

Annual Economic and Financial Review



2003

EASTERN CARIBBEAN CENTRAL BANK

PARTICIPATING GOVERNMENTS

Anguilla
Antigua and Barbuda
Dominica
Grenada
Montserrat
St Kitts and Nevis
St Lucia
St Vincent and the Grenadines

ADDRESS

Headquarters:	P O Box 89 Basseterre St Kitts and Nevis West Indies
Cable:	CENTRAL BANK, ST KITTS
Telephone:	(869) 465-2537
Facsimile:	(869) 465-5615
E-mail:	eccbrei@caribsurf.com
Website:	www.eccb-centralbank.org

The ECCB welcomes your questions and comments on this publication.

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INTERNATIONAL ECONOMIC DEVELOPMENTS

Overview

Growth in the world economy accelerated to roughly 3.9 per cent in 2003 from 3.0 per cent in 2002. Economic expansion was uneven during the year under review as relatively weak growth during the second half of 2002 was carried over into the first half of 2003. Global economic growth picked up during the second half of 2003 and averaged close to an annual rate of 6.0 per cent, which was the highest since 1999. The resurgence in growth was driven by strong consumer spending in the United States, reflecting the impact of the tax cuts and mortgage refinancing, and a recovery from the severe acute respiratory syndrome (SARS)-related slowdown in Asia. There were increases in the prices of commodities such as oil, non-fuel commodities, food and agricultural raw materials, partly as a result of the global expansion. Despite the rise in commodity prices inflation remained benign except in a few cases. In the advanced countries, consumer price inflation rose on average to 1.8 per cent in 2003 from 1.5 per cent in the previous year.

Recent Economic Developments

Economic growth in the United States rose to 3.1 per cent in 2003 from 2.3 per cent in 2002. This acceleration in growth occurred in the second half of the year as an annualised 8.2 per cent rate of growth was recorded in the third quarter followed by 4.1 per cent in the final quarter - the fastest six-month growth in almost 20 years. Additional tax cuts which were adopted towards the end of May, together with persistently low interest rates, boosted private consumption and led to a surge in growth. Domestic demand was also

influenced by stronger investment and increased military expenditure associated with the war in Iraq. The rise in military spending together with lower tax receipts raised the budget deficit to 5.0 per cent of GDP.

Inflation in the United States was relatively benign during 2003 as indicated by a 1.9 per cent rise in the prices of all goods and services. Among the factors which kept prices from rising further were unused productive capacity, increased competition and efficiency gains. In addition, some companies provided steep markdowns and other incentives to increase automobile sales. The low rate of inflation in 2003 occurred against the backdrop of a weak labour market, with monthly unemployment rates at or above the 6.0 per cent rate for more than half of the year. Weakness in the labour market was more severe in the manufacturing sector where factory employment contracted throughout the year. Companies with limited ability to raise prices were reluctant to hire and met increased demands from gains in productivity.

In Canada real GDP slowed to 2.0 per cent in 2003 from 3.9 per cent in 2002, as the economy was hit by a number of economic shocks in early 2003 that dampened growth. Among the factors that contributed to the slowdown in 2003 were the effects of SARS, a case of CJD (mad cow disease) in western Canada which affected exports of beef to the United States, and the war in Iraq. In addition, during the year the Canadian dollar appreciated by 21.7 per cent against the U.S. dollar, making this the largest 12-month movement in Canadian history. This currency appreciation caused a slowdown in Canadian output as exports



to the United States contracted. Household spending recorded a third year of strong growth with expenditure on housing leading the way. Despite slow growth in income, consumer spending increased by a little over 3.0 per cent.

Economic growth in the European Union slowed to 0.4 per cent in 2003 from 0.9 per cent in 2002. That was the smallest increase since 1993 when the economy contracted by 1.0 per cent. Growth was uneven during the year as output stagnated in the first half but recovered somewhat in the second. The weak state of the labour market and the small increases in employee compensation appeared to have been the main causes of the restraint in consumer spending on durable goods. The economies of Germany and France, which are the largest in the euro group, expanded in the third and fourth quarters of 2003 and contributed to the recovery. However, for the year 2003 the economy of Germany contracted by 0.1 per cent, while that of France grew by 0.2 per cent.

In 2003 the economy of the United Kingdom expanded by 2.2 per cent, the strongest expansion since 2000. Growth which was led by consumer spending, as in the past few years became more balanced during 2003. Other sources of growth such as capital spending and exports also made positive contributions. The U.K economy also benefited from the economic upturn in the rest of the world. This was reflected in a rise in exports despite an appreciation of sterling against the dollar.

Japan recorded better than expected growth of 2.7 per cent in 2003 as the economy benefited from structural reforms initiated over the past few years. This growth rate was the highest in three years and

followed a 0.4 per cent contraction in 2002. Growth in the final quarter of 2003 was the fastest since the economy collapsed in 1990, slashing property values and leading to three recessions. Economic recovery continued to depend on exports, but was increasingly sustained by domestic investment demand. During 2003 the yen strengthened against the dollar, but the effect of this was partially offset by rising demand for Japanese goods in China, the United States and Europe. This growth in demand for exports prompted some companies to invest more in factories and equipment.

Despite sluggish growth in much of the rest of the world economy, performance in the Asian region continued to be favourable in 2003. Growth in the combined Asian economies, excluding Japan, rose to 6.3 per cent in 2003 from 6.2 per cent in the previous year. China has emerged as the fastest growing economy in Asia and a centre for economic activity in the region, with a growth rate of 9.0 per cent in 2003.

Latin America and the Caribbean are in a recovery phase from the period of stagnation which began in 1998, but the recovery is somewhat fragile. Real growth in the region rose to 1.5 per cent in 2003 as a result of a number of factors. These included growth in the world economy and increases in the prices of raw materials. Argentina recorded over 7.0 per cent growth in 2003. Growth rates were negative in two countries: the Dominican Republic, which experienced a financial crisis, and Venezuela, where GDP fell due to a strike at the beginning of the year. For the region as a whole the final result was one of modest recovery.



Commodity Prices

Commodity prices were generally higher in 2003 than they were in 2002, with the overall index of primary commodity prices increasing by 10.4 per cent. This increase was uneven during the year. Prices rose sharply in the first two months but returned to a more gradual growth path before rising in the final quarter of 2003. Crude oil prices were also up sharply in the first quarter of 2003 but for the year as a whole recorded a 7.4 per cent increase. Among the factors influencing oil prices were the war in Iraq and delays in restoring oil production, an increase in consumption due to a rise in global economic activity, disruption of supply in Venezuela following a strike in December 2002 and the decline in the US dollar. Food prices increased by 28.7 per cent during the year and were boosted by both supply and demand factors. The price of wheat rose, largely as a result of a projected shortfall in supply in the United States and Europe, while the prices of some agricultural raw materials increased in response to rising global

demand. During the year the price of metals rose by 28.7 per cent, with most of this increase occurring in the second half as a result of higher demand.

Prospects

The global economic recovery is expected to strengthen in 2004 with real growth estimated by the International Monetary Fund at 4.9 per cent. Growth in the leading industrial countries is projected at 3.5 per cent, to be led by the United States and the United Kingdom with rates of 4.6 per cent and 3.5 per cent respectively. While economic expansion is expected to continue in the euro area, growth is likely to remain moderate at 1.7 per cent. Developing Asia will grow at a slightly slower pace of 7.4 per cent, reflecting slowdowns in China and Asia, the two fastest growing countries in that region. Most of the countries in the Western Hemisphere are likely to experience stronger growth in 2004 with the improvements in global economic conditions.



REGIONAL ECONOMIC DEVELOPMENTS

Overview

Most of the larger members of the Caribbean Community (CARICOM) experienced improved economic performances in 2003 as the adverse effects of 9/11 subsided and the world economy showed signs of recovery. Real output rebounded, particularly in those member countries relying heavily on tourism. Significant growth was recorded for Belize, driven by increases in output in the agricultural sector and the tourism industry. The Trinidad and Tobago economy also experienced strong growth, reflecting substantial investment in the energy sector and increased output in the non-energy sector. In contrast, economic activity decelerated in Guyana, as climatic conditions coupled with depressed prices in the export markets led to lower agricultural export earnings. Inflation rates rose in most of the larger CARICOM countries as a result of higher import prices, driven by increases in fuel prices.

The improved economic conditions had a positive impact on the fiscal accounts of the central governments of Barbados, Belize and Trinidad and Tobago. Wage and salary increases in Jamaica and Guyana contributed to higher current expenditure and a widening of the fiscal deficit. There were mixed performances in the external sector, with increases in the net international reserves recorded for Barbados, The Bahamas and Trinidad and Tobago. Despite the narrowing of the current account deficits in some of the other countries, net foreign reserves fell as a result of higher outflows in the capital and financial account.

Output

In 2003 economic activity in The Bahamas continued to recover, on account of an improvement in tourism, the mainstay of the economy. The impetus to growth in tourism was a substantial increase in sea arrivals, as air arrivals rose modestly.

After contracting by 0.4 per cent in 2002, economic activity rebounded in Barbados with real GDP growth increasing by 2.2 per cent in 2003. The resurgence in economic activity was attributed to a strong performance in tourism, as value added for the hotel and restaurant sector grew by 7.3 per cent, in contrast to a decline of 2.7 per cent in 2002. This performance reflects the continued recovery of the sector from the effects of 9/11 and increased marketing of Barbados under the "Best of Barbados" programme. Activity in the construction sector also expanded, while output in the agricultural and manufacturing sectors contracted.

The expansion in real GDP in Belize was influenced by an increase of 67.5 per cent in banana production and growth in stay-over arrivals. Stay-over visitors grew by 13.0 per cent, reflecting an aggressive marketing campaign by the tourism authorities and additional airlift capacity to Belize. Output of sugar was down by 6.7 per cent and citrus production, largely orange and grapefruit, continued to be adversely affected in the aftermath of hurricane Iris.



The improved performance of the Jamaican economy in 2003 was largely attributed to increased output in the agricultural and mining sectors and the tourism industry. The growth in agricultural output was driven by a 7.0 per cent increase in production of crops for domestic consumption. Export crops declined by 6.0 per cent, following a contraction of 10.8 per cent in 2002. Total visitor arrivals increased significantly in 2003, reflecting the recovery of tourism from the effects of 9/11 and from the global economic slowdown. While mining and construction activities expanded in 2003, manufacturing remained weak as the sector continued to grapple with the effects of increased competition stemming from globalisation.

The deceleration in real output growth in Guyana was attributed to lower production of sugar, gold and manufactured items. However, rice production rebounded, increasing by 18.7 per cent as a result of improved irrigation systems and more favourable payment arrangements between farmers and millers. The bauxite industry also recorded strong growth in 2003 as a result of structural changes designed to enhance efficiency, productivity and profitability.

Driven mainly by a strong performance in the energy sector, growth in real output in Trinidad and Tobago accelerated to 4.1 per cent, from 2.7 per cent in 2002. Following the start of operations of two natural gas production plants, oil refinement expanded by 42.0 per cent, and production of crude oil and condensate increased by 6.7 per cent. Price increases of the benchmark, West Texas intermediate crude oil, also contributed to the expansion in the energy sector. There was growth of 1.8 per cent in the non-energy sector, reflecting increases in value added for manufacturing (2.0

per cent) and construction (4.8 per cent) which were partly offset by a 15.1 per cent decline in agricultural output.

Prices, Wages and Employment

All the larger countries of CARICOM reported higher rates of inflation, except Belize and Trinidad and Tobago where inflation fell to 2.6 per cent and 3.8 per cent respectively. The rate of inflation in Jamaica surged to 14.1 per cent (the highest rate in six years), from 8.7 per cent in 2002. The higher price level was attributed to an increase in fuel prices, a depreciation of the exchange rate and the effects of new revenue measures by the government. Barbados and Guyana experienced rates of inflation of 1.6 per cent and 5.9 per cent respectively. All the countries experienced increases in food prices, while some recorded higher prices for fuel and light, transportation and medical and personal care.

Unemployment remained one of the major economic challenges for most of the larger countries of CARICOM, as evidenced by rate increases in 2003. While economic activity rebounded in Barbados and Belize, the growth rates of the labour markets outpaced the absorption of labour in those economies, resulting in higher rates of unemployment. Notwithstanding the rapid expansion in economic activity in Trinidad and Tobago, restructuring and consolidations in the distribution, finance, insurance and real estate sectors led to a marginal increase in the level of unemployment to 10.6 per cent in 2003. However, in Jamaica unemployment was marginally below the 15.1 per cent rate recorded in 2002.

In the case of wages, there was a general increase in wage levels in Belize as a result of



increases awarded to central government employees. The government of Guyana awarded a 5.0 per cent wage increase to civil servants for the third consecutive year, resulting in a rise in the minimum wage level. That increase was in line with the rate of inflation, resulting in little movement in real wage levels.

Central Government Fiscal Operations

The fiscal performance of the central governments in the larger countries of CARICOM was mixed in 2003. In The Bahamas the overall balance deteriorated as a result of an increase in expenditure.

The economic recovery in Barbados led to a 6.4 per cent rise in recurrent revenue and a near doubling of government savings to 1.7 per cent of GDP. The overall fiscal deficit fell by 2.8 percentage points of GDP to 3.1 per cent. In Belize a reduction in capital expenditure by 4.0 percentage points of GDP was mainly responsible for the improvement in the overall fiscal balance in 2003. While recurrent revenue increased, the growth in recurrent expenditure outweighed that of revenue, leading to a deterioration in government savings.

In Jamaica the overall fiscal position of the central government improved, albeit below expectations. The government adopted a tight fiscal stance in 2003 by implementing revenue measures aimed at reducing the budget deficit. There were slippages in implementation of some revenue measures, however there was a significant reduction in capital expenditure.

The government of Guyana adopted bold policy measures to strengthen its fiscal stance. This

was mainly achieved through the imposition of a number of tax measures on the services sector. However, the weakness of the economy mitigated against the full realisation of some of the revenue measures, and given an increase in current expenditure the central government's savings declined. As a result of delays in implementation of a number of capital projects, capital expenditure declined by almost 10.0 per cent. These developments translated into a slight increase in the overall deficit to 6.5 per cent of GDP.

The government of Trinidad and Tobago recorded an overall budget surplus of 1.4 per cent of GDP in 2003, up from a deficit of 0.6 per cent of GDP in the previous year. This was achieved on the strength of significant revenue growth, generated mainly by buoyant oil prices which almost doubled during the fiscal year. Expenditure increased by 11.1 per cent, reflecting increases in all categories. External debt service payments were reduced by refinancing maturing obligations and lengthening the loan maturity structure. However, central government's contingent liabilities increased by 23.0 per cent.

Money and Credit

Monetary policy in the larger countries of CARICOM focussed on preserving monetary stability by containing inflation and stabilising exchange rates. To achieve these objectives, the monetary authorities implemented various measures including adjusting interest rates and pursuing other direct monetary policy interventions. In Jamaica, the Bank of Jamaica (BOJ) lowered interest rates on its open-market instruments as exchange rate fluctuations subsided. Commercial bank nominal interest rates increased moderately, but given the high rate of inflation,



real interest rates declined substantially. In Barbados there was an increase in monetary liabilities, reflecting the expansion in economic activity and the sale of shares held by the government in the Barbados National Bank (BNB). The strong growth in monetary liabilities relative to a marginal increase in domestic credit, resulted in an expansion in commercial bank liquidity in 2003.

In Guyana, low and sometimes negative real interest rates during 2003 coupled with exchange rate uncertainty, forced economic agents to hold higher money balances. Consequently, currency and demand deposits increased. The short-term deposit rate fell moderately, while the prime lending rate remained high at 16.65 per cent. The high interest rate coupled with economic uncertainty, contributed to a 16.8 per cent contraction in private sector credit in 2003.

Monetary policy in Trinidad and Tobago in 2003 aimed at controlling liquidity in the financial system and maintaining a stable exchange rate to facilitate growth. Within this context the central bank reduced the repo rate by 25 basis points to 5.0 per cent and the discount rate by 25 basis points to 7.0 per cent. In addition the cash reserve requirement applicable to commercial banks was reduced from 18.0 per cent to 14.0 per cent with the aim of cutting costs. This reduction resulted in downward movement in other retail interest rates by the end of the year. However, the central bank sterilised any potential increase in liquidity by issuing government bonds in an equivalent amount.

External Sector

The external positions of Barbados, The Bahamas and Trinidad and Tobago improved in

2003. In Barbados net international reserves rose substantially despite a widening of the current account deficit to 7.9 per cent of GDP in 2003 from 6.7 per cent of GDP. This performance was supported by a 57.5 per cent increase in net inflows on the capital and financial account, due to proceeds from the sale of government shares in the BNB. The narrowing of the current account deficit in The Bahamas was mainly influenced by an increase in travel receipts. While the value of imports declined by 2.6 per cent, exports fell by 6.7 per cent, resulting in a deterioration of the merchandise trade balance. A decline in net capital inflows outweighed the improvement in the current account, resulting in a reduction in reserves to 1.1 months of imports compared with 1.7 months in 2002.

In Trinidad and Tobago, the overall balance of payments surplus improved significantly, mainly reflecting the strength of the current account position. The balance of payments showed a surplus of 3.5 per cent of GDP in 2003. There was a sharp increase in the current account surplus, reflecting buoyant international oil prices, coupled with increased export volumes of petroleum and petrochemicals. However, the capital account moved into a deficit position as a result of significant outflows associated with regional bond issues and foreign direct investments by domestic companies. Gross international reserves stood at 6.4 months of imports at the end of 2003.

In Jamaica the current account deficit narrowed on account of increases in travel receipts and net transfers, mainly in the form of inflows of remittances. An increase in the value of imports, due to higher fuel prices and greater demand for imported consumption and investment goods, resulted in a widening of the merchandise trade



deficit. There was a deterioration in the capital and financial account, resulting in additional loss of foreign reserves. Net international reserves were estimated to have declined to 12.5 months of imports in 2003 from 18.4 months in 2002.

Indications are that the current account deficit of Guyana deteriorated, due to adverse terms of trade stemming from weak commodity export prices. The growth in the value of imports outweighed that of exports, resulting in a 24.0 per cent increase in the merchandise trade deficit. Net inflows from services fell, while transfers remained flat due to a fall in inflows of remittances. Those developments contributed to a decline in the central bank's net foreign reserves. The capital and financial account recorded a 28.1 per cent increase in net inflows, representing higher interim debt relief and official inflows.

Prospects

The expansion experienced in most of the economies of the larger countries of CARICOM is projected to continue in 2004, driven primarily by the ongoing economic recovery of the US and Europe. The expansion is likely to be in the tourism dependent countries, as there are good prospects for increased visitor arrivals to the Caribbean in the short to medium term. A general downturn in agricultural commodity prices is anticipated, resulting in a worsening terms of trade and a weak performance in agricultural production and exports.

The economic recovery in The Bahamas is likely to accelerate. Tourism and construction are anticipated to be the main fillips of growth, supported by financial services. Stemming from the expected rise in economic activity, government

revenue is projected to increase. However, some restraint on current expenditure would be necessary to ensure fiscal and debt sustainability. Net foreign inflows are projected to rise given an anticipated increase in tourism and construction related inflows. Real GDP growth in Belize is projected to be robust, driven particularly by increases in farmed shrimps, bananas and visitor arrivals. There is likely to be an improvement in the external account, partly driven by increased commodity exports and tourism receipts.

The economic outlook for Barbados is linked to the economic performances of the major tourism markets, particularly the US and UK. The recent surge in real growth rates in those economies is expected to have positive impacts on the Barbadian economy. Growth in output of the agricultural and manufacturing sectors is likely to be marginal, in the absence of any new initiatives being undertaken. The central government's revenue is expected to increase, based on an acceleration in real output growth. The government's intention to reduce its overall fiscal deficit to 2.5 per cent of GDP could result in lower borrowing from the banking system. In Guyana, real output is projected to grow at an annual average rate of 2.5 per cent over the medium term. Despite lower export prices, the volume of exports is projected to increase based on improved sector efficiencies and higher levels of productivity for agricultural commodities, particularly rice and sugar. The fiscal accounts are projected to improve over the medium term, given the expansion in economic activity coupled with new measures to enhance revenue collections.

Real GDP growth in Jamaica is projected at between 2.0 and 3.0 per cent in the medium term. Much of the growth is based on expectations of an improved tourism performance in light of the recent



expansion in airlift capacity out of the US and Europe, ongoing construction of hotel plants and a depreciating currency. In the agricultural sector sugar and bananas, the main export crops, are experiencing difficulties as a result of the withdrawal of preferences. The prospects for growth in the mining sector remain robust, however export prices will depend on the state of the world economy.

The economic prospects for Trinidad and Tobago remain optimistic, with growth projected at 4.5 to 5.5 per cent in 2004. Increased output from the petroleum, gas and petrochemicals sub-sectors will be the most significant contributors to economic growth. The rate of inflation is expected to remain broadly in line with the country's trading

partners, while the rate of unemployment is projected to fall as a result of an increase in business investment. The government's fiscal performance and the balance of payments are linked to the world market prices of crude oil and liquid natural gas. Gross official reserves are projected to strengthen gradually, while debt is expected to decline relative to GDP.

Notwithstanding the generally positive outlook presented above there are some downside risks. These include increases in oil prices and a probable hike in US interest rates. Those developments can result in a worsening of the merchandise trade balance of the oil-importing countries and higher rates of inflation.



DOMESTIC ECONOMIC DEVELOPMENTS

Overview

In the Eastern Caribbean currency union the economic recovery that began in 2002 strengthened in 2003. Based on provisional data, growth in real output is estimated at 3.8 per cent in 2003 compared with 0.2 per cent in 2002. The expansion in activity was driven by increases in value added in the construction, hotel and restaurant, wholesale and retail trade, transport, banks and insurance and government services sectors that together accounted for roughly 70.2 per cent of real gross domestic product (GDP). Performance in the agricultural and manufacturing sectors was weak.

Among the member countries, growth in real GDP was estimated for Antigua and Barbuda (5.8 per cent), Grenada (5.7 per cent), St Lucia (3.7 per cent), St Vincent and the Grenadines (3.6 per cent), Anguilla (3.0 per cent), Montserrat (1.2 per cent) and St Kitts and Nevis (0.6 per cent). In Dominica economic activity was flat.

The consolidated fiscal operations of the central governments in the currency union resulted in a narrowing of the current account deficit to \$102.1m (1.2 per cent of GDP) from \$165.0m (2.1 per cent of GDP) in 2002. The reduction in the deficit was driven by faster growth in current revenue relative to the increase in current expenditure. Lower capital expenditure coupled with the smaller deficit led to a contraction in the overall deficit to \$463.1m (5.6 per cent of GDP) from \$698.9m (8.9 per cent of GDP) in 2002. At the end of 2003 public sector outstanding debt amounted to \$9,060.3m, representing an increase

of 9.2 per cent compared with growth of 17.9 per cent in 2002. In the external sector the current account position weakened, influenced by a poor performance in the merchandise trade account and increased outflows on the income account.

Output

The performance of the tourism industry improved during 2003. Value added in the hotel and restaurant sector, an indicator of the level of activity in the industry, grew by an estimated 13.0 per cent in 2003 following a 0.5 per cent contraction in 2002. This performance was influenced by a 7.4 per cent increase in stay over visitors. The growth in stay-over visitors was spurred by increased airlift services from the USA and the UK - two major markets - and a rebound of their economies. Of the member countries, growth in value added was highest in St Kitts and Nevis (31.3 per cent), followed by St Lucia (16.6 per cent), Grenada (13.8 per cent), Antigua and Barbuda (11.2 per cent), Anguilla (6.7 per cent) and Dominica (8.3 per cent). Decreases were recorded in Montserrat (31.6 per cent) and St Vincent and the Grenadines (5.8 per cent).

The classification of stay-over visitors to the currency union (excluding St Kitts and Nevis) by country of origin, revealed that the number of visitors from the USA - the dominant market - increased by 3.5 per cent to 262,043 in 2003, in contrast to the decline of 7.8 per cent in 2002. Visitors from the UK rose by 13.2 per cent to 211,435, following the contraction of 3.8 per cent in 2002. The growth in these markets resulted from increased airline services to some member



countries. Arrivals from the rest of the Caribbean, the second largest market, grew by 8.1 per cent to 237,115 following the decline of 3.8 per cent in 2002.

Of the other categories of visitors, the number of cruise ship visitors to the currency union is estimated to have expanded by 8.9 per cent to 1,316,271 in 2003 compared with the total in 2002. This performance was mainly as a result of a 4.4 per cent increase in the number of cruise ship calls to 1,481, associated with additional visits by one or more cruise lines and the inclusion of some member countries on the itineraries of liners.

The increase in value added in the hotel and restaurant sector is likely to have had a positive impact on activity in some of the other services sectors, particularly 'transport' and 'wholesale and retail'. Increases in value added were recorded for the transport (6.2 per cent) and wholesale and retail trade (6.0 per cent) sectors, in contrast to declines of 1.0 per cent and 0.2 per cent respectively in 2002. Of the other sectors, there were increases in value added for banks and insurance (3.1 per cent), government services (3.4 per cent), electricity and water (3.2 per cent) and real estate and housing (2.5 per cent). Value added in the communications sector fell by 1.6 per cent.

During 2003 activity in the construction sector expanded, as evidenced by an increase of 5.8 per cent in value added in that sector following declines of 2.4 per cent and 1.5 per cent in 2002 and 2001 respectively. The increase was attributed to the implementation of major private and public sector projects. These projects included hotel development, upgrading of hospitals and port facilities, and road construction. Of the member countries construction activity was highest in

Grenada (28.5 per cent), Dominica (11.3 per cent), St Vincent and the Grenadines (9.4 per cent), Antigua and Barbuda (8.0 per cent) and Anguilla (1.2 per cent). The expansions were tempered by declines in value added in St Kitts and Nevis (4.7 per cent), Montserrat (2.9 per cent), and St Lucia (1.2 per cent).

Manufacturing activity, which accounted for roughly 5.8 per cent of GDP, remained depressed in 2003 as some companies continued to be challenged by an increasingly competitive market environment. Value added for that sector is estimated to have increased by 0.2 per cent in 2003, following two consecutive years of reduction of 1.2 per cent and 0.9 per cent in 2002 and 2001 respectively. The contraction was largely influenced by decreases in value added in Grenada and St Lucia that more than offset increases in the other member countries.

In Grenada value added fell by 2.8 per cent due to lower production of electronic components, flour, animal feed and rum. Output of electronics is estimated to have contracted substantially, as a major enterprise scaled down its operations following a fall in demand for its products in the USA - the main market. In St Lucia value added for manufacturing was 0.5 per cent below the 2002 level, reflecting lower production of wearing apparel, electrical components and paper products.

In Dominica value added rose by 0.6 per cent, driven by increases in output of dental cream and beverages as result of higher demand in the export market. In St Vincent and the Grenadines value added grew by 0.7 per cent, associated with increased production of construction material, flour and mill feed, that more than offset a decline in output of rice. In St Kitts and Nevis value added



rose by 0.6 per cent, influenced by an increase in output of beverages as a result of the addition of new product lines by two bottling companies. The increase was partly offset by declines in output of sugar and electronic components due to the scaling down of operations by one of the manufacturing companies.

Output in the agricultural sector is estimated to have contracted by 4.4 per cent during 2003 in contrast to the increase of 5.6 per cent in 2002. This performance largely reflected a 31.9 per cent decline in banana production to 67,301 tonnes. All banana-producing territories recorded declines in banana production, as a result of a combination of factors. These include damage to the crop by tropical storm Lily in September 2002, drought during the first half of 2003 and a fall in acreage under banana cultivation. Dominica recorded the largest decline (38.9 per cent), followed by St Vincent and the Grenadines (32.1 per cent), St Lucia (29.5 per cent) and Grenada (22.5 per cent). The available data on the other agricultural crops indicate that output of sugar cane in St Kitts and Nevis declined by 25.7 per cent to 169,251 tonnes. In Grenada production of nutmeg and mace declined by 22.5 per cent and 11.1 per cent respectively, while output of cocoa fell by 29.6 per cent.

Prices, Wages and Employment

Data available for all the member countries, except Antigua and Barbuda, point to a 1.8 per cent increase in consumer prices (end of period) for the currency union in 2003. The increase in the consumer price index (CPI) was highest for Anguilla (6.9 per cent), followed by St. Kitts and Nevis (3.1 per cent) and Dominica (3.0 per cent),

partly reflecting the impact of new fiscal measures introduced in 2003. In the other countries consumer price increases ranged from 0.4 per cent in St Lucia to 2.7 per cent in St Vincent and the Grenadines.

The available information on wages and salaries indicates that in 2003 civil servants in Dominica experienced a 5.0 per cent reduction, while those in St Lucia were granted a one-off bonus payment in December. In the private sector there were reports of wage increases in three member countries. In Antigua and Barbuda wage increases averaged 3.0 per cent to 5.0 per cent. In Grenada a 4.0 per cent increase was reported, while in St Vincent and the Grenadines there was an upward revision in the legislated minimum wages effective April 2003.

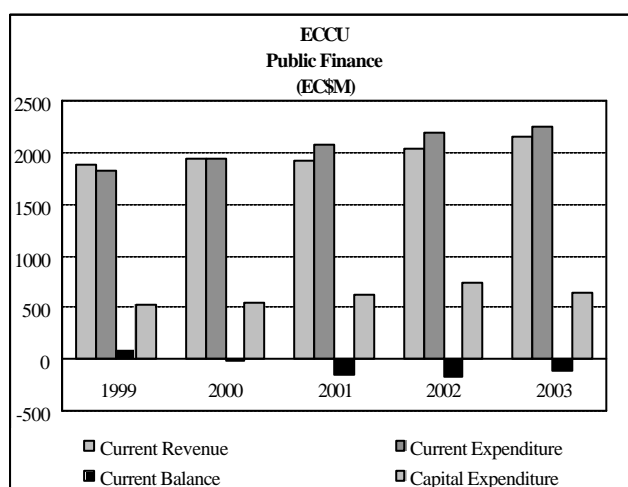
Complete data on employment were not available for the currency union. However, it was likely that the higher level of economic activity in some member countries would have resulted in increased employment in certain sectors, particularly hotel and restaurant, and construction.

Central Government Fiscal Operations

The fiscal position of the combined central governments showed an improvement in 2003. This was evidenced by the narrowing of the overall deficit to \$463.1m (5.6 per cent of GDP) from \$698.9m (8.9 per cent of GDP) in 2002. The contraction in the deficit was partly associated with strong growth in current revenue (5.6 per cent) relative to the increase in current expenditure (2.4 per cent). The overall deficit of the combined central governments was financed from both domestic and external sources.



Preliminary data on the combined current operations of the central governments indicate a current account deficit of \$102.1m in 2003, down from one of \$165.0m in 2002. An analysis of the individual country performances revealed varying outturns. Higher surpluses were realised in Grenada and St Vincent and the Grenadines compared with the outcomes in 2002. The fiscal operations of the central governments of Antigua and Barbuda, Dominica and St Kitts and Nevis resulted in smaller current account deficits. In both Dominica and St Kitts and Nevis the improvement in performance was influenced by the implementation of measures aimed at fiscal stabilisation. In Anguilla a smaller surplus of \$2.4m was recorded compared with \$3.0m in 2002. In Montserrat the current account deficit widened, while St Lucia recorded a current account deficit in contrast to the surplus in 2002.



During 2003 current revenue rose by 5.6 per cent to \$2,158.1m, primarily associated with an increase in tax receipts. Among the reasons for this development were improved tax administration, increases in the rates and a broadening of the base of some taxes in some member countries. Higher revenue intakes were

realised in all the member countries. Grenada recorded the largest increase (10.6 per cent), followed by St Kitts and Nevis (7.5 per cent). In Grenada the increase in revenue was due in part to improved tax administration and higher import payments associated with a buoyant construction sector. The higher collections in St Kitts and Nevis were attributed to increases of 2.5 percentage points and 1.0 percentage point in the consumption tax rate and the customs service charge respectively. In St Vincent and the Grenadines current revenue rose by 2.3 per cent, reflecting an increase in non-tax revenue. In Dominica current revenue grew by 5.9 per cent, influenced by the implementation of fiscal measures under the IMF Stand-by Arrangement. Those measures include an increase in the rate of the sales tax and a broadening of its base.

During 2003 current expenditure grew by 2.4 per cent to \$2,260.2m, partly attributable to increased outlays on personal emoluments and higher transfer and subsidy payments. Expenditure on personal emoluments rose by 3.7 per cent to \$1,083.5m, influenced by increases in Antigua and Barbuda (13.6 per cent), Grenada (4.6 per cent) and St Lucia (4.4 per cent). The relatively strong rate of growth in expenditure in Antigua and Barbuda was associated with increases in civil service employment and in salaries paid to workers in the health sector. In Dominica outlays on personal emoluments declined by 6.7 per cent as a result of fiscal measures implemented under the IMF Stand-by Arrangement. Transfer and subsidy payments rose by 8.2 per cent to \$380.1m. Interest payments went up by 2.6 per cent to \$332.3m. By contrast expenditure on goods and services fell by 4.9 per cent to \$464.4m, reflecting the impact of expenditure control measures implemented by some of the member governments.

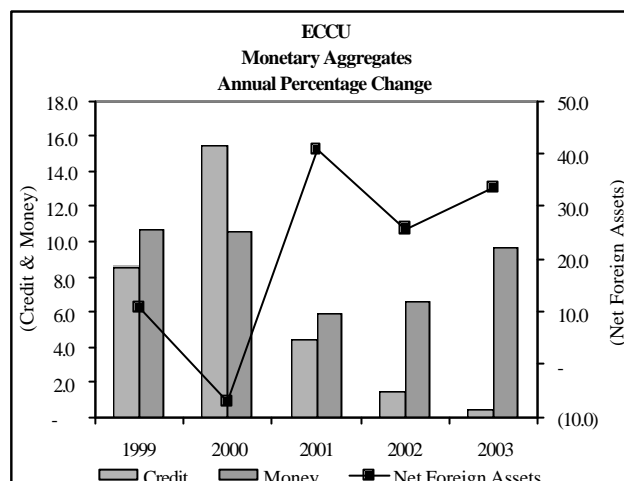


An examination of the fiscal accounts of the member countries revealed relatively strong increases in current expenditure in Montserrat and St Lucia. The expansion was highest in Montserrat (21.0 per cent), and was largely associated with restorative work in the wake of the July 2003 volcanic eruption, and higher expenditure on transport services. St Lucia recorded a 15.0 per cent increase influenced by growth in all categories of expenditure, in particular transfer and subsidy payments, reflecting a transfer to a company to meet some debt obligations. Lower rates of increase were recorded for St Kitts and Nevis (3.0 per cent), Anguilla (2.5 per cent) and Grenada (0.6 per cent). Current expenditure contracted by 8.3 per cent in Dominica, reflecting lower outlays on personal emoluments and on goods and services as a result of the implementation of measures under the IMF Stand-by Arrangement. Antigua and Barbuda recorded a decrease of 1.9 per cent, attributable to declines in outlays on goods and services, and interest payments, reflecting a build up of arrears. In St Vincent and the Grenadines current expenditure fell by 2.4 per cent, associated with reduced spending on personal emoluments, goods and services, and transfers and subsidies.

Capital expenditure amounted to \$636.3m, roughly 13.7 per cent below the level in 2002. The reduction in capital expenditure was partly on account of the completion of some projects that were under construction in 2002. Capital expenditure in 2003 was largely associated with the construction of a highway, a cruise ship facility as well as fisheries complexes; the reconstruction of a port, expansion to a hospital and road rehabilitation.

Money and Credit

During 2003 developments in the banking system of the currency union were characterised by an increase in liquidity and by an acceleration in the rates of growth of monetary liabilities and net foreign assets.

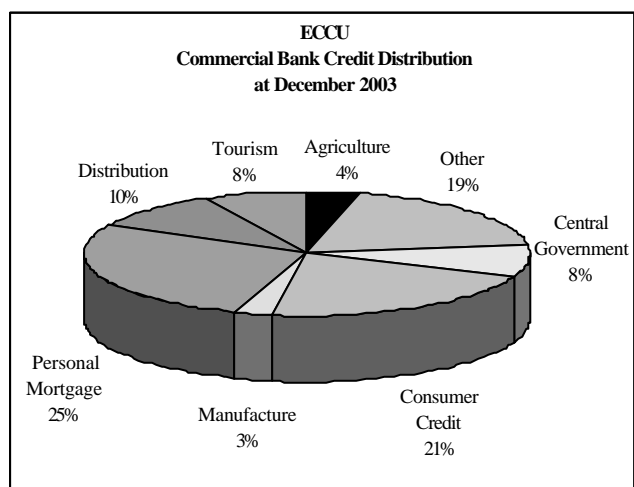


The broad money supply (M2) grew by 9.7 per cent to \$7,388.8 million in 2003, partly influenced by the expansion in economic activity. The growth in M2 reflected increases in both the narrow money supply and quasi money. The narrow money supply (M1), consisting of currency with the public and private sector demand deposits, grew by 14.3 per cent compared with the increase of 5.9 per cent in 2002. The growth in M1 was mainly influenced by a 16.7 per cent increase in private sector demand deposits to \$1,080.8m, up from 6.1 per cent in 2002. Quasi money, which comprises private sector savings deposits, time deposits and foreign currency deposits, rose by 8.6 per cent to \$5,880.8m compared with the 6.7 per cent increase in 2002. Private sector savings



deposits grew by 9.9 per cent. The growth in private sector foreign currency deposits decelerated to 6.4 per cent from 14.6 per cent in 2002.

Domestic credit grew at a slower rate of 0.5 per cent to \$5,878.7m compared with growth of 1.5 per cent in 2002. This outturn reflected in part a decline in net credit to the combined central governments. The stock of debt of the central governments with the banking system fell by 2.0 per cent to \$1,173.5m in contrast to growth of 5.1 per cent in 2002. Deposits of the central governments in the banking system grew at a slower rate of 8.9 per cent compared with the increase of 14.3 per cent in 2002. This performance was partly attributed to a reduction in deposits associated with bond receipts held at the Central Bank on behalf of the Grenada government.



The distribution of credit by economic activity showed increases in lending for manufacturing (7.0 per cent), agriculture (0.1 per cent) and personal use, mainly for the acquisition of property (9.1 per cent) and the purchase of durable consumer goods (10.5 per cent). Consistent with the recovery of tourism in the currency union in 2003, credit for

that activity declined by 4.5 per cent after recording growth of 9.0 per cent in the previous year. Decreases were also recorded in lending for construction (6.9 per cent) and distributive trades (7.7 per cent).

Claims on the private sector in the currency union rose by 2.2 per cent compared with 1.9 per cent in 2002. This outcome was largely associated with increased lending (5.0 per cent) to households, as credit extended to businesses fell by 1.2 per cent.

The counterpart to the increase in M2 was an expansion in the net foreign assets of the banking system in the currency union. The net foreign assets rose by 33.5 per cent to \$2,421.7m, largely reflecting a more than doubling of commercial banks' net foreign assets to \$972.6m. During 2003 those banks continued to accumulate liquid assets and investments abroad. The net foreign reserves of the ECCB grew at a rate of 6.9 per cent compared with the increase of 13.7 per cent in 2002. The gross foreign assets of the Central Bank rose at a rate of 7.0 per cent compared with the 13.2 per cent increase in 2002.

The level of liquidity in the commercial banking system continued to increase in 2003. Measured by the ratio of liquid assets to total deposits plus liquid liabilities, liquidity increased by 4.3 percentage points to 35.6 per cent in 2003. Also indicative of the increase in liquidity was a 5.7 percentage point decrease to 72.1 per cent in the ratio of loans and advances to total deposits.

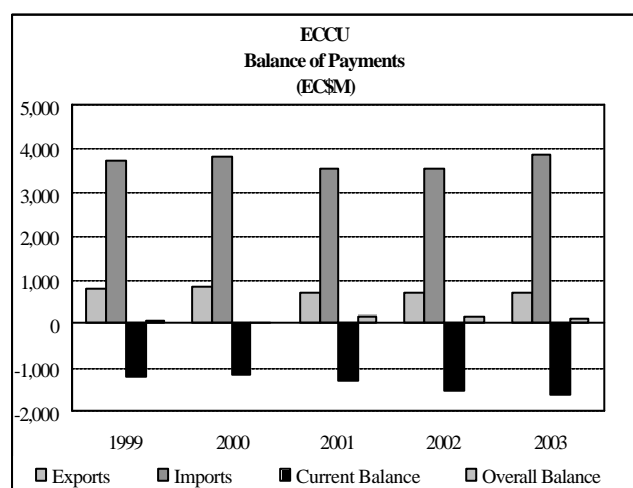
During 2003 there were some movements in the term structure of interest rates in the currency union. The minimum rate offered on all categories of time deposits fell to 1.0 per cent, while the



maximum on time deposits of up to 6 months fell by 0.25 percentage point and that of deposits over 1 year to 2 years fell by 0.5 percentage point. The savings deposit and lending rates were stable in 2003 following reductions in 2002.

Balance of Payments

The overall balance of payments position of the currency union remained favourable in 2003, despite a lower surplus. An overall surplus of \$101.5m (1.2 per cent of GDP) was realised in 2003 compared with one of \$162.9m (2.1 per cent of GDP) in 2002. The current account deficit widened in 2003 and was financed by net inflows on the capital and financial account.



The current account deficit rose to \$1,603.1m (19.4 per cent of GDP) in 2003 from \$1,545.9m (19.6 per cent of GDP) in 2002. This performance was influenced by a number of factors including higher outflows of income associated with official interest payments, and a rebound in economic activity in the currency union that resulted in an increase in merchandise imports. Those higher outflows more than offset increases in receipts from services and transfers.

Net payments on the merchandise trade account rose by 12.9 per cent to \$3,167.7m, on account of an increase in the import bill coupled with a fall in export earnings. As a percentage of GDP, the merchandise trade deficit rose to 38.2 per cent from 35.6 per cent in 2002. The value of imports (f.o.b.) grew by 9.6 per cent to \$3,868.9m in 2003, partly attributable to the higher level of economic activity. Increases in imports were recorded in all the member countries except Dominica where they remained stable and St Kitts and Nevis. In St Kitts and Nevis import payments fell in 2003 compared with 2002 when the import bill rose substantially, as a result of the import of furniture and equipment for a new hotel and supplies for two retail outlets that begun operations in that year. Receipts from merchandise exports fell by 3.2 per cent to \$701.2m, largely reflecting a decrease in the exports of traditional commodities. Earnings from the export of bananas contracted by 27.5 per cent to a low of \$85.4m in 2003, following growth of 24.6 per cent in the previous year. This performance was the result of the fall in banana production.

All the banana exporting countries reported declines in receipts ranging from 6.3 per cent in Grenada to 34.8 per cent in Dominica. Of the other exports, earnings from electronic components were estimated to have declined due in part to a fall in export demand. Export receipts from sugar contracted by 10.7 per cent to \$23.1m, reflecting the fall in production and volume exported. Those declines were partly offset by higher receipts from the export of dental cream, soap and flour.

In 2003 net outflows on the income account totalled \$598.1m, up from \$545.6m in the previous year. The higher net outflows were primarily associated with an increase in debt service payments



by the combined public sectors. Interest payments on the external stock of debt (excluding bonds) rose by 6.4 per cent to \$145.2m. This performance was consistent with the increase in the debt stock of the central governments. Interest payments on bonds issued by member governments amounted to \$87.3m, up from \$53.8m in 2002.

Net inflows from services transactions grew by 23.1 per cent to \$1,742.6m, largely influenced by developments in the travel sub-account. Provisional estimates indicated that net inflows from travel rose by 16.5 per cent to \$2,252.8m in 2002, reflecting the growth in stay-over visitors to the currency union.

Net inflows of current transfers were estimated at \$317.2m, roughly 7.6 per cent above the total in 2002. The main factor contributing to this outcome was an increase in budgetary assistance to Montserrat and Dominica.

In 2003 the surplus on the capital and financial account was estimated to have declined by 0.2 per cent to \$1,704.5m, equivalent to 20.6 per cent of GDP, down from 21.7 per cent of GDP in 2002. This outturn was primarily driven by developments in the capital account. There was a 10.2 per cent contraction in net inflows of capital transfers, mainly official grants, reflecting the completion of some public sector projects in early 2003. Net inflows on the financial account increased by 2.4 per cent to \$1,385.5m (16.7 per cent of GDP), reflecting in part higher inflows of direct investment. Net inflows of foreign direct investment amounted to \$1,144.9m, an increase of 34.0 per cent compared with the total in 2002.

Of the member countries the major recipients of foreign direct investment inflows were St Lucia, Antigua and Barbuda and Grenada, associated with hotel development, improvement to port facilities and expansion and upgrading in the telecommunications industry. Preliminary data indicated that in 2003 the combined public sectors received a total of \$372.6m in the form of loans, while their principal payments totalled \$184.2m. The result was a net inflow of \$188.4m compared with one of \$70.3m in 2002.

Public Sector Debt

Preliminary data indicate that at the end of December 2003 the total public sector outstanding debt (including arrears) in the currency union amounted to \$9,058.9m. This represented a 9.2 per cent increase compared with growth of 17.9 per cent in 2002. As a percentage of GDP, the consolidated public sector debt rose to 109.3 per cent at the end of 2003 from 105.4 per cent at the end of 2002. The expansion in 2003 reflected growth in both the external and domestic debt. Increases were observed in the outstanding public sector debt of all the member countries with the exception of Anguilla and Montserrat.

At the end of December 2003 the external debt of the combined public sectors amounted to \$5,597.8m, roughly 11.7 per cent above the total at the end of December 2002. As a percentage of GDP the public sector external debt rose to 67.6 per cent from 63.7 per cent in 2002. The performance in 2003 was attributed to a 15.4 per cent increase to \$4,735.2m in borrowings by the combined central governments. Increases were recorded in all the member countries with the



exception of Montserrat. The stock of public sector domestic debt rose by 5.4 per cent to \$3,461.2m, fuelled by growth of 4.6 per cent in the domestic debt of the central governments to \$2,813.4m.

An analysis of the currency composition of the external debt revealed that loans denominated in US dollars accounted for 69.0 per cent of the total in 2003. Of the other major currencies, 11.4 per cent was denominated in euros and 5.9 per cent in special drawing rights. An examination of the sectoral distribution of the debt revealed that utilities accounted for 12.7 per cent of the outstanding amount. Other sectors to which borrowings were allocated were the tourism industry (6.9 per cent), roads and bridges (6.8 per cent) and other infrastructural development (4.1 per cent).

Total debt service payments (interest plus principal repayments) of the central governments stood at \$550.1m in 2003, representing an 8.5 per cent contraction on the amount in 2002. As a ratio of current revenue, debt service payments fell to 25.5 per cent in 2003 from 29.4 per cent in the previous year. The decline in debt service payments can be largely explained by a build up of arrears coupled with the settlement of some liabilities in 2002. At the end of December 2003 arrears amounted to \$1,309.6m, roughly 21.5 per cent above the level at the end of 2002.

Of the member countries, lower debt service payments were recorded for Montserrat (40.9 per cent), Antigua and Barbuda (31.1 per cent) and St. Lucia (21.5 per cent). Growth was highest for St Kitts and Nevis, where debt service payments rose by 20.6 per cent, reflecting increases in principal and interest repayments on external debt, in particular bonds. Increases were also recorded for Anguilla (14.1 per cent), St Vincent and the

Grenadines (14.1 per cent) and Grenada (8.3 per cent). For the ECCU, total external debt service payments as a proportion of export earnings rose to 43.9 per cent in 2003 compared with 40.7 per cent in 2002.

Prospects for 2004

The prospects for economic growth in the Eastern Caribbean currency union during 2004 depend on developments in the construction and hotel and restaurant sectors. Value added in the construction sector is projected to increase based on ongoing projects as well as major public and private sector projects to be implemented. They include airport construction, housing development, refurbishing of hotels and road rehabilitation. Based on an increase in airlift services from the USA and UK, expansion in the number of hotel rooms and intensified marketing by some member countries, growth is expected in the tourism industry. The increased activity in the construction sector and tourism industry is likely to have positive spillover effects on a number of other sectors, in particular wholesale and retail trade and transport sectors.

Despite the projections for growth in overall economic activity there are downside risks that could have an adverse impact on the performance of the currency union. World economic growth has become very dependent on growth in the USA. There are also the risks of further increases in oil prices, higher US interest rates and adverse weather. Together these could lead to a downward revision to the projections for real GDP for 2004.

With respect to the combined fiscal operations of the central governments, a smaller current account deficit is projected. This is likely to result



from a higher rate of growth in current revenue relative to the anticipated increase in current expenditure.

In the external sector, the current account balance is expected to be influenced by developments in the travel and investment income sub-accounts. Growth in visitor arrivals to the currency union is projected in 2004 based on positive signs of recovery in the economies of the major markets, the Caribbean tour by the English cricket team, continued refurbishing and expansion

of the hotel plant and an increase in cruise ship traffic. These developments are likely to impact positively on gross travel receipts. Net outflows of investment income are likely to be above the level recorded in 2003, as debt service payments are projected to increase in line with the higher stock of external debt of the combined governments. Payments for imports are projected to grow in line with nominal GDP. Consumer price inflation is likely to increase as a result of higher oil prices.



ANGUILLA

Overview

Anguilla's economy is estimated to have expanded by 3.0 per cent in 2003 following the contraction of 3.1 per cent in 2002. The expansion was largely attributed to growth in tourism, construction, banks and insurance. In 2003 the fiscal operations of the central government resulted in an overall surplus above the level recorded in 2002, largely due to an increase in capital revenue and grants. Liquidity in the banking system remained relatively high. Savings deposits and prime lending rates were stable in 2003 compared with 2002. On the external accounts, the overall balance of payments surplus widened, largely as a result of increased inflows in the capital and financial account. Consumer prices rose by 6.9 per cent on average, following a contraction of 1.4 per cent in 2002.

The economy is projected to expand by 4.3 per cent in 2004, driven by growth in tourism and construction.

Output

Real gross domestic product (GDP) is estimated to have expanded by 3.0 per cent in 2003 following the 3.1 per cent decline in 2002. This was attributed to improvements in performance in the tourism industry, the bank and insurance, transport, wholesale and retail trade and construction sectors.

Value added in the hotel and restaurant sector grew by 6.7 per cent following the decline of 8.3 per cent in 2002. As a result, the sector's contribution to GDP rose to 31.4 per cent in 2003

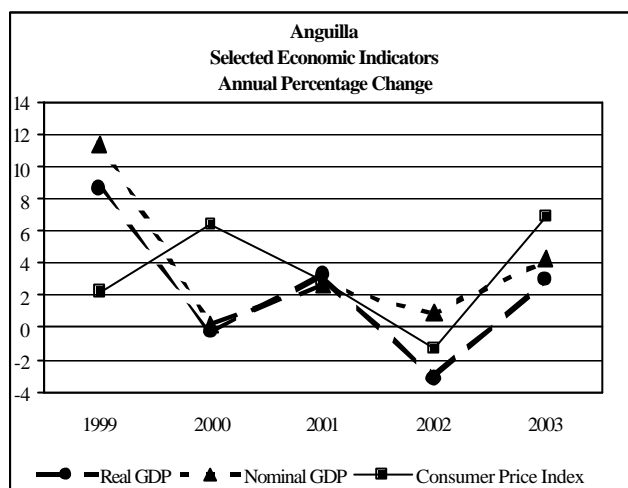
from 30.4 per cent in 2002. Stay-over visitors accounted for much of this increase as arrivals grew by 6.9 per cent to 47,007 after falling by 8.3 per cent in 2002. The number of stay-over visitors from the USA, Anguilla's major market, grew by 6.6 per cent to 30,644 in contrast to the decline of 4.5 per cent in 2002. Increases were also recorded in the number of stay-over visitors from the UK (17.1 per cent), Italy (33.7 per cent), Germany (20.9 per cent) and the rest of Europe (8.8 per cent). Those performances were largely due to increased marketing, especially in Italy. Stay-over visitors from Canada declined by 0.9 per cent, while arrivals from the Caribbean remained virtually stable. With respect to excursionists, the number fell by 7.1 per cent to 62,367 in contrast to growth of 17.7 per cent in 2002.

Of the other services, value added in the banks and insurance sector rose by 8.7 per cent in contrast to the decline of 10.5 per cent in 2002, partly reflecting an increase in interest income. Activity in the wholesale and retail trade sector rebounded in 2003, following two consecutive years of decline. Value added rose by 5.9 per cent following declines of 10.8 per cent in 2002 and 5.0 per cent in 2001. The performance in 2003 was consistent with the growth in imports, attributable to the expansion in economic activity. The sector's share of total output increased to 6.8 per cent from 6.6 per cent in 2002. Value added for government services rose by 4.6 per cent. The transport sector grew by 2.3 per cent, influenced by the increase in construction and tourism activity.

Construction activity showed signs of recovery in 2003. Value added increased by 1.2 per cent following declines averaging 9.9 per cent over the



period 2000 to 2002. The growth in value added was spurred by public sector activity, particularly road construction and airport development.



Prices, Wages and Employment

During 2003 the rate of inflation, as measured by the change in the consumer price index (on an end of period basis), was 6.9 per cent in contrast to negative 1.4 per cent in 2002. The outturn in 2003 was partly driven by growth in the sub-index "medical care and expenses" (32.0 per cent), reflecting an increase in the cost of medical services. In particular, the costs associated with doctor visits increased by 25 per cent, dental visits by 66 per cent and health insurance premiums by 35 per cent. The sub-index "transport and communications" rose by 29.0 per cent as a result of an increase in the cost of telephone rental and the implementation of an airline ticket tax and a baggage-screening fee. Of the other sub-indices, "fuel and light" and "household furnishings and supplies" increased by 7.8 per cent and 6.3 per cent respectively. Those increases were tempered by declines of 10.8 per cent and 2.6 per cent in the "housing" and "personal services" sub-indices respectively. Data on wage movements for the

public and private sectors were not available for 2003.

According to the latest poverty survey, the unemployment rate stood at 7.8 per cent in 2002. This figure is likely to have fallen in 2003 as employment is estimated to have increased, largely as a result of the expansion in tourism and construction activity.

Central Government Fiscal Operations

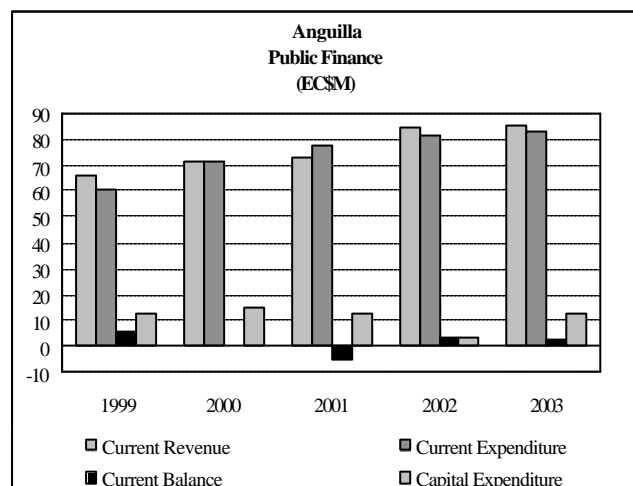
In 2003 the operations of the central government resulted in an overall surplus of \$9.0m (2.8 per cent of GDP) compared with one of \$1.7m (0.6 per cent of GDP) in 2002. This improved performance was influenced by increased inflows of capital grants and capital revenue. The current operations resulted in a surplus of \$2.4m (0.8 per cent of GDP), below the surplus of \$3.0m (1.0 per cent of GDP) in 2002.

Current revenue amounted to \$85.4m in 2003, representing a 1.8 per cent increase on collections in 2002. The growth in current revenue was reflected in higher receipts from taxes on international trade and transactions, which rose by 8.1 per cent to \$37.2m in contrast to the decline of 0.9 per cent in 2002. Increases in collections from embarkation tax (21.4 per cent) and foreign currency levy (44.4 per cent) were the main contributors to the growth in receipts from taxes on international trade and transactions. These increases were partly attributed to the growth in visitor arrivals.

Receipts from taxes on domestic goods and services declined by 3.1 per cent to \$28.1m. This outturn contrasted with the performance in 2002 when intake rose by 26.1 per cent, reflecting higher



receipts from the hotel accommodation tax as a result of an improvement in tax administration. The decline in 2003 was largely due to a 21.6 per cent (\$1.9m) contraction in collections from stamp duties, which was partly offset by a 40.0 per cent (\$1.0m) expansion in receipts from the bank deposit levy.



In 2003 current expenditure increased by 2.5 per cent to \$83.0m following growth of 4.3 per cent in 2002. As a percentage of GDP, however, current expenditure fell to 26.1 per cent from 26.5 per cent in 2002. Higher outlays on personal emoluments and transfers and subsidies were largely responsible for the growth in current expenditure. Expenditure on personal emoluments rose by 3.2 per cent to \$42.4m compared with growth of 3.8 per cent in 2002, largely driven by increases in honoraria and overtime payments in December. Outlays on transfers and subsidies grew by 21.4 per cent (\$0.6m) compared with growth of 27.3 per cent (\$0.6m) in 2002. Interest payments rose marginally (\$0.1m) in 2003 in comparison with 2002 when growth of 88.9 per cent (\$1.6m) was recorded on account of an increase in domestic interest payments.

In 2003 capital revenue of \$16.5m was recorded, associated with the divestment of government shares in the Anguilla Electricity Company (Anglec). Capital grants, mainly from the Department for International Development (DFID) and the European Development Fund (EDF) amounted to \$2.7m compared with \$2.1m in 2002. Capital expenditure more than tripled to \$12.6m (4.0 per cent of GDP) in 2003, following the contraction of 73.4 per cent (1.1 per cent of GDP) in 2002. The growth in capital expenditure was largely associated with road development and the Wallblake airport development project, in particular the relocation of residents in the airport zone and compensation for land. Capital expenditure was financed largely by the proceeds from the sale of Anglec shares.

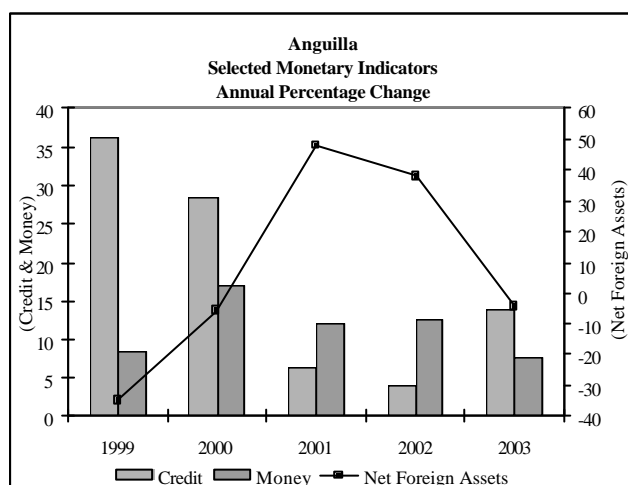
At the end of 2003 the total disbursed outstanding debt of the central government amounted to \$34.5m (10.9 per cent of GDP) compared with \$30.6m (9.6 per cent of GDP) at the end of 2002. The external debt grew by 60.7 per cent to \$13.5m, equivalent to 4.3 per cent of GDP, up from 2.8 per cent of GDP in 2002.

Money and Credit

During 2003 broad money (M2) increased by 7.6 per cent to \$586.8m compared with growth of 12.7 per cent in 2002. The increase was reflected in expansions in the narrow money supply (M1) and quasi money. Growth in M1 in 2003 was 25.6 per cent, in contrast to the decline of 4.4 per cent in 2002. Private sector demand deposits which rose by 37.2 per cent (\$4.2m) contributed largely to the increase in M1, partly reflective of the expansion in the economy. Quasi money grew by 6.9 per cent. Of the components of quasi money,



private sector foreign currency deposits grew by 6.6 per cent (\$28.1m) and time deposits rose by 12.8 per cent (\$6.3m), partly attributable to the increase in tourism activity. Savings deposits grew at a reduced rate of 3.6 per cent relative to the increase of 6.6 per cent in 2002.



Domestic credit rose by 13.9 per cent to \$484.7m in 2003 compared with growth of 3.9 per cent in 2002. The expansion in 2003 was driven by a 12.8 per cent increase in private sector credit. Of private sector credit, lending to households increased by 6.4 per cent. Loans to business entities rose by 19.6 per cent, largely associated with investment in hotels.

The net indebtedness of the central government to the banking system continued to decrease in 2003. Net credit to the central government fell by 35.6 per cent in 2003 following the decline of 3.5 per cent in 2002. The development in 2003 was attributed to an increase in central government's deposits, reflecting part of the proceeds from the divestment of shares in Anglec.

An analysis of credit by economic activity indicated that a major portion of the increase in

commercial bank credit was channelled into mortgage financing. Lending for home construction and renovation, mainly to households, increased by 36.0 per cent to \$89.2m in 2003 following the 27.1 per cent expansion in 2002. Of the other activities, lending for construction increased by 14.6 per cent, while credit for tourism fell by 1.2 per cent.

In 2003 the net foreign assets of the banking system declined by 4.3 per cent to \$200.3m in contrast to growth of 38.0 per cent in 2002. The contraction was reflected in a 20.3 per cent (\$28.2m) fall in the net foreign assets of the commercial banking system. This performance contrasted with the outcome in 2002 when growth of 60.4 per cent was recorded, associated with offshore banking activities. Anguilla's imputed share of the reserves held by the Central Bank increased by 27.0 per cent to \$89.9m.

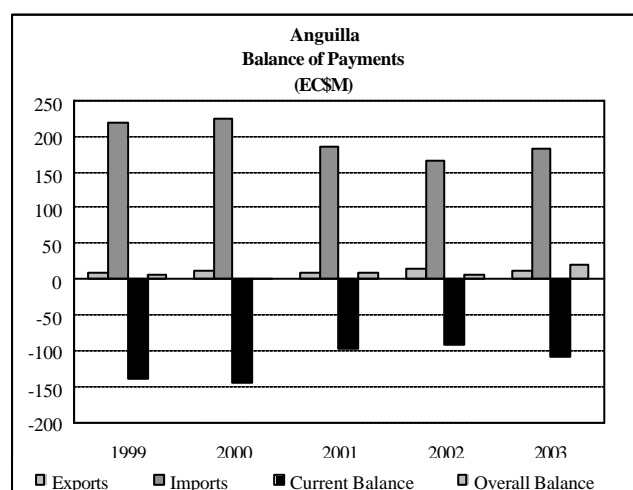
Liquidity in the commercial banking system remained relatively high in 2003. The ratio of liquid assets to total deposits plus liquid liabilities stood at 46.9 per cent compared with 43.2 per cent in 2002. The ratio of loans and advances to total deposits was relatively unchanged at 66.6 per cent in 2003.

In 2003 commercial bank interest rates remained virtually unchanged with the exception of those for time deposits. The rates offered on time deposits across the different maturity levels ranged from 1.0 per cent to 8.0 per cent in 2003 compared with the range of 2.5 per cent to 7.0 per cent in 2002. Savings deposit rates ranged from 3.0 per cent to 5.0 per cent and prime lending rates were in the range of 10.5 per cent to 12.0 per cent.



Balance of Payments

Preliminary estimates of the balance of payments for 2003 revealed a widening of the current account deficit to \$110.3m from \$93.8m in 2002. Relative to GDP, the current account deficit increased to 34.7 per cent from 30.7 per cent in 2002. The widening of the deficit was attributed, in part, to growth in the merchandise trade deficit. The merchandise trade deficit rose by 12.1 per cent to \$171.0m, reflecting an increase in the value of imports coupled with a decline in export earnings. In relation to GDP, the trade deficit increased to 53.8 per cent from 50.0 per cent in 2002. Payments for imports (f.o.b) rose by 9.8 per cent to \$182.4m compared with the total in 2002, largely as a result of higher imports associated with the expansion in tourism and construction activity in 2003. Exports fell by 15.6 per cent to \$11.4m.



In 2003 net inflows from services increased by 3.8 per cent to \$75.7m in contrast to a decline of 13.8 per cent in 2002. This outturn was mainly attributed to higher inflows from travel, which rose by 9.3 per cent to \$167.9m, in contrast to the

decline of 8.4 per cent in 2002, on account of the increase in stay-over visitors.

The surplus on the capital and financial account increased by 31.4 per cent to \$129.4m, equivalent to 40.7 per cent of GDP in 2003 compared with 32.3 per cent of GDP in 2002. This growth was mainly associated with commercial bank activities. Commercial bank transactions resulted in a net inflow of \$28.2m, in contrast to a net outflow of \$52.2m in 2002 when banks drew down on their reserves to meet the increased demand for credit. There was an increase in capital transfers to the private sector, but this was offset by lower inflows of official grants. Grants received in 2003 were mainly for the construction of the Little Harbour development road and for the hurricane Lenny road rehabilitation project. Net inflows of direct investment fell by 22.2 per cent to \$76.7m in contrast to the increase of 11.7 per cent in 2002, largely reflecting a reduction in inflows from the sale of land to non-residents. Net inflows on the capital and financial account were more than sufficient to finance the current account deficit. As a result an overall balance of payments surplus of \$19.1m (6.0 per cent of GDP) was realised compared with the surplus of \$4.7m (1.5 per cent of GDP) in 2002.

Prospects

Anguilla's economy is projected to expand in 2004 by an estimated 4.3 per cent, driven by growth in tourism and construction.

Growth in visitor arrivals is projected based on the ongoing recovery of the US economy - Anguilla's largest market, intense marketing, particularly in Europe and Canada and an increase



in hotel rooms following the completion of an hotel in 2003. In addition, increased marketing of the annual moonsplash, yacht regatta, carnival and jazz festival is also expected to contribute to growth in visitor arrivals.

Activity in the construction sector is projected to increase as a result of the implementation of new as well as ongoing projects in both the public and private sectors. Major projects include the Wallblake Airport expansion, construction of a hotel and road development. Additionally, work on a golf course project is scheduled to commence during the first half of 2004.

In relation to the fiscal operations of the central government, a current account surplus is projected

in 2004, mainly associated with increased revenue as a result of improvements in tax collection. The enforcement of the new Financial Administration Act, which enables the government to assess interest charges on overdue taxes, is expected to yield higher returns. In the external sector, gross travel receipts are expected to increase on account of the growth in stay-over visitors. The import bill is likely to increase based on the expansion in activity in the construction sector and the tourism industry as well as higher crude oil prices. Higher energy costs may curtail government revenue and push inflation upward. Liquidity in the banking system is expected to remain high. Commercial bank credit to the private sector is projected to expand, in line with the growth in economic activity.



ANTIGUA AND BARBUDA

Overview

In 2003 real gross domestic product (GDP) was estimated to have expanded by 5.8 per cent compared with growth of 2.1 per cent in 2002. That rate was the highest recorded since 1996 when real GDP expanded by 6.1 per cent. The acceleration in GDP growth in 2003 was largely driven by increases in value added in the hotel and restaurant, construction, government services, transport and wholesale and retail trade sectors. There were declines in value added in the electricity and water, and communication sectors. The fiscal operations of the central government resulted in a current account deficit of \$118.3m compared with one of \$151.0m in 2002. Liquidity in the commercial banking system increased, reflecting a faster rate of growth in deposits relative to the expansion in domestic credit. In the external sector, the current account deficit contracted, while net inflows in the capital and financial account increased, resulting in an overall balance of payments surplus of \$70.6m.

During 2004 the economy is projected to expand, with growth in tourism expected as a result of additions to the hotel plant and increased airlifts. Public sector construction activity is likely to expand and contribute to the growth in the economy.

Output

Performance in the tourism industry strengthened during 2003. Value added in the hotel and restaurant sector, an indicator of the level of tourism activity, increased by 11.2 per cent compared with growth of 2.1 per cent in 2002. Consequently, the sector's contribution to real

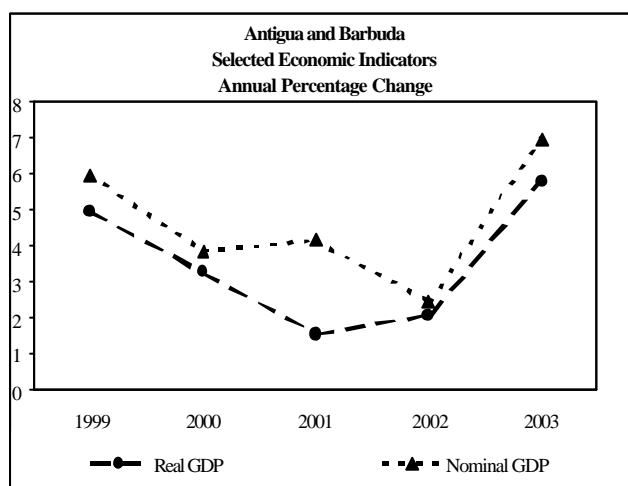
output rose by 0.6 percentage point to 12.2 per cent. The expansion in 2003 was influenced by a 7.3 per cent increase in stay-over visitors, reflecting growth in arrivals from all the major markets except Canada. In 2003 arrivals from the UK, the dominant market, rose by 11.4 per cent to 80,689, partly attributable to an increase in the number of weekly flights by two major airlines. The number of visitors from the "other European countries" increased by 29.3 per cent, partly reflecting growth in arrivals from Italy as a result of additional charter flights. The number of visitors from the USA, the second largest market, grew by 3.6 per cent to 62,885, also attributed to an increase in the number of chartered flights. Visitor arrivals from the Caribbean rose by 12.8 per cent to 42,154. The declining trend in stay-over visitors from Canada, observed since 2001, continued in 2003 with arrivals from that market decreasing by 17.1 per cent to 8,438.

Of the other categories of visitors, cruise ship passengers increased by 22.9 per cent to 383,834, consistent with a 14.1 per cent expansion in the number of cruise ship calls to 228. The growth in cruise ship calls was attributed to the start of visits by two major cruise lines and the completion in late 2002 of the first phase of the expansion of Heritage Quay to accommodate larger cruise vessels. By contrast, yacht passengers decreased by 4.6 per cent to 17,362. In total, visitor arrivals to Antigua and Barbuda rose by 15.8 per cent to 635,488.

Value added in the construction sector expanded by 8.0 per cent, following growth of 3.5 per cent and 4.0 per cent in 2002 and 2001 respectively. The sector's share of total output rose



to 14.2 per cent from 13.9 per cent in 2002. The outturn in 2003 was attributed to increased activity in the private sector, associated with ongoing construction of condominiums and commercial properties, and the reconstruction and refurbishing of two hotels. In the public sector construction activity fell, as reflected in a 33.8 per cent contraction in the central government's capital expenditure. This development was attributed in part to the winding down of some major public sector projects such as the refurbishing and renovation of government buildings including schools, and Mt St John's Hospital.



The government services sector continued to be the largest contributor to real GDP. In 2003 the sector's contribution to GDP increased by approximately 1.0 percentage point to 17.8 per cent. Value added was estimated to have increased by 10.8 per cent, reflecting growth in the number of non-established workers.

Of the other services, value added in the wholesale and retail trade sector rose by 5.4 per cent, consistent with an increase in merchandise imports. The sector's share of total output remained relatively unchanged at roughly 17.0 per cent.

Value added in the transportation sector was 11.0 per cent above the level in 2002, largely reflecting increases in the "road transport" and "sea transport" sub-sectors, associated with expansions in construction and cruise ship activity, as well as the higher volume of cargo imported. Growth in value added was also recorded for banks and insurance (3.3 per cent). Value added for communications contracted by 4.3 per cent, largely as a result of a decline in revenue from international telecommunication services.

Prices, Wages and Employment

Data on consumer price movements in Antigua and Barbuda were not available for 2003. Wages in the public sector remained generally stable, except during the fourth quarter when some civil servants were granted wage increases. In the private sector, the available data on wage and salary movements indicated increases ranging from 3.0 per cent to 5.0 per cent in 2003. Employment data for 2003 were not available. Based on the acceleration in the pace of economic activity, employment in the private sector is likely to have expanded in some sectors, particularly the construction and hotel and restaurant sectors. In the public sector, the number of non-established workers increased, as reflected in an expansion in central government's expenditure on wages and salaries for that category of workers. The number of established workers remained relatively flat.

Central Government Fiscal Operations

In 2003 the fiscal operations of the central government resulted in an overall deficit of \$172.7m (8.3 per cent of GDP) compared with one of \$218.7m (11.3 per cent of GDP) in 2002. The deficit was financed through external borrowing

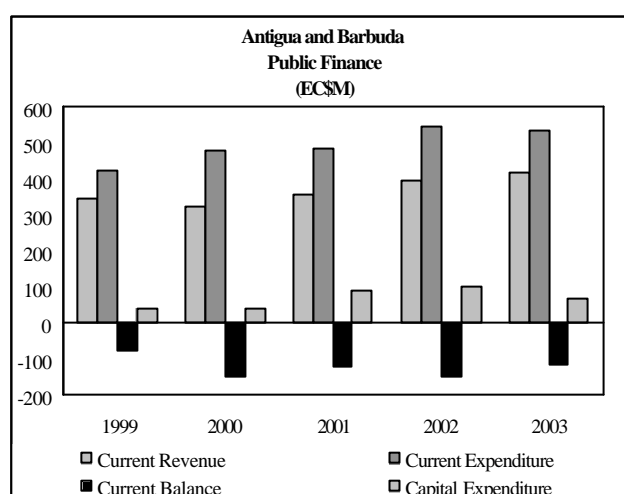


and the accumulation of arrears. The lower deficit was attributed to a reduction in the current account deficit and a fall in capital expenditure.

The current account deficit narrowed to \$118.3m (5.7 per cent of GDP) in 2003 from \$151.0m (7.8 per cent of GDP) in 2002, reflecting growth in revenue coupled with a decrease in expenditure. Current revenue expanded by 5.6 per cent to \$418.8m in 2003, largely supported by higher receipts from taxes. Of tax revenue, the yield from taxes on domestic goods and services rose by 16.3 per cent (\$11.5m), partly associated with increases in revenue from hotel and guest tax and from stamp duties. Those increases were partly offset by declines in receipts from telecommunications tax (3.4 per cent). Revenue from taxes on international trade and transactions rose by 2.9 per cent to \$223.5m, reflecting increases in collections of the customs service charge (8.2 per cent), consumption tax (5.8 per cent) and import duty (4.4 per cent), consistent with the growth in imports. The yield from property tax was 40.5 per cent (\$3.2m) above the level in 2002, largely reflecting increased efforts by the Inland Revenue Department to collect arrears. Receipts from taxes on income and profits grew by 1.8 per cent, associated with a 2.7 per cent increase in collections from corporation taxes.

Current expenditure contracted by 1.9 per cent to \$537.1m, in contrast to growth of 13.4 per cent in 2002. The reduction in expenditure reflected lower outlays on goods and services which fell by 28.8 per cent in 2003, compared with 2002 when outlays rose substantially as a result of the purchase of furniture and equipment for the new financial complex. Interest payments contracted by 12.3 per cent, largely attributable to a fall in domestic

interest payments as a result of a moratorium granted by the commercial banks during the latter part of 2003. By contrast, expenditure on personal emoluments was 13.6 per cent above the 2002 level, largely reflecting an increase in the number of non-established workers. Expenditure related to transfers and subsidies rose by 21.3 per cent, primarily associated with an increase in pension payments.



Capital revenue and grants amounted to \$11.0m compared with \$32.0m in 2002 when grants rose substantially, associated with a Japanese-funded fisheries project. Capital expenditure contracted by 33.8 per cent to \$65.5m and as proportion of GDP fell to 3.1 per cent from 5.1 per cent in 2002. This performance reflected a decline in the rate of implementation of the public sector investment programme.

At the end of 2003 the total disbursed outstanding debt (including arrears) of the central government stood at \$2,825.2m, representing a 6.9 per cent increase on the level at the end of 2002. Of that total, the outstanding external debt (including arrears) amounted to \$1,600.9m (76.9



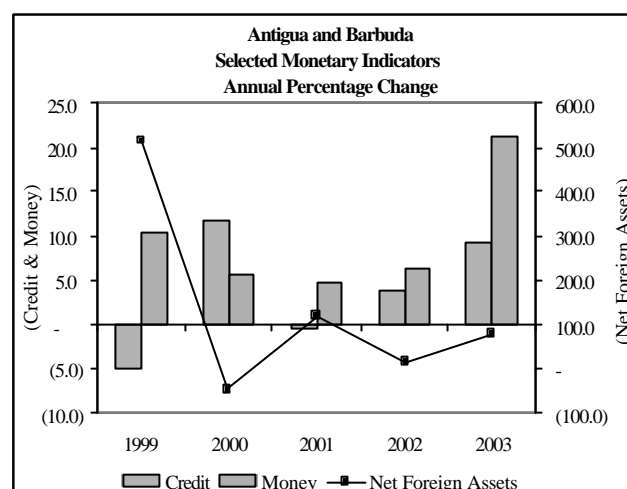
per cent of GDP) compared with \$1,477.3m (76.2 per cent of GDP) at the end of 2002.

Money and Credit

In 2003 total monetary liabilities (M2) increased by 21.2 per cent to \$1,873.4m compared with growth of 6.3 per cent in 2002, partly mirroring the expansion in economic activity in Antigua and Barbuda. The acceleration in the growth of M2 was associated with increases in both quasi money and the narrow money supply (M1). In 2003 quasi money grew by 21.4 per cent compared with the increase of 7.9 per cent in 2002. Of the components of quasi money, time deposits exhibited the highest growth, 37.5 per cent, following the 7.3 per cent expansion in 2002. The increase in time deposits largely reflected loan proceeds deposited by a private company. Savings deposits rose by 10.0 per cent compared with the increase of 2.6 per cent in 2002, while foreign currency deposits decreased by 9.1 per cent in contrast to growth of 45.8 per cent in 2002. During 2003, M1 rose by 20.7 per cent compared with growth of 0.3 per cent in 2002. This acceleration was traced to demand deposits, which increased by 24.2 per cent in contrast to the decline of 4.0 per cent in 2002. The growth in demand deposits was reflected in increases in deposits of private businesses and households. Currency in circulation expanded by 12.1 per cent in 2003, while demand deposits increased by 24.2 per cent in contrast to the decline of 4.0 per cent in 2002.

Domestic credit grew by 9.2 per cent to \$1,503.5m in 2003 compared with the 3.7 per cent increase in 2002, partly reflecting the higher level of economic activity. The expansion was fuelled primarily by an increase in private sector borrowing. In 2003 credit to the private sector

grew by 5.5 per cent, associated with increases in lending to both households and businesses. During 2003 credit to households rose by 6.4 per cent, in contrast to the decline of 3.1 per cent in 2002, partly linked to increased borrowing for the purchase of consumer durables and property. Loans to businesses increased by 4.7 per cent compared with 13.3 per cent in 2002.



At the end of December 2003 net claims on the central government by the banking system rose by 0.9 per cent to \$296.6m compared with the 1.7 per cent increase in 2002. The central government's stock of debt with ECCB stood at \$26.3m, approximately 0.9 per cent above the level at the end of 2002, while borrowings from commercial banks increased by 0.1 per cent to \$294.4m. In the rest of the public sector, lending to the non-financial public enterprises remained relatively stable in 2003. However, the deposits of these institutions declined by 16.3 per cent (\$47.2m), resulting in a 22.0 per cent contraction in their net deposits.

The distribution of credit by economic activity showed lending for manufacturing increasing by 18.2 per cent (\$8.6m) and lending for professional



and other business services rising by 40.1 per cent (\$56.5m). Lending for personal use rose by 0.4 per cent. Decreases in lending were recorded for construction (13.2 per cent), agriculture (7.2 per cent), distributive trade (6.0 per cent) and tourism (1.4 per cent).

In 2003 net foreign assets increased by 77.9 per cent to \$662.0m compared with growth of 16.3 per cent in 2002, partly influenced by higher inflows of direct investment and official loan funds. Commercial bank net foreign assets more than doubled to \$354.9m, reflecting an 18.2 per cent increase in foreign assets held outside the Eastern Caribbean Currency Union as well as a 46.5 per cent contraction in foreign liabilities to institutions in the other ECCB territories. In 2003 Antigua and Barbuda's imputed share of the Central Bank's reserves rose by 29.8 per cent to \$307.1m compared with growth of 9.9 per cent in 2002.

The liquidity position of the commercial banking system improved during 2003. The ratio of liquid assets to total deposits plus liquid liabilities grew by 4.5 percentage points to 36.7 per cent. The ratio of loans and advances to total deposits decreased by roughly 4.3 percentage points to 77.4 per cent, consistent with the higher rate of growth in deposits.

During 2003 there were some downward movements in the interest rates on time deposits as well in prime lending rates. Time deposit rates fell to a range of 1.0 per cent to 9.25 per cent in 2003 from one of 2.5 per cent to 9.25 per cent in 2002. The minimum prime lending rate decreased by 0.5 percentage point to 10.0 per cent, while the maximum rate remained stable at 11.0 per cent. Interest rates on savings deposits remained stable

in 2003 and ranged from 3.0 per cent to 8.0 per cent.

Balance of Payments

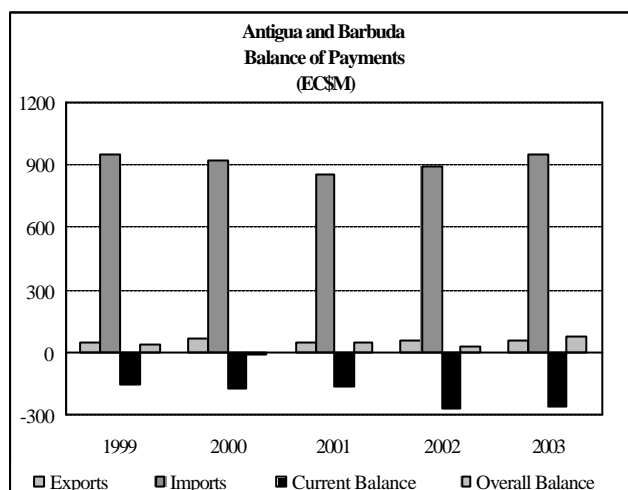
In 2003 an overall balance of payments surplus of \$70.6m (3.4 per cent of GDP) was realised, compared with one of \$20.9m (1.1 per cent of GDP) in 2002. This performance was mainly reflected in a reduction in the current account deficit to \$264.6m (12.7 per cent of GDP) from \$276.9m (14.3 per cent of GDP) in 2002. The contraction in the current account deficit was primarily associated with higher inflows on the services account.

In 2003 net inflows on the services account increased by 11.1 per cent to \$651.5m, (31.3 per cent of GDP), due mainly to an expansion in receipts from the travel and transportation sub-accounts. Net inflows from travel rose by 9.9 per cent in 2003, influenced by a 9.6 per cent increase in gross travel receipts to \$809.9m, as a result of the expansion in visitor arrivals. Net inflows on the transportation account increased to \$65.7m (3.2 per cent of GDP) in 2003 from \$53.8m (2.8 per cent of GDP) in 2002, reflecting an increase in intake from ticket sales by a domestic airline.

In 2003 net outflows on the merchandise trade account increased to an estimated \$894.1m (43.0 per cent of GDP) from \$839.9m (43.3 per cent of GDP) in 2002, due mainly to higher payments for imports. The value of imports (f.o.b.) increased by 6.5 per cent to \$944.3m, consistent with the expansion in economic activity, primarily in the construction sector. Receipts from merchandise exports grew by 6.6 per cent to \$50.2m (2.4 per cent of GDP), partly reflecting exports of windows



and doors by a manufacturing company which started operations in November 2002.



Net inflows on the capital and financial account expanded by an estimated 12.6 per cent to \$335.2m, equivalent to 16.1 per cent of GDP in 2003 compared with 15.3 per cent of GDP in 2002. This performance was mainly attributed to higher inflows of direct investment and official loan funds. Net inflows of direct investment were estimated to have increased by 98.3 per cent to \$255.4m, mainly associated with hotel and condominium development. There were net inflows of \$56.2m in public sector long-term capital in contrast to net outflows of \$23.0m in 2002, largely reflecting an increase in loans contracted by the public enterprises. Gross inflows of loans contracted by the central government declined by 10.6 per cent to \$58.0m. There was a net outflow of \$219.3m in commercial bank short-term capital compared with one of \$30.8m in 2002, reflecting a reduction in liabilities to institutions in the rest of the currency union and a build up of assets. On the capital account, net inflows fell to \$18.5m (0.9 per cent of GDP) from \$37.6m (1.9 per cent of GDP) in

2002, primarily reflecting a decline in inflows of official grants.

Prospects

In 2004 real GDP is projected to expand based on likely developments in tourism and construction. Growth in the tourism industry is expected on account of an increase in the number of hotel rooms, the completion of major renovation and refurbishing work on two major hotels and additional airlift services from the UK in the latter part of 2003. The 2003/2004 cruise ship itinerary shows an increase in the number of cruise ship calls, which would also contribute to growth. Overall prospects for tourism, however, would be influenced by developments in the international economy, particularly in the UK and the USA, two of the major tourism markets.

The pace of construction activity is likely to accelerate in 2004. Projects include a 100 room expansion to an hotel condominium development, ongoing work by a major developer, construction of two fisheries complexes, road works, the refurbishing and renovation of government buildings, airport development and the St. Johns sewage development project.

The fiscal operations of the central government are likely to result in a smaller current account deficit. A decrease in current expenditure is projected based on expenditure control measures, while revenue is projected to increase in line with the growth in nominal GDP. Higher capital expenditure is projected, given the projects to be implemented in 2004. Consequently, the overall deficit is likely to widen.



In the external sector, the merchandise trade deficit will likely widen as the import bill increases, associated with the expansion in both public and private sector construction activity and higher oil prices. Higher gross travel receipts will result from the projected increase in visitor arrivals. Net inflows

of commercial bank short-term capital are expected, based on the anticipated growth in credit demand. Antigua and Barbuda will receive increased inflows of official grants, mainly for the fisheries complexes financed by Japan.



DOMINICA

Overview

Economic activity in Dominica is estimated to have remained flat in 2003 following revised rates of decline of 5.1 per cent in 2002 and 4.2 per cent in 2001. Construction activity grew, associated with implementation of the public sector investment programme and private investment in commercial development. There were increases in value added for the hotel and restaurant, and transport sectors, while declines were recorded for the agricultural, communications and government services sectors. The current account operations of the central government resulted in a deficit of 0.8 per cent of GDP, well below the deficit of 5.3 per cent of GDP in 2002, reflecting the impact of measures introduced under the IMF Stand-by Arrangement. There was a marginal increase in monetary liabilities in 2003. The net foreign assets of the banking system grew by 47.2 per cent, influenced by inflows of grants and loan funds for the arrangement. Domestic credit declined, partly attributable to reduced borrowing by the private sector and the central government, consistent with the targets set under the arrangement. Liquidity in the commercial banking system increased. In the external sector, the merchandise trade deficit widened, largely as a result of reduced inflows from domestic exports. Consumer prices rose by 3.0 per cent on average in 2003.

The economic prospects for 2004 appear favourable. Real GDP is projected to increase by 1.1 per cent based on a high level of activity in the construction and manufacturing sectors and the tourism industry. However the prospects for growth will depend to some extent on the success

of the structural measures implemented under an IMF supported Poverty Reduction and Growth Facility.

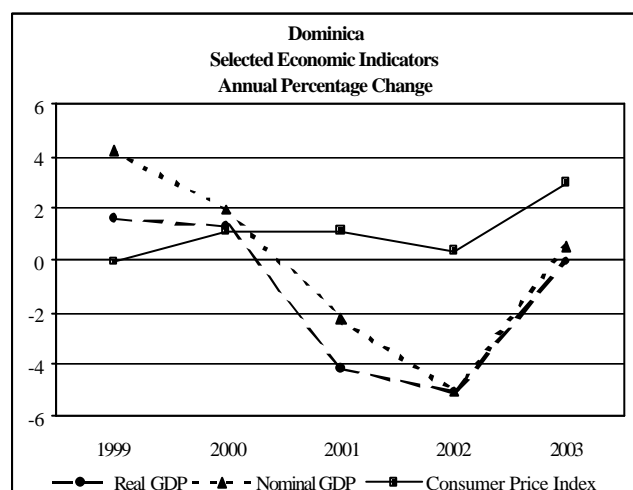
Output

Construction activity was vibrant in 2003, following contractions in the previous two years. Value added in that sector is estimated to have increased by 11.3 per cent, in contrast to decreases of 25.6 per cent in 2002 and 2.2 per cent in 2001. The sector's share of GDP rose by 0.7 percentage point to 7.2 per cent in 2003. This performance was attributed to higher investment activity in both the public and private sectors. Public sector activity focussed on infrastructure development, including a fisheries complex at Marigot, sea defence, road rehabilitation, a new secondary school under the Northern Education Development Programme, and upgrading of the Portsmouth secondary school. Private sector construction activity included a pharmacy, warehouse and car dealership building, residential properties and expansions to a medical university. The increase in residential construction was supported by commercial bank data, which showed an expansion in credit for home construction and renovation.

In 2003 there was an upturn in activity in the tourism industry, as measured by value added in the hotel and restaurant sector. Value added in that sector is estimated to have increased by 8.3 per cent, following declines averaging 5.4 per cent in 2001 and 2002. The sector's share of real output rose by 0.2 percentage point to 2.7 per cent. The improvement in performance was supported by a 5.4 per cent increase in the number of stay-over



visitors to 72,948, reflecting growth in arrivals from the major markets with the exception of Canada. The number of visitors from the Caribbean, which accounted for roughly 60.0 per cent of stay-over visitors, grew by 7.4 per cent. Arrivals from the USA, the second largest market, rose by 1.6 per cent compared with growth of 9.0 per cent in 2002. Visitors from the UK increased by 6.8 per cent, in contrast to the 5.3 per cent decline in 2002. In the rest of the tourism industry the number of cruise ship passengers rose by 29.4 per cent to 177,044, consistent with the increase in cruise ship calls to 206 from 187 in 2002.



The manufacturing sector showed signs of improvement in 2003. Value added rose by 0.6 per cent, rebounding from declines of 2.3 per cent in 2002 and 13.6 per cent in 2001. The expansion in manufacturing activity was attributed to increases in output of dental cream (5.9 per cent) and beverages (32.6 per cent) as a result of higher demand in both the external and domestic markets. The growth in production of beverages mainly reflected an increase in output of beer as the quantity of soft drinks produced decreased.

Value added in the transport sector increased by 5.3 per cent in 2003 after recording declines averaging 6.5 per cent in the previous three years. The performance in 2003 was attributed to growth in the road and air transport sub-sectors, influenced largely by the increase in visitor arrivals and the higher level of construction activity. In the rest of the services sector, increases were recorded in value added for wholesale and retail trades (3.6 per cent) and banks and insurance (2.8 per cent). By contrast, value added for communications fell by 19.5 per cent in 2003 - the fourth consecutive year of decline. This downturn was partly associated with a reduction in the rates for international calls. The government services sector, the largest contributor to total output, accounting for 21.0 per cent of GDP, contracted by 1.6 per cent. This was the first decline recorded since 1995 when value added for government services fell by 1.3 per cent. The performance in 2003 was the result of a 5.0 per cent cut in nominal wages for civil servants - one of the measures implemented under the IMF Stand-by Arrangement.

The agricultural sector continued to experience difficulties in 2003, largely reflecting developments in the banana industry. Value added contracted by 3.7 per cent in 2003 - the seventh year in succession. The sector's contribution to GDP decreased by 0.6 percentage point to 17.7 per cent. The decline in value added was largely attributed to a 38.9 per cent decrease in banana production to 10,378 tonnes. That performance was associated in part with a 27.5 per cent decline in acreage under banana cultivation, a 22.2 per cent contraction in the number of farmers to 1,157 in 2003 and cash constraints which delayed the purchase of inputs.



Prices, Wages and Employment

The consumer price index (CPI) increased by 3.0 per cent in 2003 (on an end of year basis), compared with growth of 0.4 per cent in 2002. The rise in the CPI in 2003 was influenced in part by an increase in the sub-index "food", which grew by 2.2 per cent on average in 2003 compared with growth of 0.4 per cent in 2002, reflecting increases in the price of fruits and vegetables. Prices in the sub-index "housing" rose on average by 7.1 per cent, driven by an increase in the cost of cement. The "fuel and light" sub-index grew by 6.8 per cent reflecting an increase in the fuel surcharge, partly attributable to the government's elimination of concessions to the local electricity provider, effective July 2003. Prices in the sub-index "transport and communications" rose on average by 4.5 per cent, primarily associated with an increase in domestic telephone rates. These increases more than offset decreases in the other sub-indices, mainly "alcoholic beverages and tobacco" (4.2 per cent), "clothing and footwear" (1.4 per cent) and household furnishings and supplies" (0.5 per cent).

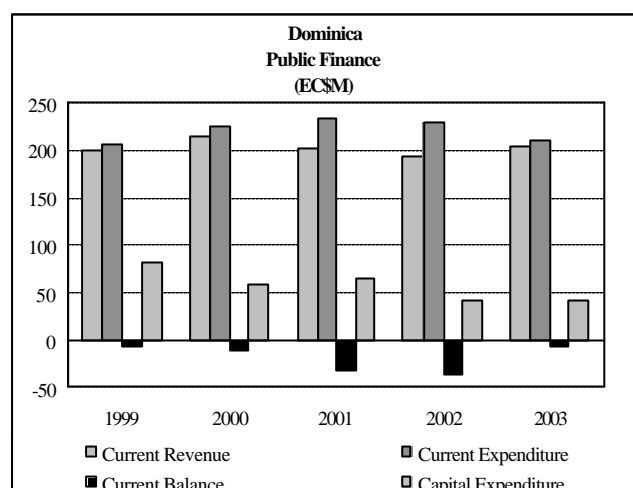
The available information on wages and salaries indicates that during 2003 there was a 5.0 per cent cut in wages and salaries of civil servants. This was in line with the measures in the Stand-by Arrangement aimed at fiscal consolidation. Data on private sector wage and salary movements for 2003 were not available. It was likely that wages and salaries in the private sector remained stable. The unemployment rate was estimated at 25.0 per cent in 2003.

Central Government Fiscal Operations

The overall deficit narrowed to \$14.0m (2.0 per cent of GDP) in 2003 from \$57.1m (8.3 per cent of GDP) in 2002. This performance was associated with a narrowing in the current account deficit to \$6.0m (0.8 per cent of GDP) from \$36.3m (5.3 per cent of GDP) in 2002, reflecting a decrease in expenditure coupled with an expansion in revenue. The overall deficit was financed by external sources.

Current expenditure contracted by 8.2 per cent to \$210.3m compared with the 2.0 per cent decline in 2002, on account of lower outlays on personal emoluments. As a percentage of GDP current expenditure fell to 29.7 per cent from 33.2 per cent in 2002. Expenditure on personal emoluments decreased by 6.7 per cent (\$8.3m) in 2003, after increasing at an average annual rate of 3.5 per cent over the period 1999 to 2002. The fall in outlays on personal emoluments was attributed to the 5.0 per cent cut in salaries and wages of civil servants and a 7.0 per cent decrease in the salaries of government ministers from July 2003. As a share of current expenditure, outlays on personal emoluments increased by 0.9 percentage point to 55.0 per cent. Interest payments fell by 20.1 per cent (\$7.5m), attributable to delays in payments, particularly external obligations, as a result of cash flow constraints. Outlays on goods and services fell by 12.3 per cent (\$3.7m), as a result of expenditure control measures. By contrast, expenditure related to transfers grew by 1.4 per cent (\$0.5m) associated with higher payments for retirement benefits, reflecting back payments and new pensioners.





Current revenue rose by 5.9 per cent to \$204.3m in 2003, in contrast to the 4.6 per cent decline in 2002. As a share of GDP current revenue grew by 0.9 percentage point to 28.9 per cent. Increases in receipts from taxes on domestic goods and services, and taxes on international trade and transactions were largely responsible for the growth in current revenue. Collections from taxes on domestic goods and services rose by 24.1 per cent (\$7.8m). This performance was primarily attributable to a higher yield from the sales tax (\$6.3m), reflecting a July 2003 increase in the rate to 7.5 per cent from 5.0 per cent and a broadening of the base to include airline tickets. Receipts from taxes on international trade and transactions rose by 8.0 per cent (\$6.8m), associated in part with growth in imports and higher collections from the customs service charge (\$2.3m). In July 2003 the rate of the service charge was increased by 1.0 percentage point to 3.0 per cent. Higher collections were also recorded in receipts from import duty (\$1.5m) and consumption tax (\$1.4m). The yield from taxes on income and profits was 8.5 per cent (\$3.6m) above that for 2002, attributable to an increase in receipts from the stabilisation levy - a 4.0 per cent tax imposed on nominal income from July 2002 (adjusted to 3.0 per cent in July 2003).

Earnings from personal income tax fell by 2.2 per cent (\$0.6m), reflecting the impact of the 5.0 per cent cut in civil servants salaries and wages. Receipts from corporation tax declined by 3.1 per cent (\$0.3m), associated in part with the depressed economic conditions in 2002 - the year for which income was assessed. By contrast, receipts from taxes on property fell by 26.9 per cent (\$0.7m). In 2003 non-tax revenue decreased by 19.4 per cent (\$6.0m), influenced in part by lower receipts of dividends.

Capital expenditure and net lending amounted to \$42.4m, representing a 15.8 per cent increase on the total in 2002. As a percentage of GDP capital spending rose by 0.7 percentage point to 6.0 per cent. The major capital expenditure projects included the Marigot Fisheries Project, Northern Education Development Programme, construction of sea defence walls and road rehabilitation. Capital spending was partly financed by grants, which rose by 75.0 per cent to \$24.5m.

At the end of 2003 the total disbursed outstanding debt of the central government was \$743.3m (105.1 per cent of GDP) up from \$707.3m (102.5 per cent of GDP) at the end of 2002, reflecting an increase in the stock of external debt. External debt, which accounted for 65.4 per cent of the total debt stock, grew by 11.2 per cent. This growth was largely the result of increased borrowing from the IMF (\$12.9m), the Caribbean Development Bank (\$3.7m) and regional governments (\$9.4m) associated with Dominica's economic adjustment programme. At the end of 2003 external debt stood at 68.7 per cent of GDP, up from 63.4 per cent of GDP in 2002. The outstanding stock of domestic debt fell by 4.7 per cent to \$257.0m, as a result of loan repayments and a reduction in overdraft at the commercial



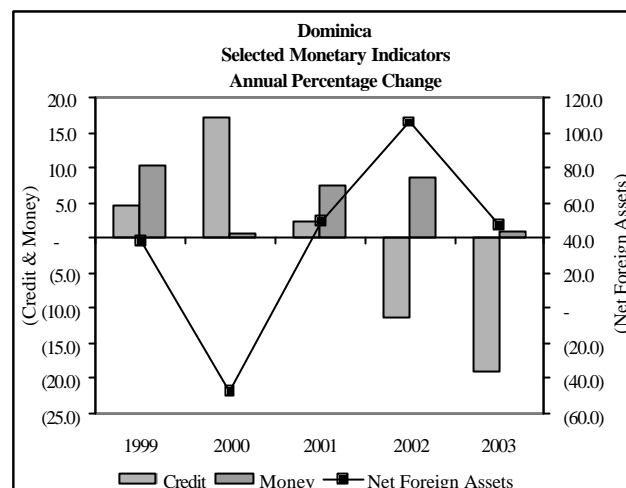
banks. During 2003 debt service payments amounted to 21.7 per cent of current revenue, down from 27.1 per cent of revenue in 2002. The decline in the ratio represented an increase in revenue and a build up of arrears, as debt service payments for some loans were delayed in 2003 due to liquidity problems.

Money and Credit

In 2003 total monetary liabilities (M2) increased by 1.0 per cent to \$554.5m. The growth rate was substantially below that in 2002 when liabilities rose by 8.5 per cent, largely on account of inflows of official grants and loan funds in support of the Stand-by Arrangement. The slowdown in the rate of growth in M2 was primarily reflected in the narrow money supply (M1) which rose by 1.2 per cent, well below the 16.5 per cent increase in 2002. Of the components of M1, private sector demand deposits grew by 3.6 per cent, compared with 24.7 per cent in 2002. Currency held by the public fell by 3.7 per cent. Quasi money, which comprises private sector savings, time and foreign currency deposits, went up by 0.9 per cent to \$446.6m. Savings deposits, the largest component of quasi money, rose by 6.4 per cent (\$16.8m), while time and foreign currency deposits fell by 0.5 per cent (\$0.8m) and 54.1 per cent (\$12.1m) respectively.

Domestic credit fell by 18.9 per cent to \$362.7m in 2003 compared with the contraction of 11.2 per cent in 2002. The fall in domestic credit reflected reduced borrowing by the private sector and the central government, and increases in the net deposits of the non-bank financial institutions and the non-financial public enterprises. Credit to the private sector contracted by 2.9 per cent, partly reflecting the sluggishness of the economy. There

was a 4.6 per cent decrease in lending to households and a 0.5 per cent fall in credit to businesses.



In the case of the public sector, the net indebtedness of the central government to the banking system fell by 38.8 per cent (\$19.8m) in 2003, in line with the targets set under the Stand-by Arrangement. Central government credit from the commercial banks fell by 8.5 per cent (\$8.8m), while its deposits with the banking system increased by 16.9 per cent (\$10.5m), largely representing loan proceeds deposited at the Central Bank. In the rest of the public sector, the non-financial public enterprises moved to a net deposits position of \$3.8m from net credit of \$10.6m in 2002, as their deposits more than doubled to \$26.0m. At the end of 2003 the net deposits of the non-bank financial institutions stood at \$18.8m, roughly 75.7 per cent above the level at the end of 2002, reflecting growth in deposits primarily associated with the liquidation proceeds of an offshore bank.

An analysis of credit by economic activity indicated that loans for distributive trade fell by 10.7 per cent (\$8.0m), reflecting the sluggishness of the economy. Lending for agriculture contracted by 6.9 per cent, consistent with the decline in



activity in that sector. Loans for manufacturing and construction grew by 3.9 per cent and 10.7 per cent respectively, in contrast to declines of 1.2 per cent and 15.8 per cent in 2002, reflecting the higher level of activity in those sectors. Credit for personal use rose by 3.5 per cent following the decline of 0.4 per cent in 2002. Most of the increase in personal loans was directed to home construction and renovation, lending for which grew by 75.3 per cent (\$51.3m), influenced by mortgage campaigns by the commercial banks.

The net foreign assets of the banking system grew by 47.2 per cent to \$295.8m in 2003 compared with 2002 when those assets more than doubled as a result of inflows associated with the stabilisation programme. The net foreign assets of the commercial banks increased to \$167.0m in 2003, up from \$78.2m in 2002. This performance was attributed to a near five-fold increase to \$86.0m in net assets held with institutions in the rest of the Eastern Caribbean Currency Union. During 2003 commercial banks' net assets held with head offices and other institutions outside the Eastern Caribbean Currency Union rose by 28.0 per cent to \$81.0m, mainly reflecting a build up of assets. Dominica's imputed share of the reserves held by the Central Bank grew by 4.9 per cent (\$6.0m).

During 2003 liquidity in the commercial banking system increased. The ratio of liquid assets to total deposits plus liquid liabilities rose by 4.1 percentage points to 46.0 per cent, reflecting an increase in liquid assets. The loans and advances to deposits ratio fell by 8.2 percentage points to 63.4 per cent, on account of a contraction in loans combined with an increase in deposits. The cash reserve ratio was 10.2 per cent at the end of 2003 compared with 13.3 per cent at the end of 2002.

There were some movements in interest rates in 2003. The minimum rate on all categories of time deposits contracted to 1.0 per cent from rates ranging from 2.5 per cent to 5.0 per cent. There was a 50 basis points increase to 7.0 per cent in the maximum rate on deposits in the one to two year category. Prime lending rates remained stable and ranged from 8.5 per cent to 10.5 per cent.

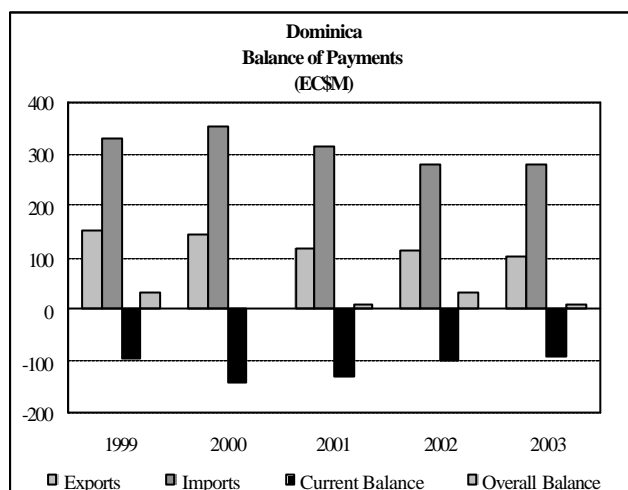
Balance of Payments

During 2003 an overall balance of payments surplus of \$7.3m (1.0 per cent of GDP) was realised compared with one of \$33.9m (4.7 per cent of GDP) in 2002. The contraction in the overall surplus resulted from lower inflows in the capital and financial account. The deficit on the current account contracted.

Net inflows on the capital and financial account narrowed to \$101.1m (equivalent to 14.3 per cent of GDP) in 2003, from \$136.7m (19.8 per cent of GDP) in 2002. This outturn was largely influenced by developments in the portfolio investment sub-account and lower inflows of official loan funds. During 2003 there was a net outflow of portfolio investment of \$0.1m, in contrast to a net inflow of \$32.7m in 2002 when a number of CARICOM member governments purchased bonds and treasury bills in support of the Stand-by Arrangement. Net inflows of official loans to the public sector fell by 37.7 per cent to \$21.8m in 2003, largely associated with a reduction in loans contracted by the statutory bodies. Net inflows of direct investment were estimated at \$65.9m, up from \$30.9m in 2002, associated with investment in telecommunication services and a veterinary school. Commercial bank transactions resulted in a net outflow of \$88.8m in 2003 compared with one of \$64.9m in 2002. On the capital account,



net inflows fell by 4.2 per cent (\$2.3m), reflecting a contraction in capital grants.



The current account deficit was estimated to have contracted to \$93.7m (13.2 per cent of GDP) in 2003 from \$102.8m (14.9 per cent of GDP) in 2002, partly driven by an improvement in the services sub-account and higher inflows of current transfers. Net inflows from services rose by 22.8 per cent to \$86.2m, influenced by higher net inflows on the travel account. There was a 17.5 per cent increase to \$116.0m in net inflows from travel, consistent with the growth in the number of visitors. Net inflows associated with transfers increased by 24.8 per cent to \$46.6m, reflecting higher inflows of grant for budgetary support, and technical assistance associated with the stabilisation programme. The merchandise trade deficit grew by 6.7 per cent to \$173.9m, and as a share of GDP rose to 24.6 per cent from 23.6 per cent in 2002. This development was the result of a 9.7 per cent decrease in export receipts to \$102.4m (14.5 per cent of GDP). During 2003 receipts from banana exports fell by 34.8 per cent to \$12.8m, partly due to reduced acreage under cultivation. Export receipts from soap grew by 6.8 per cent, as a result of the re-entry into a regional market. Export

earnings from dental cream rose by 18.4 per cent, attributable to an increase in demand.

On the income account, net outflows rose to \$54.8m from \$49.9m in 2002. This performance largely reflected higher outflows associated with interest payments, including arrears on loans and bonds.

Prospects

Dominica is expected to show signs of economic recovery in 2004. The likely improvement in performance hinges on the implementation of a number of structural measures including debt restructuring, fiscal reform, and financial system strengthening. These measures, which form part of the three year IMF-supported Poverty Reduction and Growth Facility (PRGF), are expected to strengthen the investment climate, improve competitiveness and deregulate the economy. Growth in activity is projected in the construction and manufacturing sectors and the tourism industry. Construction activity is expected to be buoyed by ongoing work on the Marigot Fisheries Complex and upgrading of roads and bridges including the Roseau road re-instatement. Work is expected to commence on the airport development project, which involves upgrading of the Roseau/Melville Hall road and reconstruction of the terminal building.

In the tourism industry an increase is projected in total visitor arrivals given the recovery in the global market. Arrivals are also likely to be boosted by improved marketing, with the focus on eco-tourism and upgrading of heritage sites. The upgrading of the Melville Hall Airport to accommodate night landing is also intended to increase air traffic and by extension, stay-over



arrivals to the island. The number of stay-over visitors is likely to continue its upward trend given the ongoing recovery in the US market. Growth in the cruise sub-sector is projected to continue in 2004; the schedule lists more cruise ship calls, including the inaugural visit of the Queen Mary II, the world's largest cruise ship. The start of operations in September 2003 of the aerial Rainforest Tram - Dominica's newest attraction - is likely to contribute to an increase in visitor arrivals.

Value added in the manufacturing sector is expected to increase in 2004, supported by increases in demand for soap products and dental cream as marketing efforts are intensified to recapture export markets in the Caribbean region. Activity in the agricultural sector will continue to be influenced by developments in the banana industry. Some growth in banana production is anticipated, with a contract to supply Switzerland having been secured. Dominica is also committed to having a number of farmers certified under the international certificate programme (EVREP GAP), which would help to improve efficiency in the industry. The government has pledged financial support for banana farmers to assist with the purchase of inputs.

The fiscal position of the central government is expected to strengthen, based on the measures to be implemented under the PRGF. These measures include a 10.0 per cent reduction in the

wage bill over the next two fiscal years 2004/05 and 2005/06. The implementation of the debt strategy in 2004 is also expected to contribute to a reduction in expenditure as a result of lower interest rates on existing obligations, increases in grace and maturity periods and some debt forgiveness. In the case of revenue, tax receipts are likely to increase based on the measures in the 2004/2005 fiscal year that seek to broaden the tax base, among them the elimination of a number of the discretionary exemptions. Capital spending will be limited to roughly 8.0 per cent of GDP and will be financed by concessional borrowing from multilateral institutions and by grant funding.

In the external sector, the deficit on the current account is likely to widen based on a projected increase in the import bill, in line with the expected growth in construction and upward movements in international oil prices. Higher inflows from travel are expected, consistent with the anticipated growth in stay-over arrivals. On the income account, outflows related to interest payments are likely to decline as a result of the debt restructuring. The performance of the financial and capital account hinges on developments in relation to direct investment. In 2003, inflows of direct investment increased substantially, associated largely with telecommunication investments and expansion to a medical university. There is likely to be an increase in inflows of capital grants and external financing to close the fiscal gap under the PRGF.



GRENADA

Overview

During 2003 output of goods and services in Grenada was estimated to have increased by 5.7 per cent in real terms, following a contraction of 0.4 per cent in 2002. This outturn was driven by growth in the construction, hotel and restaurant, transportation, and wholesale and retail trade sectors. Activity in the agricultural sector declined, influenced by contractions in the output of traditional crops. The fiscal operations of the central government resulted in an overall deficit of \$57.5m, well below the \$209.0m deficit in 2002, attributable to strong growth in current revenue and capital grants and a decline in capital expenditure. Liquidity in the commercial banking system increased, while there were some changes in interest rates for all categories of deposits. Consumer prices grew at an average rate of 1.1 per cent compared with 2.8 per cent in 2002. In the external sector, the merchandise trade deficit widened as a result of a higher import bill, associated with an increase in construction related materials and equipment, and food items. A contraction in export receipts from traditional crops contributed to the wider deficit.

In 2004 the economy is projected to expand by 4.0 per cent, based on increases in activity in the tourism industry and the construction sector. Some recovery in output of agriculture and manufacturing should result from the establishment of an agro-processing plant in 2003.

Output

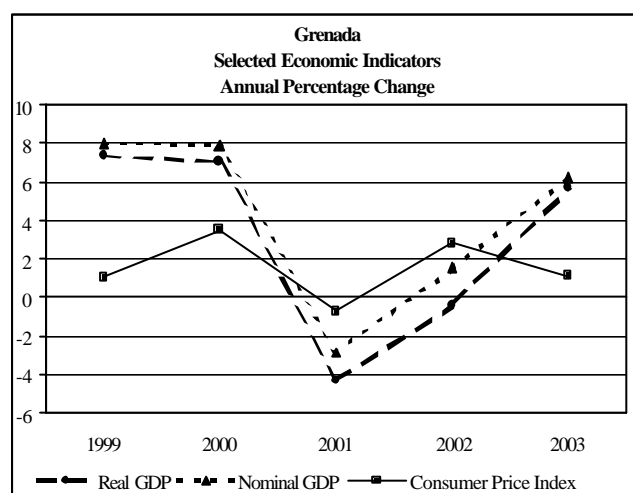
Real growth of 5.7 per cent was recorded for the economy of Grenada in 2003, influenced by

developments in the construction, hotel and restaurant, transportation, and wholesale and retail trade sectors. Value added in the construction sector was estimated to have increased by 28.5 per cent during 2003 compared with growth of 1.0 per cent in 2002. The sector's contribution to GDP rose to 9.8 per cent from 8.0 per cent in 2002. This performance was partly attributed to increased public sector activity, aimed at improving the social and economic infrastructure. Public sector projects included Phase I of the Melville Street cruise terminal (estimated at \$87.0m), ongoing work on roads and bridges maintenance, Phase II of the new general hospital and housing development by the National Housing Authority. Construction activity in the private sector appeared to have been robust. Activity focussed on the refurbishment of the Garden Group of Hotels (\$12.0m), a marina in Carriacou (\$14.5m) and a business complex (\$6.5m). As a result of the robustness of construction activity, real value added in the mining and quarrying sector increased by 22.8 per cent in 2003 after contracting by 22.7 per cent in 2002.

In 2003 activity in the tourism industry, as measured by value added in the hotel and restaurant sector, expanded by 13.8 per cent compared with growth of 5.6 per cent in 2002, influenced by an increase in stay-over visitors. The sector's contribution to real output increased by 0.6 percentage point to 8.7 per cent in 2003. The number of stay-over visitors grew by 10.5 per cent to 133,724, reflecting increases from all the major markets. Arrivals from the UK rose by 13.3 per cent to 32,506 as a result of additional airlifts. The strengthening of the pound sterling and the euro against the US dollar may also have contributed to



the growth in visitors from the UK. Visitors from the Caribbean, the major market, rose by 10.9 per cent in response to target marketing under the "Let's Go Grenada and Get More" campaign. There was a rebound in visitor arrivals from Canada. The number of visitors grew by 23.0 per cent following a contraction of 20.9 per cent in 2002, attributable to improved air access from that market.



The number of cruise ship passengers rose by 8.8 per cent to 146,925, consistent with a 3.1 per cent increase in cruise ship calls. In 2003 Grenada was added to the itinerary of at least two cruise liners. Excursionists increased by 20.4 per cent to 4,931, reflecting attendance at several sporting events. As a result of these developments, total visitor arrivals for 2003 increased by 8.4 per cent to 294,284.

Of the other services, value added in the wholesale and retail trade sector increased by 7.6 per cent compared with growth of 0.5 per cent in 2002. This outcome was consistent with an increase in the level of imports. In the transport services sector, value added increased by 7.9 per cent compared with the expansion of 1.8 per cent

recorded in 2002. Of that sector, value added by the sea transport sub-sector grew by 8.7 per cent, largely as a result of an increase in cargo handled. Air transport rose by 11.3 per cent, reflecting the increase in passenger movement, while value added by the road transport sub-sector expanded by 7.1 per cent, consistent with the growth in visitor arrivals and construction activity. In the case of banks and insurance, value added expanded by 1.9 per cent compared with 6.1 per cent in 2002.

Value added in the agricultural sector, which is one of the primary contributors to GDP, decreased by 2.4 per cent during 2003 following growth of 19.0 per cent in 2002. As a percentage of GDP the sector's share fell to 9.1 per cent from 9.8 per cent in 2002. This development was influenced by a contraction in output of the traditional crops. Output of nutmeg fell by 22.5 per cent to 2,433 tonnes and production of cocoa contracted by 29.6 per cent to 617 tonnes. Production of mace fell by 11.1 per cent to 169 tonnes in 2003. The weak performance of those crops was partly attributable to declines in the advanced prices offered to farmers, following a fall in export demand. Banana production decreased by 22.5 per cent to 392 tonnes. The banana industry continued to face a number of challenges including a lack of reliable input supply and inadequate capital investment.

Value added in the manufacturing sector continued its downward trend in 2003, falling by 2.8 per cent compared with the contraction of 3.8 per cent in 2002. The performance in 2003 was the result of reductions in output of prepared animal feed, rum, electronic components and some grain mill and bakery items. Rum production declined by 22.6 per cent as one manufacturer encountered difficulties in securing molasses - a raw material



input. Flour production fell by 9.8 per cent, as the principals of the flour mill shifted some production to a sister company in Barbados during the first half of 2003.

Value added in the communications sector grew by 3.0 per cent in 2003 after recording successive declines of 19.7 per cent in 2002 and 3.6 per cent in 2001. The growth reflected the expansion in overall economic activity and the start of operations by another service provider.

Prices, Wages and Employment

The general price level, as measured by the consumer price index (CPI), increased by 1.1 per cent in 2003 on an end of period basis, compared with 2.8 per cent in 2002. This performance largely reflected increases in the sub-indices "transport and communications" (1.2 per cent), as well as "food, drink and tobacco" (2.4 per cent) which has the highest weight in the basket of consumer goods and services. These increases were partly offset by a decline in the sub-index "clothing and footwear" (2.1 per cent).

Data on wage movements indicated that in 2003 workers in both the private and public sectors received an average wage increase of 4.0 per cent. With the rate of inflation averaging 1.1 per cent, the net effect was a 2.9 per cent increase in real wages. Employment statistics were not available for 2003. However, it is likely that the higher level of economic activity would have resulted in an increase in employment, particularly in the telecommunications and construction sectors. Data from the National Insurance Scheme (NIS) indicated that there were 3,625 newly registered employees in 2003, approximately 16.9 per cent above the number of new individuals making

contributions in 2002. In the civil service the number of employees declined by 1.6 per cent to 4,993.

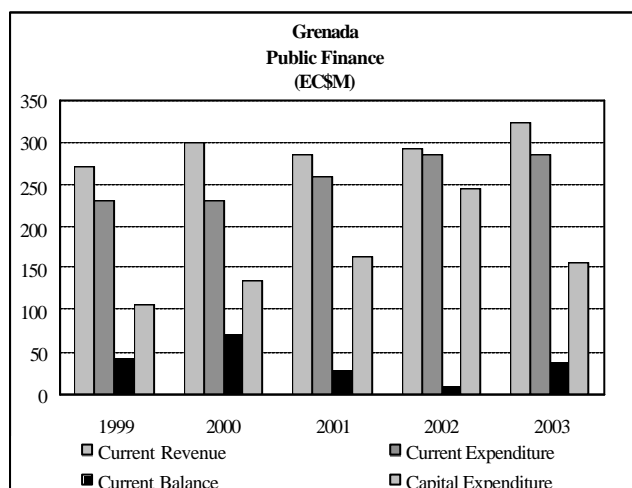
Central Government Fiscal Operations

In 2003 the fiscal operations of the central government resulted in a current account surplus of \$38.5m (3.3 per cent of GDP) compared with one of \$9.2m (0.8 per cent of GDP) in 2002. The improvement in the current account balance was attributed to a 10.6 per cent (\$31.1m) increase in current revenue, as current expenditure rose by 0.6 per cent (\$1.8m) in 2003. As a share of GDP current revenue rose by 0.6 percentage point to 27.4 per cent, while current expenditure fell by 1.8 percentage points to 24.1 per cent.

The increase in current revenue was largely reflected in higher receipts from taxes on international trade and transactions, which rose by 15.6 per cent to \$174.8m in 2003. There were increases in revenue from import duty (34.0 per cent), customs service charge (24.5 per cent) and consumption tax (11.9 per cent). This performance was attributed in part to increases in imports of construction materials and telecommunications equipment, coupled with reductions in duty free concessions. Receipts from taxes on domestic goods and services grew by 19.0 per cent to \$59.0m in 2003. This outturn was largely influenced by growth of 32.5 per cent to \$14.5m in revenue from licences, associated primarily with the collection of arrears and the establishment of a new telecommunications provider. Receipts from the general consumption tax rose by 10.3 per cent to \$28.2m, driven by the expansion in the services sector and the growth in visitor arrivals. Revenue from the motor vehicle tax rose by 60.5 per cent (\$1.4m) as a result of increases in the sale of new



automobiles by local dealers and in imports of reconditioned motor vehicles by individuals.



The yield from taxes on income and profits was up by 9.2 per cent to \$47.5m, attributed to increased compliance as a result of improved auditing procedures at the Inland Revenue Department. A total of \$35.5m was collected from the tax on gross turnover of businesses, partly as a result of the removal of the annual stamp tax ceiling. Proceeds from personal income tax grew by 14.5 per cent to \$10.1m, partly associated with the collection of outstanding arrears. Property tax collections amounted to \$17.0m in 2003 compared with \$18.0m in 2002 when collections grew substantially as a result of the payment of outstanding arrears. Despite the decline in 2003, property tax intake was well above the level recorded prior to 2002, as a result of collections from the transfer of shares among business entities. Revenue from non-tax sources fell by 16.1 per cent (\$4.8m), reflecting a decrease in receipt of dividends from a major company.

Current expenditure of \$285.1m was 0.6 per cent above the level in 2002, and 6.2 per cent lower than the budgeted amount of \$304.0m. The

increase in expenditure in 2003 was primarily associated with growth of 20.6 per cent to \$62.5m in interest payments, as a result of higher debt servicing on external bonds and some domestic debt instruments. Outlays on personal emoluments, which accounted for 45.7 per cent of total current expenditure, rose by 4.6 per cent. This outturn reflected retroactive payments associated with a 14.0 per cent increase in salaries to some public officers. In 2003 a wage agreement was negotiated for the period 2002 to 2004. Of the other categories of current expenditure, outlays on goods and services contracted by 14.8 per cent to \$40.5m as a result of the termination of lease payments on the ministerial complex and the national stadium.

During 2003 capital revenue and grants rose to \$59.5m from \$26.2m in 2002, largely reflecting increased grant funding for the construction of a fisheries complex. Capital expenditure and net lending fell by 36.4 per cent to \$155.4m in 2003. In 2002 expenditure rose substantially as government acquired two lease-to-own assets using part proceeds of a \$270.0m bond floated on the international capital market. As a percentage of GDP capital expenditure decreased to 13.2 per cent in 2003 from 22.4 per cent in 2002. In 2003 capital expenditure focussed on the construction of a cruise ship berthing facility, fisheries complex and Phase II of the new general hospital, as well as road and bridge maintenance.

The developments in the current and capital accounts resulted in an overall deficit of \$57.5m (4.9 per cent of GDP) compared with one of \$209.0m (19.1 per cent of GDP) in 2002. The deficit was financed through domestic borrowing, the issue of bonds and the proceeds of treasury bills floated on the Regional Government Securities Market (RGSM).



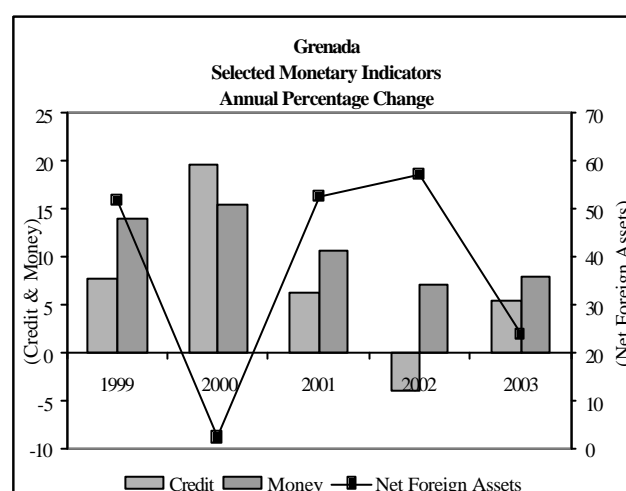
At the end of 2003 the total disbursed outstanding debt of the central government stood at \$1,011.0m (85.6 per cent of GDP) compared with \$949.9m (87.0 per cent of GDP) in 2002. External debt, which accounted for 73.6 per cent of the total, grew by 6.4 per cent (\$44.7m) as a result of additional bond issues. Domestic debt rose by 6.5 per cent to \$266.6m.

Money and Credit

During 2003 total monetary liabilities (M2) expanded by 8.0 per cent to \$1,260.4m compared with the increase of 7.1 per cent in 2002. The growth in M2 was partly attributed to the expansion in economic activity. Of the components of M2, quasi money increased by 6.7 per cent to \$1,019.3m. Private sector savings deposits, which accounted for 67.9 per cent of quasi money, grew by 9.6 per cent. Foreign currency deposits increased by 20.8 per cent to \$96.0m. Those increases were partly offset by a 5.4 per cent decline in time deposits. The narrow money supply (M1) rose by 13.7 per cent to \$241.1m, largely reflecting growth of 14.3 per cent (\$19.6m) in demand deposits.

Domestic credit grew by 5.4 per cent to \$978.5m, following a contraction of 4.1 per cent in 2002. The expansion in domestic credit was reflected in increases in lending to the private and public sectors. In the private sector, borrowing by households grew by 5.5 per cent (\$30.7m) compared with the increase of 3.1 per cent in 2002, while lending to private businesses contracted by 1.0 per cent following the 2.1 per cent decline in 2002.

During 2003 net credit to the central government grew by 78.2 per cent to \$126.6m. This is in contrast to the development in 2002 when net credit fell by 25.0 per cent, reflecting increased deposits associated with proceeds from a bond floated on the international capital market. Commercial bank credit to the central government rose by 24.5 per cent to \$144.0m, well above the 9.7 per cent rate of growth in 2002. This performance was partly attributed to an increase in commercial bank holdings of treasury bills and debentures and the granting of additional loans and advances. The central government's deposits in the banking system fell by 35.5 per cent to \$32.3m, following strong growth in 2002.



An analysis of the distribution of credit by economic activity revealed that in 2003 credit for manufacturing grew by 18.6 per cent (\$6.8m), while lending for construction rose by 7.1 per cent (\$2.0m). Loans for personal use increased by 4.9 per cent (\$30.3m), largely reflecting an increase in lending for house and land purchase. The increase was largely associated with investment in National Housing Authority projects. Credit for



distributive trades declined by 3.1 per cent to \$82.7m following the contraction of 2.6 per cent in 2002. Lending for tourism contracted by 23.2 per cent to \$43.9m, due to a higher reliance on external financing for the funding of projects. Loans for agriculture and fisheries fell by 5.3 per cent to \$21.6m.

In 2003 the net foreign assets of the banking system grew by 23.9 per cent to \$406.0m, partly attributable to higher inflows of investment capital for public and private sector projects. The growth in net foreign assets was reflected in an increase in commercial bank net foreign assets, which doubled to \$181.3m, primarily associated with growth of \$67.9m in net assets held outside the Eastern Caribbean Currency Union. Commercial bank transactions with institutions in the rest of the currency union resulted in a 25.9 per cent (\$22.8m) increase in their net assets. Those developments reflected excess liquidity as a result of a lower rate of growth in credit demand relative to the increase in deposits. Grenada's imputed share of the reserves held at the Central Bank fell by 5.3 per cent to \$224.7m.

The developments in money and credit aggregates resulted in an increase in commercial bank liquidity in 2003. The loans and advances to total deposits ratio decreased by 4.4 percentage points to 68.1 per cent, reflecting the faster rate of growth in deposits (6.8 per cent) relative to the increase in loans and advances (0.3 per cent). The ratio of liquid assets to total deposits plus liquid liabilities increased by 4.6 percentage points to 36.0 per cent.

In 2003 the maximum savings rate increased by 50 basis points to 5.5 per cent. Interest rates offered on time deposits were in the range of 1.0

per cent to 8.0 per cent compared with a range of 1.5 per cent to 6.75 per cent at the end of 2002. The maximum prime lending rate fell by 100 basis points to 9.5 per cent.

Balance of Payments

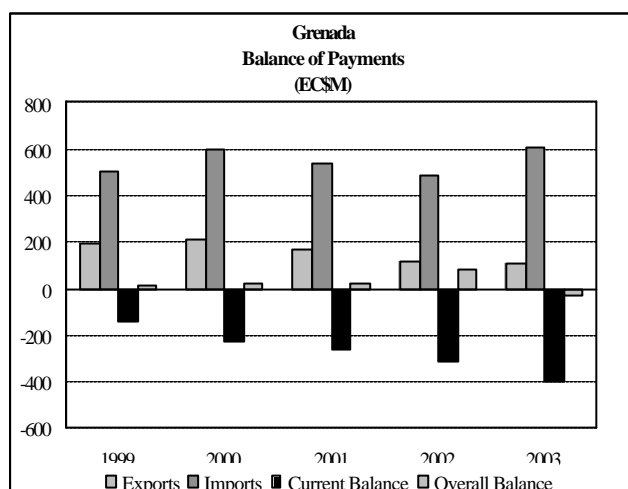
The external position of Grenada deteriorated in 2003 as an overall deficit of \$31.4m (2.7 per cent of GDP) was realised in contrast to a surplus of \$84.3m (7.7 per cent of GDP) in 2002. The deterioration in the overall position was largely attributed to developments on the current account.

The current account deficit was estimated to have widened to \$407.5m (34.5 per cent of GDP) in 2003 from \$314.5m (28.8 per cent of GDP) in 2002. This development was due in part to a widening of the merchandise trade deficit, which increased by 32.2 per cent to \$506.0m. The trade deficit was equivalent to 42.9 per cent of GDP in 2003 compared with 35.1 per cent of GDP in 2002. Payments for merchandise imports (f.o.b) grew by 24.1 per cent to \$607.7m, mirroring the increase in activity particularly in the construction sector. Receipts from merchandise exports fell by 5.0 per cent, partly as a result of a fall in export demand for traditional crops. During 2003 there were contractions in export receipts from nutmeg (19.8 per cent) and cocoa (14.2 per cent). Receipts from the export of electronic components fell substantially as a major company scaled down its operations.

The services account recorded a net surplus of \$161.0m (13.6 per cent of GDP) compared with one of \$121.2m (11.1 per cent of GDP) in 2002. This performance partly reflected a 14.1 per cent increase in net travel inflows to \$257.9m (21.8 per cent of GDP), associated primarily with the growth in visitor arrivals. On the "other business services"



account, net outflows fell to \$2.0m in 2003 from \$31.5m in 2002. The high net outflow in 2002 was associated with a penalty payment for the early settlement of an official debt instrument.



Net outflows on the income account rose to \$137.9m (11.7 per cent of GDP) from \$121.6m (11.1 per cent of GDP) in 2002. This outturn was mainly reflected in an increase in net outflows of portfolio investment which rose by 71.8 per cent to \$28.0m in 2003, attributable to interest payments on government bonds.

During 2003 the surplus on the capital and financial account narrowed to \$376.2m (31.9 per cent of GDP) from \$398.8m (33.8 per cent of GDP) in 2002. This decrease was partly associated with lower inflows of bond proceeds, as reflected in the portfolio investment sub-account, which moved from a net surplus of \$290.9m (26.6 per cent of GDP) in 2002 to \$37.0m (3.1 per cent of GDP) in 2003. Net inflows of direct investments were estimated to have increased by 39.5 per cent to \$217.1m, associated with major projects including the Melville Street cruise terminal (\$70.0m), expansions by St George's University (\$20.0m) and a new telecommunications company (\$21.6m).

There was a net outflow of \$90.7m (7.7 per cent of GDP) in short-term capital from the commercial banks, reflecting the build up in liquidity.

Prospects

Economic activity in Grenada is expected to strengthen in 2004, based on developments in the construction sector and the tourism industry. Growth in construction is projected based on increased investment by both the public and private sectors. Public sector activity is expected to focus on ongoing work on Phase II of the Melville Street cruise terminal, Phase II of the new general hospital, road and bridge maintenance and a low cost housing project in Carriacou implemented by the National Housing Authority. Private sector construction is likely to be fuelled by ongoing work on the refurbishment of the Garden Group of Hotels, a marina, business complexes and private dwellings.

Activity in the tourism industry is expected to increase based on ongoing economic recovery in North America and a number of European countries, new marketing initiatives and additional airlifts, primarily from the UK. On the downside, visitor arrivals to Grenada could be affected by the November 2004 US presidential elections. Historically, Americans tend to stay close to home in an election year. Some recovery in manufacturing and agriculture is projected as a result of the establishment of the agro processing plant in 2003, which is expected to lead to increased demand for non-traditional crops.

The overall fiscal deficit of the central government is expected to widen in 2004, largely as a result of an increase in capital expenditure associated with the implementation of the public



sector investment programme. The broad money supply is projected to increase, in line with the expansion in economic activity. There is likely to be a net inflow of commercial bank short-term capital, as a result of an increase in credit demand.

In the external sector, the merchandise trade deficit is expected to widen as imports expand in line with the increased demands of the tourism industry and the construction sector, and upward movements in international oil prices.



MONTserrat

Overview

Preliminary estimates indicate that real GDP in Montserrat grew by 1.2 per cent in 2003, albeit at a lower rate than the increase of 4.9 per cent in 2002. Most of the growth in GDP was realised in the last quarter, fuelled by the ash-cleaning programme in the aftermath of the volcanic eruptions. There were increases in value added for government services, banks and insurance, transport, and electricity and water sectors, which together accounted for roughly 53.5 per cent of GDP. The growth in GDP was tempered by contractions in value added in the construction and hotel and restaurant sectors. The fiscal operations of the central government resulted in a current account deficit of \$46.5m compared with one of \$34.5m in 2002, largely reflecting an increase in current expenditure associated with the clean-up activities. In the external sector, the current account deficit narrowed, largely attributable to an increase in inflows of current transfers. The surplus on the capital and financial account decreased, contributing to a smaller overall surplus on the balance of payments. Liquidity in the commercial banking system remained at a high level. The consumer price index rose by 1.2 per cent in 2003, compared with the 3.5 per cent increase in 2002.

In 2004 growth in economic activity is projected, driven by the construction sector. Work is expected to intensify on public sector construction projects, including the airport and community college.

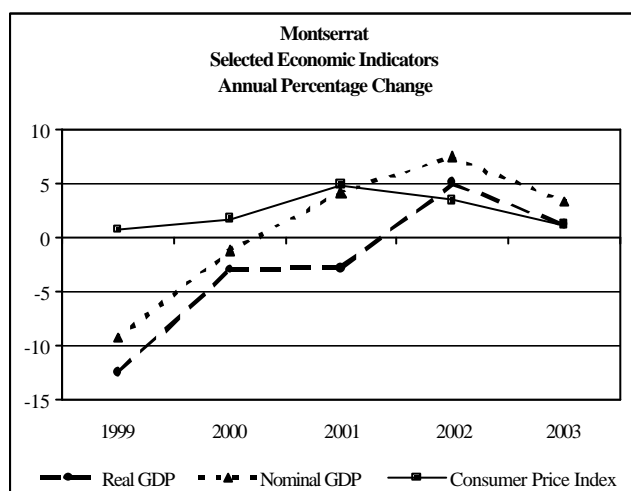
Output

The government services sector continued to be the major contributor (32.0 per cent) to economic output in Montserrat during 2003. Value added for that sector increased by 2.0 per cent, following growth of 1.3 per cent in 2002. The growth in government services was attributed to an increase in outlays on wages and salaries, partly associated with the employment of temporary workers for the ash-cleaning programme. Value added in the banks and insurance sector increased by 15.3 per cent in 2003 compared with growth of 21.1 per cent in 2002, and the sector's share of GDP rose to 11.7 per cent from 10.3 per cent in 2002. The growth in value added reflected in part higher bank profits, representing interest income from loans particularly for house and land acquisition and for construction.

Of the other services, value added for transport rose by 6.8 per cent, reflecting an increase in road transport with the acquisition of 22 new dump trucks for ash relief. Value added for electricity and water was up by 3.4 per cent, attributable to an increase in water usage. Those increases were largely associated with the ash clean-up activity. Value added in the construction sector contracted by 2.9 per cent, in contrast to the increase of 40.9 per cent in 2002. The sector's share of real output decreased by 1.0 percentage point to 22.5 per cent. The fall in value added in the construction sector was attributed to reduced activity in the public sector, partly as a result of the completion of work



on some major projects in early 2003 and the late start of other projects. Public sector projects that commenced in 2003 included the Gerald's airstrip (estimated at \$42.6m), the community college (\$5.6m), extension of the prison facility (\$1.6m), residential buildings and development of residential lots. In the case of commercial sector development, construction started on a new gas station.



In 2003 activity in the tourism industry, as measured by value added in the hotel and restaurant sector, contracted by 31.6 per cent in contrast to the 2.2 per cent increase in 2002. This performance was influenced by a decrease in stay-over arrivals. The number of stay-over visitors contracted by 12.6 per cent to 8,414 in 2003. The fall in arrivals was broad-based, with declines recorded in all the markets. The largest decrease was reported for visitors from Canada (19.5 per cent), followed by the USA (17.9 per cent), UK (12.0 per cent) and the Caribbean (9.4 per cent). The number of excursionists rose by 0.1 per cent to 5,159. In the case of cruise passengers, arrivals amounted to 863, bringing the total number of visitors to 14,436, roughly 2.3 per cent below the total for 2002.

During 2003 value added in the agricultural sector remained flat, following a 38.4 per cent increase in 2002. Output in 2003 was affected by unfavourable weather including prolonged dry spells in April and June, extensive rainfall in the month of December, and heavy ash fall in the month of July.

Prices, Wages and Employment

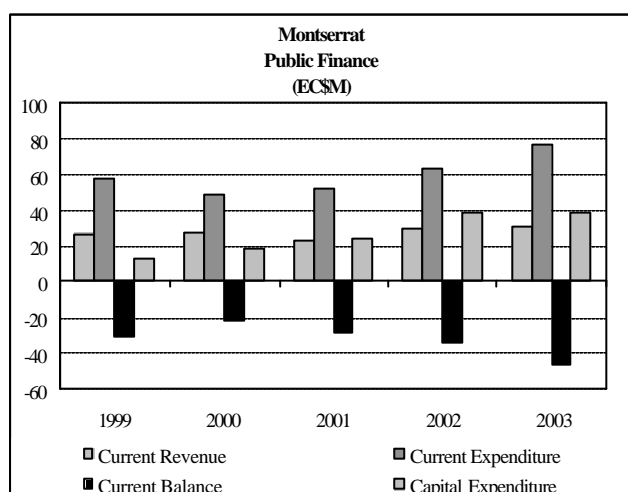
The consumer price index (CPI) increased by 1.2 per cent in 2003 (on an end of period basis) compared with growth of 3.5 per cent in 2002. The sub-index "rent" increased by 77.0 per cent reflecting the impact of a rise in the cost of accommodation. There was growth of 3.3 per cent in the sub-index "gas, electricity and water", influenced by an increase in the surcharge on electricity. The sub-index "alcohol and tobacco" rose by 2.8 per cent, attributable to a 10.0 per cent increase in the duty, consumption tax and service tax on alcoholic beverages. Those increases were partly offset by declines in the sub-indices "food" (1.7 per cent) as well as "household goods" (2.9 per cent), partly associated with a fall in prices of toothpaste, paint and paint thinner.

During 2003 wages in the public sector remained stable. Information on wages in the private sector was not available. Employment data indicate that the number employed in the public sector decreased by 11.0 per cent to 693. Of this number, established workers amounted to 497 in 2003, up from 494 in 2002. The number of non-established workers fell by 31.2 per cent to 196. There were 343 persons temporarily employed in the ash-cleaning programme. Complete data on employment in the private sector were not unavailable.



Central Government Fiscal Operations

The current account position (before grants) of the central government deteriorated during 2003. A current account deficit of \$46.5m (44.5 per cent of GDP) was recorded in 2003, compared with the deficit of \$34.5m (33.3 per cent of GDP) in 2002. An increase in expenditure associated with emergency operations following the volcanic eruption on 12 July 2003 contributed to the widening of the deficit.



Current expenditure grew by 21.0 per cent to \$77.1m (73.8 per cent of GDP). The growth in current expenditure was largely reflected in higher outlays on goods and services (52.5 per cent), associated with the ash-cleaning programme for which expenditure stood at \$9.1m at the end of December 2003. Expenditure on transfers and subsidies increased by 17.7 per cent to \$24.6m, largely attributed to growth of 20.0 per cent in transfers related to the operations of the helicopter and ferry services.

Current revenue increased by 4.8 per cent to \$30.6m, and as a share of GDP rose to 29.3 per cent in 2003 from 28.2 per cent in 2002. The

growth in revenue was primarily on account of a 16.4 per cent increase in receipts from taxes on income and profits. The ash-cleaning assistance programme led to a temporary increase in employment, which may have contributed to an 18.7 per cent increase in the yield from taxes on income.

Total capital expenditure contracted by 0.5 per cent to \$38.7m (37.0 per cent of GDP) in 2003. That total represented roughly 61.0 per cent of budgeted capital expenditure. Capital expenditure was financed largely by grants from the British government and to a lesser extent from the Government of the Republic of Ireland, the Pan American Health Organisation and the United Nations Development Programme. The current and capital operations of the central government resulted in an overall surplus of \$9.3m, up from one of \$6.4m in 2002.

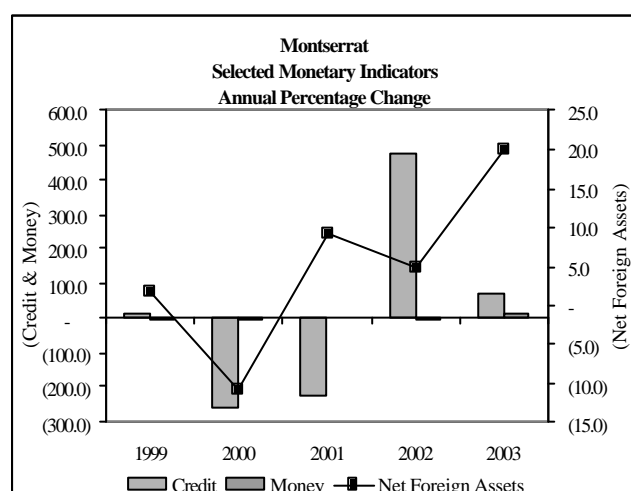
At the end of 2003 the central government's total stock of debt was \$4.9m compared with \$7.0m at the end of 2002. The disbursed outstanding external debt fell to \$2.8m (2.7 per cent of GDP) from \$4.5m (4.3 per cent of GDP) in 2002, reflecting the repayment of debt. Interest payments contracted by 60.0 per cent to \$0.2m, as a result of lower interest payments on external loans consistent with the decline in external debt. External interest payments amounted to \$0.1m in 2003 compared with \$0.5m in 2002.

Money and Credit

Total monetary liabilities (M2) expanded by 8.5 per cent to \$108.3m at the end of 2003, in contrast to the 2.2 per cent contraction in 2002. The growth in M2 largely reflected developments in the narrow money supply (M1) which is closely related to



spending in the economy. M1 grew by 24.3 per cent (\$6.4m) compared with the 3.5 per cent (\$0.9m) expansion in 2002. Private sector demand deposits, the major component of M1, increased by 30.0 per cent, more than twice the rate of 14.0 per cent recorded in 2002. Quasi money, comprising private sector savings, time and foreign currency deposits grew by 2.7 per cent (\$2.0m), largely reflecting increases in foreign currency deposits (\$0.6m) and savings deposits (\$1.3m).



During 2003 commercial bank lending to the private sector increased by 3.2 per cent (\$0.7m), following the 7.1 per cent contraction in 2002. Credit extended to both business firms and households expanded, at rates of 6.0 per cent (\$0.3m) and 2.3 per cent (\$0.4m) respectively. The central government's indebtedness to the banking system declined by 35.5 per cent to \$2.0m, primarily reflecting a contraction in credit extended by the commercial banks. The deposits of the central government with the banking system rose by 46.2 per cent to \$36.4m at the end of 2003, compared with the 61.7 per cent increase at the end of 2002. The increase in deposits in 2003 mainly represented inflows of grants to finance the

ash-cleaning programme as well as the public sector investment programme.

A breakdown of credit by economic activity shows that credit for construction more than doubled to \$1.2m. Lending for distributive trade grew by 0.8 per cent, while credit for tourism development remained flat. Contractions in credit were recorded for agriculture and fisheries (69.1 per cent), manufacturing (24.8 per cent) and for personal use (1.5 per cent).

The net foreign assets of the banking system increased by 20.0 per cent to \$163.6m in 2003 compared with 4.7 per cent in 2002, partly driven by inflows of grants for the ash-cleaning programme. The growth in assets was reflected in increases in the net foreign assets of the commercial banks (25.7 per cent) and in Montserrat's imputed share of the reserves of the Central Bank (5.8 per cent).

Liquidity in the commercial banking system remained at a high level during 2003. The ratio of liquid assets to total deposits plus liquid liabilities rose to 78.8 per cent at the end of 2003 from 73.7 per cent at the end of 2002. The loans and advances to total deposits ratio decreased by 2.0 percentage points to 15.0 per cent. There were downward movements in selected interest rates in 2003. The maximum rate on savings deposits fell to 3.5 per cent from 4.5 per cent in 2002. The maximum rate on time deposits up to three months fell to 2.0 per cent from 4.0 per cent in 2002. Prime lending rates remained unchanged.

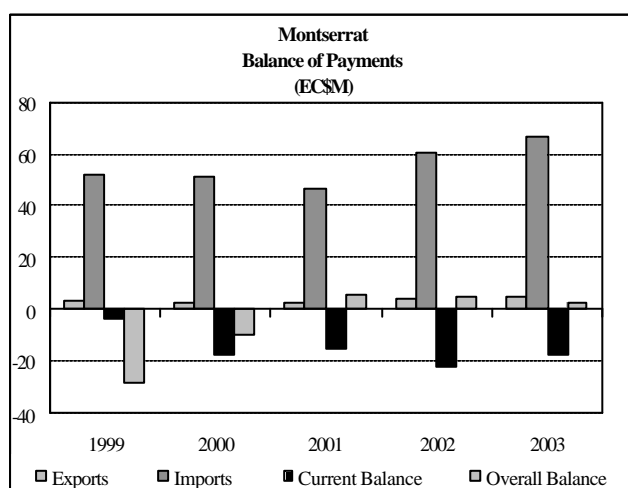
Balance of Payments

Preliminary estimates of the balance of payments for 2003 reveal an overall surplus of



\$2.6m (2.5 per cent of GDP), compared with one of \$4.5m (4.3 per cent of GDP) in 2002. The lower surplus position was mainly attributed to higher net outflows on the financial account.

On the current account, the deficit contracted by 18.0 per cent to \$18.2m in 2003 and as a percentage of GDP fell to 17.4 per cent from 21.4 per cent in 2002. The contraction in the deficit was partly associated with a 17.7 per cent increase in net inflows of current transfers. The merchandise trade deficit widened to \$61.6m from \$56.5m in 2002. This performance was primarily associated with a 9.5 per cent increase in import payments (f.o.b) for machinery and transportation equipment for use in the ash-cleaning programme and for public sector construction projects. On the services account, gross travel receipts contracted by 14.2 per cent, consistent with the decrease in stay-over visitors.



Net outflows on the financial account increased to \$13.6m (13.0 per cent of GDP), from \$7.7m (7.3 per cent of GDP) in 2002. The higher outflows were mainly associated with a build up in commercial bank net foreign assets. There were net outflows of \$25.0m in short term capital of

commercial banks compared with net outflows of \$1.0m in 2002, reflecting the increase in liquidity. Net outflows of public sector long-term capital decreased to \$2.3m in 2003 from \$4.0m in 2002, partly reflecting the reduction in the stock of external debt. On the capital account, the surplus remained stable at \$34.4m.

Prospects

The pace of economic activity in Montserrat is projected to increase during 2004. This assessment is based in part on an improvement in performance in the construction sector and a likely increase in tourism activity. In the construction sector, work is expected to intensify on the Gerald's airstrip and the community college. Plans are ongoing for the construction of a new electrical generating plant at an estimated cost of \$12.0m. In the case of residential construction, activity is expected to remain buoyant as the European Union has approved \$19.3m towards the construction of sixty new housing units in 2004.

Activity in the tourism industry is anticipated to improve in 2004. The number of stay-over visitors is likely to increase as additional hotel rooms become available. The tourism industry is also expected to benefit from increased airlift services into Antigua and Barbuda, the major hub for Montserrat. Additional direct flights from New York and the UK are anticipated in 2004.

In the agricultural sector, output is expected to increase after contracting in 2003 in the wake of the volcanic crisis in July and unfavourable weather in the first half of 2003.

The increase in construction activity is likely to translate into higher import payments and



contribute to a widening in the external current account deficit. Merchandise exports are anticipated to increase but at a slower rate relative to that of imports. There is likely to be a re-export of transport and machinery equipment as major public and private sector projects are completed or near completion at the end of 2004. On the services account, gross inflows from travel are likely to increase, based on growth in stay-over arrivals.

The current account deficit of the central government is projected to widen, as the growth in current expenditure is expected to outpace the increase in current revenue. Current revenue is likely to grow based on the projected expansion in economic activity in 2004. Current expenditure is projected to increase as a result of higher outlays related to the continuation of the ash-cleaning programme.



ST KITTS AND NEVIS

Overview

Economic activity showed signs of improvement in 2003. Preliminary data point to a 0.6 per cent increase in real GDP following the 0.3 per cent contraction in 2002. The outcome in 2003 was largely influenced by expansions in value added in the hotel and restaurant, wholesale and retail trade, bank and insurance sectors. There were contractions in value added in the agricultural and construction sectors. These declines were attributed to a weak performance of the sugar cane crop as well as the completion of major public sector projects and a large hotel in early 2003. Activity also contracted in the government services and transport sectors.

The combined fiscal operations of the central government and the Nevis Island Administration (NIA) improved in 2003, as an overall fiscal deficit of 8.8 per cent of GDP was recorded compared with one of 16.6 per cent of GDP in 2002. In the external sector, the current account deficit narrowed by 11.0 percentage points of GDP to 23.4 per cent in 2003, largely as a result of a decrease in import payments and an increase in gross travel receipts. Reduced net inflows on the capital and financial account contributed to an overall balance of payments deficit of 0.3 per cent of GDP. Broad money (M2) increased, mirroring expansions in both net foreign assets and domestic credit. The liquidity position of the commercial banking system improved. The rate of inflation, as measured by the change in the consumer price index (CPI), increased to 3.1 per cent in 2003 (end of period) from 1.7 per cent in 2002.

In 2004 the economic recovery is projected to strengthen, largely as a result of increased tourism and construction activity.

Output

Complete data on visitor arrivals were not available for 2003. Based on provisional data, it is likely that tourism activity rebounded. Value added for the hotel and restaurant sector, a measure of the level of activity in the tourism industry, increased by 31.3 per cent following a 3.6 per cent contraction in 2002. As a consequence the shares of the hotel and restaurant sector in GDP rose to 5.5 per cent from 4.2 per cent in 2002. Growth was spurred in part by a more than twofold increase in the number of visitors for the annual music festival compared with the total in 2002, as a result of intense marketing. Additionally, during 2003 the Federation of St Kitts and Nevis was host to a number of regional and international conferences as well as sporting events. The number of visitors from the UK and USA markets is estimated to have increased, as a result of additional weekly direct flights from those markets.

Data on cruise ship activity in 2003 indicate that cruise ship passengers declined by 10.7 per cent to 149,378. This performance was consistent with a reduction in the number of cruise ship calls to 259 from 264.

Of the other services, value added for the “wholesale and retail trade” and “banks and insurance” sectors rose by 4.5 per cent and 3.3 per cent respectively. There were contractions in

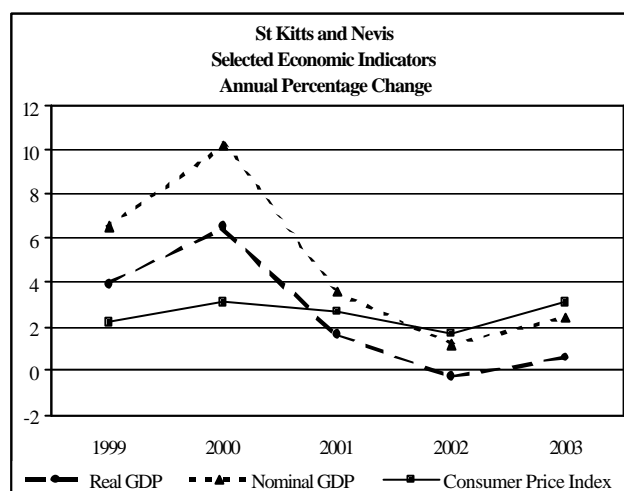


value added for transport (0.7 per cent) and government services (1.0 per cent).

In 2003 construction activity fell for the second year in succession. This followed increases averaging 11.8 per cent over the five-year period 1997-2001 as a result of substantial investment in hotel and infrastructure development. Real value added in the construction sector is estimated to have contracted by 4.7 per cent in 2003 compared with the 5.6 per cent rate of decline in 2002. As a consequence, the sector's share of GDP declined by 0.9 percentage point to 17.2 per cent. This performance was on account of the completion in late 2002 and early 2003 of some major private and public sector projects. During 2003 public sector construction projects included Phase III of the JNF Hospital Development, expansion to schools under the Basic Education Project, reconstruction of the control tower at the Robert L. Bradshaw airport, construction of sporting complexes, community centres and hurricane shelters under the Emergency Recovery and Disaster Management projects. In the private sector, activity focussed on housing development and the construction of headquarters for a credit union. Private sector residential construction activity is estimated to have increased. This assessment is based on growth of 7.1 per cent in commercial bank credit extended for home construction and renovation.

After realising growth of 13.3 per cent and 11.1 per cent in 2002 and 2001 respectively, value added in the agricultural sector is estimated to have decreased by 12.7 per cent in 2003. The outturn in 2003 mirrored a contraction in sugar cane production, which accounts for roughly 40.0 per cent of agricultural output. The quantity of sugar

cane reaped contracted by 25.7 per cent to 169,251 tons, in contrast to growth of 7.6 per cent in 2002. The decline was attributed in part to prolonged drought experienced during the early part of 2003. In the rest of the agricultural sector, value added in the fisheries sub-sector contracted, reflecting a 14.6 per cent decrease in fish caught. Despite the adverse weather, output of vegetable and root crops increased, associated in part with the establishment of irrigation facilities on some plots by the agricultural department. Higher production levels for beef and pork were recorded, reflecting the impact of increased marketing.



Activity in the manufacturing sector showed signs of recovery in 2003. Value added from manufacturing grew by 0.6 per cent in 2003 following a 4.0 per cent contraction in 2002. The growth in 2003 was spurred by a 4.0 per cent increase in the output of electronic components, reflecting a resurgence in demand as a result of the recovery in the US, the major market. The overall growth in manufacturing was dampened by a 24.0 per cent decrease in the output of sugar to 16,255 tons, consistent with the decline in sugar cane reaped.



Prices, Wages and Employment

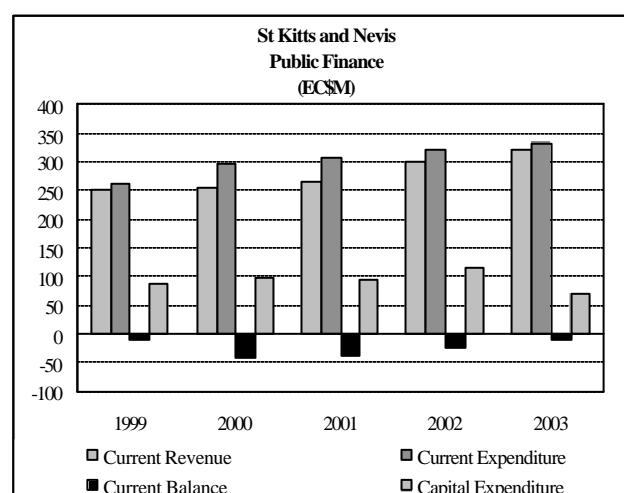
The rate of inflation as measured by the change in the consumer price index (CPI), rose to 3.1 per cent in 2003 from 1.7 per cent in 2002. The growth in the CPI was influenced in part by a 7.5 per cent increase in the "transport and communication services" sub-index, as a result of higher telephone rates. Increases were also recorded for all the other sub-indices, particularly "food" (3.9 per cent), which accounts for 28.1 per cent of the weight of the goods and services basket. Higher prices for fruits and vegetables were largely responsible for the increase in the food sub-index.

During 2003 wages and salaries in the public and private sectors remained relatively stable, indicative of the sluggishness in economic activity. Data on employment in St Kitts and Nevis were not available for 2003. Despite the closure of a hotel in December 2003 it is likely that employment in the tourism industry increased, based on the opening of a large resort and casino in February 2003 and the higher number of tourist arrivals.

Central Government Fiscal Operations

The preliminary consolidated fiscal accounts of the central government and the Nevis Island Administration (NIA) showed an overall deficit of \$86.0m (8.8 per cent of GDP) in 2003 compared with one of \$157.2m (16.6 per cent of GDP) in 2002. The smaller overall deficit was associated in part with a narrowing of the current account deficit, reflecting the impact of a homegrown stabilisation programme implemented in 2003. The overall deficit was financed largely through external bond issues amounting to \$155.7m.

The current account deficit fell to \$11.8m (1.2 per cent of GDP) in 2003 from \$24.5m (2.6 per cent of GDP) in 2002, largely on account of higher tax receipts. Current revenue increased by 7.5 per cent to \$321.4m, surpassing the budgeted amount by 1.5 per cent. Receipts from taxes rose by 10.3 per cent to \$233.9m, equivalent to 23.8 per cent of GDP, up from 22.3 per cent of GDP in 2002. This development mainly reflected a 14.4 per cent (\$15.0m) increase in receipts from taxes on international trade and transactions. This performance was underpinned by higher receipts from the customs service charge (21.7 per cent) and consumption tax (11.2 per cent), partly attributable to increases of 1.0 percentage point and 2.5 percentage points in the rate of customs service charge and consumption tax respectively. Receipts from taxes on domestic goods and services grew by 9.4 per cent (\$3.9m), largely reflecting increased collections from licences as a result of the payment of arrears by a large company. The yield from taxes on income and profits rose by 3.6 per cent (\$2.2m) on account of higher collections from corporation tax.



Current expenditure grew by 3.0 per cent to \$333.2m (34.0 per cent of GDP) in 2003, exceeding the budgeted amount by 2.6 per cent. The growth in current expenditure was driven by an 11.4 per cent increase in interest payments, reflecting growth of 37.7 per cent in external debt obligations. Domestic interest payments declined by 12.2 per cent, due to a fall in the rate on treasury bills and the refinancing of a portion of the overdraft. As a share of current expenditure, total interest payments accounted for 22.4 per cent in 2003, up from 20.7 per cent in 2002. Outlays on personal emoluments, which accounted for 43.2 per cent of current expenditure, remained relatively flat. Expenditure on transfers and subsidies rose by 6.0 per cent (\$2.0m), largely on account of subventions to the Tourism Authority. Outlays on goods and services remained flat at \$79.0m, partly reflecting the impact of expenditure control measures.

Capital expenditure and net lending fell by 50.8 per cent to \$82.5m in 2003 compared with 2002 when strong growth was recorded associated with lending to two public enterprises.

The disaggregated fiscal accounts revealed that the central government (excluding the NIA) realised a current account deficit of \$17.7m compared with one of \$29.7m in 2002. The lower deficit position was largely attributed to higher current receipts. Current revenue increased by 9.0 per cent to \$255.9m, representing a 6.1 per cent increase over the budgeted revenue for 2003. A 15.3 per cent increase in receipts from taxes on international trade and transactions was largely responsible for the growth in revenue. Collections from taxes on domestic goods and services rose by 14.3 per cent, while receipts from taxes on

income and profits and non-tax sources grew by 4.7 per cent and 1.8 per cent respectively.

Current expenditure rose by 3.4 per cent to \$273.5m, exceeding the budgeted amount by 5.2 per cent. The growth in expenditure largely reflected higher debt service payments associated with an increase in the debt stock. Interest payments, which accounted for 23.8 per cent of current expenditure, grew by 14.4 per cent, reflecting an increase in payments on external debt. Expenditure on goods and services fell by 0.5 per cent, partly on account of a reduction in spending on tourism promotion. This responsibility was transferred to the Tourism Authority in 2003. Transfer payments rose by 5.9 per cent, largely representing payments to the Tourism Authority. Capital expenditure and net lending declined by 60.8 per cent to \$58.8m, reflecting a decrease in capital spending.

An analysis of the finances of the Nevis Island Administration indicated an increase in the current account surplus to \$5.9m in 2003 from \$5.3m in 2002. This outturn was reflective of a faster rate of growth in current revenue relative to the increase in current expenditure. Current revenue rose by 1.9 per cent to \$65.5m, representing 86.9 per cent of the budgeted amount for 2003. The growth in current revenue was largely as a result of higher collections from taxes on international trade and transactions (10.8 per cent), taxes on domestic goods and services (1.9 per cent) and taxes on income and profits (4.4 per cent). Current expenditure was up by 1.0 per cent to \$59.6m, but was 7.9 per cent below the budgeted amount for 2003. The growth in current expenditure was associated with increases in all the categories with the exception of interest payments, which contracted by 6.0 per cent due mainly to



refinancing of the overdraft. Capital expenditure and net lending rose by 35.4 per cent to \$23.7m.

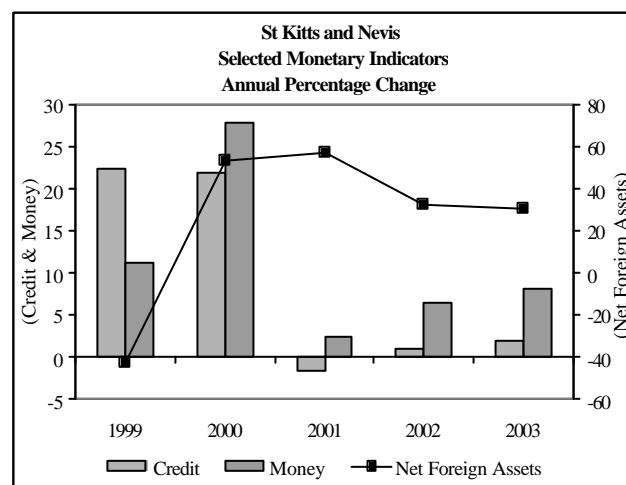
At the end of 2003 the total debt stock of the central government and the NIA was estimated at \$1,165.4m, roughly 13.3 per cent above the level at the end of 2002. Consequently, the total debt as a percentage of GDP rose to 118.4 per cent from 106.8 per cent in 2002. Of the total, external debt rose by 28.1 per cent to \$674.8m (68.5 per cent of GDP), while the stock of domestic debt fell by 2.1 per cent to \$490.6m (49.8 per cent of GDP). The strong growth in external debt was mainly attributed to the issue of two external bonds of US\$47.7m and US\$10.0m by the central government and the NIA respectively. The reduction in the domestic debt was largely as a result of the refinancing of a portion of the overdraft with cheaper external borrowing. In 2003 debt service payments grew by 20.6 per cent to \$123.4m, consistent with the expansion in the debt stock. As a share of current revenue, debt service payments rose by 4.2 percentage points to 38.4 per cent.

Money and Credit

During 2003 the broad money supply (M2) increased by 8.0 per cent to \$912.7m compared with growth of 6.4 per cent in 2002, mirroring an expansion in net foreign assets. Of M2, quasi money rose by 7.5 per cent (\$54.7m), reflecting expansions in private sector foreign currency deposits (11.8 per cent) and savings deposits (7.8 per cent). The growth in these deposits largely reflected higher level of savings by businesses. The narrow money supply (M1) rose by 11.0 per cent (\$13.2m), associated primarily with growth in demand deposits.

In 2003 domestic credit grew by 2.0 per cent to \$771.9m compared with the 0.9 per cent increase in 2002. The growth in domestic credit in 2003 was supported by a 4.2 per cent expansion in lending to the private sector, following the 2.4 per cent decline in 2002. Of private sector credit, loans to households grew by 17.6 per cent while credit to businesses declined by 13.4 per cent.

Most of the increase in commercial bank credit was directed towards house construction and renovation, and the purchase of land. There were declines in lending for tourism (7.2 per cent), construction (24.9 per cent), distributive trades (13.7 per cent) and manufacturing (10.1 per cent). Loans for agriculture, which for the previous ten years grew at an annual average rate of 22.0 per cent, increased at the slow rate of 2.2 per cent in 2003, as a result of reduced lending for sugar manufacturing. In 2003 the operations of the sugar manufacturing company were primarily financed from non-bank sources.



The net indebtedness of the central government to the banking system fell by 18.2 per cent to \$218.2m in 2003, mainly attributable to a decline



in loans and advances coupled with an increase in deposits at the commercial banks. Those developments were largely associated with the issue of external bonds, as part of the proceeds refinanced a portion of the overdraft. Commercial bank holdings of treasury bills rose by 14.1 per cent. The net deposits of the non-financial public enterprises rose by 11.1 per cent to \$139.6m, associated to a large extent with an increase in deposits of the social security scheme.

The net foreign assets of the banking system rose by 30.0 per cent to \$409.8m in 2003, mainly reflecting developments in the commercial banking sector. Commercial bank net foreign assets rose by 70.6 per cent to \$235.2m, partly associated with inflows of official capital, particularly bond proceeds. Most of the growth in net foreign assets represented increased assets held with institutions outside the Eastern Caribbean Currency Union. St Kitts and Nevis' imputed share of the reserves held by the Central Bank declined by 1.5 per cent to \$174.6m.

During 2003 liquidity in the commercial banking system increased. The ratio of liquid assets to total deposits plus liquid liabilities rose to 53.1 per cent from 47.5 per cent, reflecting in part an increase in liquid assets, particularly treasury bills and short term foreign investments. The loans to deposits ratio fell by 7.7 percentage points to 71.4 per cent, the lowest recorded over the 1999 to 2004 period. This performance was attributed to a 1.7 per cent contraction in loans coupled with an 8.8 per cent expansion in deposits.

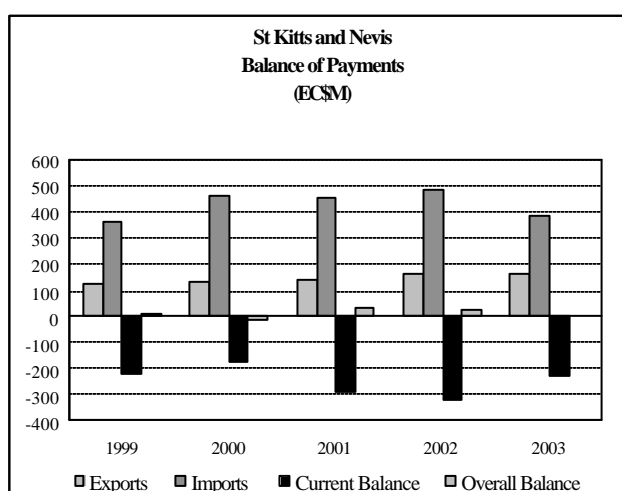
Interest rates at commercial banks remained relatively stable during 2003. The rates on savings deposits ranged from 3.0 per cent to 5.5 per cent. Interest rates on time deposits ranged from 3.0 per

cent to 7.0 per cent. Prime lending rates were in the range of 8.5 per cent to 11.0 per cent.

Balance of Payments

The external position of St Kitts and Nevis deteriorated in 2003 with the overall balance moving to a deficit of \$2.6m (0.3 per cent of GDP) from a surplus of \$23.3m (2.5 per cent of GDP) in 2002. This performance was primarily attributed to a reduction in the surplus on the capital and financial account.

The surplus on the capital and financial account declined by 34.5 per cent to \$229.8m, largely reflecting developments in the financial account. The 2003 surplus was equivalent to 23.3 per cent of GDP, down from 35.6 per cent of GDP in 2002. Net inflows of direct investment fell by 36.3 per cent to \$138.4m, partly attributable to lower gross inflows following the completion of the resort referred to earlier. Commercial bank transactions resulted in a net outflow of \$97.3m compared with one of \$51.9m in 2002. Inflows of portfolio investment, associated with bond proceeds of the government, increased by 42.4 per cent to \$121.0m.



The current account deficit narrowed to \$232.4m in 2003 from \$327.5m in 2002, and as a share of GDP fell to 23.7 per cent from 34.6 per cent in 2002. This performance was mainly influenced by lower net inflows on the merchandise account coupled with higher inflows from services. The merchandise trade deficit fell by 29.8 per cent to \$214.5m (21.8 per cent of GDP), reflecting a 20.0 per cent contraction in the import bill (f.o.b). The lower import bill was partly associated with a fall in the imports of construction related materials, in particular building materials (41.7 per cent) and cement (31.0 per cent), consistent with the decline in construction activity. Export earnings fell by 2.8 per cent to \$161.5m (16.4 per cent of GDP), associated primarily with a 10.7 per cent decrease in receipts from sugar. Net inflows on the services account rose by 50.5 per cent to \$55.4m (5.6 per cent of GDP), mainly reflecting higher inflows from travel, consistent with the increase in visitor arrivals in 2003.

On the income account, net outflows increased by 14.4 per cent to \$117.9m in 2003. The higher net outflows were attributed to an 18.7 per cent (\$5.3m) increase in interest payments by the public sector, reflecting the growth in external debt.

Prospects

In 2004 the economy is expected to rebound from the sluggish performance in 2003 and 2002. Based on the positive outlook for the tourism industry and the construction sector, real GDP is projected to increase to between 4.0 per cent and 5.0 per cent in 2004. The tourism industry is expected to benefit from an increase in the number of hotel rooms, with the full opening of a resort and the start of operations of a medium sized hotel in late 2003. Growth in stay-over arrivals is likely

to result from continued global economic expansion, increased marketing, the start of weekly direct flights from the UK and additional direct flights out of the US from the latter half of 2003. However, the projections for tourism can be affected by international developments, among them the 2004 US presidential elections.

Construction activity is expected to be led by public and private sector housing development, a sporting complex, headquarters for an airline, and road development.

Value added in the agricultural sector is projected to fall in 2004. Sugar cane production will contract further as a result of a decline in acreage under cultivation and the impact of the drought experienced in 2003. However, output of vegetables and root crops is likely to benefit from irrigation facilities established in late 2003 and from the revival of the agro-tour project which aims at providing agricultural produce to the tourism industry, particularly the cruise sub-sector.

Activity in the manufacturing sector will be adversely affected by the low yields from the 2004 sugar cane crop. Sugar production is projected to decline by 20.0 per cent to approximately 13,000 tons in 2004, the lowest since the 1930's. In the case of non-sugar manufacturing, the continued recovery in the economies of the developed countries is likely to have a positive impact on the demand for electronic components. However, the closure at the end of March 2004 of a company manufacturing electronics could further dampen activity in the manufacturing sector.

The ongoing homegrown stabilisation programme is expected to translate into further improvements in the fiscal operations of both the



central government and the NIA. The fiscal operations will likely result in a lower current account deficit. Current revenue is forecast to grow by 12.0 per cent. This projection is based on the increase in economic activity and enhanced efficiency in tax administration through continued tax audits by the Inland Revenue Department and reform and modernisation of the Customs Department. Current expenditure is expected to grow by 11.0 per cent, associated with higher interest payments and a likely salary increase, as

announced in the 2004 budget presentation. The capital account is projected to realise a smaller deficit resulting in a narrowing of the overall deficit to \$79.3m in 2004.

The outlook is for inflation to increase as a result of higher import prices from upward movements in international oil prices. The higher import prices are also expected to contribute to a deterioration of the merchandise trade account.



ST LUCIA

Overview

Real gross domestic product (GDP) in St Lucia is estimated to have increased by 3.7 per cent in 2003, following growth of 0.4 per cent in 2002. The acceleration in the rate of growth was fuelled in part by expansions in value added in the hotel and restaurant, wholesale and retail trade and transport sectors. There were contractions in value added in the agricultural, manufacturing and construction sectors. The overall fiscal deficit of the central government widened in 2003, reflecting a higher rate of growth in expenditure relative to the increase in revenue. The balance of payments recorded an overall surplus more than double the level in 2002, partly on account of higher financial inflows associated with foreign direct investment and proceeds from a central government bond issue. Liquidity in the commercial banking system increased in 2003. There were some downward movements in interest rates. The consumer price index rose by 0.4 per cent.

Economic activity is projected to increase in 2004, mainly based on developments in tourism and construction. Consumer price inflation is likely to increase influenced by higher oil prices in the international market. The downside risks to the outlook for the real sector include adverse developments in the international economy, in particular upward movements in oil prices and US interest rates.

Output

The St Lucian economy continued to recover during 2003 relative to the performance in 2002. Real GDP is estimated to have increased by 3.7

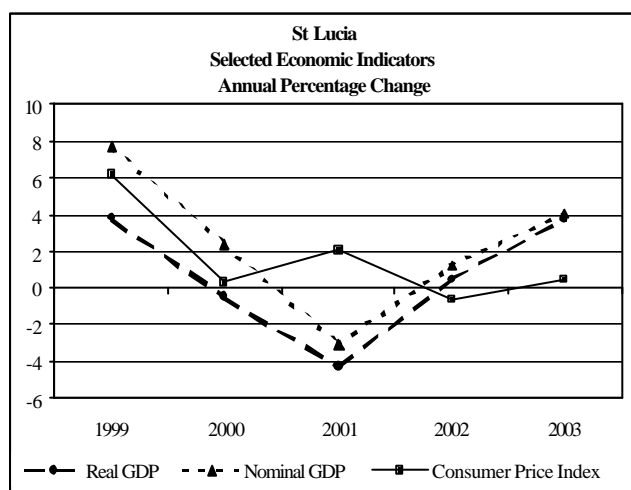
per cent following revised growth of 0.4 per cent in 2002. The upturn was driven in part by growth in value added in the hotel and restaurant, wholesale and retail trade, transport and communications sectors.

In 2003 there was an increase in activity in the tourism industry, as represented by value added in the hotel and restaurant sector. Value added is estimated to have expanded by 16.6 per cent following two consecutive years of decline averaging 5.6 per cent in 2001-2002. The improvement was associated with increases in stay-over visitors and the average length of stay. In 2003 the number of stay-over visitors increased by 9.3 per cent to 276,948 - the highest level ever recorded in St Lucia. Of stay-over arrivals, visitors from the USA, the major market, increased by 4.3 per cent to 98,078 following growth of 3.1 per cent in 2002, attributable to enhanced marketing. Arrivals from the UK grew by 19.2 per cent to 75,426 as a result of additional airlifts, and an appreciation of the pound sterling against the US dollar. The number of visitors from France increased by 76.7 per cent to 6,017, reflecting growth in French tourists holidaying in Martinique who took the opportunity to visit St Lucia. Visitors from the Caribbean region grew by 6.2 per cent to 70,543 and those from Canada rose by 4.4 per cent to 13,494. The share of US visitors in total stay-over arrivals fell by 1.7 percentage points to 35.4 per cent, that for the UK rose by 2.2 percentage points to 27.2 per cent and that of visitors from the Caribbean fell by 0.7 percentage point to 25.5 per cent.

The number of cruise ship passengers rose by 1.6 per cent to 393,262 in 2003, in contrast to the



21.0 per cent contraction in 2002. Most of the increase occurred during the last quarter of 2003, reflecting growth in cruise ship calls. There were five inaugural visits by cruise ships during the final quarter of 2003. For the year as whole the number of cruise ship calls rose by 6.9 per cent to 262. The number of excursionists increased by 66.2 per cent to 12,817, reflecting growth in visitors from the neighbouring island of Martinique. The increases in cruise ship visitors and excursionists contributed to growth of 5.3 per cent to 683,027 in total arrivals to St Lucia in 2003.



Of the other services, value added in the communications sector increased by 4.5 per cent during 2003, partly influenced by the expansion in tourism activity and the start of operations of two new telecommunication companies during the latter part of 2002. Value added for the wholesale and retail trade sector was estimated to have expanded by 7.8 per cent, associated with growth in imports of consumer goods. In the transport sector, value added rose by 2.6 per cent following the 3.8 per cent decline in 2002, reflecting in part the increase in visitor arrivals by air and sea.

Output in the agricultural sector is estimated to have decreased in 2003 - for the third year in succession. Value added in that sector declined by 10.8 per cent following decreases of 2.0 per cent and 24.0 per cent in 2002 and 2001 respectively. The contraction in 2003 was largely influenced by a fall in output of bananas. Production contracted by 29.5 per cent to 33,971 tonnes, reflecting the combined effects of tropical storm Lili in September 2002, a drought in the first half of 2003 and two tropical depressions in July 2003.

In the manufacturing sector, activity was estimated to have declined in 2003 compared with the performance in 2002. Value added for manufacturing fell by 0.4 per cent, reflecting decreases of 33.5 per cent and 29.4 per cent in the manufacture of wearing apparel and electrical components respectively, on account of lower export demand. Output of paper products, largely cardboard boxes, is estimated to have contracted by 6.8 per cent, mainly associated with the fall in banana production. By contrast, production of food and beverages was 2.1 per cent above the level in 2002, reflecting an increase in demand.

Construction activity remained depressed in 2003. Value added in the construction sector is estimated to have contracted for the fourth consecutive year, declining by 1.2 per cent in 2003, following decreases averaging 4.9 per cent in 2000 to 2002. The decline in activity was largely associated with a fall in the rate of implementation of the public sector investment programme. Public sector construction activity focussed on road development, renovations to schools facilitated by the Basic Education Project and upgrading of health



centres. In the private sector, residential construction activity is likely to have expanded, although at a slower rate. This assessment is based on commercial bank data which showed a 1.4 per cent increase in lending for home construction and renovation compared with growth of 4.5 per cent in 2002.

Prices, Wages and Employment

The consumer price index (CPI) increased by 0.4 per cent (on an end of period basis) following the 0.6 per cent decline in 2002. Prices in the "food" sub-index, the most heavily weighted in the consumer goods and services basket, grew by 1.8 per cent on average in 2003 in contrast to the fall of 1.8 per cent in 2002. The growth reflected higher prices of some food items, particularly fish and vegetables. Price increases were also recorded in the sub-indices "alcoholic beverages and tobacco" (0.2 per cent) and "fuel and light" (0.7 per cent). The rise in these indices more than offset decreases in prices in the other sub-indices, mainly "medical care and health" (3.9 per cent) and "transport and communication" (5.3 per cent).

Information on wage increases in the private sector was not available. Wages within the public sector remained relatively stable during 2003, except for December when civil servants received a one-off bonus payment of \$750.00. The last round of wage negotiations was completed in the latter part of 2003 and in early 2004 civil servants will be remunerated retroactively for 2001 and 2002. There were indications that employment levels in some sectors were slightly below those of the previous year. Preliminary data on employment by sector provided by the National Insurance Scheme (NIS) revealed decreases in the number of insured persons employed in agriculture (13.7 per

cent), manufacturing (12.6 per cent) and construction (12.1 per cent). Average employment in the public service (including statutory bodies) is estimated to have increased by 1.5 per cent to 10,898, mainly associated with the hiring of teachers, policemen and contractual workers.

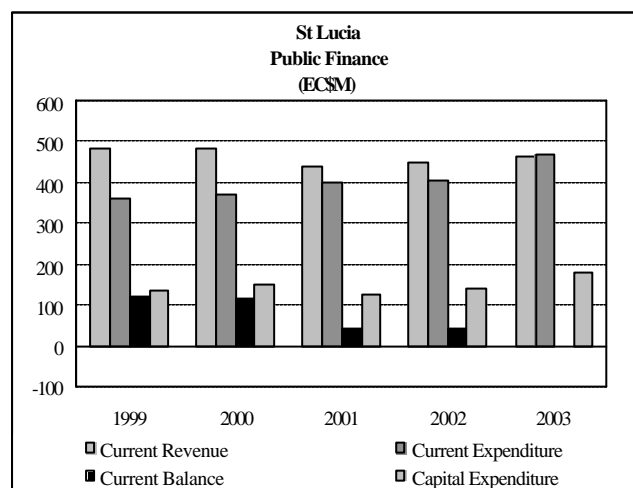
Central Government Fiscal Operations

In 2003 the fiscal accounts of the central government showed an overall deficit of \$131.0.m (6.9 per cent of GDP), well above the revised deficit of \$46.1m (2.5 per cent of GDP) in 2002. The widening of the deficit was attributed in part to expansions in current and capital expenditure. The deficit was financed largely by borrowing from external sources.

A current account deficit of \$1.2m (0.1 per cent of GDP) was realised in 2003 in contrast to the surplus of \$41.7m (2.3 per cent of GDP) in the previous year, reflecting an increase in expenditure. Current expenditure expanded by 15.0 per cent to \$466.5m compared with the total in 2002. As a share of GDP, current expenditure increased by 2.1 percentage points to 24.5 per cent in 2003. There were increases in all the components of current expenditure. Outlays on personal emoluments rose by 4.4 per cent, associated with the employment of additional teachers, policemen and contractual workers and the bonus payment to civil servants in December 2003. Expenditure on goods and services rose by 38.3 per cent, reflecting an increase in rent associated with the start of lease payments on build-own-operate-transfer (BOOT) projects such as fire stations. Higher maintenance costs following the completion of some capital projects in 2002, coupled with an increase in telecommunication payments, contributed to the growth in expenditure.



Interest payments rose by 17.3 per cent, mainly reflecting growth in external payments related to bonds issued in 2002 and 2003. Outlays associated with transfers and subsidies rose by 22.5 per cent, mainly reflecting a one-off transfer to the private sector in March 2003.



In 2003 current revenue rose by 4.0 per cent to \$465.3m (24.5 per cent of GDP) compared with 1.2 per cent in 2002, reflecting an expansion in tax revenue. Collections from taxes in 2003 amounted to \$431.0m (22.7 per cent of GDP), roughly 6.4 per cent above the level recorded in 2002. The growth in tax revenue reflected higher receipts from taxes on international trade and transactions and taxes on income and profits. The yield from taxes on international trade and transactions rose by 15.5 per cent to \$256.4m, associated with an increase in the value of merchandise imports. Revenue from import duty grew by 31.6 per cent to \$69.8m, and receipts from the customs service charge rose by 30.6 per cent to \$37.2m. Growth was also recorded in receipts from the excise tax (26.2 per cent) and the consumption tax paid on imports (0.8 per cent).

Revenue from taxes on income and profits grew by 2.0 per cent to \$109.7m, partly attributable to the collection of arrears. By contrast, receipts from taxes on domestic goods and services fell by 11.4 per cent to \$60.7m. This outturn was mainly the result of a decline in stamp duty collections in 2003 compared with 2002 when the proceeds more than doubled, associated with the sale of an hotel.

Non-tax revenue contracted by 19.0 per cent to \$34.3m, reflecting declines in revenue from interest and rents, as well as fees, fines and sales. Capital revenue declined by 59.4 per cent to \$8.6m in 2003 compared with 2002 when receipts rose substantially, associated with the sale of government shares in a financial institution.

In 2003 capital expenditure expanded by 31.4 per cent to \$181.4m (9.6 per cent of GDP). Capital expenditure was partly associated with a transfer to the private sector and the road development project.

At the end of 2003 the total disbursed outstanding debt of the central government stood at \$1,039.5m (54.7 per cent of GDP) compared with \$774.9m (42.8 per cent of GDP) in 2002. External debt amounted to \$721.3m or 69.4 per cent of the total. As a percentage of GDP, the external debt rose by roughly 9.2 percentage points to 38.0 per cent in 2003. The increase in the external debt was mainly associated with a bond issue in March 2003. Total debt service payments fell by 21.5 per cent to \$130.8m, compared with 2002 when payments rose substantially as a result of the settlement of some loans. Debt service as a percentage of current revenue contracted to 28.1 per cent from 37.3 per cent in 2002.

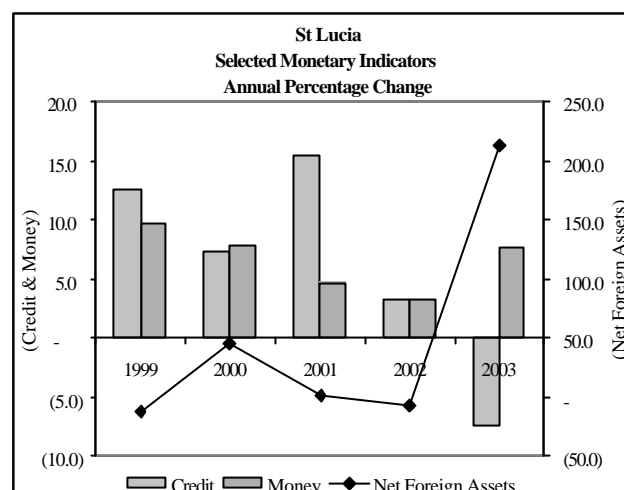


Money and Credit

During 2003 total monetary liabilities (M2) grew by 7.6 per cent to \$1,370.4m compared with growth of 3.2 per cent recorded in 2002, reflecting the increase in economic activity. There were expansions in both quasi money and the narrow money supply (M1). Quasi money increased by 4.2 per cent (\$41.6m), driven by expansions in private sector savings deposits (15.8 per cent) and private sector foreign currency deposits (34.0 per cent). Those increases more than offset a 22.4 per cent contraction in private sector time deposits. During 2003 there appears to have been some reallocation of funds from time deposits to savings deposits, possibly as a result of a fall in interest rates on time deposits. The narrow money supply (M1) rose by 19.3 per cent (\$55.5m) following growth of 1.3 per cent in 2002. Both currency with the public and private sector demand deposits increased, at rates of 9.2 per cent and 23.4 per cent respectively, the latter mainly reflecting an expansion in demand deposits by business entities.

Domestic credit contracted by 7.3 per cent to \$1,323.3m in 2003 in contrast to the 3.3 per cent rate of growth in 2002, associated with developments in both the public and private sectors. The central government's borrowings from the banking system fell by 8.6 per cent to \$140.3m, while its deposits decreased by 2.0 per cent to \$244.7m. As a result the net deposits of the central government increased by 8.4 per cent (\$8.1m), in contrast to the decline of 14.8 per cent (\$16.7m) in 2002. In the rest of the public sector, net deposits expanded by 7.8 per cent (\$12.4m). Lending to the private sector declined by 4.5 per cent (\$70.4m), mainly reflecting contractions in credit to business entities. Loans and advances to business entities fell by 12.4 per cent to \$720.7m, following growth

of 5.1 per cent in 2002. By contrast, credit to households increased by 4.3 per cent to \$762.3m, after declining by 3.7 per cent in 2002.



An analysis of credit by economic activity revealed declines in lending for most activities. There were decreases in credit for construction (8.6 per cent), manufacturing (5.0 per cent) and agriculture (2.8 per cent), partly reflecting the contraction in activity in those sectors. Lending for tourism declined by 7.5 per cent in 2003 compared with 2002 when credit extended rose by 24.4 per cent, associated in part with the purchase of an hotel. By contrast, there was a 5.5 per cent increase in credit for personal use, largely for the acquisition of property and for other personal use excluding the purchase of durable consumer goods.

The net foreign assets of the banking system increased to \$335.2m at the end of 2003 from \$106.8m at the end of 2002. The growth in net foreign assets was partly attributed to higher inflows associated with direct investment, official bond proceeds and the expansion in tourism activity. Commercial banks recorded net foreign assets of \$52.6m at the end of 2003 in contrast to net



liabilities of \$141.3m at the end of 2002. This performance mainly reflected an 84.4 per cent increase in total assets held in the other ECCB territories and abroad, partly influenced by a build up in commercial bank liquidity as a result of the contraction in credit demand. St Lucia's imputed share of the reserves of the Central Bank rose by 13.9 per cent to \$282.6m in 2003.

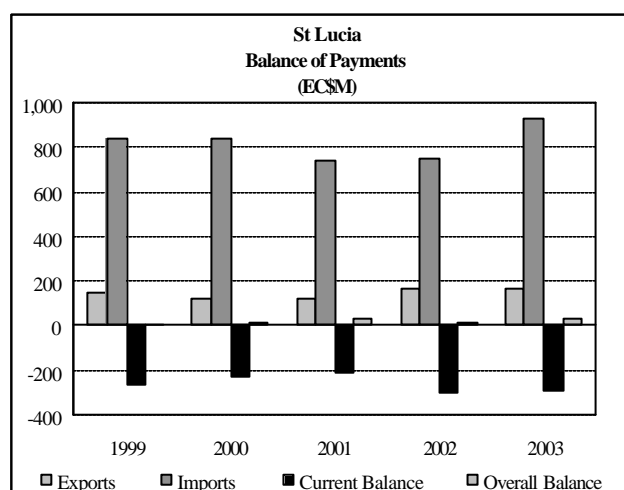
Liquidity in the commercial banking system increased during 2003. The ratio of liquid assets to total deposits plus liquid liabilities was 27.9 per cent at the end of 2003, roughly 8.5 percentage points above the level at the end of 2002. The loans and advances to deposits ratio fell by 10.1 percentage points to 81.9 per cent, as total deposits increased while total loans and advances contracted. The cash reserve ratio increased by 0.2 percentage point to 9.4 per cent.

There were some downward movements in interest rates during 2003. The maximum interest rate on savings deposits fell to 4.8 per cent from 5.5 per cent at the end of 2002. The rates offered on time deposits fell to a range of 1.0 per cent to 5.8 per cent from the range of 2.0 per cent to 8.5 per cent in 2002. The maximum prime-lending rate fell by 50 basis points to 10.0 per cent, while the minimum rate remained unchanged at 9.5 per cent.

Balance of Payments

During 2003 an overall balance of payments surplus of \$36.0m (1.9 per cent of GDP) was realised compared with one of \$13.9m (0.8 per cent of GDP) in the previous year. The improvement in the overall balance resulted from higher receipts for the capital and financial, and services accounts.

In 2003 the surplus on the capital and financial account increased by 7.0 per cent to \$328.1m, equivalent to 17.3 per cent of GDP, up from 16.9 per cent of GDP in 2002. This outturn was influenced by higher inflows of direct investment and portfolio investment. Net inflows of direct investment increased more than twofold to \$268.9m (14.2 per cent of GDP), mainly reflecting higher investment flows related to the telecommunications sector and hotel refurbishing. There were net inflows of portfolio investment of \$169.0m (8.9 per cent of GDP) compared with \$50.4m (2.8 per cent of GDP) in 2002, associated with the issue of an external bond in March 2003.



Commercial banks recorded net short-term capital outflows of \$193.9m (10.2 per cent of GDP), reflecting increased liquidity as a result of a fall in credit demand and growth in deposit liabilities. Net inflows of official capital transfers were estimated to have fallen by 14.5 per cent to \$43.0m.

The current account deficit was estimated to have narrowed to \$292.1m (15.4 per cent of GDP) from \$292.7m (16.2 per cent of GDP) in 2002, as a result of higher net inflows in the services account.



Net inflows in relation to services rose by 56.0 per cent to \$543.5m, (28.6 per cent of GDP), largely associated with increased travel inflows. Gross travel receipts were estimated to have expanded by 34.3 per cent to \$761.6m (40.1 per cent of GDP). This performance was attributed in part to an increase in hotel rates in 2003 following the discounting of rates in 2002. Growth in visitor arrivals, particularly those staying in paid accommodation, coupled with an extension in the average length of stay by one day also contributed to the improved performance.

The merchandise trade deficit increased by 32.0 per cent to \$766.0m in 2003 and as a share of GDP rose to 40.3 per cent from 32.0 per cent in 2002. There was a 24.8 per cent rise in payments for merchandise imports, mainly reflecting increased imports of consumer goods and telecommunications equipment in the first half of the year. By contrast, merchandise exports remained unchanged at \$167.0m as reduced earnings from commodity exports were offset by an increase in re-exports. Receipts from banana exports amounted to \$43.6m, roughly 25.8 per cent below the total in 2002, reflecting a fall in volume exported. Export earnings from manufactured goods were estimated to have declined in 2003.

Net outflows on the investment income account rose by 8.6 per cent to \$127.5m (6.7 per cent of GDP), mainly reflecting increased portfolio investment payments associated with bond interest payments.

Prospects

During 2004 economic activity is projected to increase compared with the performance in 2003,

influenced by developments in the tourism industry and the construction sector. Tourism activity is projected to increase based on additional airlifts from Philadelphia, USA in April 2004 and Manchester, UK in November 2004. The reopening of hotels that were refurbished during 2003 and the continued marketing initiatives undertaken by the St Lucia Tourist Board are also likely to contribute to an increase in activity in the tourism industry. The cruise industry is expected to benefit from visits by additional cruise lines. However, performance in the tourism industry will be influenced by developments in the international economy, particularly the USA and UK - the major tourist markets.

Construction activity is likely to be above the level in 2003, mainly driven by private sector activity. Private sector construction activity is expected to focus on two condominium development projects, renovation of hotel plants, as well as on expansions to the housing stock facilitated through a low cost housing credit facility. In the public sector, the focus will be on the road development project that is likely to intensify in 2004. Total expenditure on this project is estimated at \$120.0m, of which less than 30.0 per cent was expended at the end of 2003. In the agricultural sector banana output is expected to recover from the impact of unfavourable weather during 2003. However, the level of production could be affected by the recurrence of leaf spot infestation in early 2004.

The overall fiscal deficit of the central government is projected to be slightly below the level in 2003, based on a likely increase in current revenue and reduced capital spending. Growth in current revenue is projected in light of ongoing improvements in tax administration. The level of



capital spending in 2004 is likely to be below that in 2003 when there was a one time capital transfer to the private sector. Capital expenditure will be largely associated with the implementation of the PSIP, in particular the road development project. Growth in current expenditure is projected, partly associated with increases in civil servants' salaries in early 2004 and in outlays on goods and services as a result of higher rental costs.

Monetary liabilities are projected to increase based on the expansion in economic activity. Growth in domestic credit is likely, influenced by an increase in private sector borrowing as a result of government's policy to facilitate land and house

acquisition by individuals. There is likely to be a net inflow of commercial bank short-term capital to meet the increase in credit demand as economic activity expands. In the external sector, the merchandise trade deficit is likely to widen as a result of higher payments for imports, associated with the expansion in the tourism industry and construction sector and an increase in oil prices. Gross travel receipts are expected to increase, in line with the projected growth in stay-over visitors. Consumer prices are expected to increase, partly based on inflation expectations in the major trading partner countries and upward movements in oil prices.



ST VINCENT AND THE GRENADINES

Overview

Economic activity in St Vincent and the Grenadines is estimated to have increased during 2003 relative to the outturn in 2002. The growth in real GDP was estimated at 3.6 per cent compared with the revised rate of 1.7 per cent in 2002. The acceleration in economic activity was largely the result of increases in value added in the construction, manufacturing, communications, and wholesale and retail trade sectors. Value added in the agricultural and hotel and restaurant sectors declined. The fiscal operations of the central government resulted in an overall deficit of \$20.3m compared with one of \$18.9m in 2002. In the external sector, an overall deficit of \$13.3m was recorded, down from the deficit of \$17.8m in 2002. Commercial bank liquidity remained at a high level in 2003. The consumer price index increased by 2.7 per cent.

In 2004 an expansion in economic activity is projected for St Vincent and the Grenadines, based on likely developments in tourism, construction and agriculture.

Output

In 2003 real GDP growth in St Vincent and the Grenadines is estimated to have accelerated to 3.6 per cent from 1.7 per cent in 2002. The expansion was largely the result of improved performances in the construction, manufacturing, communications and wholesale and retail trade sectors.

In the construction sector, real output rose by 9.4 per cent in contrast to the decline of 2.9 per

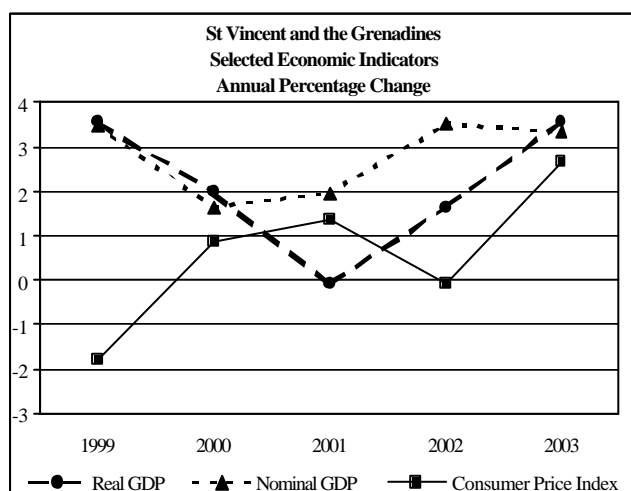
cent in 2002. This performance was due to an expansion in public sector construction activity, partly reflected in an increase in central government's capital expenditure. The major public sector projects in 2003 included renovations to the ministerial building in Kingstown, low-income housing development and an extension to the community college. Private sector residential construction activity was estimated to have contracted, as indicated by a 10.0 per cent fall in commercial bank credit for home construction and renovation.

Real output in the manufacturing sector increased in 2003 compared with the performance in the previous year. Value added in that sector grew by 0.7 per cent in contrast to the 2.9 per cent decline in 2002. However, the sector's contribution to GDP fell to 6.1 per cent from 6.3 per cent in 2002. There were strong increases in output of construction materials, mainly steel rods (75.8 per cent), PVC pipes (71.3 per cent) and galvanised sheets (32.6 per cent) driven by the expansion in construction activity. Growth was also realised in the production of feeds (15.4 per cent), flour (5.0 per cent) and beer (4.2 per cent). The higher level of production of feeds was attributed to increased local demand. By contrast, rice production declined by 15.2 per cent to 5,942 tonnes on account of the expiration of an agreement that allowed duty-free imports of raw rice from the USA for processing.

Value added in the agricultural sector decreased by 2.2 per cent in 2003 following growth of 7.8 per cent in 2002. Consequently, the sector's contribution to GDP fell to 11.2 per cent from 11.8 per cent in 2002. This outturn was mainly on



account of a decrease in banana production, the dominant activity in the agricultural sector. In 2003 banana production fell by 32.1 per cent to 22,560 tonnes, the lowest level in 20 years. The decrease in banana output was the result of drought in the first four months of 2003, which disrupted the replanting efforts following damage wrought by tropical storm Lili in September 2002. Value-added in the livestock and forestry sub-sectors increased by 1.8 per cent and 1.1 per cent respectively in 2003. In the rest of the agricultural sector, value-added in the fishing sub-sector grew by 26.0 per cent following the 19.3 per cent decline in the previous year. The strong performance in 2003 was attributed to an increase in fish landed, as the neighbouring French islands stopped purchasing fish from boats out at sea.



Activity in the tourism industry, as measured by value-added in the hotel and restaurant sector, fell at the reduced rate of 5.8 per cent compared with the 8.0 per cent decrease in 2002. The sector's share of GDP declined to 2.0 per cent from 2.2 per cent in 2002. Despite a 1.2 per cent increase in total stay-over visitors to 78,535, the number staying in paid accommodation fell by 5.8 per cent. This was most pronounced in the first quarter of

2003 when a 58.6 per cent contraction was recorded. The scarcity of accommodation due to the presence of a film production crew during most of that period might have curbed the flow of stay-over visitors at that time. Estimates of stay-over visitors by country of origin revealed that, of the major markets, visitors from the Caribbean recorded the only increase (8.5 per cent). This increase was partially offset by contractions of 0.7 per cent, 1.0 per cent and 6.6 per cent in the number of visitors from the UK, USA and Canada respectively.

Of the other categories of visitors, the number of excursionists was estimated to have increased by 4.9 per cent to 13,696 in 2003, following the 13.2 per cent decrease in 2002. Yacht passengers fell by 1.9 per cent to 84,782, compared with the 5.9 per cent decline in 2002. Cruise ship activity also contracted compared with the outturn in 2002. Cruise ship passengers were down by 7.6 per cent to 64,965, consistent with the 7.2 per cent decrease in the number of cruise ship calls. As a result of the declines in yacht and cruise ship passengers, total visitor arrivals were estimated to have fallen by 2.2 per cent to 241,978, compared with the contraction of 2.6 per cent in 2002.

Among the other services, value-added in communications increased by 2.1 per cent, in 2003 following the 10.3 per cent decline in 2002. The growth in 2003 was partly attributed to intense marketing by a new telecommunications service provider. Value added for wholesale and retail trade grew by 5.7 per cent and that for transport rose by 5.5 per cent, partly influenced by the expansion in construction activity. In the rest of the services sectors, growth was observed in electricity and water (7.5 per cent), government services (2.3 per cent) and banks and insurance



(1.5 per cent), reflecting the expansion in the economy.

Prices, Wages and Employment

Consumer prices rose on average by 2.7 per cent (end of period) during 2003, following the 0.1 per cent decline in 2002. This outturn was partly reflective of a 4.5 per cent increase in the "food" sub-index, which has the highest weight among the sub-indices. The growth in the "food" sub-index was attributed to increases in the prices of meat and poultry products, fish and vegetables. Price increases were also observed in the sub-indices "household furnishings and supplies" (4.5 per cent), "transport and communications" (3.2 per cent) and "medical care and expenses" (2.4 per cent). These increases were partially offset by decreases in the sub-indices "fuel and light" (0.3 per cent), "alcoholic beverages and tobacco" (1.8 per cent) and "personal services" (2.4 per cent).

Wages and salaries in the public sector remained stable in 2003. In the private sector, there is likely to have been an increase in wage rates during 2003 on account of an upward revision in the legislated minimum wages effective April 2003. Data on employment for 2003 were not available. However, it is likely that employment in the construction sector increased as a result of the higher level of construction activity.

Central Government Fiscal Operations

The current account operations of the central government improved in 2003 relative to the position in 2002. A current account surplus of \$40.8m (4.0 per cent of GDP) was recorded compared with one of \$27.4m (2.8 per cent of GDP) in 2002. The improvement in the current

account balance was attributed to growth in current revenue coupled with a contraction in current expenditure.

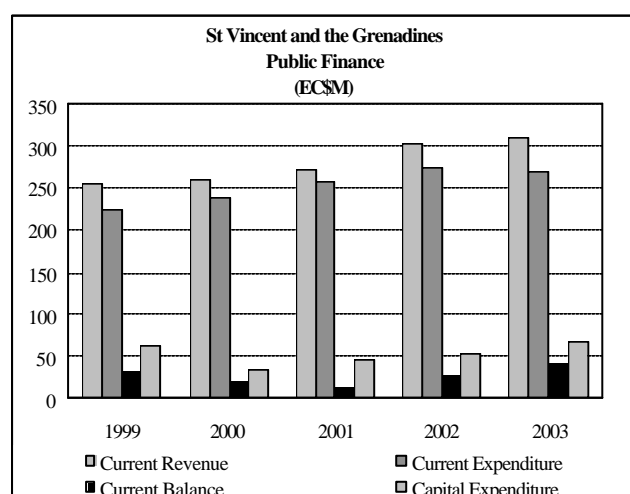
During 2003 current revenue rose by 2.3 per cent to \$308.9m (30.6 per cent of GDP), which was \$14.7m below the budgeted amount. The growth in current revenue mainly reflected an increase in non-tax revenue (21.8 per cent) on account of dividends received from two state corporations. Tax revenue decreased by 0.9 per cent to \$257.5m, attributable to a 14.3 per cent fall in receipts from taxes on income and profits. Of those taxes, receipts from company tax decreased by 15.7 per cent (\$7.1m) as the result of a downward revision in the tax rate on income accruing to hotels. An increase in the minimum income tax threshold to \$13,000 from \$12,000 in 2002 was primarily responsible for a 4.9 per cent (\$1.7m) fall in personal income tax collections. Of the other categories of taxes, receipts from taxes on international trade and transactions rose by 4.7 per cent to \$132.6m. This outturn was largely associated with a 13.7 per cent expansion in revenue from import duties, reflecting higher imports as a result of the increase in economic activity. Revenue from taxes on domestic goods and services rose by 9.8 per cent, largely reflecting an increase in receipts from stamp duty.

Current expenditure decreased by 2.4 per cent to \$268.1m (26.5 per cent of GDP). This outturn was below the central government's budgeted target of \$293.1m in 2003. There were decreases in all categories of expenditure except interest payments. Expenditure associated with transfers and subsidies fell by 6.9 per cent (\$3.3m). Outlays on goods and services declined by 5.4 per cent (\$3.4m). Expenditure on wages and salaries decreased by 1.2 per cent (\$1.7m) in 2003 compared with 2002



when outlays rose substantially as a result of the bonus payment to civil servants in December. Interest payments rose by 7.5 per cent to \$27.4m, reflective of an increase in central government's debt in 2003.

Capital expenditure and net lending amounted to \$66.7m (6.6 per cent of GDP), approximately 24.0 per cent above the total in 2002. This performance reflected an increase in expenditure associated with the implementation of the public sector investment programme. Capital revenue doubled to \$1.6m, while capital grants fell by 41.2 per cent (\$2.8m). Consequently an overall deficit of \$20.3m was recorded, roughly 7.4 per cent above the deficit in 2002. The deficit was financed largely from external borrowing.



The total disbursed outstanding debt of the central government increased by 10.5 per cent to \$686.0m, equivalent to 67.9 per cent of GDP in 2003 compared with 63.8 per cent of GDP in 2002. The increase in the debt stock was largely reflected in growth of 13.3 per cent in the external debt, associated with the implementation of the public sector investment programme (PSIP).

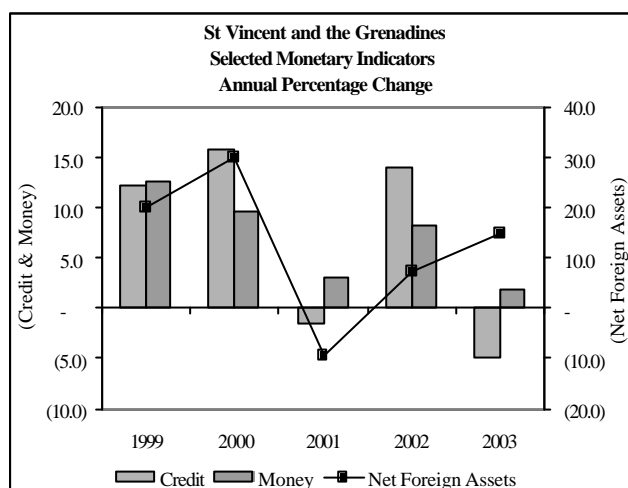
At the end of 2003 broad money (M2), which consists of the narrow money supply (M1) and quasi-money, stood at \$722.4m. This represents an increase of 1.8 per cent on the level at the beginning of 2003, compared with growth of 8.3 per cent in 2002. The expansion in M2 mainly reflected growth in M1, which rose at a reduced rate of 6.1 per cent compared with the increase of 9.1 per cent in 2002. A 6.4 per cent (\$11.9m) increase in private sector demand deposits was the major contributor to the growth in M1. Quasi-money, the other component of M2, fell by 0.3 per cent to \$468.8m. Of quasi-money, private sector time deposits declined by 12.1 per cent (\$18.9m), but this decrease was partially offset by a 5.5 per cent (\$16.8m) increase in private sector savings deposits.

Domestic credit decreased by 4.9 per cent to \$507.9m, contrasting with the 14.0 per cent rate of increase in 2002. This reduction was reflected in declines in credit to the central government and the private sector. Net claims on the central government by the banking system decreased by 45.1 per cent (\$38.8m) in 2003, as its borrowings fell by 5.5 per cent while its deposits, largely with the commercial banks, rose by 32.2 per cent. The sale of treasury bills on the Regional Government Securities Market (RGSM) was largely responsible for the decline in the central government's net indebtedness to the banking system. In 2003 loans to the central government from the commercial banking system fell by \$21.9m (13.3 per cent), reflective of declines in treasury bill holdings (53.5 per cent) and loans and advances (6.1 per cent). The Central Bank credit to the central government grew by \$12.2m, reflecting an increase in advances. In the rest of the public sector, the net deposits of the non-financial public enterprises were

Money and Credit



reduced by 8.1 per cent (\$10.7m), reflecting an increase in credit combined with a decrease in deposits.



In 2003 credit to the private sector fell by 6.4 per cent (\$40.5m), reflecting decreases in lending to businesses and households. There was a 17.8 per cent (\$38.6m) decline in lending to businesses, mostly for tourism related projects. Credit to households fell by 1.1 per cent (\$4.5m). The net deposits of the non-bank financial institutions increased by 4.1 per cent (\$2.2m). An analysis of credit by economic activity indicated decreases in lending for tourism (40.2 per cent), distributive trades (4.3 per cent), personal use (0.6 per cent) and agriculture and fisheries (0.1 per cent).

The net foreign assets of the banking system increased by 14.8 per cent to \$313.3m in 2003, compared with growth of 7.4 per cent in 2002. The expansion was largely reflected in a 35.1 per cent (\$46.0m) increase in the net foreign assets of the commercial banks, largely associated with growth in assets held with institutions outside the Eastern Caribbean Currency Union. There was a 3.9 per cent decline in St Vincent and the Grenadines' imputed share of ECCB reserves.

Liquidity in the commercial banking system increased in 2003. The ratio of liquid assets to total deposits plus liquid liabilities rose by 1.3 percentage points to 37.3 per cent at the end of 2003. Also indicative of the higher level of liquidity was a 3.1 percentage point increase to 69.0 per cent in the ratio of loans and advances to total deposits.

There were some movements in interest rates on time deposits during 2003, while savings deposits and prime lending rates remained stable. Interest rates on time deposits were in the range of 1.0 per cent to 7.5 per cent in 2003 compared with the range of 2.0 per cent to 7.0 per cent in 2002. Interest rates on savings ranged from 3.0 per cent to 5.0 per cent and prime lending rates ranged from 9.0 per cent to 11.0 per cent.

Balance of Payments

The current account deficit was estimated to have expanded to \$184.2m (18.2 per cent of GDP) in 2003 from \$115.4m (11.9 per cent of GDP) in 2002. This performance largely reflected a widening of the merchandise trade deficit and higher outflows of investment income. The merchandise trade deficit increased to \$373.1m (36.9 per cent of GDP) from \$316.4m (32.5 per cent of GDP) in 2002. This outturn was the combined result of a 12.6 per cent increase in import payments (f.o.b.) to \$475.7m and a 3.3 per cent decrease in export receipts to \$102.6m. The growth in import payments was driven by increases in imports of construction related materials and equipment as well as telecommunications equipment for a new mobile telephone company that began operations in early 2003. The reduction in receipts from merchandise exports was



associated with declines in earnings from exports of bananas and rice, reflecting contractions in the volume exported. In the case of investment income, net outflows rose to \$44.2m (4.4 per cent of GDP) from \$39.9m (4.1 per cent of GDP) in 2002. This performance was chiefly as a result of higher outflows of official interest payments, reflective of the growth in the stock of external debt in 2003.

The surplus on the services account decreased by 3.9 per cent to \$197.0m (19.5 per cent of GDP) largely associated with a 14.1 per cent increase in net payments for transportation services. Gross travel receipts fell marginally to \$222.4m in 2003.

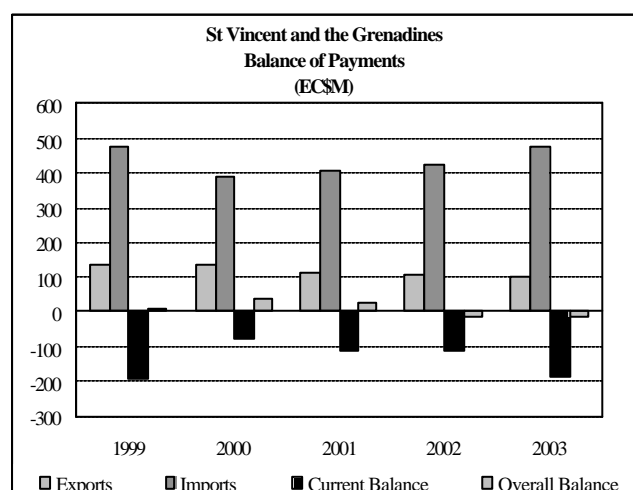
In 2003 the surplus on the capital and financial account increased to \$170.9m (16.9 per cent of GDP) from \$97.6m (10.0 per cent of GDP) in 2002, mainly reflecting higher inflows in the

the capital and financial account contributed to a narrowing of the overall balance of payments deficit to \$13.3m (1.3 per cent of GDP) from \$17.8m (1.8 per cent of GDP) in 2002.

Prospects

In 2004 a 3.2 per cent growth in real GDP is projected based on expansions in the tourism industry and the construction and agricultural sectors. In the case of tourism, growth in visitor arrivals is projected, partly based on a strengthening of the US and UK economies, plans to re-open a major resort in Canouan in mid-2004 and increased marketing. The return of a major cruise line to St Vincent and the Grenadines in October 2003 is also expected to contribute to an increase in visitor arrivals. Activity in the construction sector is expected to remain buoyant based on ongoing and new public sector projects to be implemented in 2004. Public sector projects include ongoing low-income housing developments and the construction of a national stadium. In the agricultural sector, banana production is expected to increase assuming favourable weather. There are however some downside risks to the projection for real GDP. These include increases in oil prices on the international market and the US presidential election in November, which might have an adverse effect on visitor travel.

The central government is expected to realise a surplus on its current account as a result of new revenue measures implemented in the 2004 budget that are likely to contribute to higher receipts. These measures include an increase in the airport service charge from \$35 to \$40 per passenger; an increase of \$1,000 in the vehicle surtax payable on all imported vehicles over four years old; an



financial account. Net inflows on the financial account rose substantially, primarily an increase of \$50.6m in inflows of portfolio investment and a \$30.5m expansion in direct investment. Net inflows on the capital account were estimated to have declined by 50.9 per cent, largely reflecting a reduction in capital grants. The development in



increase in the annual firearm licence from a standard \$50 to \$100 for shotguns and \$250 for revolvers and pistols, rifles, and firearms for watchmen and servants; and an increase in the charges for passports and other travel documents. The overall deficit is likely to widen based on an increase in capital expenditure associated with projects to be implemented in 2004.

In the external sector, the deficit on the current account is likely to expand, based on an anticipated increase in imports largely associated with the growth in construction activity in 2004 and higher

oil prices. Visible exports are likely to increase as a result of a recovery in agricultural exports, particularly bananas. Gross travel receipts are expected to increase in line with the growth in visitor arrivals. Growth in net foreign assets is projected. Private sector credit is likely to increase as a result of the expansion in the economy. These developments are expected to have a positive impact on M2. Liquidity in the commercial banking system is expected to remain high. Consumer prices are likely to increase in line with higher oil prices on the international market.



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'

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
ECCB Area
Selected Economic Indicators

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at basic prices	6.2	4.1	0.4	1.3	4.5
Real GDP at basic prices	4.3	2.7	(1.4)	0.2	3.8
GDP Deflator	1.8	1.4	1.8	1.1	0.7
Consumer Prices (end of period)	1.7	3.4	0.5	3.0	1.8
Consumer Prices (period average)	1.4	4.2	1.0	3.1	1.4
Real GDP at Factor Cost by Selected Sectors					
Agriculture	(4.0)	0.8	(8.3)	5.6	(4.4)
Manufacturing	3.2	5.2	(0.9)	(1.2)	0.2
Electricity & Water	10.0	4.0	5.5	2.5	3.2
Construction	7.6	4.2	(1.5)	(2.4)	5.8
Wholesale and Retail	4.4	0.7	(5.3)	(0.2)	6.0
Hotels and Restaurants	3.5	(1.2)	(5.2)	(0.5)	13.0
Transport	3.4	1.3	(2.9)	(1.0)	6.2
Communications	13.7	6.1	0.4	(3.3)	(1.6)
Banks and Insurance	5.9	5.9	(0.4)	3.7	3.1
Government Services	0.7	2.0	2.5	3.8	3.4
Other Services	3.9	6.1	(0.7)	0.5	1.9
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(16.4)	(15.7)	(16.8)	(19.6)	(19.3)
Overall Balance	0.8	0.4	2.3	2.1	1.2
Trade Balance	(39.5)	(39.2)	(36.5)	(35.6)	(38.3)
Public Sector External Debt (end-of-period)	46.1	46.5	53.1	63.7	67.6
Central Government					
Current Account Balance	1.0	(0.2)	(1.9)	(2.1)	(1.2)
Current Revenue	25.6	25.3	25.0	26.0	26.1
Current Expenditure	24.6	25.6	27.0	28.1	27.3
Capital Expenditure and Net Lending	7.1	7.2	8.0	9.9	7.8
Overall Fiscal Balance	(2.9)	(4.4)	(7.2)	(8.9)	(5.6)
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	4.3	4.5	4.3	3.8	4.7
Weighted Lending Interest Rates	12.0	12.0	11.5	11.3	13.0
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	6,219.6	6,474.8	6,503.3	6,589.8	6,884.7
Real GDP at basic prices	4,858.6	4,987.7	4,919.8	4,931.7	5,117.5
Nominal GDP at Market Prices	7,415.5	7,657.5	7,682.7	7,868.6	8,285.0
GDP per capita (EC\$)	10,998	11,309	11,233	11,313	11,720
Merchandise Imports (f.o.b)	3,727.2	3,835.1	3,513.9	3,529.4	3,868.9
Merchandise Exports (f.o.b)	796.8	832.0	709.3	724.6	701.2
Gross Visitor Expenditure	2,439.7	2,453.3	2,298.8	2,234.7	2,565.8

Source: Statistics Department and ECCB

R = Revised P = Preliminary

Data available at 6 May 2004

Table 2
ECCB Area
Consolidated Central Government Fiscal Operations
(in millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Revenue	1,900.7	1,939.9	1,923.5	2,043.3	2,158.1
Tax Revenue	1,594.4	1,648.0	1,641.6	1,749.0	1,871.7
Taxes on Income and Profits ^{/1}	366.6	428.4	422.2	415.1	417.1
of which:					
Personal ^{/2}	135.6	148.1	149.3	150.5	146.9
Company	203.0	250.3	241.4	230.5	229.6
Taxes on Property	21.4	25.7	28.3	43.8	43.2
Taxes on Domestic Goods & Services	278.1	291.4	307.4	336.7	364.7
of which:					
Accommodation Tax	61.6	58.3	67.7	62.9	66.6
Licences ^{/3}	43.2	47.0	43.3	54.9	62.3
Sales Tax ^{/4}	11.7	12.5	16.7	17.5	23.8
Consumption Tax ^{/5}	48.5	50.2	43.4	42.1	46.8
Taxes on International Trade and Transactions	928.3	902.6	883.7	953.4	1,046.6
of which:					
Consumption Tax ^{/7}	463.4	403.7	416.9	459.3	482.1
Import Duties	287.4	280.0	250.9	250.2	288.2
Foreign Exchange Tax ^{/6}	9.9	11.3	8.3	8.4	11.4
Customs Service Charge ^{/7}	117.9	121.7	132.7	146.7	172.0
Non-Tax Revenue	306.2	291.8	281.9	294.2	286.4
Current Expenditure	1,823.1	1,958.2	2,070.9	2,208.3	2,260.2
Personal Emoluments	951.3	971.9	1,021.7	1,044.4	1,083.5
Goods and Services	432.9	437.1	479.5	488.4	464.4
Interest Payments	172.7	277.4	263.4	324.0	332.3
Domestic	112.6	143.4	151.2	156.9	143.3
External	60.1	134.0	112.2	167.0	189.0
Transfers and Subsidies	266.2	271.8	306.2	351.4	380.1
Pensions	103.9	108.3	101.5	108.5	111.6
Current Account Balance (before grants)	77.6	(18.3)	(147.3)	(165.0)	(102.1)
Capital Revenue	20.5	14.9	11.2	36.5	32.1
Grants	213.6	214.3	198.5	212.0	252.1
Current Grants ^{/8}	32.9	33.6	41.6	45.5	64.8
Capital Grants	180.7	180.6	156.9	166.0	187.4
Capital Expenditure and Net Lending	526.6	548.2	618.1	782.4	645.2
Capital Expenditure	537.1	550.4	620.1	737.1	636.3
Capital Account Balance after grants	(326.0)	(352.7)	(450.0)	(579.3)	(425.7)
Overall Balance after grants	(215.5)	(337.4)	(555.7)	(698.9)	(463.1)
Financing	215.5	337.4	555.7	698.9	463.1
Domestic	(59.5)	25.3	50.2	(17.4)	(274.7)
ECCB(net)	8.7	5.5	4.1	(31.8)	20.0
Commercial Banks(net)	50.3	163.8	6.1	21.1	(92.2)
Other	(118.6)	(144.0)	40.0	(6.7)	(202.5)
External	219.0	213.6	324.6	565.5	538.0
Net Amortisation	139.4	199.3	339.7	556.6	507.9
Disbursement	215.9	313.0	504.2	768.8	665.4
Amortisation	(76.5)	(113.7)	(164.4)	(212.2)	(157.5)
Change in Govt. Foreign Assets	(22.6)	(11.6)	(15.1)	(20.1)	23.5
Arrears	56.1	98.5	180.9	149.5	199.8
Domestic	76.0	97.1	127.0	82.1	122.1
External	(19.9)	1.4	54.0	67.5	77.7

SOURCE: Statistics Department, OECS and ECCB

R = Revised P = Preliminary *Includes residual

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

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

/3 Excludes St Vincent and the Grenadines

/4 Dominica is the only territory with a Sales tax

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

/6 For all territories except St Vincent and the Grenadines

/7 For all territories except Anguilla

/8 For all territories except Anguilla

Data available at 1 April 2004

Table 3
ECCB Area
Monetary Survey
(In Millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Net Foreign Assets	1,104.7	1,024.8	1,442.6	1,814.1	2,421.7
Central Bank (net)	975.9	1,018.8	1,192.2	1,355.1	1,449.1
Foreign Assets	984.4	1,035.9	1,204.1	1,362.9	1,457.7
Foreign Liabilities	8.5	17.1	11.9	7.8	8.5
Commercial Banks (net)	128.8	6.0	250.4	459.0	972.6
Assets	1,338.4	1,292.7	1,668.9	2,016.9	2,597.8
Liabilities	1,209.5	1,286.7	1,418.5	1,557.9	1,625.2
Net Domestic Assets	4,292.1	4,943.8	4,877.1	4,920.4	4,967.1
Domestic Credit	4,784.4	5,519.7	5,765.5	5,851.7	5,878.7
Central Government (net)	474.9	644.2	654.4	643.7	571.5
Other Public Sector (net)	(725.4)	(742.9)	(723.6)	(731.9)	(766.3)
Non-Bank Financial Institutions (net)	(184.4)	(163.0)	(230.8)	(252.5)	(264.5)
Subsidiaries & Affiliates (net)	(74.1)	(61.5)	86.4	101.6	115.5
Private Sector	5,293.4	5,842.8	5,979.1	6,090.8	6,222.5
Other Items (net)	(492.4)	(575.8)	(888.4)	(931.3)	(911.7)
Money Supply (M2)	5,396.8	5,968.6	6,319.6	6,734.5	7,388.8
Money Supply (M1)	1,191.0	1,211.7	1,246.0	1,319.2	1,507.9
Currency	388.9	386.9	373.4	393.2	427.1
Demand Deposits	802.0	824.8	872.6	925.9	1,080.8
Quasi Money	4,205.8	4,757.0	5,073.6	5,415.3	5,880.8
Savings Deposits	2,313.3	2,460.6	2,591.5	2,827.2	3,105.9
Time Deposits	1,338.7	1,530.6	1,680.6	1,669.5	1,797.0
Foreign Currency Deposits	553.9	765.8	801.5	918.7	977.9

Source: ECCB

R = Revised

Data available at 22 April 2004

Table 4
ECCU Area - Selected Tourism Statistics

	1999	2000	2001	2002	2003
Total Visitors	2,445,803	2,648,206	2,648,119	2,222,581	2,384,010
Of which:					
Stay-Over Visitors	901,778	896,220	851,522	793,343	851,859
Visitor Arrivals by Air	877,926	873,077	829,911	773,029	830,124
USA	279,720	274,250	274,807	253,263	262,043
Canada	45,288	47,915	43,156	36,400	35,691
UK	205,564	217,837	194,062	186,757	211,435
Caribbean	220,852	217,888	228,112	219,443	237,115
Other Countries	126,502	115,187	89,774	77,166	83,840
Visitor Arrivals by Sea	23,852	23,143	21,611	20,314	21,735
Excursionists	105,963	108,195	97,539	100,451	102,417
Cruise Ship Passengers	1,323,500	1,543,916	1,582,398	1,208,885	1,316,271
Yacht Passengers	114,562	99,875	116,660	119,902	113,463
Number of Cruise Ship Calls	1,520	1,710	1,526	1,419	1,481
Total Visitor Expenditure (EC\$M)	2,457.50	2,488.10	2,356.50	2,200.66	2,400.49

SOURCE: Central Statistics Offices, OECS and Eastern Caribbean Central Bank

Data as at 1 April 2004

Notes:

Only cruise, yacht and total arrivals data for St Kitts and Nevis are included from 2002

Excursionists includes sea arrivals for St Lucia and excludes Antigua

Cruiseship passengers excludes Anguilla but includes excursionists for Antigua

Cruiseship calls excludes Anguilla and St Vincent and the Grenadines

Yacht passengers includes St Kitts and Nevis and St Vincent and the Grenadines

Table 5
ECCB Area
Balance of Payments
(In Millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002	2003
Current Account	(1,218.1)	(1,205.0)	(1,289.1)	(1,545.9)	(1,603.1)
Goods and Services	(1,116.2)	(1,084.3)	(1,112.8)	(1,295.2)	(1,322.2)
Goods	(2,850.7)	(2,896.0)	(2,719.1)	(2,711.3)	(3,064.8)
Merchandise	(2,930.4)	(3,003.1)	(2,804.7)	(2,804.8)	(3,167.7)
Repair on goods	0.1	0.1	0.2	0.1	0.2
Goods procured in ports by carriers	79.6	107.0	85.4	93.4	102.7
Services	1,734.5	1,811.6	1,606.3	1,416.1	1,742.6
Transportation	(348.6)	(313.2)	(247.0)	(252.6)	(269.0)
Travel	2,154.7	2,158.1	2,006.2	1,934.0	2,252.8
Insurance Services	(51.6)	(56.5)	(99.0)	(120.0)	(135.3)
Other Business Services	19.9	70.1	8.3	(74.0)	(30.5)
Government Services	(40.0)	(46.9)	(62.3)	(71.3)	(75.3)
Income	(461.0)	(563.5)	(482.6)	(545.6)	(598.1)
Compensation of Employees	24.7	15.0	32.1	18.1	19.1
Investment Income	(485.7)	(578.6)	(514.7)	(563.6)	(617.2)
Current Transfers	359.1	442.9	306.3	294.9	317.2
General Government	91.1	95.4	91.0	83.5	102.9
Other Sectors	268.0	347.5	215.3	211.4	214.4
Capital and Financial Account	1,276.3	1,238.0	1,467.4	1,708.7	1,704.5
Capital Account	290.5	330.2	362.5	355.8	319.0
Capital Transfers	290.3	335.7	361.8	355.3	319.0
General Government	199.2	238.3	257.1	253.9	214.1
Other Sectors	91.1	97.4	104.7	101.4	104.9
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.2	(5.5)	0.7	0.5	-
Financial Account	985.8	907.9	1,104.9	1,352.9	1,385.5
Direct Investment	904.9	828.5	758.6	854.1	1,144.9
Portfolio Investment	130.7	183.6	131.5	452.9	378.4
Other Investments	(49.9)	(104.2)	214.8	45.9	(137.7)
Public Sector Long Term	131.9	62.9	208.9	70.3	188.4
Other Public Sector Capital	3.8	0.0	6.2	2.8	0.5
Commercial Banks	(92.0)	122.8	(244.4)	(208.6)	(513.6)
Other Assets	52.0	(166.7)	(146.6)	(123.7)	(64.7)
Other Liabilities*	(145.5)	(123.3)	390.7	305.1	251.7
Overall Balance	58.2	33.1	178.3	162.9	101.5
Financing	(58.2)	(33.1)	(178.3)	(162.9)	(101.5)
Change in SDR holdings	(0.0)	0.0	-	-	-
Change in Reserve Position with the Fund	(0.2)	0.0	-	-	-
Change in Government Foreign Assets	(22.6)	(11.8)	(15.1)	(18.1)	23.5
Change in ECCU's Net Foreign Assets [#]	(35.4)	(21.3)	(163.2)	(144.8)	(124.9)

Source: ECCB

R = Revised

* includes errors & omissions

adjusted for valuation changes

Data available at 1 April 2004

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

Country	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Anguilla	34.40	43.90	55.50	56.70	54.70
Antigua and Barbuda	2,329.00	2,514.00	2,684.00	2,925.60	3,154.80
Dominica	608.60	683.90	772.00	852.40	898.80
Grenada	607.70	657.40	767.40	1,259.80	1,300.40
Montserrat	29.60	29.90	25.70	20.40	17.10
St Kitts and Nevis	886.90	1,029.20	1,226.20	1,442.20	1,594.70
St Lucia	697.10	789.00	870.80	1,008.50	1,263.90
St Vincent and the Grenadines	602.80	603.30	636.00	731.20	774.50
TOTAL ECCB AREA	5,796.20	6,350.50	7,037.50	8,296.70	9,058.90

Source: ECCB

* Includes arrears of principal

R = Revised P = Preliminary

Data available at 31 December 2003

Table 7
ECCU Area - Total Central Government Debt Service Payments*
(In millions of Eastern Caribbean dollars)

Country	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Anguilla	0.9	1.0	2.2	4.3	4.9
Antigua and Barbuda	76.1	108.7	149.3	133.6	92.0
Dominica	40.1	54.6	51.8	52.2	44.4
Grenada	49.5	55.3	59.3	92.5	100.2
Montserrat	1.1	0.9	2.7	4.3	2.5
St Kitts and Nevis	68.4	67.2	75.5	102.3	123.4
St Lucia	50.4	47.7	101.7	166.7	130.8
St Vincent and the Grenadines	35.8	39.6	40.8	45.6	52.0
TOTAL ECCB AREA	322.3	374.8	483.4	601.5	550.1

Source: ECCB

* The amounts are actual payments and not contractual obligations.

R = Revised P = Preliminary

Data available at 31 December 2003

Table 8
Anguilla - Selected Economic Indicators

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
<i>(annual percentage change unless otherwise indicated)</i>					
National Income and Prices					
Nominal GDP at basic prices	11.3	0.2	2.7	0.9	4.3
Real GDP at basic prices	8.7	(0.3)	3.3	(3.1)	3.0
GDP Deflator	2.5	0.5	(0.6)	4.1	1.2
Consumer Prices (end of period)	2.2	6.5	2.9	(1.4)	6.9
Consumer Prices (period average)	1.6	4.7	4.7	0.5	3.2
Real GDP at Factor Cost by Selected Sectors					
Agriculture	(11.4)	(7.7)	(5.2)	15.1	1.5
Manufacturing	59.9	3.4	2.1	1.2	9.6
Electricity and Water	20.3	8.3	14.8	9.2	3.9
Construction	21.2	(6.7)	(14.6)	(8.4)	1.2
Wholesale and Retail	5.0	3.3	(5.0)	(10.8)	5.9
Hotel and Restaurant	6.6	(6.4)	9.5	(8.3)	6.7
Transport	1.1	(1.6)	(3.6)	(4.7)	2.3
Banks and Insurance	13.0	25.7	22.0	(10.5)	8.7
Real Estate & Housing	1.0	1.6	2.1	3.1	2.4
Government Services	2.8	3.9	4.3	3.2	4.6
Other Services	6.3	8.1	4.9	2.5	8.0
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(48.1)	(50.4)	(32.6)	(30.7)	(34.7)
Overall Balance	1.7	0.4	3.5	1.5	6.0
Trade Balance	(73.5)	(72.9)	(58.9)	(50.0)	(53.8)
Public Sector External Debt (end of period)	8.6	8.1	9.1	8.6	9.0
Central Government					
Current Account Balance	2.0	0.0	(1.7)	1.0	0.8
Current Revenue	23.1	24.6	24.4	27.5	26.9
Current Expenditure	21.1	24.5	26.1	26.5	26.1
Capital Expenditure and Net Lending	4.5	5.2	4.2	1.1	4.0
Overall Fiscal Balance	(1.6)	(1.9)	(3.8)	0.6	2.8
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	3.8	3.8	3.3	3.2	3.9
Weighted Lending Interest Rates	11.3	11.4	10.6	10.3	11.6
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	233.0	233.5	239.8	242.0	252.3
Real GDP at basic prices	185.2	184.7	190.8	184.9	190.5
Nominal GDP at Market Prices	286.5	291.7	297.5	305.3	317.7
GDP per Capita (EC\$)	21,127	20,911	20,740	20,300	21,169
Merchandise Imports (f.o.b)	218.3	224.6	184.6	166.1	182.4
Merchandise Exports (f.o.b)	7.8	11.9	9.5	13.5	11.4
Gross Visitor Expenditure	155.7	152.1	166.6	153.6	167.9

Source: Statistics Department and ECCB

R = Revised P = Preliminary

*ECCB Estimates

Data available at 15 April 2004

Table 9
Anguilla - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	1999	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Revenue	66.1	71.6	72.7	83.9	85.4
Tax Revenue	53.8	58.5	58.3	63.8	65.9
Taxes on Property	0.3	0.4	0.6	0.5	0.6
Of Which:					
Taxes on Domestic Goods and Services	16.4	18.1	23.0	29.0	28.1
Of Which:					
Stamp Duties	3.0	5.6	4.8	8.8	6.9
Accommodation Tax	6.6	4.7	7.7	9.2	9.1
Bank Deposit Levy	1.3	2.0	2.4	2.5	3.5
Taxes on International Trade and Transactions	37.2	40.0	34.7	34.4	37.2
Of Which:					
Import Duty	33.4	36.0	30.1	29.8	30.2
Foreign Currency Levy	0.8	1.1	1.1	0.9	1.3
Embarkation Tax	1.8	2.0	2.5	2.8	3.4
Non-tax Revenue	12.3	13.1	14.3	20.1	19.5
Current Expenditure	60.4	71.5	77.7	81.0	83.0
Personal Emoluments	33.9	36.8	39.6	41.1	42.4
Goods & Services	23.4	31.5	34.1	33.8	33.7
Interest Payments	0.5	0.5	1.8	3.4	3.5
Domestic	0.3	0.3	1.4	2.8	2.6
External	0.2	0.2	0.4	0.6	0.9
Transfers & Subsidies	2.6	2.7	2.2	2.8	3.4
Of Which: Pensions	1.5	1.3	1.4	1.6	1.7
Current Account Balance	5.6	0.1	(5.1)	3.0	2.4
Capital Revenue	0.0	0.0	0.0	0.0	16.5
Capital Grants	2.5	9.8	6.2	2.1	2.7
Capital Expenditure and Net Lending	12.8	15.3	12.4	3.3	12.6
Overall Balance	(4.7)	(5.4)	(11.3)	1.7	9.0
Financing	4.7	5.4	11.3	(1.7)	(9.0)
Domestic	2.8	7.2	9.5	(1.8)	(9.9)
ECCB (net)	0.5	0.4	5.0	(4.4)	(0.5)
Commercial Banks (net)	2.2	12.2	3.3	3.8	(6.3)
Other	0.1	(5.4)	1.2	(1.2)	(3.2)
External	(0.2)	(0.2)	1.8	0.1	0.9
Net Amortisation	(0.2)	(0.2)	1.8	0.1	0.9
Disbursements	0.0	0.2	2.0	0.5	1.1
Amortisation	(0.2)	(0.4)	(0.2)	(0.4)	(0.2)
Change in Govt. Foreign Assets	--	--	--	--	--
Arrears	2.0	(1.6)	--	--	--
Domestic	2.0	(1.6)	--	--	--
External	--	--	--	--	--

Source: Ministry of Finance and ECCB

R = Revised P = Preliminary

Data available at 15 April 2004

Table 10
Anguilla - Monetary Survey
(in EC\$ Millions)

	1999	2000	2001	2002	2003 ^P
Net Foreign Assets	109.0	102.5	151.7	209.4	200.3
Central Bank (net)	53.8	54.8	65.3	70.8	89.9
Commercial Banks (net)	55.2	47.7	86.4	138.6	110.4
External (net)	33.9	18.0	50.8	92.0	64.6
Assets	206.0	211.2	229.6	284.7	282.3
Liabilities	172.1	193.2	178.9	192.7	217.7
Other ECCB Territories (net)	21.4	29.7	35.7	46.6	45.8
Assets	35.8	40.2	49.9	65.8	74.0
Liabilities	14.5	10.5	14.2	19.2	28.2
Net Domestic Assets	260.8	329.6	332.5	336.2	386.5
Domestic Credit	300.3	385.2	409.8	425.7	484.7
Central Government (net)	(1.0)	11.6	19.8	19.1	12.3
Other Public Sector (net)	(39.0)	(50.6)	(57.0)	(65.8)	(67.8)
Non-Bank Financial Institutions (net)	(4.5)	(7.3)	(13.9)	(11.1)	(9.2)
Subsidiaries & Affiliates (net)	7.6	6.7	3.1	4.3	9.0
Private Sector	337.1	424.8	457.7	479.2	540.4
Other Items (net)	(39.5)	(55.6)	(77.2)	(89.5)	(98.2)
Money Supply (M2)	369.8	432.1	484.3	545.6	586.8
Money Supply (M1)	18.5	20.1	20.4	19.5	24.5
Currency with the public	8.7	8.8	9.0	8.3	9.0
Demand Deposits	9.8	11.4	11.4	11.3	15.5
Quasi Money	351.3	412.0	463.9	526.1	562.3
Savings Deposits	44.8	49.2	46.9	50.0	51.8
Time Deposits	38.4	39.9	44.5	49.2	55.5
Foreign Currency Deposits	268.1	322.9	372.6	426.8	454.9

Source: ECCB and Development Planning Unit

P = Provisional

Data available at 8 March 2004

Table 11
Anguilla - Selected Tourism Statistics

	1999	2000	2001	2002	2003 ^P
Total Visitor Arrivals	106,729	101,465	104,974	111,118	109,374
Of Which:					
Stay-Over Arrivals	46,782	43,737	47,944	43,969	47,007
USA	25,960	24,799	30,099	28,755	30,644
Canada	1,487	1,512	1,258	1,301	1,289
UK	2,703	2,786	2,789	2,529	2,962
Italy	5,335	3,737	2,746	707	945
Germany	1,267	522	546	537	649
Rest of Europe	2,415	2,377	1,946	1,610	1,752
Caribbean	6,002	6,816	7,369	7,455	7,454
Other Countries	1,613	1,188	1,191	1,075	1,312
Excursionist	59,947	57,728	57,030	67,149	62,367
Total Visitor Expenditure (EC\$M)	155.7	152.1	166.6	153.6	167.9

Source: ECCB and Development Planning Unit

P = Preliminary

Data available at 8 March 2004

Table 12
Anguilla - Balance of Payments
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Account	(137.8)	(147.1)	(96.9)	(93.8)	(110.3)
Goods and Services	(128.1)	(147.9)	(90.8)	(80.0)	(95.2)
Goods	(210.5)	(212.9)	(175.3)	(152.9)	(170.9)
Merchandise	(210.5)	(212.6)	(175.1)	(152.6)	(171.0)
Repair on Goods	--	0.0	0.1	-	-
Goods Procured in Port by Carriers	0.0	(0.3)	(0.3)	(0.3)	-
Services	82.3	65.0	84.5	72.9	75.7
Transportation	(35.9)	(34.0)	(28.6)	(23.8)	(25.9)
Travel	133.1	128.8	143.1	131.1	144.5
Insurance Services	(4.4)	(4.3)	(3.2)	(2.7)	(3.0)
Other Business Services	(19.4)	(25.9)	(24.0)	(29.5)	(37.5)
Government Services	8.9	0.3	(2.8)	(2.3)	(2.4)
Income	(8.6)	(7.3)	(9.5)	(14.2)	(14.8)
Compensation of Employees	-	-	-	0.6	1.3
Investment Income	(8.6)	(7.3)	(9.5)	(14.8)	(16.1)
Current Transfers	(1.1)	8.1	3.4	0.4	(0.2)
General Government	6.2	4.1	6.9	4.5	4.2
Other Sectors	(7.3)	4.0	(3.5)	(4.1)	(4.4)
Capital and Financial Account	142.6	148.1	107.4	98.5	129.4
Capital Account	18.9	26.3	23.8	16.7	16.6
Capital Transfers	18.9	26.3	23.8	16.7	16.6
General Government	2.5	9.8	6.2	3.1	2.7
Other Sectors	16.4	16.5	17.6	13.6	14.0
Acquisition & Disposal of Non-Produced Non-Financial Assets	-	-	-	-	--
Financial Account	123.7	121.8	83.6	81.9	112.8
Direct Investment	102.6	103.1	88.3	98.6	76.7
Portfolio Investment	-	-	3.1	(2.3)	(1.0)
Other Investments	21.1	18.7	(7.9)	(14.5)	37.1
Public Sector Long Term	(2.1)	(0.4)	3.9	(1.0)	0.3
Other Public Sector Capital	-	-	-	-	--
Commercial Banks	63.5	7.5	(38.7)	(52.2)	28.2
Other Assets	(3.5)	(1.8)	(9.4)	(1.5)	(1.6)
Other Liabilities*	(36.9)	13.4	36.4	40.3	10.2
Overall Balance	4.8	1.0	10.5	4.7	19.1
Financing	(4.8)	(1.0)	(10.5)	(4.7)	(19.1)
Change in SDR holdings	-	-	-	-	--
Change in Reserve Position with the Fund	-	-	-	-	--
Change in Government Foreign Assets	-	-	-	0.7	--
Change in Imputed Reserves	(4.8)	(1.0)	(10.5)	(5.4)	(19.1)

Source: ECCB and Development Planning Unit

R = Revised P = Preliminary

* includes errors & omissions

Data available at 15 April 2004

Table 13
Antigua and Barbuda - Selected Economic Indicators

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
<i>(annual percentage change unless otherwise indicated)</i>					
National Income and Prices					
Nominal GDP at basic prices	6.0	3.9	4.1	2.5	7.0
Real GDP at basic prices	4.9	3.3	1.5	2.1	5.8
GDP Deflator	1.0	0.6	2.6	0.4	1.1
Consumer Prices (end of period)	1.0	0.5	1.7	n.a.	n.a.
Consumer Prices (period average)	1.1	0.7	1.5	n.a.	n.a.
Real GDP at Factor Cost by Selected Sectors					
Agriculture	3.3	3.3	(0.1)	1.0	2.0
Manufacturing	4.5	3.0	2.5	2.7	4.0
Electricity & Water	12.5	10.0	1.7	4.1	(2.7)
Construction	8.0	6.5	4.0	3.5	8.0
Wholesale and Retail	4.5	4.3	(2.0)	(2.0)	5.4
Hotels and Restaurants	2.7	(0.9)	(7.8)	2.1	11.2
Transport	2.0	4.6	(3.7)	(3.3)	11.0
Communications	20.5	(1.2)	5.1	0.1	(4.3)
Banks and Insurance	0.0	1.4	(5.9)	12.0	3.3
Government Services	0.6	3.4	3.8	5.7	10.8
Other Services	4.0	4.0	1.0	2.7	2.5
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(8.8)	(9.9)	(9.2)	(14.3)	(12.7)
Overall Balance	1.6	(0.9)	2.3	1.1	3.4
Trade Balance	(51.3)	(47.3)	(42.5)	(43.3)	(43.0)
Public Sector External Debt (end-of-period)	79.2	74.5	76.1	82.5	83.1
Central Government					
Current Account Balance	(4.2)	(8.5)	(6.6)	(7.8)	(5.7)
Current Revenue	19.7	18.2	19.0	20.4	20.1
Current Expenditure	24.0	26.6	25.6	28.2	25.8
Capital Expenditure and Net Lending	2.1	2.1	4.8	5.1	3.1
Overall Fiscal Balance	(4.0)	(6.3)	(10.8)	(11.3)	(8.3)
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	3.9	5.0	4.4	4.3	5.1
Weighted Lending Interest Rates	11.5	12.2	11.5	11.3	12.9
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	1,498.2	1,555.9	1,620.2	1,660.3	1,775.7
Real GDP at basic prices	1,210.3	1,249.8	1,269.0	1,295.6	1,370.1
Nominal GDP at Market Prices	1,760.0	1,796.3	1,884.4	1,946.5	2,079.9
GDP per capita (EC\$)	21,144	21,517	21,391	21,707	22,597
Merchandise Imports (f.o.b)	946.1	913.4	847.2	887.0	944.3
Merchandise Exports (f.o.b)	44.2	64.2	46.1	47.0	50.1
Gross Visitor Expenditure	782.9	784.4	734.6	739.2	809.9

Source: Statistics Department and ECCB

R = Revised P = Preliminary

Data available at 16 February 2004

Table 14
Antigua and Barbuda - Central Government Fiscal Operations
(In millions of Eastern Caribbean Dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Revenue	347.1	325.6	358.3	396.5	418.8
Tax Revenue	302.4	283.7	319.0	356.8	379.1
Taxes on Income & Profits	35.1	37.5	47.7	61.5	62.6
Of Which:					
Company	33.6	35.1	43.0	55.5	57.0
Business Tax	1.5	2.2	1.1	1.3	0.7
Taxes on Property	4.2	4.7	5.9	7.9	11.1
Taxes on Domestic Goods & Services	63.2	59.8	68.2	70.4	81.9
Of Which:					
Stamp Duties	14.4	13.0	16.1	18.7	21.4
Hotel and Guest Tax	22.3	22.0	23.1	20.7	22.2
Telecommunications Tax	10.0	9.8	9.6	8.7	8.4
Taxes on International Trade and Transaction	199.8	181.8	197.1	217.1	223.5
Of Which:					
Import Duty	57.2	56.7	55.9	54.6	57.0
Consumption Tax	88.1	71.6	76.8	81.0	85.7
Customs Service Charge	30.1	26.4	38.9	48.8	52.8
Foreign Currency Levy	8.0	9.3	6.5	6.6	9.3
Non-Tax Revenue	44.7	41.9	39.3	39.6	39.7
Current Expenditure	421.6	477.6	482.6	547.5	537.1
Personal Emoluments	219.9	216.8	225.2	236.8	268.9
Goods & Services	103.3	94.6	130.0	153.0	108.9
Interest Payments	47.7	113.2	75.3	94.8	83.1
Domestic	35.2	41.8	45.2	49.7	38.3
External	12.5	71.4	30.1	45.1	44.8
Transfers & Subsidies	50.7	53.0	52.1	62.8	76.2
Of Which: Pensions	17.1	16.3	17.5	22.6	28.8
Current Account Balance	(74.5)	(152.0)	(124.2)	(151.0)	(118.3)
Capital Revenue	4.0	6.3	1.4	3.4	1.5
Grants	37.5	71.6	10.2	28.6	9.5
Of which: Capital Grants	37.5	71.6	10.2	28.6	9.5
Capital Expenditure and Net Lending					
of which Capital Expenditure	37.2	38.3	90.3	99.0	65.5
Overall Balance	(70.6)	(112.7)	(203.5)	(218.7)	(172.7)
Financing	70.6	112.7	203.5	218.7	172.7
Domestic	(1.2)	19.6	30.8	66.1	(44.9)
ECCB (net)	(1.7)	11.1	(1.6)	(8.4)	0.2
Commercial Banks (net)	(40.7)	15.0	(12.6)	13.3	2.3
Other	(40.2)	(6.5)	45.0	61.2	(47.4)
External	22.5	2.5	34.2	(20.3)	32.4
Net Amortisation	22.6	2.5	33.7	(20.8)	32.5
Disbursements	41.8	49.3	90.2	64.9	58.0
Amortisation	(19.2)	(45.8)	(56.5)	(85.8)	(25.5)
Change in Govt. Foreign Assets	(0.1)	(0.0)	0.5	0.5	(0.1)
Arrears	49.3	90.6	138.5	172.9	185.2
Domestic	66.9	97.6	99.5	99.0	117.5
External	(17.6)	(7.0)	39.0	73.9	67.8

Source: Ministry of Finance, Treasury Department and ECCB Estimates

R = Revised

P = Preliminary

Data available at 16 February 2004

Table 15
Antigua and Barbuda - Monetary Survey
(In millions of Eastern Caribbean dollars)

	1999	2000	2001	2002 ^R	2003 ^P
Net Foreign Assets	270.9	145.4	320.0	372.2	662.0
Central Bank (net)	188.2	171.6	215.2	236.6	307.1
Commercial Banks (net)	82.7	(26.2)	104.8	135.6	354.9
External (net)	223.1	171.5	205.4	243.5	323.2
Assets	404.0	425.4	466.1	515.8	609.6
Liabilities	180.9	253.8	260.7	272.4	286.4
Other ECCB Territories (net)	(140.4)	(197.7)	(100.6)	107.9	31.7
Assets	28.3	39.5	39.7	183.8	187.9
Liabilities	168.7	237.2	140.3	291.7	156.2
Net Domestic Assets	1,040.8	1,241.6	1,133.6	1,172.9	1,211.4
Domestic Credit	1,192.4	1,333.5	1,327.2	1,376.7	1,503.5
Central Government (net)	277.4	303.5	289.3	294.1	296.6
Other Public Sector (net)	(203.8)	(203.4)	(213.9)	(214.4)	(167.2)
Non-Bank Financial Institutions (net)	(32.1)	(44.9)	(63.5)	(82.9)	(70.1)
Subsidiaries & Affiliates (net)	(45.0)	(29.8)	(33.4)	(33.8)	(47.8)
Private Sector	1,196.0	1,308.1	1,348.7	1,413.7	1,491.9
Other Items (net)	(151.6)	(91.9)	(193.7)	(203.8)	(292.1)
Money Supply (M2)	1,311.7	1,387.0	1,453.6	1,545.1	1,873.4
Money Supply (M2)	302.6	284.3	307.1	308.0	371.8
Currency with the Public	85.0	84.6	78.1	88.2	98.9
Demand Deposits	217.6	199.7	229.0	219.8	272.9
Quasi Money	1,009.1	1,102.7	1,146.7	1,237.1	1,501.6
Savings Deposits	471.3	483.5	511.6	524.8	577.1
Time Deposits	467.5	522.6	554.3	594.8	817.6
Foreign Currency Deposits	70.3	96.5	80.6	117.5	106.8

Source: ECCB and Development Planning Unit

R = Revised P = Provisional

Data available at 8 March 2004

Table 16
Antigua and Barbuda - Selected Tourism Statistics

	1999	2000	2001	2002	2003 ^P
Total Visitor Arrivals	588,866	677,256	641,435	548,833	635,488
Of Which:					
Stay-Over Arrivals	231,714	230,014	214,787	218,399	234,292
USA	64,953	59,012	60,176	60,679	62,885
Canada	11,758	14,007	12,839	10,184	8,438
UK	71,313	74,957	67,785	72,401	80,689
Caribbean	34,841	34,419	34,260	37,372	42,154
Other Countries	4,414	3,188	2,697	2,465	3,784
Yacht Passengers	17,358	17,836	17,836	18,193	17,362
Cruise Ship Passengers ^{\1}	339,794	429,406	408,812	312,241	383,834
Number of Cruise Ship Calls	248	328	271	200	228
Total Visitor Expenditure (EC\$M)	782.9	784.4	734.6	739.2	809.9

Source: ECCB and Development Planning Unit

P = Preliminary

\1 includes Excursionists

Data available at 16 February 2004

Table 17
Antigua and Barbuda - Balance of Payments
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Account	(154.6)	(177.6)	(173.9)	(276.9)	(264.6)
Goods and Services	(144.0)	(82.6)	(139.8)	(198.9)	(183.9)
Goods	(851.2)	(790.2)	(762.9)	(785.3)	(835.5)
Merchandise	(901.9)	(849.2)	(801.1)	(839.9)	(894.1)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	50.7	58.9	38.2	54.6	58.6
Services	707.2	707.6	623.1	586.3	651.5
Transportation	(5.8)	31.4	55.3	53.8	65.7
Travel	701.3	701.5	649.4	649.8	714.4
Insurance Services	8.9	0.6	(42.9)	(59.1)	(63.0)
Other Business Services	(4.3)	(21.8)	(33.3)	(47.4)	(52.3)
Government Services	7.1	(4.2)	(5.4)	(10.9)	(13.3)
Income	(63.3)	120.2	(58.8)	(93.1)	(94.9)
Compensation of Employees	21.9	18.0	35.1	21.0	21.8
Investment Income	(85.1)	(138.2)	93.9	(114.2)	(116.6)
Current Transfers	52.7	25.2	24.7	15.2	14.2
General Government	4.2	6.5	2.0	(1.7)	(2.1)
Other Sectors	48.5	18.8	22.7	16.9	16.3
Capital and Financial Account	182.7	161.0	217.1	297.8	335.2
Capital Account	47.6	106.2	32.2	37.6	18.5
Capital Transfers	47.6	103.6	32.2	37.6	18.5
Acquisition & Disposal of Non-Produced, Non-Financial Assets					
Financial Account	135.1	54.8	184.9	260.2	316.7
Direct Investment	86.6	75.9	118.6	128.8	255.4
Portfolio Investment	7.3	6.3	(6.8)	(5.9)	(0.2)
Other Investments	41.2	(27.5)	73.0	137.2	61.4
Public Sector Long Term	30.0	3.7	27.9	(23.0)	56.2
Other Public Sector Capital	0.0	0.0	0.0	0.0	0.0
Commercial Banks	(199.0)	108.8	(130.9)	(30.8)	(219.3)
Other Assets	201.8	(1.0)	(10.1)	(29.2)	(21.2)
Other Liabilities*	8.4	(138.9)	186.2	220.3	245.7
Overall Balance	28.1	(16.6)	43.2	20.9	70.6
Financing	(28.1)	16.6	(43.2)	(20.9)	(70.6)
Change in SDR holdings	--	--	--	--	--
Change in Reserve Position with the Fund	--	--	--	--	--
Change in Government Foreign Assets	(0.1)	0.0	0.5	0.5	(0.1)
Change in Imputed Reserves	(28.0)	16.7	(43.7)	(21.4)	(70.5)

Source: CSO Antigua & Barbuda & ECCB

R = Revised P = Preliminary

*includes errors & omissions

Data available at 5 March 2004

Table 18
Dominica - Selected Economic Indicators

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
(annual percentage change unless otherwise stated)					
National Income and Prices					
Nominal GDP at basic prices	4.2	2.0	(2.3)	(5.0)	0.5
Real GDP at basic prices	1.6	1.3	(4.2)	(5.1)	-
GDP Deflator	2.5	0.6	2.0	0.1	0.6
Consumer Prices (end of period)	(0.0)	1.1	1.1	0.4	3.0
Consumer Prices (period average)	1.2	0.9	1.6	0.2	1.6
Real GDP at Factor Cost by Selected Sectors					
Agriculture	(2.1)	(1.1)	(6.6)	(0.7)	(3.7)
Manufacturing	(17.3)	7.4	(13.6)	(2.3)	0.6
Electricity & Water	5.2	2.5	3.3	0.6	(2.0)
Construction	3.7	6.1	(2.2)	(25.6)	11.3
Wholesale and Retail	2.5	2.5	(0.7)	(5.2)	3.6
Hotel and Restaurant	4.3	3.9	(7.4)	(3.3)	8.3
Transport	1.3	(1.0)	(5.5)	(13.1)	5.3
Communications	12.6	(4.4)	(6.5)	(1.6)	(19.5)
Banks and Insurance	6.8	0.3	(3.3)	(5.8)	2.8
Government Services	0.2	4.4	4.6	3.5	(1.6)
Other Services	3.1	(0.5)	2.7	4.6	3.0
(as a percentage of GDP)					
External Sector					
Current Account Balance	(13.4)	(19.5)	(18.4)	(14.9)	(13.2)
Overall Balance	3.6	0.2	1.3	4.7	1.0
Trade Balance	(24.6)	(28.3)	(27.2)	(23.6)	(24.6)
Public Sector External Debt (end-of-period)	49.8	56.5	68.1	81.6	87.6
Central Government					
Current Account Balance	(0.8)	(1.5)	(4.4)	(5.3)	(0.8)
Current Revenue	27.8	29.2	28.2	28.0	28.9
Current Expenditure	28.6	30.7	32.5	33.2	29.7
Capital Expenditure and Net Lending	11.0	7.6	8.7	5.3	6.1
Overall Fiscal Balance	(9.8)	(5.3)	(9.0)	(8.3)	(2.0)
(per cent per annum)					
Monetary Sector					
Weighted Deposit Interest Rates	3.7	3.9	4.0	3.6	3.5
Weighted Lending Interest Rates	11.9	11.7	11.0	11.0	11.9
(in millions of EC Dollars, unless otherwise stated)					
Memo					
Nominal GDP at basic prices	609.7	621.6	607.5	577.0	580.1
Real GDP at basic prices	450.5	456.4	437.4	415.2	415.0
Nominal GDP at Market Prices	722.8	732.2	718.6	689.9	707.5
GDP per capita (EC\$)	8,490	8,690	8,517	8,118	8,161
Merchandise Imports (f.o.b)	328.2	352.1	312.4	276.4	276.4
Merchandise Exports (f.o.b)	150.5	144.7	117.2	113.4	102.4
Gross Visitor Expenditure	137.0	130.1	125.4	123.3	140.6

Source: Statistics Department and ECCB

R = Revised P = Preliminary

Data available at 29 March 2004

Table 19
Dominica - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Revenue	200.8	213.7	202.3	192.9	204.3
Tax Revenue	168.6	182.1	162.9	162.0	179.4
Taxes on Income & Profits	48.1	64.1	44.5	41.6	45.2
Of Which:					
Personal	31.2	35.2	30.1	28.4	27.8
Company	18.6	29.6	16.0	9.8	9.5
Stabilisation Levy	0.0	0.0	0.0	4.9	9.3
Taxes on Property	2.6	2.5	2.4	2.6	1.9
Taxes on Domestic Goods and Services	26.0	26.9	30.3	32.4	40.2
Of Which:					
Sales Tax	11.7	12.5	16.7	17.5	23.8
Consumption Tax	5.4	5.1	5.1	5.0	5.6
Hotel Occupancy	0.7	0.6	0.6	0.5	0.6
Taxes on International Trade and Transaction	91.9	88.7	85.7	85.4	92.2
Of Which:					
Consumption Duty (imports)	58.1	49.9	49.6	51.4	52.7
Import Duty	24.6	25.4	21.3	19.6	21.1
Service Charge (imports)	3.7	5.6	6.5	6.0	8.3
Non-Tax Revenue	32.1	31.6	39.4	30.9	24.9
Current Expenditure	206.5	224.8	233.8	229.2	210.3
Personal Emoluments	116.4	121.1	123.7	123.9	115.6
Goods & Services	34.4	28.7	32.3	29.9	26.3
Interest Payments	19.6	42.5	40.0	37.4	29.9
External	7.4	14.4	18.2	18.4	12.7
Domestic	12.3	28.1	21.8	19.0	17.1
Transfers & Subsidies	36.0	32.5	37.7	38.0	38.5
Of Which: Pensions	8.9	9.5	10.1	10.8	11.7
Current Account Balance	(5.7)	(11.1)	(31.5)	(36.3)	(6.0)
Capital Revenue	3.1	1.9	3.3	1.8	1.4
Grants	11.6	26.0	25.9	14.0	33.1
Of which: Capital Grants	11.6	26.0	25.9	14.0	24.5
Capital Expenditure & Net Lending	79.8	55.8	62.4	36.6	42.4
Of which					
Capital Expenditure	82.3	58.4	64.9	39.7	41.1
Overall Balance	(70.8)	(39.1)	(64.7)	(57.1)	(14.0)
Financing	70.8	39.1	64.7	57.1	14.0
Domestic	(13.9)	(16.0)	(7.4)	(0.7)	(28.1)
ECCB (net)	(0.1)	(0.6)	(1.8)	0.3	(10.6)
Commercial Banks (net)	8.1	10.4	22.6	(39.4)	(9.2)
Other	(21.9)	(25.7)	(28.3)	38.4	(8.3)
External	90.3	35.4	47.4	60.2	36.1
Net Amortisation	109.4	42.6	51.8	55.5	30.8
Disbursements	116.1	48.2	57.7	62.2	39.9
Amortisation	(6.6)	(5.7)	(6.0)	(6.7)	(9.1)
Change in Govt. Foreign Assets	(19.1)	(7.2)	(4.3)	4.7	(1.3)
Arrears	(5.6)	19.6	24.6	(2.4)	12.6
Domestic	(1.4)	13.3	16.6	(4.0)	2.9
External	(4.2)	6.3	8.0	1.6	9.8

Source: Ministry of Finance, Treasury Department and ECCB Estimates

R = Revised P = Preliminary

Data available at 29 March 2004

Table 20
Dominica - Monetary Survey
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Net Foreign Assets	124.7	65.6	97.6	201.0	295.8
Central Bank (net)	85.2	79.3	84.3	122.8	128.8
Commercial Banks (net)	39.5	(13.7)	13.3	78.2	167.0
External (net)	41.4	6.8	14.8	63.3	81.0
Assets	137.0	94.5	105.7	159.2	177.0
Liabilities	95.6	87.7	90.9	95.9	96.0
Other ECCB Territories (net)	(1.9)	(20.5)	(1.5)	14.9	86.0
Assets	25.8	26.1	32.6	48.8	94.9
Liabilities	27.7	46.6	34.2	33.9	8.9
Net Domestic Assets	343.6	405.5	408.4	348.2	258.6
Domestic Credit	420.4	491.7	503.7	447.3	362.7
Central Government (net)	59.5	69.3	90.1	51.1	31.2
Other Public Sector (net)	(10.6)	5.5	10.0	10.6	(3.8)
Non-Bank Financial Institutions (net)	(43.9)	(35.8)	(37.7)	(46.6)	(81.8)
Subsidiaries & Affiliates (net)	(4.5)	(1.3)	1.6	(1.1)	(3.5)
Private Sector	419.8	454.1	439.6	433.3	420.6
Other Items (net)	(76.7)	(86.3)	(95.3)	(99.1)	(104.0)
Money Supply (M2)	468.3	471.0	506.0	549.2	554.5
Money Supply (M1)	106.8	90.3	91.6	106.6	107.9
Currency with the Public	34.1	35.4	34.6	35.5	34.2
Demand Deposits	72.7	54.9	57.0	71.1	73.7
Quasi Money	361.5	380.7	414.4	442.6	446.6
Savings Deposits	236.7	249.0	259.0	262.2	279.0
Time Deposits	111.8	121.7	139.5	158.2	157.4
Foreign Currency Deposits	12.9	10.0	15.9	22.3	10.2

Source: ECCB

Data available at 29 March 2004

Table 21
Dominica - Selected Tourism Statistics

	1999	2000	2001	2002	2003 ^P
Total Visitor Arrivals	279,350	311,264	275,999	206,963	251,432
Of Which:					
Stay-Over Arrivals	73,506	69,578	66,393	69,163	72,948
USA	15,613	15,077	14,493	15,464	15,717
Canada	2,158	2,173	1,870	2,039	1,954
UK	6,633	6,107	5,967	5,652	6,034
Caribbean	42,641	39,898	37,851	40,289	43,280
Other Countries	6,461	6,323	6,212	5,749	5,963
Excursionists	3,904	1,890	1,979	911	1,440
Cruise Ship Passengers	201,940	239,796	207,627	136,859	177,044
Number of Cruise Ship Calls	266	285	231	187	206
Total Visitor Expenditure (EC\$M)	109.8	114.3	125.4	123.3	140.6

Source: ECCB and Development Planning Unit

R = Revised P = Preliminary

Data available at 16 February 2004

Table 22
Dominica - Balance of Payments
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Account	(96.6)	(142.9)	(132.0)	(102.8)	(93.7)
Goods and Services	(64.2)	(104.2)	(123.5)	(90.3)	(85.8)
Goods	(177.0)	(204.2)	(192.5)	(160.4)	(171.6)
Merchandise	(177.8)	(207.4)	(195.2)	(163.0)	(173.9)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	0.8	3.1	2.7	2.5	2.3
Services	112.8	100.1	69.0	70.2	86.2
Transportation	(36.0)	(39.7)	(37.5)	(35.2)	(35.5)
Travel	111.6	106.0	100.5	98.7	116.0
Insurance Services	(4.2)	(3.5)	(5.6)	(7.9)	(8.0)
Other Business Services	44.6	44.5	15.7	20.0	21.1
Government Services	(3.2)	(7.2)	(4.2)	(5.4)	(7.3)
Income	(69.0)	(87.5)	(55.7)	(49.9)	(54.8)
Compensation of Employees	1.9	1.7	3.8	1.5	1.5
Investment Income	(70.9)	(89.2)	(59.5)	(51.4)	(56.4)
Current Transfers	36.6	48.8	47.2	37.3	46.6
General Government	8.7	20.1	16.0	2.8	11.5
Other Sectors	27.9	28.7	31.2	34.5	35.0
Capital and Financial Account	126.3	144.1	141.4	136.7	101.1
Capital Account	31.8	29.4	48.5	55.3	53.0
Capital Transfers	32.2	33.2	48.5	55.3	53.0
General Government	25.4	26.0	41.3	47.7	45.2
Other Sectors	6.8	7.2	7.2	7.6	7.8
Acquisition & Disposal of Non-Produced, Non-Financial Assets	(0.5)	(3.8)	--	--	--
Financial Account	94.5	114.7	92.8	81.4	48.1
Direct Investment	48.5	29.2	32.1	30.9	65.9
Portfolio Investment	80.1	29.2	(0.6)	32.7	(0.1)
Other Investments	(34.0)	56.3	61.3	17.8	(17.7)
Public Sector Long Term	5.6	26.5	67.1	35.0	21.8
Other Public Sector Capital	3.8	--	--	1.4	0.5
Commercial Banks	(23.8)	53.2	(27.0)	(64.9)	(88.8)
Other Assets	(10.6)	(28.1)	(13.6)	(7.6)	31.9
Other Liabilities*	(9.1)	4.7	34.8	53.9	16.9
Overall Balance	29.7	1.3	9.3	33.9	7.3
Financing	(29.7)	(1.3)	(9.3)	(33.9)	(7.3)
Change in SDR Holdings	--	--	--	--	--
Change in Reserve Position with the Fund	--	--	--	--	--
Change in Government Foreign Assets	(19.1)	(7.2)	(4.3)	4.7	(1.3)
Change in Imputed Reserves	(10.5)	5.9	(5.0)	(38.5)	(6.0)

Source: ECCB & CSO

R = Revised P = Preliminary

*includes errors & omissions

Data available at 26 March 2004

Table 23
Grenada - Selected Economic Indicators

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at basic prices	8.0	7.9	(2.9)	1.5	6.3
Real GDP at basic prices	7.3	7.0	(4.4)	(0.4)	5.7
Nominal GDP at Market Prices	8.2	7.9	(3.5)	2.4	8.1
GDP Deflator	0.6	0.8	1.5	1.9	0.5
Consumer Prices (end of period)	1.0	3.5	(0.7)	2.8	1.1
Consumer Prices (period average)	0.6	2.2	1.7	1.0	2.2
Real GDP at Factor Cost by Selected Sectors					
Agriculture	10.0	(2.2)	(2.9)	19.0	(2.4)
Manufacturing	12.1	13.8	(7.0)	(3.8)	(2.8)
Electricity & Water	6.3	12.5	7.0	3.3	6.7
Construction	8.2	16.1	(18.9)	1.0	28.5
Wholesale and Retail	5.4	4.0	(3.2)	0.5	7.6
Hotel and Restaurant	11.2	2.9	(1.8)	5.6	13.8
Transport	4.8	1.0	(9.0)	1.8	7.9
Communications	11.5	20.4	(3.6)	(19.7)	3.0
Banks and Insurance	11.5	10.2	6.1	6.1	1.9
Real Estate & Housing	3.5	2.0	1.3	2.8	4.4
Government Services	3.5	(2.6)	(0.7)	5.2	(1.7)
Other Services	4.9	27.5	7.3	(14.5)	2.4
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(14.2)	(20.9)	(25.3)	(28.8)	(34.5)
Overall Balance	1.2	1.6	1.5	7.7	(2.7)
Merchandise Trade Balance	(30.3)	(34.9)	(34.7)	(35.1)	(42.9)
Public Sector External Debt (end of period)	30.7	32.9	46.2	85.5	79.9
Central Government					
Current Account Balance	4.1	6.3	2.5	0.8	3.3
Current Revenue	26.5	27.2	26.7	26.8	27.4
Current Expenditure	22.3	20.8	24.2	25.9	24.1
Capital Expenditure and Net Lending	10.4	12.2	15.2	22.4	13.2
Overall Fiscal Balance	(2.8)	(2.9)	(8.5)	(19.1)	(4.9)
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	4.3	4.2	4.2	3.2	3.7
Weighted Lending Interest Rates	11.7	11.5	10.1	10.5	12.1
<i>(in millions of EC Dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	838.1	904.3	877.9	891.3	947.1
Real GDP at basic prices	655.2	701.2	670.7	668.1	706.0
Nominal GDP at Market Prices	1,024.4	1,105.8	1,067.1	1,092.2	1,180.9
GDP per capita (EC\$)	8,322	8,918	8,554	8,611	9,053
Merchandise Imports (f.o.b)	498.2	596.4	531.4	489.8	607.7
Merchandise Exports	187.6	211.0	160.7	107.0	101.7
Gross Visitor Expenditure	238.1	249.8	225.3	247.0	279.9

Source: Statistics Department and ECCB

R = Revised P = Preliminary

Data available at 8 March 2004

Table 24
Grenada - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	1999	2000 ^R	2001 ^R	2002 ^R	2003 ^R
Current Revenue	271.3	300.3	284.9	292.5	323.6
Tax Revenue	232.0	262.8	256.6	262.4	298.3
Taxes on Income and Profits	38.6	51.9	57.4	43.5	47.5
Of Which:					
Personal ¹	5.7	6.6	8.5	8.8	10.1
Company ²	32.4	44.2	46.5	32.5	35.5
Taxes on Property	7.1	9.4	10.0	18.0	17.0
Taxes on Domestic Goods and Services	44.6	52.0	45.4	49.6	59.0
Of Which:					
Value-added Tax	0.3	0.3	0.2	0.0	0.0
Consumption Duty	25.0	26.4	26.3	25.6	28.2
Stamp Duties	2.6	4.4	2.9	3.4	4.1
Licenses	7.0	11.1	5.6	11.0	14.5
Taxes on International Trade and Transaction:	141.7	149.5	143.9	151.3	174.8
Of Which:					
Import Duty	32.0	32.1	32.2	31.7	42.4
Consumption Tax	79.1	87.4	84.7	83.7	93.6
Customs Service Charge	23.3	25.2	25.5	25.5	31.7
Foreign Currency Levy	0.0	0.0	0.0	0.0	0.0
Non-Tax Revenue	39.3	37.5	28.2	30.1	25.3
Current Expenditure	228.9	230.4	258.4	283.3	285.1
Personal Emoluments	120.2	114.3	127.9	124.6	130.4
Goods and Services	34.6	43.9	52.6	47.5	40.5
Interest Payments	24.9	24.2	27.9	51.8	62.5
Domestic	16.0	11.7	13.3	12.7	17.2
External	8.9	12.5	14.6	39.1	45.3
Transfers and Subsidies	49.2	48.1	50.0	59.3	51.8
Of which: Pensions	21.5	16.9	14.2	14.0	14.2
Current Account Balance	42.4	69.9	26.5	9.2	38.5
Capital Revenue	3.7	0.7	0.5	2.7	0.3
Grants	31.1	32.6	45.2	23.5	59.2
Of which:					
Capital Grants	31.1	25.9	33.6	19.5	59.2
Capital Expenditure and Net Lending	106.4	135.2	162.6	244.5	155.4
Overall Balance	(29.2)	(32.0)	(90.4)	(209.0)	(57.5)
Financing	29.2	32.0	90.4	209.0	57.5
Domestic	(7.3)	(24.9)	23.2	(43.1)	(15.2)
ECCB (net)	(2.8)	(2.8)	1.0	(30.8)	31.5
Commercial Banks (net)	(24.9)	19.0	33.9	7.2	24.1
Other	20.4	(41.2)	(11.7)	(19.5)	(70.7)
External	26.6	73.1	49.4	273.0	70.7
Net Amortisation	28.3	72.5	48.3	292.8	51.8
Disbursements	42.9	88.3	67.2	318.0	78.5
Amortisation	(14.6)	(15.8)	(18.9)	(25.2)	(26.7)
Change in Govt. Foreign Assets	(1.8)	0.6	1.2	(19.8)	18.9
Other	--	--	--	--	--
Arrears	9.9	(16.2)	17.8	21.0	1.9
Domestic	8.4	(12.2)	10.8	13.0	1.8
External	1.5	(3.9)	6.9	(8.0)	0.2

Source: Ministry of Finance, Treasury Department and ECCB Estimates

R = Revised P = Preliminary

1 Includes Debt Service Levy

2 Includes Business Levy

Data available at 8 March 2004

Table 25
Grenada - Monetary Survey
(In millions of Eastern Caribbean dollars)

	1999	2000	2001	2002	2003 ^P
Net Foreign Assets	133.8	136.7	208.5	327.7	406.0
Central Bank (net)	137.3	155.7	172.6	237.2	224.7
Commercial Banks (net)	(3.5)	(19.0)	35.9	90.6	181.3
External (net)	(39.5)	(65.4)	(33.8)	2.7	70.6
Assets	155.0	136.5	224.5	272.9	343.2
Liabilities	194.5	201.8	258.3	270.2	272.6
Other ECCB Territories (net)	36.0	46.3	69.7	87.9	110.7
Assets	41.3	52.0	81.2	99.6	129.4
Liabilities	5.3	5.7	11.5	11.6	18.7
Net Domestic Assets	720.8	849.2	881.8	839.6	854.4
Domestic Credit	762.4	911.5	968.0	928.2	978.5
Central Government (net)	43.6	59.8	94.7	71.1	126.6
Other Public Sector (net)	(34.9)	(19.8)	(5.5)	(31.9)	(65.6)
Non-Bank Financial Institutions (net)	(14.1)	(6.9)	(7.6)	(7.3)	(28.0)
Subsidiaries & Affiliates (net)	(0.1)	0.0	0.0	0.0	21.7
Private Sector	767.9	878.4	886.4	896.2	923.7
Other Items (net)	(41.6)	(62.3)	(86.1)	(88.5)	(124.1)
Money Supply (M2)	854.6	985.8	1,090.4	1,167.4	1,260.4
Money Supply (M1)	175.1	182.4	192.3	212.0	241.1
Currency	64.7	71.1	70.2	75.2	84.7
Demand Deposits	110.4	111.2	122.1	136.8	156.4
Quasi Money	679.4	803.5	898.0	955.4	1,019.3
Savings Deposits	440.0	493.8	540.0	632.1	692.6
Time Deposits	197.1	240.7	283.3	243.9	230.7
Foreign Currency Deposits	42.3	68.9	74.8	79.4	96.0

Source: ECCB

P = Provisional

Data available at 5 March 2004

Table 26
Grenada - Selected Tourism Statistics

	1999	2000	2001	2002	2003 ^P
Total Visitor Arrivals	378,952	314,325	275,421	271,571	294,284
Of Which:					
Stay-Over Arrivals	125,289	126,661	121,215	121,074	133,724
USA	34,694	32,541	32,219	29,961	30,924
Canada	6,136	4,829	5,442	4,306	5,296
UK	26,234	32,236	28,488	28,688	32,506
Caribbean	22,204	24,112	27,540	33,242	36,871
Other Countries	36,021	32,943	27,526	24,877	28,127
Excursionists	8,202	7,359	6,825	4,094	4,931
Yacht Passengers	n.a	n.a.	n.a.	8,975	6,695
Cruise Ship Passengers	245,461	180,305	147,381	135,061	146,925
Number of Cruise Ship Calls	369	360	288	259	267
Total Visitor Expenditure (EC\$M)	238.1	249.8	225.3	247.0	279.9

Source: ECCB and Development Planning Unit

R = Revised P = Preliminary

Data available at 16 February 2004

Table 27
Grenada - Balance of Payments
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Account	(145.3)	(231.3)	(270.0)	(314.5)	(407.5)
Goods and Services	(125.3)	(196.1)	(221.7)	(255.3)	(333.7)
Goods	(297.8)	(372.5)	(359.7)	(376.5)	(494.7)
Merchandise	(310.6)	(385.4)	(370.7)	(382.8)	(506.0)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	12.9	12.9	11.0	6.4	11.3
Services	172.4	176.5	138.0	121.2	161.0
Transportation	(66.8)	(76.9)	(66.7)	(61.1)	(74.9)
Travel	219.0	229.0	204.8	226.1	257.9
Insurance Services	(12.3)	(13.6)	(12.4)	(8.4)	(15.7)
Other Business Services	35.3	31.4	12.2	(31.5)	(2.0)
Government Services	(2.8)	6.5	0.1	(3.9)	(4.3)
Income	(71.8)	(89.5)	(106.8)	(121.6)	(137.9)
Compensation of Employees	0.1	0.0	0.1	0.1	0.1
Investment Income	(71.9)	(89.5)	(106.9)	(121.7)	(138.0)
Current Transfers	51.8	54.3	58.4	62.4	64.1
General Government	(1.2)	6.2	7.0	5.9	5.9
Other Sectors	53.0	48.1	51.4	56.6	58.2
Capital and Financial Account	157.9	249.1	285.8	398.8	376.2
Capital Account	84.2	86.8	114.4	86.0	117.2
Capital Transfers	83.5	86.8	113.7	86.0	117.2
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.7	0.0	0.7	0.0	0.0
Financial Account	73.8	162.4	171.4	312.8	259.0
Direct Investment	112.2	101.0	158.6	155.6	217.1
Portfolio Investment	1.1	52.5	(0.7)	290.9	37.0
Other Investments	(39.5)	8.9	13.5	(133.6)	(19.4)
Public Sector Long Term	24.1	12.5	46.8	11.4	38.1
Other Public Sector Capital	--	--	--	--	0.0
Commercial Banks	(34.7)	15.5	(54.9)	(54.7)	(90.7)
Other Assets	(33.5)	(29.9)	(14.3)	(38.4)	(19.9)
Other Liabilities*	4.5	10.8	35.9	(51.9)	53.1
Overall Balance	12.7	17.8	15.8	84.3	(31.4)
Financing	(12.7)	(17.8)	(15.8)	(84.3)	31.4
Change in SDR Holdings	--	--	--	--	0.0
Change in Reserve Position with the Fund	--	--	--	--	0.0
Change in Government Foreign Assets	(1.8)	0.6	1.2	(19.8)	18.9
Change in Imputed Reserves	(10.9)	(18.4)	(17.0)	(64.5)	12.5

Source: ECCB and Statistical Department

R = Revised P = Preliminary

* includes errors & omissions

Data available at 5 March 2004

Table 28
Montserrat - Selected Economic Indicators
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at basic prices	(9.3)	(1.2)	4.1	7.4	3.2
Real GDP at basic prices	(12.6)	(3.0)	(2.8)	4.9	1.2
Nominal GDP at Market Prices	(5.7)	(1.8)	(0.2)	10.6	0.8
GDP Deflator	(9.3)	(1.2)	4.1	7.4	3.2
Consumer Prices (end of period)	0.8	1.7	4.9	3.5	1.2
Consumer Prices (period average)	4.6	0.5	4.8	4.0	1.2
Real GDP at Factor Cost by Selected Sectors					
Agriculture	7.6	46.5	(17.3)	38.4	--
Manufacturing	10.6	--	--	--	--
Mining & Quarrying	16.7	--	--	(28.6)	--
Electricity & Water	33.3	5.1	4.9	(3.3)	3.4
Construction	(13.5)	(35.8)	(7.7)	40.9	(2.9)
Wholesale and Retail	(4.9)	(16.6)	(7.9)	9.0	(5.5)
Hotels and Restaurants	7.7	4.3	27.4	2.2	(31.6)
Transport	(7.7)	(5.2)	2.5	1.2	6.8
Communications	(13.5)	33.6	(30.3)	2.7	(2.6)
Banks and Insurance	(24.1)	64.5	(21.8)	21.1	15.3
Real Estate & Housing	5.3	5.5	3.3	3.8	4.5
Government Services	(17.1)	(0.5)	1.6	1.3	2.0
Other Services	5.3	13.6	4.9	4.7	(0.6)
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(4.0)	(18.7)	(16.7)	(21.4)	(17.4)
Overall Balance	(30.2)	(10.2)	6.1	4.3	2.5
Trade Balance	(50.9)	(51.5)	(47.1)	(54.5)	(59.0)
Public Sector External Debt (end of period)	22.6	22.4	22.2	15.1	13.2
Central Government					
Current Account Balance	(32.6)	(23.6)	(29.8)	(33.3)	(44.5)
Current Revenue	28.0	29.2	25.4	28.2	29.3
Current Expenditure	60.6	52.8	55.2	61.5	73.8
Capital Expenditure and Net Lending	13.8	19.9	26.2	37.5	37.0
Overall Fiscal Balance	1.8	5.1	1.6	6.1	8.9
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	3.3	3.5	3.4	2.9	2.5
Weighted Lending Interest Rates	11.4	11.4	11.6	11.3	12.7
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	80.3	79.3	82.6	88.7	91.6
Real GDP at basic prices	60.3	58.5	56.9	59.7	60.4
Nominal GDP at Market Prices	95.6	93.9	93.7	103.7	104.5
GDP per capita (EC\$)	23,506	20,592	18,284	19,716	20,437
Merchandise Imports (f.o.b)	52.0	51.4	46.0	60.4	66.2
Merchandise Exports (f.o.b)	3.4	3.0	1.9	4.0	4.6
Gross Visitor Expenditure	21.8	24.2	22.9	23.2	19.9

Source: Statistics Department in Montserrat, and ECCB

R = Revised P = Preliminary

Data available at 4 March 2004

Table 29
Montserrat - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	1999	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Revenue	26.8	27.4	23.8	29.2	30.6
Tax Revenue	24.3	25.5	22.2	27.2	26.6
Taxes on Income and Profits	7.6	9.6	10.5	11.0	12.8
Of Which:					
Company	0.8	2.4	2.5	1.6	2.0
Personal	6.8	7.3	7.4	8.9	10.5
Taxes on Property	0.8	0.8	0.1	0.8	0.5
Taxes on Domestic Goods and Services	3.1	3.6	3.1	2.9	2.6
Of Which:					
Hotel and Guest Tax	0.1	0.0	--	--	--
Insurance and Company Levy	0.1	0.2	0.2	0.2	0.1
Stamp Duty and Licenses	2.0	2.3	1.2	1.8	1.6
Taxes on International Trade and Transaction:	12.8	11.5	8.4	12.4	10.7
Of Which:					
Import Duty	2.7	2.5	1.1	2.4	2.2
Consumption Tax	4.3	3.8	2.8	4.5	3.9
Customs Service Charge	4.2	3.8	2.7	4.1	3.6
Foreign Currency Levy	1.1	0.9	0.7	0.9	0.8
Non-Tax Revenue	2.5	1.9	1.7	2.0	4.0
Current Expenditure	57.9	49.6	51.7	63.7	77.1
Personal Emoluments	19.9	20.6	22.9	24.5	25.0
Other Goods and Services	31.3	23.2	22.2	17.9	27.3
Interest Payments	0.8	0.7	0.6	0.5	0.2
Domestic	0.7	0.6	0.0	0.1	0.1
External	0.1	0.0	0.5	0.5	0.1
Transfers and Subsidies	5.9	5.1	6.0	20.9	24.6
Of which: Pensions	3.6	3.6	4.8	7.0	6.8
Current Account Balance (before grants)	(31.2)	(22.1)	(27.9)	(34.5)	(46.5)
Current Grants	32.9	26.9	29.4	40.9	55.8
Current Account Balance (After grants)	1.7	4.8	1.5	6.4	9.3
Capital Revenue	--	--	--	--	--
Capital Grants	13.2	18.7	24.5	38.9	38.7
Capital Expenditure and Net Lending	13.2	18.7	24.5	38.9	38.7
of which Capital Expenditure	13.2	18.7	24.5	38.9	38.7
Overall Balance	1.7	4.8	1.5	6.4	9.3
Financing	(1.7)	(4.8)	(1.5)	(6.4)	(9.3)
Domestic	(1.3)	(4.4)	(1.2)	(4.8)	(6.9)
ECCB (net)	(0.5)	0.5	(1.1)	(0.6)	0.0
Commercial Banks (net)	6.9	3.9	(4.2)	(7.7)	(12.6)
Other	(7.7)	(8.7)	4.1	3.5	5.7
External	(0.4)	(0.4)	(0.3)	(1.6)	(2.4)
Net Amortisation	(0.2)	(0.2)	(0.2)	2.2	(2.0)
Disbursements	0.1	--	--	--	--
Amortisation	(0.3)	(0.2)	(0.2)	(2.2)	(2.0)
Change in Govt. Foreign Assets	(0.2)	(0.2)	(0.1)	0.6	(0.4)
Arrears	--	--	--	--	--
Domestic	--	--	--	--	--
External	--	--	--	--	--

Source: Ministry of Finance, Treasury Department and ECCB Estimates

R = Revised P = Preliminary

Data available at 4 March 2004

Table 30
Montserrat - Monetary Survey
(In millions of Eastern Caribbean dollars)

	1999	2000	2001	2002 ^R	2003 ^P
Net Foreign Assets	133.5	119.1	130.2	136.3	163.6
Central Bank (net)	37.9	28.1	33.7	38.9	41.1
Commercial Banks (net)	95.6	91.0	96.4	97.4	122.5
External (net)	14.4	(0.9)	4.0	6.6	24.6
Assets	35.8	21.6	26.7	32.1	51.0
Liabilities	21.4	22.5	22.8	25.5	26.4
Other ECCB Territories (net)	81.2	91.9	92.4	90.8	97.9
Assets	83.8	99.9	94.6	91.9	99.4
Liabilities	2.5	8.0	2.2	1.1	1.5
Net Domestic Assets	(22.2)	(18.0)	(28.1)	(36.5)	(55.3)
Domestic Credit	(1.6)	2.6	(3.2)	(18.7)	(31.8)
Central Government (net)	(12.5)	(8.2)	(13.5)	(21.8)	(34.4)
Other Public Sector (net)	(8.8)	(10.6)	(13.2)	(14.3)	(15.1)
Non-Bank Financial Institutions (net)	(3.0)	(1.8)	(0.4)	(4.9)	(5.3)
Subsidiaries and Affiliates (net)	--	--	--	--	--
Private Sector	22.7	23.1	23.9	22.2	22.9
Other Items (net)	(20.6)	(20.6)	(24.9)	(17.8)	(23.6)
Money Supply (M2)	111.3	101.1	102.0	99.8	108.3
Money Supply (M1)	31.4	26.1	25.4	26.3	32.7
Currency	13.4	9.7	11.8	10.8	12.6
Demand Deposits	18.1	16.5	13.6	15.5	20.2
Quasi Money	79.9	74.9	76.6	73.5	75.5
Savings Deposits	72.2	69.2	69.9	66.9	68.2
Time Deposits	4.0	3.6	4.3	3.7	3.8
Foreign Currency Deposits	3.7	2.1	2.4	2.9	3.5

Source: ECCB

Data available at 4 March 2004

Table 31
Montserrat - Selected Tourism Statistics

	1999	2000	2001	2002	2003 ^P
Total Visitor Arrivals	12,972	14,356	15,618	14,779	14,436
Of Which:					
Stay-Over Arrivals	9,785	10,337	9,800	9,623	8,414
USA	1,250	1,561	1,652	1,950	1,601
Canada	307	346	368	375	302
UK	2,178	2,592	2,419	2,581	2,271
Caribbean	5,233	5,324	5,123	4,453	4,035
Other Countries	817	514	238	264	205
Excursionists	3,187	4,019	5,818	5,156	5,159
Cruise Ship Passengers	0	0	0	0	863
Number of Cruise Ship Calls	0	0	0	0	14
Total Visitor Expenditure (EC\$M)	21.8	24.2	22.9	23.2	19.9

Source: Ministry of Finance, Montserrat and ECCB

R = Revised P = Preliminary

Data available at 17 March 2004

Table 32
Montserrat - Balance of Payments
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Account	(3.8)	(17.6)	(15.7)	(22.2)	(18.2)
Goods and Services	(52.0)	(56.2)	(70.6)	(81.2)	(89.4)
Goods	(48.6)	(48.3)	(44.1)	(56.5)	(61.6)
Merchandise	(48.6)	(48.4)	(44.1)	(56.5)	(61.6)
Repair on goods	0.0	--	--	--	--
Goods procured in ports by carriers	0.0	0.0	0.0	0.0	-
Services	(3.4)	(7.8)	(26.5)	(24.7)	(27.8)
Transport	(6.3)	(6.7)	(5.8)	(7.6)	(8.4)
Travel	18.1	19.4	18.0	18.2	14.8
Insurance Services	(0.8)	(1.1)	(0.7)	(0.9)	(1.1)
Other Business Services	9.0	1.9	(3.1)	(2.3)	(2.7)
Government Services	(23.4)	(21.4)	(34.9)	(32.2)	(30.4)
Income	(16.0)	(7.3)	(2.3)	(8.3)	(8.0)
Compensation of Employees	--	--	--	--	--
Investment Income	(16.0)	(7.3)	(2.3)	(8.3)	(8.0)
Current Transfers	64.3	45.9	57.2	67.3	79.2
General Government	54.0	45.9	60.5	72.4	84.2
Other Sectors	10.3	(0.0)	(3.3)	(5.1)	(5.0)
Capital and Financial Account	(25.1)	8.0	21.4	26.7	20.8
Capital Account	3.4	12.0	20.8	34.4	34.4
Capital Transfers	3.4	12.0	20.8	34.4	34.4
Acquisition & Disposal of Non-Produced, Non-Financial Assets	--	--	--	--	--
Financial Account	(28.5)	(4.0)	0.6	(7.7)	(13.6)
Direct Investment	22.2	9.3	2.6	5.7	4.3
Portfolio Investment	(0.1)	1.5	(1.6)	(0.6)	(0.6)
Other Investments	(50.6)	(14.8)	(0.4)	(12.8)	(17.4)
Public Sector Long Term	(0.3)	(0.2)	(1.5)	(4.0)	(2.3)
Other Public Sector Capital	--	--	--	1.3	--
Commercial Banks	(31.3)	4.6	(5.4)	(1.0)	(25.0)
Other Assets	(2.5)	(12.4)	(2.3)	(0.7)	(0.7)
Other Liabilities*	(16.5)	(6.7)	8.8	(8.4)	10.7
Overall Balance	(28.9)	(9.6)	5.7	4.5	2.6
Financing	28.9	9.6	(5.7)	(4.5)	(2.6)
Change in SDR holdings	--	--	--	--	--
Change in Reserve Position with the Fund	--	--	--	--	--
Change in Government Foreign Assets	(0.2)	(0.2)	(0.1)	0.6	(0.4)
Change in Imputed Reserves	29.0	9.8	(5.7)	(5.2)	(2.2)

Source: ECCB and MOF - Montserrat

R = Revised P = Preliminary

*includes errors & omissions

Data available at 4 March 2004

Table 33
St Kitts and Nevis Selected Economic Indicators

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
<i>(annual percentage change unless otherwise indicated)</i>					
National Income and Prices					
Nominal GDP at basic prices	6.5	10.2	3.6	1.2	2.4
Real GDP at basic prices	3.9	6.5	1.7	(0.3)	0.6
GDP Deflator	2.4	3.5	1.9	1.5	1.8
Consumer Prices (end of period)	2.2	3.1	2.7	1.7	3.1
Consumer Prices (period average)	3.4	2.1	2.3	2.0	2.3
Real GDP at basic prices by Selected Sectors					
Agriculture	(9.1)	(8.5)	11.1	13.3	(12.7)
Manufacturing	8.0	17.0	6.6	(4.0)	0.6
Electricity & Water	(1.1)	11.0	3.9	9.8	10.6
Construction	12.6	29.2	4.2	(5.6)	(4.7)
Wholesale and Retail	3.7	(3.2)	(11.5)	0.3	4.5
Hotel and Restaurant	(12.6)	(23.4)	3.9	(3.6)	31.3
Transport	2.0	3.7	3.5	7.9	(0.7)
Communications	11.9	7.1	2.0	(6.8)	(1.1)
Banks and Insurance	3.4	11.4	(1.0)	1.8	3.3
Government Services	2.7	2.5	2.6	3.9	(1.0)
Other Services	4.0	4.0	(2.6)	1.4	2.5
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(27.1)	(20.1)	(31.0)	(34.6)	(23.7)
Overall Balance	0.9	(1.3)	3.4	2.5	(0.3)
Trade Balance	(29.8)	(37.4)	(33.3)	(33.1)	(22.6)
Public Sector External Debt (end of period)	50.2	49.2	62.9	75.6	86.6
Central Government					
Current Account Balance	(1.3)	(4.6)	(4.3)	(2.6)	(1.2)
Current Revenue	30.4	28.6	28.9	31.6	32.8
Current Expenditure	31.7	33.2	33.2	34.2	34.0
Capital Expenditure and Net Lending	10.6	11.1	10.4	12.2	8.4
Overall Fiscal Balance	(10.6)	(14.2)	(11.8)	(16.6)	(8.8)
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	4.3	4.3	4.2	3.8	4.4
Weighted Lending Interest Rates	11.2	11.1	11.1	10.4	12.5
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	694.3	765.2	792.8	802.1	821.0
Real GDP at basic prices	521.1	555.0	564.1	562.5	565.7
Nominal GDP at Market Prices	823.2	888.9	924.0	946.4	984.4
GDP Per Capita (EC\$)	16,429	17,280	17,193	17,172	17,577
Merchandise Imports (f.o.b)	364.8	465.6	449.5	479.3	383.4
Merchandise Exports (f.o.b)	119.7	133.4	141.7	166.2	161.5
Gross Visitor Expenditure	186.9	157.8	167.0	158.9	163.7

Source: Statistics Department and ECCB

R = Revised P = Preliminary

Data available at 6 May 2004

Table 34
St Kitts and Nevis - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Revenue	250.2	254.3	267.2	299.0	321.4
Tax Revenue	183.1	188.0	194.6	212.1	233.9
Taxes on Income and Profits	49.5	59.2	57.7	61.9	64.1
Of Which:					
Company	32.3	37.8	36.4	38.7	41.9
Social Services Levy	16.3	19.7	20.3	22.0	21.4
Taxes on Property	3.4	3.9	4.4	4.6	5.2
Taxes on Domestic Goods and Services	38.1	31.0	38.2	41.3	45.2
Of Which:					
Hotel Room Tax	9.4	4.7	10.0	8.3	9.4
Licences	5.4	5.0	4.8	5.4	8.3
Gasoline Levy	6.0	2.2	3.7	5.6	3.0
Taxes on International Trade and Transaction	92.1	93.9	94.3	104.3	119.3
Of Which:					
Import Duty	38.9	39.4	31.2	33.7	36.5
Consumption Tax	40.3	41.5	44.0	50.8	56.5
Customs Service Charge	10.0	10.1	13.7	15.7	19.1
Non-Tax Revenue	67.1	66.3	72.6	87.0	87.5
Current Expenditure	260.8	295.1	307.0	323.5	333.2
Personal Emoluments	124.3	137.1	140.3	144.2	144.1
Other Goods & Services	82.1	87.1	79.5	78.9	79.0
Interest Payments	32.0	42.6	52.4	66.9	74.5
Domestic	19.6	29.0	34.0	35.3	31.0
External	12.4	13.6	18.5	31.6	43.5
Transfers and Subsidies	22.4	28.4	34.7	33.6	35.6
Of Which: Pensions	13.8	15.8	17.1	19.5	16.7
Current Account Balance	(10.5)	(40.8)	(39.7)	(24.5)	(11.8)
Capital Revenue	1.7	4.3	3.7	6.5	2.2
Grants	8.9	8.4	22.4	28.3	6.1
Of which: Capital Grants	8.9	8.4	21.7	27.9	5.7
Capital Expenditure and Net Lending	87.4	98.5	95.7	167.5	82.5
Of which					
Capital Expenditure	87.4	98.5	95.7	115.9	68.6
Overall Balance	(87.3)	(126.6)	(109.4)	(157.2)	(86.0)
Financing	87.3	126.6	109.4	157.2	86.0
Domestic	45.4	114.5	(13.4)	33.5	(56.4)
ECCB (net)	7.4	7.2	(2.4)	1.5	(13.4)
Commercial Banks (net)	37.5	107.4	14.0	(18.3)	(35.1)
Other	0.5	0.0	(24.9)	50.3	(7.6)
External	41.8	12.1	122.8	123.7	142.3
Net Amortisation	41.7	12.0	122.6	123.1	142.3
Disbursements	54.8	32.0	141.0	150.5	186.6
Amortisation	(13.0)	(20.0)	(18.4)	(27.4)	(44.3)
Change in Govt. Foreign Assets	0.1	(0.1)	0.2	0.6	0.0
Arrears	0.0	0.0	0.0	0.0	0.0
Domestic	--	--	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

P = Preliminary R = Revised

Data available at 18 March 2004

Table 35
St Kitts and Nevis - Monetary Survey
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Net Foreign Assets	99.6	152.5	239.3	315.1	409.8
Central Bank (net)	133.7	121.7	153.3	177.2	174.6
Commercial Banks (net)	(34.1)	30.7	86.0	137.9	235.2
External (net)	(56.5)	19.3	196.9	245.7	445.6
Assets	178.1	246.9	373.5	500.5	714.1
Liabilities	234.7	227.6	176.7	254.8	2,685.0
Other ECCB Territories (net)	22.5	11.4	(110.9)	(107.8)	(210.4)
Assets	125.8	154.1	73.5	99.2	46.4
Liabilities	103.4	142.7	184.4	207.0	256.7
Net Domestic Assets	507.8	624.2	555.0	529.7	502.9
Domestic Credit	626.8	762.9	750.1	756.8	771.9
Central Government (net)	157.4	272.0	283.5	266.7	218.2
Other Public Sector (net)	(107.0)	(150.7)	(154.6)	(125.7)	(139.6)
Non-Bank Financial Institutions (net)	(3.5)	(3.8)	(4.5)	(13.3)	25.1
Subsidiaries and Affiliates (net)	(30.2)	(35.1)	(50.0)	(30.2)	(19.2)
Private Sector	610.2	680.5	675.6	659.3	687.3
Other Items (net)	(119.1)	(138.7)	(195.1)	(227.1)	(269.0)
Money Supply (M2)	607.4	776.7	794.2	844.8	912.7
Money Supply (M1)	106.1	110.1	106.2	119.9	133.1
Currency	41.5	40.6	36.1	37.7	39.9
Demand Deposits	64.6	69.5	70.1	82.2	93.2
Quasi Money	501.3	666.6	688.1	724.9	779.6
Savings Deposits	267.0	287.1	305.9	335.0	361.2
Time Deposits	115.3	130.3	147.3	153.6	154.2
Foreign Currency Deposits	119.0	249.1	234.8	236.3	264.2

Source: ECCB

Data available at 12 March 2004

Table 36
St Kitts and Nevis - Balance of Payments
(in millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Account	(222.7)	(178.6)	(286.0)	(327.5)	(232.4)
Goods and Services	(201.2)	(266.5)	(236.2)	(268.8)	(159.2)
Goods	(243.6)	(327.3)	(301.2)	(305.6)	(214.5)
Merchandise	(245.2)	(332.3)	(307.6)	(313.1)	(221.9)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	1.5	5.0	6.3	7.6	7.4
Services	42.4	60.8	65.0	36.8	55.4
Transport	(56.8)	(56.9)	(52.3)	(59.1)	(48.7)
Travel	168.5	133.9	145.2	138.4	142.3
Insurance Services	(14.7)	(14.4)	(17.0)	(19.6)	(17.9)
Other Business Services	(51.5)	(1.2)	(10.6)	(19.9)	16.9
Government Services	(3.0)	(0.6)	(0.3)	(0.3)	3.5
Income	(76.8)	(81.3)	(93.2)	(103.1)	(117.9)
Compensation of Employees	(0.0)	(5.8)	(7.3)	(7.4)	(7.8)
Investment Income	(76.8)	(75.6)	(86.0)	(95.6)	(110.1)
Current Transfers	55.3	169.2	43.4	44.3	44.7
General Government	(0.8)	(4.0)	(3.2)	(1.2)	(1.4)
Other Sectors	56.2	173.2	46.5	45.5	46.0
Capital and Financial Account	230.1	166.8	317.3	350.8	229.8
Capital Account	15.7	16.2	27.9	39.4	14.1
Capital Transfers	15.7	16.2	27.9	38.9	14.1
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.0	0.0	0.0	0.5	0.0
Financial Account	214.5	150.6	289.5	311.4	215.7
Direct Investment	155.9	259.8	237.9	217.1	138.4
Portfolio Investment	38.2	13.6	93.3	85.0	121.0
Other Investments	20.4	(122.8)	(41.7)	9.3	(43.7)
Public Sector Long Term	38.5	(1.2)	8.7	19.6	13.6
Commercial Banks	83.2	(64.8)	(55.3)	(51.9)	(97.3)
Other Assets	(24.9)	(29.0)	(20.8)	1.7	(1.6)
Other Liabilities*	(76.5)	(27.8)	25.4	39.9	41.7
Overall Balance	7.5	(11.9)	31.3	23.3	(2.6)
Financing	(7.5)	11.9	(31.3)	(23.3)	2.6
Change in SDR holdings	0.0	0.0	0.0	0.0	0.0
Change in Reserve Position with the Fund	(0.2)	0.0	0.0	0.0	0.0
Change in Government Foreign Assets	0.1	(0.1)	0.2	0.6	0.0
Change in Imputed Reserves	(7.4)	(12.0)	(31.5)	(23.9)	2.6

Source: Planning Unit and ECCB

* Includes Errors & Omissions

P = Preliminary R = Revised

Data available at 12 March 2004

Table 37
St Lucia - Selected Economic Indicators

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
<i>(annual percentage change unless otherwise indicated)</i>					
National Income and Prices					
Nominal GDP at basic prices	7.6	2.4	(3.0)	1.2	4.0
Real GDP at basic prices	3.8	(0.5)	(4.3)	0.4	3.7
GDP Deflator	3.7	2.9	1.3	0.8	0.3
Consumer Prices (end of period)	6.1	0.3	2.1	(0.6)	0.4
Consumer Prices (period average)	3.5	3.7	1.9	(0.2)	1.0
Real GDP at Factor Cost by Selected Sectors					
Agriculture	(14.4)	2.0	(24.0)	(2.0)	(10.8)
Manufacturing	4.2	(2.6)	(2.6)	3.6	(0.4)
Electricity and Water	13.2	(6.1)	4.2	(0.6)	3.0
Construction	12.8	(4.6)	(5.0)	(5.1)	(1.2)
Wholesale and Retail	3.0	(6.5)	(14.3)	1.2	7.8
Hotels and Restaurants	4.2	2.7	(10.5)	(0.6)	16.6
Transport	5.2	(1.3)	(1.3)	(3.8)	2.6
Communications	6.2	5.5	11.8	7.5	4.5
Banks and Insurance	8.8	3.0	2.7	1.2	2.4
Real Estate and Housing	4.5	3.6	2.4	4.5	2.5
Government Services	1.2	1.3	1.1	0.9	2.1
Other Services	3.2	3.3	(7.3)	1.8	—
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(14.4)	(12.5)	(11.5)	(16.2)	(15.4)
Overall Balance	0.6	0.7	1.8	0.8	1.9
Trade Balance	(38.2)	(38.8)	(34.9)	(32.0)	(40.3)
Public Sector External Debt (end of period)	25.4	28.9	32.8	38.6	46.9
Central Government					
Current Account Balance	6.7	6.4	2.3	2.3	(0.1)
Current Revenue	26.6	26.4	25.1	24.7	24.5
Current Expenditure	20.0	20.0	22.7	22.4	24.5
Capital Expenditure and Net Lending	6.9	8.2	7.0	7.6	9.5
Overall Fiscal Balance	3.4	(1.2)	(3.6)	(2.5)	(6.9)
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	4.8	4.9	4.8	3.8	3.8
Weighted Lending Interest Rates	13.1	13.1	12.8	12.5	13.2
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	1,516.8	1,553.1	1,505.8	1,524.4	1,586.1
Real GDP at basic prices	1,175.3	1,169.4	1,118.7	1,123.4	1,165.2
Nominal GDP at Market Prices	1,810.6	1,844.2	1,764.7	1,811.7	1,900.3
GDP per capita (EC\$)	9,868	9,956	9,530	9,579	9,877
Merchandise Imports (f.o.b)	842.4	843.6	734.6	747.9	932.9
Merchandise Exports (f.o.b)	150.3	127.3	119.6	167.5	167.0
Gross Visitor Expenditure	710.3	752.3	640.0	567.0	761.6

Source: Statistics Department and ECCB

R = Revised P = Preliminary

Data available at 16 April 2004

Table 38
St Lucia - Central Government Fiscal Operations
(in million of Eastern Caribbean Dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Revenue	482.4	486.3	442.1	447.2	465.3
Tax Revenue	414.8	430.5	397.4	404.9	431.0
Taxes on Income and Profits	117.1	134.5	133.7	107.6	109.7
Of which:					
Personal	44.6	47.2	49.2	47.4	43.8
Company	50.7	63.0	62.6	45.8	44.8
Taxes on Property	0.7	1.8	1.3	6.9	4.3
Taxes on Domestic Goods and Services	54.4	59.3	54.5	68.5	60.7
Of which:					
Consumption Duty	11.4	10.9	5.3	4.9	6.3
Hotel Occupancy Tax	18.1	21.2	20.9	19.7	21.1
Taxes on International Trade and Transact	242.6	234.9	207.9	222.0	256.4
Of Which:					
Consumption Tax (Imports)	123.9	90.9	93.8	110.0	110.8
Import Duty	74.6	65.5	53.7	53.0	69.8
Service Charge (Imports)	35.8	34.7	28.8	28.5	37.2
Excise Tax (Imports)	n.a.	18.6	16.7	14.9	18.8
Non-Tax Revenue	67.7	55.8	44.7	42.3	34.3
Current Expenditure	361.8	368.8	401.0	405.5	466.5
Personal Emoluments	198.4	202.0	213.5	211.1	220.4
Goods and Services	71.3	75.1	75.7	64.7	89.5
Interest Payments	27.0	28.2	40.8	43.8	51.3
Domestic	18.8	19.5	22.9	22.2	20.5
External	8.2	8.7	17.8	21.5	30.8
Transfers and Subsidies	65.1	63.5	71.0	85.9	105.2
Of Which: Pensions	26.5	29.0	31.2	33.0	31.6
Current Account Balance (before grants)	120.6	117.5	41.2	41.7	(1.2)
Capital Revenue	3.0	0.3	1.3	21.3	8.6
Grants	62.8	10.7	17.5	29.0	43.0
Of which: Capital Grants	62.8	10.7	17.5	29.0	43.0
Capital Expenditure and Net Lending	125.8	151.0	122.9	138.1	181.4
Of which					
Capital Expenditure	134.2	150.9	122.9	138.1	181.4
Overall Balance (after grants)	60.7	(22.6)	(62.9)	(46.1)	(131.0)
Financing	(60.7)	22.6	62.9	46.1	131.0
Domestic	(98.4)	(68.6)	19.5	(65.8)	(58.9)
ECCB (net)	(4.3)	(4.4)	7.4	(7.8)	(3.7)
Commercial Banks (net)	(20.6)	(17.6)	(34.7)	24.5	(4.4)
Other	(73.5)	(46.6)	46.8	(82.5)	(50.9)
External	37.3	85.3	43.4	111.9	189.9
Net Amortisation	37.4	86.3	48.5	112.9	191.3
Disbursements	47.3	100.3	100.1	161.1	222.1
Amortisation	(10.0)	(14.0)	(51.6)	(48.3)	(30.8)
Change in Govt. Foreign Assets	--	(1.1)	(5.1)	(1.0)	(1.4)
Arrears	0.4	5.9	--	--	--
Domestic	--	--	--	--	--
External	0.4	5.9	--	--	--

Source: Ministry of Finance, Treasury Department and ECCB Estimates

R = Revised P = Preliminary

Data available at 5 March 2004

Table 39
St Lucia - Monetary Survey
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Net Foreign Assets	78.4	113.6	114.5	106.8	335.2
Central Bank (net)	195.6	207.8	235.2	248.1	282.6
Commercial Banks (net)	(117.2)	(94.1)	(120.7)	(141.3)	52.6
External (net)	(113.1)	(86.9)	(165.2)	(191.2)	(143.6)
Assets	87.4	80.7	100.1	108.3	199.7
Liabilities	200.5	167.5	265.2	299.5	343.3
Other ECCB Territories (net)	(4.1)	(7.3)	44.4	49.9	196.2
Assets	59.1	55.3	76.0	124.3	229.2
Liabilities	63.2	62.6	31.6	74.4	33.0
Net Domestic Assets	1,014.8	1,065.7	1,119.9	1,166.5	1,035.2
Domestic Credit	1,114.6	1,196.7	1,381.9	1,428.0	1,323.3
Central Government (net)	(63.8)	(85.8)	(113.1)	(96.3)	(104.4)
Other Public Sector (net)	(175.4)	(172.7)	(168.6)	(158.9)	(171.3)
Non-Bank Financial Institutions (net)	(38.6)	(24.9)	(43.4)	(32.7)	(41.9)
Subsidiaries & Affiliates (net)	(1.9)	(1.6)	165.1	162.4	157.8
Private Sector	1,394.2	1,481.7	1,541.8	1,553.5	1,483.1
Other Items (net)	(99.7)	(131.0)	(262.0)	(261.5)	(288.2)
Money Supply (M2)	1,093.3	1,179.4	1,234.3	1,273.3	1,370.4
Money Supply	267.6	256.0	283.8	287.6	343.1
Currency	84.1	84.6	82.1	83.6	91.3
Demand Deposits	183.6	201.5	201.7	204.0	251.8
Quasi Money	825.6	893.3	950.5	985.7	1,027.2
Savings Deposits	512.5	551.1	573.3	652.3	755.2
Time Deposits	292.2	334.7	364.4	309.6	240.2
Foreign Currency Deposits	20.9	7.6	12.8	23.8	31.9

Source: ECCB

R = Revised P = Preliminary

Data available at 5 March 2004

Table 40
St Lucia - Selected Tourism Statistics

	1999	2000	2001	2002 ^R	2003
Total Visitor Arrivals	622,059	726,254	747,220	648,355	683,027
Of Which:					
Stay-Over Arrivals	260,583	269,850	250,132	253,463	276,948
USA	83,575	97,532	91,248	94,044	98,078
Canada	13,159	14,968	12,213	12,927	13,494
UK	71,108	73,433	67,046	63,277	75,426
France	12,390	10,992	5,091	3,405	6,017
Germany	7,968	7,292	4,818	3,929	3,582
Caribbean	61,148	54,595	61,047	66,409	70,543
Excursionists	10,243	12,853	7,176	7,712	12,817
Cruise Ship Passengers	351,233	443,551	489,912	387,180	393,262
Number of Cruise Ship Calls	356	389	378	245	262
Total Visitor Expenditure (EC\$M)	710.3	752.3	640.0	567.0	761.6

Source: St Lucia Tourist Board

R = Revised P = Preliminary

Data available at 16 April 2004

Table 41
St Lucia - Balance of Payments
(In millions of Eastern Caribbean Dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Account	(261.5)	(229.8)	(203.2)	(292.7)	(292.1)
Goods and Services	(219.1)	(158.7)	(129.4)	(210.5)	(200.3)
Goods	(677.9)	(690.4)	(588.5)	(559.0)	(743.9)
Merchandise	(692.1)	(716.4)	(615.0)	(580.4)	(766.0)
Repair on goods	--	--	--	--	--
Goods procured in ports by carriers	14.2	25.9	26.5	21.4	22.1
Services	458.8	531.7	459.1	348.5	543.5
Transport	(91.3)	(91.7)	(67.7)	(75.7)	(91.2)
Travel	621.3	662.4	554.9	476.7	668.9
Insurance Services	(13.6)	(12.3)	(7.9)	(10.1)	(14.2)
Other Business Services	(39.7)	(10.7)	(9.4)	(31.2)	(8.6)
Government Services	(17.8)	(16.1)	(10.7)	(11.2)	(11.4)
Income	(102.9)	(118.5)	(111.8)	(117.4)	(127.5)
Compensation of Employees	0.5	0.7	0.2	0.2	0.2
Investment Income	(103.5)	(119.2)	(112.0)	(117.6)	(127.7)
Current Transfers	60.6	47.4	38.0	35.2	35.6
General Government	17.5	9.2	3.1	3.0	3.0
Other Sectors	43.0	38.2	34.9	32.2	32.7
Capital and Financial Account	272.1	243.0	235.6	306.6	328.1
Capital Account	67.9	38.3	71.3	57.9	51.1
Capital Transfers	67.9	42.6	71.3	57.9	51.1
General Government	62.8	37.6	64.7	50.3	43.0
Other Sectors	5.0	5.0	6.6	7.6	8.1
Acquisition and Disposal of Non-Produced, Non-Financial Assets	--	(4.3)	--	--	--
Financial Account	204.3	204.7	164.3	248.7	277.0
Direct Investment	223.6	148.2	63.6	129.7	268.9
Portfolio Investment	4.5	76.6	35.4	50.4	169.0
Other Investments	(23.7)	(20.1)	65.3	68.7	(160.9)
Public Sector Long Term	35.8	15.9	17.9	27.8	32.6
Other Public Sector Capital	--	--	5.9	--	--
Commercial Banks	21.8	(23.1)	26.6	20.6	(193.9)
Other Assets	(52.2)	(40.5)	(47.1)	(27.1)	(33.9)
Other Liabilities*	(29.1)	27.5	62.1	47.5	34.3
Overall Balance	10.6	13.2	32.5	13.9	36.0
Financing	(10.6)	(13.2)	(32.5)	(13.9)	(36.0)
Change in SDR Holdings	--	--	--	--	--
Change in Reserve Position with the Fund	--	--	--	--	--
Change in Government Foreign Assets	(0.1)	(1.1)	(5.1)	(1.0)	(1.5)
Change in Imputed Reserves	(10.6)	(12.2)	(27.4)	(12.9)	(34.6)

Source: ECCB & Statistics Department

R = Revised P = Preliminary

* includes errors & omissions

Data available at 16 April 2004

Table 42
St Vincent and the Grenadines
Selected Economic Indicators

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at basic prices	3.5	1.7	2.0	3.5	3.3
Real GDP at basic prices	3.6	2.0	(0.1)	1.7	3.6
GDP Deflator	(0.1)	(0.3)	2.0	1.9	(0.2)
Consumer Prices (end of period)	(1.8)	0.9	1.3	(0.1)	2.7
Consumer Prices (period average)	1.0	(0.3)	2.0	0.7	0.2
Real GDP at Factor Cost by Selected Sectors					
Agriculture	(3.8)	6.6	(7.7)	7.8	(2.2)
Manufacturing	(0.9)	(9.4)	5.6	(2.9)	0.7
Electricity & Water	8.8	6.1	11.2	2.6	7.5
Construction	(4.1)	(13.5)	7.1	(2.9)	9.4
Wholesale and Retail	8.0	7.7	3.4	3.1	5.7
Hotels and Restaurants	9.1	6.3	(3.0)	(8.0)	(5.8)
Transport	4.1	1.3	1.1	6.2	5.5
Communications	19.6	9.2	(12.2)	(10.3)	2.1
Banks and Insurance	11.0	5.4	(7.6)	6.9	1.5
Government Services	(0.2)	2.1	2.5	3.7	2.3
Other Services	5.0	6.0	4.0	4.7	3.0
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(21.9)	(8.9)	(11.9)	(11.9)	(18.2)
Overall Balance	1.3	4.2	2.6	(1.8)	(1.3)
Trade Balance	(38.5)	(27.8)	(31.7)	(32.5)	(36.9)
Public Sector External Debt (end of period)	48.5	47.7	49.1	47.1	51.4
Central Government					
Current Account Balance	3.5	2.2	1.4	2.8	4.0
Current Revenue	28.7	28.8	29.2	31.0	30.6
Current Expenditure	25.2	26.6	27.7	28.2	26.5
Capital Expenditure and Net Lending	7.1	3.9	5.0	5.5	6.6
Overall Fiscal Balance	(1.7)	(0.4)	(1.6)	(1.9)	(2.0)
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	4.6	4.5	4.5	4.2	4.5
Weighted Lending Interest Rates	11.6	11.5	11.9	11.4	12.1
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at basic prices	749.4	761.8	776.7	804.0	830.8
Real GDP at basic prices	600.8	612.9	612.3	622.4	644.6
Nominal GDP at Market Prices	892.4	904.6	932.8	973.0	1,010.0
GDP per capita (EC\$)	6,707	6,802	7,124	7,365	7,611
Merchandise Imports (f.o.b)	477.1	388.0	408.3	422.5	475.7
Merchandise Exports (f.o.b)	133.4	136.6	112.4	106.1	102.6
Gross Visitor Expenditure	207.0	202.6	217.0	222.5	222.4

Source: Statistics Department and ECCB

R = Revised P = Preliminary

Data available at 4 March 2004

Table 43
St Vincent and the Grenadines
Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	1999	2000	2001	2002 ^R	2003 ^P
Current Revenue	256.0	260.5	272.2	302.0	308.9
Tax Revenue	215.4	216.9	230.6	259.8	257.5
Taxes on Income and Profits	70.5	71.5	70.7	87.9	75.3
Of Which:					
Individual	31.1	32.1	33.8	35.0	33.3
Company Tax	33.1	36.1	33.3	45.2	38.1
Taxes on Property	2.3	2.3	3.5	2.5	2.7
Taxes on Domestic Goods and Services	32.3	40.7	44.6	42.7	46.9
Of Which:					
Stamp Duty	8.8	14.9	18.6	17.2	19.9
Consumption Duties	6.1	7.1	6.2	5.9	6.0
Hotel Turnover Tax	4.4	5.2	5.4	4.5	4.2
Taxes on International Trade and Transaction	110.3	102.4	111.8	126.7	132.6
Of Which:					
Import Duty	23.9	22.5	25.4	25.6	29.1
Consumption Tax	69.7	58.6	65.1	77.9	78.8
Customs Service Charge	10.9	15.8	16.6	18.2	19.3
Non-Tax Revenue	40.6	43.6	41.6	42.2	51.4
Current Expenditure	225.2	240.3	258.7	274.6	268.1
Personal Emoluments	118.3	123.2	128.6	138.3	136.6
Other Goods & Services	52.5	53.1	52.9	62.7	59.3
Interest Payments	20.1	25.6	24.7	25.5	27.4
Domestic	9.7	12.4	12.6	15.2	16.5
External	10.4	13.2	12.1	10.3	10.9
Transfers and Subsidies	34.3	38.4	52.5	48.1	44.8
Of which: Pensions	10.8	16.0	17.9	20.4	19.9
Current Account Balance	30.8	20.2	13.5	27.4	40.8
Capital Revenue	4.9	1.4	0.9	0.8	1.6
Grants	12.4	9.7	17.3	6.7	4.0
Of which: Capital Grants	12.4	9.7	17.3	6.7	4.0
Capital Expenditure and Net Lending	63.6	35.1	46.7	53.8	66.7
Overall Balance	(15.5)	(3.8)	(15.0)	(18.9)	(20.3)
Financing	15.5	3.8	15.0	18.9	20.3
Domestic	14.4	(2.1)	(10.8)	(0.9)	(54.4)
Central Banks	8.4	(7.4)	(2.1)	4.2	12.2
Commercial Banks	0.4	13.5	(16.1)	37.8	(51.0)
Other	5.6	(8.2)	7.4	(42.9)	(15.6)
External	1.1	5.9	25.8	19.8	74.7
Net Amortisation	2.6	9.7	33.3	24.3	66.9
Disbursements	15.2	20.6	46.0	40.5	85.9
Amortisation	(12.6)	(10.9)	(12.7)	(16.2)	(18.9)
Change in Govt. Foreign Assets	(1.5)	(3.8)	(7.5)	(4.5)	7.8
Arrears	--	--	--	--	--
Domestic	--	--	--	--	--
External	--	--	--	--	--

Source: Ministry of Finance, Treasury Department and ECCB Estimates

R = Revised P = Provisional

Data available at 04 March 2004

Table 44
St Vincent and the Grenadines - Monetary Survey
(In millions of Eastern Caribbean dollars)

	1999	2000	2001	2002	2003
Net Foreign Assets	215.4	280.2	254.0	272.8	313.3
Central Bank (net)	112.9	147.0	164.1	141.7	136.2
Commercial Banks (net)	102.5	133.2	89.9	131.1	177.1
External (net)	25.3	(56.6)	(22.5)	(3.5)	106.6
Assets	135.2	75.9	142.6	143.4	220.9
Liabilities	109.9	132.5	165.1	146.9	114.3
Other ECCB Territories (net)	77.2	189.8	112.4	134.6	70.5
Assets	107.6	210.4	141.5	170.2	168.5
Liabilities	30.4	20.6	29.1	35.6	98.0
Net Domestic Assets	365.1	355.4	401.0	436.5	409.1
Domestic Credit	410.9	475.7	468.7	534.1	507.9
Central Government (net)	56.0	62.2	44.0	86.0	47.2
Other Public Sector (net)	(146.0)	(140.6)	(120.9)	(131.6)	(120.9)
Non-Bank Financial Institutions (net)	(44.7)	(37.6)	(59.9)	(53.7)	(55.9)
Subsidiaries and Affiliates (net)	--	(0.4)	--	--	--
Private Sector	545.6	592.1	605.5	633.4	637.5
Other Items (net)	(45.8)	(120.3)	(67.7)	(97.6)	(98.8)
Money Supply (M2)	580.5	635.5	654.9	709.3	722.4
Money Supply (M1)	182.7	212.2	219.2	239.1	253.7
Currency	57.5	52.1	51.5	54.0	56.7
Demand Deposits	125.2	160.1	167.7	185.1	197.0
Quasi Money	397.8	423.2	435.7	470.1	468.8
Savings Deposits	268.8	277.5	285.0	304.0	320.8
Time Deposits	112.4	137.1	143.1	156.4	137.5
Foreign Currency Deposits	16.6	8.6	7.6	9.7	10.5

Source: ECCB

Data available at 1 April 2004

Table 45
St Vincent and the Grenadines - Selected Tourism Statistics

	1999	2000	2001	2002	2003 ^P
Total Visitor Arrivals	223,131	256,039	254,091	247,449	241,978
Of Which:					
Stay-Over Arrivals	68,293	72,894	70,686	77,622	78,535
USA	18,959	20,254	19,362	22,410	22,194
Canada	4,403	4,685	3,929	5,268	4,918
UK	12,232	12,885	10,842	11,629	11,547
Caribbean	22,487	24,211	26,432	30,223	32,778
Other Countries	10,212	10,859	10,121	8,092	7,098
Excursionists	17,474	21,135	15,049	13,062	13,696
Yacht Passengers	89,621	75,763	91,862	86,451	84,782
Cruise Ship Passengers	47,743	86,247	76,494	70,314	64,965
Number of Cruise Ship Calls	n.a.	n.a.	n.a.	264	245
Total Visitor Expenditure (EC\$M)	207.0	202.3	217.0	222.5	222.4

Source: Department of Tourism and ECCB estimates

P = Preliminary

Data available at 5 March 2004

Table 46
St Vincent and the Grenadines - Balance of Payments
(In millions of Eastern Caribbean dollars)

	1999 ^R	2000 ^R	2001 ^R	2002 ^R	2003 ^P
Current Account	(195.8)	(80.1)	(111.4)	(115.4)	(184.2)
Goods and Services	(182.2)	(72.1)	(100.9)	(110.3)	(175.1)
Goods	(344.1)	(250.0)	(294.9)	(315.3)	(372.1)
Merchandise	(343.7)	(251.4)	(295.9)	(316.4)	(373.1)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	(0.4)	1.4	1.0	1.1	1.0
Services	161.9	177.9	194.0	205.0	197.0
Transport	(49.7)	(38.7)	(43.6)	(44.0)	(50.2)
Travel	181.9	177.1	190.4	195.0	194.0
Insurance Services	(10.6)	(8.1)	(9.3)	(11.2)	(12.5)
Other Business Services	46.0	51.9	60.7	67.7	68.4
Government Services	(5.7)	(4.3)	(4.2)	(2.5)	(2.7)
Income	(52.5)	(52.1)	(44.5)	(37.9)	(42.2)
Compensation of Employees	0.3	0.4	0.3	2.0	2.0
Investment Income	(52.8)	(52.5)	(44.8)	(39.9)	(44.2)
Current Transfers	38.9	44.1	34.0	32.8	33.1
General Government	2.5	7.5	(1.3)	(2.2)	(2.3)
Other Sectors	36.4	36.6	35.3	35.0	35.4
Capital and Financial Account	207.7	118.0	136.0	97.6	170.9
Capital Account	21.2	15.1	23.7	28.7	14.1
Capital Transfers	21.2	15.1	23.7	28.7	14.1
Acquisition and Disposal of Non-Produced, Non-Financial Assets	--	--	--	--	--
Financial Account	186.5	102.9	112.3	68.9	156.8
Direct Investment	153.4	101.9	56.8	87.7	118.2
Portfolio Investment	(0.3)	3.9	9.4	2.7	53.3
Other Investments	33.4	(2.9)	46.1	(21.5)	(14.7)
Public Sector Long Term	0.3	6.1	38.0	4.7	28.1
Other Public Sector Capital	--	--	--	--	--
Commercial Banks	(25.5)	(30.7)	43.3	(41.2)	(46.1)
Other Assets	(22.7)	(23.9)	(28.9)	(20.9)	(21.6)
Other Liabilities*	81.3	45.6	(6.3)	35.9	24.9
Overall Balance	11.9	37.9	24.6	(17.8)	(13.3)
Financing	(11.9)	(37.9)	(24.6)	17.8	13.3
Change in SDR holdings	--	--	--	--	--
Change in Reserve Position with the Fund	--	--	--	--	--
Change in Government Foreign Assets	(1.5)	(3.8)	(7.5)	(4.5)	7.8
Change in Imputed Reserves	(10.4)	(34.1)	(17.1)	22.3	5.5

Source: ECCB

R = Revised P = Preliminary

*includes errors & omissions

Data available at 4 March 2004

Eastern Caribbean Central Bank

Corrigendum to the Annual Economic and Financial Review – 2003

Page 75, paragraph 1; the first three sentences should be replaced with the following:

“In 2003 credit to the private sector increased by 0.6 per cent (\$4.1m), reflecting growth in lending to business entities. Credit to business entities grew by 7.4 per cent (\$16.0m) compared with the total at the end of 2002, while lending to households fell by 2.9 per cent (\$11.9m).”