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FOR THE CARIBBEAN

Economic Survey of the Caribbean 2011-2012

Positive growth amidst
lingering downside risks

Dillon Alleyne
Tom Amonde
Michael Hendrickson
Kohei Yoshida
Michele Dookie



UNITED NATIONS

ECLAC

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E C L A C

The 2011-2012 edition of the Economic Survey of the Caribbean was prepared under the supervision of Dillon Alleyne, Coordinator of the Economic Development and Integration Unit, Economic Commission for Latin America and the Caribbean (ECLAC), subregional headquarters for the Caribbean, with the assistance of Michael Hendrickson, Tom Amonde and Kohei Yoshida, Economic Affairs Officers, and Michele Dookie, Research Assistant.

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Abstract

The current survey provides an overview of the economic performance for 2011 and the outlook for 2012 of the Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad and Tobago, and of the eight member countries of the Eastern Caribbean Currency Union (ECCU), namely Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, St Vincent and the Grenadines, Anguilla and Montserrat.

The introduction summarizes the economic performance of the Caribbean in 2011 and the growth outcomes for 2012. Section A examines the current global economic difficulties and the challenges posed for the Caribbean economies. Section B examines growth performance of the subregion. Section C examines fiscal policy and the public debt, while section D examines monetary policy including issues of inflation and domestic credit. Section E examines the balance of payments and the external sector while section F examines the economic performance for 2012 and provides some recommendations in light of current economic challenges.

The next section presents country briefs for the Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad and Tobago, together with a group assessment of the eight member countries of the Eastern Caribbean Currency Union (ECCU).

Annex 1 describes the policies implemented to cope with ongoing global challenges while Annex 2 provides a statistical appendix.

Introduction

Despite signs of recovery in the world economy, considerable downside risks remain. The fiscal problems in Europe and weak recovery in the United States continue to have an impact on the overall economic performance of the subregion. In 2011 the region grew by 0.7 per cent but the service based economies¹ showed no growth while primary goods producers posted 2.8 per cent growth. The former group has benefited from elevated commodity prices while the latter has been affected by the fall out in tourist arrivals and other services.

The weak growth performance translated into higher unemployment. For the few countries for which data were available, the unemployment rates rose in the Bahamas, Barbados and Jamaica. There was a marginal decline in unemployment in Trinidad and Tobago and Suriname. In terms of fiscal policy and public debt, the fiscal stance tended to be expansionary in 2011 despite a marginal improvement in economic activity in the subregion.

In 2011, the average fiscal deficit increased from 3.1 per cent to 3.4 per cent of the gross domestic product (GDP). This stemmed in part from the fact that governments are the main stimulators of economic activity and the employer of last resort. In the case of the goods producing economies the fiscal balance was in deficit of 2.8 per cent while for the service producers it was 3.7 per cent.

¹ The goods based economies are Guyana, Belize, Suriname and Trinidad and Tobago. The service based economies are countries of the ECCU, which are, Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Anguilla and Montserrat, the Bahamas and Jamaica.

Tied to the fiscal balance is the public debt which remains a major challenge for a number of countries in the subregion. The attempts to reduce the debt is not likely to be successful in the short term given the level of low growth and difficult external conditions.

The overall debt to GDP ratio for the goods producers was 50.65 per cent in 2011 up from 49.5 per cent in 2010 while for the service producers it rose to 75.8 per cent in 2011 from 74.8 per cent in 2010. There was also a slight increase in the external component of the debt for the Eastern Caribbean Currency Union ECCU area. Among the more heavily indebted countries are Jamaica and Saint Kitts and Nevis which have had to engage the International Monetary Fund (IMF) for balance of payments support. Debt service payments have also been high and create a considerable burden on the ability of governments to finance social and other expenditures.

In light of these challenges programs of fiscal consolidation are necessary to reduce the debt burden and to provide better allocation of public spending. During 2011 the monetary authorities were challenged to restrain inflation in light of increased food and fuel prices. The main focus of monetary policy was price stability, exchange rate stability and promoting growth. Overall inflation rose slightly from 4.8 per cent in 2010 to 5.1 per cent in 2011. While for the goods producers, inflation fell from 6.8 per cent to 6.5 per cent in the ECCU area there was an increase to 3.9 per cent from 3 per cent in 2010. For the goods producers, loan rates and deposit rates tended to decline with interest rate spreads falling marginally, while in the ECCU the situation did not change from 2010. Credit to both the public and private sector has expanded very slowly despite the fact that interest rates have trended down. This is partly due to fiscal pressures on the public sector and demand conditions facing the private sector.

In terms of the external sector, for both goods and service producers, there was an expansion of the negative goods balance while the surplus in the service balance remained the same, so that there was no overall improvement in the trade balance. The deficit however in the trade balance was much larger for the service producers relative to mainly goods producing economies.

With respect to other areas of the balance of payments, for the goods producers there was a slight improvement in foreign direct investment (FDI) as a share of GDP and a slight decline for the service producers; however FDI inflows are about half their size before the crisis.

In light of the mixed reaction of the external sector to the current economic conditions, the current account balance as a share of GDP remained the same as in 2010 and similar the reserve position of most countries in the subregion.

The outlook for the region in 2012 is for positive growth of 3 per cent among the goods producing economies and 2 per cent in the service producing economies. This will depend however on improved demand conditions abroad and investment expansion domestically. The performance of the tourism sector in the first two quarters suggests that the regional economies are not likely to experience growth in excess of what is predicted.

A. The global economic situation and the Caribbean response

1. Slow recovery and continuing downside economic risks

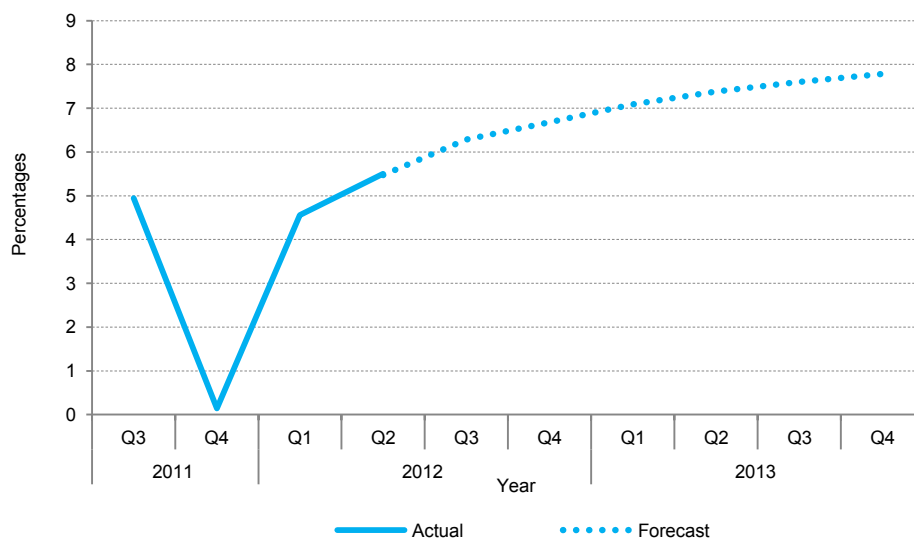
While the world economy in 2011 showed signs of recovery considerable downside risks remain. The ongoing fiscal problems in the European Union and weak economic recovery in the United States have been counterbalanced by robust growth in the emerging developing economies. Meanwhile depressed economic conditions in the United States of America (US) and the European Union (EU), which are major export markets, have had a negative impact on Caribbean growth performance.

While all major forecasts for global recovery are positive, the UN Department of Economic and Social Affairs reports that developing countries and economies in transition are expected to stoke the engines of the world economy but their growth in 2012 will be below the pace of 2010- 2011.

Given the openness of Caribbean economies, increased growth and trade performance in their major export markets tend to enhance their economic performance. Global trade growth, which was 6

per cent in 2011 and 2.8 per cent in 2012 is expected to pick up in 2013 to about 4.7 per cent (OECD) (see figure 1).

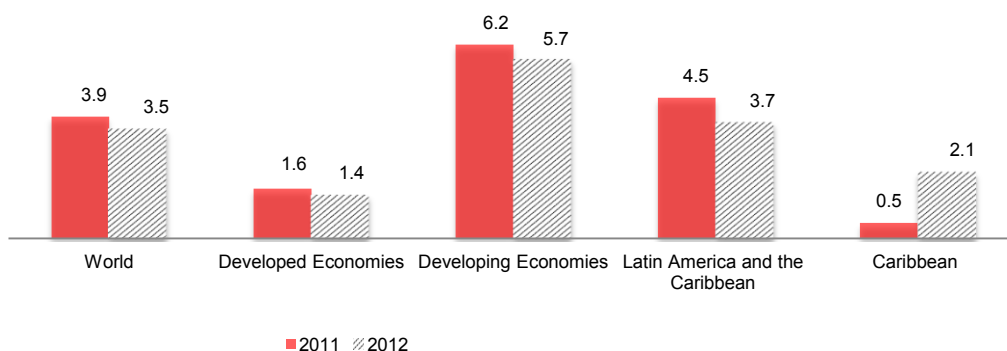
FIGURE 1
WORLD TRADE GROWTH, 2011-2013
(Quarterly)



Source: Organisation for Economic Co-operation and Development (OECD), Economic Outlook Volume 2011, Issue 1

The forecast for world GDP growth in 2012 is 3.5 per cent from nearly 4 per cent in 2011 but it is anticipated that by 2013 growth will pick up again helped by less strained financial conditions and less stringent fiscal conditions. In the advanced economies growth will continue to be lacklustre at 1.4 per cent down from 1.6 per cent in 2010 while for the emerging and developing economies which continue to sustain the recovery growth will be nearly 6 per cent reflecting the cooling of growth prospects (see figure 2). While China and India grew at 8.9 per cent and 6.1 per cent respectively in 2011, both economies are expected to sustain lower growth rates in 2012. The lower projected growth in 2012 for China has been linked to dampened domestic demand due to tighter monetary policy, and rising prices.

FIGURE 2
GLOBAL ECONOMIC PROSPECTS
(Percentage Growth)



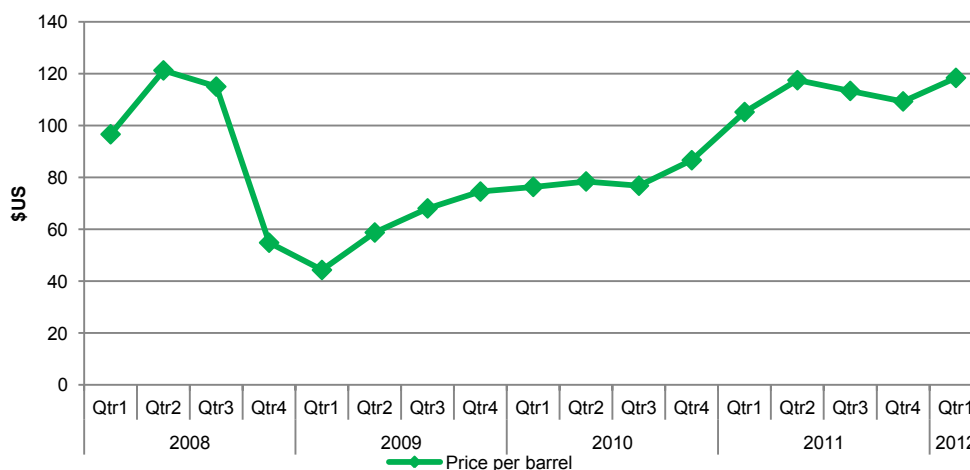
Source: International Monetary Fund (IMF), *World Economic Outlook*, April 2011.

In Latin America and the Caribbean, the growth rate was 4.5 per cent in 2011 and growth in 2012 is anticipated at 3.7 per cent; however, growth rates have been quite uneven in the region. Many Caribbean countries have not fully recovered from the crisis and their growth has been much slower than that of Latin America.

Despite the unevenness in regional growth rates between developed and developing economies, all regions posted positive growth, but there are several near-term downside risks to the speed of the recovery, many of which will affect the Caribbean negatively:

- Growing unemployment and fiscal sustainability issues in the EU can impact negatively on the demand for tourism services in the Caribbean and FDI flows from that region.
- The impact of oil price increases will be particularly severe on the Caribbean, given their high fuel dependence² and the economic uncertainty which results from imported inflation (see figure 3). Inflation also dampens income growth and increases poverty.
- The possibility of recession in the United States, a large market for Caribbean exports and a source of remittances, although most forecasts suggest that this is unlikely.
- There had been a slight decline in the growth of commodity prices which will help reduce the import bill of many Caribbean countries with respect to food imports. Drought conditions abroad however, increased food imports in the latter part of 2012. Figure 4 shows the annual rate of growth of non-oil commodity prices from 2008 to 2012.

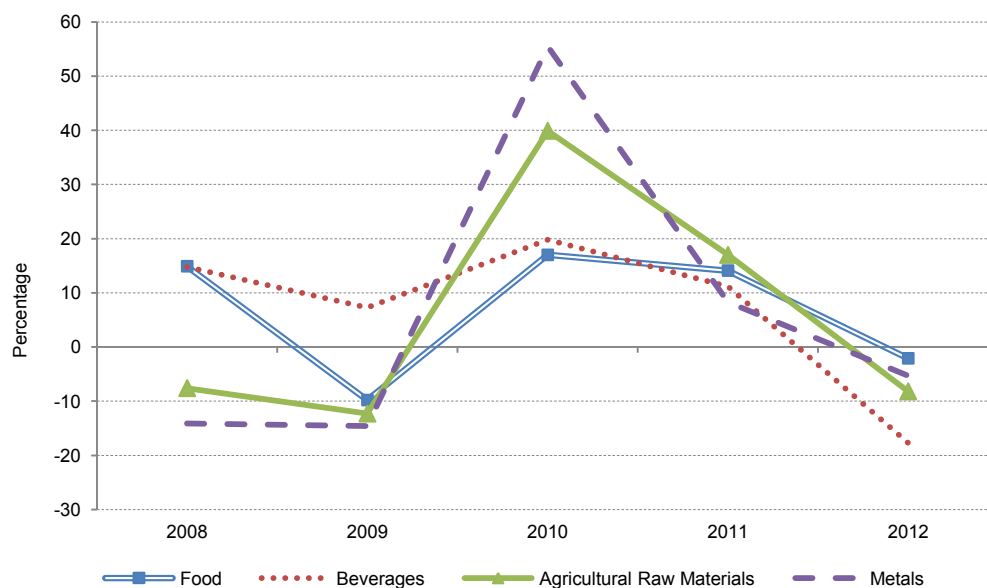
FIGURE 3
CRUDE OIL (BRENT PRICE)
(Quarterly)



Source: Organisation for Economic Cooperation and Development (OECD), Main Economic Indicators Volume 2012 Issue 1

² The exception in the Caribbean is Trinidad and Tobago.

FIGURE 4
NON-OIL COMMODITY PRICES
 (Annual Percentage Change)



Source: International Monetary Fund (IMF), *World Economic Outlook*, April 2012.

2. Unemployment in developed countries

Despite the fact that economic growth has been positive, the growing unemployment in developed countries has been a matter of concern. This is of particular importance to the Caribbean since its major export markets are the United States and countries in the EU, and lower incomes in those markets impact Caribbean exports, especially through lower travel demand.

TABLE 1
UNEMPLOYMENT RATES
 (Percentages)

	2007	2008	2009	2010	2011	2012	2013
United States	4.6	5.8	9.3	9.6	8.9	8.1	7.6
Canada	6.0	6.1	8.3	8.0	7.5	6.9	6.6
Euro area	7.4	7.4	9.4	9.9	10	10.8	11.1
OECD	5.7	6.0	8.2	8.3	8.0	8.0	7.9
Latin America and the Caribbean	7.9	7.6	9.0	8.6	7.6	7.4	7.4

Source: Organisation for Economic Co-operation and Development (OECD), *Economic Outlook Volume 2011, Issue 1*

Table 1 shows that in the euro area, unemployment rates have begun to decline in many developed countries. The unemployment rate in the United States remains very high and is expected to fall very slowly over the next two years. In the United States, over 7 million jobs were lost since the last employment peak in November 2007, and about 19 million jobs would have had to be created by December 2010 for employment to return to pre-crisis levels. The latest labour report suggests that no

significant improvement is expected soon, despite the fact that the recession was supposed to have ended in June 2009³ (Bureau of Labour Statistics, 2011).

B. GDP growth performance in the Caribbean

The goods producing economies have experienced positive growth due to elevated export prices especially for such commodities as gold, sugar, rice, oil and gas and bauxite. Belize, Guyana and Suriname have grown throughout the period, but Trinidad and Tobago has been affected by variations in oil and natural gas prices, and the decline in domestic investment that was driven largely by the public sector.

Economic growth in 2012 in the Caribbean is expected to be 2.1 per cent based on the improved demand in major export markets.

TABLE 2
CARIBBEAN: GDP GROWTH RATES, 2007-2011
(Percentage)

	2007	2008	2009	2010	2011
Anguilla	17.3	-0.3	-16.5	-5.6	-2.5
Antigua and Barbuda	7.2	1.5	-10.3	-8.9	-5.5
Bahamas	0.7	-1.7	-4.2	0.2	1.6
Barbados	3.4	-0.2	-3.6	0.4	0.5
Belize	1.2	3.8	0.0	2.7	2.0
Dominica	3.9	7.8	-0.7	0.3	1.2
Grenada	6.3	1.7	-5.7	-1.3	1.1
Guyana	5.3	3.0	2.3	3.6 a	5.4
Jamaica	1.4	-1.3	-2.6	-1.2	1.5
Montserrat	4.9	2.8	1.0	-5.6	3.4
Saint Kitts and Nevis	5.0	4.0	-5.6	-2.7	-2.0
Saint Lucia	1.5	5.8	-1.3	4.4	1.0
Saint Vincent and the Grenadines	3.1	-0.6	-2.3	-1.8	0.0
Suriname	4.6	4.1	3.5	4.5	4.4
Trinidad and Tobago	4.6	2.3	-3.5	0.0	-1.4
The Caribbean ^a	4.7	2.2	-3.3	-1.0	0.7
Service producers ^a	4.7	1.8	-4.7	-2.0	0.0
Goods producers ^a	3.9	2.9	0.6	2.4	2.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Figures are computed as simple averages

In terms of sectoral growth, (table 3) among good producers, positive growth in 2011 occurred in all sectors except construction. In the case of the service producers, agriculture, mining and oil and manufacturing experienced negative growth with the largest decline in agriculture⁴.

The last section of table 3 reported the contribution of economic sectors to overall growth in GDP for 2010 and 2011. For the goods producing economies, positive contributions came from all the subsectors except for construction, while for the service producers positive contributions were posted in all sectors except agriculture and manufacturing.

³ United States of America unemployment rate as of March 2011 was 9.2 per cent.

⁴ The average sectoral growth across Caribbean countries provides important information on the economies most affected by the crisis, and on those at the forefront of the recovery (see table A-1).

TABLE 3
CARIBBEAN: SECTORAL^a COMPOSITION, GROWTH RATES AND CONTRIBUTION, 2009-2010
(Percentage)

		Agriculture	Mining & oil	Manufacturing	Construction	Services
Sector share of GDP ^b						
Goods	2010	10.9	14.6	12.1	6.3	50.7
Producers	2011	10.9	15.1	12.0	6.1	50.9
Service	2010	4.2	0.8	4.4	7.0	73.1
Producers	2011	3.9	0.8	4.3	7.1	74.4
Sectoral Growth						
Goods	2010	15.2	0.1	0.8	-2.3	3.3
Producers	2011	2.5	8.7	2.7	-1.4	3.2
Service	2010	-1.7	-5.3	-2.5	-8.9	0.4
Producers	2011	-10.9	-3.8	-2.0	3.5	1.8
Contribution to GDP Growth ^c						
Goods	2010	1.7	0.0	0.1	-0.1	1.7
Producers	2011	0.3	1.3	0.3	-0.1	1.6
Service	2010	-0.1	0.0	-0.1	-0.6	0.3
Producers	2011	-0.4	0.0	-0.1	0.3	1.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Sectors are defined using the International Standard Industrial Classification of all Economic Activities (ISIC). Agriculture includes crop and animal production, forestry, fishing and agriculture; Mining and Oil includes mining, quarrying and petroleum manufacturing; Manufacturing includes all manufacturing beside petroleum products; Construction includes engineering and all construction activities; Services include wholesale and retail trade, transportation, accommodation and food services, communication, financial and other services.

^b Shares do not add to 100

^c Contribution to GDP growth rate is calculated by GDP Shares multiplied by Sectoral growth

The lack of robust growth in the post-crisis period has had a significant impact on labour markets in the Caribbean. The paucity of data in some countries makes it difficult to assess this issue fully for all Caribbean countries; however, there is enough information to determine certain trends in the labour markets (see table 4).

TABLE 4
UNEMPLOYMENT RATES, 2000-2011
(Percentages)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^c
Bahamas	7.8	6.9	9.1	10.8	10.2	10.2	7.6	7.9	8.7	14.2	15.0	15.9 ^a
Barbados	9.4	9.9	10.3	11.0	9.6	9.1	8.7	7.4	8.1	10.2	10.4	11.2
Belize	11.1	9.1	10.0	12.9	11.6	11.0	9.4	12.1	8.2	13.1	...	...
Jamaica	15.5	15.0	14.2	12.3	12.0	11.2	10.3	9.7	10.6	11.2	12.3	12.5 ^b
Suriname	14.0	14.0	10.0	7.0	10.0	15.0	12.1	12.0	11.1	10.0	9.2	8.5
Saint Lucia	16.5	...	14.7	22.2	21.0	18.6	16.6	13.9	15.6	18.1	20.6	...
Trinidad and Tobago	12.1	10.8	10.4	10.5	8.3	8.0	6.3	5.5	4.6	5.2	6.3	5.5

Source: Source: Caribbean Centre for Money and Finance and Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Data up to November 2011

^b Data from Jan to Sept 2011

^c Estimates for end of year

... Data not available

Unemployment rates tended to decline between 2003 and 2007, in line with the period of economic expansion for most Caribbean countries. In the post-crisis period however, unemployment rates tended to increase. In Barbados, the unemployment rate moved up to 11.2 per cent in 2011 from 10.4 per cent in 2010. In the case of the Bahamas, unemployment rates moved steadily from 14.2 per cent in 2009 to 15.9 per cent in 2011. A huge investment stimulus in the hotel industry in 2011 is likely to help in reduce the unemployment rate in 2012.

C. Fiscal policy and public debt

This section analyses fiscal performance and the evolution of public debt and debt service payments. The goal is to assess the extent to which countries have been able to move to fiscal consolidation by way of lower debt levels and debt service costs in 2011.

Despite the marginal improvement in economic activity the fiscal stance was somewhat expansionary in 2011. The average fiscal deficit in the Caribbean increased from 3.1 per cent of GDP in 2010 to 3.4 per cent of GDP in 2011. This was a reversal of the performance in 2010, when the deficit contracted by 0.8 percentage points to 3.1 per cent of GDP, as a result of fiscal retrenchment in some countries. Therefore a number of countries were not able to move towards fiscal consolidation as planned in 2011. This stemmed in part from the fact that governments have remained the main stimulator of activity and employer of last resort in the face of continued weak private sector activity.

Therefore, the marginal recovery in activity, marked in some cases by higher government revenues has not led to an improved fiscal position, as growth in spending has surpassed growth in revenue. Indeed, average total expenditure increased by 2 percentage points to 36.2 per cent of GDP in 2011, following a decline of 2.6 percentage points in 2010 (see Table 5).

TABLE 5
CARIBBEAN: CENTRAL GOVERNMENT FISCAL EXPENDITURES BY CATEGORIES
(Percentage of GDP)

	Current expenditure				Capital expenditure				Interest			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
Goods producers ^a	21.48	22.30	23.68	25.13	6.53	6.78	5.90	7.38	2.05	1.93	2.17	2.03
Belize	22.7	23.6	27.7	24.6	5.2	4	5.2	3.5	3.9	3.5	3.9	3.6
Guyana	20	19.5	19	24.6	9.2	11.4	10.3	16.3	1.7	1.6	1.7	1.4
Suriname	20.7	23.6	20.1	21.9	5.5	5.5	4.6	5.3	0.7	0.7	0.9	1.1
Trinidad and Tobago	22.5	22.5	27.9	29.4	6.2	6.2	3.5	4.4	1.9	1.9	..	..
Service producers ^a	27.08	28.19	26.84	27.60	7.49	6.60	5.53	5.69	3.45	3.53	2.60	3.45
Anguilla	21.8	25.4	25.2	22.2	3.9	1.3	0.4	1.1	0.8	1	1.5	1.2
Antigua and Barbuda	20.6	23.8	21.7	22.5	6	5.3	1.7	1.5	2.8	2.9	2.3	2.6
Bahamas, The	16.3	18.2	18.1	18.9	2.1	1.8	2	2.6	1.7	2	2.3	2.6
Barbados	33.1	37	34.2	32.5	3.6	3.6	1.3	1.1	4.9	5.5	5.9	6
Dominica	23.6	22.2	24.9	24.6	12.2	11.6	12.5	15.8	2	1.1	1.6	1.5
Grenada	18.5	19.9	19.3	19.6	9.5	5.6	5.1	5.2	1.6	2.2	2	2.6
Jamaica	29.6	27.1	17.7	26.8	3.9	3	3.4	3.7	12	11.8	0.3	9.3
Montserrat	61.8	59.8	56.5	51.6	22.7	22.8	19.1	15.5	0.1	0.1	0.1	0
Saint Kitts and Nevis	28.3	28.9	28.9	33.9	5.4	5.1	6.8	4.7	6.8	6.5	6.9	6.7
Saint Lucia	21.6	22.2	22.3	24.3	6.2	6.7	4.5	9.1	2.7	3	2.9	3.1
Saint Vincent and the Grenadines	22.7	25.6	26.4	26.7	6.9	5.8	4	2.3	2.5	2.7	2.8	2.3

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Aggregates are calculated as simple average

Fiscal performance was influenced by the performance and structure of the economies. Those economies that specialise in the production of goods performed better on average than their service-based counterparts. Windfall receipts from continued high commodity prices, especially for gold and fuel led to higher tax receipts in the goods-based economies, whereas service-based economies were affected by continued weakness in tourism revenue, offshore financial services and other services.

The increase in the deficit was highest in the service-based economies. Among the service-based economies, the ECCU countries experienced the largest increase in the deficit (1.7 percentage points) in 2011. The ECCU continued to experience recessionary conditions in 2011 with negative growth. As a result, total expenditure remained elevated (averaging 37.6 per cent of GDP) as governments attempted to cushion the fall-out from sluggish private sector activity on employment and incomes. In the ECCU, Montserrat recored a rather high deficit of 8.2 per cent of GDP, reflecting expenditure on the construction of government offices and roads and current consumption. Meanwhile, the deficit declined in all goods-based economies with the exception of Guyana. The deficit contracted by 1.4, 1.3 and 0.8 percentage points in Trinidad and Tobago, Belize and Suriname, respectively. Belize, Trinidad and Tobago and Suriname benefited from increased fuel tax receipts on account of higher oil prices and also gold prices in the case of Suriname.

The commodity boom in Guyana has led to dynamic growth in revenues in 2011. However, this has been offset by growth in expenditure as the country embarked on an ambitious infrastructure programme, including the construction of access roads for the Amaila Hydropower Project, upgrading of ports and the modernisation of the international airport. Nevertheless, this infrastructure upgrade will provide a platform for future growth.

The fiscal deficit contracted by 2.7 percentage points in Jamaica largely due to a 2 percentage point reduction in spending in the face of stagnant revenues. The performance reflected the effort by the government to improve fiscal management especially in the face of an impending IMF Stand-by Arrangement.

TABLE 6
FISCAL BALANCE
(Percentage of GDP)

	Fiscal balance			
	2008	2009	2010	2011
Goods producers ^a	0.15	-4.20	-3.93	-2.87
Belize	1.5	-2.8	-1.8	-0.3
Guyana	-3.8	-3.7	-3.6	-4.4
Suriname	1.7	-2.4	-2.7	-1.9
Trinidad and Tobago	7.8	-5.3	-2.0	-0.6
Bahamas	-1.2	-3.1	-4.4	-4.7
Barbados	-5.1	-7.9	-9.1	-5.3
Service producers ^a	-3.59	-3.75	-2.59	-3.75
Anguilla	-2.1	-8.1	0.1	2.3
Antigua and Barbuda	-5.9	-10.9	-1.4	-5.3
Dominica	-2.6	-2.1	-6.6	-9.8
Grenada	-5	-4.9	-2.4	-3.0
Jamaica	-7.2	-5.8	-6.3	-3.6
Montserrat	-8.6	3.6	1.7	-6.5
Saint Kitts and Nevis	-0.3	-0.6	-4.1	0.8
Saint Lucia	0	-2.2	-0.6	-5.0
Saint Vincent and the Grenadines	-0.6	-2.7	-3.7	-3.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Aggregates are calculated as simple averages.

1. Public debt

High and in some cases unsustainable public debt remains a major challenge to long-term growth and financial stability in a number of Caribbean countries. The question is what accounts for chronic fiscal deficits and high indebtedness in many Caribbean economies. It could be argued that increasing debt is the result of certain structural features of the economies and also the response to economic and environmental shocks. At the structural level, Caribbean small island developing states are prone to chronic external current account deficits, which alongside limited tax capacity given their small size make it necessary for governments to borrow to finance development activities. Birchwood, 2012⁵, using pooled cross section regression analysis for Caribbean SIDS, found a significant positive relationship between external current account balances and fiscal balances. Therefore, the external current account deficit has been a contributor to fiscal deficits in the region. This was particularly evident during the recent crisis, when the collapse of services export receipts, especially tourism led to a shortfall in government revenues, which alongside growth in spending led to higher fiscal deficits and debt.

Caribbean countries have adopted either IMF-supported or home-grown programmes to reduce their debt levels. Three countries- Jamaica, Antigua and Barbuda and Saint Kitts and Nevis have adopted IMF supported programmes aimed at reducing their debt, achieving a sustainable debt path and reviving economic growth. The Jamaica Debt Exchange (JDX) has helped to lower average interest rates on debt. However, the lack of a reduction in principal and the fact that nearly half the debt will become due in a few years time, implies that the exchange might not provide a longer-term solution to Jamaica's debt problem (Johnston and Montecino 2011⁶). Antigua and Barbuda and Saint Kitts and Nevis have also signed Stand-By Arrangements with the IMF in 2010 and 2011. These arrangements have helped these countries to achieve some fiscal consolidation, owing to improved expenditure control and revenue-raising measures. Meanwhile, Barbados has embarked on a home-grown programme of fiscal adjustment to achieve debt sustainability in the medium-term. The aim is to achieve a small deficit of 2.3 per cent of GDP by 2014.

Nevertheless, efforts to reduce the debt in most regional economies are not expected to be successful in the short-term, given the sharp increase in expenditure due to efforts to combat flagging economies. The debt is expected to gradually decline over the medium-term based on the extent of expenditure management and revenue enhancing measures in individual countries and a return to more robust growth. However, appreciation of currencies in which external debt is denominated, could present important exchange rate risks, leading to higher debt service costs. As a result of adverse credit ratings and reduced scope for borrowing on the international markets, some Caribbean governments have switched to domestic debt. This, however, poses the risk of crowding out some productive private sector activity by reducing the pool of financing and raising the cost of credit.

After declining by 2.5 percentage points in 2010 to 68.1 per cent of GDP, average public debt in the region increased marginally by 1.0 percentage point in 2011 to 69.1 per cent of GDP, reflecting growth in the fiscal deficit. On average the debt increased at similar rates in the goods-based and service-based economies at 1.1 and 1.0 percentage points, respectively.

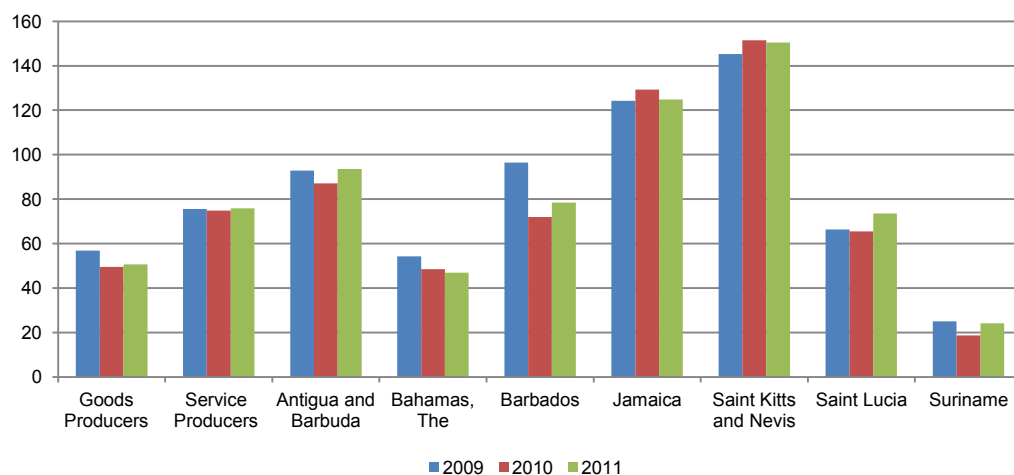
The increase in debt in the goods-based economies was largely influenced by Suriname, where the debt increased from 18.6 per cent of GDP in 2010 to 24.2 per cent of GDP in 2011 (See figure 5 and table 7 below). The relatively sharp growth in Suriname's debt was propelled by borrowing of US\$60 million from the Inter-American Development Bank. In the service-based economies the debt escalated in Saint Lucia, Antigua and Barbuda and Barbados. Saint Lucia's debt increased by 8.1 percentage points to 73.5 per cent of GDP, largely reflecting borrowing for capital projects, including infrastructure

⁵ Birchwood, Anthony, "Should SIDS Follow Fiscal Rules", Caribbean Centre for Money and Finance, The University of the West Indies, Saint Augustine Campus.

⁶ Johnson, Jake and Montecino, Juan Antonio, "Jamaica: Macroeconomic Policy, Debt and the IMF", Centre for Economic and Policy Research, Washington, May 2011.

rehabilitation related to Hurricane Tomas that hit Saint Lucia late in 2010. However, almost 40 per cent of Saint Lucia's debt is on concessional terms, which relieves debt servicing costs.

FIGURE 5
PUBLIC DEBT: SELECTED CARIBBEAN COUNTRIES, 2009-2011
(Percentage of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: 'GBEs' means Goods-based economies and 'SBEs' means Service-based economies.

TABLE 7
PUBLIC DEBT, 2009-2011
(Percentage of GDP)

	2009			2010			2011			
	Foreign	Domestic ^a	Total	Foreign	Domestic ^b	Total	Foreign	Domestic	Total	
Goods producers ^c	34.50	22.33	56.83	33.5	0	16.00	49.50	34.93	15.68	50.60
Belize	75.0	12.2	87.2	67.5	13.2	80.7	65.7	13.2	78.9	
Guyana	46.4	21.1	67.5	51.2	24.1	75.3	53.4	22.7	76.1	
Suriname	10.4	14.6	25.0	7.8	10.8	18.6	12.9	11.3	24.2	
Trinidad and Tobago	6.2	41.4	47.6	7.5	15.9	23.4	7.7	15.5	23.2	
Service producers ^c	33.86	41.73	75.60	37.1	8	37.70	74.86	37.25	38.64	75.86
Anguilla	6.2	17.6	23.9	23.9	8.0	31.8	22.5	7.1	29.6	
Antigua and Barbuda	35.4	57.4	92.8	37.4	49.6	87.0	41.7	51.9	93.6	
Bahamas, The	9.8	44.5	54.3	9.5	38.9	48.4	9.7	37.2	46.9	
Barbados	28.8	67.7	96.5	29.1	42.9	72.0	28.6	49.9	78.5	
Dominica	47.6	21.0	68.6	51.2	22.7	73.9	51.4	20.3	71.7	
Grenada	67.3	24.4	91.7	68.7	23.2	91.8	66.1	27.2	93.3	
Jamaica	54.2	70.0	124.2	60.9	68.4	129.3	56.7	68.1	124.8	
Montserrat	5.5	0.3	5.8	5.3	0.3	5.6	4.7	0.1	4.8	
Saint Kitts and Nevis	45.5	99.8	145.3	44.9	106.6	151.5	47.1	103.5	150.5	
Saint Lucia	34.9	31.4	66.3	32.8	32.7	65.5	34.9	38.7	73.5	
Saint Vincent and the Grenadines	37.3	24.9	62.2	45.3	21.4	66.7	46.3	21.0	67.3	

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Domestic represents total internal debt

^b Domestic debt includes private-public partnership debt

^c – Simple Average

Despite Antigua and Barbuda's Standby Agreement with the IMF its debt increased by 6.7 percentage points to 93.6 per cent of GDP in 2011. Meanwhile, in Barbados, the public debt expanded by 6.5 percentage points, reflecting growth in domestic debt as foreign debt declined marginally.

Meanwhile, Jamaica and Saint Kitts and Nevis were able to reduce their debt levels under Standby Agreements with the IMF. Jamaica's debt contracted by 4.5 percentage points to 124.8 per cent of GDP, partly due to the maturity of a US\$400.0 million Government of Jamaica global bond. On the other hand, Saint Kitts and Nevis benefited from debt restructuring under the Paris Club including a grace period for principal repayments and cancellation of a portion of the debt.

2. Debt service payments

High debt service cost can act as important impediment to the region achieving its full growth potential. This is because high debt service costs can divert resources from investment in government infrastructure that has been shown to contribute to growth. In addition, debt service costs can lead to higher taxes in the future to service the debt and this could act as a drag on growth.

External debt service payments as a percentage of exports of goods and services provide an indicator of the proportion of export earnings that are used to service a country's debt. Given the importance of the balance of payments constraint and the need to earn foreign exchange to pay for imports of capital and consumer goods, this ratio assumes particular importance in the Caribbean.

Reflecting a decline in external debt service payments partly on account of debt restructuring by some countries and also a recovery in exports of goods and services, average external debt service to exports of goods and services declined from 11.4 per cent in 2010 to 9.1 per cent in 2011. The overall result was influenced strongly by a decline in the average debt service ratio in the service-based economies from 14.6 per cent to 11.0 per cent, which offset a marginal increase in the goods-based economies. Barbados experienced a large (20.8 percentage points) drop in its debt service ratio to 13.1 per cent in 2011. This stemmed from a return to trend debt services payment after exceptionally high payments in 2010, when a US\$100 million dollar bridging loan was secured to make payment on a US\$100 million bond that had matured.

Saint Lucia's ratio fell by 3.8 percentage points to 6.9, owing to a decline in debt service payments and growth in exports of goods and services. Meanwhile, in Saint Kitts and Nevis, the most highly indebted Caribbean country, external debt service absorbed 21.4 per cent of exports of goods and services. Saint Kitts and Nevis' debt service costs were fairly low in 2011, owing to suspension of debt service payments on its non multilateral external debt in June 2011, as a precursor to a debt restructuring agreement, aimed at a one third reduction in the public debt. Similarly, Jamaica the second most indebted country had the second highest ratio at 17.2 per cent, however this represented a marginal decline compared with 2010. The Jamaica debt exchange that was a part of the previous Stand-by Arrangement with the IMF did not have much impact on debt service costs. The high external debt service ratios in Saint Kitts and Nevis and Jamaica severely limit their ability to import vital equipment, technology and intermediate goods to upgrade its production system to make it competitive.

TABLE 8
DEBT SERVICE PAYMENTS RATIOS FOR CARIBBEAN

	External Debt Service Payments (US\$M)					External Debt Service Payments (per cent of Exports of Goods and Services)					Total Debt Services Payments (per cent of Government Revenue)				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
Antigua and Barbuda	46.3	68.1	39	33.5	26.4	7.9	11.0	7.1	6.1	4.8	27.9	33.1	30.7	34.8	29.6
Bahamas	78.8	61.2	112.8	180.4	112.7	2.3	1.8	3.8	5.8	3.3	32.8	23.1	66.6	40.1	42.4
Barbados	210.1	243.1	249.9	640.9	268.7	10.3	11.6	13.4	33.9	13.1	9.34	10.3	10.3	19.6	
Belize	676.	98	81	65.9	83.2	82.1	11.3	11.1	8.1	8.8	43.7	30.1	28.8	25.5	23.0
Dominica	15	13.9	8.4	8.5	10.8	10.1	8.6	5.5	5.6	5.9	14.9	12.9	7.1	8.1	12.5
Grenada	16.5	21.9	21.4	26.7	23.5	8.7	11.6	12.2	15.8	12.9	19.2	15.3	27.3	16.9	51.9
Guyana	18.5	20.5	17.5	28.6	39.9	2.1	2.0	1.9	2.5	2.8	7.6	10.3	8.3	10.0	10.9
Jamaica	911.4	880.6	1052.0	753.2	743.7	18.0	15.9	26.0	18.8	17.2	82.2	99.2	103.1	73.5	76.7
Saint Kitts and Nevis	40.7	36.2	38.1	38.3	49.1	17.6	15.7	20.5	20.9	21.4	35.5	33.5	32.8	37.9	41.2
Saint Lucia	36.6	41.8	41.7	63.2	42.1	8.0	7.9	7.7	10.7	6.9	19.2	19.4	21.7	34.2	24.4
Saint Vincent and the Grenadines	22.7	26.6	25.7	28.4	27.6	10.7	12.6	13.4	15.6	15.0	20.1	19.5	22.2	34.2	23.5
Suriname	142.7	19.9	98.4	23.8	29.3	8.8	1.0	5.8	1.0	1.1	9.1	13.9	6.8	7.8	9.2
Trinidad and Tobago	376.0	323.0	663.0	344.0	321.0	2.8	1.7	6.9	3.1	4.9	5.9	3.5	10.7	5.0	4.2
Caribbean	199.3	142.7	188.4	172.0	136.8	14.6	8.7	10.4	11.4	9.1	25.2	24.9	29.0	26.7	29.1

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Meanwhile, in the goods-based economies, external debt service costs increased marginally in all countries. Trinidad and Tobago's debt service ratio increased owing to a decline in exports of goods and services that offset the modest fall in debt service payments, while in Belize, Guyana and Suriname, growth in debt service payments offset the increase in exports of goods and services. All three countries have benefited in varying degrees from the commodity boom, spurred largely by China that has resulted in growth in exports.

The ratio of total debt service payments to government revenue provides an indication of the proportion of government revenue that is required to defray debt servicing costs. For the region this ratio increased from 26.7 per cent in 2010 to 29.1 per cent in 2011. This reflected growth in debt service costs that offset stagnant growth in revenues in some countries and declining revenues in others.

Although a number of Caribbean countries have been taking steps, including IMF programmes and home-grown adjustment as in Barbados to contain growth in the debt and debt service costs this is not expected to be achieved in the short-term. The most heavily indebted countries would require a concerted programme of fiscal retrenchment and reform to boost revenues over the medium to longer-term to achieve sustainable fiscal positions and more manageable debt service costs. Moreover, in the context of a worsening outlook for world demand in the next year, it is not anticipated that the region would be able to grow exports sufficiently to achieve better external debt service ratios.

D. Monetary policy, inflation and domestic credit

1. Inflation

During 2011, inflationary pressures challenged the monetary authorities as they sought to target higher growth rates within the context of subdued domestic and external demand. The main sources of inflationary pressures were increased food and fuel prices. Despite slow economic growth and subdued domestic demand, some governments imposed new taxes measures and additional user fees. On average, inflation increased from 4.8 per cent in 2010 to 5.1 per cent in 2011 as shown in table 9.

Countries that recorded above regional average inflation in 2011 include Suriname (15.3 per cent), Barbados (9.4 per cent), Anguilla (8.4 per cent), Jamaica (6.0 per cent), and Trinidad and Tobago (5.3 per cent) – all of which continued to be driven by a combination of high food prices, high grain and energy prices, and in some cases weak exchange rate.

Many other countries, even though the inflation rates were below the regional average, recorded higher inflation compared to 2010. In the ECCU, the rate of inflation increased to 3.9 per cent in 2011 compared with 3.0 per cent in 2010 as a result of increased food prices and higher costs of energy products at the international level.

TABLE 9
INFLATION, 2008-2011
(Percentage)

	2008	2009	2010	2011 ^a
Anguilla	5.3	-0.8	0.9	8.4
Antigua and Barbuda	0.7	2.4	2.9	3.8
Bahamas	4.8	4.6	1.3	3.2
Barbados	7.3	4.4	5.8	9.4
Belize	4.4	-1.1	0.9	3.0
Dominica	2.0	3.2	2.3	2.4
Grenada	5.2	-2.4	4.2	3.4
Guyana	6.4	3.6	4.5	3.3
Jamaica	17.0	10.2	11.6	6.0
Montserrat	4.5	2.5	2.6	4.4
Saint Kitts and Nevis	6.5	1.2	5.0	0.0

(continues)

Table 9 (continued)

	2008	2009	2010	2011 ^a
Saint Lucia	3.4	-3.1	4.2	4.2
Saint Vincent and the Grenadines	8.7	-1.6	2.0	4.7
Suriname	9.4	-0.3	10.3	15.3
Trinidad and Tobago	14.5	1.3	13.4	5.3
The Caribbean ^b	6.7	1.6	4.8	5.1

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a December to December

^b Regional figures are computed as a simple average

2. Measures of monetary policy

The main focus of monetary policy in the region in 2011 continued to be containing inflation, ensuring stability of the exchange rates and promoting economic growth. Therefore, the prevailing policy regimes were either neutral, expansionary or designed to control inflation and increase the level of employment.

Monetary policy implemented by the Bahamas, Belize, Guyana, Jamaica, Suriname and Trinidad and Tobago (table 10) were designed to control inflation and stimulate economic activity. In the ECCU, monetary policy was neutral as there were no changes to the main policy rates. The focus of monetary policy remained that of maintaining a stable financial system and the credibility of the currency peg at EC\$2.7 to US\$1.00.

TABLE 10
MONETARY POLICY MEASURES IN 2011

Country	Policy objective	Policy Measures
Bahamas, The	Stimulating the recovery in economic activity and employment	The Central Bank reduced its policy-based discount rate by 75 basis points to encourage commercial banks to reduce their lending rates.
Belize	To encourage bank lending to private sector	The Central Bank reduced its lender of last resort rate by 7 percentage points to 11 per cent and reduced its securities requirement of commercial banks from 5 per cent to 3 per cent.
Guyana	Price stability and provision of adequate liquidity in the banking system	Auction of Treasury bills in the primary market
Jamaica	Liquidity control, foreign exchange management and inflation control	The interest rate on its 30-day certificate of deposit (CD) was lowered by some 125 basis points and its cash reserve requirement (CRR) and liquidity asset requirement maintained at 12 per cent to 26 per cent, respectively. The bank entered the foreign exchange market and made a net sale of US\$331.3 million.
Suriname	To restrain domestic demand and ensure macroeconomic stability and contain inflation	The official exchange rate was devalued from SRD2.80 to SR3.35 per USD in January 2011, in order to realign the official exchange rate to that of the official market (at SR\$3.4 per US\$).
Trinidad and Tobago	Stimulate economic activity	The repurchase rate was reduced at least three times from January 2011, and ended the year at 3 per cent in December. Commercial banks also took a cue from the prevailing monetary policy and reduced their median prime rate from 8.38 per cent in January to 7.75 per cent by year end and as Consequently the lending rates trended down.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

3. Liquidity and interest rates

Market interest rates declined or remained at the same level in most countries, as monetary authorities sought to stimulate the economies. Consequently, market interest rates declined in general in 2011 as shown in table 11. In particular, average loan rates largely declined in such countries as Trinidad and Tobago and Jamaica, where the Central Banks lowered interest rates. In the ECCU, lending rates and deposits rates both remained the same with 10.3 per cent and 3.8 per cent respectively in 2010 and 2011. Although interest rate spreads decline on average, they remained very high by international standards. In particular they were high in Jamaica (17.5 per cent), in Guyana (12.6 per cent) and in Belize (8.2 per cent).

The level of liquidity, as measured by the ratio of broad money to GDP, M3/GDP decreased for goods producing economies from 57.4 per cent in 2010 to 53.8 per cent in 2011. Liquidity declined in nearly all countries, with the exception of the Bahamas and Guyana. In the case of the Bahamas, this was as a result of a decline in savings deposits. In the ECCU countries, liquidity increased slightly from 91.3 per cent in 2010 to 93.3 per cent in 2011.

TABLE 11
LIQUIDITY AND INTEREST RATES, 2010-2011

	Loan Rate		Deposit Rate		Interest Rate Spread ^b		M3/GDP	
	2010	2011	2010	2011	2010	2011	2010	2011
Goods Producers ^a	12.88	12.25	4.33	4.18	8.55	8.08	57.40	53.85
Belize	14	13.8	6.1	5.6	7.9	8.2	77.3	74.6
Guyana	14	15.1	2.8	2.5	11.2	12.6	48.9	51.4
Suriname	11.6	11.7	6.2	6.1	5.4	5.6	53.8	48.4
Trinidad and Tobago	11.9	8.4	2.2	2.5	9.7	5.9	49.6	41
Service Producers ^a	11.52	11.19	3.88	3.58	7.65	7.62	85.81	87.02
Anguilla	11	11	3.5	3.5	7.5	7.5	133.9	135.5
Antigua and Barbuda	10.5	10.5	4	4	6.5	6.5	88.6	91.9
Bahamas, The	11.7	11.1	3.8	3.4	7.9	7.7	76.9	79.9
Barbados	9.7	9	2.7	2.6	7.1	6.4	109.3	103.3
Dominica	9.3	9.3	3.8	3.8	5.5	5.5	77.3	80.2
Grenada	9.9	9.8	3.5	3.5	6.4	6.3	88.6	88
Jamaica	22.5	20.4	5.7	2.9	16.8	17.5	27.6	27.4
Montserrat	9.5	9.5	3.3	3.3	6.3	6.3	103.7	108.7
Saint Kitts and Nevis	11.3	11.2	4.3	4.3	7	6.9	96.8	104.7
Saint Lucia	11.3	11.3	3.6	3.6	7.7	7.7	83.7	79.1
Saint Vincent and the Grenadines	10	10	4.5	4.5	5.5	5.5	57.5	58.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Figures are computed as a simple average

^b Loan rate (prime) minus Deposit rate

4. Domestic credit

Although lending interest rates fell overall in the region, there was a decline or only marginal growth in domestic credit, especially in private sector, as shown in table 12. The lack of confidence in private sector, together with low level of domestic demand resulted in sluggish recovery in private sector credit demand during the year. The decline in credit was more pronounced in some service producers, both in

private and public sectors, as the confidence in recovery of service sector was weaker than that of goods sector under the current economic situation in the US and EU.

TABLE 12
GROWTH IN DOMESTIC CREDIT
(Percentage)

	Private Sector				Public Sector			
	2008	2009	2010	2011	2008	2009	2010	2011
Goods producers ^a	20.25	4.65	3.81	2.97	-12.87	12.57	-4.45	3.03
Belize	10.6	4.1	-2.6	-16.1	-13.9	-0.3	-2.0	-0.3
Guyana	21.8	5.7	19.0	19.9	-2.7	74.0	27.7	20.3
Suriname	34.7	13.4	1.7	...	-99.5	...	26.1	...
Trinidad and Tobago	14.0	-4.6	-2.9	5.1	64.7	-36.0	-69.6	-10.9
Service producers ^a	11.27	4.08	3.91	3.75	-2.15	-1.14	-1.18	9.35
Anguilla	17.3	3.1	1.0	-0.7	-5.1	-51.0	...	19.0
Antigua and Barbuda	10.0	3.0	0.2	-2.3	...	-100.7	-19.0	11.0
Bahamas, The	5.2	0.9	-0.1	1.0	12.9	4.3	30.3	1.0
Barbados	9.9	2.6	-0.2	-2.6	13.4	8.6	-14.6	...
Dominica	8.3	6.9	8.9	8.4	11.4	-0.6	-2.0	-21.0
Grenada	12.0	4.5	6.0	3.0	-135.0	...	134.0	-79.0
Jamaica	28.0	0.9	-0.2	12.6	32.9	23.1	-25.5	-2.5
Montserrat	14.1	15.3	19.0	9.0	-16.1	27.0	8.0	57.0
Saint Kitts and Nevis	5.9	4.2	3.9	5.4	-6.9	4.4	20.0	98.0
Saint Lucia	10.2	1.8	1.5	3.6	0.5	27.3	36.0	-26.0
Saint Vincent and the Grenadines	3.0	1.8	3.0	3.9	70.4	46.2	-179.0	36.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures

^a Figures are computed as a simple average

... Represent outliers and/or data not available

E. Balance of payments

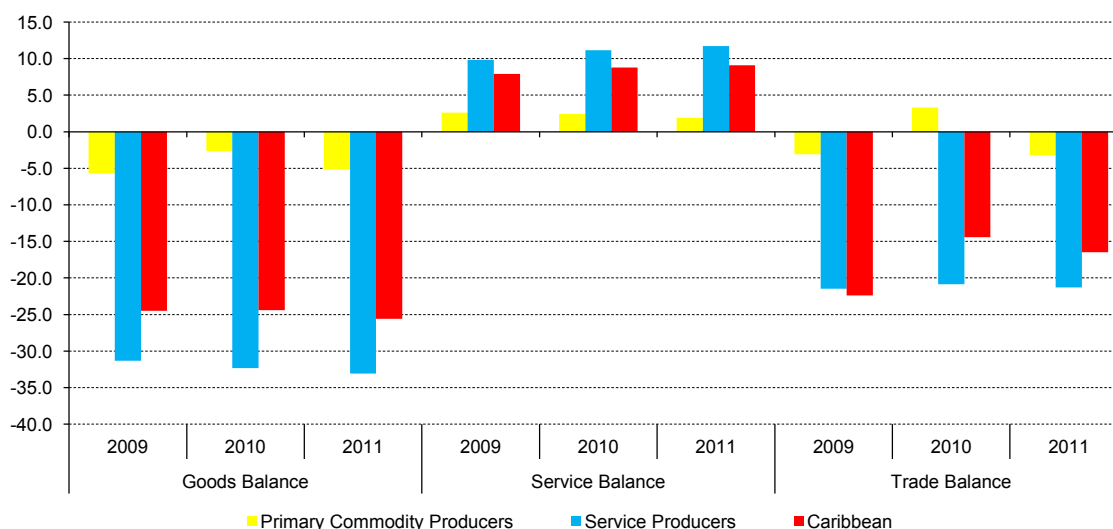
One of the trends observed in the year across the sub-region was the rebound in import of goods. This was a result of the recovery of domestic demand, improved economic activity and higher international commodity prices. There was also an increase in capital inflows to the sub-region including foreign direct investment. The sluggish recovery in source countries such as the US and EU, however, limited the level of the inflows at lower-than-pre-crisis level. These outcomes varied between primary goods producers and service producers as discussed below.

1. Current account

In 2011, the Caribbean sub-region recorded an expansion of deficit in trade balance (the aggregate of goods and service trades), as shown in Figure 6 and Table 13 below. This made in contrast with 2010 when the deficit in the trade balance decreased owing to the contraction of import. Goods import rebounded significantly in many countries in 2011 mainly due to two reasons. First, as economic performance in the sub-region gradually improved, domestic demand increased in such sectors as manufacture and construction. The other factor which contributed to the increase of import costs was high prices of oil, gas and other commodities. Many countries, especially service producers such as Bahamas and Jamaica were hit by the higher fuel costs and experienced an expansion of the trade deficit. Although high commodity prices was a positive aspect for primary commodity producers in the sub-region, these countries were affected by the high prices of fuels and food, and thereby expanded their trade account deficit, too. Service sector recorded only slight expansion in 2011, partly because the

economies in the U.S. and EU showed sluggish recovery. The service-based economies expanded their surplus in service balance only marginally from 11.2 per cent of GDP in 2010 to 11.7 per cent in 2011, while goods-based economy experienced contraction in surplus from 2.5 per cent of GDP in 2010 to 1.9 per cent in 2011.

FIGURE 6
CARIBBEAN TRADE BALANCE, 2009-2011



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures

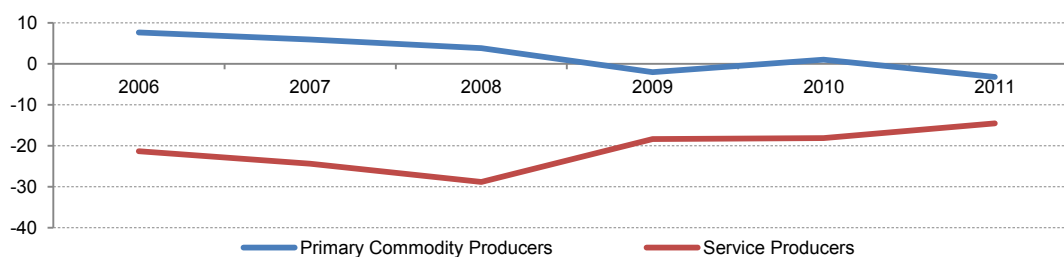
TABLE 13
CARIBBEAN TRADE BALANCE, 2009-2011
(Percentage of GDP)

	Goods balance			Service balance			Trade balance		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Primary commodity producers	-5.7	-2.7	-5.2	2.6	2.5	1.9	-3.1	3.3	-1.7
Service producers	-31.3	-32.3	-33.1	9.9	11.2	11.7	-21.5	-20.8	-21.3
Caribbean	-24.5	-24.4	-25.6	7.9	8.8	9.1	-22.4	-14.4	-16.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures

When reviewed by country, as is shown in figure 7 and table 14, the trend of current account balance in 2011 was generally characterized by expansion of deficit owing to the rebound in import as discussed earlier. Even primary goods producers such as Suriname or Trinidad and Tobago decreased their surplus in current account. ECCU countries, however, generally decreased their current account deficits due to increased receipts in service sector while import increased slowly.

FIGURE 7
CURRENT ACCOUNT BALANCE
(Percentage of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures

TABLE 14
CURRENT ACCOUNT BALANCE
(Percentage of GDP)

	2006	2007	2008	2009	2010	2011
Primary commodity producers ^a	7.7	5.9	3.8	-2.0	1.0	-1.7
Belize	-2.1	-4.1	-10.7	-6.7	-2.8	-2.2
Guyana	-17.2	-10.9	-16.7	-16.2	-18.9	-16.4
Suriname	10.4	13.9	11.2	6.5	5.5	1.9
Trinidad and Tobago	39.5	24.7	31.4	8.3	20.2	9.9
Service producers ^a	-21.3	-24.3	-28.8	-18.4	-18.2	-17.0
Anguilla ^b	-50.8	-51.7	-60.1	-28.3	-25.0	-13.1
Antigua and Barbuda ^b	-25.1	-29.3	-25.9	-13.9	-14.4	-10.6
Bahamas, The	-17.2	-15.8	-14.9	-11.4	-5.9	-13.5
Barbados	-6.5	-4.5	-11.0	-6.6	-6.1	-8.4
Dominica ^b	-12.6	-20.5	-26.8	-21.2	-15.1	-16.5
Grenada ^b	-32.3	-34.8	-33.1	-27.5	-29.4	-26.1
Montserrat ^b	-14.4	-19.1	-34.0	-21.0	-34.2	-25.6
Jamaica	-9.9	-15.9	-23.3	-8.8	-6.8	-13.7
Saint Kitts and Nevis ^b	-14.4	-17.2	-25.0	-21.9	-17.0	-13.5
Saint Lucia ^b	-31.4	-30.7	-30.5	-12.7	-14.6	-15.1
Saint Vincent and the Grenadines ^b	-19.5	-28.3	-32.8	-29.0	-31.3	-31.2
Caribbean ^a	-13.6	-16.4	-20	-14.2	-13.1	-13.3

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures

^a Aggregates calculated as simple average

^b Data as at October 2011

2. Financial and capital account

Reflecting the gradual recovery of the economy in the sub-region, aggregate FDI inflows to the sub-region increased in 2011 after two consecutive years of decline. Most of the increase was in the natural resource sector in goods producers such as Suriname and Trinidad and Tobago. In service sector, some

FDI flowed into telecommunication in such countries as the Bahamas and Guyana. Countries which largely rely on tourism did not receive significant inflows except for the Bahamas which received much FDI for construction of a huge tourist resort.

Despite improved FDI inflows, however, total FDI coming into the sub-region was still less than the amount received in 2008. This suggests that investors' confidence was still being affected by the lingering impact of the crisis.

Net financial capital inflow in 2011 improved relative to 2010, owing to an increase in portfolio and other investment inflows as shown in Tables 15.

TABLE 15
CARIBBEAN: FINANCIAL CAPITAL, 2008-2011
(Percentage of GDP)

	FDI				Financial Capital			
	2008	2009	2010	2011	2008	2009	2010	2011
Goods Producers ^a	5.43	5.65	4.43	6.30	-4.83	-0.83	-11.40	-3.680
Belize	12.3	8	7	4.9	2.8	0.6	-3.5	-2.6
Guyana	9.3	8.1	13.9	13.5	6.7	14.3	3.1	0.4
Suriname	-7.6	2.9	-5.8	1.9	0.4	-2.2	-26.3	-1
Trinidad & Tobago	7.7	3.6	2.6	4.9	-29.2	-16	-18.9	-11.5
Service Producers ^a	16.97	10.60	8.79	7.55	5.93	8.68	6.80	9.98
Anguilla	28.1	15.6	9.1	3.8	1.5	-1	-25.3	...
Antigua & Barbuda	12.6	9.4	8.4	5.1	12.8	9.4	7.2	8.2
Bahamas, the	10.4	8.5	7.1	8.3	5.8	6.2	3.3	3.5
Barbados	6.6	2	...	...	-0.1	4.6	3.2	...
Dominica	12.2	8.9	5.2	7.1	11.4	13.6	13.7	10.5
Grenada	17.1	13.5	7.7	5.1	14.6	14.8	16.3	21.8
Jamaica	15.5	6.6	1.2	1.5	6.7	0.8	3.7	5.8
Montserrat	21.9	4.3	6	5.6	-15	20.7	25.2	...
Saint Kitts & Nevis	25.3	19.4	19.8	16.3	4.4	9.5	3.4	-0.1
Saint Lucia	14.3	13.2	8.3	6.8	15.7	3.2	6.3	18.6
St Vincent & the Grenadines	22.7	15.2	15.1	15.9	7.4	13.7	17.8	11.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures

^a Figures are computed as a simple average

3. International reserves

As discussed above, the general trend of balance of payments in the Caribbean sub-region in 2011 was characterized by the increase of import in trade balance and increase of incoming FDI and financial capital. As a result of these balancing factors, the international reserves within the sub-region increased only marginally compared to that of 2010, as table 16 shows below.

TABLE 16
INTERNATIONAL RESERVES, 2009-2011
(Percentage of GDP)

	2009	2010	2011 ^a
Anguilla	12.6	13.7	14.1
Antigua and Barbuda	8.6	11.2	11.1
Bahamas	12.9	11.2	11.0
Barbados	22.4	16.8	15.3
Belize	15.8	15.1	16.0
Dominica	13.8	14.2	13.3
Grenada	14.8	1.3	11.4
Guyana	35.5	31.5	35.2
Jamaica	16.8	17.7	13.0
Montserrat	24.2	28.9	33.7
Saint Kitts and Nevis	18.3	23.9	27.3
Saint Lucia	13.6	15.2	16.9
Saint Vincent and the Grenadines	10.8	15.7	11.8
Suriname	16.7	15.1	19.2
Trinidad and Tobago	44.0	43.7	44.4
The Caribbean	19.1	19.1	19.7
The Caribbean exc. Trinidad and Tobago	17.2	17.1	18.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Data as at December 2011.

F. Outlook for 2012 and recommendations

The foregoing analysis suggests that while the Caribbean subregion has experienced improved economic performance there are considerable downside risks. Among the most significant are the continued difficulties in major export markets and the depressing effects on export growth.

The fiscal challenges, especially in the ECCU, have made it difficult for governments to invest and this has helped to reduce domestic demand. A number of countries turned to IMF for balance of payments and budgetary support.

The outlook for 2012 is for a general improvement in economic performance with positive growth expected for all the countries of the subregion. However, this will be heavily influenced by improved external demand conditions. For example, tourist arrivals for most Caribbean countries in the first half of 2012 have been positive but less than robust except in the case of Barbados and Grenada where between January to June and January to April arrivals have been negative. In the case of cruise ship arrivals some countries have had significant increases as in Jamaica where arrivals were up 69.4 per cent between January to March while in Grenada they were down by 24 per cent.

TABLE 17
GROWTH RATES (FORECAST) 2012
(Percentages)

	2012
Goods Producers	2.88
Belize	2.4
Guyana	3.8
Suriname	4.3
Trinidad and Tobago	1.0
Service Producers	1.82
Antigua and Barbuda	2.3
Bahamas	2.5
Barbados	1.0
Dominica	2.6
Grenada	1.9
Jamaica	1.0
Saint Kitts and Nevis	1.0
Saint Lucia	2.3
Saint Vincent and the Grenadines	1.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures

In the context of a difficult external environment, a number of recommendations are made to address some of the economic challenges facing the Caribbean.

First, programmes of fiscal consolidation must continue, in order to reduce the debt burden and contain public spending. At the same time, public spending must be rationalized for greater efficiency in service delivery. It must be emphasized however, that fiscal consolidation programmes must be carefully crafted such that they do not erode the gains made with respect to the Millennium Development Goals. This could be achieved through the use of carefully targeted social programmes.

Secondly, the response of the Caribbean to external shocks has been made difficult by the dependence on a few key markets and products. A strategy of product diversification is essential for sustained growth. In addition, investments must be made in sustaining existing products in new markets.

Thirdly, regional competition is essential to be encouraging new activities in all sectors.

Fourth, countries that have done well, due to elevated commodity prices, must be cautious and use the windfall revenue gains to diversify production and to buffer future external shocks, since commodity booms are temporary.

Finally, the lack of private-sector response, despite lower interest rates and excess liquidity, underlines the need for greater private- and public-sector partnerships, as ways of reducing risks and making public activity more market-sensitive.

II. Country briefs

A. Bahamas (the)

1. General Trends

The economy continues to recover, with growth strengthening from 0.2 per cent in 2010 to 1.6 per cent in 2011. The pick-up in activity was driven by the tourism sector which benefited from higher receipts from the higher value added stopover segment. Nevertheless, in a reversal of the situation before the crisis, higher fiscal deficits and escalating debt now present a major challenge to the economy. Therefore, a programme of fiscal consolidation supported by measures to boost the competitiveness of tourism sector should be an important part of the policy mix to achieve stable growth.

An improved balance of payments current account is also necessary to provide the foreign exchange required to purchase imported inputs. However, this is likely to be achieved over the medium-term, as in 2011, the current account deficit widened from to 9.5 per cent of GDP from 5.9 per cent in 2010, owing to a rebound in imports associated with FDI-related construction.

2. Economic policy

(a) Fiscal policy

Fiscal policy in 2010/11 was geared towards facilitating the nascent recovery, while starting the process of consolidation to contain growth in public debt.

Government infrastructure works were complemented by a job training programme to boost activity.

A New Tax Division was established to strengthen revenue collections, but did not have an immediate impact.

The fiscal deficit increased marginally from 4.4 per cent of GDP in fiscal year 2009/10⁷ to 4.7 per cent of GDP in FY2010/11. In nominal terms, the deficit was more than 50 per cent higher than the budgeted target. Revenues expanded by 10 per cent to 17.7 per cent of GDP, largely reflecting the proceeds from the one-off sale of a 51 per cent shareholding in Bahamas Telecommunications Company (BTC). However, improved revenue was offset by stronger nominal gain in expenditure to 22.9 per cent of GDP. Current expenditure was propelled by a sharp increase in payments for goods and services and higher debt interest payments, reflecting the increased government borrowing. Growth in capital expenditure more than doubled reflecting major road infrastructure and the airport expansion project.

(b) Monetary and exchange rate policy

Monetary policy in 2011 was aimed at stimulating the recovery in activity and employment, while maintaining the integrity of the pegged exchange rate. In an effort to stimulate private sector credit demand to facilitate the recovery, the Central Bank eased its monetary policy stance in 2011. The Bank lowered its policy-based discount rate by 75 basis points to encourage the commercial banks to lower their lending rates. Reflecting an efficient transmission, there was a similar decline in the prime rate and a 70 basis points reduction in the weighted average lending rate to 10.98 per cent. Nevertheless, with high excess liquidity in the banking system the fall in lending rates was offset by a steeper fall in the weighted average deposit rate (80 basis points) leading to a widening of interest spreads.

Credit to the private recovered slightly to grow by 1.1 per cent as investor confidence improved marginally with the modest recovery in activity. Both commercial and consumer credit increased after declining in 2010. Credit to productive activities in entertainment & catering and manufacturing also firmed during the year. However, growth in mortgages, the largest component of the loan portfolio slowed sharply. Debt consolidation loans expanded by 16 per cent as banks continued to work with borrowers to better manage their debt.

Although banks capital adequacy remains sound, non-performing loans increased by 0.9 percentage points to 13 per cent of total loans at the end of the year and remain a concern. Arrears on mortgages accounted for the bulk of these non-performing loans. With past debt overhang, borrowers continued to have difficulties in servicing their loans, despite the modest rebound in activity.

3. Evolution of the main variables

(a) Economic activity

The spillover effects of the nascent recovery in the United States led to a strengthening in the recovery in the Bahamas in 2011. Real GDP grew by 1.6 per cent, following the 0.2 per cent growth in 2010. The pick-up in activity was driven by improved tourism and construction activity. Value added in the hotel and restaurants sub-sector a proxy for tourism increased by 7.3 per cent in 2011, relative to 0.8 per cent in 2010. Tourist arrivals increased by 6.4 per cent in 2011, led by a 9.2 per cent growth in cruise ship passenger visitors. This helped to offset the 1.9 per cent decline in the number of high value-added stopover arrivals. Room revenues increased by 2.8 per cent in line with a 2.5 per cent increase in average occupancy rates to 54 per cent and a 2.7 per cent rise in the average daily room rate to B\$204.48.

Construction activity picked up with strong impetus from FDI-financed tourism projects led by the signature Baha Mar Resort Facility. This was complemented by government road construction and the airport expansion project. Meanwhile, there was a marginal pick up in activity in the offshore financial services reflecting improved investor confidence in the sector. The sector has been undergoing a branding process to focus on its core comparative advantage and this is expected to contribute to its future competitiveness. Partly reflecting the spillover from tourism, value added in wholesale and retail and transport increased by 9.7 per cent and 6.8 per cent, respectively. Meanwhile, activity in real estate and business was down by 4.1 per cent, dampened by the continued fall-out in the real estate market.

⁷ In the Bahamas, the fiscal year runs from 1 July to 30 June.

(b) Prices, wages and unemployment

Reflecting the impact of higher international fuel and food prices and stronger domestic demand, inflation increased from 1.4 per cent in 2010 (December-December), to 3.2 per cent in 2011. Gasoline and diesel costs increased by 17.2 per cent and 33.2 per cent, respectively. Food and beverage prices increased by 3.1 per cent, after declining by 0.8 per cent in 2010. The costs of transportation rose sharply from 3.1 per cent in 2010 to 7.9 per cent in 2011. Meanwhile, the recovery in tourism was reflected in higher costs (3.9 per cent) in hotels and restaurants.

Despite the recovery in activity, job growth did not keep pace, as the rate of unemployment increased from 13.7 per cent in May to 15.9 per cent in November 2011. Higher unemployment was the result of a number of former self-employed and informal sector workers becoming unemployed and the entry into the workforce of high school and university graduates. Wages were expected to pick-up with the lifting of the freeze on public sector wages that was imposed in 2010.

(c) The external sector

The current account deficit of the balance of payments widened from 10.6 per cent of GDP in 2010 to 13.5 per cent of GDP in 2011. The weakened current account reflects a rebound in imports, especially for tourism-related construction, following import compression in 2010. As a result, the merchandise deficit expanded by 12.8 per cent, while the services account remained relatively stable, as the 4.6 per cent improvement in travel receipts, owing to higher tourism receipts was overshadowed by higher payments for insurance and other services. The deficit on the income account increased marginally, as higher labour income remittance outflows just offset the decline in investment income outflows. Net outflows of current transfers expanded sharply owing to higher worker remittance payments and government transfers.

The capital and financial account surplus contracted by 16.5 per cent to US\$953.2 million, largely reflecting a 23.6 per cent reduction in FDI inflows. FDI inflows reverted closer to trend levels, after being bolstered by a large one-off transaction of US\$200 million by a foreign bank for the capitalisation of a local subsidiary. Therefore, despite higher inflows for hotel construction, this could not make up for the sharp fall in bank equity inflows in 2011. Nevertheless, a sharp increase in project loan financing boosted “other” private investment inflows, leading to a US\$12.8 million increase in total net foreign investments that include both loan and equity financing. International reserves expanded by 2.8 per cent to US\$884.85 million, representing 3.5 months of imports.

B. Barbados

1. General trends

The return to economic growth, albeit slight, in the Barbados economy was confirmed in 2011, with growth estimated at 0.5 per cent, just slightly higher than the 0.3 per cent of the previous year. The economy remained stable with an increase in tourism arrivals of 7 per cent, and growth in construction (4.4 per cent) and transportation and communications (0.6 per cent). These three sectors together provided the main impetus for renewed economic growth. The government’s fiscal consolidation efforts through its Medium Term Fiscal strategy resulted in a reduction of the fiscal deficit from 7.4 per cent to 4.8 per cent of GDP between April to December, 2010 and the same period in 2011. However, low tourism output growth of only 0.3 per cent despite higher tourist arrivals meant that the economy remained subdued in 2011. Management of the public debt stock remained a matter of high priority for the government in 2011, and the ratio of gross central government debt to GDP fell 2.6 percentage points from 98.5 per cent in 2010, to 95.9 per cent in 2011. In spite of these achievements, the prospects for the economy in 2012 continue to be strongly linked to developments in the international economy, and their concomitant effects on the performance of the tourism sector. New proposed investments in luxury accommodation, as well as upgrade and expansion of financial regulations, and the network of double taxation agreements for bolstering international business and financial services, offer encouraging prospects for further growth over the medium term. The Central Bank of Barbados projects growth to be roughly 1 per cent for 2012.

2. Economic policy

(a) Fiscal policy

Government's efforts at fiscal consolidation continued in 2011, as the emphasis was to enhance revenues, and cut expenses, while at the same time seeking to protect the most vulnerable. For the period April to December, 2011, measures for enhanced tax collections resulted in increased revenues for Value-Added, Personal and Excise taxes of 19 per cent, 5 per cent and 14 per cent respectively. These measures increased overall tax revenues by roughly 4.8 per cent from 2010. At the same time, stringent control of public expenditure led to significant decreases in both capital expenditure and transfers to public institutions in 2011, with the former falling by 17 per cent, and the latter by 10 per cent compared to the April to December fiscal period of 2010. As a result, the fiscal deficit declined from 7.4 per cent to 4.8 per cent of GDP between the fiscal periods April to December, 2010 and 2011. Tight fiscal policy also resulted in a marginal reduction of gross central government debt from 98.5 per cent of GDP in 2010 to 95.9 per cent of GDP in 2011. However, a sluggish economy forced the government to revise its target for a balanced budget to fiscal year 2016/17.

(b) Monetary and exchange rate policy

With the Barbados exchange rate fixed at BDS\$2:US\$1 since the 1990's, the priority of the Central Bank continues to be the management of international reserves so as to support this exchange rate. In this regard, the level of reserves which stood at US\$717.5 million in 2010 fell slightly to US\$709.95 by the end of 2011. With respect to monetary policy, efforts to manage liquidity and credit resulted in a further decline in domestic interest rates in order to stimulate short term credit growth. Hence the average deposit rate fell slightly from 2.69 per cent in 2010 to 2.65 per cent by October, 2011, while the average lending rate also declined from 9.39 per cent to 9.34 per cent over the same period. This trend resulted in a spread between commercial lending and deposit rates of 6.69 per cent as at October, 2011. At the same time, there was a marginal increase of the rate of domestic 3-month treasury bills from 3.35 per cent to 3.45 per cent over the period reflecting a reversal of this trend in 2011. Notwithstanding this overall decline in interest rates, the enduring sluggishness of the Barbadian economy limited stimulation of credit demand, with Non-financial Private Sector credit falling by 0.29 per cent between 2010 and 2011. However, the financial system remained stable, and the Capital Adequacy Ratio increased from 17.1 per cent in 2010 to 19.3 per cent as at September 2011.

3. Evolution of the main variables

(a) Economic activity

As the main driver of economic growth, the tourism sector saw renewed growth in long stay arrivals of 7 per cent in 2011. However, a 5.6 per cent decline in average length of stay resulted in overall sector output growth of only 0.3 per cent. The strong growth in arrivals from traditional source markets in 2010 was tempered somewhat in 2011, with long stay visitors from the United States and United Kingdom increasing by only 5.5 per cent and 4.4 per cent respectively, while arrivals from Canada contracted by 0.5 per cent. Of note, the introduction of RedJet, a regional low-cost airline, boosted arrivals from the CARICOM, with Trinidad and Tobago providing a significant source of visitors with increases of 35 per cent. However, following an increase of 4.6 per cent in 2010, cruise visitors fell away sharply to register a decline of 1 per cent in 2011.

(b) Prices, wages and employment

The inflation rate at the end of 2011 stood at 8.7 per cent, representing a 2.9 percentage points increase over 2010. Increases in international fuel prices of 36 per cent as well as rice (8 per cent) and corn (3 per cent), were the principal drivers for this increase. This notwithstanding, the prevailing sluggishness in the Barbadian economy resulted in the unemployment rate increasing from 10.8 per cent for the first three quarters in 2010, to 11.5 per cent for the same period in 2011. Manufacturing and Finance and Professional Services suffered the largest job losses during the period. At the same time, the Barbados Statistical Service reported that both unemployment claims, as well as the average period of job search for unemployed persons have increased. Under conditions of rising unemployment, the tripartite agreement on wages remained in effect with no change in the average wage rate.

(c) The external sector

While the current account deficit worsened between 2010 and 2011, the Overall Balance improved on account of strong growth in net capital inflows. The current account deficit increased from 6.1 per cent of GDP in 2010, to reach 7.9 per cent of GDP by the end of 2011. In 2011, the value of imports increased to BDS\$3,100.4 million from BDS\$3,013.2 in the previous year, due mainly to higher international oil and commodity prices. At the same time, travel inflows fell 6.3 per cent to BDS\$1937.7 million. These developments were mainly responsible for the increase in the deficit. The capital account was boosted by significant growth in net capital inflows which amounted to BDS\$711.3 millions by the end of 2011 and represented an increase of 38.9 per cent over the figures for 2010. Real estate transactions (BDS\$252 millions), as well as the sale of Barbados Light and Power Shares (BDS\$188 million), were the main sources of private capital inflows. Additionally, although Barbados also received a loan injection from the IDB of BDS\$140 millions, market borrowings of BDS\$200 millions in 2010 resulted in an overall decline in public capital inflows. Still, Barbados managed to maintain its foreign exchange reserves, with only a 1 per cent decline between December, 2010 and December 2011. International reserves were estimated at US\$709.95 millions at the end of 2011. This represents a decline of 1.1 per cent relative to 2010.

C. Belize

1. General trends

The Belizean economy continued to recover in 2011 with projected growth of 2.0 per cent slower than the 2.8 per cent in 2010. This puts Belize as one of the better performers in the Caribbean and indicates that the economy has turned around following the recession of 2008-2009. Growth in 2011 was fuelled by a pick-up in stay-over tourism, sugar and citrus production and distribution. Inflation increased propelled by higher international fuel prices and unemployment was expected to decline owing to job growth in tourism and distribution. Although a challenge, the fiscal position was bolstered by high oil sector revenues and marginal growth in spending. Monetary policy remained focussed on stimulating commercial bank lending to the private sector to maintain the recovery. The balance of payments current account deficit narrowed from 2.9 per cent of GDP in 2010 to 2.5 per cent of GDP in 2011, reflecting higher exports and a reduction in profit outflows.

Economic growth is expected to further strengthen to between 3.0 per cent in 2012 associated with improved agricultural output, tourism value added and financial services. Inflation is expected to moderate, but upside risks could come from higher fuel prices, while further growth in employment is expected. The fiscal position is expected to strengthen with growth in revenues offsetting growth in expenditure. Meanwhile, the current account deficit of the balance of payments is projected to further narrow in line with growth in exports.

2. Economic policy

Economic management in 2011 was geared towards strengthening the recovery and facilitating job growth, while maintaining sound government finances to control growth in public sector debt. Monetary policy was focussed on incentives for banks to reduce the cost of credit to stimulate private investment in productive activity. However, the interest rate on the restructured super bond debt increased from 4.25 per cent to 6.0 per cent during the year and would constrain the fiscal space available to the government in the short to medium-term.

(a) Fiscal policy

The fiscal position strengthened in 2011 (calendar year), owing to robust oil-sector revenues and higher tax receipts in line with the pick-up in activity. As a result revenue grew to 27.6 per cent of GDP, while expenditure declined to 28.2 per cent of GDP, leading to a contraction in the overall deficit from 1.6 per cent of GDP in 2010 to 0.3 per cent of GDP in 2011. Further, the primary surplus increased from 1.3 per cent of GDP to 3.3 per cent of GDP, providing some savings for capital projects. The hike in crude oil prices boosted oil revenues, which included windfall receipts. Non-tax revenues increased by 7.3 per cent, associated with higher proceeds from land sales.

Total expenditure advanced by a mere 0.1 per cent, as a 4.5 per cent increase in current spending was offset by a sharp (23 per cent) fall in capital expenditure. Growth in current spending reflected the continued increase in the wage bill, a trend that started in 2007, and higher outlays on debt servicing costs associated with higher interest rate (6.0 per cent) on the restructured ‘super bond’. Capital expenditure suffered from continued implementation bottlenecks that affected planned projects.

Based on the first ten months of fiscal year 2011/12⁸, fiscal performance is expected to be better than budgeted, with the deficit set to be lower than the budgeted 1.6 per cent of GDP. Revenues were 7.5 per cent higher than in the similar period of FY 2010/11 and surpassed growth in spending, leading to a small surplus of 0.1 per cent of GDP, compared with a deficit of 1.2 per cent of GDP in the similar period of 2010/11. Revenues were bolstered by increased proceeds from petroleum taxes, import duties and property taxes that outweighed the lower receipts from the General Sales Tax (GST) and business tax. Expenditure increased by 1.8 per cent year-year, owing to higher current spending that was only partly offset by a decline in capital spending. Capital projects continued to face capacity constraints and administrative delays in disbursing funds.

Public external debt increased marginally by 1.2 per cent in nominal terms, but declined from 72.3 per cent of GDP to 70.7 per cent of GDP.

(b) Monetary and exchange rate policy

The Central Bank lowered its lender of last resort rate from 18 per cent to 11 per cent and reduced its securities requirement of commercial banks from 5 per cent to 3 per cent to encourage bank lending to the private sector. However, this moderately expansionary monetary policy stance did not achieve its goal of stimulating increased credit to the private sector. Net domestic credit declined by 7.0 per cent in 2011, relative to 2.6 per cent in 2010. This was led by a sharp fall in credit to the public sector, which built up its assets partly due to higher oil receipts. Credit to the private sector fell marginally by 0.3 per cent, as the increase in loan disbursements was offset by allocations for non-performing loan write-offs especially for businesses in tourism, construction and agriculture. Credit to the productive sectors declined, while personal loans advanced by BZ\$20.6 million.

The broad money supply expanded by 5.6 per cent bolstered by a 19.9 per cent expansion in net foreign assets, associated with strong foreign exchange inflows. Inflows were boosted by receipts from the commercial free zone (CFZ), the recovery in tourism and agricultural exports. In response to the lowering of the Central Bank’s lender of last resort rate and the minimum deposit on savings, the weighted average lending rate declined by 76 basis points. However, this was much less than the 196 basis points fall in the weighted average deposit rate, thereby leading to a widening of interest rate spreads. Meanwhile, the exchange rate remained relatively stable in 2011.

3. Evolution of the main variables

(a) Economic activity

The recovery continued in 2011 with growth of 2.5 per cent marginally slower than the 2.9 per cent in 2010. This suggests that the economy has turned around following the fallout from the global crisis.

⁸ In Belize, the fiscal year runs from April 1 to March 31.

Growth was fuelled by a pick-up in stay-over tourism, sugar and citrus production and distribution. Real value added in the wholesale and retail commerce, hotels and restaurants sub-sector expanded by 7.0 per cent much faster than the 1.9 per cent posted in 2010. Stay-over arrivals increased by 3 per cent boosting value added in hotels, restaurants and transportation. However, cruise ship passenger arrivals fell by 4.8 per cent partly reflecting disagreements between Carnival Cruise Line and local tender operators.

Sugar production increased by 12.5 per cent to 919,705 long tons, as a result of increased productivity stemming from more timely deliveries to the factory and higher sucrose content of harvested sugar cane. Citrus production expanded by 24.7 per cent to 33,934 pound solids, linked to higher productivity with improved farm husbandry practices. Value added in distribution picked with burgeoning activity in the commercial free zone (CFZ) as demand strengthened with the improvement in the economy. Meanwhile, petroleum production contracted by 7 per cent to 1,406,534 barrels, owing to lower productivity from the maturing Spanish Lookout field.

The economy is projected to grow by between 3.0 in 2012. Activity will be driven by agriculture, stay-over tourism and financial services.

(b) Prices, wages and employment

Inflation increased by 2.5 per cent following the 0 per cent rise in 2010, propelled by higher fuel and food prices. Although the government removed the 12.5 per cent general sales tax on fuel imports and replaced it with a fixed rate of duty, the effects of higher fuel prices were felt in a number of sectors. Transport and communication costs rose by 8.2 per cent, reflecting higher prices for diesel and gasoline. Food prices increased by 3.8 per cent also partly linked to higher fuel costs. Meanwhile, the costs of clothing and footwear and medical care declined during the year. Wage rates remained relatively stable, but the wage bill increased due to the payment of increments. Unemployment data are not available for 2011, but employment was expected to pick up tourism and wholesale and retail trade and the growing segments of the agricultural sector.

(c) The external sector

The balance of payments current account deficit narrowed from 2.9 per cent of GDP⁹ in 2010 to 2.5 per cent GDP in 2011. This development reflected a sharp fall in profit outflows and higher official transfers that offset the marginal increase in the trade deficit and the stagnant services balance.

The trade deficit increased marginally reflecting the pick-up in economic activity that fuelled strong growth in imports that were partly offset by growth in exports. Imports expanded by 19.6 per cent driven mainly higher fuel costs, linked to the hike in international fuel prices. Exports also posted dynamic growth (26.1 per cent) associated with higher volumes and improved terms. Exports of sugar and retail and wholesale goods in the CFZ increased in 2011. In addition, higher petroleum prices for Louisiana Light Sweet crude oil the benchmark for Belize's petroleum led to higher oil export receipts, despite the fall in export volume.

In the services account, higher transport payments overshadowed the higher business services and tourism receipts, leading a slight fall in the services surplus. The capital and financial account increased by 22.5 per cent, as UK debt forgiveness and official grants bolstered capital inflows US\$23.7 million, but the financial account surplus narrowed by 38 per cent on account of 3.5 per cent decline in FDI, linked to continued fragility in the international economic environment and higher net loan repayments by the private sector. International reserves increased by 8.3 per cent to US\$236.1 million, covering 4.3 months of merchandise imports.

⁹ GDP figures have been rebased to 2006. As a result, improvements in ratios may be reflective of this change.

D. Eastern Caribbean Currency Union

1. General trends

Economic activity in the Eastern Caribbean Currency Union (ECCU-6)¹⁰ is estimated to have contracted by 1.9 per cent in 2011 relative to a contraction of 2.2 per cent in 2010. Disaggregated output by sector and by country reveals diverse records of output performance in the union. On average, the services sector expanded while the remaining sectors contracted in 2011. All countries covered in this review contracted by more than 2 per cent, with the exception of Saint Vincent and the Grenadines (expanding by 0.04 per cent), Grenada (expanding by 1.1 per cent), and Dominica (expanding by 1.2 per cent).

Consumer price inflation increased in 2011, edging close to 4 per cent. The rise in consumer price was influenced mainly by increases in agricultural commodity – food prices and rising prices of fuel and related products. Nonetheless, the overall consumer price inflation in the ECCU-6 was lower than that recorded in the Caribbean sub-region.

Governments of the ECCU-6 maintained a tight fiscal stance commenced in 2009/2010 – some supported by the International Monetary Fund (IMF) and Caribbean Development Bank (CDB), and continued with an effort to increase tax revenue intake. A number of countries continued to implement fiscal consolidation guided by the Eight Point Stabilization and Growth Programme¹¹. The overall fiscal deficit (including grants) increased marginally from 1.5 per cent of GDP in 2010 to 1.7 per cent of GDP in 2011, as only two members (Grenada from -2.4 per cent to -0.3 per cent, and Saint Kitts and Nevis from -4.1 per cent to 1.3 per cent) recorded improvements in their fiscal balance. The persistent high level of public debt continued to be a major challenge especially given the small size of these economies. The total central government debt to GDP ratio averaged 85.3 per cent in 2011; a slight decline from 89.2 per cent in 2010. Tax revenue is estimated to have increased. Monetary policy remained virtually unchanged as there were no alterations to the main policy rates. The current account deficit shrank in 2011, reflecting a continued decline in imports due to the prevailing subdued economic activity.

2. Economic policy

(a) Fiscal policy

In 2011 fiscal policy was directed at expenditure reduction and increasing revenue intake. Therefore fiscal policy remained contractionary (after 2010) as most governments continued with fiscal consolidation guided by the Eight Point Stabilization and Growth Programme. However, this policy stance failed to improve the fiscal balance as fiscal deficit deteriorated from 3.1 per cent of GDP in 2010 to 3.6 per cent of GDP in 2011. Total revenue increased by 6.9 per cent to 24.3 per cent of GDP while total expenditure increased marginally by about 0.5 per cent to reach 23.4 per cent of GDP. Overall, tax revenue recorded a significant increase of 19.8 per cent over the 2010 level of EC\$249.48 million, mainly due to tax revenue intake from goods and services (increasing by 54.9 per cent) and from stamp duties increasing by 441.3 per cent from EC\$8.58 million to EC\$46.45 million. However, tax revenues from international trade and transaction and accommodation fell by 6.3 per cent and 3.8 per cent respectively. Current expenditure increased by 8.6 per cent, mainly attributable to expenditure on goods and services increasing by 58.5 per cent to EC\$82.44 million in 2011; and interest payments fell by 8.6 per cent to EC\$43.18 million. The fiscal balance registered a surplus of EC\$32.88 million in 2011 compared to the 2010 deficit of EC\$4.58 million.

¹⁰ The ECCU-6 countries are the independent states of Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines.

¹¹ Additional information on the programme is available from http://www.eccb-centralbank.org/about/ann26_eight.asp

The prevailing fiscal stance aided in the efforts to strengthen fiscal stability, stimulate economic activity through effective implementation of the Public Sector Investment Programme and address the challenges of the services sector (both financial and tourism). Antigua and Barbuda recorded an overall fiscal deficit of 1.5 per cent of GDP for the fiscal year 2011/2012, as the country entered its third year of its fiscal consolidation programme initially supported by the International Monetary Fund, but was put on hold due to an unapproved bailout of Antigua and Barbuda Investment Bank by the government in the first half of 2011.

In 2011, total central government debt decreased by 3.9 per cent to 85.3 per cent of GDP; external debt decreased by 3.5 per cent to 44.2 per cent of GDP reflecting increased servicing of existing debt stock and the general inability of governments to incur new debt (for example Saint Lucia) and restructuring of debt (Saint Kitts and Nevis). On the other hand, domestic debt decreased by 1.5 per cent to 41.0 per cent of GDP primarily on account of debt repayments and restructuring. Total disbursed outstanding debt (DOD) of the ECCU's public sector increased by more than 2 per cent in 2011; in fact the DOD in all countries of the union increased.

(b) Monetary and exchange rate policy

The monetary policy stance of the ECCU remained unchanged during 2010. The focus of monetary policy continued to be the stability of the financial system and the maintenance of the credibility of the currency peg at EC\$2.7 to the United States dollar. The Eastern Caribbean Central Bank administered interest rates; the discount rate and the savings deposit rate remained unchanged at 6.5 per cent and 3.0 per cent, respectively. Commercial banks nominal deposit rate fell to 3.06 per cent in December 2011 from 3.13 per cent, while nominal lending rate rose by 1.5 per cent to 9.53 per cent in the same period. As a consequence the interest rate spread between deposit rate and lending rate rose by 0.15 per cent.

Due to the continued subdued domestic demand, broad money (M2) as a percentage of GDP registered a further decline of about 1.5 per cent in 2011, following a decline of 1.8 per cent in the previous year. In addition, there was a fall in narrow money (M1) as a percentage of GDP by 0.3 per cent compared to a decline of 0.5 per cent in 2010, reflecting declines in both currency and demand deposits with the public. Domestic credit to the private sector fell by about 2.8 per cent to 84.2 per cent of GDP in 2011 compared to a rise of 2 per cent in 2010, while, domestic credit to the public sector fell by 2 per cent to 2.8 per cent in 2011. The highest allocation of private sector credit was directed to personal loan (for uses in house and land purchases, home construction and renovation, durable consumer goods, and other personal loans) accounted for 43.2 per cent, of which 36.2 per cent was directed to home construction and renovations. Net foreign assets of the central bank increased by 8.8 per cent to 19.9 per cent of GDP (or EC\$2717.944 million) in December 2011.

3. Evolution of the main variables

(a) Economic activity

Economic activity remained sluggish contributing to a contraction of 1.9 per cent in the overall output in 2011. All sectors, with the exception of utilities and tourism contracted in 2011. Tourism sector (excluding linkages) contributed about 8.4 per cent to GDP in 2011. Activities in the sector as proxied by hotels and restaurants, increased by 2 per cent in 2011, compared to an expansion of 0.9 per cent in 2010. The sectoral expansion is reflected in stay-over arrivals, which increased by 9.2 per cent, compared to a reduction of 3.4 per cent in 2010. Specifically, stay-over arrivals from the United States, the United Kingdom (despite the introduction of the Air Passenger Duty by the UK Government), and Canada increased by 13.4 per cent, 1.8 per cent and 16.6 per cent respectively, while the number of stay-over visitors from the Caribbean declined by 3.7 per cent following 5.2 per cent decline in 2010.

The 2008/2009 economic and financial crisis continued to negatively impact the economies of the ECCU in 2011. Construction, which is one of the key productive sectors of the economy, continued to contract in 2011 by 12.1 per cent, more than twice the contraction in 2010. This decline was the result of limited availability of foreign financing, a reduction in inflows of foreign direct investment from EC\$1,365.05 million to EC\$1,325.30 million in 2011, and a reduction in capital expenditure by

approximately 26.1 per cent. Additional declines were recorded in mining which is closely associated with the construction sector.

The contribution of the agricultural sector in GDP remained at about 3.4 per cent of GDP. This sector contracted by 6.3 per cent primarily due to pest infestation and drought at the beginning of the year and tropical storms associated flooding and landslide which devastated particularly Dominica in the second half of 2011. The effects of hurricane Tomas (which hit the region in October 2010) continued to impact the banana subsector output, which further fell by 74.1 per cent in Saint Lucia and by 80 per cent in Saint Vincent and the Grenadines, contributing to an overall drop in banana output by 52.5 per cent.

(b) Prices, wages and employment

Consumer price inflation rate increased in 2011 to about 4.0 per cent from 3.0 per cent in 2010. The main factors driving the rate of inflation were rising, prices of imported food, higher costs of fuel, electricity and health products many Member States. The inflation rates varied among countries; the highest rates were recorded in Saint Lucia (4.7 per cent), Grenada (4.3 per cent), and Saint Kitts and Nevis (4.2 per cent).

The level of unemployment remained high in all the Member States in 2011, while public sector wages freeze is under consideration in some Member States (e.g., in Saint Kitts and Nevis the wage bill fell from EC\$226 million to EC\$225 million in 2011) in the quest to deal with the attendant high fiscal deficits.

(c) The external sector

There was a slight improvement in the balance of payments (BOP) current account deficit in 2011. The deficit narrowed from 18.4 per cent of GDP in 2010 to 17.1 per cent of GDP in 2011 mainly due to increases in total exports by 2.8 per cent to EC\$5640.53 million and little or no increase in total imports as a result of lower domestic demand. The combined performance of imports caused the trade deficit to fall by 5.4 per cent. Export earnings rose due to high exports of non-factor services.

The income account of the BOP recorded a deficit of 3.2 per cent of GDP compared to a deficit of 3.5 per cent of GDP in the previous period and income investment balance improved from a deficit of EC\$541 million (or 3.8 per cent of GDP) in 2010 to EC\$514 million (or 3.5 per cent of GDP) in 2011. Meanwhile, portfolio investment income sub-account registered a surplus moving from a deficit in 2010. The current transfers account registered a marginal increase in its surplus from EC\$389.6 million (or 2.7 per cent of GDP) to EC\$402.6 million (or 2.8 per cent of GDP) in 2011 - this was attributable to general government transfers, which recorded a slightly improved surplus from EC\$89 million to EC\$97.1 million in 2011.

Capital and financial account of the BOP registered a reduced level of surplus from EC\$2,784.3 million (or 19.5 per cent of GDP) in 2010 to EC\$2501.6 million (or 17.1 per cent of GDP) in 2011. In particular, capital account balance fell from 4.4 per cent of GDP to 3 per cent of GDP in 2011, while financial account balance recorded a surplus of EC\$2,060.1 million (or 14.1 per cent of GDP) down from EC\$2,163.2 million in 2010. Direct investment balance also fell from a surplus of 9.7 per cent of GDP to a surplus of 8.8 per cent of GDP in 2011. Overall balance recorded a smaller surplus (0.7 per cent of GDP) in 2011 as compared to a surplus of 1.8 per cent of GDP.

E. Guyana

1. General trends

The Guyanese economy continued to generate strong growth largely due to increase volumes of primary commodity exports and elevated prices. Growth in 2011 was 5.1 per cent and it is anticipated that strong growth will also be posted in 2012. In line with the expansion in domestic activity the public finances also improved as tax revenues increased in line with expenditure increases. Expenditure increases can be partly linked to the usual increases pending general elections that were held in November 2011 in which the governing People's Progressive Party (PPP/Civic) did not receive a parliamentary majority. There

were also significant foreign exchange inflows due to increases in foreign direct investment and remittances. As a consequence there was stability in the foreign exchange market and exchange rates was relatively stable. Meanwhile inflation rates trended down despite increases in fuel costs, due to adjustment by governments to cushion the impact of the full pass through effects.

The ruling party the PPP/Civic will continue to pursue its Low Carbon Strategy (LCS), however, policy making will be challenging due to the lack of a parliamentary majority. As part of the LCS Guyana will receive some US\$30 million in financing up to 2012 and US\$100 million annually by 2020.

The foundation for future growth is being laid through investment in infrastructure and energy and through the planned construction of a hydroelectric power plant at Amiala Falls in Western Guyana beginning in 2012.

2. Economic policy

(a) Fiscal policy

The fiscal deficit was 4.4 per cent in 2011, an increase from 3.6 per cent in 2010. However while expenditure has grown revenues have also increased. Much of the expenditure increase has been due to wage related and infrastructure expenditure in anticipation of general elections of 2011. In 2011 expenditure rose by 13.3 per cent while revenue increased by 12 per cent due to enhanced collections and the effects of robust private sector activity. Corporate taxes and taxes from the self employed increased by 3 per cent and 16 per cent respectively while withholding taxes rose by 49.8 per cent. Customs and trade taxes also increased by 19 per cent due to higher customs duties and increased imports of intermediate products.

Guyana's debt to GDP ratio is still relatively high at 78.8 per cent of GDP. At the end of 2011 the external debt stock grew at 16 per cent to US\$1.2 billion as a result of the disbursement of new loans. External debt is some 55 per cent of total debt however a large share of Guyana's external debt (52 per cent) is owed to multilateral donors. Guyana has been lobbying for Paris Club comparable debt relief treatment from bilateral non-Paris Club and commercial creditors through diplomatic efforts. There is an agreement with Venezuela for the debt compensation of US\$143.4 million in exchange for rice exports. Guyana also received debt relief through the highly indebted poor countries initiative (HIPC) and the multilateral debt reduction initiative (MRDI).

(b) Monetary policy

Monetary policy through the Bank of Guyana focused on price stability and the provision of adequate liquidity in the banking system. The rise in M1 from the last quarter of 2010 to the third quarter of 2011 suggests significant increases in money creation. In 2011 interest rates continued to trend down as the commercial bank's weighted average lending rate declined by 11.68 per cent; however savings rates also declined thus the interest rate spreads inched up. The improvement in performance in the productive sectors was reflected in the expansion of credit. Overall private sector credit grew by 19 per cent and this was reflected in a 42 per cent expansion of credit to the agricultural sector, and 31.5 per cent credit expansion to other manufacturing. Among the other sectors, there was a 24.7 per cent increase in credit to the distribution sector and 22 per cent and 18.9 per cent credit expansion to services and real estate sectors.

(c) Exchange rate policy

The exchange rate remained relatively stable in 2011 due to the significant domestic activity and adequate flows of foreign exchange. The foreign exchange market recorded a 17 per cent increase in 2011 and the nominal exchange rate was \$203.75 against the US dollar compared to \$203.5 at the end of 2010.

3. Evolution of the main variables

(a) Economic activity

The robust growth of 5.4 per cent was reflected in the improved performance of most sectors and for the commodity producing sectors, increased production combined with elevated prices helped to boost foreign exchange earnings. With respect to the agriculture sectors which contributed some 19.9 of GDP, sugar production increased by 7.1 per cent to reach 236,506 tonnes in 2011. This is a major industry in Guyana and despite the overall performance; the industry continues to experience difficulties from the point of view of weather conditions and managerial problems on the manufacturing side. Rice production which benefited from higher market prices, increased by 11.3 per cent to 401,904 tonnes. This was the highest production ever recorded. The mining and quarrying sector which contributes 10.7 per cent of GDP recorded growth of 19.2 per cent boosted by gold and bauxite production. Both activities saw increases in their prices in 2011 thus increasing foreign exchange earnings. Among the other sectors, manufacturing grew by 6.8 per cent while construction grew by 2.8 per cent. The latter was due to the completion of a number of major public sector investment projects. Transport storage and communication grew by 14.5 per cent. It is important to note that notwithstanding the importance of sugar to the economy, the non-sugar economy grew by 5.6 per cent.

(b) Prices, wages and employment

Inflation moderated in 2011 as it declined from 4.5 per cent in 2010 to 3.3 per cent in 2011. This occurred despite the increase in global fuel prices and was partly due to the fact that government lowered the taxes charged on fuel products in order to limit the full pass through effect on consumers. Government workers received a 8 per cent increase in wages across the board and there was also an increase in the public service minimum wage from G\$26,070 per month to G\$35,864 per month.

(c) The external sector

In 2011 export earnings expanded by 26 per cent due to both volume and price increases of commodities. Earnings from sugar increased by 21.6 per cent due to a 16.8 per cent increase in prices. At the same time rice exports benefited from 26.15 per cent increase in its export price. Merchandise imports also increased by 24.8 per cent, while other imports increased by 18.4 per cent. However a significant contribution to the increase in imports was the 41.2 per cent in fuel and lubricants which reflected the impact of price increases and increased economic activity. Net transfers increased by 18 per cent to US\$414.6 million due to increases in worker remittances from 3667.8 to \$US 412.6 an increase of 12 per cent.

The capital accounts also recorded a higher surplus than last year which was due partly to higher foreign direct investment in the area of mining and telecommunications. Despite the overall improvement in exports the current account deficit was some 16 per cent of GDP relative to 12 per cent in 2010. However the overall balance posted a small surplus of US\$ 15 million and the net international reserves rose to US\$781 million or 16.8 weeks of imports.

F. Jamaica

1. General trends

The Jamaican economy has only recently posted positive growth of 1.5 per cent in 2011 after three consecutive years of decline. The major challenge is how to instil confidence in the economy given the expiration of the US\$1.27 billion IMF Stand By Agreement (SBA) in May 2012. It is clear that the government could not meet the budget targets in the last quarter due to expenditure for wage increases and infrastructure improvement. Negotiations on a new agreement will soon begin and it is anticipated that more severe spending cuts will be required in order to control the public finances. Currently the debt to GDP ratio is among the highest in the world at 131 per cent.

The continuing difficulties in major exports markets of Europe and the United States will pose severe downside risks to the Jamaican economy if these result in reductions in travel receipts and

remittance. Both these categories have been improving over time. The prevailing condition of economic uncertainty surrounding a new IMF agreement may well set off a new round of capital flight which could cause deterioration in the current account balance. Thus IMF backing is important to stimulate greater confidence which could lead to greater foreign direct investment inflows and to secure more multilateral financing.

The new government has made reducing unemployment a top priority through its Jamaica Emergency Employment Programme (JEEP) however, with heavy spending cut likely reduction in unemployment will depend on positive growth through private sector activity.

2. Economic policy

(a) Fiscal policy

The biggest challenge facing the Jamaican economy is linked to the fiscal situation which remains extremely weak. Low economic activity has impacted on revenue collection despite efforts at revenue enhancing measures such as tax rate increases and administrative reforms. The structural weakness in public finances has been aggravated by low domestic activity and high unemployment which has impacted on tax revenue despite increases in tax rates and other revenue enhancing measures. The fiscal deficit for fiscal year¹² 2011 was 5.8 per cent down from 6.1 per cent last year. Government has been making efforts to constrain expenditure while raising revenue. Relative to the revised budget estimates (April to December) government revenues and grants were down by 4.8 per cent while expenditure was also 3 per cent below budget. In terms of recurrent expenditure, relative to the budget, expenditure increases occurred in wages and salaries and external interest payments. There was also reduced spending on the capital side of the budget relative to the budget estimates by 19.6 per cent.

The public debt continues to be a challenge with the debt to GDP ratio at over 131 per cent in 2011. Significant decline to sustainable levels in the medium term will rely on robust growth. About 45 per cent of the debt is denominated in foreign currency (US\$) which means that debt payments can be more burdensome if there is currency depreciation. The solution to the deficit problem is raising the primary surplus through stimulating growth but this will depend on investor confidence which has not yet returned to the private sector.

(b) Monetary and exchange rate policy

The Bank of Jamaica will continue to take monetary policy initiatives such as reducing interest rates and intervening in the foreign exchange market in order to maintain price stability and stimulate the economy. The reductions in interest rates have however not returned confidence to the private sector as credit expansion has been slow. Credit to the private sector has been modest except for the last quarter in which economic growth was between 1 and 2 per cent. The low level of domestic demand together with lack of confidence in the economy has dampened private sector credit demand during the year.

The exchange rate has been relatively stable in light of the IMF arrangements and other multilateral financing but may deteriorate in the absence of a new agreement. The BOJ will continue to intervene in 2012 in the face of any deterioration in exchange rates, however much of the stability in the market will depend on a new agreement being struck.

3. Evolution of the main variables

(a) Economic activity

In light of the limited fiscal space and the extreme vulnerability of the economy to external shocks, the Jamaica economy is at a delicate stage of development. The problems among the major trading partners such as the US and EU have added to these challenges despite the improvements in tourist receipts and remittances.

¹² The fiscal year is from April to March.

Preliminary estimates for 2011 revealed a 1.5 per cent growth in the Jamaican economy. This was an improvement from a series of consecutive annual declines over the last three years. Macro-economic conditions were relatively stable during the year and consumer demand appeared to be on the increase. Growth of 5.0 per cent was achieved by the Goods Producing industries while the Services industries grew by 0.4 per cent. In terms of services, tourist arrivals from January to September increased by a mere 2 per cent which was lower than the 4.7 per cent posted in 2010. On the other hand, cruise ship arrivals over the period January to October declined by 6.7 per cent. It is reported that while arrivals have been increasing this has been partly due to heavy discounting on tourism packages in order to encourage arrivals.

(b) Prices, wages and employment

The point-to-point inflation for 2011 was 7.9 per cent which was well below the 11.6 per cent reported last year. The division of the CPI that showed increases in prices were food and non-alcoholic beverages (0.6 per cent), beverages and tobacco (0.3) clothing (1.0 per cent). Lower inflation was the result of depressed domestic demand and favourable weather conditions which helped to moderate domestic food prices.

The unemployment rate which was 11.6 per cent in July last year rose to 12.3 per cent in 2011 however when the data are disaggregated by gender, the increase in unemployment for women was much higher than that of men. The male unemployment which in July 2010 was 8.1 per cent rose marginally to 8.9 per cent in July 2011, while for females the rates were 15.9 and 16.4 per cent in both years respectively. The biggest decline in employment in the survey of July 2011 was in the agriculture sector which posted a decline of 14 per cent and this was 15 per cent of the Jamaica labour force or some 32,000 workers.

(c) The external sector

The latest Bank of Jamaica estimates suggest that the current account deficit widened by 121 per cent or \$1017 million over the period January to November 2011.

This was partly the result of a deterioration of the trade deficit as imports outgrew exports. Most import categories increased with mineral fuels rising by 59 per cent due to higher fuel costs. On the export side, non-traditional exports expanded by 45 per cent however this was not enough to offset the increased import spending. As a result the trade deficit deteriorated in the period January to November by 33 per cent.

In terms of the service account there was a deterioration of 10 per cent, while current transfers mainly remittances which are a major source of foreign exchange increased by 2 per cent. Total remittances however, between January to November was US\$ 984 million which was an increase of 6 per cent over 2010. In light of this the current account deficit will be some 13.4 per cent of GDP in 2011. The overall impact of these changes was a decline in the net international reserves to the tune of US\$209.6 million while last year for a similar period last year, the reserves were in surplus to the tune of US\$189.1 million. Gross reserves as of December 2011 was US\$1,966.1 million which represented 19 weeks of imports which compared favourably with an international benchmark of 12 weeks of imports.

In light of the deterioration of the current balance and lack of robust capital inflows, a quick return to the IMF for a new agreement would be necessary for short term stability.

G. Suriname

1. General trends

The economy of Suriname grew by 4.4 per cent in 2011 as high prices of natural resources, such as oil and gold, increased activity in mining as well as construction sectors. The introduction of social allowances supporting vulnerable groups and clearing of domestic backlog arrears of payments accumulated since 2009 also contributed to GDP growth. Despite the expansion of government expenditure, the fiscal deficit contracted from 2.7 per cent of GDP in 2010 to 1.9 per cent in 2011 (from

SR\$ 323.4 million to SR\$ 248.9 million) of GDP owing to increased revenues as a result of new taxation policies introduced in 2011. These new taxes as well as devaluation of the currency in January 2011, however, led to a rise in inflation, especially during the first half of the year. The current account balance recorded a surplus mainly due to a spike in gold prices which offset the deficit in the balances on services and income. Net international reserves rose by US\$ 102.9 million to US\$ 772.3 million, representing approximately six months of import cover.

2. Economic policy

(a) Fiscal policy

Fiscal policy in Suriname was aimed at decreasing government deficit to about 2 per cent of GDP in 2011. The government increased its revenue from 21.8 per cent of GDP in 2010 to or) 28.4 per cent of GDP in 2011 through a series of tax hikes over the course of the year. The government raised the duty on fuel purchases from SR\$ 1 per litre to SR\$ 1.5 in January 2011. Taxes on alcoholic beverages, tobaccos and casino activities also increased in October 2011. Revenues from the mineral sector--especially oil and gold receipts--contributed towards the increase in revenue. Expenditure also increased by 33 per cent in 2011 over the figure for 2010, due to introduction of social allowances for vulnerable groups and clearing of domestic backlog payments dating from 2009 and 2010. Due to the increase in revenue, which offset the rise in expenditure, the fiscal deficit decreased by 23 per cent (from SR\$ 323.4 million in 2010 to SR\$ 248.9 million in 2011), to reach 1.9 per cent of GDP. In addition to balancing its fiscal operations, the government also announced the establishment of a Sovereign Wealth Fund aiming at retaining revenues from the mineral sector for future generations.

Additional credit of US\$ 60 million from the Inter-American Development Bank in December 2011 raised the government's external debt level. With government debt equivalent to a fourth (24.2 per cent) of GDP, both foreign (12.9 per cent) as well as domestic (11.3 per cent) debt remained below the regulated ceiling (of 35 per cent and 25 per cent of GDP for foreign and domestic debt, respectively). Repayment of outstanding debt totalling US\$ 32 million to the United States of America also commenced after negotiations to restructure and reschedule the loan.

(b) Monetary and exchange rate policy

The Central Bank van Suriname (CBS) maintained a prudent monetary policy aiming at maintaining its firm economic growth. The reserve requirement remained unchanged for domestic currency-denominated loans and increased only slightly (from 33.3 per cent to 40 per cent) for foreign-currency-denominated loans. Given its monetary policy setting, average lending rate of commercial banks remained at 11.5 per cent over the year, while deposit rates increased slightly from 6.2 per cent at the end of 2010 to 6.6 per cent in December 2011. To strengthen its regulatory role, the Bank Supervision Law enacted in November 2011 gave the central bank the authority to supervise all financial institutions and financial markets.

The government devalued the currency by 20 per cent from SR\$ 2.8 per US\$ 1 to SR\$ 3.35 per US\$ 1.00 in January 2011 in order to realign the official exchange rate to the free market rate of SR\$ 3.4 per US\$ 1.00. The measure restrained domestic demand by lowering the purchasing power of the SR\$ and making imports more expensive. A band of SR\$ 3.25- SR\$ 3.35 per US\$ 1.00 within which all transactions have to take place was also established. These interventions led to establishment of a stable market exchange rate within the band as well as removal of informal foreign exchange transactions.

3. Evolution of the main variables

(a) Economic activity

Economic activity increased slightly to 4.4 per cent in 2011 from 4.1 per cent the previous year due to construction of new housing, high commodity prices as well as increased private and public investment in infrastructure. The agriculture sector, led largely by production of banana and rice, grew strongly (by 4.2 per cent) in 2011, while growth in the fishery sector was relatively stagnant (at 2 per cent). High prices of gold and oil contributed to growth in the mining and quarrying sector. Although its

contribution to total GDP is still low, the service sector also performed well in 2011 with the hotels and restaurants sub-sector expanding by 6.4 per cent and financial intermediation rising by 4.1 per cent.

(b) Prices, wages and employment

Rising prices was a main concern throughout 2011. The year-on-year inflation rate soared during the first 4 months in 2011, from 10.3 per cent at the end of 2010 to 22.6 per cent by April. This inflation was attributed to the increased fuel tax as well as currency devaluation, which were both introduced in January 2011. As the impact of the tax increase and devaluation gradually weakened, the inflation rate eased toward year-end but still remained relatively high at 15.3 per cent. Meanwhile, unemployment rate declined from 9.2 per cent in 2010 to 8.5 per cent in 2011 with the creation of jobs in the construction and mining sectors.

(c) The external sector

As the government introduced a new methodology for compiling its balance on payments, it is impossible to compare figures for 2011 against the ones for 2010. However, the overall trend in the balance of payments remained largely unchanged. The surplus in the balance of trade in goods as well as current transfers continued to offset the deficit in the balance of trade in services and of income. The balance of trade in goods recorded a surplus (of SR\$ 787.6 million, or the equivalent of 6.0 per cent of GDP, thanks to the high price of mineral commodities. On the other hand, the balance of trade in services recorded deficit of SR\$ 361.7 million. The current account surplus was consequently (USD 251.1 million or) 6.7 per cent of GDP.

The capital account recorded a slight surplus of 0.9 per cent of GDP, while the financial account ran a deficit of equivalent to 3.0 per cent of GDP. The financial account deficit was mainly attributed to capital outflow of investment other than FDI or portfolio investment that could not be offset by the marginal increase in FDI inflows. The overall balance of payments was positive. International reserves increased from US\$ 669.4 million at the end of 2010 to US\$ 772.3 million, the equivalent of 20.6 per cent of GDP or 6 months of imports, in 2011.

H. Trinidad and Tobago

1. General trends

Contrary to early-2011 projection of 1 per cent to 2 per cent growth, the economy of Trinidad and Tobago contracted by an estimated -1.4 per cent in 2011, owing to weak performance in both energy and non-energy sectors. As a result, Trinidad and Tobago marked three consecutive years of negative growth. A curfew resulting from the limited State of Emergency further slowed economic activity between August and November. To stimulate the economy, the central bank has introduced an accommodative monetary policy characterized by low interest rates. Despite upward pressure due to rising food prices during the second half of the year, inflation remained moderate at 5.3 per cent year-on-year, owing to sluggish demand.

At 0.7 per cent of GDP, the fiscal deficit for fiscal year 2010-11 (October 2010-September 2011) was less than expected due to increased government revenue as well as below-budget expenditure. As a result of consecutive budget deficits, debt to GDP ratio reached an estimated 36.2 per cent by the end of the fiscal year. Despite the fall in oil and natural gas production, high commodity prices ensured that exports continued to offset imports. The current account surplus contracted due to increased deficit in balance of income. Increase in foreign direct investment inflow and decrease in private capital outflow offset the contraction of the current account surplus. As a result, foreign reserves rose (from US\$ 9.1 billion in December 2010) to US\$ 9.8 billion in December 2011, the equivalent of 13 months of import cover.

2. Economic policy

(a) Fiscal policy

Although the government has tried to stimulate the economy by maintaining an expansionary fiscal stance, actual government spending in fiscal year 2010-2011, at TT\$ 48.1 billion, fell below the budgeted TT\$ 49.0 billion, due to administrative delays in the implementation of large projects as well as lower-than-expected interest payment as a result of low domestic interest rates. On the other hand, higher oil receipts and the payment of corporate back taxes led to government revenue of TT\$ 47.0 billion. As a result, the fiscal deficit, at (TT\$ 1.2 billion or) 0.8 per cent of the GDP, remained below the anticipated deficit (of TT\$ 7.7 billion or) 5.5 per cent of GDP. The government meanwhile raised its debt ceiling from TT\$ 38 billion to TT\$ 70 billion in September 2011.

The budget announcement made in October 2011 projected a fiscal deficit of (TT\$ 7.6 billion or) 4.9 per cent of GDP for fiscal year 2011-2012. In addition to stimulating the economy, the government plans to encourage economic diversification towards non-energy sectors such as agriculture, manufacturing, construction and tourism. The energy sector was expected to account for nearly two-fifths of projected government revenue. Due to consecutive years of budget deficits, outstanding public debt was estimated to rise (from 36.2 per cent of GDP in fiscal year 2010-2011 to 38.4 per cent of GDP the following year).

(b) Monetary, exchange rate and macro-prudential policy

With economic recovery slower than expected, the central bank lowered the repo rate--at which it provides overnight financing to commercial banks--by 0.25 per cent in January, and again in February and in July 2011, in line with its accommodative monetary policy. The repo rate thus declined from 5.00 per cent at the end of 2009 to 3.75 per cent in 2010 and to 3.00 per cent by the second half of 2011. Commercial banks responded to this measure by reducing their prime lending rate (from 8.38 per cent to 8.00 per cent, on average, during the first half of 2011, and to 7.75 per cent by September 2011). The lower interest rates initially led to an increase in demand for consumer loans, while demand for business loans rose for the first time in 23 months (by 1.6 per cent) in October 2011. Assets in commercial banks also showed a sign of recovery with the share of non-performing loans decreasing from its peak of 7.6 per cent in August 2011 to 6.4 per cent in November.

The quasi-fixed exchange rate regime remained unchanged in 2011. Foreign currency sold by authorized dealers increased by 11.8 per cent in 2011 (to US\$ 6,181.8 million) while purchases rose by 17.6 per cent over the period. The exchange rate of the Trinidad and Tobago dollar against the United States dollar remained largely steady, rising slightly from TT\$6.42/US\$1 at the end of 2010 to TT\$6.40/US\$1 at the end of 2011. The real effective exchange rate (2005 = 100) was largely stable at 128.2 in 2011, compared to 130.7 the previous year, owing to stability in the nominal exchange rate and modest inflation rate.

3. Evolution of the main variables

(a) Economic activity

Trinidad and Tobago's economy, as measured in terms of real GDP, contracted by an estimated -1.4 per cent in 2011 due to weak performance in both energy and non-energy sectors (which accounts for 45 per cent and 55 per cent of GDP, respectively), as well as the impact of the limited state of emergency during the latter half of 2011. Production of crude oil and natural gas declined (by 9.2 per cent and by 7.4 per cent, respectively, on a twelve-month basis in 2011,) due to maturation of oilfields, delay in facility upgrades and temporary plant closure for maintenance. Although improved demand within the CARICOM market has led to gradual recovery in manufacturing (which grew by 1.0 per cent), both agricultural and service sectors, (whose contribution to GDP is 0.6 per cent and 49.4 per cent, respectively,) contracted (by -4.0 per cent and -1.3 per cent, respectively,) with the decline (of -3.9 per cent and -3.1 per cent, respectively,) in the distribution and transport sectors due partly to the curfew imposed during the limited state of emergency.

(b) Prices, wages and employment

Inflationary pressures fluctuated in 2011, largely as a result of unstable global food prices. After recording a historical low of 0.6 per cent in August 2011, the headline inflation rate rose to 5.3 per cent on year-on-year basis by year-end, while the core inflation rate, which excludes food price, remained stable(, at 2 per cent, year-on-year,) after April 2011.

The government increased the minimum wage from TT\$9.00 per hour to TT\$12.50 in January 2011 and settled a wage dispute with a major trade union in April 2011 by agreeing to raise salaries by 5 per cent. The unemployment rate remained largely unchanged at 5.8 per cent as of June 2011, compared to 5.3 per cent in 2009 and 5.9 per cent in 2010. The number employed in transport as well as wholesale and retail sectors rose while those in construction and manufacturing sectors declined. Although the number of unemployed declined (from 39,800 in the first quarter of 2011 to 35,900 in the second quarter,) the participation rate also decreased during the period, implying that many people had stopped looking for jobs or had sought employment in informal sectors.

(c) The external sector

Balance of payment data (as of the third quarter of 2011) shows a decrease in the current account surplus as well as deficits in both capital and financial accounts. The trade balance surplus during the first three quarters of 2011 remained largely unchanged over the figure for the comparable period the previous year. Although oil and natural gas production declined, higher prices for these commodities ensured that exports offset net imports. Merchandise exports also rose owing to improved demand within the CARICOM market. The deficit in the income balance, however, nearly trebled over the figure recorded during the first three quarters of 2010 as a result of higher dividends payments to foreign direct investors, thus nearly cancelling the trade balance surplus. As a result, current account surplus for the first three quarters declined to (US\$ 862.2 million or) 5.1 per cent of GDP from (US\$ 2646.8 million or) 16.8 per cent of GDP during the same period in 2010. On the other hand, deficits in both capital and financial accounts decreased. Although below pre-crisis levels, FDI inflows in the first three quarters in 2011 already exceeded the total inflows for 2010, owing to higher reinvestment of earnings within the energy sector. The net outflow of other private capital flows decreased to a quarter of that recorded during the equivalent period in 2010. As a result, overall balance of payment surplus rose by nearly 80 per cent from (US\$ 418.4 million in) 2010 to (US\$ 752.7 million in) 2011.

Annex

Annex I

Policies implemented to cope with the economic crisis

TABLE A-1

	Country	Policy
Agriculture	Barbados	Government announced in budget 2011/2012 that loans from the Agricultural Development Fund to farmers will see applicable interest rates reduced from 6.5 per cent to 5 per cent over the next three years
	Trinidad and Tobago	Government committed in budget 2011/2012 to support agriculture through infrastructural investment, streamlining of Agricultural Development Bank and its credit policies, and fast-tracking of deeds and land title to farmers. Strategy included plans to reduce interest rates on ADB loans to be reduced from 6-8 per cent to 3-5 per cent and to introduce a Loan Default Fund for farmers.
	Guyana	Focus on accelerating agricultural diversification and modernisation to broaden the productive base of the economy, including institutional strengthening, updating of laws and regulations, credit facilities and physical infrastructure announced in 2011/2012 budget.
	Dominica	Support to agricultural sector to increase production, quality control and marketing announced in 2010/2011 budget
	Grenada	Increased support announced for agricultural sector to increase production announced in January 14 th 2011 budget for 2011/12
	Montserrat	Food security revealed as key policy goal, with targeted increases in crops, livestock and fisheries announced in budget 2011/2012
	Saint Kitts and Nevis	Commitment to provide government support to upgrade agricultural output announced in budget 2011/2012
	Antigua and Barbuda	Commitment to stimulating higher crop production for both local and foreign consumption, including through establishment of National Youth Farm, announced in budget 2011/2012
	Saint Lucia	Government announced support in budget 2011/2012 to agricultural sector to modernise and increase output for local consumption and export
	Saint Vincent and the Grenadines	Commitment to restore agricultural output through government support to the sector announced in budget 2011/2012
Tax administration reform	Bahamas	Government launched new Tax Administration Division in 2011 to try to shore up finances given significant deficits, and to ensure greater compliance with tax legislation.
	Jamaica	Government announced the launch of a Semi Autonomous Revenue Authority to revamp the tax administration
Labour & social	Bahamas	Faced with continuing high levels of unemployment, the Government allocated \$25 million to a National Job Readiness and Training Program in 2011/2012 budget. This program included a wage subsidy to be provided to the private sector to hire unemployed individuals.
	Guyana	261 youths to be trained under a Board of Industrial Training scheme and 700 under the Youth Entrepreneurial Skills Training Program. Further training and granting funding to vulnerable women and single parents to boost skills and employment .Increase in public assistance of 12 per cent. 14 per cent rise in old age pensions monthly.
	Saint Lucia	The Government announced it would introduce a National Youth Corps to address major concerns about high levels of youth unemployment, academic underachievement and lack of training opportunities for young people.
	Belize	In 2011/2012 budget the Government announced conditional cash transfer, child care support, home repair and improvement and allocations to assist families with the food cost of living in the amounts of BZ\$4 million, BZ\$5 million, BZ\$4.4 million and \$BZ\$2.5 million, respectively to assist with reducing poverty levels.

(continues)

Table A-1 (continued)

	Country	Policy
Labour & social	Belize	Continued expansion and upgrading of the primary and secondary road network throughout Belize, along with program to address drainage and rehabilitation of several constituencies, as a means to stimulate employment.
	Dominica	Allocated increased budget for public assistance transfers in 2011
	Saint Vincent and the Grenadines	Increased welfare payments in 2011/2012 budget
	Montserrat	Pension Amendment Bill proposed in 2011/2012 budget to increase retirement age from 55 to 65, along with other measures to make Civil Service Pension Scheme more sustainable in long term
	Bahamas	Proposed in 2011/2012 budget in July 2011 to enact Small and Medium-sized Enterprise Development Act to simplify and make more efficient the procedures for business growth and development and announced extension of business license tax holiday for small businesses with turnover up to \$250,000
	Trinidad and Tobago	Government announced in 2011/2012 that it would increase to \$20,000 the value of items for which no formal customs entry is required as an incentive to small businesses and implement a \$10 million Innovation Financing Facility for entrepreneurs.
Business/ Industrial	Guyana	Government announced action to enhance small business activity, through establishment of Small Business Policy to streamline management of the sector. Government will seek to expand business development services, access to finance. Government support to expansion of the gold mining sector, including through technical capacity building for small and medium-sized mining operations and encouragement of foreign investment in this sector.
	Jamaica	Government announced plans to facilitate microfinance and venture capital for businesses through the establishment of Venture Capital Fund via the Development Bank of Jamaica aimed at stimulating small and medium-sized enterprise development. 2011/2012 budget also included proposal to implement tax credit as an incentive for small and medium-sized enterprises which hire people who were previously unemployed and plans to remove transfer tax and stamp duty on registered corporate bonds to reduce the cost of raising capital.
	Saint Lucia	Government announced intention in the 2011/2012 budget to establish National Productivity and Competitiveness Council to spur private sector productivity
	Antigua and Barbuda	Commitment declared in the 2011/2012 budget to enhancing small business development opportunities. The Government accessed technical assistance from Commonwealth Secretariat for a business incubator programme and introduced a lower rate for electricity for businesses operating in the productive sectors.
	Dominica	The 2010/2011 budget included a tax exemption for small businesses on first \$25,000 of annual taxable income. The government also increased funds to the Small Business Unit to provide support to small and micro businesses.
	Saint Vincent and Grenadines	Government confirmed allocation in 2011/2012 budget of financing to new institution which will provide credit to credit-constrained small and medium-sized enterprises, as well as measures to decrease the cost of electricity to provide relief to private sector.
Tourism	Bahamas	Government continued to subsidise, in conjunction with the hotel sector, some airfares to the Bahamas from the US through "Companion Flies Free" Programme. The aim of the programme is to stimulate increased arrivals and activity in the tourism industry as a whole in the country.
	Barbados	The government announced a discounted land tax would be made available to the hotel and restaurant sector in the 2011/2012 fiscal year
	Guyana	G\$150 million budgeted in 2011/2012 for expansion of tourism to Guyana
	Dominica	Government announced increased promotion and marketing budget for tourism in the 2010/2011 budget

(continues)

Table A-1 (continued)

	Country	Policy
Tourism	Saint Vincent and the Grenadines	Tourism Development Incentive Credit to reduce stamp duty payable on sale of tourism-related properties announced in 2011/2012 budget
	Bahamas	Reduction in the discount rate to stimulate more credit to the private sector and jump start private sector investment announced by Central Bank of the Bahamas, June 6 th 2011
Monetary	Trinidad and Tobago	Repo rate was cut by 75 basis points throughout 2011. The last cut was on July 29 th 2011, from which point the repo rate was maintained at 3.00 per cent for the rest of the year. The Central Bank of Trinidad and Tobago suggested the reduction was aimed at stimulating activity in the non-energy private sector.
	Belize	Central Bank lowered the interest rate floor on savings deposits to 2.5 per cent as of 1 st October 2011, with the aim of bringing down the lending rates of the commercial banks to stimulate investment
		Government announced plans to upgrade Financial Regulatory System and establish an Independent Risk Committee to monitor financial risk to prevent economic failures which threaten the system in 2010/2011 Budget of October 2010.
	Trinidad and Tobago	2011/2012 Budget of October 2011 also included further actions to deal with aftermath of CLICO failure. The Minister of Finance announced the government's intention to establish a new entity which will issue an instrument for holders of Short Term Investment Products of CLICO. This instrument will have equal face value of their Bonds at the date of exchange.
Financial	Jamaica	In response to the level of non-performing loans in the financial sector, the supervisory authorities have been actively encouraging banks to adopt the measures needed to address the deterioration in loan quality, including through increasing provisions and the fulfillment of their capitalization commitments.
		The loan loss provisioning standards were upgraded in December 2011 to bring these into conformity with international best practices, incentivizing banks to focus on borrowers' capacity to repay and set aside adequate provisions to cover non-performing loans.
	Belize	Belize participated in its first IMF Financial Sector Assessment Programme (FSAP) in mid 2011 in order to identify any deficiencies in the regulatory framework for the sector and devise a programme of corrective measures to strengthen the governance of the financial system.
	Suriname	The Bank Supervision law was amended and enacted in November 2011, giving the Central Bank of Suriname stronger authority to supervise all financial institutions and financial markets.
	Guyana	Government announced plans in 2011/2012 budget to review insurance sector legislation in light of CLICO experience to identify areas in need of strengthening and to bring Credit Unions under Bank of Guyana supervision
	Antigua and Barbuda	The Government committed in budget 2011/2012 to moving ahead with restructuring Financial Services Regulatory Commission and plans to implement new related legislation to facilitate more effective supervision and regulation of financial entities.
	Saint Vincent and the Grenadines	The Government announced plans in budget 2011/2012 to pass a Financial Services Authority Act to establish framework for the supervision and regulation of the non-bank financial sector
	Trinidad and Tobago	Expansion of industries to which accelerated depreciation allowance is applied to encourage investment was announced in budget 2011/2012
Investment	Saint Kitts and Nevis	Government announced intention in budget 2011/2012 to prioritise and intensify public capital projects which would foster economic growth
	Dominica	Public Sector Investment Programme was announced by government in budget 2010/2011, with economic growth, diversification and poverty reduction as key aims

(continues)

Table A-1 concluded

	Country	Policy
Investment	Bahamas	The Government continued to accelerate major infrastructure projects in 2011, including a major road project and relocation of the city's commercial port in order to protect private sector jobs and stimulate other job creation
	Grenada	Government announced the public works programme would expand in fiscal year 2011/2012
	Jamaica	Significant reduction in stamp duty on mortgage refinancing arrangements announced by the Government for fiscal year 2011/2012 in light of high levels of non-performing loans
Housing	Trinidad and Tobago	In addition to a tax allowance for first-time home owners that was introduced in 2010, the Government extended the subsidised interest rate of 2 per cent to be accessible through all financial institutions for the purchase of HDC (Housing Development Corporation) houses in January 2011. Government has decided to reduce mortgage rate from current 6-8 per cent to 5-7 per cent, which will benefit over 13,000 homeowners and will become effective during 2012.
	Dominica, Grenada, Montserrat, Saint Lucia, Antigua and Barbuda	Each Government announced plans to focus on attracting new foreign direct investment in 2011 to stimulate economic diversification and activity
Debt reduction strategies	Barbados	A Civil Service Staff Rationalisation Program was implemented with assistance of IADB as part of effort to reduce deficit in 2011.
	Antigua and Barbuda	The Government continued with a debt management strategy, including debt restructuring and new guidelines to manage issuance of government guarantees in fiscal year 2011/2012. As a platform for fiscal consolidation, the government continued with upgrading of Customs legislation to achieve revenue administration reform; a Public Financial Management Reform Action plan to enhance management of public finances and a Public Sector Transformation Programme and Divestment Programme.
	Saint Kitts and Nevis	The Government announced an "assault on debt" through Asset Disposition and Refinancing Programme, with the assistance of a Debt Advisor in fiscal year 2011/2012.

Source:

Trinidad: Budget 2010/2011, presented by Minister of Finance Winston Dookeran, 8th September 2010

Jamaica: Budget 2011/2012, presented by Prime Minister Bruce Golding, May 10 2011.

Barbados: Budget 2011/2012, presented by Minister of Finance and Economic Affairs Christopher Sinckler, 16th August 2011.

Bahamas: Budget 2011/2012, presented by Prime Minister Hubert Ingraham on May 25, 2011.

Montserrat: Budget 2011/2012, presented by Minister of Finance, Economic Development and Trade, Reuben Meade, 24 March 2011.

St Kitts and Nevis: Budget 2011/2012, presented by Minister of Finance, Sustainable Development and Human Resource Development, Dr Denzil Douglas, December 14, 2010.

St Lucia: Budget 2011/2012, presented by Prime Minister and Minister for Finance, Economic Affairs and National Development, Stephenson King, April 14, 2011.

St Vincent and the Grenadines: Budget 2011/2012, presented by Prime Minister Ralph Gonsalves, January 24 2011.

Guyana: Budget 2011/2012, presented by Minister of Finance Ashni Singh, January 14th 2011.

Belize: Budget 2011/2012, presented by Prime Minister and Minister of Finance Dean Barrow, March 11th 2011.

Antigua and Barbuda: Budget 2011/2012, presented in December 2011 by Minister of Finance, the Economy and Public Administration, Harold Lovell.

Annex 2

Statistical appendix

TABLE A-2
GDP GROWTH RATE BY ECONOMIC SECTOR
(Percentage)

	Agriculture		Mining & Oil		Manufacturing		Construction		Services	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Goods producers ^a	2.4	3.0	-1.9	-1.3	5.1	-1.0	2.2	4.1	-0.5	6.3
Belize	-2.2	0.6	0.0	0.0	6.5	-4.7	18.8	-5.7	-2.5	15.5
Guyana	1.3	0.5	-2.9	-6.9	4.3	0.3	0.5	10.8	5.3	6.2
Suriname	11.5	7.9	-6.4	-2.3	6.9	4.6	4.5	9.6	0.1	5.7
Trinidad and Tobago	-1.0	3.0	1.6	4.0	2.8	-4.2	-14.9	1.6	-4.8	-2.1
Service producers ^a	1.1	-0.3	-16.4	-3.4	-5.1	-5.7	-16.1	-16.6	-1.2	0.9
Anguilla	-8.2	2.0	-39.0	-30.0	-16.9	-20.0	-50.2	-40.0	6.0	3.5
Antigua and Barbuda	-17.5	3.6	-25.4	-12.0	-5.3	-15.0	-8.7	-27.0	-5.2	-0.8
Bahamas, The	0.5	-6.7	5.5	1.9	2.0	0.9	0.4	-23.5	-5.8	2.6
Barbados	3.6	1.0	-37.6	10.5	-12.8	-4.1	-22.6	-10.9	-2.1	1.5
Dominica	1.3	-4.8	-11.0	-10.0	-5.0	-1.4	-9.3	-10.0	0.3	2.2
Grenada	12.1	-1.0	-40.8	3.0	-5.3	15.4	-47.6	-28.0	-2.9	-1.2
Jamaica	12.1	0.8	-50.2	-3.4	-4.6	-2.2	-4.6	-2.2	-0.8	-1.4
Montserrat	16.7	18.0	17.5	74.0	-10.2	-15.0	11.7	-26.0	-3.5	0.2
Saint Kitts and Nevis	-9.2	6.3	25.7	-52.1	-18.0	-15.0	-15.7	-28.0	-1.1	0.1
Saint Lucia	-5.4	-15.7	-17.5	-10.5	20.9	-4.0	-23.1	20.5	2.2	3.5
Saint Vincent and the Grenadines	6.4	-6.4	-7.9	-9.0	-1.4	-2.5	-7.9	-7.0	-0.4	0.1

Source: Economic Commission of Latin America and the Caribbean, ECLAC, based on official data

^a Simple average

TABLE A-3
CURRENT ACCOUNT BALANCE, 2006-2010
(Percentage of GDP)

	2006	2007	2008	2009	2010
Goods Producers ^a	7.7	5.9	3.8	-0.6	5.9
Belize	-2.1	-4.1	-10.7	-6.1	-2.9
Guyana	-17.2	-10.9	-16.7	-10.9	-10.7
Suriname	10.4	13.9	11.2	6.5	23.0
Trinidad and Tobago	39.5	24.7	31.4	8.2	14.0
Service Producers ^a	-21.3	-24.3	-28.9	-19.2	-16.8
Anguilla	-50.8	-51.7	-60.1	-31.5	
Caribbean ^a	-13.6	-16.4	-20.0	-14.2	-10.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Simple average

TABLE A-4
CARIBBEAN TRADE ACCOUNT, 2008-2010
(Percentage of GDP)

	Goods balance			Service balance			Trade balance		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Goods producers ^a	-0.5	-5.7	0.3	2.1	2.6	3.0	1.6	-3.1	3.3
Belize	-22.7	-17.5	-12.4	16.0	13.5	14.3	-6.7	-4.0	1.9
Guyana	-27.2	-19.8	-23.6	-5.9	-5.0	-4.3	-33.0	-24.8	-28.0
Suriname	14.4	3.4	20.7	-4.0	0.0	-0.6	10.4	3.4	20.2
Trinidad & Tobago	33.4	11.2	16.6	2.2	1.9	2.5	35.7	13.1	19.1
Service producers ^a	-39.6	-31.3	-30.3	8.5	9.8	10.8	-31.2	-21.5	-19.5
Anguilla	-64.8	-42.2	-43.3	8.7	14.4	21.1	-56.0	-27.8	-22.2
Antigua & Barbuda	-44.4	-39.3	-33.4	21.1	21.9	23.8	-23.4	-17.4	-9.6
Bahamas, the	-27.2	-23.4	-24.5	13.7	13.7	15.9	-13.5	-9.7	-8.6
Barbados	-31.2	-23.4	-23.9	22.5	18.8	17.5	-8.6	-4.6	-6.4
Dominica	-37.4	-34.6	-34.2	10.5	11.6	11.8	-26.9	-23.0	-22.4
Grenada	-35.9	-29.9	-32.8	4.3	5.5	4.8	-31.6	-24.4	-28.0
Jamaica	-36.0	-25.5	-23.8	2.6	6.1	6.2	-33.4	-19.4	-17.6
Montserrat	-50.8	-38.6	-32.3	16.3	-9.8	-10.2	-67.1	-48.4	-42.5
Saint Kitts & Nevis	-30.9	-29.3	-21.9	5.8	4.8	5.4	-25.1	-24.5	-16.5
Saint Lucia	-38.9	-23.5	-26.3	13.1	14.7	15.5	-25.8	-8.8	-10.9
Saint Vincent & the Grenadines	-38.6	-34.8	-36.5	7.2	6.5	6.9	-31.4	-28.3	-29.6

(continues)

Table A-4 (continued)

	Goods balance			Service balance			Trade balance		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Caribbean ^a	-29.2	-24.5	-22.1	6.8	7.9	8.7	-22.4	-16.6	-13.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures

^a Simple average

TABLE A-5
CARIBBEAN: CAPITAL INFLOWS, 2006-2010
(Percentage of GDP)

	FDI					Financial capital				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
Goods producers ^a	2.8	2.7	5.4	5.7	3.3	-7.0	-5.2	-4.8	-0.8	-10.7
Belize	8.9	10.9	12.3	8.0	6.9	-2.8	-2.3	2.8	0.6	-4.9
Guyana	7.0	6.3	9.3	8.1	12.1	11.4	3.4	6.7	14.3	3.1
Suriname	-7.7	-10.2	-7.6	2.9	-8.5	-0.3	-0.4	0.4	-2.2	-26.3
Trinidad & Tobago	2.8	3.8	7.7	3.6	2.7	-36.2	-21.4	-29.2	-16.0	-14.7
Service producers ^a	17.2	17.3	17.0	10.6	10.1	5.8	8.0	10.5	10.5	8.7
Anguilla	49.9	33.4	28.1	15.6	25.3	3.0	19.2	29.6	14.6	0.0
Antigua & Barbuda	30.9	25.7	12.6	9.4	4.7	-3.6	3.8	12.8	9.4	5.1
Bahamas, the	8.9	9.0	10.4	8.5	11.3	7.4	6.3	5.8	6.2	0.8
Barbados	5.2	6.3	6.6	2.0	3.7	3.8	7.0	-0.1	4.6	3.2
Dominica	6.6	9.5	12.2	8.9	6.6	7.5	10.0	11.4	13.6	16.0
Grenada	12.8	20.6	17.1	13.5	8.2	19.7	14.2	14.6	14.8	16.0
Jamaica	7.4	7.6	15.5	6.6	3.6	4.2	4.8	6.7	0.8	3.7
Montserrat	7.6	12.6	21.9	4.3	3.8	7.5	6.3	6.8	25.0	29.0
Saint Kitts & Nevis	18.7	20.8	25.3	19.4	19.6	-1.3	-3.0	4.4	9.5	2.2
Saint Lucia	23.8	25.6	14.3	13.2	10.1	9.0	8.7	15.7	3.2	3.6
Saint Vincent & the Grenadines	17.9	19.1	22.7	15.2	14.2	6.3	10.4	7.4	13.7	16.3

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures

^a Simple average

Annex 3

Statistical annex

TABLE A-6
ANTIGUA AND BARBUDA: MAIN ECONOMIC INDICATORS

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
			Annual growth rates ^c		
Gross domestic product	13.6	10.7	0.7	-11.3	-5.2
Per capita gross domestic product	10.8	6.3	0.3	-11.2	-7.6
Gross domestic product, by sector					
Agriculture, livestock, hunting, forestry and fishing	15.0	9.2	-2.0	-17.5	3.6
Mining	76.5	9.5	0.3	-25.4	-12.0
Manufacturing	12.4	9.1	-8.0	-5.3	-15.0
Electricity, gas and water	3.0	10.4	5.7	1.5	2.4
Construction	46.1	7.4	0.6	-8.7	-27.0
Wholesale and retail commerce	9.6	14.7	5.0	-21.5	-7.0
Hotels and Restaurants	1.6	5.3	2.3	-8.1	-0.8
Transport, storage and communications	6.3	5.4	-1.8	-9.4	-5.9
Financial intermediation, real estate, renting and business activity	13.5	12.5	2.5	-8.8	-1.1
Public Administration, Defence and Compulsory Social Security	7.3	-1.8	3.8	-4.7	1.0
Other community, social and personal services	4.9	5.7	20.9	4.9	2.9
Balance of payments					
			Millions of US dollars		
Current account balance	-292	-386	-358	-242	-113
Goods balance	-486	-590	-612	-493	-405
Exports, f.o.b.	74	59	58	35	35
Imports, f.o.b.	-548	-640	-670	-528	-440
Services trade balance	219	242	290	275	289
Income balance	-47	-53	-60	-51	-32
Net current transfers	22	15	25	27	36
Capital and financial balance ^d	316	388	350	236	120
Net foreign direct investment	359	338	174	118	58
Other capital movements	-42	50	176	118	62
Overall balance	15	0	-6	-10	12
Variation in reserve assets ^e	-15	0	6	10	-12
Other external-sector indicators					
Net resource transfer	246	333	297	191	81
Gross external public debt	321	501	524	496	458

(continues)

Table A-6 (continued)

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
Prices					
Variation in consumer prices	Percentages				
(December-December)	0.0	5.2	0.7	2.4	2.9
Nominal deposit rate ^f	4.0	3.9	4.0	4.0	4.0
Nominal lending rate ^g	10.8	10.5	10.5	10.5	10.5
Central government					
Percentages of GDP					
Total income ^h	21.8	21.1	20.7	17.7	21.4
Current income	19.2	20.4	19.8	17.6	19.6
Tax income	18.1	19.4	18.6	16.9	17.6
Capital income ⁱ	0.7	0.1	0.1	0.1	0.5
Total expenditure	28.6	26.7	26.6	28.3	22.5
Current expenditure	21.8	21.1	20.6	23.1	20.9
Interest	3.1	2.9	2.8	2.8	2.4
Capital expenditure ^j	6.8	5.6	6.0	5.2	1.6
Primary balance	-3.7	-2.7	-3.2	-7.8	1.3
Overall balance	-6.8	-5.6	-5.9	-10.6	-1.1
Total public debt	90.5	79.7	80.1	92.8	82.6
External	45.5	36.5	31.6	35.4	37.8
Money and credit ^k					
Percentages of GDP					
Domestic credit	64.6	66.5	73.5	89.7	89.1
To the public sector	-1.0	0.6	4.7	14.6	11.9
To the private sector	65.6	65.9	68.8	75.1	77.3
Liquidity (M3)	83.1	82.0	80.1	88.6	91.9
Currency outside banks and local currency deposits (M2)	75.5	72.5	72.9	76.6	78.7
Foreign-currency deposits	7.5	9.5	7.2	12.0	13.2

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Revised

^b Preliminary figures

^c Based on figures in local currency at constant 2006 prices

^d Includes errors and omissions

^e A minus sign (-) denotes an increase in reserves

^f Average of the minimum and maximum rates

^g Prime lending rate, average of the minimum and maximum rates on savings

^h Includes grants

ⁱ In 2000, includes grants

^j Includes net lending

^k The monetary figures are end-of-year stocks

TABLE A-7
THE BAHAMAS: MAIN ECONOMIC INDICATORS

	2006	2007	2008	2009	2010 ^a
	Annual growth rates ^b				
Gross domestic product	2.5	1.4	-1.3	-5.4	0.9
Per capita gross domestic product	2.0	0.8	-3.0	-5.4	...
Gross domestic product, by sector					
Agriculture, hunting, forestry and fishing	-8.2	-7.3	3.2	0.5	-6.7
Mining and quarrying	15.3	-11.7	24.5	5.5	1.9
Manufacturing	10.8	-12.6	-2.2	2.0	0.9
Electricity, gas and water	-2.3	3.7	3.6	-3.0	8.0
Construction	20.5	-34.7	13.8	0.4	-23.5
Wholesale and retail commerce, restaurants and hotels	2.3	8.7	1.5	-10.3	6.1
Transport, storage and communications	2.7	-11.2	-8.6	-6.7	20.2
Financial institutions, insurance, real estate and business services	-3.6	11.5	-2.1	-3.4	-4.7
Community, social and personal services	-3.5	3.8	-1.9	-3.1	3.2
Gross domestic product, by type of expenditure					
Final consumption expenditure	2.8	1.0	-1.0	-4.1	21.8
Government consumption	1.8	-0.2	5.1	7.1	-1.3
Private consumption	2.9	1.3	-2.1	-6.2	28.1
Gross domestic investment	22.0	-2.6	-16.6	-8.6	n.a
Exports (goods and services)	1.9	-1.4	-2.0	-6.3	5.2
Imports (goods and services)	15.2	-3.1	-6.5	-12.7	5.0
Balance of payments					
	Millions of US dollars				
Current account balance	-1 374	-1 314	-1 229	-893	-887
Goods balance	-2 033	-2 154	-2 243	-1 825	-1 887
Exports, f.o.b.	694	802	956	711	702
Imports, f.o.b.	-2 727	-2 956	-3 199	-2 535	-2 590
Services trade balance	825	1 020	1 131	1 070	1 224
Income balance	-218	-231	-78	-152	-220
Net current transfers	52	52	-39	14	-3
Capital and financial balance ^c	1 295	1 269	1 338	1 146	931
Net foreign direct investment	706	746	860	664	871
Other capital movements	588	522	478	482	61
Overall balance	-79	-46	109	253	45
Variation in reserve assets ^d	79	46	-109	-253	-45
Net resource transfer	1 077	1 037	994	...	...

(continues)

Table A-7 (continued)

	2006	2007	2008	2009	2010 ^a
Gross external public debt	334	337	443	767	898
Employment			%		
Unemployment rate ^e	7.6	7.9	8.7	14.2	...
Prices					
Variation in consumer prices (December-December)	1.8	2.4	4.6	1.6	1.5
Nominal deposit rate ^f	3.4	3.7	3.9	3.8	3.4
Nominal lending rate ^g	10.0	10.6	11.0	11.7	11.1
Central government ^h			Percentages of GDP		
Total income	15.3	16.1	17.3	17.0	16.9
Current income	15.3	16.1	17.3	17.0	16.9
Tax income	13.7	14.5	15.4	14.5	14.4
Capital income ⁱ	0.0	0.0	0.0	0.0	0.0
Total expenditure ^j	16.0	17.5	18.5	20.0	20.2
Current expenditure	14.4	15.5	16.3	18.2	18.1
Interest	1.5	1.5	1.7	2.0	2.3
Capital expenditure	1.5	2.0	2.1	1.8	2.0
Primary balance	0.8	0.2	0.6	-1.1	-0.9
Overall balance	-0.6	-1.5	-1.2	-3.1	-3.2
Public external debt	4.2	4.0	5.4	9.8	11.7
Money and credit ^k			Percentages of GDP		
Domestic credit	82.7	89.0	95.7	102.5	109.3
To the public sector	13.4	14.6	16.6	18.3	24.2
To the private sector	69.3	74.4	79.0	84.2	85.1
Liquidity (M3)	63.6	67.4	71.5	76.9	79.9
Currency outside banks and local currency deposits (M2)	61.6	64.9	69.1	73.9	77.0
Foreign-currency deposits	2.0	2.4	2.4	3.0	2.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Based on figures in local currency at constant 2006 prices.

^c Includes errors and omissions.

^d A minus sign (-) denotes an increase in reserves.

^e Percentage of the economically active population; nationwide total. Includes hidden unemployment.

^f Deposit rate, weighted average.

^g Lending and overdraft rate, weighted average.

^h Fiscal years.

ⁱ Includes grants

^j Includes net lending.

^k The monetary figures are end-of-year stocks.

... not available

TABLE A-8
BARBADOS: MAIN ECONOMIC INDICATORS

	2006	2007	2008	2009	2010 ^a
			Annual growth rates ^b		
Gross domestic product	3.6	3.8	-0.2	-4.8	0.3
Per capita gross domestic product	4.4	5.4	-1.3	-1.6	...
Gross domestic product, by sector					
Non-Sugar Agriculture and fishing	-2.9	2.8	2.9	3.6	1.0
Mining and quarrying	-3.1	-5.9	-7.9	-37.6	10.5
Manufacturing	-0.7	-1.2	-2.2	-12.8	-4.1
Electricity, gas and water	9.5	1.3	-0.4	0.6	2.1
Construction	-0.4	0.1	-7.9	-22.6	-10.9
Wholesale and retail commerce, restaurants and hotels	7.0	6.5	-0.8	-5.3	2.1
Transport, storage and communications	5.5	6.1	2.9	-2.9	0.2
Community, social and personal services ^c	4.3	4.2	2.7	-0.2	1.4
Balance of payments			Millions of US dollars		
Current account balance	-252	-183	-438	-244	-364
Goods balance	-1 003	-1 084	-1 242	-913	-973
Exports, f.o.b.	353	405	369	379	422
Imports, f.o.b.	1 513	1 608	1 710	1 294	1 390
Services trade balance	810	911	899	734	711
Income balance	-142	-66	-121	-87	-121
Net current transfers	83	56	27	20	20
Capital and financial balance ^d	348	539	259	258	279
Net foreign direct investment	200	256	265	79	150
Other capital movements	148	283	-5	179	129
Overall balance	41	279	-249	39	46
Variation in reserve assets ^e	-41	-279	249	-39	-46
Other external-sector indicators					
Real effective exchange rate (index: 2000=100) ^f	104.0	104.9	102.9	...	...
Net resource transfer (millions of dollars)	149.0	359.8	47.4	...	...
Gross external debt (millions of dollars)	1 850.9	1 994.3	2 238.9	2 513.5	2 988.6
Employment			Percentages		
Labour force participation rate ^g	67.9	67.8	67.6	67.0	66.6
Unemployment rate ^h	8.7	7.4	8.1	9.9	10.8

(continues)

Table A-8 (continued)

	2006	2007	2008	2009	2010 ^a
Prices					
Variation in consumer prices					
(December-December)	5.6	4.7	7.3	4.4	5.8
(annual average)	7.3	4.0	8.1	3.6	...
Nominal deposit rate ⁱ	5.1	4.8	4.1	2.7	2.6
Nominal lending rate ^j	10.9	10.6	10.3	9.7	9.0
Central Government			Percentages of GDP		
Total income ^k	29.3	30.2	31.6	31.2	28.4
Tax income	28.0	28.6	29.8	28.3	26.5
Total expenditure ^l	31.0	31.8	36.7	40.6	36.6
Current expenditure	26.2	28.8	33.1	37.0	34.4
Interest	4.2	3.9	4.9	5.5	5.7
Capital expenditure	3.4	2.5	3.6	3.6	2.2
Primary balance	2.5	2.3	-0.2	-4.0	-2.4
Overall balance	-1.6	-1.6	-5.1	-9.4	-8.1
Public external debt	21.2	21.3	24.9	28.8	30.7
Money and credit ^m			Percentages of GDP		
Domestic credit	73.2	76.4	85.5	90.9	83.4
To the public sector	13.7	14.7	16.9	18.8	15.2
To the private sector	59.6	61.8	68.7	72.2	68.3
Liquidity (M3)	91.4	101.4	105.5	109.3	103.3
Currency outside banks and local-currency deposits (M2)	100.2	118.3	118.7	119.5	111.6
Foreign-currency deposits	9.2	16.9	13.2	10.2	8.2

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Based on figures in local currency at constant 1974 prices.

^c Includes financial institutions, insurance, real estate and business services.

^d Includes errors and omissions.

^e A minus sign (-) denotes an increase in reserves.

^f Annual average, weighted by the value of goods exports and imports.

^g Economically active population as a percentage of the working-age population.

^h Percentage of the economically active population. Includes hidden unemployment.

ⁱ Prime lending rate.

^j Interest rate for savings.

^k Includes grants and post office revenues.

^l Includes net lending.

^m The monetary figures are end-of-year stocks.

... not available

TABLE A-9
BELIZE: MAIN ECONOMIC INDICATORS

	2006	2007	2008	2009	2010 ^a
			Annual growth rates ^b		
Gross domestic product	4.7	1.2	3.8	0.0	2.9
Per capita gross domestic product	2.4	-0.9	1.9	-3.7	...
Gross domestic product, by sector					
Agriculture, hunting, forestry and fishing	-6.4	-20.7	0.1	-2.2	0.6
Mining and quarrying	0.0	0.0	0.0	0.0	0.0
Manufacturing	36.4	3.6	5.5	6.5	-4.7
Electricity, gas and water	41.3	2.4	3.0	17.1	19.7
Construction	-1.9	-3.0	35.8	18.8	-5.7
Wholesale and retail commerce, restaurants and hotels	0.8	2.5	2.2	-6.2	6.0
Transport, storage and communications	3.5	14.0	1.7	-2.7	2.9
Financial institutions, insurance, real estate and business services	5.6	2.6	4.9	2.2	0.2
Community, social and personal services	-4.4	3.9	4.2	4.2	6.3
Gross domestic product, by type of expenditure					
Final consumption expenditure	-2.3	4.9	...	...	...
Government consumption	-0.9	11.1	...	...	...
Private consumption	-2.6	3.7	...	...	...
Gross domestic investment	1.8	5.0	...	...	...
Exports (goods and services)	11.0	-6.2	...	...	...
Imports (goods and services)	0.5	-0.3	...	...	...
Balance of payments					
			Million of US dollars		
Current account balance	-25	-52	-145	-83	-41
Goods balance	-185	-216	-308	-237	-174
Exports, f.o.b.	427	426	480	384	476
Imports, f.o.b.	612	642	788	621	650
Services trade balance	211	230	217	183	200
Income balance	-125	-159	-165	-108	-159
Net current transfers	74	93	112	79	92
Capital and financial balance ^c	75	75	203	130	45
Net foreign direct investment	108	139	167	108	96
Other capital movements	-34	-30	39	9	-69
Overall balance	50	23	58	47	4
Variation in reserve assets ^d	-50	-23	-58	-47	-4

(continues)

Table A-9 (continued)

	2006	2007	2008	2009	2010 ^a
Other external-sector indicators					
Net resource transfer	-50.1	-83.9	50.3	...	...
	985	973	958	1 016	1 009
Employment					
	Percentages				
Unemployment rate ^e	9.4	8.5	8.2	13.1	...
Prices					
Variation in consumer prices					
(November-November)	3	4.1	4.4	-0.4	0
Nominal deposit rate ^f	5.8	5.9	6.4	6.1	5.6
Nominal lending rate ^g	14.2	14.3	14.1	14.0	13.8
Money and credit ^h					
	Percentages of GDP				
Domestic credit	64.7	70.2	71.1	74	69.6
To the public sector	8.9	9.2	7.5	7.5	6.9
To the private sector	55.8	61	63.6	66.5	62.7
Liquidity (M3)	62.0	67.7	72.4	77.3	74.6
Central Government					
Total income ⁱ	23.7	26.5	29.5	25.8	27.1
Current income	23.3	25.4	26.9	24.2	26.3
Tax income	21.2	22.5	22.7	21.3	22.9
Capital income	0.4	1.1	0.3	0.4	0.5
Total expenditure	26.7	31.1	27.9	28.6	28.7
Current expenditure	22.7	24.8	22.7	24.4	24.2
Interest	5.9	5.3	3.9	3.6	3.4
Capital expenditure	4.0	6.3	5.2	4.2	4.5
Primary balance	2.9	0.7	5.4	0.8	1.9
Overall balance	-1.9	-1.2	1.5	-2.8	-1.5
Total public debt					
Domestic	93.5	89.1	83.1	87.2	98.3
External	12.4	13.2	12.6	12.2	15.2
	81.2	75.9	70.5	75.0	83.1

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Based on figures in local currency at constant 2000 prices.

^c Includes errors and omissions.

^d A minus sign (-) denotes an increase in reserves.

^e Percentage of the economically active population. Nationwide total.

^f Rate for savings.

^g Weighted average rate for loans.

^h The monetary figures are end-of-year stocks.

ⁱ Includes grants.

... not available

TABLE A-10
DOMINICA: MAIN ECONOMIC INDICATORS

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
			Annual growth rates ^c		
Gross domestic product	4.6	5.5	6.6	-0.4	0.1
Per capita gross domestic product ^a	3.3	2.9	5.8	-1.8	-2.3
Gross domestic product, by sector					
Agriculture, livestock, hunting, forestry and fishing	1.1	-8.7	14.5	1.3	-4.8
Mining	11.3	27.6	25.2	-11.0	-10.0
Manufacturing	5.4	-4.0	-12.2	-5.0	-1.4
Electricity, gas and water	1.4	1.9	2.1	6.8	6.2
Construction	9.1	26.3	32.6	-9.3	-10.0
Wholesale and retail commerce	-4.2	17.6	8.9	-5.2	-0.4
Hotels and Restaurants	9.1	0.1	1.6	-6.4	4.6
Transport, storage and communications	7.6	7.9	5.5	-3.3	0.3
Financial intermediation, real estate, renting and business activity	1.6	5.0	2.0	0.3	2.0
Public Administration, Defence and Compulsory Social Security	2.1	1.8	-2.7	5.7	0.1
Other community, social and personal services	4.4	1.6	-2.1	1.4	3.5
Balance of payments					
			Millions of US dollars		
Current account balance	-50	-87	-124	-102	-97
Goods balance	-103	-133	-173	-161	-159
Exports, f.o.b.	44	39	44	37	34
Imports, f.o.b.	-147	-172	-217	-198	-194
Services trade balance	48	45	48	54	55
Income balance	-15	-20	-18	-14	-12
Net current transfers	20	21	19	19	20
Capital and financial balance ^d	55	83	109	105	106
Net foreign direct investment	26	40	57	41	31
Other capital movements	30	42	53	63	75
Overall balance	13	-1	-3	21	5
Variation in reserve assets ^e	-13	1	3	-21	-5
Other external-sector indicators					
Real effective exchange rate (index: 2000=100) ^f	113.2	116.8	119.1	...	...
Gross external public debt (millions of dollars)	225	221	217	219	236
Net resource transfer (millions of dollars)	35	67	106	88	85
Gross international reserves (millions of dollars)	63	61	55	64	66

(continues)

Table A-10 (continued)

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
Prices					
Variation in consumer prices (December-December)	1.8	6.0	2.0	3.2	2.3
Nominal deposit rate ^g	3.6	3.8	3.8	3.8	3.8
Nominal lending rate ^h	9.3	9.3	9.3	9.3	9.3
Central Government					
			Percentages of GDP		
Total income ⁱ	31.3	32.3	33.2	32.8	32.7
Current income	25.2	27.3	26.9	27.8	27.9
Tax income	23.2	24.9	24.5	25.5	26.0
Capital income ^j	0.1	0.1	0.0	0.0	0.1
Total expenditure	30.5	33.2	35.8	34.9	31.3
Current expenditure	22.9	23.4	23.6	22.9	24.3
Interest	3.2	2.5	2.0	1.1	1.7
Capital expenditure ^k	7.6	9.8	12.2	12.0	7.0
Primary balance	4.1	1.6	-0.7	-1.0	3.0
Overall balance	0.8	-0.9	-2.6	-2.1	1.4
Total public debt ^a	89.4	80.2	71.7	68.6	72.8
External	63.1	56.9	50.5	47.6	50.5
Money and credit ^l					
			Percentages of GDP		
Domestic credit	40.8	38.3	37.5	40.8	45.9
To the public sector	-9.8	-11.1	-11.3	-11.2	-11.0
To the private sector	50.6	49.3	48.8	52.0	57.0
Liquidity (M3)	72.3	73.7	70.2	77.3	80.2
Currency outside banks and local-currency deposits (M2)	71.1	72.9	69.1	75.9	77.9
Foreign currency deposits	1.1	0.9	1.2	1.1	2.3

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Revised

^b Preliminary figures

^c Based on figures in local currency at constant 2006 prices

^d Includes errors and omissions

^e A minus sign (-) denotes an increase in reserves

^f Annual average, weighted by the values of goods exports and imports

^g Average of the minimum and maximum rates on savings

^h Prime rate, average of the minimum and maximum lending rates

ⁱ From 2001 on, includes grants

^j In 2000, includes grants

^k Includes net lending

^l The monetary figures are end-of-year stocks

... not available

TABLE A-11
EASTERN CARIBBEAN CURRENCY UNION: MAIN ECONOMIC INDICATORS

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
			Annual growth rates ^c		
Gross domestic product	7.0	6.3	3.0	-6.2	-1.7
Gross domestic product, by sector					
Agriculture, livestock, hunting, forestry and fishing	5.8	0.0	10.3	-0.3	-5.2
Mining	46.7	15.9	-0.5	-22.4	-12.2
Manufacturing	0.1	6.8	-1.8	-1.7	-5.5
Electricity and water	2.8	6.4	1.5	2.9	1.5
Construction	12.0	3.2	6.2	-21.7	-16.0
Wholesale and retail commerce	7.5	9.0	3.8	-13.6	-2.6
Hotels and Restaurants	7.2	5.6	-1.7	-9.2	2.6
Transport, storage and communications	1.0	8.9	2.1	-4.2	-3.2
Financial intermediation, real estate, renting and business activity	5.6	6.4	1.7	-0.5	1.4
Public Administration, Defence and Compulsory Social Security	7.5	5.3	6.2	2.0	3.2
Other community, social and personal services	7.3	5.2	10.7	6.7	2.5
			Millions of US dollars		
Balance of payments					
Current account balance	-1 234	-1 579	-1 740	-1 150	-960
Goods balance	-1 845	-2 101	-2 269	-1 728	-1 674
Exports, f.o.b.	361	362	449	432	422
Imports, f.o.b.	-2 206	-2 463	-2 718	-2 160	-2 096
Services trade balance	638	621	636	648	705
Income balance	-197	-237	-268	-238	-181
Net current transfers	170	138	161	168	191
Capital and financial balance ^d	1 334	1 584	1 639	1 306	1 091
Net foreign direct investment	1 077	1 198	983	694	576
Other capital movements	257	386	657	612	514
Overall balance	92	46	-20	156	105
Variation in reserve assets ^e	-92	-46	20	-156	-105
Other external-sector indicators					
Gross external public debt (millions of dollars) ^a	2 230	2 122	2 100	2 140	2 300
Prices					
Variation in consumer prices			Percentages		
(December-December)	1.5	5.5	3.9	1.2	2.2
Nominal deposit rate ^f	3.2	4.3	4.5	4.5	4.5
Nominal lending rate ^f	9.9	11.3	10.7	10.8	11.2

(continues)

Table A-11 (continued)

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
Central government					
				Percentages of GDP	
Total income ^g	26.2	25.5	26.6	25.6	26.5
Current income	23.3	23.5	23.7	23.0	23.3
Tax income	20.9	21.2	21.2	20.7	20.3
Capital income	0.1	0.3	0.7	0.2	0.3
Total expenditure	30.4	28.8	29.4	30.3	28.0
Current expenditure	22.2	21.3	22.3	24.1	23.6
Interest	3.1	2.9	2.8	2.9	2.9
Capital expenditure ^h	8.2	7.5	7.1	6.2	4.4
Primary balance	-1.1	-0.5	0.1	-1.7	1.4
Overall balance	-4.2	-3.4	-2.7	-4.7	-1.5
Public sector total debt	83.0	76.6	75.0	82.3	82.2
Public-sector debt external ^a	46.0	40.0	37.4	40.3	43.0
Money and credit ⁱ					
				Percentages of GDP	
Domestic credit	70.0	76.0	79.9	88.5	86.1
To the public sector	-1.3	-0.4	0.5	2.6	-1.2
To the private sector	71.3	76.4	79.4	85.9	87.3
Liquidity (M3)	82.7	82.2	80.4	86.3	87.2
Currency outside banks and local-current deposits (M2)	68.4	67.8	67.8	72.9	73.8
Foreign-currency deposits	14.3	14.5	12.6	13.5	13.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Revised

^b Preliminary figures

^c Based on figures in Eastern Caribbean dollars at constant 1990 prices

^d Includes errors and omissions

^e A minus sign (-) denotes an increase in reserves

^f Weighted averages

^g Includes grants

^h Includes net lending

ⁱ The monetary figures are end-of-year stocks

TABLE A-12
GRENADA: MAIN ECONOMIC INDICATORS

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
			Annual growth rates ^c		
Gross domestic product	-4.2	5.8	1.4	-8.3	-0.8
Per capita gross domestic product	-5.5	5.2	1.5	-8.2	-3.2
Gross domestic product, by sector					
Agriculture, livestock, hunting, forestry and fishing	31.1	1.6	9.9	12.1	-1.0
Mining	40.8	-1.9	-2.5	-40.8	3.0
Manufacturing	-2.6	1.8	-4.9	-5.3	15.4
Electricity, gas and water	9.5	6.4	3.5	1.2	-0.6
Construction	-32.5	-5.6	-7.0	-47.6	-28.0
Wholesale and retail commerce	5.7	2.9	0.6	-17.8	-14.0
Hotels and Restaurants	69.7	2.4	3.0	-7.6	-4.9
Transport, storage and communications	-14.6	11.2	-1.5	-10.1	-4.6
Financial intermediation, real estate, renting and business activity	-3.7	5.4	0.7	-0.1	1.5
Public Administration, Defence and Compulsory Social Security	10.3	10.4	3.6	-2.4	2.0
Other community, social and personal services	0.1	4.0	2.2	-1.6	2.5
Balance of payments					
			Millions of US dollars		
Current account balance	-227	-264	-274	-214	-218
Goods balance	-265	-287	-298	-228	-253
Exports, f.o.b.	32	41	40	35	31
Imports, f.o.b.	-297	-328	-339	-263	-284
Services trade balance	25	40	36	42	37
Income balance	-29	-43	-47	-45	-45
Net current transfers	42	26	26	37	38
Capital and financial balance ^d	228	265	264	215	187
Net foreign direct investment	90	157	142	103	64
Other capital	138	108	121	112	124
Overall balance	6	11	-8	26	-10
Variation in reserve assets ^e	-6	-11	8	-26	10
Other external-sector indicators					
Net resource transfer	198	221	227	169	173
Gross external public debt ^a	481	502	513	542	538
Prices					
			Percentages		
Variation in consumer prices (December-December)	1.7	7.4	5.2	-2.4	4.2
Nominal deposit rate ^f	3.5	3.1	3.5	3.5	3.5

(continues)

Table A-12 (continued)

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
Nominal lending rate ^g	9.3	11.3	10.2	9.9	9.8
Central Government	Percentages of GDP				
Total income ^h	25.9	21.9	23.0	21.0	23.9
Current income	20.4	20.9	20.7	19.6	20.1
Tax income	19.0	19.7	19.4	18.5	18.9
Capital income ⁱ	0.0	0.0	0.0	0.0	0.0
Expenditure	31.1	27.2	28.0	26.0	25.6
Current expenditure	16.8	16.9	18.5	20.3	19.9
Interest	1.5	1.6	1.6	2.2	1.9
Capital expenditure ^j	14.3	10.3	9.5	5.7	5.7
Primary balance	-3.6	-3.7	-3.4	-2.8	0.2
Fiscal balance	-5.2	-5.3	-5.0	-5.0	-1.7
Public sector debt ^a	87.5	83.4	79.3	91.7	93.0
External	64.6	61.8	58.0	67.3	69.5
Money and credit ^k	Percentages of GDP				
Domestic credit	63.8	68.9	71.4	79.9	81.4
To the public sector	-1.9	-0.6	0.2	-1.3	-3.0
To the private sector	65.7	69.5	71.2	81.2	85.8
Liquidity (M3)	80.2	82.2	78.3	88.6	88.0
Currency outside banks and local-currency deposits (M2)	75.9	75.9	72.6	82.0	82.6
Foreign-currency deposits	4.2	6.3	5.6	6.5	5.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Revised

^b Preliminary figures

^c Based on figures in local currency a constant 2006 prices

^d Includes errors and omissions

^e A minus sign (-) denotes an increase in reserves

^f Average of the minimum and maximum rates in savings

^g Prime rate, average of the minimum and maximum rates

^h From 2001 on, includes grants

ⁱ In 2000, includes grants

^j Includes net lending

^k The monetary figures are end-of-year stocks

TABLE A-13
GUYANA: MAIN ECONOMIC INDICATORS

	2006	2007	2008	2009	2010 ^a
			Annual growth rates ^b		
Gross domestic product	5.1	7.0	2.0	3.3	3.6
Per capita gross domestic product	5.2	17.1	13.9	2.1	8.4
Gross domestic product, by sector					
Agriculture, livestock, hunting, forestry and fishing	6.5	0.6	-2.9	1.3	0.5
Mining	-21.6	14.7	-0.1	-2.9	-6.9
Manufacturing ^c	5.2	3.1	-4.4	4.3	0.3
Construction	12.0	7.3	2.2	0.5	10.8
Wholesale and retail commerce, restaurants and hotels	10.1	8.7	4.5	9.8	10.2
Transport, storage and communications	10.0	16.3	7.7	1.3	6.7
Financial institutions, insurance, real estate and business services	7.9	-1.3	9.5	10.7	9.3
Community, social and personal services	7.9	18.1	14.2	9.3	6.0
Balance of payments					
			Millions of US dollars		
Current account balance	-250	-189	-321	-220	-239
Goods balance	-300	-365	-522	-401	-526
Exports, f.o.b.	585	698	802	768	892
Imports, f.o.b.	885	1 063	1 324	1 169	-1 418
Services trade balance	-98	-100	-113	-102	-97
Income balance	-69	-11	14	17	13
Net current transfers	216	287	329	300	371
Capital and financial balance ^d	269	169	309	454	339
Net foreign direct investment	102	110	179	164	270
Other capital movements	166	58	130	290	70
Overall balance	43	-1	6	234	117
Variation in reserve assets ^e	-61	-37	-43	-271	-155
Other financing	18	39	38	37	38
Other external-sector indicators					
Net resource transfer	242	215	329	...	...
Gross external public debt	1 043	719	834	933	1 043
Prices					
			Percentages		
Variation in consumer prices (December-December)	4.2	14.1	6.4	3.6	4.5

(continues)

Table A-13 (continued)

	2006	2007	2008	2009	2010 ^a
Variation in nominal exchange rate					
(annual average)	0.2	1.1	0.6	0.5	0.1
Nominal deposit rate ^f	3.3	3.2	3.1	2.8	2.5
Nominal lending rate ^g	14.9	14.1	13.9	14.0	15.1
Central Government			Percentages of GDP		
Total income ^h	27.4	26	25.4	23	23.8
Current income	21.4	22.8	21.1	23	23.7
Tax income	20.1	22	20.2	21.6	22.2
Capital income ⁱ	0	0	0.1	0	0.03
Total expenditure	35.6	30.5	29.2	30.8	29.3
Current expenditure	21.3	18.4	20	19.5	19
Interest	2.4	1.8	1.7	1.6	1.7
Capital expenditure	14.3	12.2	9.2	11.4	10.3
Net capital expenditure	-5.8	-2.8	-2.1	5.1	6.4
Overall balance	-8.2	-4.5	-3.8	-3.7	-2.9
Public-sector external debt	114	67	72.0	...	...
Public-sector external debt ratio under re-based GDP	72	41	43.4	46.3	46.8
Money and credit			Percentages of GDP		
Domestic credit	14.8	12.8	15.3	11.5	12.2
To the public sector	-3.6	-5.4	-4.7	8	-9
To the private sector	21.2	20.8	22.8	22.8	24.7
Others	-6.9	-6.4	-6.2	-7.2	-7.2
Liquidity (M3)	49.2	46.4	47	48.9	51.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Based on figures in local currency at constant 2006 prices.

^c Includes electricity, gas and water.

^d Includes errors and omissions.

^e A minus sign (-) denotes an increase in reserves.

^f Small savings rate.

^g Weighted average prime rate.

^h From 2002 onwards, includes grants.

ⁱ Up to 2001, includes grants.

^j The monetary figures are end-of-year stocks.

... not available

TABLE A-14
JAMAICA: MAIN ECONOMIC INDICATORS

	2006	2007	2008	2009	2010 ^a
			Annual growth rates ^b		
Gross domestic product	3.0	1.4	-0.9	-3.0	-1.2
Per capita gross domestic product	2.1	0.9	-1.1	-3.3	...
Gross domestic product, by sector					
Agriculture, livestock, hunting, forestry and fishing	19.5	-7.5	-6.3	13.9	0.8
Mining	0.9	-2.6	-2.5	-50.5	-3.4
Manufacturing	-2.2	0.7	-1.3	5.7	-2.6
Electricity, gas and water	3.2	0.6	0.9	2.2	-4.3
Construction	-1.9	4.6	-6.7	-6.5	-2.2
Wholesale and retail trade, repairs & installation of machinery	2.2	1.4	-0.2	-2.3	-0.7
Hotels and Restaurant	10.1	0.3	2.2	2.1	3.4
Transport, storage and communications	4.5	3.3	-2.7	-4.3	-2.3
Finance and insurance services	2.3	3.3	1.3	1.3	3.9
Real estate, renting and business activities	1.9	3.2	1.1	-0.7	-0.9
Community, social and personal services	2.3	1.5	0.4	0.0	-0.2
Balance of payments					
			Millions of US dollars		
Current account balance	-1 183	-2 038	-3 223	-912	-992
Goods balance	-2 943	-3 841	-4 981	-3 123	-3 259
Exports, f.o.b.	2 134	2 363	2 761	1 386	1 370
Imports, f.o.b.	5 077	6 204	7 742	4 510	4 629
Services trade balance	628	425	355	752	844
Income balance	-616	-662	-680	-586	-580
Net current transfers	1 749	2 040	2 083	2 045	2 004
Capital and financial balance ^c	1 413	1 598	3 118	912	992
Net foreign direct investment	797	...	...	...	375
Other capital movements	616	...	...	...	617
Overall balance	230	-440	-105	-44	-442
Variation in reserve assets ^d	-230	440	105	44	-442
Other financing	0	0	0	0	0
Other external-sector indicators					
Real effective exchange rate (index: 2000=100) ^e	104.8	108.5	101.8	...	...
Net resource transfer (millions of dollars)	797	937	2 438	...	...
Gross external public debt (millions of dollars)	5 794	6 123	6 344	6 594	8 390
Employment					
			Percentages		
Labour force participation rate ^f	64.7	64.9	65.4	63.6	61.8
Unemployment rate ^g	10.3	9.8	10.6	11.4	12.0

(continues)

Table A-14 (continued)

	2006	2007	2008	2009	2010 ^a
Prices					
Variation in consumer prices					
(December-December)	5.8	16.8	16.9	10.2	11.7
Variation in nominal exchange rate					
(annual average)	5.5	5.0	5.7	13.1	1.3
Nominal deposit rate ^h	5.3	5.0	5.1	5.7	2.9
Nominal lending rate ^h	22.0	22.0	22.3	22.5	20.4
Money and creditⁱ					
			Percentages of GDP		
Domestic credit	30.2	30.4	34.4	34.1	27.1
To the public sector	14.9	12.8	15.4	16.3	11.3
To the private sector	15.8	18.2	19.8	19.2	17.8
Others	-0.4	-0.6	-0.8	-1.4	-2.0
Liquidity (M3)	32.5	33.7	29.9	27.6	27.4
Currency outside banks and					
local-currency deposits (M2)	23.0	22.7	20.1	19.9	19.6
Foreign-currency deposits	9.5	11.0	9.8	13.6	9.2
Central Government^j					
			Percentages of GDP		
Total income ^k	26.8	28.8	26.4	24.3	26.8
Current income	26.2	27.3	25.5	23.0	25.6
Tax income	23.9	24.7	23.5	21.7	23.8
Capital income	0.4	1.1	0.2	0.6	0.3
Total expenditure ^l	31.5	33.1	33.6	30.1	33.1
Current expenditure	28.5	28.4	29.6	27.1	17.7
Interest	12.4	11.4	12.0	11.8	0.3
Capital expenditure	3.0	4.7	3.9	3.0	3.4
Primary balance	7.8	7.2	4.8	6.0	4.6
Overall balance	-4.6	-4.2	-7.2	-5.8	-6.3
Public-sector external debt	55.9	53.9	48.7	54.2	62.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures

^a Preliminary figures.

^b Based on figures in local currency at constant 2003 prices.

^c Includes errors and omissions.

^d A minus sign (-) denotes an increase in reserves.

^e Annual average, weighted by the value of goods exports and imports.

^f Economically active population as a percentage of the working-age population.

^g Percentage of the economically active population. Includes hidden unemployment. Nationwide total.

^h Average rates.

ⁱ The monetary figures are end-of-year stocks.

^j Fiscal years.

^k Includes grants.

^l Includes statistical discrepancy

... not available

TABLE A-15
SAINT KITTS AND NEVIS: MAIN ECONOMIC INDICATORS

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
			Annual growth rates ^c		
Gross domestic product	3.9	6.7	6.1	-6.3	-5.0
Per capita gross domestic product	0.9	7.9	4.3	-6.3	-6.1
Gross domestic product, by sector					
Agriculture, livestock, hunting, forestry and fishing	-31.3	-9.1	12.9	-9.2	6.3
Mining	6.9	-12.3	5.2	25.7	-52.1
Manufacturing	-12.4	6.1	10.2	-18.0	-15.0
Electricity, gas and water	-17.0	11.3	-11.6	5.7	1.5
Construction	8.2	14.6	4.2	-15.7	-28.0
Wholesale and retail commerce	-0.2	-3.4	6.9	-9.8	-16.0
Hotels and Restaurants	10.5	30.3	2.2	-28.3	-2.0
Transport, storage and communications	6.0	12.2	15.2	-2.4	-2.9
Financial intermediation, real estate, renting and business activity	7.2	7.1	-2.0	6.4	2.9
Public Administration, Defence and Compulsory Social Security	1.9	12.1	14.4	7.0	3.5
Other community, social and personal services	3.1	3.8	5.8	2.6	3.0
Balance of payments					
			Millions of US dollars		
Current account balance	-85	-111	-175	-153	-96
Goods balance	-161	-182	-217	-197	-143
Exports, f.o.b.	59	58	69	54	58
Imports, f.o.b.	-220	-240	-286	-251	-201
Services trade balance	76	71	41	32	35
Income balance	-32	-30	-32	-33	-32
Net current transfers	32	29	33	46	43
Capital and financial balance ^d	103	115	209	195	143
Net foreign direct investment	110	134	178	131	128
Other capital movements	-7	-19	31	64	15
Overall balance	17	7	15	26	33
Variation in reserve assets ^e	-17	-7	-15	-26	-33
Other external-sector indicators					
Net resource transfer	54	81	152	130	74
Gross external public debt ^a	310	319	329	308	299
Gross international reserves	89	96	110	123	156

(continues)

Table A-15 (continued)

	2006r	2007r	2008r	2009r	2010a
Prices					
Variation in consumer prices (December-December)	7.9	2.1	7.6	1.0	3.9
Nominal deposit rate ^f	4.3	4.3	4.3	4.3	4.3
Nominal lending rate ^g	8.8	8.8	8.8	11.3	11.2
Federal Government					
Percentages of GDP					
Total income ^h	33.0	33.2	33.4	34.2	32.7
Current income	30.9	29.5	28.6	29.5	28.9
Tax income	23.5	22.9	22.2	21.7	19.5
Capital income ⁱ	0.4	2.1	3.3	1.0	0.8
Total expenditure	34.9	35.1	33.7	34.8	36.9
Current expenditure	30.0	28.6	28.3	29.6	29.8
Interest	6.9	6.6	6.8	6.7	7.1
Capital expenditure ^j	4.8	6.5	5.4	5.2	7.1
Primary balance	4.9	4.7	6.5	6.1	3.0
Overall balance	-2.0	-1.9	-0.3	-0.6	-4.2
Public-sector debt					
External	149.5	141.5	134.5	145.3	156.3
Money and credit ^k					
Percentages of GDP					
Domestic credit	90.5	89.6	84.9	92.3	101.1
To the public sector	24.6	22.5	19.3	21.0	23.2
To the private sector	65.9	67.1	65.6	71.3	78.0
Liquidity (M3)					
Currency outside banks and local-currency deposits (M2)	91.2	92.9	87.1	96.8	104.7
Foreign-currency deposits	64.9	66.9	66.1	76.2	84.1
	26.3	26.0	21.0	20.6	20.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Revised

^b Preliminary figures

^c Based on figures in local currency at constant 2006 prices

^d Includes errors and omissions

^e A minus sign (-) denotes an increase in reserves

^f Average of the minimum and maximum rates

^g Prime rate, average of the minimum and maximum rates

^h From 2001 on, includes grants

ⁱ In 2000, includes grants

^j Includes net lending

^k The monetary figures are end-of-year stocks

TABLE A-16
SAINT LUCIA: MAIN ECONOMIC INDICATORS

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
			Annual growth rates ^c		
Gross domestic product	7.8	1.2	5.4	-1.1	3.1
Per capita gross domestic product	6.1	0.3	4.6	-2.5	3.6
Gross domestic product, by sector					
Agriculture, livestock, hunting, forestry and fishing	7.8	-5.0	31.4	-5.4	-15.7
Mining	368.0	60.1	-23.9	-17.4	10.5
Manufacturing	3.0	13.0	-4.9	20.9	-4.0
Electricity, gas and water	3.0	4.5	1.9	4.4	-1.7
Construction	42.2	-28.0	38.5	-23.1	20.5
Wholesale and retail commerce	14.7	2.8	0.9	-13.1	14.5
Hotels and Restaurants	-2.1	0.5	-3.0	-0.7	7.1
Transport, storage and communications	-5.0	13.4	1.8	2.9	-0.1
Financial intermediation, real estate, renting and business activity	4.6	3.9	2.0	1.5	3.4
Public Administration, Defence and Compulsory Social Security	14.2	8.1	6.4	1.3	10.0
Other community, social and personal services	13.1	9.8	12.6	15.9	2.1
Balance of payments					
			Millions of US dollars		
Current account balance	-309	-345	-347	-133	-150
Goods balance	-424	-440	-439	-260	-315
Exports, f.o.b.	97	101	166	191	206
Imports, f.o.b.	-521	-542	-605	-451	-522
Services trade balance	158	150	148	163	185
Income balance	-54	-68	-72	-48	-35
Net current transfers	12	14	16	12	15
Capital and financial balance ^d	322	365	339	182	164
Net foreign direct investment	234	272	161	146	121
Other capital movements	88	93	178	35	43
Overall balance	13	19	-11	33	32
Variation in reserve assets ^e	-13	-19	11	-33	-32
Other external-sector indicators					
Net resource transfer	255	277	275	85	115
Gross external public debt	365	375	364	375	393
Prices					
Variation in consumer prices			Percentages		
(December-December)	-0.6	6.8	3.8	1.0	1.9
Nominal deposit rate ^f	3.8	3.6	3.6	3.6	3.6
Nominal lending rate ^g	9.8	9.8	9.8	11.3	11.3

(continues)

Table A-16 (continued)

	2006 ^a	2007 ^a	2008 ^a	2009 ^a	2010 ^b
Central Government					
			Percentages of GDP		
Total income ^h	24.4	24.7	26.5	26.7	26.2
Current income	24.3	24.4	25.6	25.8	24.0
Tax income	22.7	23.0	23.8	24.3	22.5
Capital income ⁱ	0.0	0.0	0.2	0.0	0.3
Total expenditure	30.3	26.7	26.5	28.9	26.9
Current expenditure	20.9	19.2	20.6	22.2	22.4
Interest	3.0	2.8	2.6	3.0	2.9
Capital expenditure ^j	9.5	7.5	5.9	6.7	4.5
Primary balance	-2.9	0.9	2.6	0.8	2.2
Overall balance	-5.9	-2.0	0.0	-2.2	-0.6
Total public debt	64.6	64.7	61.9	64.0	65.5
External	39.9	37.5	32.3	33.8	32.8
Money and credit ^k			Percentages of GDP		
Domestic credit	89.5	108.5	113.4	115.8	105.4
To the public sector	-9.3	-7.9	-7.5	-9.7	-12.1
To the private sector	98.8	116.4	120.8	125.5	117.6
Broad money (M3)	81.0	80.3	81.0	83.7	79.1
Currency outside banks and local-currency deposits (M2)	72.8	75.1	75.8	78.9	74.4
Foreign-currency deposits	8.3	5.2	5.2	4.8	4.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Revised

^b Preliminary figures

^c Based on figures in local currency at constant 2006 prices

^d Includes errors and omissions

^e A minus sign (-) sign denotes an increase in reserves

^f Average of the minimum and maximum rates

^g Prime rate, average of the minimum and maximum rates

^h From 2001 on, includes grants

ⁱ In 2001, includes grants

^j Includes net lending

^k The monetary figures are end-of-year stocks

TABLE A-17
SAINT VINCENT AND THE GRENADINES: MAIN ECONOMIC INDICATORS

	2006 ^a	2007 ^a	2008 ^a	2009	2010 ^b
			Annual growth rates ^c		
Gross domestic product	7.7	3.6	1.7	-1.2	-1.3
Gross domestic product per capita	8.4	4.6	0.7	-1.0	-0.2
Gross domestic product by economic activity					
Agriculture, livestock, hunting, forestry and fishing	3.5	11.0	-4.3	6.4	-6.4
Mining	5.0	13.8	5.1	-7.9	-9.0
Manufacturing	0.0	-4.5	-0.4	-1.4	-2.5
Electricity, gas and water	2.3	4.0	-1.6	0.5	-1.1
Construction	8.6	13.0	-10.4	-7.9	-7.0
Wholesale and retail commerce	4.9	9.1	3.9	-3.4	3.0
Hotels and Restaurants	25.0	-0.3	-5.5	-15.4	-2.3
Transport, storage and communications	10.3	-0.4	1.5	0.2	-5.3
Financial intermediation, real estate, renting and business activity	5.2	-0.8	3.1	1.3	0.1
Public Administration, Defence and Compulsory Social Security	6.4	6.3	8.0	3.9	2.5
Other community, social and personal services	15.4	-4.7	18.3	2.9	2.9
Balance of payments					
			Millions of US dollars		
Current account balance	-119	-194	-230	-200	-206
Goods balance	-197	-237	-271	-243	-257
Exports, f.o.b.	41	51	57	53	44
Imports, f.o.b.	-238	-288	-329	-294	-298
Services trade balance	83	47	51	45	48
Income balance	-26	-24	-23	-16	-13
Net current transfers	20	20	13	11	13
Capital and financial balance ^d	148	201	211	202	215
Net foreign direct investment	109	130	159	106	100
Other capital movements	39	71	52	95	115
Overall balance	12	-2	-3	5	25
Variation in reserve assets ^e	-12	2	3	-5	-25
Other external-sector indicators					
Net resource transfer	94	170	207	184	193
Total gross external debt	220	219	232	255	305
Prices					
			Percentages		
Variation in consumer prices (December-December)	4.8	8.3	8.7	-1.6	2.0
Deposit nominal interest rate ^f	3.8	3.8	4.5	4.5	4.5
Lending nominal interest rate ^g	10.0	10.0	10.0	10.0	10.0

(continues)

Table A-17 (continued)

	2006 ^f	2007 ^f	2008 ^f	2009	2010 ^b
Central Government					
			Percentages of GDP		
Total income ^h	24.5	25.1	29.0	27.7	25.6
Current income	23.8	23.5	25.8	24.5	24.8
Tax income	21.9	21.8	23.6	22.7	21.6
Capital income ⁱ	0.4	0.1	0.8	0.1	0.1
Total expenditure	27.7	27.6	29.6	30.3	29.1
Current expenditure	21.5	20.5	22.7	24.7	25.2
Interest	2.6	2.4	2.5	2.6	2.7
Capital expenditure ^j	6.1	7.1	6.9	5.6	3.9
Primary balance	-0.6	0.0	1.8	0.0	-0.8
Overall balance	-3.2	-2.5	-0.6	-2.6	-3.5
Public-sector debt	62.3	55.5	58.1	62.2	63.8
External	41.8	32.0	33.4	37.3	43.3
Money and credit ^k					
			Percentages of GDP		
Domestic credit	48.3	50.5	52.0	54.5	46.9
To the public sector	0.5	1.9	3.1	4.6	-3.6
To the private sector	47.8	48.6	48.8	49.9	50.4
Others	-15.1	-12.4	-15.8	-16.1	-13.3
Liquidity (M3)	59.2	57.1	56.5	57.5	58.5
Currency outside banks and local-currency deposits (M2)	57.2	54.9	54.5	56.0	56.2
Foreign-currency deposits	1.9	2.2	1.9	1.6	2.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Revised

^b Preliminary figures.

^c Based on figures in local currency at constant 2006 prices.

^d Includes errors and omissions.

^e A minus sign (-) denotes an increase in reserves.

^f Average of the minimum and maximum rates.

^g Prime rate, average of the minimum and maximum rates.

^h From 2001 on, includes grants.

ⁱ In 2000, includes grants.

^j Includes net lending.

^k The monetary figures are end-of-year stocks.

^l preliminary projections

TABLE A-18
SURINAME: MAIN ECONOMIC INDICATORS

	2006	2007	2008	2009	2010 ^a
	Annual growth rates ^b				
Gross domestic product	3.8	5.1	4.7	3.1	4.5
Gross domestic product, by sector					
Agriculture, livestock, hunting, forestry and fishing	5.2	5.6	-6.1	11.5	7.9
Mining	7.6	18.2	4.7	-6.4	-2.3
Manufacturing	1.8	-2.2	-2.6	6.9	4.6
Electricity, gas and water	8.4	6.3	7.9	4.1	6.2
Construction	5.3	15.4	4.3	4.5	9.6
Wholesale and retail commerce, restaurants and hotels	7.2	9.3	11.9	0.7	7.1
Transport, storage and communications	-1.8	2.7	2.6	-7.6	8.5
Financial institutions, insurance, real estate and business services	1.7	1.6	3.1	2.1	3.2
Community, social and personal services	4.0	0.1	1.2	2.1	4.1
Balance of payments					
	Millions of US dollars				
Current account balance	221	335	427	210	692.2
Merchandise trade balance	272	314	439	109	625.7
Exports, f.o.b.	1 175	1 359	1 744	1 404	2 069
Imports, f.o.b.	-903	-1 045	-1 304	-1 296	-1 443
Services trade balance	-33	-65	-123	1	-17
Income balance	-54	8	21	5	-3.0
Net current transfers	36	77	91	94	87
Capital and financial balance ^{c/}	-170	-255	-222	23	-1 048
Net foreign direct investment	-163	-247	-234	93	-256
FC ^d	-7	-9	12	-70	-792
Overall balance	96	175	62	193	34
Variation in reserve assets ^e	-96	-175	-62	-193	-34
Other external-sector indicators					
Net resource transfer (percentages of GDP)	...	...	...	...	...
Total gross external public debt (millions of dollars)	391.1	297.9	319.3	269.1	333.9
Total gross external public debt (percentages of GDP)	22.9	16.6	12.5	...	31.6
Employment					
	Percentage				
Unemployment rate ⁹	12.1	12.0	11.1	10.0	...
Prices					
Variation in consumer prices (December-December)	4.8	8.3	9.4	1.5	10.0

(continues)

Table A-18 (continued)

	2006	2007	2008	2009	2010 ^a
Variation in nominal exchange rate (December-December)	0.0	0.0	0	0.0	0.0
Nominal deposit rate ^h	6.6	6.4	6.3	6.2	6.1
Nominal lending rate ⁱ	15.6	13.3	12	11.6	11.7
Central Government			Percentages of GDP		
Total income	29.7	35.6	28.0	32.9	27.8
Current income	27.0	29.3	25.1	29.0	23.2
Tax income	21.3	23.4	20.4	20.8	16.7
Capital income	...	...	...	...	...
Total expenditure	30.2	29.5	26.3	30.4	37.3
Current expenditure	25.0	25.0	20.7	23.6	26.8
Interest	1.7	1.5	0.7	1.0	0.9
Capital expenditure	5.2	4.5	5.5	6.8	10.3
Primary balance	2.0	4.3	4.4	5.4	-3.6
Overall balance	-0.4	6.1	1.7	3.0	3.5
Public sector debt	37.0	28.5	25.2	25	21.5
Domestic	14.1	12.0	12.5	14.6	12.8
External	22.9	16.6	12.7	10.4	8.7
Money and credit ^l					
Domestic credit	21.7	20.6	19.5	22.7	21.4
To the public sector ^k	6.9	4.0	0.0	4.3	4.8
To the private sector	20.9	25.0	26.6	28.4	25.5
Other	-6.1	-8.4	-7.1	-10.0	-8.9
Money (M1)	16.1	17.7	16.1	19.0	17.3
Currency in circulation and local-currency deposits (M2)	24.1	27.2	24.6	29.2	26.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Based on figures in local currency at constant 1990 prices (1996-1998: guilders; 1999-2004: Suriname dollars, new currency in circulation since January 2004).

^c Includes errors and omissions.

^d Refers to the capital and financial balance (including errors and omissions), minus net foreign direct investment.

^e A minus sign (-) denotes an increase in reserves.

^f Refers to net investment income as a percentage of exports of goods and services as shown on the balance of payments.

^g Percentage of the economically-active population, nationwide total.

^h Deposit rate published by IMF.

ⁱ Lending rate published by IMF.

^j The monetary figures are annual averages.

^k Refers to net credit extended to the public and private sectors by commercial banks and other financial and banking institutions.

... not available

TABLE A-19
TRINIDAD AND TOBAGO: MAIN ECONOMIC INDICATORS

	2006	2007	2008	2009	2010 ^a
			Annual growth rates ^b		
Gross domestic product	13.5	4.6	2.3	-0.9	-0.3
Per capita gross domestic product	13.1	4.2	1.9	-1.3	..
Gross domestic product, by sector					
Agriculture, hunting, forestry and fishing	-10.1	8.6	10.7	-1.0	3.0
Mining and quarrying ^c	21.8	1.7	-0.4	1.6	4.0
Manufacturing	12.4	14.0	5.2	2.8	-4.2
Electricity, gas and water	-0.4	6.5	3.0	-1.1	1.4
Construction ^d	6.2	8.9	3.1	-14.9	1.6
Wholesale and retail commerce, restaurants and hotels	15.1	3.3	9.8	-12.7	-10.9
Transport, storage and communications	9.5	5.7	-4.1	-6.1	19.8
Financial institutions, insurance, real estate and business services	1.6	10.4	3.9	1.0	-4.9
Community, social and personal services	1.2	2.7	-1.3	-0.3	-2.2
Balance of payments					
			Millions of US dollars		
Current account balance	7 271	5 364	8 519	1 614	2 890
Goods balance	7 700	5 721	9 064	2 202	3 428
Exports, f.o.b.	14 217	13 391	18 686	9 175	9 862
Imports, f.o.b.	6 517	7 670	9 622	6 973	6 434
Services trade balance	451	546	610	382	515
Income balance	-936	-964	-1 202	-996	-1 120
Net current transfers	55	60	47	27	-67
Capital and financial balance ^e	-6 152	-3 824	-5 813	-2 440	-2 472
Net foreign direct investment	513	830	1 638	709	549
Other capital movements	-6 665	-4 654	-7 451	...	...
Overall balance	1 119	1 541	2 706	-713	418
Variation in reserve assets ^f	-1 119	-1 541	-2 706	713	-418
Other external-sector indicators					
Real effective exchange rate (index: 2000=100) ^g	89.1	87.6	83.0	...	146
Net resource transfer (millions of dollars)	-7 087	-4 787	-7 016	-3 691	...
Gross external public debt (millions of dollars)	1 295	1 278	1 445	1 281	1 561
Employment					
			Percentages		
Labour force participation rate ^h	63.9	63.5	63.5	62.9 ^o	61
Unemployment rate ⁱ	6.2	5.5	4.6	5.8	6.4

(continues)

Table A-19 (continued)

	2006	2007	2008	2009	2010 ^a
Prices					
Variation in consumer prices (December-December)	9.1	7.6	14.5	1.3	13.4
Variation in nominal exchange rate (annual average)	0.3	0.1	-0.6	0.7	0.4
Nominal deposit rate ^j	2.2	2.7	3.0	2.2	2.5
Nominal lending rate ⁱ	9.7	10.6	11.2	9.75	8.0
Money and credit^k					
	Percentages of GDP				
Domestic credit	8.3	15.8	10.1	18.1	25.5
To the public sector	-17.5	-11.8	-16.3	-12.7	-3.8
To the private sector	25.7	27.5	26.4	30.8	29.3
Liquidity (M3)	35.5	35.8	35.7	49.6	41.0
Currency outside banks and local-currency deposits (M2)	26.9	27.1	25.8	34.8	40.0
Foreign-currency deposits	8.6	8.7	9.9	14.9	14.7
Central government^l					
	Percentages of GDP				
Total income	34.7	31.3	36.5	27.2	31.7
Current income	34.7	31.3	36.5	27.2	31.7
Tax income ^m	13.7	13.5	15.0	13.4	5.7
Capital income	0.0	0.0	0.0	0.0	0.0
Total expenditure	27.8	29.5	28.7	32.5	32.0
Current expenditure	23.7	23.4	22.5	26.8	27.5
Interest	2.2	2.1	1.9	2.5	2.3
Capital expenditure ⁿ	4.1	6.1	6.2	5.7	4.4
Primary balance	9.1	3.9	9.7	-2.8	2.1
Overall balance	6.9	1.8	7.8	-5.3	0.0
Public-sector external debt	6.9	6.1	5.5	6.0	1.2

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Based on figures in local currency at constant 2000 prices.

^c Refers only to the oil industry.

^d Includes quarrying.

^e Includes errors and omissions.

^f A minus sign (-) denotes an increase in reserves.

^g Annual average, weighted by the value of goods exports and imports.

^h Economically active population as a percentage of the working-age population; nationwide total.

ⁱ Percentage of the economically active population. Includes hidden unemployment; nationwide total.

^j Weighted average.

^k The monetary figures are end-of-year stocks.

^l Fiscal years.

^m Refers to tax revenues from the non-petroleum sector.

ⁿ Includes net lending.

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