)	(589.5)	(465.7)
Goods	(368.2)	(481.5)	(465.6)	(654.2)	(569.5)
Merchandise	(374.5)	(491.6)	(480.4)	(668.3)	(581.7)
Repair on goods	0.0	-	0.0	0.0	-
Goods procured in ports by carriers	6.4	10.1	14.8	14.1	12.2
Services	109.4	137.7	183.0	64.7	103.7
Transportation	(52.0)	(81.6)	(77.3)	(91.9)	(80.8)
Travel	226.1	257.4	202.5	165.7	223.5
Insurance Services	(8.8)	(14.8)	97.6	3.8	(19.2)
Other Business Services	(52.3)	(12.2)	(9.7)	2.8	(7.5)
Government Services	(3.6)	(11.1)	(30.1)	(15.7)	(12.2)
Income	(128.5)	(135.8)	(136.0)	(74.8)	(78.0)
Compensation of Employees	0.1	0.1	0.1	0.1	0.1
Investment Income	(128.6)	(135.9)	(136.1)	(74.9)	(78.1)
Current Transfers	58.1	98.5	326.4	210.5	126.6
General Government	5.8	48.1	106.9	72.7	51.1
Other Sectors	52.3	50.5	219.4	137.8	75.5
<b>Capital and Financial Account</b>	413.4	346.5	217.3	379.9	432.4
Capital Account	86.0	116.6	107.6	144.5	176.1
Capital Transfers	86.0	116.6	107.6	144.5	176.1
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	327.5	229.9	109.8	235.3	256.3
Direct Investment	147.1	240.8	175.5	224.2	312.8
Portfolio Investment	290.7	78.6	81.1	48.1	0.3
Other Investments	(110.3)	(89.4)	(146.8)	(37.0)	(56.8)
Public Sector Long Term	11.4	31.1	8.3	17.6	27.5
Other Public Sector Capital	-	-	-	13.3	-
Commercial Banks	(54.7)	(79.8)	(210.0)	(103.2)	(125.1)
Other Assets	(36.8)	(54.3)	(10.7)	(16.5)	(13.2)
Other Liabilities*	(30.2)	13.6	65.5	51.8	54.0
<b>Overall Balance</b>	84.3	(34.6)	125.1	(74.0)	15.2
<b>Financing</b>	(84.3)	34.6	(125.1)	74.0	(15.2)
Change in SDR Holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	(19.8)	22.1	(21.2)	(0.2)	(0.2)
Change in Imputed Reserves	(64.5)	12.5	(103.9)	74.2	(15.0)

Source: ECCB and Statistical Department

\* includes errors and omissions

Data available at 02 March 2007





**Table 31**  
**Montserrat - Selected Economic Indicators**

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<i>(annual percentage change unless otherwise stated)</i>					
<b>National Income and Prices</b>					
Nominal GDP at basic prices	6.2	1.9	5.8	6.9	9.0
Real GDP at basic prices	3.3	(0.9)	4.5	1.5	3.2
GDP Deflator	6.2	1.9	5.8	6.9	9.0
Consumer Prices (end of period)	3.5	1.2	4.0	2.9	1.0
Consumer Prices (period average)	4.0	1.2	3.1	2.7	1.9
<b>Real GDP at Factor Cost by Selected Sectors</b>					
Agriculture	38.4	(0.8)	(18.6)	(12.5)	27.4
Manufacturing	-	-	-	44.2	4.0
Mining and Quarrying	(28.6)	-	80.0	88.9	729.4
Electricity and Water	(3.3)	3.4	(2.7)	10.3	3.7
Construction	31.6	(15.7)	2.4	(4.5)	(5.0)
Wholesale and Retail Trade	9.0	(3.4)	0.4	2.8	1.0
Hotels and Restaurants	2.2	(31.6)	33.8	31.0	(9.6)
Transport	1.2	6.8	3.2	(2.0)	(4.3)
Communications	2.7	(1.4)	1.6	(2.2)	2.5
Banks and Insurance	19.3	8.8	10.2	5.0	(1.6)
Real Estate and Housing	3.8	4.5	1.7	2.0	3.1
Government Services	1.3	4.0	5.2	3.1	4.5
Other Services	4.7	(0.6)	8.6	4.8	3.0
<i>(as a percentage of GDP)</i>					
<b>External Sector</b>					
Current Account Balance	(27.0)	(20.8)	(21.9)	(35.8)	(34.1)
Overall Balance	2.9	2.5	2.2	2.1	1.3
Merchandise Trade Balance	(55.1)	(60.1)	(51.4)	(56.3)	(53.6)
<b>Central Government</b>					
Current Account Balance (before grants)	(33.2)	(45.5)	(51.9)	(36.6)	(39.0)
Current Revenue	28.4	29.9	29.3	29.2	27.2
Current Expenditure	61.7	75.4	81.2	65.7	66.2
Capital Expenditure and Net Lending	37.9	32.2	29.8	21.4	14.7
Overall Fiscal Balance	6.6	19.1	1.8	(14.7)	(3.5)
Total Public Sector Debt (end of period)	19.3	14.9	11.9	10.7	9.5
<i>(per cent per annum)</i>					
<b>Monetary Sector</b>					
Weighted Average Deposit Interest Rate	2.9	2.9	2.3	2.5	2.7
Weighted Average Lending Interest Rate	11.3	12.2	11.0	10.5	10.5
<i>(in millions of EC Dollars, unless otherwise stated)</i>					
<b>Memo</b>					
Nominal GDP at basic prices	87.7	89.4	94.6	101.1	110.1
Real GDP at basic prices	58.7	58.2	60.8	61.7	63.7
Nominal GDP at market prices	102.6	102.3	110.6	118.7	126.9
GDP per capita (EC\$)	19,226	19,940	20,203	21,122	21,906
Merchandise Imports (f.o.b)	60.5	66.2	68.3	70.7	71.7
Merchandise Exports (f.o.b)	4.0	4.8	11.4	3.9	3.7
Gross Visitor Expenditure	23.4	19.8	24.8	24.3	20.9

Source: Statistics Department and ECCB

Data available at 01 March 2007



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005	2006
<b>Current Revenue</b>	29.2	30.6	32.4	34.6	34.5
Tax Revenue	27.2	26.6	30.6	32.5	31.8
Taxes on Income and Profit	11.0	12.8	13.1	13.0	13.5
of which:					
Company	1.6	2.0	1.7	1.8	1.8
Personal	8.9	10.5	10.8	11.0	11.3
Taxes on Property	0.8	0.5	1.0	1.4	1.4
Taxes on Domestic Goods and Services	2.9	2.6	3.2	3.3	3.5
of which:					
Hotel and Guest Tax	-	-	0.0	0.0	0.1
Insurance and Company Levy	0.2	0.1	0.3	0.3	0.2
Stamp Duty and Licenses	1.8	1.6	1.9	2.2	2.1
Taxes on International Trade and Transactions	12.4	10.7	13.2	14.7	13.4
of which:					
Import Duty	2.4	2.2	3.1	4.0	3.6
Consumption Tax	4.5	3.9	5.1	6.3	5.4
Customs Service Charge	4.1	3.6	3.7	3.3	3.2
Foreign Currency Levy	0.9	0.8	1.1	0.9	0.9
Non-Tax Revenue	2.0	4.0	1.8	2.1	2.7
<b>Current Expenditure</b>	63.3	77.1	89.8	78.1	84.0
Personal Emoluments	24.5	25.0	25.9	30.3	35.5
Goods and Services	17.9	27.3	29.8	24.6	25.7
Interest Payments	0.1	0.2	0.2	0.2	1.2
Domestic	-	0.1	0.2	0.1	0.1
External	0.1	0.1	0.1	0.1	1.1
Transfers and Subsidies	20.9	24.6	33.9	23.0	21.6
of which: Pensions	7.0	6.8	12.1	7.6	10.7
<b>Current Account Balance (before grants)</b>	(34.1)	(46.5)	(57.4)	(43.4)	(49.5)
Current Grants	40.9	55.8	55.8	37.4	53.4
<b>Current Account Balance (after grants)</b>	6.8	9.3	(1.6)	(6.1)	4.0
Capital Revenue	-	-	-	-	-
Capital Grants	38.9	24.6	36.5	14.0	10.2
<b>Capital Expenditure</b>	38.9	32.9	33.0	25.4	18.6
<b>Primary Balance (after grants)</b>	6.9	19.7	2.2	(17.2)	(3.3)
Overall Balance (before grants)	(73.0)	(79.4)	(90.3)	(68.8)	(68.1)
Overall Balance (after grants)	6.8	19.5	2.0	(17.4)	(4.5)
<b>Financing</b>	(6.8)	(19.5)	(2.0)	17.4	4.5
Domestic	(4.5)	(17.5)	(2.8)	17.6	4.7
ECCB (net)	(0.6)	0.0	(0.2)	(0.2)	(0.0)
Commercial Banks (net)	(7.7)	(12.6)	(5.9)	10.3	6.9
Other	3.7	(4.8)	3.3	7.6	(2.2)
External	(2.2)	(2.0)	0.8	(0.2)	(0.2)
Net Disbursements/(Amortisation)	(2.2)	(1.7)	(0.1)	(0.1)	(0.1)
Disbursements	-	-	-	-	-
Amortisation	(2.2)	(1.7)	(0.1)	(0.1)	(0.1)
Change in Govt. Foreign Assets	-	(0.4)	0.9	(0.1)	(0.1)
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-

Source: Ministry of Finance, Treasury Department

Data available at 01 March 2007



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Net Foreign Assets</b>	136.3	163.6	173.1	162.6	165.3
Central Bank (net)	38.9	41.1	38.1	37.7	39.3
Commercial Banks (net)	97.4	122.5	135.1	125.0	126.0
External (net)	6.6	24.6	38.7	39.4	42.2
Assets	32.1	51.0	67.4	73.7	75.3
Liabilities	25.5	26.4	28.8	34.3	33.1
Other ECCB Territories (net)	90.8	97.9	96.4	85.5	83.8
Assets	91.9	99.4	99.3	87.7	118.6
Liabilities	1.1	1.5	2.9	2.2	34.9
<b>Net Domestic Assets</b>	(36.5)	(55.3)	(53.6)	(39.0)	(30.4)
Domestic Credit	(18.7)	(31.8)	(39.3)	(27.4)	(14.9)
Central Government (net)	(21.8)	(34.4)	(40.4)	(30.4)	(23.5)
Other Public Sector (net)	(14.3)	(15.1)	(17.0)	(17.2)	(20.3)
Non-Bank Financial Institutions (net)	(4.9)	(5.3)	(5.6)	(7.9)	(3.5)
Subsidiaries and Affiliates (net)	-	-	-	-	-
Private Sector	22.2	22.9	23.7	28.1	32.4
<b>Other Items (net)</b>	(17.8)	(23.6)	(14.4)	(11.6)	(15.6)
<b>Money Supply (M2)</b>	99.8	108.3	119.5	123.7	134.9
Money Supply (M1)	26.3	32.7	36.1	32.0	32.7
Currency with the Public	10.8	12.6	13.0	12.3	14.2
Demand Deposits	15.5	20.2	23.1	19.7	18.5
Quasi Money	73.5	75.5	83.5	91.7	102.2
Savings Deposits	66.9	68.2	76.0	82.3	91.3
Time Deposits	3.7	3.8	4.3	5.4	4.9
Foreign Currency Deposits	2.9	3.5	3.2	4.0	6.0

Source: ECCB

Data available at 01 March 2007

**Table 34**  
**Montserrat - Selected Tourism Statistics**

	2002	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
Total Visitor Arrivals	14,779	13,573	15,199	12,996	10,774
Of Which:					
Stay-Over Arrivals	9,623	8,414	10,116	9,690	7,991
USA	1,950	1,601	2,083	2,034	2,153
Canada	375	302	334	404	393
UK	2,581	2,271	3,021	2,968	2,321
Caribbean	4,453	4,035	4,380	3,987	2,868
Other Countries	264	205	298	297	256
Excursionists	5,156	5,159	5,083	3,137	1,509
Cruise Ship Passengers	0	863	363	169	65
Number of Cruise Ship Calls	0	14	5	2	1
<b>Total Visitor Expenditure (EC\$M)</b>	<b>23.4</b>	<b>19.8</b>	<b>24.8</b>	<b>24.3</b>	<b>20.9</b>

Source: Ministry of Finance and ECCB

Data available at 01 March 2007



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>P</sup>	2006 <sup>P</sup>
<b>Current Account</b>	(27.7)	(21.2)	(24.3)	(42.5)	(43.3)
Goods and Services	(61.7)	(77.5)	(77.8)	(95.0)	(99.3)
Goods	(55.2)	(59.9)	(55.3)	(65.8)	(66.9)
Merchandise	(56.5)	(61.4)	(56.8)	(66.9)	(68.0)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	1.3	1.5	1.5	1.1	1.1
Services	(6.5)	(17.6)	(22.5)	(29.2)	(32.4)
Transport	(7.6)	(8.2)	(8.8)	(9.3)	(9.6)
Travel	18.4	14.5	19.1	17.2	13.4
Insurance Services	(0.9)	(1.0)	(1.2)	(1.1)	(0.9)
Other Business Services	(1.8)	(8.3)	(14.6)	(11.6)	(10.7)
Government Services	(14.6)	(14.6)	(17.1)	(24.4)	(24.6)
Income	(8.3)	(3.3)	(9.1)	(7.6)	(8.7)
Compensation of Employees	-	(0.6)	(2.3)	(2.0)	(1.7)
Investment Income	(8.3)	(2.7)	(6.8)	(5.6)	(7.1)
Current Transfers	42.2	59.5	62.7	60.0	64.8
General Government	48.3	64.8	68.1	66.8	71.9
Other Sectors	(6.0)	(5.2)	(5.4)	(6.7)	(7.1)
<b>Capital and Financial Account</b>	32.2	23.8	26.7	45.0	44.9
Capital Account	34.4	38.8	32.0	26.5	36.2
Capital Transfers	34.4	38.8	32.0	26.5	36.2
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	(2.2)	(14.9)	(5.3)	18.6	8.8
Direct Investment	1.7	5.6	6.3	2.2	2.2
Portfolio Investment	(0.6)	0.2	0.1	(0.3)	-
Other Investments	(3.4)	(20.8)	(11.7)	16.7	6.6
Public Sector Long Term	(5.2)	(2.0)	(0.5)	(0.5)	(0.4)
Other Public Sector Capital	1.5	-	-	-	-
Commercial Banks	(1.0)	(25.0)	(12.6)	10.1	(1.0)
Other Assets	(0.7)	0.6	2.6	(5.7)	(5.7)
Other Liabilities*	2.0	5.6	(1.2)	12.8	13.8
<b>Overall Balance</b>	4.5	2.6	2.4	2.5	1.6
<b>Financing</b>	(4.5)	(2.6)	(2.4)	(2.5)	(1.6)
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	0.6	(0.4)	(5.4)	(2.9)	-
Change in Imputed Reserves	(5.1)	(2.2)	3.1	0.4	(1.6)

Source: ECCB and Ministry of Finance

\*includes errors and omissions

Data available at 01 March 2007



**Table 36**  
**St Kitts and Nevis Selected Economic Indicators**

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<i>(annual percentage change unless otherwise indicated)</i>					
<b>National Income and Prices</b>					
Nominal GDP at basic prices	1.2	1.4	10.0	6.5	8.3
Real GDP at basic prices	(0.3)	(1.2)	7.3	4.1	5.8
GDP Deflator	1.5	2.7	2.4	2.3	2.4
Consumer Prices (end of period)	1.7	3.1	1.7	6.0	8.4
Consumer Prices (period average)	2.0	2.2	2.3	3.4	8.5
Real GDP at basic prices by Selected Sectors					
Agriculture	13.3	(12.4)	11.7	(6.6)	(14.4)
Manufacturing	(4.0)	(0.2)	3.8	0.6	4.1
Electricity and Water	9.8	10.6	8.3	0.8	5.9
Construction	(5.6)	(12.6)	1.3	5.6	13.0
Wholesale and Retail Trade	0.3	4.7	(1.3)	6.3	7.5
Hotels and Restaurants	(3.6)	31.3	29.9	7.5	4.0
Transport	7.9	(0.5)	34.1	1.4	2.0
Communications	(6.8)	(4.4)	3.4	14.8	5.0
Banks and Insurance	1.8	2.2	17.3	7.5	9.6
Government Services	3.8	(1.0)	2.6	1.7	4.0
Other Services	1.4	8.1	3.4	3.0	2.0
<i>(as a percentage of GDP)</i>					
<b>External Sector</b>					
Current Account Balance	(36.3)	(32.1)	(17.2)	(19.5)	(26.8)
Overall Balance	2.5	(0.3)	3.4	(1.6)	3.6
Merchandise Trade Balance	(33.8)	(33.4)	(26.6)	(31.5)	(34.9)
<b>Central Government</b>					
Current Account Balance	(2.6)	(1.2)	(1.5)	(0.5)	1.3
Current Revenue	31.6	32.9	33.9	37.5	38.1
Current Expenditure	34.1	34.1	35.4	38.0	36.8
Capital Expenditure and Net Lending	12.2	6.4	6.2	6.8	5.5
Overall Fiscal Balance	(16.6)	(8.2)	(7.9)	(4.2)	(2.1)
Total Public Sector Debt (end of period)	158.7	177.2	191.6	196.6	188.3
<i>(per cent per annum)</i>					
<b>Monetary Sector</b>					
Weighted Average Deposit Interest Rate	3.8	4.1	3.6	4.1	3.7
Weighted Average Lending Interest Rate	10.4	12.0	9.9	9.7	9.4
<i>(in millions of EC dollars, unless otherwise stated)</i>					
<b>Memo</b>					
Nominal GDP at basic prices	802.1	813.1	894.0	952.1	1,031.1
Real GDP at basic prices	562.5	555.5	596.2	620.5	656.5
Nominal GDP at market prices	947.6	977.5	1,077.9	1,157.6	1,289.0
GDP Per Capita (EC\$)	16,965	16,927	18,350	19,291	20,625
Merchandise Imports (f.o.b)	479.3	474.2	434.2	500.1	589.2
Merchandise Exports (f.o.b)	159.0	147.4	147.1	135.4	138.9
Gross Visitor Expenditure	154.3	203.5	277.1	309.2	314.1

Source: Statistics Department and ECCB

Data available at 02 March 2007



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

	2002	2003	2004	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Current Revenue</b>	299.1	321.4	365.4	433.7	491.5
Tax Revenue	212.1	233.9	281.9	344.1	374.1
Taxes on Income and Profit	61.9	64.1	80.4	101.6	98.4
of which:					
Company	38.8	41.9	52.4	68.7	66.4
Social Services Levy	22.0	21.4	25.9	31.0	30.2
Taxes on Property	4.5	5.2	5.1	5.0	8.7
Taxes on Domestic Goods and Services	41.3	45.2	56.0	68.1	90.8
of which:					
Hotel Room Tax	8.2	9.4	12.5	15.0	15.9
Licences	5.4	8.3	7.4	7.7	8.0
Gasoline Levy	5.6	3.0	0.7	0.1	2.0
Stamp duties	13.1	14.2	24.1	30.2	47.1
Taxes on International Trade and Transactions	104.3	119.3	140.5	169.5	176.1
of which:					
Import Duty	33.7	36.5	40.7	49.1	49.4
Consumption Tax	50.8	56.5	68.7	80.4	84.1
Customs Service Charge	15.7	19.1	24.3	31.8	34.1
Non-Tax Revenue	87.0	87.5	83.5	89.6	117.4
<b>Current Expenditure</b>	323.5	333.1	381.5	439.8	474.2
Personal Emoluments	144.2	144.1	159.7	163.1	169.5
Goods and Services	78.9	79.0	95.8	114.7	129.4
Interest Payments	66.9	74.5	81.6	95.8	105.2
Domestic	35.3	31.0	33.7	48.4	63.7
External	31.6	43.5	47.8	47.4	41.5
Transfers and Subsidies	33.6	35.6	44.3	66.3	70.1
of which: Pensions	19.4	16.7	21.2	21.1	22.7
<b>Current Account Balance</b>	-24.5	-11.8	-16.1	-6.1	17.3
Capital Revenue	6.5	2.2	4.6	4.0	6.3
Grants	28.3	6.1	4.1	32.2	26.8
of which: Capital Grants	27.9	5.7	3.8	31.6	26.5
<b>Capital Expenditure and Net Lending</b>	167.5	76.4	78.1	78.8	77.0
of which: Capital Expenditure	115.9	62.5	66.7	78.8	71.0
<b>Primary Balance (after grants)</b>	(90.3)	(5.4)	(3.9)	47.1	78.7
Overall Balance (before Grants)	(185.5)	(86.0)	(89.5)	(80.9)	(53.4)
<b>Overall Balance (after grants)</b>	(157.2)	(79.9)	(85.5)	(48.7)	(26.5)
<b>Financing</b>	157.2	79.9	85.5	48.7	26.5
Domestic	21.0	(62.5)	120.6	96.0	70.0
ECCB (net)	1.5	(13.4)	11.6	0.2	1.1
Commercial Banks (net)	(18.3)	(76.8)	74.9	88.5	69.7
Other	37.8	27.7	34.1	7.3	(0.8)
External	136.2	142.3	(35.1)	(47.3)	(43.5)
Net Disbursements/(Amortisation)	135.5	142.3	(35.2)	(46.9)	(43.5)
Disbursements	162.9	186.6	10.3	9.1	15.2
Amortisation	(27.4)	(44.3)	(45.5)	(56.0)	(58.7)
Change in Govt. Foreign Assets	0.6	0.0	0.0	(0.5)	0.0
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 02 March 2007



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

	2002	2003	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Net Foreign Assets</b>	315.1	402.3	287.1	376.5	607.1
Central Bank (net)	177.2	174.6	211.5	193.0	239.1
Commercial Banks (net)	137.9	227.6	75.6	183.5	368.0
External (net)	245.7	419.8	225.7	210.4	347.1
Assets	500.5	629.6	538.6	598.8	784.6
Liabilities	254.8	209.8	312.9	388.4	437.5
Other ECCB Territories (net)	(107.8)	(192.2)	(150.1)	(26.9)	20.9
Assets	99.2	67.6	122.7	250.3	281.9
Liabilities	207.0	259.8	272.8	277.2	261.0
<b>Net Domestic Assets</b>	529.7	500.8	815.8	774.3	691.2
<b>Domestic Credit</b>	756.8	745.3	992.1	1,132.3	1,287.6
Central Government (net)	266.7	176.5	263.0	351.7	422.5
Other Public Sector (net)	(125.7)	(124.7)	(46.5)	(33.7)	(30.3)
Non-Bank Financial Institutions (net)	(13.3)	25.5	48.8	41.0	37.9
Subsidiaries and Affiliates (net)	(30.2)	(19.3)	(21.7)	(31.3)	(42.0)
Private Sector	659.3	687.4	748.5	804.6	899.5
<b>Other Items (net)</b>	(227.1)	(244.6)	(176.3)	(358.0)	(596.4)
<b>Money Supply (M2)</b>	844.8	903.0	1102.9	1150.8	1298.3
Money Supply (M1)	119.9	133.1	166.9	163.7	184.5
Currency	37.7	39.9	44.6	49.9	55.1
Demand Deposits	82.2	93.2	122.3	113.8	129.4
Quasi Money	724.9	769.9	936.0	987.1	1113.8
Savings Deposits	335.0	361.2	418.2	468.1	518.9
Time Deposits	153.6	144.6	203.5	183.3	188.1
Foreign Currency Deposits	236.3	264.2	314.2	335.7	406.8

Source: ECCB

Data available at 02 March 2007

**Table 39**  
**St Kitts and Nevis - Selected Tourism Statistics**

	2002	2003	2004	2005 <sup>E</sup>	2006 <sup>E</sup>
Total Visitor Arrivals	246,364	246,788	382,290	351,108	342,165
Stay-Over Arrivals	68,998	90,562	117,638	127,731	132,321
Excursionists	3,853	4,054	3,045	3,671	3,893
Yacht Passengers	6,283	5,855	7,072	4,355	2,876
Cruise Ship Passengers	167,230	146,317	254,535	215,351	203,075
Number of Cruise Ship Calls	245	270	373	244	264
<b>Total Visitor Expenditure (EC\$M)</b>	<b>154.3</b>	<b>203.5</b>	<b>277.1</b>	<b>309.2</b>	<b>314.1</b>

Source: Tourism Authority, Immigration Department and ECCB Estimates

Data available at 02 March 2007



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Current Account</b>	(343.7)	(313.5)	(185.1)	(225.7)	(344.8)
Goods and Services	(285.3)	(245.5)	(129.3)	(190.9)	(308.9)
Goods	(316.5)	(320.3)	(276.0)	(352.9)	(430.8)
Merchandise	(320.4)	(326.8)	(287.1)	(364.7)	(450.3)
Repair on goods	0.0	0.1	0.1	0.2	0.2
Goods procured in ports by carriers	3.9	6.5	11.1	11.6	19.3
Services	31.2	74.8	146.7	162.1	121.9
Transport	(59.1)	(62.0)	(62.7)	(75.2)	(81.4)
Travel	133.8	181.5	251.0	282.2	282.0
Insurance Services	(19.6)	(20.3)	(18.2)	(23.5)	(26.9)
Other Business Services	(20.8)	(20.2)	(22.2)	(21.6)	(51.4)
Government Services	(3.0)	(4.2)	(1.2)	0.1	(0.5)
Income	(102.8)	(118.1)	(105.0)	(90.5)	(90.0)
Compensation of Employees	(7.4)	(8.9)	(7.7)	(5.9)	(6.7)
Investment Income	(95.4)	(109.2)	(97.3)	(84.5)	(83.3)
Current Transfers	44.4	50.2	49.2	55.6	54.2
General Government	(1.1)	(1.2)	(3.6)	(2.7)	(3.9)
Other Sectors	45.5	51.4	52.8	58.4	58.1
<b>Capital and Financial Account</b>	367.0	310.9	222.0	207.7	390.9
Capital Account	39.4	14.5	14.5	39.8	34.9
Capital Transfers	38.9	14.0	14.5	39.8	34.9
Acquisition and Disposal of Non-Produced, Non-Financial Assets	0.5	0.5	0.0	0.0	0.0
Financial Account	327.6	296.4	207.4	167.9	356.0
Direct Investment	215.4	204.2	124.6	230.8	539.1
Portfolio Investment	82.0	129.7	(26.6)	(40.6)	(40.9)
Other Investments	30.2	(37.5)	109.4	(22.3)	(142.2)
Public Sector Long Term	44.5	6.0	(2.2)	(27.2)	(4.6)
Commercial Banks	(51.9)	(89.8)	152.1	(107.9)	(184.5)
Other Assets	8.0	(16.4)	(60.4)	(33.8)	(37.7)
Other Liabilities*	29.6	62.7	20.0	146.7	84.6
<b>Overall Balance</b>	23.3	(2.6)	36.8	(18.0)	46.1
<b>Financing</b>	(23.3)	2.6	(36.8)	18.0	(46.1)
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	0.6	0.0	0.0	(0.5)	0.0
Change in Imputed Reserves	(23.9)	2.6	(36.9)	18.5	(46.1)

Source: Planning Unit and ECCB

\* Includes errors and omissions

Data available at 02 March 2007





**Table 41**  
**Saint Lucia - Selected Economic Indicators**

	2002	2003	2004	2005	2006
<i>(annual percentage change unless otherwise stated)</i>					
<b>National Income and Prices</b>					
Nominal GDP at basic prices	0.4	4.9	6.1	8.7	7.6
Real GDP at basic prices	0.8	2.9	4.8	5.8	5.7
GDP Deflator	(0.4)	2.0	1.3	2.7	1.7
Consumer Prices (end of period)	(0.7)	0.5	3.5	5.2	(0.6)
Consumer Prices (period average)	(0.3)	1.0	1.5	3.9	2.3
<b>Real GDP at Factor Cost by Selected Sectors</b>					
Agriculture	4.4	(15.7)	1.8	(21.9)	12.2
Manufacturing	8.9	(1.7)	8.3	5.9	5.0
Electricity and Water	(2.5)	1.9	1.9	4.4	0.7
Construction	(4.8)	1.6	1.0	10.4	25.0
Wholesale and Retail Trade	1.2	7.8	8.4	9.1	10.5
Hotels and Restaurants	(0.6)	16.6	5.9	6.3	(3.6)
Transport	(3.8)	2.3	7.9	6.3	5.9
Communications	7.5	4.5	4.6	7.3	3.0
Banks and Insurance	1.2	2.0	4.9	8.7	5.6
Real Estate and Housing	2.4	3.3	3.3	5.7	3.0
Government Services	(1.6)	(2.1)	4.1	8.4	4.0
Other Services	1.8	(0.0)	0.6	1.9	2.5
<i>(as a percentage of GDP)</i>					
<b>External Sector</b>					
Current Account Balance	(15.1)	(19.7)	(11.0)	(17.0)	(21.3)
Overall Balance	0.8	2.5	3.4	(1.7)	1.4
Merchandise Trade Balance	(29.8)	(39.2)	(33.6)	(40.1)	(40.4)
<b>Central Government</b>					
Current Account Balance	2.2	(0.1)	2.2	3.3	3.7
Current Revenue	23.5	23.1	25.0	24.2	25.6
Current Expenditure	21.4	23.2	22.8	20.8	21.9
Capital Expenditure and Net Lending	7.3	9.0	7.2	9.8	10.0
Overall Fiscal Balance	(2.4)	(6.5)	(4.7)	(6.3)	(6.1)
Total Public Sector Debt (end of period)	55.9	62.9	68.9	67.8	72.5
<b>Monetary Sector</b>					
Weighted Average Deposit Interest Rate	3.8	6.8	2.8	2.7	2.9
Weighted Average Lending Interest Rate	12.5	15.3	10.7	10.5	10.2
<i>(in millions of EC dollars, unless otherwise stated)</i>					
<b>Memo</b>					
Nominal GDP at basic prices	1,597.0	1,675.7	1,778.5	1,932.7	2,078.8
Real GDP at basic prices	1,197.2	1,232.1	1,291.3	1,366.1	1,444.2
Nominal GDP at market prices	1,899.2	2,014.8	2,154.0	2,382.5	2,514.0
GDP per capita (EC\$)	10,036	10,433	10,949	11,769	12,396
Merchandise Imports (f.o.b)	734.1	957.2	939.6	1,128.9	1,210.5
Merchandise Exports (f.o.b)	167.5	167.6	215.4	173.2	195.2
Gross Visitor Expenditure	567.0	761.6	879.3	961.2	935.5

Source: Statistics Department and ECCB

Data available at 05 March 2007



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006
<b>Current Revenue</b>	447.2	465.3	537.8	575.7	644.8
Tax Revenue	404.9	431.0	495.7	540.8	603.8
Taxes on Income and Profit	107.6	109.7	116.4	139.6	148.4
of which:					
Personal	47.4	43.8	47.1	53.1	65.5
Company	45.8	44.8	44.2	60.4	60.1
Taxes on Property	6.9	4.3	4.9	4.0	4.7
Taxes on Domestic Goods and Services	68.5	60.7	93.3	89.5	105.6
of which:					
Stamp Duty	18.9	10.1	15.7	16.5	22.2
Hotel Occupancy Tax	19.7	21.1	25.1	29.3	28.3
Licenses	10.1	6.1	25.1	11.0	21.0
Taxes on International Trade and Transactions	222.0	256.4	281.0	307.7	345.2
of which:					
Consumption Tax (Imports)	110.0	110.8	116.6	109.3	110.8
Import Duty	53.0	69.8	72.7	84.0	94.9
Service Charge (Imports)	28.5	37.2	44.2	51.8	64.9
Excise Tax (Imports)	14.9	18.8	22.6	29.4	40.9
Non-Tax Revenue	42.3	34.3	42.0	34.9	40.9
<b>Current Expenditure</b>	405.5	466.6	490.4	496.7	551.2
Personal Emoluments	211.1	220.6	227.1	222.7	253.9
Goods and Services	64.7	89.5	95.5	91.0	103.6
Interest Payments	43.8	51.3	61.9	70.0	77.6
Domestic	22.2	20.5	18.3	21.1	25.6
External	21.5	30.8	43.6	48.9	52.0
Transfers and Subsidies	85.9	105.2	105.9	113.1	116.0
of which: Pensions	33.0	31.6	35.3	42.4	41.4
<b>Current Account Balance (before grants)</b>	41.7	(1.3)	47.4	79.0	93.5
Capital Revenue	21.3	8.6	0.9	0.0	0.9
Grants	29.0	43.0	6.0	4.2	3.3
of which: Capital Grants	29.0	43.0	6.0	4.2	3.3
<b>Capital Expenditure and Net Lending</b>	138.1	181.4	154.8	234.1	251.3
of which: Capital Expenditure	138.1	181.4	154.8	234.1	251.3
<b>Primary Balance (after grants)</b>	(2.4)	(79.8)	(38.7)	(81.0)	(76.0)
Overall Balance (before grants)	(75.1)	(174.1)	(106.6)	(155.2)	(156.9)
<b>Overall Balance (after grants)</b>	(46.1)	(131.1)	(100.5)	(151.0)	(153.6)
<b>Financing</b>	46.1	131.1	100.5	151.0	153.6
Domestic	(161.2)	2.0	50.1	49.4	59.6
ECCB (net)	(7.8)	(3.7)	(13.2)	3.7	(9.8)
Commercial Banks (net)	24.5	(4.4)	(12.7)	35.9	68.4
Other	(178.0)	10.0	76.0	9.7	0.9
External	207.3	129.1	50.4	101.6	94.0
Net Disbursements/(Amortisation)	208.3	239.1	48.9	99.9	81.7
Disbursements	255.5	256.1	82.0	130.1	113.4
Amortisation	(47.2)	(17.0)	(33.1)	(30.2)	(31.7)
Change in Government Foreign Assets	(1.0)	(110.0)	1.5	1.7	12.3
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 05 March 2007



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

	2002	2003	2004 <sup>R</sup>	2005 <sup>R</sup>	2006
<b>Net Foreign Assets</b>	106.8	337.8	352.7	243.0	117.6
Central Bank (net)	248.1	282.6	351.5	308.3	356.9
Commercial Banks (net)	(141.3)	55.2	1.2	(65.3)	(239.3)
External (net)	(191.2)	(143.6)	(69.4)	(82.7)	(224.7)
Assets	108.3	199.7	299.9	350.5	427.0
Liabilities	299.5	343.3	369.3	433.3	651.7
Other ECCB Territories (net)	49.9	198.8	70.6	17.4	(14.6)
Assets	124.3	229.2	182.9	284.9	388.1
Liabilities	74.4	30.4	112.3	267.5	402.7
<b>Net Domestic Assets</b>	1,166.5	1,032.6	1,156.4	1,468.7	1,938.6
<b>Domestic Credit</b>	1,428.0	1,323.3	1,465.3	1,772.1	2,280.5
Central Government (net)	(96.3)	(104.4)	(130.3)	(90.7)	(32.0)
Other Public Sector (net)	(158.9)	(186.4)	(194.2)	(185.2)	(214.8)
Non-Bank Financial Institutions (net)	(32.7)	(39.4)	(35.4)	(37.8)	(40.4)
Subsidiaries and Affiliates (net)	162.4	155.3	174.7	168.5	180.8
Private Sector	1,553.5	1,498.2	1,650.4	1,917.3	2,386.8
<b>Other Items (net)</b>	(261.5)	(290.7)	(308.9)	(303.4)	(341.9)
<b>Money Supply (M2)</b>	1,273.3	1,370.4	1,509.1	1,711.8	2,056.2
Money Supply	287.6	343.1	481.3	547.3	560.7
Currency	83.6	91.3	99.2	106.4	126.6
Demand Deposits	204.0	251.8	382.1	440.9	434.1
Quasi Money	985.7	1,027.3	1,027.8	1,164.5	1,495.5
Savings Deposits	652.3	755.2	810.4	916.3	1,064.9
Time Deposits	309.6	240.2	178.7	185.9	222.7
Foreign Currency Deposits	23.8	31.9	38.7	62.2	207.9

Source: ECCB

Data available at 05 March 2007

**Table 44**  
**Saint Lucia - Selected Tourism Statistics**

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>R</sup>	2006
Total Visitor Arrivals	673,871	704,236	813,681	747,308	694,469
of which:					
Stay-Over Arrivals	253,463	276,948	298,431	317,939	302,510
USA	94,044	98,078	107,089	112,557	117,450
Canada	12,927	13,494	15,315	16,506	17,491
UK	63,277	75,426	81,370	84,725	73,312
France	3,405	6,017	7,682	7,241	3,764
Germany	3,929	3,582	3,289	3,318	2,569
Caribbean	66,409	70,543	74,242	84,902	78,465
Other Countries	9,472	9,808	9,444	8,690	9,459
Excursionists	7,712	12,817	11,441	7,541	7,011
Cruise Ship Passengers	387,180	393,262	481,279	394,364	359,593
Yacht Passengers	25,516	21,209	22,530	27,464	25,355
Number of Cruise Ship Calls	245	262	328	258	267
<b>Total Visitor Expenditure (EC\$M)</b>	<b>567.0</b>	<b>761.6</b>	<b>879.3</b>	<b>961.1</b>	<b>935.5</b>

Source: Saint Lucia Tourist Board

Data available at 05 March 2007



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

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>P</sup>	2006
<b>Current Account</b>	(286.2)	(397.6)	(235.9)	(405.4)	(534.9)
Goods and Services	(220.8)	(295.1)	(87.2)	(244.6)	(352.4)
Goods	(547.0)	(763.3)	(679.6)	(889.2)	(940.4)
Merchandise	(566.6)	(789.5)	(724.2)	(955.7)	(1,015.3)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	19.7	26.2	44.6	66.4	74.9
Services	326.2	468.2	592.4	644.6	588.0
Transport	(103.8)	(137.0)	(131.8)	(140.0)	(155.4)
Travel	476.0	665.3	779.8	856.1	818.6
Insurance Services	(13.1)	(18.2)	(18.9)	(20.8)	(21.9)
Other Business Services	(22.9)	(34.4)	(28.5)	(48.0)	(50.3)
Government Services	(10.1)	(7.6)	(8.2)	(2.7)	(3.0)
Income	(98.1)	(137.3)	(186.3)	(195.8)	(215.8)
Compensation of Employees	0.2	0.3	0.4	0.5	0.5
Investment Income	(98.2)	(137.5)	(186.6)	(196.2)	(216.3)
Current Transfers	32.6	34.8	37.6	35.0	33.3
General Government	(2.6)	0.1	(0.5)	(3.3)	(4.2)
Other Sectors	35.3	34.7	38.1	38.4	37.5
<b>Capital and Financial Account</b>	301.8	447.1	308.3	364.2	571.2
Capital Account	53.3	46.1	9.3	14.4	14.9
Capital Transfers	53.3	46.1	9.3	14.4	14.9
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	248.5	400.9	299.0	349.8	556.3
Direct Investment	140.2	287.4	206.6	211.2	310.5
Portfolio Investment	45.5	169.5	44.0	64.9	(11.1)
Other Investments	62.7	(55.9)	48.4	73.6	256.9
Public Sector Long Term	32.9	44.4	45.4	(5.9)	72.6
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	20.6	(196.4)	54.0	66.5	174.0
Other Assets	(11.4)	(16.7)	(79.8)	(90.3)	(31.6)
Other Liabilities*	20.7	112.9	28.8	103.3	41.8
<b>Overall Balance</b>	15.6	49.4	72.4	(41.2)	36.3
<b>Financing</b>	(15.6)	(49.4)	(72.4)	41.2	(36.3)
Change in SDR Holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	(2.7)	(14.9)	(3.5)	(2.0)	12.3
Change in Imputed Reserves	(12.9)	(34.5)	(68.9)	43.2	(48.6)

Source: ECCB and Statistics Department

\* includes errors and omissions

Data available at 05 March 2007



**Table 46**  
**St Vincent and the Grenadines**  
**Selected Economic Indicators**

	2002	2003	2004	2005 <sup>R</sup>	2006 <sup>P</sup>
<i>(annual percentage change unless otherwise stated)</i>					
<b>National Income and Prices</b>					
Nominal GDP at basic prices	5.2	4.3	9.3	4.4	9.4
Real GDP at basic prices	3.2	2.8	6.8	2.2	6.5
GDP Deflator	2.0	1.4	2.3	2.1	2.8
Consumer Prices (end of period)	2.4	2.2	1.7	3.9	4.8
Consumer Prices (period average)	1.9	0.2	3.0	3.7	3.0
<b>Real GDP at Factor Cost by Selected Sectors</b>					
Agriculture	7.8	(2.2)	(4.9)	(6.0)	2.3
Manufacturing	(6.1)	0.7	3.3	2.1	5.8
Electricity and Water	2.6	7.5	7.1	8.4	0.9
Construction	(2.9)	8.2	14.7	0.4	6.0
Wholesale and Retail Trade	3.1	4.2	9.8	2.8	6.4
Hotels and Restaurants	(8.0)	(5.7)	7.3	10.6	6.0
Transport	6.2	7.8	10.1	(6.7)	17.2
Communications	4.5	(2.0)	19.3	9.2	3.5
Banks and Insurance	10.1	3.5	3.1	4.4	4.6
Government Services	3.7	2.5	2.5	6.2	5.5
Other Services	4.7	7.9	6.0	10.0	3.5
<i>(as a percentage of GDP)</i>					
<b>External Sector</b>					
Current Account Balance	(11.5)	(20.8)	(24.6)	(23.2)	(28.3)
Overall Balance	(1.8)	(0.1)	6.1	(0.7)	2.5
Merchandise Trade Balance	(32.3)	(36.1)	(38.9)	(38.1)	(42.3)
<b>Central Government</b>					
Current Account Balance	3.3	4.4	3.3	1.2	2.9
Current Revenue	31.0	30.8	29.0	28.9	29.9
Current Expenditure	27.7	26.4	25.7	27.7	27.0
Capital Expenditure and Net Lending	5.5	7.3	6.7	6.9	7.7
Overall Fiscal Balance	(1.4)	(2.3)	(1.4)	(4.3)	(3.9)
Total Public Sector Debt (end of period)	72.9	79.1	85.3	85.4	79.9
<i>(per cent per annum)</i>					
<b>Monetary Sector</b>					
Weighted Average Deposit Interest Rate	4.2	4.5	2.8	3.0	2.8
Weighted Average Lending Interest Rate	11.4	12.0	8.8	9.9	9.9
<i>(in millions of EC dollars, unless otherwise stated)</i>					
<b>Memo</b>					
Nominal GDP at basic prices	817.2	852.3	931.5	972.2	1,064.1
Real GDP at basic prices	631.8	649.5	693.9	709.2	755.2
Nominal GDP at market prices	986.1	1,032.1	1,121.1	1,162.2	1,316.5
GDP per capita (EC\$)	7,577	8,183	8,909	9,264	10,139
Merchandise Imports (f.o.b)	424.2	475.7	535.5	547.2	644.6
Merchandise Exports (f.o.b)	106.1	102.6	98.9	104.2	87.5
Gross Visitor Expenditure	245.7	246.2	258.0	280.5	305.8

Source: Statistics Department and ECCB

Data available at 9 March 2007



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

	2002	2003	2004	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Current Revenue</b>	305.6	318.2	324.9	336.1	393.3
Tax Revenue	272.8	272.5	290.9	307.3	361.7
Taxes on Income and Profit	87.9	77.0	80.4	89.8	98.8
of which:					
Individual	35.0	35.1	38.5	41.1	49.3
Company Tax	45.2	38.1	37.5	44.4	43.5
Taxes on Property	2.5	2.7	2.5	2.5	2.6
Taxes on Domestic Goods and Services	55.8	59.9	70.0	72.7	98.2
of which:					
Stamp Duty	17.2	19.9	20.9	21.0	38.2
Consumption Duties	5.9	6.0	7.5	6.4	7.2
Hotel Turnover Tax	4.5	4.2	5.1	6.8	7.3
Taxes on International Trade and Transactions	126.7	132.9	138.1	142.3	162.1
of which:					
Import Duty	25.6	29.2	29.5	32.7	34.0
Consumption Tax	77.9	78.9	81.8	80.0	94.2
Customs Service Charge	18.2	19.3	20.8	22.3	26.1
Non-Tax Revenue	32.8	45.7	34.0	28.8	31.6
<b>Current Expenditure</b>	273.1	272.5	288.1	322.0	355.4
Personal Emoluments	138.3	139.1	144.8	158.9	171.3
Goods and Services	60.6	57.9	66.6	72.1	75.8
Interest Payments	26.1	27.8	27.6	35.0	43.2
Domestic	15.8	16.4	12.7	15.5	18.7
External	10.3	11.5	14.8	19.5	24.5
Transfers and Subsidies	48.1	47.6	49.1	55.9	65.2
of which: Pensions	19.3	19.7	19.8	23.3	27.6
<b>Current Account Balance</b>	32.6	45.7	36.8	14.2	37.8
Capital Revenue	0.8	1.7	3.9	4.0	6.0
Grants	6.8	4.5	18.7	12.0	5.5
of which: Capital Grants	6.8	4.5	18.7	12.0	5.5
<b>Capital Expenditure and Net Lending</b>	53.8	75.6	75.1	80.6	101.3
of which: Capital Expenditure	57.7	82.0	78.9	85.1	103.6
Primary Balance (after grants)	12.4	4.1	11.9	(15.5)	(8.8)
Overall Balance (before grants)	(20.5)	(28.2)	(34.4)	(62.5)	(57.5)
<b>Overall Balance (after grants)</b>	(13.7)	(23.7)	(15.7)	(50.5)	(52.0)
<b>Financing</b>	13.7	23.7	15.7	50.5	52.0
Domestic	(6.1)	(22.9)	(100.6)	29.2	55.1
Central Banks (net)	4.2	12.2	(54.5)	17.9	(2.8)
Commercial Banks (net)	37.9	(51.0)	16.4	47.4	(2.9)
Other	(48.1)	15.9	(62.6)	(36.1)	60.9
External	19.8	46.7	116.3	21.3	(3.1)
Net Disbursements/(Amortisation)	24.3	50.9	120.8	28.1	4.9
Disbursements	40.5	114.4	229.5	191.2	96.5
Amortisation	(16.2)	(63.5)	(108.7)	(163.2)	(91.6)
Change in Govt. Foreign Assets	(4.5)	(4.2)	(4.5)	(6.8)	(8.0)

Source: Ministry of Finance, Treasury Department and ECCB Estimates  
Data available at 9 March 2007



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

	2002	2003	2004	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Net Foreign Assets</b>	272.8	313.4	426.8	429.9	428.4
Central Bank (net)	141.7	136.2	200.3	185.7	210.4
Commercial Banks (net)	131.1	177.2	226.5	244.1	218.0
External (net)	(3.6)	88.1	106.2	181.2	117.3
Assets	143.4	220.9	245.8	320.3	255.0
Liabilities	146.9	132.8	139.5	139.1	137.7
Other ECCB Territories (net)	134.7	89.1	120.2	62.9	100.7
Assets	170.2	168.5	192.7	178.4	257.5
Liabilities	35.6	79.5	72.4	115.5	156.9
<b>Net Domestic Assets</b>	436.4	409.1	394.7	444.2	511.4
<b>Domestic Credit</b>	534.0	507.9	565.8	653.8	760.3
Central Government (net)	86.0	47.2	9.1	74.4	68.7
Other Public Sector (net)	(131.6)	(120.9)	(63.2)	(66.6)	(60.3)
Non-Bank Financial Institutions (net)	(53.7)	(55.9)	(23.1)	(32.2)	(23.1)
Subsidiaries and Affiliates (net)	-	-	(0.2)	-	-
Private Sector	633.4	637.5	643.2	678.2	775.1
<b>Other Items (net)</b>	(97.6)	(98.8)	(171.1)	(209.6)	(248.9)
<b>Money Supply (M2)</b>	709.26	722.43	821.49	874.08	939.76
Money Supply (M1)	239.16	253.70	287.04	327.71	344.31
Currency	54.02	56.65	64.39	74.44	80.50
Demand Deposits	185.14	197.04	222.65	253.27	263.81
Quasi Money	470.10	468.74	534.46	546.37	595.45
Savings Deposits	303.99	320.79	383.91	430.19	476.57
Time Deposits	156.42	137.47	124.37	101.38	88.38
Foreign Currency Deposits	9.69	10.47	26.18	14.80	30.50

Source: ECCB

Data available at 9 March 2007

**Table 49**  
**St Vincent and the Grenadines - Selected Tourism Statistics**

	2002	2003	2004	2005 <sup>R</sup>	2006 <sup>P</sup>
Total Visitor Arrivals	247,449	241,526	261,469	256,075	306,578
Of Which:					
Stay-Over Arrivals	77,622	78,535	86,721	95,504	97,432
USA	22,410	22,194	25,106	27,153	28,598
Canada	5,268	4,918	5,219	6,187	6,542
UK	11,629	11,547	12,610	13,941	14,837
Caribbean	30,223	32,779	36,011	39,944	38,219
Other Countries	8,092	7,097	7,775	8,279	9,236
Excursionists	13,062	13,696	12,936	8,928	9,034
Yacht Passengers	86,451	84,330	84,227	81,890	93,638
Cruise Ship Passengers	70,314	64,965	77,585	69,753	106,474
Number of Cruise Ship Calls	264	245	225	182	263
<b>Total Visitor Expenditure (EC\$M)</b>	<b>245.7</b>	<b>246.2</b>	<b>258.0</b>	<b>280.5</b>	<b>305.8</b>

Source: Department of Tourism and ECCB Estimates

Data available at 9 March 2007



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

	2002	2003	2004	2005 <sup>R</sup>	2006 <sup>P</sup>
<b>Current Account</b>	(113.3)	(214.6)	(275.7)	(269.5)	(373.1)
Goods and Services	(98.6)	(185.1)	(236.8)	(235.7)	(334.2)
Goods	(314.6)	(369.1)	(431.2)	(434.8)	(547.7)
Merchandise	(318.1)	(373.1)	(436.6)	(442.9)	(557.0)
Repair on goods	0.0	-	0.0	0.0	0.0
Goods procured in ports by carriers	3.4	4.0	5.4	8.1	9.3
Services	216.1	184.1	194.4	199.1	213.5
Transport	(45.6)	(54.4)	(57.9)	(61.6)	(72.4)
Travel	218.2	212.1	219.4	240.3	264.2
Insurance Services	(11.2)	(12.3)	(13.9)	(14.6)	(17.1)
Other Business Services	58.6	43.7	52.1	47.0	50.8
Government Services	(3.9)	(5.0)	(5.3)	(11.9)	(12.1)
Income	(47.5)	(64.3)	(77.0)	(82.8)	(95.1)
Compensation of Employees	2.0	1.6	1.8	1.3	1.3
Investment Income	(49.5)	(66.0)	(78.8)	(84.0)	(96.3)
Current Transfers	32.8	34.8	38.1	48.9	56.3
General Government	(2.2)	(2.7)	(1.0)	(0.9)	6.8
Other Sectors	34.9	37.6	39.1	49.9	49.5
<b>Capital and Financial Account</b>	95.5	213.3	344.3	261.8	405.7
Capital Account	28.6	38.8	51.1	38.4	29.5
Capital Transfers	28.6	38.8	51.1	38.4	29.5
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	66.8	174.5	293.2	223.3	376.3
Direct Investment	91.9	148.9	177.4	111.8	227.9
Portfolio Investment	2.7	55.9	89.6	(27.3)	(0.5)
Other Investments	(27.8)	(30.3)	26.3	138.8	148.9
Public Sector Long Term	5.6	(3.2)	6.9	70.0	19.8
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	(41.2)	(46.1)	(49.3)	(17.6)	26.2
Other Assets	(20.9)	(47.3)	(23.4)	16.6	(25.0)
Other Liabilities*	28.7	66.3	92.1	69.8	128.0
<b>Overall Balance</b>	(17.8)	(1.3)	68.6	(7.8)	32.7
<b>Financing</b>	17.8	1.3	(68.6)	7.8	(32.7)
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	(4.5)	(4.2)	(4.5)	(6.8)	(8.0)
Change in Imputed Reserves	22.3	5.5	(64.2)	14.6	(24.7)

Source: ECCB

\*includes errors and omissions

Data available at 9 March 2007

