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AND THE CARIBBEAN**

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Notes and explanation of symbols

The following symbols have been used in the tables in this Survey:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amounts is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise indicated.

A full stop (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1969/1970.

Use of a hyphen (-) between years, e.g., 1960-1970, signifies an annual average for the calendar years involved, including the beginning and the end years.

References to "tons" mean metric tons, and to "dollars" United States dollars, unless otherwise stated.

Unless otherwise stated, references to annual growth rates or rates of variation mean cumulative annual rates.

Figures and percentages in tables may not necessarily add up to the corresponding totals, because of rounding.

PART ONE

EVOLUTION OF THE CARIBBEAN ECONOMIES

Part One

EVOLUTION OF THE CARIBBEAN ECONOMIES

I. STRUCTURAL CHARACTERISTICS AND MAIN TRENDS

Whether judged by area, population or value of output, the **fifteen** Caribbean countries covered by this survey must all be regarded as exceedingly small. Historical associations with colonizing metropolitan countries have bequeathed them a variety of languages, ethnic types and independent political systems, with no fewer than nine different currencies and **parities** with the US dollar, the common intervention currency. They rely heavily on merchandise imports for their supplies and on the export of commodities and services for their income, and in many cases their fiscal systems are tied to the indirect taxation of trade in goods and services. In order to establish a point of reference, the following structural data may be given for 1980 (see table 1).

In most Caribbean countries historical factors combine with heightened expectations and democratic institutions to make the public sector a key economic actor. Not only does the State perform its traditional functions but it is also directly involved in providing social and economic infrastructure as well as economic production. The result of these forces is to maintain high growth of public sector expenditure on both current and capital account, and since this growth in expenditure outstrips the growth in revenue this generates fiscal deficits and rising public debt (see table 2). During 1983, these tendencies became increasingly pronounced, raising serious problems for those entrusted with the tasks of public management.

By and large, in 1983 the countries of the region experienced little real growth. Performance varied from moderate, in the case of Dominica, St. Lucia, Suriname and **Jamaica**, to poor in the case of Guyana and Trinidad and Tobago. If the growth in population is taken into account, there were hardly any real per capita gains (see table 3).

Such a modest economic performance derived from a combination of international and domestic economic factors. The recovery in the industrial countries, while clearly serving to arrest the downward slide, has only a lagged impact, and at any rate was of only moderate strength. Its principal short-term effect was to shore up the tourist trade, cause the downturn in bauxite output to bottom out, and give rise to a recovery in the price of primary agricultural products. However, on account of the strengthening of the dollar against European currencies much of this enhanced price effect was lost. Perhaps, however, the more pervasive cause of the poor performance was the continuing inability of the Caribbean economies to produce adequate quantities of goods to take advantage of available export markets. While in some cases this may have been due to shortages of key supplies, consequent on foreign exchange restrictions, in others it would appear to derive from basic inefficiencies.

With continued sluggish export performance, and in view of the high inelasticity of demand for imports, foreign exchange was **everywhere** a problem. This had the **effect** of dampening considerably the fledgling import substitution manufacturing sector and with it regional trade. The general slowdown also caused the construction sector to decline rapidly.

During 1983 the price of crude oil fell sharply, with a consequent negative impact on the Trinidad and Tobago economy, where crude oil output also declined. The reduced cost of energy showed itself positively in the payments position of most countries. However, the most pervasive favourable influence on most Caribbean economies was the slowing down of international inflation, which was reflected almost everywhere in lower rates of domestic inflation.

During 1983 the Caribbean countries without exception continued to show evidence of deep-seated structural problems, as indicated by large current account payments deficits, increasing external debt, widespread fiscal **deficits** and structural unemployment. The nature of these problems

Table 1

CARIBBEAN COUNTRIES: STRUCTURAL CHARACTERISTICS, 1980

	Area (km ²)	Population (millions)	Currency (units per US dollar)	(GDP millions of national currency units)
Antigua and Barbuda	440	0.07	EC\$ (2.7)	223
Dominica	750	0.08	EC\$ (2.7)	148
Grenada	340	0.11	EC\$ (2.7)	195
Montserrat	100	0.01	EC\$ (2.7)	28
St. Christopher/Nevis	270	0.04	EC\$ (2.7)	96
St. Lucia	620	0.12	EC\$ (2.7)	261
St. Vincent	340	0.10	EC\$ (2.7)	127
OECS Group^a				
Bahamas ^b	13 940	0.21	Bhs\$ (1.0)	1 080
Barbados	430	0.25	Bds\$ (2.0)	1 520
Belize	22 960	0.15	Bze\$ (2.0)	280
Guyana	214 970	0.79	G\$ (2.55)	1 336
Jamaica	10 990	2.19	J\$ (1.78)	4 738
Trinidad and Tobago	5 130	1.20	TT\$ (2.4)	15 327
CARICOM Group^c				
Netherlands Antilles ^b	993	0.25	NAF (1.79)	2 291
Suriname	163 270	0.39	Sf (1.78)	3 044

Source: Various country reports.

^aOrganization of East Caribbean States.^bData relate to 1979 - full data for 1980 not available.^cCaribbean Community and

Common Market includes OECS States. Bahamas a member of Community only.

Table 2

CARIBBEAN COUNTRIES: PUBLIC FINANCES

	Growth rates (per cent)						Public debt ^b	
	Current revenue		Current expenditure		Fiscal deficit ^a		1982	1983 ^c
	1982	1983 ^c	1982	1983 ^c	1982	1983		
Antigua	16.3	16.2	2.7	41.8	0.7 ^d	21.1	...	...
Bahamas	-2.8	5.8	7.4	12.2	9.3	7.6	447	526
Barbados	8.7	12.3	4.5	5.2	15.8	10.0	760	861
Belize ^e	2.4	...	17.0	...	15.4	...	...	...
Dominica ^f	1.8	16.5	-0.5	9.1	28.5	25.0	...	...
Grenada	20.4	...	3.6	...	61.6	...	134	...
Guyana	-2.0	2.8	1.9	7.2	63.8	49.9	...	3 000
Jamaica ^e	-0.2	11.9	-12.2	29.6	50.1	36.1	3 424 ^g	4 257 ^g
							1 425	1 643 ^h
Montserrat	10.0	18.7	18.5	26.4	5.9 ⁱ	-	...	...
Netherlands Antilles	...	...	...	...	...	...	...	...
St. Christopher/Nevis	-14.7	17.9	-0.4	17.8	37.4	31.7	...	...
St. Lucia ^f	58.3	...	41.9	...	15.5	...	...	...
St. Vincent	13.2	...	13.2	...	...	...	...	...
Suriname	5.6	-16.1	15.5	25.4	13.9	48.8	172	481
Trinidad and Tobago	1.2	-7.1	68.6	7.4	24.9	29.1	2 095	2 869

Source: Various country reports.

^aAs a percentage of total government expenditure.^bMillions of national currency units.^cPreliminary

figures.

^dIndicates a surplus.^eFiscal year April-March.^fFiscal year July-June.^gNet internal debt J\$

million.

^hNet external debt (US\$ million).

Table 3

**CARIBBEAN COUNTRIES: GROWTH RATE IN REAL GDP
AND POPULATION**

	Real GDP			Population	
	1981	1982	1983 ^o	1982	1983 ^o
Antigua and Barbuda	4.0	2.7	1.1	1.3	1.3
Bahamas ^b	...	...	...	...	...
Barbados ^c	11.6	5.3	6.1	0.4	0.4
Belize	2.6	-0.3	...	...	...
Dominica	8.2	3.2	4.0	3.7	...
Grenada	3.0	5.5	...	-	...
Guyana	-0.5	-10.4	-9.6	0.1	0.1
Jamaica	3.3	0.2	1.7	1.5	2.1
Montserrat	2.0	1.2	-1.2	1.2	-1.2
Netherlands Antilles ^b	...	...	...	...	...
St. Christopher/Nevis	6.6	1.6	...	...	...
St. Lucia	...	2.5	2.0	1.6	1.6
St. Vincent	12.5	0.8	...	1.8	...
Suriname	5.6	2.0	2.0	2.5	2.7
Trinidad and Tobago	7.3	3.5	-3.8	1.6	1.7

Source: Various country reports.

^aPreliminary figures.

^bThe latest data on GDP are for 1979.

^cGrowth rate of GDP at current prices.

caused the authorities in 1983 to turn their attention seriously to structural adjustment programmes intended to cure these defects in the medium to long term.

Because of the concentration of productive resources in exports and the primacy of this sector as a motive force in the economy, short-term economic performance in Caribbean countries may be accurately gauged by their export performance. Both on account of their small size and their passive incorporation into the world economy Caribbean countries are price takers and can usually sell, under various commodity agreements, all the staples they can produce. In the classic staple hypothesis it is usual to distinguish a number of typologies. Thus, despite efforts to develop tourism and light manufactures, St. Christopher remains an old sugar economy, while Belize exemplifies the new plantation economy producing sugar, bananas and citrus fruits. Trinidad and Tobago is a typical mineral exporter in course of transition from oil to natural gas, which must be embodied in exportables such as fertilizers, steel or petrochemicals. While nearly all the countries of the region attempt to capitalize on their proximity to the large North American markets for services, tourism dominates in the Bahamas, Antigua and Montserrat. Peasant agricultural systems in the Windward Islands have resulted in their being organized for producing bananas and such minor staples as cocoa, spices, and arrowroot, and for cottage tourism. Jamaica, with its sugar plantations, bauxite mines, small coffee and banana farms, sizeable tourist sector and fledgling light export manufacturing, seems to defy categorization.

Export agriculture is still critical to the foreign exchange earning potential of Belize, St. Christopher and the Windward Islands, and in addition to the social economy of Trinidad and Tobago, Jamaica, Guyana and Suriname because of its employment effects. Only two commodities—sugar and bananas—are of region-wide importance. However, a variety are of significance to individual countries: rice, forest products and shrimp to Guyana and Suriname; citrus to Belize, Jamaica and Dominica; crawfish to Belize and Bahamas; coffee, cocoa and spices to Jamaica and the Windward Islands; and oil palm to Suriname.

Sugar was by far the most important agricultural commodity, and with the cessation of exports from Suriname it is now marketed under the Lomé Agreement in EEC countries and by quotas in the United States under the GSP by six Caribbean countries. The only countries to record increased output in 1983 were Belize (7.4%) and Jamaica (1.5%), and while Barbados and Trinidad and Tobago seemed to have avoided further dramatic reductions in output, Guyana (-12.3%) and

St. Christopher/Nevis (-22.2%) performed poorly, mainly on account of organizational and managerial problems.

Banana exports from the region in 1983 are believed to have been sustained at the same level as 1982. Most exporters were able to maintain their shipments, and the decline in Suriname (-16%) seems to have been more than compensated by the strong growth in St. Lucia (25%), now the largest producer in the region. The enhanced performance of St. Lucia derives in part from the relatively new process of field-packing the fruit, which has substantially reduced spoilage (see table 4).

Earnings from staple agricultural exports were not matched by output performance. Whereas unit prices increased somewhat —bananas by 4% and sugar by about 8%— because most sales were to the EEC countries, the appreciation of the US dollar, to which most Caribbean currencies are linked, eroded most of these gains.

The precipitous decline in the output of bauxite and in related activities which occurred between 1981 and 1982, especially in Jamaica, seems to have been arrested in 1983. While growth was not recorded, the bottoming out of the world economy brought a measure of balance between supply and demand with consequent reduction in stocks. The full impact of world economic recovery was not felt in 1983 but the effect was sufficient to cause an increase in alumina production in both Jamaica (5%) and Suriname (1%), laying the basis in some measure for the overall growth recorded by these two countries (see table 5).

While the petroleum industry continued to be the backbone of the Trinidad and Tobago economy its further weakening in 1983 was the root cause of the decline recorded there. Crude oil output fell by 10% in 1983 following an 11% decline in 1982 and exports were down by a similar margin. More dramatically, however, in 1983 Trinidad and Tobago ceased to be an offshore oil refining centre as no crude oil was imported for processing. Declining production and prices had a pervasive negative impact, as foreign exchange income and government revenue both fell. There was a 4% increase in natural gas output but the full international monetary benefits from this resource have yet to be achieved.

With the upturn in the economies of the OECD countries most Caribbean tourism destinations received a boost, the Bahamas, Jamaica, Barbados and St. Lucia being outstanding in this respect. The partial dependence of the Netherlands Antilles tourism on Venezuela made 1983 a difficult year for the first-named country. There also appears to be a structural shift in the cruise ship business which now tends to favour shorter trips. As a consequence a number of the more distant destinations experienced reductions in that aspect of their trade. Because of the appreciation of the US dollar there

Table 4

CARIBBEAN COUNTRIES: MAJOR EXPORT STAPLES

(Thousands of tons)

	Sugar output			Banana exports	
	1981	1982	1983 ^a	1982	1983 ^a
Barbados	94	89	86	...	...
Belize	99	108	116	10	...
Guyana	307	292	256	...	...
Jamaica	206	196	199	22	23
St. Christopher/Nevis	32	36	28	...	...
Suriname ^b	8	...	...	38	32
Trinidad and Tobago	93	79	77	...	...
Windward Islands:					
Dominica				27	29
Grenada				10	...
St. Lucia				44	55
St. Vincent				31	...

Source: Various country reports.

^aPreliminary figures.

^bSuriname no longer exports sugar.

Table 5
CARIBBEAN COUNTRIES: BAUXITE AND ALUMINA PRODUCTION
(Thousands of tons)

	1981	1982	1983°
Guyana			
Dried bauxite	971	764	734
Calcined bauxite	513	392	315
Alumina	170	73	.
Jamaica			
Bauxite	11 606	8 447	7 725
Alumina	2 556	1 761	1 854
Suriname			
Bauxite	4 125	3 120	2 832
Calcined bauxite	...	156	145
Alumina	1 248	1 156	1 172
Aluminium	...	43	34

Source: Various country reports.
 °Preliminary figures.

Table 6
CARIBBEAN COUNTRIES: INDICATORS OF TOURIST ACTIVITY

	Visitor arrivals (thousands)			Estimated expenditure (millions of US dollars)		
	1981	1982	1983°	1981	1982	1983°
Antigua	209	164	166	...	...	...
Bahamas	1 745	1 942	2 218	639	654	724
Barbados	488	414	431	131	125	125
Belize	62	60	...	8	8	...
Dominica	23	23	28	3	4	...
Grenada	103	85	...	17	17	...
Guyana	...	...	...	...	...	...
Jamaica	551	670	782	284	336	409
Montserrat	21	25	19	5	6	6
Netherlands Antilles	897	...	...	366	...	...
St. Christopher/Nevis	46	45	53	...	...	...
St. Lucia	90	106	113	38	41	42
St. Vincent	83	80	...	...	26	...
Suriname	...	...	...	...	...	...
Trinidad and Tobago	...	...	...	...	...	...

Source: Various country reports.
 °Preliminary figures.

was a negative price effect on the European market and greater dependence on the North American market. It is also evident that visitors are becoming increasingly sensitive to price differentials, thereby forcing the Caribbean industry to pay attention to pricing. Overall the contribution of tourism to the foreign exchange earnings of the region was enhanced in 1983 (see table 6).

Apart from tourism the principal offshore services provided by Caribbean countries to the large mainland markets of North America have been oil transshipment and refining, ship repair and registration, and offshore banking, financing and insurance. The change in United States energy policy in the recent past has dealt a severe blow to the offshore oil business, which in 1983 virtually came to an end in Trinidad and Tobago. The evolving United States policy on the treatment of tax havens, of which the Bahamas and Netherlands Antilles are outstanding examples, seems certain to have a negative impact on offshore financial centres.

II. OUTPUT

1. Agriculture

With the possible exception of the Netherlands Antilles, where deficient rainfall and rocky terrain inhibit agriculture, the production of food crops, livestock and fish for domestic consumption is of tremendous importance to the social economy everywhere in the Caribbean. In Jamaica, the Windward Islands, Suriname and Guyana domestic food production is considerable, and some countries have set targets of self-sufficiency. The potential for linkage to the tourist sector is also attractive.

After the somewhat uneven performance of the agricultural sector in 1982, most countries reported very positive results in 1983. In the Bahamas, where in recent years considerable policy emphasis has been placed on its improvement, domestic agriculture grew strongly, with the value of farm output an estimated 17% above 1982 and the volume of fish products 8% higher. Barbados recorded a 16% increase in root crops, increased vegetables output and a 90% increase in fish. In Antigua and St. Lucia, output of both root crops and vegetables increased in 1983, but production of fruits fell, while in Dominica there was a general increase in food production and a 25% increase in fish. After the very poor performance in 1982, when the output of domestic agricultural commodities fell 12%, Jamaica recorded a 12% increase in root crop production and 15% in vegetable production in 1983, while in Guyana there was increased root crop production, a 20% increase in maize output and a 14% increase in fish.

2. Manufacturing

With the exception of enclave industry in the Bahamas, Netherlands Antilles and to a certain extent Jamaica and Barbados, and the recent Trinidad and Tobago attempt at heavy industry (fertilizers, iron and steel, methanol) Caribbean industrialization strategy has aimed at import substitution for regional markets in CARICOM. The weak economic position in 1983 of most countries of the region and the continued shortage of foreign exchange impacted negatively on this activity. Intra-Caribbean

Table 7

CARIBBEAN COUNTRIES: EVOLUTION OF MANUFACTURING VALUE ADDED

(Percentage)

	1981	1982	1983 ^a
Antigua	...	...	-15.1
Bahamas	...	...	...
Barbados	11.1	-2.3	-1.4
Belize	-1.4	5.0	...
Dominica	17.7	9.6	2.5
Grenada	...	...	...
Guyana	24.1	-12.8	-18.8
Jamaica	13	4.2	4.1
Montserrat	12.9	-2.9	5.9
Netherlands Antilles	...	...	...
St. Christopher/Nevis	-13.0	...	...
St. Lucia	-0.5	13.0	6.6
St. Vincent	20.3	12.5	...
Suriname	-44.6	8.4	5.5
Trinidad and Tobago	-2.3	-2.0	7.6

Source: Various country reports.

^a Preliminary figures.

Table 8

CARIBBEAN COUNTRIES: TRENDS IN EXPORTS AND IMPORTS*(Percentage growth rates)*

	Exports		Imports	
	1982	1983 ^o	1982	1983 ^o
Antigua	-31.1	...	-19.6	...
Bahamas	26.1	10.4	-5.7	8.6
Barbados	-8.4	55.5	-8.6	18.1
Belize	-18.9	...	-19.4	...
Dominica	27.4	12.4	-4.4	-5.1
Grenada	-5.7	...	3.0	...
Guyana	-20.4	-18.0	-29.7	-11.3
Jamaica	-25.9	-7.2	-7.6	-6.7
Montserrat	-21.2	55.5	7.6	-1.2
Netherlands Antilles	...	...	...	...
St. Christopher/Nevis	-22.3	...	-6.5	...
St. Lucia	-	14.2	-9.5	-9.6
St. Vincent	-0.4	...	10.0	...
Suriname	-9.9	-14.7	-5.3	-13.3
Trinidad and Tobago	-10.2	-19.5	17.6	-23.4

Source: Various country reports.

^oPreliminary figures.

trade in manufactures was severely reduced as a number of countries restricted entry to their markets. Payments arrangements became difficult when at the beginning of the year, on attaining its credit limit, the CARICOM Multilateral Clearance Facility (CMCF) was ended. Apart from tiny Montserrat, the only country in which manufacturing performed at a substantially higher level than in 1982 was Trinidad and Tobago. Here assembly industries for the home market, the refurbished cement industry and the coming into full production of some petrochemical plants made the largest contributions (see table 7).

3. Construction

In almost every country of the Caribbean region, construction activity declined in 1983. This development has had serious consequences for the maintenance of employment levels among skilled and unskilled persons. Perhaps the most dramatic decline took place in St. Lucia, where sector output fell an estimated 40%, while the completion of a number of infrastructure and tourist-related projects in Antigua, Bahamas, Barbados, Dominica, Montserrat and St. Christopher had the effect of depressing sector output by about 5%. In Trinidad and Tobago, the relatively parlous state of the public finances resulted in the end of an eight-year-long construction boom and a 3% decline in sector output.

III. THE EXTERNAL SECTOR

The external accounts are widely regarded as the most critical element in the national accounts of Caribbean countries. By comparison with 1982, when the external sector of these countries reached its lowest ebb, the year 1983 represents a recovery, though certainly there continued to be every evidence of weak performance. Some countries showed considerable improvement in their commodity exports and most were able to contain import growth in spite of the inelasticity of demand for most imported goods (see table 8).

The performance of merchandise exports is only a partial indication of performance. Most Caribbean countries earn substantial sums on invisible trade, where a positive balance is recorded.

Table 9 shows that while the phenomenon of an adverse current account balance remained pervasive in 1983, there were improvements in most cases by comparison with 1982, with Trinidad and Tobago the only substantial exception.

Estimates of foreign debt are not readily available for most Caribbean countries and reasonably reliable data are available for only four of them. While displaying the usual upward trend, however, it would seem that by conventional standards debt burden and debt servicing ratios are moderate for all countries except Jamaica.

For most Caribbean countries the merchandise terms of trade turned favourable in 1983 as export prices generally rose and import prices, including the price of oil, were fairly stable or declined. However, Trinidad and Tobago was an exception since its oil exports fetched lower prices. Furthermore, the general improvement in the merchandise terms of trade was dampened somewhat by the appreciation of the US dollar to which all these countries' currencies are tied.

Not unexpectedly, the weak payments position caused a number of countries to have to grapple with the problem of stabilization under the tutelage of the IMF. Belize drew credits under the Compensatory Financing Facility, Grenada entered into a standby agreement, and Guyana held protracted discussions with the Fund. However, it was in Jamaica that the Fund was most active. The Extended Financing Facility which had been in use since 1981 was terminated and negotiations for a new standby agreement were begun in late 1983.

IV. INFLATION AND UNEMPLOYMENT

The structural imbalances in the markets for goods, money and labour continue to manifest themselves in rising prices and sizeable unemployment rates. The fact that in most countries the growth in the retail price index in 1983 was moderate and below the 1982 level must be attributed largely to the slowing down of international inflation, **which** tends to be imported. Double-digit inflation was experienced in Jamaica, where there was monetary expansion, in Guyana on account of

Table 9

CARIBBEAN COUNTRIES: BALANCE ON CURRENT ACCOUNT AND EXTERNAL DEBT

(Millions of US dollars)

	Current account balance		External debt	
	1982	1983 ^a	1982	1983 ^a
Antigua	-509	...	...	...
Bahamas	-45	-52	147	...
Barbados	-42	12	144	174
Belize	-14	...	72	...
Dominica	-15	...	33	...
Grenada	-32	...	26	...
Guyana	-142	-134	741	700
Jamaica	-380	-343	2 740	3 274
Montserrat	-8	-9	...	...
Netherlands Antilles	...	...	...	...
St. Christopher/Nevis	-11	-8	...	...
St. Lucia	-44	-10	24	...
St. Vincent	-12	...	17	...
Suriname	-154	-164	...	...
Trinidad and Tobago	-745	-967	558	739

Source: Various country reports.

^aPreliminary figures.

Table 10

CARIBBEAN COUNTRIES: INDICATORS OF INFLATION AND UNEMPLOYMENT

	Consumer price index (percentage variation)			Unemployment (percentage)	
	1981	1982	1983°	1982	1983°
Antigua	11.5	4.6	...	20.0	...
Bahamas	11.1	6.0	4.0	...	...
Barbados	14.6	10.3	5.3	13.7	15.0
Belize	11.4	9.4	...	...	...
Dominica	13.3	4.4	2.7	15.0	...
Grenada	19.6	13.2	...	14.2	...
Guyana	22.2	20.9	15.1	...	...
Jamaica	11.9	6.5	11.3	27.4	26.1
Montserrat	10.6	9.8	4.7	5.6	7.0
Netherlands Antilles	8.6	...	...	...	...
St. Christopher/Nevis	10.3	5.9	2.5	...	...
St. Lucia	15.1	4.6	1.5	...	...
St. Vincent	13.0	7.2	...	...	...
Suriname	8.7	7.3	4.4	...	...
Trinidad and Tobago	14.3	11.4	15.2	10.4	11.1

Source: Various country reports.

°Preliminary figures.

Table 11

CARIBBEAN COUNTRIES: PERCENTAGE GROWTH IN
MONETARY RESOURCES

	Money supply		Quasi-money	
	1982	1983°	1982	1983°
Antigua	-7.5	22.8	21.5	-17.0
Bahamas	6.0	12.7	17.9	11.5
Barbados	-1.3	16.2	9.0	4.1
Belize	-0.5	...	...	...
Dominica	-3.8	0.1	29.4	10.0
Grenada	18.4	...	-4.5	...
Guyana	27.4	20.8	29.1	23.2
Jamaica	6.1	21.3	32.4	28.0
Montserrat	-4.7	6.2	6.0	0.7
Netherlands Antilles	20.2	...	...	...
St. Christopher/Nevis	5.9	-3.1	14.2	14.5
St. Lucia	...	...	...	...
St. Vincent	...	...	...	...
Suriname	17.6	8.1	...	...
Trinidad and Tobago	43.9	-8.2	33.4	...

Source: Various country reports.

°Preliminary figures.

supply bottlenecks and monetary expansion, and in Trinidad and Tobago where the relaxation of price controls and the removal of government subsidies brought latent inflationary pressures into the open. However, the return of most Caribbean countries to single-digit inflation in 1983 must be regarded as one of the more favourable developments of that year.

After falling continuously from a peak of some 17% in 1975, the measured rate of unemployment in Trinidad and Tobago increased by one percentage point in 1983, reaching 11%. The **slowing-down** of construction and mining and the inevitable spread effect were the factors responsible for this. In Barbados, the rise in unemployment resulted mainly from the decline in manufacturing and construction (see table 10).

In general, monetary policy in Caribbean countries aims to maintain balance in the external accounts and to channel resources to stimulate expansion of the productive sectors. Because of the enhanced performance of these economies compared to 1982, monetary resources were allowed to grow at a relatively faster rate. This was especially the case in Barbados and Jamaica. In Trinidad and Tobago, where during 1983 the spectre of fiscal and payments crises became evident, the authorities pursued tight money supply policies, with the effect that the massive expansion of 1982 was arrested (see table 11).

PART TWO
ECONOMIC EVOLUTION OF THE
INDIVIDUAL COUNTRIES

ANTIGUA AND BARBUDA

1. Recent economic trends: Introduction and summary

Despite a 17% increase in stopover tourist arrivals the real gross domestic product (GDP) rose by only 1%, its fourth successive year of declining growth (see tables 1, 2 and 3). As a result, real per capita growth was marginally negative. Sectoral performance was mixed, for while tourism and agriculture registered a substantial increase in value added, manufacturing and commerce contracted. The contraction of the commerce sector was probably a consequence of the reduction in cruise-ship arrivals and of in-transit trade, while the manufacturing sector faced increased *intra-regional* trade restrictions.

Prices and wages grew at a moderate rate, indicating a slowdown in inflation consistent with the decrease in the rate of world inflation, especially in the United States. However, the money supply grew by over 23% in 1983.

The outlook for 1984 is moderately optimistic with the expected increase in tourism and the construction of the Deep Bay hotel complex. Much, however, will also depend on manufacturing and the CARICOM trade *régimes*, and here the prospects for expansion appear limited.

2. Trends in economic activity

a) *Evolution of the main sectors*

i) *Agriculture*. For the second year in succession, drought was a problem. Nevertheless, real agricultural GDP increased by over 12% to EC\$ 15 million (1977 prices). Both exports and imports of agricultural produce were at a lower level than those of 1982 (see table 4).

Production of vegetables and root crops increased substantially, but that of tree crops declined. Sugar cane production increased from 2.8 to 4.6 tons, but there was a further decline in the production of sea-island cotton. There appears to be competition for use of equipment with the sugar operations, which caused late preparation of the cotton fields and a subsequent sharp reduction in the acreage planted with cotton.

ii) *Fisheries*. Between 1978 and 1982 estimated fish landings fell by half, while landings of lobsters declined even more dramatically. Indications are that this decline has now been arrested and that 1983 catches are at approximately their 1982 levels. Since it is operating at only about 30% to 40% of its maximum sustainable capacity for fish landings, however, the fisheries sector has considerable scope for further development. Local overfishing, poor marketing infrastructure, the large price differential between controlled domestic price and export prices prevailing in Guadeloupe, and to a lesser extent the artisanal fishing methods used have contributed to the decline.

The Government has instituted measures to arrest this decline and further develop the sector. A new fish market was completed in 1982 and a Caribbean Development Bank (CDB)-financed development project aims at a more comprehensive and industrial approach towards fisheries. On the institutional side, the Ministry of Agriculture has prepared a draft fisheries policy outline. In general, the policy is comprehensive and practical, although the price differential issue remains somewhat neglected and needs to be further addressed.

iii) *Manufacturing*. As a reflection of increasing world and regional protection and possibly diminishing opportunities for import substitution, the contribution of manufacturing declined to below its 1977 level. As a consequence, the index of manufacturing exports decreased by 5%. In fact, the decline in the manufacturing sector would have been more severe, had it not been for a substantial increase in the production of foundation garments and bedding.

In contrast to the performance of the sector, commercial bank loans for manufacturing increased by almost 46%. It is not clear, however, whether these loans and advances consist of short-

term overdrafts or longer-term expansion oriented loans. New loan approvals by the Antigua and Barbuda Development Bank (ABDB) declined from EC\$ 39 000 to EC\$ 14 000.

Factory shell space increased by 20 000 sq.ft., which is all occupied. There is therefore a need for additional factory space, since this is required by most new industries.

Although the manufacturing sector is small, its products comprise most of the country's visible exports, and regional trade policy developments will be critical for further development of this sector (see table 5).

iv) *Construction.* Activity in the construction sector declined slightly compared with 1982. With the increase in the number of building applications, the growth of tourism in general and the construction of the scaled-down Deep Bay hotel complex, the outlook for the construction sector appears to be favourable for 1984 (see table 6).

Table 1

ANTIGUA AND BARBUDA: MAIN ECONOMIC INDICATORS

	1981	1982	1983
A. Basic economic indicators			
Gross domestic product at factor cost (millions of 1977 EC dollars)	193.2	198.5	200.6
Population (thousands)	76.2	77.2	78.2
Per capita gross domestic product at 1977 prices (EC dollars)	2 535	2 571	2 565
Growth rates			
B. Short-run economic indicators			
Gross domestic product at factor cost at 1977 prices	4.0	2.7	1.1
Per capita gross domestic product at factor cost at 1977 prices	2.7	1.4	-0.2
Money supply M_1	14.2	-7.5	31.3
Money supply M_2	16.6	21.5	21.7

Source: ECLAC, on the basis of official data.

Table 2

ANTIGUA AND BARBUDA: TOTAL SUPPLY AND DEMAND

(Millions of EC dollars)

	1981 ^o	1982 ^o	Growth rates 1982
Total supply	699.8	730.9	4.4
GDP at market prices	318.8	345.9	8.5
Imports of goods and services	381.0	385.0	1.0
Total demand	699.8	730.9	4.4
Domestic demand	451.4	482.8	7.0
Gross domestic investment	169.4	175.8	3.8
Private consumption	213.8	228.3	6.8
Government consumption	68.2	78.7	15.4
Exports of goods and services	248.4	248.1	-0.1

Source: International Monetary Fund (IMF).

^oPreliminary figures.

Table 3

ANTIGUA AND BARBUDA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST

	Millions of 1977 EC dollars			Percentage share		Growth rates	
	1981 ^a	1982 ^a	1983 ^a	1981	1983	1982	1983
Total gross domestic product	193.2	198.5	200.6	100.0	100.0	2.7	1.1
Goods	41.8	42.6	41.9	21.6	20.9	1.9	-1.6
Agriculture	12.4	13.3	15.0	6.4	7.5	7.2	12.8
Mining quarrying and manufacturing	15.0	15.0	12.9	7.8	6.4	-	-14.0
Construction	14.4	14.3	14.0	7.4	7.0	-	-2.1
Basic services	47.2	48.4	51.6	24.4	25.7	2.5	6.6
Electricity and water	6.9	7.4	7.9	3.6	3.9	7.2	6.8
Transport and communications	40.3	41.0	43.7	20.8	21.8	1.7	6.6
Other services	104.2	106.7	107.1	54.0	53.4	2.4	0.4
Trade	20.6	21.6	18.4	10.7	9.2	4.9	-14.8
Hotels and restaurants	25.9	25.7	28.5	13.4	14.2	-0.8	10.9
Government services	22.4	22.9	23.3	11.6	11.6	2.2	1.7
Other	35.3	36.5	36.9	18.3	18.4	3.4	1.1

Source: Statistics Division, Ministry of Finance, Antigua.

^aRevised figures. ^bPreliminary figures.

Table 4

ANTIGUA AND BARBUDA: INDICATORS OF SELECTED AGRICULTURAL PRODUCTS

	1981	1982	1983	Growth rates	
				1982	1983
Sugar-cane^a	3.3	2.8	4.6	-15.2	64.3
Cotton lint ^b	...	8.9	5.0	...	-43.8
Major food crops					
Sweet potatoes ^b	706	502	777	-28.9	54.8
Yams, eddoes, cassava ^b	420	336	920	-20.0	173.8
Tomatoes ^b	290	379	627	30.7	65.4
Cabbage ^b	216	404	365	87.0	-9.7
Cucumber^b	344	326	308	-5.2	94.4
Carrots ^b	393	261	405	-33.6	55.2
Onions ^b	148	86	102	-41.9	18.6
Squash ^b	290	239	187	-17.6	-21.8
Pineapples ^b	290	406	398	40.0	-2.0
Mangoes^c	903	478	249	-47.1	-47.9
Oranges and grapefruit ^c	135	202	64	49.6	-68.3

Source: Statistical Office, Antigua.

^aThousands of tons.^bThousands of pounds.^cThousands.

Table 5

ANTIGUA AND BARBUDA: INDICATORS OF
MANUFACTURING PRODUCTION

	1981	1982	1983	Growth rates	
				1982	1983
Index of export manufacturing production (1981 = 100)	100	100	96		
Rum ^a	162	159	133*	-1.9	-16.4
Soft drinks ^c	280*	216	-	-22.6	-
Garments					
Foundation ^d	413	476	570	15.3	19.7
Outwear ^e	430	327	279	-23.9	-14.7
Paper products ^f	698 ^g	846	-	21.2	-
Bedding*	9 721	3 440	12 000 ^g	-244.0	248.8
Plastics ^h	345	432	135	25.1	-68.8
Paints ⁱ	25	106	100 ^g	324.0	-5.7
Tires ^h	2 580	2 537	-	-1.7	-
Stoves ^h	3 911	3 646	3 800	-6.8	4.2
Refrigerators ^h	1 389	2 093	1 700	50.7	-18.8
Freezers ^h	404	360	200	-10.9	-44.4
Hot plates*	10 558	2 290	1 100	-78.3	-52.0
Batteries ^h	863	500	-	-42.1	-

Source: Statistical Division, Antigua; ECLAC calculations.

^aThousands of gallons. ^bEstimates. ^cThousands of cases. ^dThousands of dozen. ^eThousands of units.
^fRolls. ^gRevised figures. ^hUnits. ⁱThousands of pounds. ^jHundred of US gallons.

Table 6

ANTIGUA AND BARBUDA: INDICATORS OF CONSTRUCTION

	1981	1982	1983
Number of building permit applications	698.0	457.0	557.0
New buildings	463.0	301.0	397.0
Extensions	235.0	156.0	160.0
Area constructed ^a	...	...	658.5
New buildings	...	...	585.8
Extensions	...	...	72.7
Estimated value ^b	...	43.7	60.4
New buildings	...	...	55.7
Extensions	...	...	4.7
Production of building materials			
Blocks ^c	1 236.0	1 307.0	...
Pre-mixed concrete ^d	...	14.0	14.0
Gravel ^e	48.5	31.8	40.4
Other quarrying material/ ^f	111.1	143.5	57.7 ^g

Source: Statistical Department, Development Control Authority.

^aThousands of sq.ft. ^bMillions of EC\$. ^cThousands. ^dThousands of cu.yd.
^eThousands of tons. ^fThousands of bbl. ^gPreliminary figures.

Table 7

**ANTIGUA AND BARBUDA: ELECTRICITY GENERATION
AND CONSUMPTION**

	1981	1982	1983	Growth rates		
				1981	1982	1983
Installed capacity^a	20.3	32.3	31.3	0.0	59.1	-3.1
Public	15.0	27.0	26.3	0.0	80.0	-2.6
Industrial	5.3	5.3	5.0	0.0	0.0	-5.7
Production^b	57.2	59.8	67.0	6.6	4.5	12.0
Public	56.2	58.8	65.5	6.6	4.6	11.4
Industrial	1.0	1.0	1.5	0.0	0.0	50.0
Consumption (sold)^b	42.7	44.7	53.1	13.3	4.7	18.8
Residential	19.0	19.8	22.9	11.8	4.2	15.7
Commercial	14.0	14.4	19.0	16.7	2.9	31.9
Industrial	6.0	6.1	6.6	20.0	1.7	8.2
Government	4.4	4.4	4.6	0.0	0.0	4.6
Own use ^b	1.3	1.6	2.2	8.3	23.1	37.5
Transmission losses ^b	12.2	12.3	10.2	-15.3	0.8	-17.1
Peak demand ^a	10.0	10.1	10.8	-	1.0	6.9
Load factor (per cent)	63.9	66.2	66.8	-	3.5	0.9

Source: Antigua Public Utilities Authority (APUA).

^aMegawatts. ^bMillions of kWh.

v) *Electricity and water.* The consumption of electricity increased sharply by nearly 19% to 53 million kWh. Much of this increase is to be attributed to the rise of 32% in the electricity consumption for commercial purposes, which probably reflects the improved performance of the tourism sector. Transmission losses were sharply reduced and this, combined with an improvement of the load factor, enabled the Antigua Public Utilities Authority (APUA) to meet the increased demand with only a 12% increase in electricity production.

The water supply remains critical, with an estimated demand for 3.5 million gallons per day and a supply of 1.6 to 1.8 million gallons. To improve the water supply, the Water Division of APUA began two externally funded projects in 1983. One of these, financed by Trinidad and Tobago, will replace and extend the main water pipeline. The other, which is funded by USAID, will rehabilitate and further develop groundwater sources.

APUA is now considering the construction of a dual-purpose electricity generation/desalination plant with a capacity of 2 x 5 MW of electricity and 2 million gallons of water per day (see table 7).

3. The external sector

i) *Trade.* After the 22% growth of domestic exports in 1982, tentative indications are that such exports stagnated or declined in 1983. Total exports went down in 1982, mainly as a result of a sharp decrease in re-exports. For their part, total imports remained stable in that year, thus increasing the trade deficit from US\$ 86 million in 1981 to US\$ 89 million in 1982 (see table 8).

ii) *Tourism.* Tourism remains the dominant sector in the Antiguan economy, with the hotel and restaurant sector contributing over 14% to GDP, while its indirect contribution is estimated at a further 7%.

Two diverse trends were reinforced during 1983. The stopover visitor category showed a marked increase of 17% to nearly 114 000, but this was partly offset by a drop in the number of cruise-ship visitors, which fell from about 67 000 to 52 000 (see table 9).

The overall effect on tourism expenditure was positive, with an estimated increase of 15% to 20% over the 1982 level.

Table 8

ANTIGUA AND BARBUDA: BALANCE OF PAYMENTS

(Millions of dollars)

	1980	1981	1982
Merchandise exports FOB	30.40	38.00	34.20
Merchandise imports FOB	-95.90	-124.08	-124.17
Trade balance	-65.50	-86.08	-89.97
Other goods, services and income (net)	29.50	33.58	35.07
Unrequited transfers	13.10	13.40	12.20
Current account balance	-22.90	-39.10	-42.70
Direct investment	19.60	22.30	25.00
Other long-term capital	2.91	14.16	5.97
Short-term capital	-1.10	-0.5	8.64
Errors and omissions (net)	-3.33	0.86	-0.59
Capital account balance	18.08	36.82	39.02
Global balance^a	-4.81	-2.28	-3.68
Total variation in reserves (- sign indicates an increase)	3.22	0.68	-1.68
Special Drawing Rights	-	-	-
IMF reserve position	-	-	-
Foreign exchange	8.52	9.93	-

Source: International Monetary Fund (IMF).

^aThe difference between the global balance and the total variation of reserves (of opposite sign) represents the value of counterpart items monetization or demonetization of gold, allocation or settlement of Special Drawing Rights, and variations due to revaluation of other reserves.

Table 9

ANTIGUA AND BARBUDA: SELECTED TOURISM INDICATORS

	1981	1982	1983	Growth rates	
				1982	1983
Total visitors^a	209.2 ^b	164.1	165.9	-21.6	1.1
Cruise-shipvisitors	113.4	66.8	52.0	-41.1	-22.2
Stopover visitors	95.8	97.3 ^b	113.9 ^c	1.6	17.1
By air	84.7	87.0	101.1	2.7	16.2
By sea	11.0	10.3 ^b	12.8 ^c	-6.4	24.3
Total number of hotels	34	36	31 ^d	5.9	-13.9
Total number of guest houses	20	24	23 ^d	20.0	-4.2
Number of hotel and guest-house rooms	1 826	1 868	1 778 ⁱⁱ	2.3	-4.8
Hotels	1 684	1 702	1 610	1.1	-5.4
Guesthouses	142	166	168 ^d	16.9	1.2
Number of hotel and guest-house beds	3 342 ^b	3 736 ^b	3 592	11.8	-3.9
Hotels	3 070	3 406	3 254 ⁱⁱ	10.9	-4.5
Guesthouses	272	330	338 ⁱⁱ	21.3	2.4

Source: Antigua and Barbuda Department of Tourism, and ECLAC estimates.

^aThousands, excluding windjammer cruises and yachts.^bRevised figures.^cEstimated figures.^dPreliminary figures.

Table 10

ANTIGUA AND BARBUDA: PERCENTAGE BREAKDOWN OF AIR ARRIVALS

	1981	1982	1983
United States	38.0	42.2	48.7
Canada	9.7	10.2	7.7
United Kingdom	15.4	14.2	13.0
Other Europe	7.9	7.4	6.4
Caribbean	26.6	23.8	22.1
Latin America	1.2	1.1	1.0
Other	1.2	1.1	1.1

Source: Antigua and Barbuda Department of Tourism.

As a result of economic recovery in the United States and the appreciation of the US dollar, to which the EC dollar is linked, the growth in tourism traffic since 1981 has originated from the United States, with that from other sources remaining stagnant. The United States now accounts for almost half of the tourist arrivals; the Caribbean and Europe account for 22% and 19%, respectively.

Within the Caribbean, Trinidad and Tobago and Barbados remain important markets. Whereas the number of Barbados visitors has declined since 1980 by 11%, the number of Trinidad and Tobago tourists has increased by over 25%.

Tourism in Antigua remains seasonal, with about 50% of the arrivals falling between December and April. Indications are that Caribbean arrivals smooth this seasonality, since arrivals from these destinations are more evenly spread over the year, with a peak during July and August, when they comprise over 40% of all visitor arrivals (see table 10).

The 1984 outlook for the sector appears quite favourable, with first quarter stopover tourist arrivals 17% higher than in the comparable period of 1983.

4. Prices and wages

During the year the Antigua Statistics Division ceased to compile and publish a price index since it was felt that the 1969 base-year weights no longer reflect current household expenditure patterns. Estimates of the rate of inflation indicate a further decrease to about 1% to 2%.

Data on trends in wages are not systematically kept, but tentative indications are that wage increases were moderate during 1983.

5. Monetary and fiscal policy

a) *Monetary policy*

The developments in the money supply and the expansion of domestic credit reflect to some extent the sectoral improvements in the economy, although the increases were higher than the economic growth rate would have led one to expect. Thus, the broad money supply (M_2) grew by 23%, compared with a growth rate of 13% in 1982 (see table 11).

The growth in demand, savings and time deposits occurred mostly during the first half of the year, reflecting the improved performance and the seasonality of the tourism sector.

Domestic credit expanded at a more moderate rate of 13%, and net credit to government actually declined by 6%. In contrast, private sector credit expanded by 24%. Like the money supply, domestic credit expansion grew most during the first half of the year.

Foreign liabilities of the deposit banks, including deposits by non-residents and balances due to and from other ECCB area banks, exceeded its foreign assets by EC\$ 36.88 million (US\$ 13.7 million) in December 1983: an improvement over the EC\$ 51.74 million (US\$ 1916 million) negative balance recorded in 1982. This position was partly offset by the country's official international reserves of EC\$ 26.81 million (US\$ 9.93 million) (December 1983).

Table 11
ANTIGUA AND BARBUDA: MONETARY BALANCE

	Millions of EC dollars			Growth rates	
	1981	1982	1983	1982	1983
Money supply (M₁)	46.95	43.43	57.01	-7.5	31.3
Currency outside banks	16.27	16.28	17.47	0.1	7.3
Demand deposits	30.69	27.15	39.54	-11.5	45.6
Factors of expansion	171.93	180.72	227.38	5.1	25.8
Foreign assets (net)	-8.60	-28.65	-8.65	-233.1	69.8
Domestic credit (net)	180.52	209.37	236.03	16.0	12.7
Government (net)	41.50	50.42	47.16	21.5	-6.5
Private sector	133.64	148.78	183.95	11.3	23.6
Other	5.38	10.17	4.92	89.0	-51.6
Factors of absorption	124.97	137.30	170.37	9.9	24.1
Quasi-money	121.59	147.79	179.79	21.5	21.7
Other items	3.38	-10.49	-9.43	-410.4	10.1

Source: International Monetary Fund (IMF)

Table 12
ANTIGUA AND BARBUDA: SECTORAL DISTRIBUTION OF COMMERCIAL BANK LOANS

	Millions of EC dollars			Growth rates	
	1981	1982 ^a	1983	1982	1983
Non-personal loans	80.7	108.7	115.1	34.7	5.9
Agriculture	1.8	1.6	1.4	-10.4	-11.6
Manufacturing	9.3	11.8	17.2	26.7	45.9
Distributive trade	23.0	24.6	19.6	7.2	-20.3
Tourism, entertainment and catering	5.0	9.3	12.7	87.3	36.0
Transport	5.5	5.7	6.3	3.8	11.4
Government, statutory bodies, and public utilities	25.2	34.5	29.0	36.8	-15.9
Professional and other services	1.5	3.2	3.4	109.2	5.7
Construction and land development	9.5	12.0	25.5	27.0	41.3
Personal loans	65.5	59.8	77.7	-8.7	29.9
Other advances	13.5	12.2	19.9	-9.4	63.4
Total	159.7	180.7	212.7	13.1	17.7

Source: East Caribbean Central Bank (ECCB).

^aRevised figures.

Table 13

ANTIGUA AND BARBUDA: CENTRAL GOVERNMENT REVENUE
AND EXPENDITURE

	Millions of EC dollars			Growth rates	
	1981	1982	1983 ^o	1982	1983 ^o
Current revenue	76.0	88.4	102.7	16.3	16.2
Direct taxes	11.1	11.8	13.4	6.3	13.6
Indirect taxes	48.3	56.9	67.0	17.8	17.8
Non-tax revenue	16.6	19.7	22.3	18.7	13.2
Current expenditure	85.4	87.7	124.4	2.7	41.8
Saving on current account	-9.4	0.7	-21.7	-	-

Source: East Caribbean Central Bank.

^oEstimates.

Under a less stringent definition of foreign liabilities (i.e., excluding balances due to and from other ECCB banks and deposits by non-residents), which in the short term may be a more appropriate measurement of net international reserves, the above EC\$ 26.81 million liability changes into an EC\$ 30.63 million asset. This reversal shows the desirability of using a common currency and the importance of non-resident depositors to the international reserves of Antigua and Barbuda.

Loans and advances by commercial banks increased by EC\$ 32 million or 18%, which was more than the increase during 1982 (see table 12). Personal loans accounted for nearly EC\$ 18 million of this increment. There were also significant increases in the tourism, manufacturing, transport and construction and land development sectors, while the public, distributive trade and agricultural sectors showed declines. For agriculture this fall was partly offset by loans extended by the Antigua and Barbuda Development Bank. These developments are indicative of the trend in the distribution of loans over the last few years. While tourism, manufacturing, transport and construction accounted for only 24.8% of non-personal loans in 1980, their share reached 36.2% in 1981, 41.2% in 1982 and 53.6% in 1983.

b) *Fiscal policy*

It was estimated that total current revenue would rise by 16% in 1983, largely due to increased indirect taxes. Preliminary budget data indicate that in 1982 the Government achieved a small current account surplus. However, for 1983 the budget estimates indicate a current account deficit of EC\$ 21.7 million or 7.2% of GDP at current factor cost.

Over the last three years the proportion of current revenue to GDP has increased from 28% to 34%.

Reliable capital expenditure data were not available (see table 13).

BAHAMAS

1. Recent economic trends: Introduction and summary

Indirect indicators suggest that the level of economic activity rose modestly in 1983. The continued recovery of tourism, increased activity in agriculture, fisheries and manufacturing, and the remnants of an expansion in construction helped to generate this increase.

Although still quite small, farming activity responded positively to government incentives. Training programmes and other elements of infrastructure continued to be established.

Earnings from tourism rose some 11% in 1983 over the figure of a year earlier. Total visitor expenditure was estimated to have been of the order of Bh\$ 724 million in 1983. The completion of a large government-owned hotel and an aggressive tourism promotion campaign should result in increased earnings from tourism in 1984.

The merchandise trade deficit worsened in 1983 despite the increase in exports (see table 1). The current account balance deteriorated further in 1983 and reached a deficit of US\$ 69 million. Due to the capital balance surplus of US\$ 79 million, however, the global balance gave a surplus of US\$ 9.6 million.

In 1983 the growth rate of the annual average level of consumer prices dropped for the third consecutive year, amounting to only 3.5%. Nevertheless, the narrow money supply increased by 13% and domestic credit increased by 8%. A substantial portion of domestic credit was due to increased credit to the government sector. The government's current account position moved from one of surplus in previous years to one of deficit in 1983. A drastic reduction in capital expenditure helped to keep the overall fiscal deficit more or less at the level of the previous year (-77 million Bh\$). The national debt stood at Bh\$ 526 million at the end of 1983, representing an increase of nearly 18% over the previous figure.

2. Trends in economic activity

a) *Agriculture*

Indirect indicators suggest that the agricultural sector continued to grow faster than the rest of the economy.

Agriculture, though clearly not the leading sector of the economy, continued to receive special attention from policy-makers. The Department of Agriculture established a priority list of agro-industrial projects, with a view to eventually achieving self-sufficiency.

The continued government support to the development of the agricultural sector has not been matched by significant increases in budgetary allocations. Much of the expansion in agriculture must therefore come from the private sector, with either external funding or with credit from the Bahamas Development Bank, the Agricultural Credit Guarantee Scheme of the Central Bank, or the commercial banking sector. The official objective is to reduce agricultural imports to 50% of their present value, through the fuller utilization of the 230 000 acres of arable land.

The estimated value of farm production in 1983 reflected the continued official attempts to encourage this type of activity, and grew to almost Bh\$ 27 million, from a 1982 level of Bh\$ 23 million. Fruit and vegetable production increased some 26% to reach Bh\$ 8.8 million in 1983. Poultry production recovered somewhat to reach a production value of Bh\$ 17.2 million, but meat production increased only very slightly (see table 2). As part of the efforts to promote agriculture in the south-eastern islands, meat production should increase in 1984 with the establishment of pig, poultry, sheep and goat farms. Root crops and storable crops are being actively promoted as desirable areas of production. The government recognizes that training is an important element of the infrastructure in agriculture and has introduced courses in animal husbandry and aquaculture. In this latter area,

Table 1

BAHAMAS: MAIN ECONOMIC INDICATORS

	1980	1981	1982	1983
A. Basic economic indicators				
Gross domestic product at current factor cost (millions of Bahamas dollars) ^a	...	...	...	...
Population (thousands)	210 ^b	214	218	222 ^c
Per capita GDP (current Bahamas dollars)	...	...	...	...
Growth rates				
B. Short-run economic indicators				
Gross domestic product at current prices	...	...	...	...
Per capita GDP at current prices	...	...	...	...
Current value of exports of goods and services	23.5	-0.3	0.5	5.2
Current value of imports of goods and services	31.7	3.0	-0.2	7.0
Consumer price index:				
December/ December	12.1	8.3	4.6	3.5
Variation between annual averages	12.1	11.1	6.0	4.0
Money (M ₁)	5.6	4.3	6.1	12.7
Current income of government	20.8	13.0	-1.7	6.0
Fiscal deficit/total expenditure of government	3.2	21.5	24.3	24.2
Millions of US dollars				
C. External sector				
Trade balance (goods and services)	124.4	90.0	97.1	83.0
Balance on current account	-33.1	-85.4	-55.3	-69.3
Variation in net international reserves (- indicates increase)	-14.5	-8.3	-13.4	-8.5
Total international reserves (minus gold)	92.3	100.2	113.5	122.0

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

^aThe Bahamas dollar is equivalent to the United States dollars. ^bCensus at 12 May. Estimates after 1980 do not include net migration.

^cEstimates.

Table 2

BAHAMAS: ESTIMATED VALUE OF FARM PRODUCTION

	Millions of Bhs dollars				Growth rates		
	1980	1981	1982 ^a	1983 ^a	1981	1982 ^a	1983 ^a
Fruit and vegetables	3.9	6.0	7.0	8.8	55.0	16.7	25.7
Dairy produce	0.5	0.6	0.6 ^b	-	17.0	-	-
Meat (beef and mutton)	0.5	0.7	0.7	0.8	38.5	2.8	14.3
Poultry products	15.4	19.6	15.1	17.2	27.6	-22.9	13.9
Total	20.3	26.9	22.9	26.8	32.9	-15.2	17.0

Source: Data supplied to ECLAC.

^aPreliminary figures.

^bLocal dairy ceased production.

Table 3

BAHAMAS: VOLUME OF MARINE PRODUCTS LANDED^a

	Metric tons					Growth rates				
	1979	1980	1981	1982	1983	1980	1981	1982	1983	
Crawfish	538	486	273	396	367	9.7	-43.8	45.1	-7.3	
Conch	221	257	353	311	347	16.3	37.4	-11.9	11.6	
Turtle	20	23	19	18	18	50.0	-17.4	-5.3	-	
Other	847	1 267	1 367	1 303	1 451	49.6	7.9	-4.7	11.4	
Total	1 626	2 033	2 013	2 028	2 183	25.0	-1.0	0.8	7.6	

Source: Data supplied to ECLAC.

^aAt New Providence.

several pilot projects have been set up in Inagua. If the projects prove to be feasible, the products should find a ready market in the tourist industry.

The performance in fishing, as evidenced by data on marine product landings in New Providence, showed a general improvement in 1983, despite a slight drop in reported landings of crawfish (see table 3). Crawfish exports, however, continued to contribute significantly to foreign exchange earnings, accounting for US\$ 13.4 million of exports.

The fishing complex at Potter's Cay, constructed with financing from the Inter-American Development Bank (IDB), was completed in 1983. As a result, facilities for fish landing, handling and marketing have improved. Activity in this subsector has also been bolstered by credit extended by the Bahamas Development Bank. Since the inception of the Bank in 1978, 38% of all loan approvals have been for the fishing industry, and 33% of all money disbursed has been received by this subsector.

b) *Mining and manufacturing*

These activities contribute modestly to economic activity. Despite the paucity of statistical data, informed opinion is that industrial production declined somewhat in 1983. The cement company remained closed in 1983. Exports of aragonite fell by Bh\$ 19 million in 1983 and exports of rum fell by 2.5%, but the production of salt increased moderately. The totally foreign-owned pharmaceutical companies continued to do well, with their output finding markets in the United States.

Industrial development for import substitution continued. The Bahamas Agricultural and Industrial Corporation continued to prepare legislation that will govern the Free Zone area, while the country is at present seeking to be considered a "beneficiary country" under the Caribbean Basin Initiative. Despite the official support for import substitution, the Bahamas faces a problem of the extent to which it can substitute imports given the limited size of the domestic market.

In Grand Bahamas, offshore oil refining faced weak external demand and production fell in 1983. Refinery output is reported to have fallen below the level of 1982, though no official data are available at the time of writing. No developments in the government-backed oil exploration programme took place in 1983.

c) *Construction*

A survey of construction indicators suggests that new construction activity, though increasing from the standpoint of numbers of building starts, slackened somewhat in value terms. However, the completion of the Bh\$ 100 million Cable Beach Hotel raised the value of building completions significantly beyond the figure of the previous year (see table 4).

The government remained committed to its aim of eradicating sub-standard housing. Government policy in the area of housing also fosters the supply of owner-occupied houses through the duty-free importation by the Ministry of Housing of a number of factory-produced houses. Some 200 of these units are expected to be put in place in 1984. The government will provide cash grants of Bh\$ 1 000 each to persons building new owner-occupied houses in depressed areas as an incentive to the revitalization of such areas.

As regards infrastructural development, the government continued its programme of the development of water projects, road works and electricity in Family Islands. In New Providence, the road resurfacing programme continued. Construction of the Bh\$ 3.7 million IDB-financed fishing complex at Potter's Cay was completed in March 1983.

d) *Energy*

No 1983 electricity data were available at the time of writing (see table 5).

Imports of petroleum for local consumption continued to be of the order of 27% of total imports. A 4% increase in the volume of oil imports for local consumption was accompanied by a near 1% reduction in value. Some 48% of the total imports was consumed domestically, with the remaining 52% being accounted for by foreign bunkers (see table 6 and 7).

e) *Tourism*

Activity in this sector continued to increase, with an estimated 2.2 million visitors in 1983. The tourist sector, the prime mover in the economy, contributed an estimated Bh\$ 724 million by way of total visitor expenditure in 1983. This was a 10.6% nominal increase and a 7.5% real increase over the 1982 figure. Of this amount, stopover and day visitors spent Bh\$ 672 million, or nearly 93% of the total expenditure (see table 8).

During 1983, world tourism began to show signs of recovery. Economic recovery in the United States accelerated during the year, resulting in greater travel abroad by Americans. The strong position of the U.S. dollar *vis-à-vis* European currencies has, however, led to a falling off in tourism from Europe.

In order to meet the increased demands for tourist accommodation, two additional hotels were opened in 1983, one of them a large 700 room government-owned hotel constructed at a cost of over Bh\$ 100 million. Some 826 additional rooms with 1 478 beds became available, constituting a 6.7% addition to the number of hotel and guest house rooms. The increased numbers of tourists more than compensated for the slight drop in the average length of stay, and produced an increase of 11.3% in the average hotel and guest house room occupancy rate. The government's policy for 1984 is aimed at boosting tourist air arrivals and developing tourist arrivals in the Family islands.

Table 4
BAHAMAS: CONSTRUCTION INDICATORS

	1981	1981 ^o	1982 ^o	1983 ^o	Growth rates		
					1981	1982 ^o	1983 ^o
Building permits issued							
Number	2 581	1 047	2 061	2 164	10.7	96.8	5.0
Value ^b	144	99	188	104	-37.9	89.9	-44.7
Building starts							
Number	28	1 046	1 206	1 260	9.6	15.3	4.5
Residential building starts							
Number	1 035	921	1 089	1 133	13.4	18.2	4.0
Value ^b	49	40	58	62	-10.9	45.0	6.9
Commercial/industrial starts							
Number	180	113	109	114	-8.2	-3.5	4.6
Value ^b	71	63	81	17	-11.3	28.6	-79.0
Building completions							
Number	724	621	653	811	-0.7	5.2	24.2
Value ^b	44	35	54	171	12.8	54.3	216.7

Source: Central Bank of the Bahamas, *Quarterly Review*, vol. 9, No. 3, September 1982, and data supplied to ECLAC.

^oNew Providence only.

^bMillions of Bahamas dollars.

Table 5

BAHAMAS: INSTALLED CAPACITY AND PRODUCTION OF ELECTRICITY"

Year	Public	Industrial ^b	Total
Installed capacity (thousand kW)			
1977	248.2	49.6	297.8
1978	245.5	49.5	295.4
1979	260.2	49.9	310.1
1980	261.7	48.3	309.9
1981	256.5	47.9	304.5
1982	259.8	48.7	308.5
1983	...	...	...
Production (million kWh)			
1977	641.2	57.8 ^c	699.0
1978	692.6	94.9	787.5
1979	735.7	92.9	828.6
1980	786.2	55.3	841.6
1981	697.9	59.1	757.0
1982	748.6	...	...
1983	...	...	...

Source: Bahamas Ministry of Works and Utilities and data supplied to ECLAC.

^aOnly thermal electricity is generated.

^bIncludes foreign government bases.

^cCement plant out of operation for most of year.

Table 6

BAHAMAS: OIL IMPORTS FOR LOCAL CONSUMPTION

(Thousands of barrels and millions of dollars; percentages)

	1981	1982	1983	Growth rates		
				1981	1982	1983
Total imports						
Volume	7 767	6 525	6 784	-7.0	-16.0	4.0
Value	277.1	221.3	219.2	-8.7	-20.1	-0.9
Total domestic consumption						
Volume	3 146	3 157	3 243	-15.3	0.3	2.7
Value	123.4	119.0	112.8	-4.0	-3.6	-5.2
Foreign bunkers						
Volume	4 621	3 368	3 541	-0.3	-27.1	5.1
Value	153.7	102.3	106.4	-12.1	-33.4	4.0

Source: Central Bank of Bahamas, *Quarterly Review*, vol. 9 No. 4, December 1982.

Intensive promotion will continue to be made in the key areas of Florida, the south and the south-west of the United States. Surveys on the visitors to the Bahamas indicate that the "average" visitor was more educated, affluent and older in the 1970s. Today, with lower travel prices and younger and less affluent visitors, the pattern of expenditure has changed. Attempts are being made to supply both ends of what has become a differentiated market with two different tourist products. The reopening of a 5-star hotel in Grand Bahama in 1984 should pave the way for the recovery of tourism there (see table 8).

Table 7

BAHAMAS: RATIOS OF SELECTED AGGREGATES

	1979	1980	1981	1982	1983
Petroleum imports ^a /total imports	0.32	0.36	0.33	0.28	0.27
Petroleum imports ^a /domestic exports	1.03	1.49	0.57	1.00	0.90
Petroleum imports ^a /GDP	0.16	...	...	...	...
Total foreign currency debt/GDP	0.05	...	...	...	...
Total foreign currency debt/ domestic exports	0.32	0.20	0.50	0.66	...
Petroleum imports and foreign currency debt/domestic exports and net total receipts	0.34	0.48	0.48	0.49	0.49

Source: ECLAC calculations on the basis of official data.

^aPetroleum imports for local consumption.

Table 8

BAHAMAS: SELECTED TOURISM STATISTICS

	1981	1982	1983 ^a	Growth rates	
				1982	1983 ^a
Total number of visitors ^b	1 745	1 942	2 218	11.3	14.2
Of which:					
Stopover ^b	1 031	1 101	1 200	6.8	9.0
Cruise ^b	597	720	854	20.6	18.6
Total number of hotels	142	147	149	3.5	1.4
Total number of guest houses	63	57	51	-9.5	-10.5
Hotels and guest houserooms available	11 903	12 406	13 233	4.2	6.7
Hotel and guest housebeds available	26 892	27 560	29 039	2.5	5.4
Average hotel and guest house room occupancy rate	59.8	58.2	64.8	-2.7	11.3
Average length of stay (stopover visitors)	7.3	6.8	6.7	-6.8	-1.5
Total visitor expenditure ^c	639.1	654.5	724.0	2.4	10.6
Of which:					
Stopover visitors	608.0	615.2	672.0	1.2	9.2
Cruise visitors	31.1	9.3	52.0	26.4	32.3

Percentages of total visitor arrivals

United States	80.1	84.2	85.0 ^d
Canada	7.6	5.7	6.5 ^d
United Kingdom	2.3	1.6	...
Other Europe	3.6	2.6	4.0 ^{d,e}
Latin America (South and Central)	3.8	2.5	...
Other	2.7	3.3	4.5 ^{d,f}

Source: Bahamas Ministry of Tourism, *Tourism Performance 1983*, and data supplied to ECLAC.^aPreliminary figures.^bThousands.^cMillions of Bahamas dollar.^dBased on stopover arrivals only.

Includes U.K.

^fIncludes Latin America.

Table 9

BAHAMAS: BALANCE OF PAYMENTS

(Millions of dollars)

	1980	1981	1982	1983
Exports of goods and services	1 147.1	1 143.6	1 148.9	1 208.6
Goods FOB	200.5	176.2	221.5	244.8
Services^a	946.6	967.3	927.5	963.7
Transport and insurance	207.7	186.5	131.9	139.9
Travel	595.5	639.2	655.7	703.7
Imports of goods and services	1 022.8	1 053.7	1 051.8	1 125.5
Goods FOB	801.0	787.5	740.2	801.8
Services^a	221.9	266.1	311.5	323.8
Transport and insurance	76.2	82.9	88.4	90.1
Travel	70.6	91.1	104.2	95.6
Trade balance (goods)	-600.5	-611.2	-518.8	-557.0
Trade balance (goods and services)	124.4	90.0	97.1	83.0
Factor services	-137.6	-161.6	-134.5	-141.8
Profits	-	-	-	-
Interest received	13.0	17.0	23.7	15.4
Interest paid	-126.7	-155.9	-138.7	-138.5
Others	-24.0	-22.7	-19.6	-18.7
Unrequited private transfer payments	-19.8	-13.9	-17.8	-10.5
Balance on current account	-33.1	-85.4	-55.3	-69.3
Unrequited official transfer payments	17.8	11.1	21.5	17.4
Long-term capital	10.1	141.4	69.3	15.1
Direct investment	4.0	34.4	2.8	-5.9
Portfolio investment	-3.0	-3.1	-3.2	-
Other long-term capital	9.1	110.1	69.7	21.0
Official sector ^b	-4.7	34.3	46.4	18.4
Loans disbursed	-	38.2	51.8	20.1
Amortization payments	-4.7	-3.8	-5.2	-1.6
Commercial banks ^b	-	-	-	-
Loans disbursed	-	-	-	-
Amortization payments	-	-	-	-
Other sectors ^b	13.7	75.8	23.3	2.6
Loans disbursed	51.8	99.9	43.6	27.2
Amortization payments	-38.0	-24.2	-20.3	-24.6
Basic balance	-5.2	67.1	35.5	-36.8
Short-term capital	-5.0	17.6	-1.0	-15.0
Official sector	-	-	-	-
Commercial banks	-5.0	17.6	-1.0	-15.0
Other sectors	-	-	-	-
Errors and omissions (net)	20.7	-79.1	-23.7	61.4
Balance on capital account	43.7	91.1	66.1	79.0
Global balance^c	10.7	5.7	10.9	9.6
Total variation in reserves (- sign indicates an increase)	-14.5	-8.3	-13.4	-8.5
Monetary gold	-	-	-	-
Special Drawing Rights	1.0	-3.7	0.7	...
IMF reserve position	-5.0	3.5	0.3	...
Foreign exchange assets	-10.5	-8.1	-14.4	...
Other assets	-	-	-	-
Use made of IMF credit	-	-	-	...

^aIncluding other non-factor services.^bIncluding net loans granted and other assets and liabilities.^cEquals total variation in reserves (of opposite sign) plus counterpart items: monetization or demonetizations of gold, allocation or settlement of Special Drawing Rights, and variation due to revaluation of other reserves.

3. The external sector

The merchandise trade deficit increased in 1983 to US\$ 557 million as the increase in imports continued to exceed the increase in exports (see table 9). The service account surplus increased in 1983 because of the larger receipts from tourism. However, it did not completely offset the cost of the bigger imports and the current account of the balance of payment thus recorded a deficit of US\$ 69 million in 1983.

The capital account showed a surplus of US\$ 79 million which mainly reflects errors and omissions. A most striking feature of the capital account was the drastic reduction of private long-term capital inflows in 1983, following the conclusion of the Cable Beach project. Net international reserves increased by US\$ 8.5 million.

4. Prices

The abatement in the rate of inflation continued in 1983, when the retail price index for New Providence, as measured by the variation between annual averages, rose by 4%. This was the third consecutive drop in its rate of growth. The December to December variation bore out this deceleration, with an observed increase of 3.5% in 1983 as compared with 4.6% the previous year. The general slowing down in price increases was due to the behaviour of imported inflation, especially the lower inflation in the United States economy (see table 10).

5. Monetary and fiscal policy

i) *Monetary policy.* The main objectives of Bahamian monetary policy during the year continued to be credit restraint and the use of loans and advances for productive purposes rather than consumption.

A substantial increase of 13% in the narrow money supply was observed in 1983, with demand deposits increasing by some 14%. Domestic credit rose by almost 8%. Much of the expansion in this

Table 10

BAHAMAS: EVOLUTION OF DOMESTIC PRICES^a

	1981	1982	1983
Variation December to December			
Consumer price index (all items)	8.3	4.6	3.5
Food	12.1	3.3	1.4
Housing	6.1	5.3	6.9
Clothing and footwear	5.1	10.0	3.7
Transport	4.2	7.4	3.6
Health and personal care	7.8	5.0	2.9
Recreation and reading	13.7	-2.0	5.7
Other goods and services	10.8	1.9	3.7
Variation between annual averages			
Consumer price index (all items)	11.1	6.0	4.0
Food	14.8	6.8	1.4
Housing	8.4	5.6	7.4
Clothing and footwear	8.3	7.6	5.3
Transport	6.6	5.4	6.4
Health and personal care	10.6	6.0	4.7
Recreation and reading	12.1	2.8	4.7
Other goods and services	10.8	4.0	4.0

Source: Bahamas Department of Statistics, *Retail Price Index*.

^aNew Providence Island only, where 60% of the Bahamas population live.

Table 11

BAHAMAS: MONETARY BALANCE

	Millions of Bh dollars				Growth rates		
	1980	1981	1982	1983	1981	1982	1983
Money (M.)	143	149	158	178	4.2	6.0	12.7
Currency outside banks	33	37	41	45	12.1	10.8	9.8
Demand deposits	110	112	117	133	1.8	4.5	13.7
Factors of expansion	518	575	658	732	11.0	14.4	11.2
Foreign assets (net)	5	-3	11	35	...	...	...
Domestic credit		578	646	697	12.7	11.8	7.9
Government (net)	90	113	112	150	25.6	-0.9	33.9
Other financial institutions	6	8	3	...	33.3	-62.5	...
Private sector	422	466	533	547	10.4	14.4	2.6
Factors of absorption	375	426	500	554	13.6	17.4	10.8
Quasi-money	286	324	382	426	13.3	17.9	11.5
Savings deposits	95	101	108	123	6.3	6.9	13.9
Time deposits	174	213	258	280	22.4	21.1	8.5
Deposits in foreign currency	18	10	17	23	-44.0	70.0	35.3
Amounts due to other local financial institutions	5	8	9	10	...	...	...
Other items (net)	88	103	116	128	17.0	12.6	10.3

Source: Central Bank of the Bahamas, *Quarterly Review*, December 1982, and data supplied to ECLAC.

Table 12

BAHAMAS: LOANS AND ADVANCES OF COMMERCIAL BANKS

	Millions of Bh dollars at year end			Growth rates	
	1981	1982	1983	1982	1983
Agriculture and fisheries	6.4	5.4	6.0	-15.6	11.1
Manufacturing and quarrying	0.9	13.8	13.6	...	-1.4
Distributive trade	82.0	78.6	81.3	-4.1	3.4
Tourism	...	41.0	43.0	...	4.9
Entertainment and catering	...	15.2	18.3	...	20.4
Transport	...	13.9	13.5	...	-2.9
Public corporations	...	50.7	33.3	...	-34.3
Construction	41.1	47.2	42.7	14.8	-9.5
Government	...	60.2	72.8	...	20.9
Financial institutions	...	2.2	7.0	...	218.2
Professional and other services	...	30.7	35.2	...	14.7
Personal loans	214.2	215.3	230.6	0.5	7.1
Miscellaneous	...	15.1	17.6	...	16.6
Total	457.6	589.1	614.9	28.7	4.4

Source: Central Bank of the Bahamas, *Quarterly Review*, December 1982.

area was due to increased credit to government, which rose by 34% to Bhs\$ 150 million in 1983. Credit to the private sector increased only 3%. On the other hand, the expansion of quasi-money slowed to about 12% from the rates of 13% and 18% registered in 1981 and 1982 respectively (see table 11). The 14% increase in savings deposits outstripped that of time deposits (8.5%). The bank discount rate was maintained at 10%, with a 2% spread as a penalty for frequent use. The prime rate was maintained at 11%.

Outstanding loans and advances of commercial banks stood at Bhs\$ 615 million at the end of 1983 —some 4% above the figure for the corresponding period of the previous year. Personal loans accounted for 38% of the total amount —a 7% increase over the figure of the previous year. Loans outstanding to the construction sector fell some 10% by the end of 1983, reflecting reduced activity occasioned by the completion of the Cable Beach Hotel earlier in 1983. Increased credit to agriculture, distributive trade and tourism backed up the government's policy as regards these areas of activity (see table 12).

In order to supplement the commercial banks, the Bahamas Mortgage Corporation was established in 1983 to facilitate access to mortgage funds for the purpose of building or upgrading homes. There is already a commitment for a total of Bhs\$ 40 million over the years 1984 to 1987 from the banking system and the National Insurance Board for funding the Corporation's mortgage portfolio.

ii) *Fiscal policy.* Current income of the government rose by nearly 6% in 1983 despite the loss of revenue occasioned by a decline in collections from the oil facility in Grand Bahama, lower casino tax revenues due to the closure of one of the casinos, and the non-payment of taxes by some

Table 13

BAHAMAS: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of Bhs dollars				Growth rates		
	1980	1981	1982	1983	1981	1982	1983
1. Current income	244	282	274	290	15.6	-2.8	5.8
Tax revenue	201	208	208	238	3.5	-	14.4
Imports	140	146	150	168	4.3	2.7	12.0
Services	16	16	15	16	-	-6.3	6.7
Stamps	16	16	16	20	-	-	25.0
Others	29	29	27	34	-	-6.9	25.9
Non-tax revenue	43	75	66	52	74.4	-12.0	-21.2
2. Current expenditure	208	244	262	294	17.3	7.4	12.2
Wages and salaries	115	134	146	166	16.5	9.0	13.7
Goods and services	57	69	62	70	21.1	-10.1	12.9
Transfer payments and subsidies	36	40	55	58	11.1	37.5	5.5
3. Saving on current account (1-2)	36	38	12	-4	5.6	-68.4	-133.3
4. Capital expenditure	39	46	40	21	17.9	-13.0	-47.5
Capital formation	23	34	28	15	47.8	-17.6	-46.4
Acquisition of assets							
Others	16	10	12	5	-37.5	20.0	-58.3
5. Total expenditure (2 + 4)	247	289	302	314	17.0	4.4	4.0
Net lending	5	55	49	52	100.0	-10.9	6.1
Fiscal deficit	8	62	78	77	675.0	25.8	-1.3
Total national debt	292	362	447	526	24.0	23.4	17.6

Source: Central Bank of the Bahamas, *Quarterly Review*, vol. 9 No. 4, December 1982.

establishments and individuals. Current expenditure rose by 12%, reflecting an almost 14% increase in wages and salaries and a 13% increase in spending on goods and services. Government subsidies, though continuing to increase, did so at a significantly slower rate in 1983. The net effect of the movements in the current account was to produce a deficit of Bhs\$ 4 million. Capital expenditure fell by nearly 48%, reflecting the termination of work on the Cable Beach Hotel and the subsequent fall-off in activity in this area. The fiscal deficit stood at Bhs\$ 77 million at the end of 1983, while the national debt increased by nearly 18% to a total of Bhs\$ 526 million. Debt servicing as a percentage of total expenditure continued to rise (see table 13).

In order to procure more revenue in 1984, the government increased customs duties on cigarettes, beer, wine, spirits, oil, diesel fuel and gasoline. The stamp duty on certain legal and commercial instruments was increased, and the tax on insurance premiums was increased from 1% to 3%.

BARBADOS

1. Recent economic trends: Introduction and summary

The Barbados economy had a difficult year in 1983, since although there was a 6.1% increase in the Gross Domestic Product at current prices, the accompanying 5.3% rise in the general price index (see table 1) meant that the real GDP grew very little. A significant increase in the unemployment rate was noted as major construction projects came to an end, and as trading difficulties impacted negatively on manufacturing. A poor level of sugar production—the lowest since the 79 000 tons of 1948, barely satisfied the minimum requirements of the country's guaranteed markets. The sugar industry recorded a second successive deficit, and for the second year in succession the government had to institute a price support scheme with financing from a Bd\$ 10 million bond issue.

Non-sugar agriculture grew by 19.3%, largely as a result of increased fish catches and vegetable production.

An increase of 4% in tourist arrivals failed to bring with it a concomitant increase in tourist expenditure, as shorter lengths of stay were observed, and many hotels either held their rates to those of the previous year or offered rooms at greatly reduced rates. The contribution of this sector to total GDP was of the order of 9.8%.

The fiscal deficit was contained to about 10% of total government expenditure by a significant increase in government revenue and a reduction in the cost of government borrowing. Foreign borrowing financed much of this deficit.

The balance-of-payments position remained weak, with a small surplus of US\$ 8 million in 1983.

2. Trends in economic activity

a) *Evolution of the main sectors*

i) *Agriculture.* Government estimates put agriculture's contribution to GDP at current prices at about Bd\$ 132 million in 1983—somewhat more than the previous year when the estimate was of the order of Bd\$ 124 million. Production of sugar and molasses declined for the third successive year, reflecting reduced plantings and lower yields owing to adverse weather conditions and unscheduled cane fires. The latter, though persistent, declined substantially in 1983. The industry was adversely affected by a number of setbacks including the low supply of cane, with a particularly poor contribution being made by small farmers—well below their usual 20% of total supply. Delays in deliveries of cut cane to factories resulted in further loss of sugar yield. As a result, some 86 000 tons of sugar were produced in 1983: barely enough to satisfy the minimum quota requirements of the country's guaranteed markets. Exports to the European Economic Community (EEC) were of the order of 49 000 tons of sugar at an average price of Bd\$ 739 per ton, while the United States market absorbed 18 000 tons at an average price of Bd\$ 916. Total earnings from the commodity stood at Bd\$ 69 million in 1983—some 3% lower than the previous year—and the sugar industry recorded a deficit for the second successive year. The government agreed in 1983 to a second price support scheme financed by a guaranteed Bd\$ 10 million bond issue (see tables 2 and 3).

Non-sugar agriculture including fishing is estimated to have grown by some 19.3%, largely as a result of increased fish catches and vegetable production. Though not a major earner of foreign currency, this subsector of agriculture has helped to prevent the outflow of foreign exchange for imports of these goods. A record high volume of fish catches was registered in 1983, reversing the decline recorded in 1982. Some 6 588 tons of fish were landed, with the resulting oversupply driving prices down by almost 33%. The improved storage facilities aboard fishing vessels resulted in larger

volumes of landings, and challenged the adequacy of the storage facilities at the modern fishing terminal at Oistins. A decline of 8.4% in the production of poultry meat was noted.

High relative increases in output were observed in the case of onions, cucumbers, pumpkins, cabbages and tomatoes (see table 4).

ii) *Manufacturing*. While a 16% increase in current value output was observed in this sector in 1983, the index of industrial production rose by less than 1%.

Regional marketing problems were reflected in the drop in production in a large number of subsectors of manufacturing. Such declines were noted in the food, chemicals, petroleum products and other non-metallic products sectors, while increases were recorded in beverages and tobacco, wearing apparel, electricity and gas, and other manufacturing sectors (see table 5).

iii) *Construction*. Although GDP figures at current prices indicate a 3.1% increase, real activity in the construction sector is estimated to have fallen in 1983, after the completion of several large projects in 1982 and the earlier part of 1983. The construction sector just about held its place in terms of its relative contribution to total GDP.

Table 1

BARBADOS: MAIN ECONOMIC INDICATORS

	1981	1982	1983°
A. Basic economic indicators			
Gross domestic product at factor cost (millions of current Barbados dollars) ^b	1 707	1 798	1 908
Per capita gross domestic product (current Barbados dollars)	6 815	7 163	7 571
Population (thousands of inhabitants)	250	251	252
Growth rates			
B. Short-run economic indicators			
Gross domestic product	11.6	5.3	6.1
Per capita gross domestic product	10.9	5.1	5.7
Current value of exports of goods	-11.9	-8.4	55.5
Current value of imports of goods	18.4	-8.6	18.1
Consumer price index			
December to December variation	12.3	6.9	5.5
Variation between annual averages	14.6	10.3	5.3
Money supply	5.6	-1.3	16.2
Wages and salaries ^c	8.4	12.5	...
Rate of unemployment ^d	10.7	13.7	15.0
Current income of government	6.2	8.7	12.3
Total expenditure of government	32.2	-8.1	5.2
Fiscal deficit as a percentage of total government expenditure	28.9	15.8	10.0
Millions of Barbados dollars			
C. External sector			
Trade balance (goods and services)	-128	-48	-43
Balance on current account	-113	-42	-46
Variation in net international reserves	25	7	
External debt	259	287	347

Source: Ministry of Finance and Planning, Barbados, *Economic Report, 1983*, March 1984; Central Bank of Barbados, *Economic and Finance Statistics*, June 1984; and data supplied to the Economic Commission for Latin America and the Caribbean (ECLAC).

^aPreliminary figures.

^bSince 1975, the Barbados dollar has been linked to the US dollar at the rate of US\$ 1.00 = Bd\$ 2.00.

^cData relate to approximate average annual percentage increase.

^dPer cent. Not a growth rate.

Table 2

**BARBADOS: GROSS DOMESTIC PRODUCT, BY KIND OF
ECONOMIC ACTIVITY, AT CURRENT FACTOR COST**

	Millions of Barbados dollars		Percentage breakdown		Growth rates	
	1982	1983 ^a	1975	1983 ^o	1982	1983 ^o
Gross domestic product	1 798	1 908	100.0	100.0	4.5	6.1
Goods	486	532	30.4	27.9	3.2	9.5
Agriculture	124	132	13.3	6.9	-3.6	6.5
Mining and quarrying	14	14	0.2	0.7	8.3	-
Manufacturing	219	254	10.3	13.3	7.6	16.0
Construction	128	132	6.6	6.9	2.4	3.1
Basic services	180	207	8.7	10.8	...	15.0
Electricity, gas and water; transport, storage and communications	135	154	7.2	8.1	19.3	14.1
Other services	1 139	1 169	61.0	61.3	5.0	2.6
Wholesale and retail trade	398	378	18.2	19.8	7.9	-5.0
Tourism	181	187	9.3	9.8	-12.3	3.3
Finance, insurance, real estate and business services	250	259	14.0	13.6	19.0	3.6
General services	77	81	4.4	4.2	10.6	5.2
Government services	233	264	15.1	13.8	14	13.3

Source: Barbados Statistical Service.

^aPreliminary figures.

Table 3

BARBADOS: SUGAR PRODUCTION - AREAS AND AVERAGE YIELDS

Year	Hectares reaped	Cane milled (thousands of tons)	Cane/ hectare (tons per hectare)	Average yields of sugar (tons per hectare)	Sugar output (thousands of tons)
	(1)	(2)	(1/2) (3)	(1/5) (4)	(5)
1978	15 854	895	36.4	6.3	101.0
1979	15 800	1 052	66.3	7.1	114.0
1980	16 096	1 205	74.9	8.2	135.0
1981	15 800	962	60.7	6.2	98.0
1982	15 300	766	48.5	5.8	89.0
1983 ^o	14 062	705	50.1	6.1	86.0

Source: Barbados Sugar Producer's Association and data supplied to ECLAC.

^oPreliminary figures.

iv) *Energy*. Crude petroleum output increased by nearly 56% above the level of 1982, and some 90% above the low figure recorded in 1981. Emphasis has shifted to shallow drilling, with a significant increase in output. The country was, as a result, able to reduce its import bill for crude petroleum by some 25 %, importing 648 000 barrels of crude (63 % of total demand) in 1983. Imports of reformed hydrocarbons declined by some 16% in 1983. An increase in the natural gas produced was reflected in a near 50% increase in sales and a changed pattern of demand. Whereas consumption of natural gas in the household sector decreased slightly, that of the commercial and industrial sectors almost doubled.

In 1983, some 317.4 million kWh of electricity were consumed, 2.4% more than in the previous year. An increase in rates raised the average price of electricity to consumers from 28.7 Bd cents to 32.8 Bd cents per unit as of May 1983.

An energy conservation project funded by the World Bank was begun in March 1983. Preliminary data from energy audits indicate that the island's energy conservation potential is between 12% and 15% of present consumption. Research into new and renewable sources of energy continued (see table 6).

Table 4
BARBADOS: INDICATORS OF AGRICULTURAL PRODUCTION

	(Tons)			Growth rates		
	1981	1982	1983 ^a	1981	1982	1983 ^a
Production of main crops						
Sugar cane ^b	962	766	705	-20.2	-20.4	-8.0
Cotton	77	...	...	-	...	...
Root crops						
Sweet potatoes	3 000	3 700	4 300	-35.2	23.3	16.2
Yams	4 000	4 500	4 500	-48.1	12.5	-
Vegetables						
Beans	510	509	533	-1.9	-0.2	4.7
Beets	507	480	509	42.4	-5.3	6.0
Cabbage	1 399	1 517	1 699	-18.5	8.4	12.0
Carrots	2 145	2 416	2 647	-10.4	12.6	9.6
Cucumbers	1 808	1 701	2 035	121.0	-5.9	19.6
Onions	396	432	764	-16.0	9.1	76.9
Pumpkins	527	493	576	2.9	-6.5	16.8
Tomatoes	1 055	1 208	1 344	-35.5	14.5	11.3
Other vegetables	1 307	1 247	1 454	21.4	-4.6	16.6
Stock-raising production						
Beef	442	376	326	6.8	-14.9	-13.3
Pork	942	1 300	1 414	2.6	38.0	8.8
Mutton	51	21	30	-17.7	-58.8	42.9
Poultry	6 026	6 700	6 138	14.8	11.1	-8.4
Eggs	1 350	...	1 049	-8.5	...	...
Milk	6 146	6 054	7 758	-18.0	-1.5	28.1
Fish	...	3 472	6 588	...	...	89.7

Source: Ministry of Agriculture, Food and Consumer Affairs.

^aPreliminary figures.

^bThousands of tons.

Table 5

BARBADOS: INDICATORS OF INDUSTRIAL PRODUCTION

	1981	1982	1983 ^o	Growth rates	
				1982	1983 ^o
Production index					
Total all industries	151.1	145.1	146.1	-1.3	0.7
Quarrying	126.6	104.4	856.0	-17.5	-18.0
Manufacturing	140.7	132.2	130.3	-2.3	-1.4
Food	167.5	152.9	142.1	-8.7	-7.1
Beverages and tobacco	118.6	111.8	119.1	-5.7	6.5
Wearing apparel	169.3	173.2	174.6	2.3	0.8
Chemicals	150.2	131.3	129.3	-12.6	-1.5
Petroleum products	136.7	136.1	133.1	-0.4	-2.2
Other non-metallic products	116.3	100.5	94.6	-13.6	-5.9
Other manufactures	130.0	119.9	120.8	-7.8	0.8
Electricity and gas	209.2	212.2	230.1	1.4	8.4
Production of some manufactured goods					
Sugar ^b	94	86	83	-8.5	-3.5
Rum ^c	5 719	4 690	4 879	-18.0	4.0
Beer ^c	9 220	8 815	8 919	-4.4	1.2
Margarine ^d	3 796	2 625	3 489	-30.8	32.9
Lard ^d	2 206	1 510	1 429	-31.6	-5.4
Malt beverages ^c	3 691	3 605	4 110	-2.3	14.0
Non-alcoholic beverages ^c	17 934	17 411	16 816	-2.9	-3.4
Animal feeds ^b	45	50	43	11.1	-14.0
Milk products ^{d,e}	9 300	8 500	8 300	-8.6	-2.4
Cigarettes ^d	260	271	241	4.2	-11.1
Crude petroleum ^f	33.6	41.1	63.9	22.3	55.5
Natural gas ^f	284	309	387	8.8	25.2
Gasoline ^f	58.4	56.4	58.5	-3.4	3.7
Diesel oil ^f	50.3	48.6	48.3	-3.4	-0.6
Fuel oil ^f	99.1	106.3	96.2	7.3	-9.5
Other indicators					
Electricity generated ^g	327	331	354	1.2	6.9

Source: Statistical Service, Barbados, *Monthly Digest of Statistics*.

^aPreliminary figures. ^bThousands of tons. ^cThousands of litres. ^dTons.
 Converted to the fresh milk equivalent. ^eMillions of cubic feet. ^fMillions of kWh.

b) Employment

The annual average rate of unemployment rose to 15% in 1983, compared with 13.7% in the previous year. The fall in economic activity in the construction and manufacturing sectors as major government projects came to an end, was partly responsible for this, as were the trading difficulties which resulted in reduced industrial production (see table 7).

3. The external sector

a) Merchandise trade

i) *Exports*. Despite the trade problems of CARICOM, the value of domestic exports rose by 55.5% over the 1982 figure. Total exports stood at Bd\$ 717.4 million—an increase of 38% over 1982—with the United States, the United Kingdom and Trinidad and Tobago continuing to be the main markets. Exports to Trinidad and Tobago remained at their 1982 levels, while reduced sales of sugar and garments to the United Kingdom led to a contraction in exports to that country (see tables 8 and 9).

Table 6

BARBADOS: COMMERCIAL ENERGY CONSUMPTION 1979-1983

	1979	1980	1981	1982	1983 ^o	Growth rates		
						1981	1982	1983 ^o
Petroleum products								
Total ⁶	1 267.7	1 321.0	1 298.4	1 322.3	1 267.7	-1.7	1.8	-4.1
Gasoline	348.2	346.5	346.8	342.0	354.7	-	-1.4	3.7
Diesel 48/52	232.1	268.3	261.7	249.5	247.0	-2.5	-4.7	-1.0
Diesel 43/47	37.0	43.9	48.2	46.9	48.1	9.8	-2.7	2.6
Kerosene	59.3	48.4	41.6	39.1	39.1	-14.0	-6.0	-
Gasoline	15.3	7.6	3.6	2.4	0.9	-52.6	-33.3	-62.5
Fuel oil	575.8	606.3	596.3	642.4	577.9	-1.6	7.7	-10.0
Electricity ^c	272.8	282.1	300.6	310.1	317.4	6.6	3.2	2.4
Natural gas ^d	4.1	5.6	5.8	6.1	9.4	3.6	5.2	54.1
Liquefied petroleum gas ^d	8 864.0	8 545.0	9 137.0	9 036.0	8 451.0	6.9	-1.1	-6.5

Source: *Barbados Economic Report, 1983*.^aPreliminary figures.^bThousands of barrels.^cMillions of kWh.^dMillions of cubic metres.^eTons.

Table 7

BARBADOS: SELECTED DATA ON EMPLOYMENT AND UNEMPLOYMENT

(Thousands of persons)

	1980	1981	1982	1983 ^o
Total number of adults in population	172.4	173.6	174.7	175.9
Labour force	113.7	112.4	112.8	112.6
Employed	99.4	100.2	97.3	95.7
Unemployed	14.3	12.2	15.5	16.9
Not in labour force	58.7	61.2	61.9	63.3
Unemployed, as a percentage of labour force	12.6	10.9	13.7	15.0
Labour force, as a percentage of total adults	66.0	64.7	64.6	64.0

Source: Data supplied to ECLAC by Statistical Services, Barbados.

^aPreliminary figures.

Table 8

BARBADOS: IMPORTS/EXPORTS AND VISIBLE TRADE BALANCE

(Millions of barbados dollars)

Year	Imports	Exports			Balance on visible trade
		Domestic	Re-exports	Total	
1979	850.8	232.7	71.3	303.9	-546.8
1980	1 049.1	337.3	118.1	455.4	-593.7
1981	1 151.1	297.0	94.0	391.0	-760.0
1982	1 107.5	372.6	144.9	517.5	-590.0
1983 ^o	1 249.0	581.6	135.9	717.4	-531.5

Source: Central Bank of Barbados, *Economic and Financial Statistics*, June 1984.^aPreliminary figures.

Table 9

BARBADOS: DOMESTIC EXPORTS OF GOODS, FOB

	Millions of Barbados dollars			Percentage breakdown		Growth rates	
	1981	1982	1983°	1977	1983°	1982	1983°
	Total exports	297.0	374.1	581.6	100.0	100.0	26.0	55.5
Main traditional exports	68.4	81.1	56.0	34.7	9.6	18.6	-30.9
Sugar	51.5	63.3	38.7	25.0	6.7	22.9	-38.9
Molasses	8.3	6.9	7.1	3.6	1.2	-16.9	2.9
Rum	4.1	5.4	4.9	3.2	0.8	31.7	-9.3
Lard and margarine	4.5	5.5	5.3	2.9	0.9	22.2	-3.6
Non-traditional exports	130.1	185.8	334.7	41.8	57.5	42.8	80.1
Clothing	52.2	65.6	70.4	21.6	12.1	25.7	7.3
Electrical components	77.3	119.3	262.3	20.2	45.1	54.3	119.9
Petroleum products	0.6	0.9	2.0	-	0.3	50.0	122.2
Other exports	98.5	107.2	190.9	23.5	32.8	8.8	78.1

Source: Statistical Service, Barbados.

°Preliminary figures.

Table 10

**BARBADOS: RETAINED IMPORTS, BY ECONOMIC
FUNCTION AND/OR END USE**

	Millions of Barbados dollars			Growth rates	
	1981	1982	1983°	1982	1983°
Consumer goods	372.7	321.7	350.3	-13.7	8.9
Food and beverages	179.2	161.6	156.5	-9.8	-3.2
Other non-durables	92.1	81.4	93.5	-11.6	14.9
Durables	50.4	31.6	50.9	-37.3	61.1
Other manufactured goods	51.0	47.1	49.4	-7.6	4.9
Intermediate goods	369.5	285.0	293.7	-22.9	3.1
Fuels	143.7	84.8	59.3	-41.0	-30.1
Textiles	43.5	38.9	43.6	-10.6	12.1
Others	182.3	161.2	190.8	-11.6	18.4
Capital goods	312.0	349.1	646.9	11.9	33.2
Machinery	226.9	270.8	403.9	19.3	49.2
Construction materials	85.1	78.3	61.0	-8.0	-22.1
Unclassified goods	2.7	6.9	4.3	155.6	-37.7
Total retained imports	1 057.0	962.6	1 113.1	-8.9	15.6
Total imports	1 151.1	1 107.5	1 249.0	-3.8	12.8

Source: Statistical Service, Barbados: external trade publications; Central Bank of Barbados, *Economic and Financial Statistics*, June 1984; and data supplied to ECLAC.

°Preliminary figures.

ii) *Imports*. While total imports grew in value by nearly 13% to a total of Bd\$ 1.2 billion, the value of retained imports increased by 15.6% in 1983 —possibly in response to the marketing difficulties of CARICOM— to a total of Bd\$ 1.1 billion (see table 10). Capital goods in the form of machinery and equipment for the Barbados-Trinidad and Tobago joint venture cement company and for construction of tourist facilities, as well as for the construction of the new Central Bank headquarters, grew by some 49% in 1983, whereas construction materials fell in value by some 22% in the same period. Imports of consumer goods rose by almost 9% after having fallen by nearly 14% in the previous year. The same general trend held true for intermediate goods, which, after falling by nearly 23% in 1982, rose by 3% in 1983.

b) *Services trade*

Total visitor arrivals increased by some 4% in 1983. This was the first increase since 1980, since in 1981 and 1982 there were declines of 7.2% and 15.1% respectively. Long-stay visitors increased by 8.1% to 328 300 in 1983. Visitors from the United States accounted for 34.7% of arrivals of long-stay visitors, and reflected to some extent the recovery in the U.S. economy. The increase in arrivals was, however, offset to a great extent by the shorter average length of stay, which fell from 8.3 days in 1982 to 7.7 days in 1983. Arrivals from Canada, the United Kingdom and Europe declined. In an attempt to attract trade, many hotels froze rates and in several cases granted substantial discounts. Visitor expenditure in 1983 is estimated at Bd\$ 251.6 million —a very slight increase over the 1982 figure (see table 11).

c) *Balance of payments*

A small surplus of US\$ 8 million was registered in 1983, after a deficit of US\$ 1 million in 1982 (see table 12). The slowdown in the rate of growth of tourism earnings and reduced earnings from sugar exports were offset by the export earnings from electrical components. On the other hand, there was a significant increase in payments abroad for debt servicing and the repatriation of dividends and profits.

Capital inflows, estimated at US\$ 54 million in 1983, were 31% higher than in 1982.

4. Wages and prices

a) *Wages*

During 1983, wage negotiations were concluded in a number of sectors. Wage increases were not, however, applied uniformly across entire sectors. The average wage increase of the subsectors which received rises in 1983 was 13%.

b) *Prices*

In 1983, the rate of inflation, as measured by the Retail Price Index, fell to 5.5 %, compared with about 7% in 1982 and over 12% in 1981. The greatest relative price increases were observed in alcoholic beverages and tobacco, and food (see table 13).

Table 11

BARBADOS: SELECTED TOURISM STATISTICS

	1980	1981	1982	1983 ^a	Growth rates	
					1982	1983 ^a
Total visitors ^b	526.5	488.4	414.6	430.8	-15.1	3.9
Stopover visitors ^b	370.0	352.6	303.8	328.3	-13.8	8.1
From: United States	86.0	74.5	75.5	114.0	13	60.0
Canada	85.0	70.0	59.0	53.2	-14.9	-10.7
United Kingdom	56.2	72.1	51.1	47.7	-29.1	-7.1
Europe	38.4	29.6	21.6	17.3	-27.0	-19.7
CARICOM	85.4	87.4	82.0	83.9	-6.2	-2.3
Other	19.0	19.0	14.0	12.2	-26.3	-12.9
Cruise-ship visitors ^b	156.5	135.8	110.8	102.5	-18.4	-7.4
Hotel and guest-house beds ^b	13.4	14.2	14.1	14.3	-0.7	14
Average length of stay of stopover visitors ^c	9.8	9.6	8.3	7.7	-13.5	-7.2
Hotel bed occupancy rate	65.3	54.0	45.5	46.7	-15.7	2.2
Estimated visitor expenditure ^d	236.9	261.9	251.1	251.6	-4.1	0.2
Hotel and restaurant tax ^d	7.3	7.2	...	...	...	...

Source: Statistical Services, Barbados.

^aPreliminary figures.

^bThousands.

^cDays.

^dMillions of US dollars.

Table 12

BARBADOS: BALANCE OF PAYMENTS

(Millions of US dollars)

	1980	1981	1982	1983
Exports of goods and services	552.0	532.9	604.3	677.5
Goods FOB	180.8	162.7	208.2	272.3
Services^a	371.2	370.1	396.1	405.2
Transport and insurance	67.7	48.5	71.0	68.0
Travel	252.4	262.7	253.4	253.7
Imports of goods and services	597.9	661.0	652.1	720.9
Goods FOB	479.0	521.4	501.1	565.0
Services^a	118.8	139.5	151.0	155.9
Transport and insurance	64.9	73.0	74.0	74.5
Travel	19.0	22.1	26.1	21.5
Trade balance (goods)	-298.2	-358.7	-292.9	-292.7
Trade balance (goods and services)	-45.9	-128.2	-47.8	-43.4
Factor services	-1.2	-8.5	-11.0	-19.2
Profits	-5.3	-8.3	-6.3	-4.3
Interest received	9.9	9.2	10.7	9.9
Interest paid	-13.0	-18.0	-23.1	-29.6
Others	7.2	8.7	7.4	4.7
Unrequited private transfer payments	21.5	24.1	17.1	16.7
Balance on current account	-25.6	-112.5	-41.7	-46.0
Unrequited official transfer payments	-	-6.1	6.1	4.0
Long-term capital	15.4	77.7	12.6	47.5
Direct investment	0.9	7.1	4.4	16.3
Portfolio investment	21.0	1.7	-0.8	-1.3
Other long-term capital	-6.5	69.0	8.9	32.5
Official sector ^b	3.8	48.0	11.7	28.8
Loans disbursed	7.5	49.2	16.6	29.9
Amortization payments	-3.3	-0.5	-2.0	-
Commercial banks ^c	-3.8	0.8	3.4	12.3
Loans disbursed	-	1.7	3.2	12.6
Amortization payments	-3.6	-	-	-
Other sectors ^b	-6.5	20.2	-6.2	-8.6
Loans disbursed	8.1	42.2	15.6	11.9
Amortization payments	-	-	-	-
Basic balance	-10.3	-40.9	-23.1	5.5
Short-term capital (net)	33.8	67.9	4.0	6.5
Official sector	0.3	47.0	-7.3	-1.0
Commercial banks	7.9	18.0	-5.2	3.5
Other sectors	25.6	2.8	16.4	4.0
Errors and omissions (net)	-6.6	-33.6	18.3	-4.5
Balance on capital account	42.6	106.0	40.8	53.6
Global balance^c	16.9	-6.5	-0.9	7.6
Total variation in reserves (- sign indicates an increase)	-20.5	-24.7	...	...
Monetary gold	-1.4	-1.5	-	-
Special Drawing Rights	3.1	0.4	...	...
IMF reserve position	-2.6	0.6	...	...
Foreign exchange assets	-13.4	-22.5	...	...
Other assets	-0.7	0.5	0.3	0.1
Use made of IMF credit	-5.6	-2.1	...	...

^aIncludes other non-factor services.^bIncludes net loans granted and other assets and liabilities.^cEquals total variation in reserves (of opposite sign), plus counterpart items: monetization or demonetizations of gold, allocation or settlement of Special Drawing Rights, and variation due to revaluation of other reserves.

Table 13

BARBADOS: EVOLUTION OF DOMESTIC PRICES*(March 1980= 100)*

	1980	1981	1982
December to December variation			
All items consumer price index	12.3	6.9	5.5
Food	12.6	2.5	7.1
Alcoholic beverages and tobacco	2.6	17.3	8.8
Housing	21.7	10.1	4.2
Fuel and light	-2.1	12.7	3.3
Clothing and footwear	12.7	-1.5	3.6
Medical and personal care	16.4	14.9	3.0
Transportation	19.4	15.1	2.6
Variation between annual averages			
All items consumer price index	14.6	10.3	5.3
Food	14.8	7.3	2.7
Alcoholic beverages and tobacco	7.9	13.4	10.7
Housing	24.3	21.4	9.3
Fuel and light	6.9	2.6	7.6
Clothing and footwear	17.6	4.2	2.2
Medical and personal care	8.3	15.9	7.6
Transportation	13.6	18.8	5.8

Source: Data supplied by the Statistical Service, Barbados.

Table 14

BARBADOS: COMMERCIAL BANKS LIABILITIES*(As at December 31, in millions of Barbados dollars)*

	1981	1982	1983 ^o	Growth rates		
				1981	1982	1983 ^o
Total deposits	821.6	880.0	941.6	10.7	7.1	7.0
Demand deposits	172.3	167.0	200.1	4.9	-3.1	19.8
Time deposits	246.0	300.8	302.1	6.9	22.3	0.4
Savings deposits	403.4	412.3	439.4	15.9	2.2	6.6
Balances due to Bank of Barbados	5.4	16.2	26.1	35.0	20.0	61.1
Balances due to other local banks	15.5	13.5	13.0	2.0	-12.9	-3.7
Foreign liabilities	81.2	75.4	102.8	53.8	-7.1	36.3
Other liabilities	87.2	124.4	127.9	20.9	42.7	2.8
Total liabilities	1 011.0	1 109.6	1 211.3	14.4	9.8	9.2

Source: Central Bank of Barbados, *Economic and Financial Statistics*, June 1984.^oPreliminary figures.

Table 15

**BARBADOS: END-DECEMBER SECTORAL DISTRIBUTION OF
COMMERCIAL BANK CREDIT**

(Millions of Barbados dollars)

	1981	1982	1983 ^o	Growth rates		
				1981	1982	1983 ^o
Total	649.1	680.2	776.4	18.8	4.8	14.1
Agriculture (including fisheries)	26.5	32.5	37.4	30.5	22.6	15.1
Mining and quarrying	2.7	1.5	2.4	92.9	-44.4	60.0
Manufacturing	103.6	115.6	120.9	9.5	11.6	4.6
Distribution	95.0	92.8	114.1	8.4	-2.3	23.0
Construction	45.3	32.3	30.8	15.0	-28.7	-4.6
Tourism (including entertainment)	97.3	114.6	119.6	36.8	17.8	4.4
Government	7.4	10.0	14.2	57.4	35.1	42.0
Public utilities	33.6	37.6	58.3	10.5	11.9	55.1
Personal	139.3	131.0	152.8	3.2	-6.0	16.6
Other	98.4	112.3	125.9	58.5	14.1	12.1

Source: Central Bank of Barbados, *Economic and Financial Statistics*, June 1984, and data supplied to ECLAC.

^o Preliminary figures.

5. Monetary and fiscal policy

a) *Monetary policy*

Total commercial bank deposits grew in 1983 by 7%, or approximately the same as the year before (see table 14).

Demand deposits expanded almost 20%, but time deposits stagnated while savings deposits grew by 6.6%. During the year liquidity in the banking sector became tighter. In fact, commercial banks were forced to borrow continually from the Central Bank, so that commercial bank liabilities to the Central Bank increased by 61% over the figure of a year earlier, although outstanding commercial bank loans grew by only 14% (see table 15).

On 1 April 1983, the Central Bank lowered the interest rate structure by 1%. The minimum rate on savings was lowered to 5%, and by June 1983 the average lending rate was lowered to 11.5%. The Central Bank lowered its discount rate from 20% to 16%. Interest rates on Treasury Bills fell steadily from 10% in January to 6.81% in December.

The prime lending rate which ranged from 11.0% to 12.5% in the first quarter, fell to between 11.0% and 11.5% in the second and third quarters, and eventually to between 10% and 11% in the fourth quarter of 1983.

The narrow money supply at the end of 1983 stood at **Bd\$ 310 million**—an increase of 16% over the end-1982 figure of **Bd\$ 226 million**. Some improvement in government revenue and substantial foreign inflows made it possible to reduce government borrowing from the banking system, and the government's indebtedness fell by some **Bd\$ 12 million** in 1983 (see table 16).

b) *Fiscal policy*

Stricter control on government expenditure and increased revenue from indirect taxation helped to contain the overall fiscal deficit to **Bd\$ 61 million** in 1983. This was funded by the National Insurance Scheme.

Current revenue for 1983 increased by 12.3%, mainly as a result of increased customs duties and consumption taxes. Taxes on goods and services also made a significant contribution to total current revenue. Direct taxes on income and profits continued to be the largest single item in current revenue,

Table 16

BARBADOS: MONETARY BALANCE

(Millions of Barbados dollars)

	1981	1982	1983°	Growth rates		
				1981	1982	1983°
Money	270	266	309	5.6	-1.3	16.2
Currency outside banks	111	111	114	8.8	-	2.7
Demand deposits	158	155	195	2.6	-1.9	15.8
Factors of expansion	1 039	1 173	1 285	13.8	12.9	9.5
Foreign assets	126	185	221	-24.6	46.9	19.5
Domestic credit	913	988	1 064	22.2	8.2	7.7
Government	213	261	249	23.8	22.5	-4.6
Private sector	700	727	815	21.7	3.6	12.1
Factors of absorption	769	906	975	16.9	13.8	7.6
Quasi-money (savings and time deposits)	648	7.6	735	13.5	9.0	4.1
Other items (net)	121	200	240	39.1	65.3	20.0

Source: Central Bank of Barbados, *Economic and Financial Statistics*, June 1984.

°Preliminary figures.

Table 17

BARBADOS: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of Barbados dollars			Growth rates		
	1981	1982	1983°	1981	1982	1983°
1. Current revenue	447	486	546	6.2	8.7	12.3
Tax revenue	394	436	479	5.6	10.7	9.9
Direct	166	197	199	4.4	18.7	1.0
Indirect	228	239	280	6.5	4.8	17.2
On foreign trade	92	73	90	7.0	-20.7	23.3
Non-tax revenue	52	57	67	8.3	9.6	17.5
2. Current expenditure	442	462	486	18.8	4.5	5.2
3. Savings on current account (1-2)	5	24	60	-89.8	380.0	150.0
4. Capital expenditure	186	115	121	80.6	-38.2	5.2
5. Total expenditure (2 + 4)	628	577	607	32.2	-8.1	5.2
6. Fiscal deficit (1-5)	-181	-91	-61	235.2	-49.7	-33.0

Source: Central Bank of Barbados, *Economic and Financial Statistics*, June 1984.

°Preliminary figures.

Table 18

BARBADOS: NATIONAL DEBT, 1979-1983

(Millions of Barbados dollars)

	1979	1980	1981	1982	1983 ^o
Total debt	426.3	493.2	683.4	760.0	861.3
Domestic					
Short-term	182.9	194.0	277.5	308.0	346.8
Long-term	131.3	135.3	146.5	165.1	167.2
Total	314.2	329.3	424.0	473.1	514.0
Foreign					
United Kingdom	0.6	0.1	11.9	14.3	13.0
Eurodollar	41.5	30.7	80.6	73.8	93.4
Canada	29.4	29.0	28.4	26.1	24.7
International institutions	39.1	59.6	90.0	121.4	163.5
Other	15	44.5	48.5	51.3	52.7
Total	112.1	163.9	259.4	286.9	347.3

Source: Central Bank of Barbados.

^o Preliminary figures.

accounting for Bd\$ 199 million in 1983 — a 1% increase over the amount collected in the previous year. Non-tax revenue increased by 17.5%.

Provisional estimates indicate that government current expenditure grew by 5.2% to Bd\$ 486 million in 1983, with the largest increases in expenditure occurring in the areas of finance and planning, legal affairs, health, and defence and security.

Capital expenditure, which increased by 5% in the calendar year 1983 (see table 17), went mainly to the Arawak Cement Company (a joint venture project with the Government of Trinidad and Tobago), several schools (under the World Bank Education Project), and rural development projects.

Foreign borrowing in 1983 amounted to **Bd\$ 60.4 million**. A Bd\$ 24 million loan on the Eurodollar market was raised to finance the purchase of the assets of Mobil Exploration (Barbados) Limited. Domestic institutions advanced Bd\$ 35.4 million in credit to Government. The National Insurance Scheme lent Bd\$ 43.6 million, and insurance companies Bd\$ 4.9 million.

At the end of December 1983, the national debt stood at **Bd\$ 861.3 million**, of which the external debt was **Bd\$ 347.3 million**. Total domestic debt increased by 8.6% to **Bd\$ 514 million**, with a 12.6% rise in short-term debt (to **Bd\$ 346.8 million**) and a 1.3% increase in long-term debt to **Bd\$ 167.2 million** (see table 18).

BELIZE

1. Recent economic trends: Introduction and summary

In 1983 the gross domestic product (GDP) increased marginally, thus almost compensating for the decline in 1982 (see table 1). However, per capita GDP continued to decline for the second successive year. Agriculture, forestry and fishing, the major contributors to GDP, continued on a steady growth path which was sufficient to compensate for declines in the trade, construction and manufacturing sectors.

Although steady increases in the production of export agricultural commodities were recorded, depressed prices nevertheless reduced export earnings in 1983. Re-export trade, which was oriented mainly to Mexico, was adversely affected in early 1982 by parity changes in that country, and continued at greatly reduced levels from then on until the end of 1983.

Imports were somewhat reduced in 1983, but the trade balance remained markedly negative. Inflation fell during the year, with the variation between annual averages amounting to 6% and the November to November variation coming to 3%. For its part, the money supply (M_1) increased 7.6%. Government finances deteriorated in 1983, due mainly to increases in expenditure and stagnating revenue.

2. Trends in economic activity

a) *Evolution of the main sectors*

i) *Agriculture.* Belize is essentially an agricultural economy, with the agriculture, forestry and fishing sector contributing almost 26% of GDP in 1983 (see table 2). The main agricultural crop —**sugar cane**— also provides the input for the production of sugar and molasses —**the** most important products in the industrial sector. Moreover, agriculture employed over one-third of the labour force in 1980 (many of them independent small farmers) and contributed over 50% of the earnings from merchandise exports in 1983.

The sugar industry has been affected by declining world sugar prices, and therefore declining export earnings, despite a good performance in increasing sugar-cane production. In 1982 sugar-cane production rose by 9% while sugar production and exports grew by 8.5% (see tables 3 and 4), yet sugar export earnings declined by 23%. For 1983 there was a continuation of this picture, since world sugar prices continued to decline. As a result, sugar exports increased a further 11% but earnings rose by only 4% from the low level of 1982. Thus we see that although sugar-cane production and yields continue to increase, and in 1983 sugar production was at its highest ever, earnings have not kept pace. Currently Belize sells about 70% of its sugar either to the EEC or to the United States under the General System of Preferences. Since Belize is now restricted by a quota in its sales to the United States, the balance of the country's production has to face the vagaries of the world market and a current price which is below the cost of production.

The increased yields are attributable to the replanting of fields with smut-resistant varieties of sugar-cane, control of frog-hoppers and improved crop care. Since any increase over a limit of about 70 000 tons must be sold at remunerative prices, however, questions are raised as to the wisdom of expanding sugar acreage further.

The cultivation of citrus fruits is the second major agricultural activity, producing oranges and grapefruit and exporting citrus concentrates primarily to the EEC and CARICOM. Approximately two-thirds of the acreage allocated to citrus is planted with oranges, the remainder being allocated to grapefruit which is grown mainly by smallholders. There are in excess of 300 citrus growers, with a seasonal employment of 700 additional workers. Citrus production has increased steadily from 1976 to 1982, when output was 50% higher than in 1976. In 1983, however, production of grapefruit and

Table 1

BELIZE: MAIN ECONOMIC INDICATORS^a

	1981	1982	1983
A. Basic economic indicators			
Gross domestic product at factor cost (millions of US\$ at 1973 prices)	130.8	129.6	130.6
Population (thousands of inhabitants)	148.3	152.0	155.8
Per capita gross domestic product (at 1973 prices)	882.0	853.0	838.0
Growth rates			
B. Short-run economic indicators			
Gross domestic product (at market prices)	4.4	-5.5	4.2
Per capita gross domestic product	3.8	-3.3	-1.6
Current value of exports of goods and services	-8.9	-20.0	8.8
Current value of imports of goods and services	-	-	-
Consumer price index (variation between annual averages)	11.9	9.3	5.7
Money supply (M ₁)	2.1	0.0	7.6
Current revenue of government	5.9	0.0	-8.4
Total expenditure of government	15.1	3.1	9.4
Fiscal deficit as percentage of total expenditure	8.7	3.0	8.2
Millions of US dollars			
C. External sector			
Trade balance	-27.0	-21.7	-25.4
Balance on Current account	-11.9	-9.1	-15.2
Balance on capital account	9.7	23.3	10.8

Source: ECLAC, on the basis of data provided by various government departments of Belize

^aFigures are in US dollars unless otherwise stated. The exchange rate for the Belize dollar is US\$ 1 = Bz\$ 2.

Table 2

BELIZE: GROSS DOMESTIC PRODUCT, BY KIND OF
ECONOMIC ACTIVITY, AT CURRENT FACTOR COST

	Millions of US dollars			Percentage breakdown	Growth rates	
	1981	1982	1983	1983	1982	1983
Gross domestic product	130.8	129.6	130.6	100.0	-0.9	0.8
Agriculture	24.6	25.6	26.3	20.0	4.0	2.7
Forestry	2.2	4.0	2.7	2.0	81.8	32.5
Fishing	3.9	3.8	4.8	3.7	-2.6	26.3
Mining	0.4	0.4	0.4	0.3	0.0	0.0
Manufacturing	12.9	12.3	12.6	9.6	-4.6	2.4
Electricity and water	1.7	2.0	2.1	1.6	17.6	5.0
Construction	11.5	9.2	9.5	7.3	-20.0	3.3
Commerce, restaurant, etc.	21.7	19.5	19.0	14.5	-10.1	-2.6
Transport and communications	13.9	14.2	14.5	11.1	2.1	2.1
Finance and insurance	7.4	7.4	7.5	5.7	0.0	1.3
Real estate and dwellings	9.1	9.3	9.3	7.1	2.2	0.0
Public administration	14.1	14.0	14.0	10.7	-0.7	0.0
Community and other service	12.8	13.1	13.1	10.0	2.3	0.0
Less banking service charges	5.5	5.2	5.2	4.0	-5.4	0.0

Source: Statistical Office, Central Planning Unit, Belize.

Table 3

BELIZE: INDICATOR OF AGRICULTURAL PRODUCTION

	1981	1982	1983	Growth rates	
				1982	1983
Production of main crops					
Sugar-cane (tons)	986.1	1 076.0	1 150.0	9.1	6.9
Bananas (thousands of 42 lb. boxes)	549.3	524.0	531.0	-4.6	13
Oranges (thousands of 30 lb boxes)	1 063.0	1 065.0	750.0	0.1	-29.5
Grape fruit (thousands of 80 lb boxes)	586.0	703.0	178.0	20.0	-74.7
Timber (thousands of board feet)	9.5	8.5	8.0	-10.5	-5.9
Rice (thousands of tons)	10.9	8.1	3.6	-25.5	-55.0
Corn (thousands of tons)	21.4	21.4	17.6	0.0	-17.4
Red kidney beans (thousands of tons)	1.7	1.8	1.8	5.9	0.0
Honey (thousands of kg)	219.5	200.0	247.0	-8.9	23.5
Stock-raising production					
Beef (thousands of tons)	1.0	0.9	1.1	-9.1	25.0
Poultry (thousands of tons)	2.4	2.5	2.5	5.7	0.0
Pork (thousands of tons)	0.2	0.1	0.2	-50.0	100.0
Fish products (thousands of tons exported)	0.7	0.6	0.8	-7.0	33.3

Source: Central Statistical Office, Belize.

Table 4

BELIZE: DOMESTIC EXPORTS BY VOLUME

	1981	1982	1983	Growth rates	
				1982	1983
Sugar (tons)	91.9	99.7	110.9	8.5	11.2
Molasses (tons)	27.8	35.6	35.2	27.7	-1.1
Bananas (thousands of 42 lb boxes)	551.0	523.0	531.0	-5.1	15
Citrus concentrates (thousands of gallons)	12	14	10	16.6	-28.6
Sawn wood (thousands of board feet)	1.5	2.5	1.7	66.7	-20.0
Fish products (thousands of tons)	0.7	0.6	0.8	-6.7	28.6

Source: Central Statistical Office, Belize.

oranges declined to 928 000 boxes, only slightly above the 1976 figure (see table 3). While a poor crop was responsible for most of the 30% decline in orange production, protracted price negotiations between the growers and the processors during the period of grapefruit harvesting caused that crop to go unripe, with a resultant decline of 75% in grapefruit sent for processing. Despite the significant fall in citrus production, exports declined by less than 30% in volume, and the industry was rescued somewhat in terms of earnings, which actually increased by 2%, by an average price increase of citrus concentrates of 32%.

Production of bananas, which are the third main crop in the agricultural sector, has shown a downward trend since 1979, from 842 000 boxes to 523 000 in 1982 —a decrease of 38%. In 1983 production registered a small increase. Banana prices have fluctuated, but for 1982 and 1983 prices recorded increases of 3% and 13% respectively. Total export earnings from bananas declined in 1982 but improved somewhat in 1983 to record an increase of 14%. Declining production in recent years is due to crop disease and inefficient small producers. The Banana Control Board is currently evaluating many of these producers, and where potential exists it proposes to upgrade their skills.

The banana industry at present operates below the break-even point, which is estimated to require an expansion of acreage from 1 600 in 1982 to 4 000, and such expansion has started at Bladen Trio. It also suffers from a lack of productivity on existing farms for managerial and agronomic reasons. Currently a major source of inefficiency is the need to transfer bananas by barge to Honduras for shipment since the low volumes from Belize render direct shipment uneconomic and irregular. As Belize enjoys a protected market in the United Kingdom, expansion of production seems to be viable if adequate levels of productivity can be achieved.

Rice registered significant decreases in production in 1982 and 1983 after a record harvest in 1981. The decline is attributable in part to a 37% reduction in acreage of the country's largest rice producer in 1982 and finally its closure due to financial problems in 1983. At the same time, severe penalties were imposed on farmers delivering wet paddy, which provided a disincentive to producers in some areas of the country.

Maize production increased by 25% between 1977 and 1981. In 1982 production remained stable, but it registered a decline in 1983. In both 1981 and 1982 there was an oversupply of corn on the local market, with the result that the guaranteed price was reduced from 24 cents in 1981 and 1982 to 12 cents in 1983. The sharply reduced supply subsequently caused the guaranteed price to be repegged at 20 cents by the end of 1983.

The production of red beans increased by 80% between 1976 and 1981 while the acreage under cultivation increased by 58%. Further increases in production of about 25% **per year** were registered in 1982 and 1983. The country is now self-sufficient in this commodity, allowing a small surplus for export where markets exist, within CARICOM. Experiments to identify improved varieties and to increase productivity continue.

Honey production has been identified as having a good export potential, particularly to the United Kingdom. Production declined by 9% in 1982, however, despite a concerted effort to increase the number of hives. The decline is attributable to the side effects of insecticides used to control leafhoppers on sugar-cane, and heavy rainfall during that year. In 1983 production rose by more than 23%, and efforts to increase honey output are continuing.

Livestock production is still basically geared to production for the local market and the country's needs for fresh beef, pork and chicken are satisfied by local production. Some processed pork is still imported, however, and **efforts** to break into the export market, particularly for beef, have been only

Table 5

BELIZE: SELECTED TOURISM INDICATORS

	1981	1982	1983	Growth rates	
				1982	1983
Total stopover visitors	64 219.0	61 337.0	66 914.0"	4.8	0.6
Total number of hotels and guest houses	144.0	141.0	141.0	-2.1	0.0
Average number of hotel and guest house rooms	1 352.0	1 377.0	1 377.0	1.8	0.0
Average number of hotel and guest house beds	2 192.0	2 256.0	2 256.0	2.9	0.0
Average hotel and guest house room occupancy rate (percentage)	72.8	75.0	74.5	3.0	-0.7
Average length of stay (nights)	5.6"	5.6"	5.6"	0.0	0.0
Total visitor expenditure ^b	15.3"	17.7"	18.6"	15.7	5.1
Percentage of total visitor arrivals					
United States	36.8	39.0	...		
Canada	3.4	2.5	...		
United Kingdom	2.5	4.5	...		
Other Europe	14.7	8.0	...		
Other	42.5	46.0	...		

Source: Belize Tourist Board.

^aTourist Board estimates.

^bMillions of Belize dollars.

sporadic. Production and managerial techniques are still small-scale, with rough grazing for cattle and small-scale raising of pigs being the norm. Production figures for pork are not comprehensive, since they do not include pigs slaughtered on the farms. There has, however, been a tendency for pork production to stagnate around a mean which is determined by domestic consumption, with variations around this mean attributable to changes in the price of maize. This explains the increase in pork production in 1983, reflecting the oversupply and therefore fall in price of maize. Livestock production is currently faced with two options: to explore the possibilities for beef exports, which will require more productive arrangements in the industry, or to develop the dairy industry to substitute for the large imports of dairy products. Both options will be management- and technology-intensive.

ii) *Forestry*. Products derived from the forests of Belize may be divided into rosewood logs, cedar lumber, mahogany lumber, other hard woods, and chicle, with mahogany lumber providing the bulk of export earnings. Cedar production has been declining due to depletion of cedar forests. Production of timber has declined by 10% in 1982 and 6% in 1983. Export volumes increased by 66% in 1982, although earnings increased by only 50% due to lower prices. In 1983 there were declines in production (-6%), export volumes (-20%) and earnings (-25%).

iii) *Fishing*. Exports of fish are divided between shellfish (60% of the total in 1983) and scalefish, and together contribute in excess of 11% of merchandise exports. In the former category the major exports are lobster and conch, followed by shrimp and crab claws. Fish exports declined in volume and value in 1982, with decreases of 6.7% and 12.5% respectively. In 1983, however, increases of 28.6% and 14% were recorded. Consumption on the local market is mainly of whole scalefish with small quantities of lobster, shrimp and conch. Fish prices on the local market are controlled, so that first priority is given by fishermen to the export market which is not price regulated. Domestic consumption, while not accurately recorded, is estimated to be about one-quarter of the quantity exported.

b) *Services trade*

Tourism is still a small-scale highly specialized industry in Belize, catering mainly for scuba divers and persons interested in exploring early Mayan civilization. The existing tourist facilities are usually locally-owned small hotels and guest houses with an average of less than 10 rooms or 16 beds. While this means that the full potential of the industry is not realized, since it is not possible to achieve economies of scale by organizing charter packages, it also means that the industry is outside the mainstream of the world tourist business and is therefore less vulnerable to its vicissitudes. This is illustrated by the fact that visitor arrivals increased by 5% in 1982 and declined by less than 1% in 1983 (see table 5).

Belize is adjacent to Mexico, and recent Mexican parity changes have had a severe impact on tourism in the rest of the region, but it is clear from the foregoing that the Belize tourist product is at present highly specialized and does not compete directly with the adjacent resort areas in the Caribbean.

At present the bulk of tourists (39% in 1982) originate in the United States, with neighbouring Mexico and other Central American countries ranking second. Both groups will provide the mainstay of the industry for the future, although changes in the value of the Mexican peso will perhaps for some time limit the flow of Mexican tourists, some of whom crossed the border to purchase cheaper goods in Belize. The percentage of EEC visitors declined from 17.3% in 1981 to 12.5% in 1982. Similarly the visitor count for Canadians declined from 3.4% to 2.5% between 1981 and 1982.

The Government engaged in tourism promotion for the first time in 1982, and its policy towards the expansion of the industry remains one of caution. Moreover, if the specialized nature of the industry is to be preserved, expansion will be relatively costly, since of the nearly 100 Mayan sites, only two have been developed and access to them is difficult. The other major attraction—the 175 miles of coral reef containing over 150 islands and cays—will also require considerable infrastructure and services to ensure orderly tourism development.

It is estimated that tourism expenditures have been increasing, and the industry has the potential to absorb workers who are unlikely to opt for agriculture or a rural lifestyle and would therefore be likely to swell the ranks of the urban unemployed. Bearing in mind the difficulties currently being experienced in expanding the export earnings of more traditional products, tourism will probably continue to improve its ranking on the list of options available to the country for future development.

3. The external sector

Belize manifests the same degree of openness of its economy which is often found in small island States. In 1981 trade was 179.5% of GDP measured in current prices, although by 1983 this percentage had fallen to 127.4% (see table 6). This reduction is attributable to a decline in the re-export trade to Mexico, which diminished by 72% over the period as a result of the depreciation of the Mexican peso.

Like many other Caribbean economies, Belize also records an adverse balance on merchandise trade account, which remained fairly constant at 27% of GDP between 1981 and 1983. External balance depends on services and external capital flows (see table 7).

Table 6

BELIZE: INDICATORS OF THE IMPORTANCE OF TRADE

(Millions of Belize dollars)

	1981	1982	1983
Gross domestic product (at current prices)	313.0	295.8	308.3
Total imports	323.9	262.8	237.6
Total exports	238.0	187.4	155.1
Imports (M) as percentage of gross domestic product	103.5	88.8	77.06
Exports (X) as percentage of gross domestic product	76.0	63.3	50.3
Merchandise trade (M + X) as percentage of gross domestic product	179.5	152.2	127.4

Source: ECLAC.

Table 7

BELIZE: BALANCE OF PAYMENTS

	Millions of US dollars			Growth rates	
	1981	1982	1983	1982	1983
Merchandise exports"	119.0	93.7	77.5	-21.3	-17.3
Merchandise imports"	161.9	131.4	118.8	-18.8	-9.6
Merchandise balance	-42.9	-37.7	-41.3	12.1	-9.5
Net services balance	15.9	16.0	15.9	0.0	0.0
Trade balance	-27.0	-21.7	-25.4	19.6	-17.1
Net factor income	-2.2	-5.1	-7.5	-131.8	-47.0
Net private transfers	17.3	17.7	17.7	2.3	0.0
Balance on current account	-11.9	-9.1	-15.2	23.5	-67.0
Public capital	12.5	18.6	11.9	48.8	-36.0
Private capital	-2.8	4.7	-1.2	267.9	-125.5
Balance on capital account	9.7	23.3	10.8	140.2	-53.6
Global balance	-2.2	14.2	-4.4	-	-
Change in international reserves (- sign indicates increase)	-	-	-	-	-

Source: IICLAC, on the basis of data from the Central Bank of Belize.
"Includes re-exports.

Table 8

BELIZE: EXPORTS OF GOODS, FOB

	Millions of Belize dollars			Growth rates	
	1981	1982	1983	1982	1983
Total exports	238.0	187.4	155.1	-21.3	-17.2
Domestic exports	149.5	119.6	130.1	-20.0	8.8
Re-exports	88.5	67.8	25.0	-23.4	-63.1
Sugar	85.3	65.7	68.3	-23.0	4.0
Citrus concentrates	13.0	14.0	13.7	7.7	-2.1
Timber	2.4	3.6	2.7	50.0	-25.0
Molasses	2.4	1.8	1.8	-25.0	0.0
Garments	22.1	12.7	16.5	-42.5	30.0
Fish products	14.4	12.6	14.4	-12.5	14.3
Bananas	4.3	4.2	4.8	-2.3	14.3
Others	5.5	4.9	7.9	-10.9	61.2

Source: Central Statistical Office, Ministry of Finance, Belize.

Table 9

BELIZE: IMPORTS OF GOODS, CIF

	Millions of Belize dollars			Growth rates	
	1981	1982	1983 ^o	1982	1983
Total imports	323.9	262.8	237.6	-18.9	-9.6
Domestic imports	235.4	195.0	212.6	-17.2	9.0
Imports for re-export	88.5	67.8	25.0	-23.4	-63.1
Consumer goods					
Food	79.8	58.7	55.5	-26.4	-5.5
Beverages and tobacco	7.1	5.7	5.4	-19.7	-5.3
Crude materials	4.9	3.2	2.1	-34.7	-34.4
Petroleum products	51.3	45.5	44.7	-11.3	-1.8
Animal and vegetable oils	1.0	0.6	0.5	-40.0	-16.7
Chemicals	22.9	22.5	19.4	-1.7	-13.8
Manufactured goods	39.5	33.1	31.7	-16.2	-4.2
Machinery	57.5	48.9	38.8	-15.0	-20.3
Miscellaneous manufactured goods	58.3	85.4	25.9	46.5	-70.0
Miscellaneous commodities	1.6	9.2	13.6	475.0	47.8

Source: Central Statistical Office, Belize.

^oPreliminary figures.

It will be noted that total imports and exports contracted in 1982 and 1983 (see table 8). In 1982 domestic exports contracted at a faster rate than imports, while in 1983 domestic imports grew faster than exports. In both years the border re-export business contracted, the decline being quite significant in 1983 as a result of the devaluation of the Mexican peso.

In the basket of imports, food and petroleum account for the main expenditures, and their share of these grew in 1983 (see table 9). In 1982, as a result of the contraction in trade, the balance of trade (though adverse) was smaller than in the previous year and with large private and public capital flows a favourable balance of payments was possible (see table 7). In 1983, however, the pattern changed. While exports increased, imports increased even faster, so that the merchandise deficit increased. Since, moreover, there were also decreases in private and public capital flows, the result was an overall deficit on external account.

4. Wages and prices

Domestic inflation rates continued to fall, reflecting international price trends (see table 10). In 1981 prices rose by 11.4%, whereas in 1982 the rate fell to 9.6% and in 1983 it was only 6% (variation between averages). The most significant reductions were registered for food items.

Wage increases over the period 1982-1983 have tended to be moderate, the largest averaging 8% for the two-year period. Analysis of wage settlements seems to indicate that they are below the rates of price increases for the same period.

Table 10

BELIZE: EVOLUTION OF DOMESTIC PRICES

	1981	1982	1983
November to November variation			
Consumer price index (all items)	-	9.3	3.3
Food	-	5.2	0.5
Clothing and footwear	-	8.8	4.2
Household items, utilities, fuels	-	10.9	2.6
Miscellaneous	-	3.3	3.7
Variation between annual averages			
Consumer price index (all items)	11.4	9.6	6.0
Food	7.9	5.3	2.8
Clothing and footwear	12.8	9.1	6.5
Household items, utilities, fuels	12.4	11.4	6.4
Miscellaneous	7.0	3.5	4.1

Source: Central Statistical Office, Ministry of Finance, Belize.

Table 11

BELIZE: MONETARY BALANCE

	Millions of Belize dollars			Growth rates		
	1981	1982	1983	1981	1982	1983
Money (M ₁)	39.56	39.40	42.41	-5.0	-0.5	7.6
Currency outside banks	19.04	20.64	21.57	8.6	8.4	4.5
Demand deposits	20.52	18.76	20.84	-14.5	-8.7	11.1
Factors of expansion	136.94	148.67	170.34	13.2	8.6	14.6
Foreign assets (net)	10.31	-12.48	-17.19	-39.1	-221.0	-37.7
Domestic credit	126.63	161.15	187.53	21.7	27.3	16.4
Government (net)	27.04	43.69	63.22	42.1	61.9	44.7
Private sector	90.79	107.66	117.16	17.5	10.3	8.8
Factor of absorption	97.38	109.27	127.93	23.0	12.2	17.1
Quasi-money	78.25	85.67	105.75	17.3	9.5	23.4
Other items	19.13	23.60	22.18	51.6	23.3	-6.0

Source: ECLAC, on the basis of data from the International Monetary Fund, *International Financial Statistics*.

Table 12

BELIZE: CONCESSIONAL FUNDS DISBURSED BY THE
DEVELOPMENT FINANCE CORPORATION

Sectors	Thousands of Belize dollars			Growth rates	
	1981	1982	1983	1982	1983
Agriculture	3 250	2 217	6 798	-31.8	206.6
Industry	164	179	667	9.1	272.6
Tourism	370	111	535	-70.0	382.0
Housing	542	402	-	-25.8	-
Other	679	830	695	22.2	-16.3
Total	5 005	3 739	8 695	-25.3	132.5

Source: Development Finance Corporation, Belize.

Table 13

BELIZE: DISTRIBUTION OF COMMERCIAL BANK LOANS

	Thousands of Belize dollars			Growth rates		
	1981	1982	1983	1981	1982	1983
Government services	4 171	14 426	15 113	69.7	245.9	4.7
Public utilities	826	583	2 179	278.9	-29.4	273.7
Agriculture	24 086	22 702	17 189	0.1	-5.7	-24.3
Commercial fishing	416	531	875	-43.6	27.6	64.8
Forestry	2 687	2 776	978	-12.5	3.3	-64.8
Manufacturing	11 854	15 019	18 639	-5.1	26.7	24.1
Tourism	1 004	1 442	1 144	46.6	43.6	-20.6
Building and construction	11 879	12 585	13 653	28.5	5.9	8.5
Real estate	1 214	1 383	3 140	30.1	13.9	127.0
Financial institutions	378	318	919	85.3	-15.9	189.0
Distribution	36 259	44 364	42 448	44.0	22.3	-4.3
Professional services	946	773	865	-13.3	-18.3	9.7
Transport	1 772	2 025	3 542	13.1	14.3	74.9
Entertainment	448	862	655	19.5	92.4	-24.0
Mining and exploration	24	1 852	4 991	...	...	169.5
Personal loans	10 945	10 703	14 261	14.2	-2.2	33.2
Total	108 909	132 344	140 591	18.5	21.5	6.2
Loans to residents	105 067	131 666	139 742	21.4	25.3	6.1
Loans to non-residents	3 842	678	849	-28.5	-82.3	25.2

Source: Central Bank of Belize.

5. Monetary and fiscal policy

a) *Money supply*

The money supply (M_1), which remained constant between 1981 and 1982, registered an increase in early 1983 (see table 11), and though it subsequently fell it was nevertheless 7.6% greater in December 1983 than it had been twelve months before. Quasi-money showed an increase of 24%, due mainly to growth in time deposits.

Net foreign assets continued to grow, though at a more moderate rate than in the previous year, as did domestic credit, both to the public and private sectors.

Table 14

BELIZE: CENTRAL GOVERNMENT REVENUE AND EXPENDITURE

	Thousands of Belize dollars			Growth rates	
	1981	1982	1983	1982	1982
Current revenue	82 449	82 400	75 500	0.0	-8.4
Customs and excise duties	39 271	32 500	35 000	-17.2	7.7
Tax revenue	27 033	30 500	28 000	12.8	-8.2
Interest and loan repayments	83	1 400	0	-	-
Other revenue	16 062	18 000	12 500	12.1	-30.6
Current expenditure	78 075	82 400	82 500	5.5	0.0
Savings	4 374	0	-7 000	-	-
Capital revenue	11 410	20 400	26 900	78.8	31.9
Capital expenditure	24 685	23 600	29 100	-4.4	23.3
Total expenditure	102 760	106 000	111 600	3.2	9.4
Total revenue	93 859	102 800	102 400	9.5	0.0
Fiscal surplus (+)/deficit (-)	-8 901	-3 200	-9 200	64.0	187.5

Source: Central Bank of Belize.

The Development Finance Corporation (DFC) serves to channel investment funds from abroad, mainly from the Caribbean Development Bank (CDB) and in 1983 from the Commonwealth Development Corporation (CDC), to small and medium-sized enterprises and for housing. The terms are usually more favourable than commercial rates.

Loans to agriculture, which comprised 78% of total DFC disbursements in 1983, increased significantly over 1982 (see table 12). The major portion of the increase, valued at B\$ 3.8 million, was allotted to 2 000 cane farmers to replant and upgrade their fields. The other major disbursements in agriculture related to citrus fruit with 44 projects amounting to B\$ 15 million approved.

After a period of rapid expansion of commercial credit averaging almost 20% in 1981 and 1982, the 1983 rate only just kept pace with inflation (see table 13). Credit to some productive sectors from the commercial banks declined. Loans to the agricultural sector fell by 24% and those to forestry by 65%, although this was more than offset by credit through the DFC and represents in fact a shift in the sources of credit (i.e., from private banks to quasi-public sources). Significant increases in credit were however registered in real estate, public utilities, financial institutions, manufacturing and personal loans. Credit for government services, which had expanded significantly in the two previous years, was contained in 1983.

b) *Fiscal policy*

Reflecting the decline in economic activity in 1982 and 1983, government recurrent revenues declined in both years (see table 14). Expenditures (particularly capital expenditures financed by overseas aid) continued to grow in 1983, however.

The overall budget deficit, which had been reduced in 1982, increased again in 1983 and now stands at 8% of total expenditure. In 1981 77% of the deficit was financed by local borrowing but in 1982 the proportion fell to 70%. Figures available for 1983 indicate that this proportion rose again.

DOMINICA

1. Recent economic trends: Introduction and summary

In 1983 Dominica continued its recovery from the hurricane devastation of 1979 and 1980, with the Gross Domestic Product (GDP) increasing by 4% (see table 1).

This growth was led by agriculture, where production increased slightly more than 6%. A notable contribution was also made by transportation and communications, whose product soared more than 19%. Manufacturing output rose 2.5%, but construction virtually stagnated. Inflation continued to wane, dropping below 3%. The external sector, too, continued to improve in 1983, with exports growing by 12%, while imports fell by 5%, so that the merchandise trade deficit shrank by nearly 28%.

In 1983 the government continued to promote private industrial development as part of its programme of long-term structural adjustment. Industrial activity is of necessity export-oriented, and its tremendous reliance on foreign markets was reflected in the unfortunate predicament of some industries, as several CARICOM markets suddenly seemed impenetrable. Thus, foreign exchange constraints in Jamaica and Guyana and insurmountable licencing impediments in Trinidad and Tobago were judged the major obstacles to smooth and satisfactory *intra-regional* trade for Dominica.

The moderate growth in the money supply and diminishing world inflation combined to yield a modest 3% inflation rate. Government current revenue increased and the current account position improved. The fiscal deficit was somewhat lower than in 1982, but still 12% of GDP. It was financed mainly by foreign funds.

2. Trends in economic activity

Growth of the main sectors

a) *Agriculture*

Despite Dominica's mountainous terrain and proneness to inclement weather conditions, agriculture continues to be the main economic sector, accounting for approximately 30% of the GDP. While its output rose 6% in 1983 (see table 2), this sector is still performing somewhat below its pre-hurricane levels.

The production of bananas, the main crop, continued to recover in 1983, with output for export rising close to 7% (see table 3).

In 1983 the government took steps, through the newly reorganized Dominica Banana Growers' Association (DBGA), to strengthen this important industry. Increased efficiency in the boxing plants owned by DBGA, the diversion of processing from wetpack to field pack, and streamlined field operations not only transferred some of the processing to the farmers themselves but also reduced wastage, with implied additional profits for the farmers.

However, a major problem persists. With the continuing slide of the pound sterling against the US dollar, Dominica must either suffer a decrease in its export prices or forego the preferential arrangements under the Lomé Convention. The preference among some of those concerned seems to be for the latter course of action.

Accurate data on coconut production are not available, but it was noted that there was an expansion of the acreage planted due to the continuing success of the post-hurricane rehabilitation programme. Trade in coconuts takes place mainly with the neighbouring French islands. For Dominica Coconut Products (DCP), the major processing company, trade with the other CARICOM countries has been complicated by the latter's decision to implement a variety of cumbersome trade procedures.

Indicators of citrus production were not very encouraging. Estimates of lime production indicate a slight contraction (see table 3), with the government's efforts at rehabilitation being partly impeded by imperfect husbandry consequent on insecurity of land tenure among farmers. On the other hand, earnings from exports of lime oil and juice increased very substantially in 1983. As regards the output of grapefruits, which Dominica exports unprocessed, mainly to the EEC and for which a profitable way of processing has still to be found, there was a slight decline in 1983.

With external financing for crop rehabilitation, non-traditional export crops like avocados are being developed. Moreover, the government has embarked on a new programme of livestock production. Efforts have been concentrated on allocating funds for obtaining new breeds, improving the health of existing stocks, expanding the reproductive base, increasing stud centres and maintaining higher standards regarding all facilities.

In the fishery sector, measures to replace gear lost in the hurricanes continued and money was obtained from the International Fund for Agricultural Development (IFAD). Fishing output rose by 25% in 1983.

Increasing local food production and wastage have alerted the authorities to the problem of inadequate market intelligence. A Market Intelligence Unit has been set up to collect, analyse and disseminate information on prices and production of agricultural commodities in local, regional and extra-regional markets, and this information is being disseminated via the "Dominica Market News", which it is hoped will be of use for planning, identification of trends and reference purposes.

Table 1
DOMINICA: MAIN ECONOMIC INDICATORS

	1981	1982	1983
A. Basic economic indicators			
GDP at factor cost (EC\$ million at 1977 prices) ^a	99.6	102.8	106.9
Population (thousands)	84.0	85.0	87.0
Per capita GDP (EC\$ at 1977 prices)	1 185	1 209	1 229
Growth rates			
B. Short-run economic indicators			
Gross domestic product	8.2	3.3	4.0
Per capita domestic product	7.0	2.0	1.7
Terms of trade (goods)	-3.2	8.9	...
Current value of exports (goods)	97.0	27.4	12.4
Current value of imports (goods)	4.2	-4.4	-5.1
Consumer prices (December to December)	8.1	4.0	2.7
Consumer prices (variation between annual averages)	13.3	4.4	2.7
Money supply (M ₁)	-2.6	-3.8	0.1
Rate of unemployment	23.0	15.0	...
Current income of government ^b	...	1.8	16.5
Total expenditure of government	...	-5.2	10.1
Fiscal deficit/total expenditure of government ^c	33.8	28.5	25.0
Millions of US dollars			
C. External sector			
Merchandise balance	-26.1	-18.7	-13.5
Balance on current account	-21.6	-9.7	...
Balance on capital account	3.7	5.4	...
Overall balance	-8.8	-2.3	...

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

^aNational accounts data are given in East Caribbean dollars. Since 1976 the EC dollar has been pegged to the US dollar at a rate of EC\$ 2.70 = US\$ 1.00.

^bFiscal year 1 July - 30 June.

^cPercentage.

Table 2

DOMINICA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST

(Constant 1977 prices)

	Millions of EC dollars		Percentage breakdown		Growth rates	
	1982	1983	1982	1983	1982	1983
Gross domestic product	102.8	106.9	100.0	100.0	3.2	4.0
Goods	49.8	51.8	48.4	48.5	2.9	4.0
Agriculture	31.4	33.3	30.5	31.2	3.3	6.1
Mining	0.8	0.8	0.8	0.7	14.3	0.0
Manufacturing	8.0	8.2	7.8	7.7	9.6	2.5
Construction	9.6	9.5	9.3	8.9	-0.4	-0.1
Basic services	8.3	9.9	8.1	9.3	13.7	19.3
Electricity and water	2.0	1.9	1.9	1.8	11.1	-0.5
Transport and communications	6.3	8.0	6.1	7.5	14.5	27.0
Other services	44.8	45.4	43.5	42.4	3.2	1.3
Commerce	12.0	11.9	11.7	11.1	0.0	-0.08
Hotel and restaurants	1.1	1.2	1.0	1.1	22.2	9.1
Real estate and ownership of dwellings	5.7	5.8	5.5	5.4	1.8	1.8
Financial institutions and insurance	5.8	6.0	5.6	5.6	0.0	3.4
Government services	22.6	23.0	22.0	21.5	1.2	1.8
Other services	1.2	1.2	1.2	1.1	9.1	0.0
Imputed banking services charges	-3.6	-3.7	3.6	3.5	0.0	2.8

Source: Statistical Division, Ministry of Finance of Dominica.

b) *Manufacturing*

Manufacturing has never been a major source of growth in Dominica. The government's efforts to this sector in order to increase employment and export earnings and diversify production have led to improved growth over the last three years, but even so in both absolute and relative terms it still provides only a small share of the GDP (see table 2 and 4).

Evidence of diversification is found in the growing variety of manufacturing activities undertaken in Dominica. Alongside the time-honoured agro-processing industries have sprung up new establishments producing garments, rum, bottled mineral water, clay blocks and furniture, as well as enterprises extracting and processing timber and constructing prefabricated houses.

The Dominica Industrial Development Corporation (IDC) and the Dominica Agricultural and Industrial Development Bank (AID Bank), which promote and finance new investments by local and foreign companies, increased their operations in 1983, as demand for factory space grew. Development of three industrial estates continued at Portsmouth, Canefield and Melville Hall. On the other hand, certain trade restrictions imposed by Trinidad and Tobago, the main market, led to some problems, and around the middle of 1983 the garment manufacturers were forced to lay off more than 50 workers. Nevertheless, garment exports recovered strongly from the previous year's depressed level.

In 1983 the Dominica Coconut Products (DCP) was forced to operate below capacity due to difficulties in maintaining its CARICOM markets, hence the decline in soap production (see table 4). Yet coconut meal, copra and oil reflected sustained growth. Soft drink production remained more or less static, while cigarette production registered a negative change.

Table 3

DOMINICA: INDICATORS OF AGRICULTURAL PRODUCTION
(Tons)

	1981	1982	1983	Growth rates	
				1982	1983
Production of major crops					
For export:					
Bananas	27 322.4	27 478.3	29 305.0 ^a	0.6	6.6
Grapefruit	1 524.5	2 652.7	2 483.6	74.0	-6.4
Oranges	307.3	345.1	526.1	12.3	52.4
Limes	259.9	206.8	190.6	-20.4	-7.8
Plantain	223.5	310.3	501.8	38.8	61.7
Dasheen	191.7	173.7	331.1	-4.0	90.6
Pumpkin	62.2	105.7	131.5	69.9	24.4
Avocado	28.8	28.0	67.1	-2.8	139.6
Mango	25.9	98.1	77.2	278.8	-21.3
Tannia	139.3	123.1	173.9	-11.6	41.3
For domestic consumption:					
Bananas	7 426.6	3 332.8	...	-55.1	...
Avocado	113.5	117.3	...	3.3	...
Plantains	1 117.7	1 109.1	...	-0.8	...
Mango	100.0	32.9	...	-67.1	...
Dasheen	10 442.5	10 379.5	...	-0.6	...
Oranges	1 678.7	1 659.9	...	-1.1	...
Indicators of livestock production:					
Cattle	...	6 000.0	...	...	...
Sheep	...	3 000.0	...	...	...
Chickens	...	25 000.0	...	...	...
Goats	...	4 000.0	...	...	...
Pigs	...	5 000.0	...	...	...
Indicators of fishing production					
	1 517.5	1 544.2	1 931.9	1.6	25.0

Source: Ministry of Agriculture of Dominica.

^aPreliminary figures.

Table 4

DOMINICA: INDICATORS OF MANUFACTURING PRODUCTION

	1982	1983	Growth rates	
			1982	1983
Laundry soap ^a	5 220	4 858	1.8	-6.9
Toilet soap ^a	2 074	1 713	4.3	-23.2
Animal feed ^a	313	795	44.2	154.0
Copra ^a	1 600	2 673	118.6	67.1
Crude coconut oil ^b	257	407	119.7	58.4
Edible coconut oil ^b	150	204	0.7	13.6
Soft drinks ^c	197	200	-11.7	15
Cigarettes ^d	150	133	0.7	-11.3
Pipe tobacco ^e	8	...	0.0	...
Preserves ^f	347	...	-0.2	...
Electricity ^g	15 523	18 225	24.6	15.9

Source: Statistical Division, Ministry of Finance of Dominica.

^aTons. ^bThousands of gallons.^cThousands of cases.^dThousands.^eThousands of lb.^fThousands of kg.^gKWh.

Table 5

DOMINICA: SELECTED TOURISM INDICATORS

	1981	1982	1983	Growth rates	
				1982	1983
Total visitors (thousands)	22.9	22.8	28.5	-0.4	25.0
Stopover visitors	15.2	18.9	19.7	24.3	4.2
Cruise-ship visitors	5.5	2.4	6.1	-56.4	154.2
Excursionists	2.2	1.5	2.7	-31.8	8.0
Average length of stay of stopover visitors ^a	8.2	8.2	...	0.0	...
Hotel and guest house beds ^b	353.0	358.0	...	1.4	...
Estimated visitor expenditure ^c	8.6	10.8	...	25.6	...

Source: Statistical Division, Ministry of Finance of Dominica, and data supplied to ECLAC.

^aDays. ^bNumber of beds. ^cMillions of EC dollars.

Table 6

DOMINICA: EXPORTS OF GOODS (FOB)

	Millions of EC dollars		Percentage breakdown		Growth rates	
	1982	1983	1982	1983	1982	1983
Total	66.0	74.2	100.0	100.0	27.4	12.4
Main traditional exports	33.5	37.5	50.8	50.5	20.1	11.9
Bananas	26.9	30.3	40.8	40.8	9.3	12.6
Citrus fruit	2.3	2.2	3.5	3.0	64.3	-4.3
Coconut oil	3.0	3.3	4.5	4.4	-	10.0
Lime oil and juice	0.4	0.7	0.6	0.9	57.1	75.0
Bay oil	0.9	1.0	1.4	1.3	0.0	11.1
Main non-traditional exports	25.1	25.7	38.0	34.6	22.4	2.4
Soap	23.4	20.4	35.5	27.5	14.1	-12.8
Galvanized sheets	1.3	3.5	2.0	4.7	...	169.2
Garments	0.4	1.7	0.6	2.3	...	325.0
Other exports	2.9	9.1	4.4	12.3	31.8	213.8
Re-exports	4.5	1.9	6.8	2.6	275.0	-57.8

Source: Statistical Division, Ministry of Finance of Dominica.

c) *Tourism*

The tourist sector remains relatively small, with only a minor contribution to the GDP (see table 2). However, the efforts of the Dominica Tourist Board seem to have produced positive results. Visitor arrivals rose by almost 6 000 in 1983, 65% of the increase being due to a larger number of cruise ship visitor (see table 5).

Dominica is not endowed with white sand beaches. Accordingly, the Tourist Board's main thrust has been to promote Dominica as the nature isle of the Caribbean, maintaining natural beauty spots and exploring alternatives to beach areas. Tourist accommodation, excursions and festivities are still organized by locals.

Growth in this sector was facilitated by increased utilization of **Canefield** Airport, road development and the holding of a number of official seminars, meetings and missions. It is also believed that Dominica's role in the events surrounding the political crisis in Grenada increased awareness, aroused world interest and stimulated official missions.

3. The external sector

As in all open economies with small internal markets, the external sector of Dominica is naturally the most crucial indicator of economic performance. In 1983 commodity export earnings grew by 12% over the previous year to more than EC\$ 74 million (see table 6).

While the value of banana exports increased almost 13% that of garments climbed 325%, and that of galvanized sheets rose by 169%. On the other hand, exports of soap dropped almost 13% due to restrictions by the major importers.

Table 7

DOMINICA: IMPORTS OF GOODS (CIF)

	Millions of EC dollars		Percentage breakdown		Growth rates	
	1982	1983	1982	1983	1982	1983
Total	128.2	121.7	100.0	100.0	-4.4	-5.1
Consumer goods	64.9	58.5	50.6	48.1	1.9	-9.9
Food and live animals	30.0	27.0	23.4	22.2	1.4	-10.0
Beverages and tobacco	4.1	3.9	3.2	3.2	-4.7	-4.9
Manufactures, including durables	30.8	27.6	24.0	22.7	3.4	-10.4
Intermediate goods	34.8	31.7	27.1	26.0	-7.4	-9.0
Crude materials	3.8	2.4	3.0	2.0	22.6	-36.8
Mineral fuels	10.4	10.1	8.1	8.3	-9.6	-2.9
Chemicals	14.3	14.6	11.2	12.0	-6.5	2.1
Animal and vegetable oils	6.3	4.6	4.9	3.8	-18.2	-26.9
Capital goods	28.5	31.4	22.2	25.8	-13.1	10.2
Machinery and transport equipment	18.9	23.2	14.7	19.1	-19.6	22.8
Miscellaneous items	9.6	8.2	7.5	6.7	3.2	-14.6

Source: Statistical Division, Ministry of Finance of Dominica.

Table 8

DOMINICA: DIRECTION OF TRADE

(Percentages of total value)

	1980	1981	1982	1983
Total exports	100.0	100.0	100.0	100.0
United Kingdom	34.5	52.1	44.1	31.4
United States	0.6	1.6	1.3	1.2
CARICOM	60.5	43.4	44.6	60.5
Other Caribbean	2.7	2.9	2.7	4.3
Rest of world	1.7	-	7.1	2.6
Total imports	100.0	100.0	100.0	100.0
United Kingdom	23.1	19.2	16.6	18.0
United States	22.4	24.8	27.9	23.0
Canada	4.1	4.8	4.3	3.2
CARICOM	26.8	26.9	27.3	26.7
Other Caribbean	7.5	9.9	10.6	10.4
Rest of world	16.1	14.4	13.3	18.7

Source: Statistical Division, Ministry of Finance of Dominica.

Table 9

DOMINICA: BALANCE OF PAYMENTS

(Millions of US dollars)

	1980	1981	1982	1983
Exports of goods and services	15.90	23.70	30.67	
Goods FOB	9.70	19.10	24.50	27.50
Services (includes non-factor services)	6.20	4.60	6.17	-
Imports of goods and services	54.70	51.10	50.51	-
Goods FOB	48.36	45.18	43.18	41.00 ^a
Services (includes non-factor services)	6.34	5.92	7.33	-
Merchandise balance	-38.66	-26.08	-18.68	-13.50
Private unrequited transfers	6.30	5.80	10.17	
Balance on current account	-32.50	-21.60	-9.67	-
Official unrequited transfers	17.80	9.09	2.02	-
Long-term capital	1.69	2.43	7.28	
Direct investment	-	-	.03	-
Portfolio investment	-	-	-	-
Other long-term capital	1.69	2.43	7.25	-
Basic balance	-13.01	-10.08	-0.37	-
Short-term capital	2.06	.79	-1.92	-
Errors and omissions (net)	6.24	.52	.01	-
Balance on capital account	9.99	3.74	5.37	-
Global balance	-4.71	-8.77	-2.28	-
Total variation in reserves	41.36	7.45	1.48	-

Source: ECLAC estimates based on data from International Monetary Fund, *International Financial Statistics*.
^aEstimated.

Table 10

DOMINICA: EVOLUTION OF DOMESTIC PRICES

	1980	1981	1982	1983
Variation December to December				
Consumer price index (all items)	21.4	8.1	4.0	2.7
Food	24.6	6.6	0.0	-0.2
Alcohol and tobacco	12.3	2.3	13.7	2.0
Housing	13.9	1.3	14.6	11.2
Fuel and light	36.8	9.1	3.8	-6.0
Household and miscellaneous items	19.6	16.2	9.8	8.2
Clothing and footwear	12.4	14.7	4.4	15.8
Services	17.5	16.6	12.5	0.0
Variation between annual averages				
Consumer price index (all items)	19.9	13.3	4.4	4.1
Food	23.4	15.8	1.9	-0.4
Alcohol and tobacco	7.4	2.8	9.0	6.6
Housing	12.0	2.8	7.4	13.3
Fuel and light	26.9	16.2	4.2	-1.2
Household and miscellaneous items	17.7	15.9	11.6	13.0
Clothing and footwear	20.9	14.8	6.5	16.2
Services	13.9	14.4	9.4	7.3

Source: Statistical Division, Ministry of Finance of Dominica.

Imports declined in 1983 for the second consecutive year. Consumer goods and intermediate goods showed major decreases, and in line with the industrial development strategy, capital goods accounted for the only increase in imports (see table 7).

Notwithstanding the restrictive measures alluded to above, exports to CARICOM countries, and especially to Trinidad, were very dynamic in 1983. In contrast, sales to the United Kingdom declined (see table 8). Full balance-of-payments data are not available for 1983, but the merchandise trade deficit was reduced appreciably, for the third consecutive year (see table 9).

4. Prices, wages and employment

The index of retail prices reflected a further decline in inflation in 1983, rising by less than 3% (see table 10). Food prices, which carry the greatest weight, actually declined as did energy prices, but the cost of housing and of clothing and footwear went up by more than 11% and 16% respectively.

Table 11

DOMINICA: MONETARY BALANCE

	Millions of EC dollars at year-end			Growth rates		
	1981	1982	1983	1981	1982	1983
Money supply	26.44	25.37	25.44	-2.5	-4.0	0.3
Factors of expansion	87.69	101.59	114.75	6.1	15.9	12.9
Foreign assets (net)	-23.46	-22.26	-27.32	-1 839.0	-5.1	-22.7
Domestic credit (net)	111.15	123.85	142.07	32.6	11.4	14.7
Government (net)	40.80	50.82	52.88	31.0	25.6	4.1
Private sector	61.35	68.07	79.71	21.9	10.9	17.1
Factors of absorption	61.25	76.22	89.31	10.4	24.4	17.2
Quasi-money	54.84	70.86	80.27	4.7	29.2	13.3
Other items (net)	6.41	5.36	9.04	104.1	-16.4	68.7

Source: International Monetary Fund.

Table 12

DOMINICA: SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT

	Millions of EC dollars			Growth rates	
	1981	1982	1983	1982	1983
Agriculture	11.4	10.9	10.1	-4.4	-7.3
Manufacturing	4.3	3.8	6.2	-11.6	63.2
Distributive trade	14.5	15.3	19.3	5.5	26.1
Tourism	1.9	2.7	3.6	42.1	33.3
Transport	6.7	6.1	7.3	-9.0	19.7
Public utilities	0.3	0.1	0.3	-66.6	200.0
Building and construction	1.8	3.4	7.9	88.9	132.4
Government and statutory bodies	19.1	17.1	14.4	-10.5	-15.8
Personal loans	16.5	19.5	20.1	18.2	3.1
Other advances	4.1	4.8	6.1	17.1	27.1
Total	80.6	83.7	96.3	3.8	15.1
Long-term loans as a percentage of total	47.8	48.5	53.7	15	10.7

Source: East Caribbean Central Bank.

Table 13

DOMINICA: CENTRAL GOVERNMENT REVENUE AND EXPENDITURE

	Millions of EC dollars			Growth rates	
	1981/ 1982	1982/ 1983 ^a	1983/ 1984	1982/ 1983	1983/ 1984
1. Current revenue	56.7	57.7	67.2	1.8	16.5
Direct and indirect taxes	49.1	49.4	57.9	0.6	19.6
Non-tax revenue	7.6	8.3	9.3	9.2	12.0
2. Current expenditure	62.9	62.6	68.3	-0.5	9.1
Wages and salaries	38.2	35.8	39.4	-6.3	10.1
Goods and services	11.3	11.2	12.9	-0.9	0.8
Interest	3.9	4.7	6.1	20.5	29.8
Other	9.3	10.9	9.9	17.2	-9.2
3. Savings on current account (1 -2)	-6.0	-4.9	-1.1	18.3	77.5
4. Capital revenue	-	0.2	0.2	-	-60.0
5. Capital expenditure	23.0	18.8	21.3	-18.3	13.3
6. Total expenditure (2 + 5)	85.9	81.4	89.6	-5.2	10.1
7. Fiscal deficit/surplus	-29.0	-23.2	-22.4	20.0	3.4
8. Financing					
Domestic (net)	3.4	-3.7	1.3		
Foreign (net)					

Source: Ministry of Finance of Dominica.
^aRevised figures.

There is no official wage index. However, a wage agreement between the government and the Civil Service Association guaranteeing increases of 10% per annum to civil servants between 1982 and 1984 appears to have set the pace for the evolution of wages throughout the economy.

Information on employment is very sketchy, but educated guesses place the unemployment rate in the neighbourhood of 15%. While it is known that some retrenchment took place in 1983 in the garment industry, the overall employment situation appears to have improved somewhat.

5. Monetary and fiscal policy

The monetary policy of Dominica is determined by the East Caribbean Central Bank. Data published by this authority indicate that the liquidity position of local commercial banks improved in 1983. Because of the government's insistence on concentrating credit in favour of productive activity, personal loans increased much less than in previous years and greater emphasis was placed on distributive trade, manufacturing and construction (see table 12 below). Disbursements to government and statutory bodies fell by 16%.

The major indicators of monetary movements all signalled very modest expansion. The narrow money supply grew by 0.3%, domestic credit by 15% and quasi-money by 13% (see table 11). Total money supply in 1983 was 13% or EC\$ 13 million greater than in 1982. There was a deterioration in the case of net foreign resources and domestic credit continued to go mainly to the private sector. The expansion of credit was accompanied by a 13% increase in savings and time deposits (quasi-money) (see table 12).

The data in table 13 indicate mildly improved budgetary results in the last two fiscal years. In the 1983/1984 fiscal year both the current account and overall deficits were again reduced.

The enhanced revenue position was mainly a result of increased consumption taxes. However, the target set for the current account balance was not achieved, mainly because of the previously negotiated 10% increase in civil servants remuneration. Nevertheless, the current deficit was almost eliminated.

In spite of the increase in capital expenditure the overall fiscal position improved. The 1983/1984 fiscal deficit was equivalent to 12% of the GDP compared to 14% in 1982/1983. It was financed mainly by foreign funds.

GUYANA

1. Recent economic trends: Introduction and summary

The upturn in economic activity which was hoped for at the start of 1983 did not materialize. There were severe shortfalls in the major productive sectors, particularly bauxite, which resulted in the current value of the Gross Domestic Product (GDP) declining by 4%. Preliminary estimates suggest that in 1983 the economy contracted for the second year running by some 10% in real terms (see table 1). Per capita GDP also declined by 10% in real terms.

The continued economic deterioration in 1982 and 1983 was mainly due to the worsening of the key productive export sectors. As the economic situation deteriorated, the mining and manufacturing sectors suffered serious setbacks, with output contracting owing to weak external demand. Declining physical output of the major sectors led to a decline in export earnings, thereby placing severe strain on the economy as regards the generation of investment capital. This situation resulted in the depletion of existing inventories in order to maintain existing marketing arrangements.

During the year, the country again suffered from an acute shortage of foreign currency for purchase of necessary raw materials and spares. This difficulty led to at least one major alumina plant having to remain closed since early 1982. The unprecedented real interest rates on the international capital markets and the rising financing requirements linked to the growing short-term external commercial indebtedness compounded these difficulties. Imports of **semi-finished** inputs and capital goods needed to sustain economic activity were sharply curtailed. In the 1981-1982 period, the Government was able to procure funding from the IMF. However, since **mid-1982** Guyana had to formally terminate the IMF agreement, having failed to meet the performance tests. The Government has now negotiated a stand-by programme with the IMF, and this is expected to be the basis for seeking deferral and rescheduling of debts with commercial and official bilateral lenders.

This has made necessary continued reliance on the domestic banking system to provide the necessary working capital for the Government. At the end of 1983 the public debt was estimated at about G\$ 3 billion, with the net foreign reserves of the banking system standing at minus G\$ 867 million, and a build-up of external payments arrears of US\$ 250 million. The external public debt was estimated at over US\$ 700 million.¹

The continued depressed markets for bauxite (despite evidence in late 1983 of recovery in aluminium markets), coupled with high fuel and labour costs, led to a drastic reduction in the volume of production and the earnings of the mining sector. Agriculture **benefited** from increased activity in the non-traditional subsectors. The growth of domestic agriculture was due to the scarcity of foreign foods and the planned programme of import substitution within the policy objective of nutritional self-sufficiency. The sugar subsector suffered not only from falling world prices but also from poor productivity, labour unrest, high production costs and shortage of foreign exchange to finance its capital investment programme. The production of rice suffered to some extent from a partial withdrawal from rice cultivation by some farmers because of the lower paddy prices paid by the Marketing Board. Root crops, plantains and tomatoes, however, registered outstanding improvements during the year.

In 1983, the level of export earnings fell by 15%, while the value of imports **went** down 7%. The decrease in the levels of imports had a negative impact on the volume of products available for exports, since the acute shortage of foreign exchange hindered the purchase of spares and inputs for export industries. The shortages of imported goods led to the growth of a strong "parallel" market in a wide range of goods.

¹From October 1975 to 1 June 1981 the exchange rate was G\$2.55 per U.S. dollar; thereafter, it was G\$3.00.

Despite these difficulties, some degree of agreement was arrived at with the Canadian International Development Agency (CIDA) in 1982 for specific lines of credit. A loan of 22 million Canadian dollars was agreed upon for use by specific industries for purchases direct from Canada.

In 1983 the Trinidad and Tobago Government discontinued its aid to CARICOM countries under its Oil Facility. This created some difficulties for Guyana's external performance, and the net position on the current account of the balance of payments deteriorated, standing at minus US\$ 161 million at the end of 1983 against US\$ 139 million in 1982. The overall balance of payments changed from a slight surplus in 1982 to a slight deficit in 1983. The deficit on current account was financed by allowing commercial arrears to build up to over US\$ 250 million, rather than by official borrowing.

Inflation abated somewhat, averaging 15% in 1983. The fiscal performance of the central government continued to deteriorate, showing a 30% increase in the deficit on current account, but because of the substantial decrease in capital expenditure there were substantial declines in total expenditure, the fiscal deficit and money creation in 1983.

Table 1

GUYANA: MAIN ECONOMIC INDICATORS

	1980	1981	1982	1983 ^a
A. Basic economic indicators				
Gross domestic product at factor cost (G\$ millions at 1977 prices)	994	989	886	801
Population (thousands)	792	796	797	798
Per capita gross domestic product (G\$ at 1977 prices)	1 255	1 242	1 112	1 004
Per capita gross domestic product (G\$ at current prices)	1 687	1 696	1 568	1 504
Annual growth rates				
B. Short-run economic indicators				
Gross domestic product at factor cost (1977 prices)		-0.5	-10.4	-9.6
Per capita gross domestic product (1977 prices)		-1.0	-10.5	-9.7
Current value of exports of goods	33.6	-1.8	-20.4	-18.0 ^b
Current value of imports of goods	24.6	20.2	-29.7	-11.3
Terms of trade (1977 = 100)	6.9	-6.7	-7.1	...
Consumer price index				
Urban, December to December	8.5	29.0	19.3	...
Variation between annual averages	14.1	22.2	20.9	15.1
Money supply	19.2	17.3	27.4	20.8
Current revenue of government	14.3	24.5	-2.0	2.8
Total expenditure of government	33.8	10.0	31.8	-27.0
Fiscal deficit as a percentage of total expenditure	57.1	50.7	63.8	50.0
Millions of US dollars				
C. External sector				
Trade balance (merchandise)	2.5	-53.2	-12.7	-32.4
Balance on current account	-126.8	-179.5	-139.4	-161.4
Balance on capital account	83.6	161.2	139.0	161.8
Variation in net international reserves	37.4	10.3	...	...
External debt	545.4	635.7	741.0	700.0

Source: ECLAC, on the basis of official data.

^aPreliminary figures. ^bFor the period January-November 1982.

Table 2

**GUYANA: GROSS DOMESTIC PRODUCT, BY KIND OF
ECONOMIC ACTIVITY, AT FACTOR COST**

	Millions of 1977 Guyana dollars			Percentage breakdown		Growth rates		
	1981	1982	1983 ^a	1981	1983 ^a	1981	1982	1983 ^b
Gross domestic product	989	886	801	100.0	100.0	-0.5	-10.4	-9.6
Agriculture, forestry and fishing	219	216	193	22.1	24.1	2.3	-1.4	-10.6
Sugar	99	95	83	10.0	10.4	11.2	-4.0	-12.6
Rice	38	42	34	3.8	4.2	-2.6	10.5	-19.0
Other crops	36	37*	41	3.6	5.1	0.0	2.8	10.8
Livestock	26	22*	15	2.6	1.9	-7.1	-15.4	-31.8
Forestry	7	8	7	0.7	0.9	-12.5	14.3	-12.5
Fishing	13	12	13	1.3	1.6	-7.1	-7.7	8.3
Mining and quarrying	124	85	66	12.5	8.2	-11.3	-31.4	-22.3
Bauxite/alumina	114	...	...	11.5	-	-14.3	...	...
Other	10	...	...	1.0	-	42.8	...	...
Manufacturing and processing	140	122*	99	14.2	12.4	6.1	-12.8	-18.8
Sugar milling	33	32*	28	3.3	3.5	10.0	-3.0	-12.5
Rice milling	7	10	8	0.7	1.0	0.0	42.8	-20.0
Other	100	80	63	10.1	7.9	5.3	-20.0	-21.2
Construction	71	64	61	7.2	7.6	1.4	-9.8	-4.7
Services	435	399	382	44.0	47.7	-0.7	-8.3	-4.3
Distribution	85	68	55	8.6	6.9	-4.5	-20.0	-19.1
Transport and communications	64	63	63	6.5	7.9	-	-1.6	-
Rent of dwelling	16	16	16	1.6	2.0	-	-	-
Financial services	42	40	40	4.2	5.0	2.4	-4.8	-
Government	207	191	187	20.9	23.3	-	-7.7	-2.1
Other	21	21	21	2.1	2.6	-	-	-

Source: Statistical Bureau, Ministry of Finance and Planning of Guyana.

^aEstimates.

^bRevised figures.

2. Trends in economic activity

a) *Evolution of the main sectors*

i) *Introduction.* Estimates for 1983 show that the GDP, at constant prices, declined by 10% from the 1982 level (see table 2). The depressing performances of the mining and manufacturing sectors, together with the reduced levels of export earnings and the foreign exchange difficulties, contributed to this situation. The economy was also adversely affected by the emergence of an illegal "parallel market", arising primarily in response to supply shortages, which at times frustrated the reallocation of resources in line with government policies.

ii) *Agriculture.* Agriculture benefited from increased activity in the non-traditional subsectors. The growth of domestic agriculture was the result of the scarcity of foreign foods and a planned programme of import substitution, but the overall performance of the agricultural sector, which accounted for more than 24% of GDP in 1983, was almost 11% below the 1982 level in real terms. Thus, the value added in the sugar subsector fell almost 13% and that of the livestock subsector fell dramatically by 32% (see table 2). Crop farming subsectors other than sugar and rice nominally improved their output in the period under review, but suffered declines in real terms. Despite the decline in the production of sugar cane to 3 631 thousand tons in 1983, this subsector remained the largest single contributor to the sector, accounting for 43% of the agricultural product (see table 2).

The problems listed as having hampered the production of sugar cane include unfavourable weather conditions, shortage of harvesting labour, labour disputes, factory and mechanical down time due to lack of spares for maintenance, and reduced planting —about 7 % less than 1982—induced by the low prices for this commodity. In spite of the curtailment of plans for capital expansion in the industry, the improved planting and harvesting techniques introduced since 1981 did provide some rewards in the way of improved yields of sugar per ton of cane.

The shortage of machinery in the rice industry for use in the preparation of land and harvesting, together with acute pest problems, resulted in a severe decrease in production to about 148 000 tons in 1983 —19% less than in 1982 (see table 3). Furthermore, since demand for this commodity has risen sharply in the domestic market as the importation of wheat flour has been prohibited, this has ruled out the chance of capitalizing on the increased CARICOM rice prices.

The remaining subsectors, which when taken together account for about 40% of agriculture, declined by 4% in real terms in 1983. Even so, the performance of these subsectors was stimulated by the nutritional self-sufficiency goal of the Government and also by the shortage of imported food. Production of corn recorded a considerable increase of 20% in response to the increasing need for animal feed.

The shortage of feed for livestock was clearly reflected in the dramatic reduction of output in this subsector. Meat production was substantially lower than in 1982, and the cattle population has not increased, owing to the acute shortage of animal protein and other veterinary supplies, and animal feed. The output of poultry meat fell by 46% in 1983, due to the short supply of feed and hatching eggs.

Table 3
GUYANA: INDICATORS OF AGRICULTURAL PRODUCTION

	1982	1983 ^a	Growth rates		
			1981	1982	1983 ^a
Production of major agricultural crops					
For export ^b					
Sugar-cane	3 907	3 631	14.6	-6.8	-7.1
Rice	182	148	-1.8	9.6	-18.7
Internal consumption ^c					
Root crops	20 865	24 948	-	14.2	19.6
Plantains	13 041	15 876	-	15.0	21.7
Citrus	10 890	10 890	2.1	-	-
Maize	680	816	-59.5	-	20.0
Tomatoes	2 993	2 994	4.8	1.5	-
Pineapples	1 906	2 268	-	25	19.0
Bananas	4 990	4 990	-	-	-
Coconuts ^d	48	50	1.9	11.6	4.2
Indicators of livestock production					
Beefs ^c	2 270	2 206	27.8	8.8	-2.9
Pork ^c	1 134	795	-3.2	16.7	-29.9
Mutton, goat ^c	53	53	37.0	43.2	-
Poultry ^c	7 128	3 837	-	-31.7	-46.2
Indicators of fishery production					
Fish	21 233	24 257	8.0	13.8	14.2
Shrimp	3 279	2 756	-13.3	7.8	-16.0

Source: Statistical Unit, Ministry of Agriculture of Guyana.

^aEstimates.

^bThousands of tons.

^cTons.

^dMillions of nuts.

Table 4

GUYANA: INDICATORS OF MINING PRODUCTION

	Production volume			Growth rate		
	1981	1982	1983	1981	1982	1983
Dried bauxite ^a	971	764	734	-0.6	-21.4	-3.9
Calcined bauxite ^a	513	392	315	-14.6	-23.6	-19.7
Alumina ^a	170	73	-	-19.4	-57.0	-100.0
Aluminous cement-grade bauxite ^a	27	16	12	-47.0	-47.0	-25.0
Gold ^b	599	269	143	92.0	-55.1	-46.9
Diamonds ^c	9 533	11 492	12 362	-	20.5	7.5

Source: Statistical Bureau, Ministry of Finance and Planning of Guyana.

^aThousands of tons.

^bKilogrammes.

^cMetric carats.

The fishing industry continued to be an economically viable proposition, with its output value growing by 8% (see table 2).

Preliminary estimates indicate a 12% decline in the output of the forestry subsector. Actual production of sawn lumber fell 5%, after good productive years in 1981 and 1982. There is a shortage of spares and of processing and preservation capacity, but there are attractive marketing opportunities for timber and timber products. In addition, the introduction of new techniques in the production of charcoal has improved the utilization of various species of local timber.

iii) *Mining and quarrying.* There was a substantial reduction in the performance of this sector with its value added decreasing by over 22% in 1983. The significance of this sector to the national economy has deteriorated to the point where it only generated about 8% of GDP in 1983 as against 20% in 1970 and 16% in 1980. This fall has reduced foreign exchange earnings and in turn reduced the capacity to obtain imported inputs for other sectors. The mining and quarrying sector's performance reflects in part the continued weak external demand for bauxite and the softening of the aluminium market, higher maintenance costs, and the strong foreign competition of the cheaper substitute refractory Andalusite.

The physical output of bauxite (calcined and dried) continued to deteriorate in 1983, falling by 9%, though this decline was not as severe as in 1982, when combined production went down 22%. Over the last decade or so, the total bauxite production has fallen by two-thirds from over 3 million tons of ore in 1970 to 1.5 million tons in 1980 and just over 1.0 million tons in 1983 (see table 4).

The industry suffered substantial reductions in the output of various individual products. While the production level of dried bauxite fell slightly to 764 000 tons, the estimated level of output of calcined bauxite —the main metal-grade ore— fell some 20% (on top of the 24% decline in 1982) to only 392 000 tons. The output of aluminous cement-grade bauxite decreased 25% to 12 000 tons. There was no reported production of alumina and alumina hydrate.

The continuing global recession has seriously prejudiced sales of calcined bauxite and alumina due to the downturn in the world market for aluminium, greater recycling of aluminium scrap, and the shift of consumers of the refractory ore to cheaper materials. In addition, the shortage of foreign exchange to purchase fuel and needed spares for operations maintenance has kept some calcined bauxite and alumina plants out of operation; furthermore, the production of alumina has been suspended because of excessive stocks. The industry has also suffered from labour unrest, and workers have disrupted work on numerous occasions in an attempt to win continued employment and increased wages.

In other activities of this sector, the output of gold continued to be depressed, with reported output falling by 47% to about 143 kg., in spite of a new system of incentives and penalties, involving a new pricing formula for purchases, designed to increase the rate of delivery of gold to the Guyana Gold Board. Recorded diamond production, for its part, amounted to 12 362 metric carats in 1983: an increase of about 8%.

iv) *Manufacturing.* As the economic situation in Guyana deteriorated, the manufacturing and processing sector has suffered severe setbacks, with the value of output contracting by some 19%.

The output of refined sugar was about 12% below the 292 000 tons produced in 1982 (see table 5). The industry suffered from the combined effects of labour disputes, high production costs, inability to carry out necessary rehabilitation of plant, and a general deterioration in productivity. At the same time, output of milled rice fell 20% as a result of the reduced acreage planted, mechanical failures in the milling plants, poor international marketing arrangements, labour disputes, interruptions in electricity supplies, and the lower prices paid to farmers. The rice industry benefited from a new marketing policy allowing millers and farmers to sell directly to local retailers and consumers, although the Guyana Rice Board supervises the export of this commodity. Rice is now being converted to flour, in the absence of wheat, and used in the brewing of beer. A new solvent extraction plant was established, using rice bran as one ingredient in the production of edible oil. The output of the non-traditional manufacturing sectors dropped substantially in 1983, despite improved incentives. Many of the manufacturing concerns suffered from reduced demand, unstable supply of raw materials, and cutoffs of suppliers' credit, and it was estimated that many firms operated at less than 40% of production capacity.

An Export Development Fund financed partly by a Structural Adjustment Loan from the World Bank, was created in 1982 with the aim of increasing the utilization of existing production capacity. Furthermore, during 1983 a new production policy was implemented, involving retention of a part of the foreign exchange earnings and the remission of consumption taxes on imported inputs, together with automatic import licensing. However, available data indicate that all major non-sugar manufactures, except edible oil, decreased rapidly in 1983.

The edible oil complex, which has the capacity to produce most of the oil needed in Guyana, continued to record significant increases in production. In 1983, output went up by about 61% from 3 637 000 to 5 857 000 litres. The oil complex profits from the new solvent extraction plant and the increasing supply of copra. On the other hand, output fell by about 95%, to 45 tons.

As regards the flour industry, there was no reported production in 1983, despite efforts to produce flour from rice and cassava instead of wheat. At the same time, the volume of stockfeeds produced continued to decline, dropping 22% to 25 000 tons, because although there is heavy demand for feed the feedmills continue to suffer from low supplies of imported corn and cracked rice. Other manufactures registering decreased production were cigarettes and timber.

Table 5
GUYANA: INDICATORS OF MANUFACTURING PRODUCTION

	1982	1983	Growth rates		
			1981	1982	1983
Sugar^a	292	256	12.0	-4.9	-12.4
Margarine ^b	813	45	-16.6	-66.4	-94.5
Stockfeeds^a	32	25	-1.8	-39.7	-21.9
Rum^c	4 733 ^d	13 397	-4.5	19.9	...
Cigarettes ^e	430	408	4.1	-28.6	-5.2
Soap ^b	2 301 ^f	...	16.7	-1.0	...
Timber/	199	189	30.7	8.7	-5.1
Refrigerators^g	16 700	8 660	...	5.3	-48.6
Edible oil ^c	3 637	5 851	8.5	5.2	60.8
Molasses ^h	...	...	19.5	...	...
Stoves^g	7 196	...	...	-61.8	...
Flour ⁱ	8	-	-5.6	-76.5	-100.0

Source: Statistical Bureau, Ministry of Finance and Planning of Guyana. Energy Unit, National Energy Authority, Ministry of Energy and Natural Resources of Guyana.

^aThousands of tons. ^bTons. ^cThousands of litres. ^dRevised figures. ^eMillions of units.
^fThousands of cubic metres. ^gUnits. ^hMillions of litres.

Table 6

GUYANA: VOLUME OF IMPORTS OF SELECTED HYDROCARBONS

	1981	1982	1983	Growth rates	
				1982	1983
Aviation gasoline"	2 864	1 923	2 158	-32.9	12.2
Motor gasoline"	60 348	59 780	65 131	-1.0	8.9
Kerosene-illuminating"	30 995	35 414	32 628	14.3	-7.9
Diesel oil ^b	177 503	137 992 ^c	136 771	-22.3	-1.0
Gas oil"	16 497	9 085 ^c	10 072	-44.9	10.9
Liquefied petroleum gas ^d	6 916	...	...	-	-
Bunker "C" fuel oil"	332 344	247 612	193 956	-25.5	-21.7

Source: Energy Unit, Ministry of Energy and Natural Resources of Guyana.

^aThousands of litres.

^bIncludes blended diesel and cetane-47.

^cRevised figures.

^dThousands of kilogrammes.

Table 7

GUYANA: VALUE OF IMPORTS OF SELECTED HYDROCARBONS

(Thousands of Guyana dollars)

	1981	1982	1983	Growth rates	
				1982	1983
Aviation gasoline	3 302	2 571	2 576	-22.1	2.1
Motor gasoline	44 029	46 417	44 589	5.4	-3.9
Kerosene-illuminating	22 029	28 189	23 322	28.0	-17.3
Diesel oil"	127 898	97 052	92 312	-24.1	-4.9
Gas oil	12 150	6 962	6 743	-42.7	-3.1
Liquefied petroleum gas ^a	9 075	9 477	9 197	4.4	-3.0
Bunker "C" fuel oil ^a	169 404	117 791	99 069	-30.5	-15.9
Subtotal ^b	388 758	308 526	278 077	-20.6	-9.9

Source: Energy Unit, Energy Authority, Ministry of Energy and Natural Resources of Guyana.

^aIncludes blended diesel and cetane-47. ^bSubtotals may not agree because of rounding.

v) *Energy*. The country continues to be a net importer of energy despite the conversion of some users to local materials such as rice waste and charcoal. Energy imports were reduced by 10% in 1983, as the result of an acute shortage of foreign exchange, high fuel prices, the suspension of the CARICOM Multilateral Clearing Facility and the inability of Trinidad and Tobago to keep on disbursing financial assistance through the CARICOM Oil Facility, but fuel imports during the year still accounted for 37% of merchandise imports, equivalent to 23% of the GDP (see tables 6 and 7).

Guyana's programme to attract foreign investment for oil exploration had some success early in 1982 when Home Oil of Canada discovered oil in a concession area near the Brazilian border. In addition, existing petroleum laws and regulations are being reviewed.

Preliminary estimates indicate that the supply of the basic form of energy, electricity, continued to be erratic, resulting in damage to plant and machinery and loss of man-hours and earnings to the country. Although the generating capacity is adequate to supply demand, total electricity generated in 1982 was 15% less than the year before, reflected in a 17% reduction in consumption. Consumption of electricity in the industrial sector, both from public and private power plants, also declined sharply in this period (see table 8).

The main electricity plant was affected by the lack of maintenance work, shortage of fuel and unsuitable and unreliable plant and machinery. The Electricity Commission put two new turbines in operation to increase generation, but there was a lack of adequate supplies of cetane-47 fuel oil.

3. The external sector

i) *Merchandise trade.* Earnings from domestic exports are estimated to have declined by more than 20% in 1983, following a 26% drop in 1982 (see table 9). The deterioration in the level of export earnings was largely due to sagging production in the key productive sectors (sugar and bauxite) as a consequence of weak international demand for aluminium and falling sugar output. Bauxite and alumina, which provided 45% of exports in 1981, were only expected to account for 35% of export earnings in 1983, in spite of the projected growth in dried bauxite exports. Preliminary estimates indicate that earnings from sugar declined by 17% from G\$ 267 million in 1982 to almost G\$ 222 million in 1983, while the volume of sugar exported fell by 23%.

Despite the increased volume of timber exported, indications are that there was no substantial growth in earnings from non-traditional exports. In addition, estimates indicate that trade with CARICOM States was adversely affected by the suspension of the CARICOM Multilateral Clearing Facility (CMCF) arrangements, the new exchange control procedures in Trinidad and Tobago, the fluctuating exchange rates of the Jamaican currency and the trade disagreement with that country.

In contrast to previous years, when the value of imports showed rapid increases, there was a 30% reduction in this value in 1982 and a further 11% decline in 1983 (see table 10). This large reduction was a consequence of the continued shortage of foreign exchange. Total payments for raw materials and intermediate goods amounted to G\$ 519 million. This is some 11% lower than 1982, but still accounts for about 70% of total imports. At the same time imports of capital goods fell by 12% as major industries were on the verge of closure.

ii) *Balance of payments.* The current account deficit rose to US\$ 161 million in 1983 (see table 11). It was largely financed by a build-up of external payments arrears.

In mid-1982 the Extended Fund Facility Agreement with the IMF was terminated as a result of failure to meet the performance targets set out in it. In order to save foreign exchange, the Government has sought to expand its barter agreements with other States.

The financial reflection of these events has been the decline of net foreign assets to about minus G\$ 1 080 million (i.e., by some G\$ 435 million) at the end of September 1983, and a build-up of commercial arrears relating to payments for imported goods and services amounting to US\$ 250 million at the end of December, 1983. At the end of September 1983, Guyana's external public debt was estimated to be about US\$ 700 million. More than 45% of the export receipts went on servicing this debt.

Table 8

GUYANA: ELECTRICITY GENERATION AND CONSUMPTION^{ab}

(Million of kWh)

	1978	1979	1980	1981	1982	Growth rates		
						1980	1981	1982
Total electricity generated	40.49	40.70	41.91	42.45	35.93	3.0	1.3	-15.4
Total consumed	36.16	35.15	36.56	35.91	29.83	4.0	-1.8	-16.9
Residential (households)	8.20	9.45	9.54	9.37	9.14	1.0	-1.8	-2.5
Commercial and industrial	27.12	24.54	26.11	24.93	20.15	6.4	-1.9	-19.2
Other	0.84	1.16	0.91	1.61	0.54	-21.6	76.9	-66.5
Transmission losses	4.33	5.55	5.35	6.54	...	3.6	22.2	-

Source: Statistical Bureau, Ministry of Finance and Economic Development of Guyana.

^aData exclude sugar estates and small private plants.

^bTotal electricity generated represents production for Guyana Electric Corporation, Guyana, Bermine and New Amsterdam.

Table 9

GUYANA: VALUE AND VOLUME OF SELECTED EXPORT PRODUCTS

(Millions of Guyana dollars; thousands of tons)

	1981	1982 ^a	1983 ^b	Growth rates		
				1981	1982	1983
Total value of exports	9743	775.5 ^c	580.0	-1.8	-20.4	-25.2
Total value of domestic exports	953.6	702.8	560.0	-2.4	-26.3	-20.3
Traditional exports						
Bauxite-dried/calcined						
Value	337.6	246.7	189.4	-8.0	-26.8	-19.9
Volume	1 507.0	1 076.0 ^d	1 026.0	-6.6	-28.6	-5.9
Bauxite-dried						
Value	78.1	59.1	61.8	25.4	-24.3	9.0
Volume	1 011.0	703.0	720.0	0.1	-30.5	7.9
Bauxite-calcined						
Value	259.5	187.6	127.6	-15.1	-27.7	-28.7
Volume	496.0	373.0	306.0	-17.7	-24.8	-13.3
Alumina/alumina hydrate						
Value	91.9	35.9 ^c	7.0	-17.5	-60.9	-80.5
Volume	152.0	65.0	29.0	-33.9	-57.2	-55.4
Sugar						
Value	327.8 ^a	266.9	221.6'	6.4	-18.6	-17.0'
Volume	267.0	255.0	196.0'	5.9	-4.5	-23.1'
Rice						
Value	110.0	56.8	64.8'	25.6	-48.4	14.2'
Volume	78.0	35.0	44.0'	-3.7	-55.1	25.7'
Non-traditional exports						
Rum						
Value	24.2	14.0	...	18.0	-42.1	...
Volume (thousands of proof gallons)	3 204.0	2 278.0	...	-2.7	-28.9	...
Molasses						
Value	12.9	6.2	2.2'	-0.8	-51.9	-6.4'
Volume	85.0	116.0	...	-17.9	36.9	...
Timber						
Value	15.6	14.0	13.2'	-3.7	-10.2	-5.7'
Volume (thousands of cubic meters)	36.0	33.0	68.0'	-10.0	-8.3	184.8'
Shrimp						
Value	7.8	2.6	...	-36.6	-66.7	...
Volume (tons)	477.0	261.0	...	-23.9	-45.2	...
Diamonds						
Value	0.6	0.2	...	-50.9	-66.7 -33.3	...
Volume (thousands of carats)	3.0	2.0	...	.	-33.3	...
Other exports-value	47.0	59.3	...	19.3	26.2	...
Re-exports-value	20.0	72.1	...	30.2	263.5	...

Source: Statistical Bureau, Ministry of Finance and Planning of Guyana.

^a Revised figures.^b January-November.^c No alumina hydrate exported.^d Including exports of aluminous cement grade

bauxite (ACGB).

^e Full-year data.^f As shown in Trade Statistics. However, for balance of payments purposes the figure used for total exports is G\$ 724.3 millions, the difference being accounted for by re-exports of oil drilling equipment.

4. Prices and wages

The average rate of inflation in 1983, as measured by the Guyana Urban Price Index, was 15% (see table 12). This represents a slackening from the rates of 21% and 22% registered in 1982 and 1981 respectively. A moderating effect in 1983 was the fall in international prices for major commodities. Money supply growth also slowed. On the other hand, additional consumption taxes and upward adjustment of a number of price-controlled items such as electricity tariffs and higher producer prices to rice farmers had an inflationary effect.

Both the food and clothing categories of the index showed moderate increases of 21% and 9% respectively, compared with 29% and 15% in 1982. The rise in the housing index reflects the growing demand for houses in spite of the Government's "self-help" housing policy, the reasons being the growing population, the shortage of apartments and the acute scarcity of building materials.

In 1983 the prices of most petroleum products remained virtually unchanged, but supplies were short, resulting in long queues for such basic products as motor gasoline and kerosene (see table 13).

The Government has attempted to avoid rapid increases in the retail prices of petroleum products by reducing the growth of the motor vehicle population, closure of gasoline stations on weekends and other conservation measures. Kerosene prices were kept unchanged by the Government.

5. Monetary and fiscal policies

a) *Monetary developments*

Two factors stand out in the monetary policy of Guyana in 1982 and 1983. There was substantial growth in the monetary resources held by the banking system and a sizeable expansion in domestic credit. These developments largely reflected the performance of public finances. The moderate improvement in these finances in 1983 led to a reduction in the nominal growth rate of domestic credit to only 28%, compared to 38% in 1982. Recent estimates indicate, however, that while additional monetary resources worth G\$ 458 million were accumulated by the banking system in 1982, bank credit expanded by G\$ 697 million, thus resulting in a 31% decline in the net foreign reserves of the banking system. The legal requirement for prior deposits pending importation of goods, together with the overall shortage of goods, had the effect of curtailing consumption expenditure and seem to account for the rise in non-interest-bearing deposits (see table 14).

The increase in interest-bearing deposits (M_2) was due partly to three savings schemes introduced by the Government and partly to new savings policies adopted by the commercial banks.

Table 10

GUYANA: IMPORTS OF GOODS, CIF

(Millions of Guyana dollars)

	1982	1983 ^o	Percentage shares		Growth rates		
			1982	1983	1981	1982	1983
Total goods imported	840^b	745	100.0	100.0	20.2	-29.7	-11.3
Consumer goods	108^b	96	13.0	13.0	23.7	-32.8	-11.2
(Food)	(38)	(29)			(5.0)	(-41.3)	(-24.5)
Raw materials and intermediate goods	584^b	519	69.0	69.0	25.9	-30.3	-11.1
Capital goods	141*	124	17.0	17.0	-3.0	-25.3	-11.9
Miscellaneous	8	6	1.0	1.0	80.0	-13.3	-23.1

Source: Statistical Bureau, Ministry of Finance and Planning of Guyana.

^o Estimates.

^b Revised figures.

Table 11
GUYANA: BALANCE OF PAYMENTS

(Millions of US dollars)

	1980	1981	1982	1983
Exports of goods and services	408.7	369.4	264.1	225.0
Goods FOB	388.9	346.4	241.4	193.5
Services^a	19.8	23.0	22.6	31.5
Transport and insurance	5.9	9.3	8.4	11.7
Travel	3.9	3.7	2.6	4.2
Imports of goods and services	493.7	498.5	348.6	324.4
Goods FOB	386.4	399.6	254.1	225.9
Services^a	107.2	98.9	94.5	98.6
Transport and insurance	52.6	51.1	42.6	44.3
Travel	8.5	10.7	12.0	14.0
Trade balance (goods)	2.5	-53.2	-12.7	-32.4
Trade balance (goods and services)	-85.0	-129.1	-84.6	-99.5
Factor services	-42.7	-54.5	-48.9	-57.6
Profits	-	-0.5	-4.4	-4.7
Interest received	1.8	3.1	0.3	0.3
Interest paid	-44.5	-57.2	-44.8	-53.3
Others	-	-	-	-
Unrequited private transfer payments	1.0	4.2	-5.9	-4.3
Balance on current account	-126.8	-179.5	-139.4	-161.4
Unrequited official transfer payments	-1.8	-4.1	-1.9	3.3
Long-term capital	79.9	128.9	10.2	-22.2
Direct investment	0.7	-1.8	4.4	4.7
Portfolio investment	2.6	-	-	-
Other long-term capital	76.7	130.7	5.7	-26.9
Official sector ^b	86.3	126.3	9.6	-8.0
Loans disbursed	125.7	155.2	88.2	65.6
Amortization payments	-32.7	-17.1	-70.2	-73.6
Commercial banks	-	-	-	-
Loans disbursed	-	-	-	-
Amortization payments	-	-	-	-
Other sectors	-9.6	4.4	-3.9	-18.9
Loans disbursed	52.2	15.1	10.5	-
Amortization payments	-61.8	-10.6	-13.0	-18.9
Basic balance	-48.7	-54.7	-131.2	-180.3
Short-term capital (net)	5.3	47.8	87.4	118.8
Official sector	6.9	17.8	22.9	65.8
Commercial banks	-2.2	7.1	4.9	-2.2
Other sectors	0.7	22.9	59.7	55.3
Errors and omissions (net)	0.3	-11.4	43.3	61.9
Balance on capital account	83.6	161.2	139.0	161.8
Global balance^c	-43.2	-18.3	-0.4	0.4
Total variation in reserves (- sign indicates an increase)	37.4	10.3	...	...
Monetary gold	-	-	-	-
Special Drawing Rights	3.7	-1.0	...	...
IMF reserve position	-	-	...	...
Foreign exchange assets	1.1	7.9	...	...
Other assets	-	3.2	-	-
Use made of IMF credit	32.6	0.2	...	...

^aIncludes other non-factor services.

^bIncludes net loans granted and other assets and liabilities.

^cEquals total variation in reserves (of opposite sign), plus counterpart items: monetization or demonetizations of gold, allocation or settlement of Special Drawing Rights, and variation due to revaluation of other reserves.

Table 12
GUYANA: EVOLUTION OF DOMESTIC PRICES"
(Variation between annual averages)

	1981	1982	1983
Consumer price index (all items)	22.2	20.9	15.1
Food	27.7	29.3	20.9
Clothing	36.1	14.7	8.5
Housing	7.5	4.8	6.1
Other	12.8	11.4	3.9

Source: Statistical Bureau, Ministry of Finance and Planning of Guyana.

^aUrban Guyana.

Table 13
GUYANA: RETAIL PRICES OF SELECTED PETROLEUM PRODUCTS
(Guyana dollars per litre)^a

Year	Motor gasoline		Kerosene	Diesel oil	Fuel oil	LPG ^b (100 lb.)	LPG (20 lb.)
	Regular	Premium					
1972	.17	.20	.11	.10	.07	...	...
1976	.46	.49	.26	.30	.24	...	...
1977	.55	.60	.28	.34	.26	...	...
1978	.65	.71	.28	.34	.27	39.85	...
1979	.95	1.00	.50	.64	.42	63.00	...
1980	1.12	1.17	.82	.81	.66	63.00	...
1981	1.31	1.37	.99	.98	.69	79.32	...
1982	1.31	1.37	.97	1.00	.71	95.32	15.00
1983	1.31	1.37	1.01	1.00	...	...	19.76

Source: Energy Unit, National Energy Authority, Ministry of Energy and Natural Resources of Guyana.

^aPrices are year-end ones.

^bCost per cylinder.

Table 14
GUYANA: MONETARY BALANCE
(Millions of Guyana dollars)

	Balance at end of:			Growth rates	
	1981	1982	1983 ^a	1982	1983
Money (M.)	352	437	508	24.1	16.2
Currency outside banks	186	231	269	24.2	16.5
Demand deposits	166	206	239	24.1	16.1
Factors of expansion	1 328	1 834	2 325	38.1	26.8
Net international reserves	-478	-661	-867	-38.3	-31.2
Domestic credit	1 806	2 495	3 192	38.2	27.9
Government (net)	1 157	1 867	2 192	61.4	17.4
Official entities	366	312	618	-14.8	98.1
Private sector	263	316	382	20.1	20.9
Factors of absorption	958 ^b	1 360 ^b	1 747	42.0	28.5
Quasi-money	645	833	1 026	29.1	23.2
Savings deposit	384	469	618	22.1	31.8
Time deposits	261	364	408	39.5	12.1
Other items ^c	313 ^b	527 ^b	721	68.4	36.8

Source: Research Unit, Bank of Guyana.

^aPreliminary figures.

^bRevised figures.

^cIncludes arrears.

Table 15

GUYANA: CENTRAL GOVERNMENT REVENUE AND EXPENDITURE

	Millions of Guyana dollars		Growth rates		
	1982 ^a	1983 ^b	1981	1982	1983 ^c
Current revenue	550.4	565.9	24.5	-2.0	2.8
Tax revenue	473.2	489.5	25.4	-1.8	3.4
Income	(209.8)	(200.5)	(7.7)	(-0.4)	(-4.4)
Consumption/production	(174.4)	(179.2)	...	(-2.1)	(2.6)
Travel/transactions	(52.4)	(82.0)	...	(-20.8)	(37.4)
Other revenue	(36.3)	(37.8)	...	(37.5)	(4.1)
Current expenditure	849.0	910.0	17.5	1.9	7.2
Wages and salaries	(188.9)	(202.3)	(7.0)	(4.5)	(7.1)
Less debt funding and repayment	113.0	103.0	...	16.5	-8.8
Balance on current expenditure	736.0	807.0	...	-	9.6
Saving on current account	-186.0	-241.0	5.4	4.5	29.6
Capital revenue	3.0	12.0	...	...	-
Capital expenditure	79.16	348.4	22.8	87.1	-56.0
Transfers	(58.0)	(84.0)	...	(-6.4)	(44.8)
Total expenditure	1 527.6	1 155.4	10.0	31.8	-27.0
Total revenue	553.4	577.9	...	-3.2	4.4
Fiscal deficit (-) or surplus (+)	-974.2	-577.5	-2.4	65.9	-40.7
Financing of fiscal deficit	974.2	577.5	-	-	-
Net external borrowing	51.0	84.0	-	-	-
Net banking system borrowing	699.0	297.5	-	-	-
Net borrowing from the public	192.0	196.0^c	-	-	-
Other	32.2	-	-	-	-

Source: *Guyana Estemales of the Public Sector, Current and Capital Revenue and Expenditure, 1984*, as presented to the National Assembly, January 1984.

^aRevised figures.

^bPreliminary figures.

^cEstimates.

While short-term savings deposits grew 32% in 1983, time deposits increased by only 12%, compared with the growth of 40% in 1982. The need to hold time deposits for a **longer-than-usual** term caused depositors to choose the lower interest bearing savings deposits. The savings schemes were introduced through the Savings Schemes Act of 1983, "to provide incentives for individuals to save proportions of their income for a specified period of time and for specified **purposes**".² All these schemes carry tax-free concessions in some form or other. During 1983, a total of G\$ 7.6 million was collected from public servants through the Deferred Income Account, the Home Investment Account (which sets a minimum contribution of G\$ 500 per annum) and a Personal Retirement Account.

The rapid growth in domestic credit outpaced the growth of the resources placed in the banking system, and this excess of credit has contributed to the continued decline in the net foreign reserves. The 28% growth in domestic credit is directly related to the sharp deterioration of the financial position of the public enterprises sector, which in 1983 absorbed more than 88% (G\$ 2 810 million) of the domestic credit created by the banking system in that year.

During 1983, a system of "Foreign Currency Accounts", based on the automatic allocation of an agreed percentage of an exporter's earnings, was instituted in order to facilitate the importation of critical spares and inputs. Among the areas to benefit were timber, food processing and export manufacturing.

² Budget for 1984, presented to the National Assembly on 50 January 1984.

b) *Fiscal performance*

The current account position continued to deteriorate in 1983 even though, notwithstanding the poor performances of public sector corporations, public revenues improved marginally by 3%, **thanks** to increased taxes on consumption and **travel**. In spite of some retrenchment in the traditional civil service, employment costs continued to rise as a consequence of compensation payments for dismissed workers and growth of non-traditional civil service employment. The result was a 7% increase in current expenditures to an estimated G\$ 807 million (not including debt funding) in 1983 and a 30% rise in the deficit on current account. As capital expenditure was slashed by 56%, however, the overall deficit was 41% less than the year before.

Due to the reduced availability of external financing, almost 85% of the fiscal deficit was financed from domestic sources. Nevertheless, the creation of money to finance the deficit was only half of what it had been in 1982 (see table 15).

JAMAICA

1. Recent economic trends: Introduction and summary

The turnaround begun in 1981 from the negative growth which had persisted up to the year before continued in 1983, when real growth, estimated to have been only 0.2% in 1982, is provisionally estimated to have risen to 1.7%. After the precipitous drop of 29% in the mining sector in 1982, a further 1% decline took place in 1983, but agriculture which had also declined in 1982 (by 6%), recovered strongly and was supported by growth in manufacturing, construction and tourism.

Major problems of short-term economic management continued to render problematic the pursuit of the long-run economic recovery and structural adjustment programmes initiated in 1981 with IMF and World Bank funding. Principal among these has been a continued shortage of foreign exchange. During the year the authorities grappled with the apparent flight of capital, initially legitimizing the parallel market for foreign exchange and ultimately resorting to a fully floating exchange rate. Both the March and September performance tests were failed, leading to the suspension of the Extended Financing Facility with the IMF, to a snap General Election late in the year, and to negotiations for a new Stand-by Arrangement with the Fund.

One of the major consequences of the instability in the foreign exchange markets has been the shortage of equipment and supplies —largely imported— for sustaining the recovery. Thus, the construction boom slowed considerably and the favourable trend in employment generation was arrested, especially in the urban areas. The other negative consequence of the exchange rate régime has been the resurgence of inflationary pressures in the economy. The rate of inflation down to a single digit in 1982 for the first time in a decade, bounced back to exceed 15% in 1983 and showed prospects of increasing further.

Public policy continued to be directed at increasing investment in productive activities, particularly for export, and at bringing rationality into resource use by emphasis on price signals. Indications are that positive achievements are being made but that, not unexpectedly, there is evidence of increasing economic inequity (see table 1).

2. Trends in economic activity

a) *Global trends*

Based on full-year projections from first half data there are indications that the trend towards a widening global resource gap has been arrested. This gap, which stood at 4.2% of the Gross Domestic Product (GDP) during the investment boom of 1970 and was held down to 2.1% in 1980, shot up to 9.9% in 1981 and 12.2% in 1982. In 1983 it was contained at 11.0%, but in contrast to 1970, the country now finances only one-half of its capital formation. The rate of growth of nominal public consumption expenditure was only marginally higher than that in 1982, while private consumption expenditure was allowed to grow somewhat faster. The redirection of resources must however be judged from other indicators. Thus, domestic investment expenditure in nominal terms grew at five times its 1982 rate and exceeded the growth of GDP. While both imports and exports grew strongly compared to 1982, export performance was comparatively superior (see table 2).

The marked decline in the share of goods in total output observed since 1970 would seem to have been checked largely through more buoyant activity in agriculture, manufacturing and construction, and the halting of further declines in mining (see table 3).

b) *Evolution of the main sectors*

i) *Agriculture.* Overall, the performance of the agricultural sector improved considerably in 1983 and it is estimated to have recorded 8% growth. After a disastrous performance in 1982, when output declined on account of a combination of natural, human and institutional problems, both export and domestic production increased in 1983. Mainly responsible for the turnaround were the favourable weather conditions and the far greater efforts by the authorities to ensure the availability of essential supplies. A number of new projects have also begun to come on stream, such as for example the Blue Mountain coffee project and the export of vegetables, and in a number of cases the prices paid to farmers were more attractive.

Despite a decline in the amount of sugar cane milled, sugar output increased 1.6% because of better sucrose content attributable to the use of artificial ripener. Among export crops, gains were also recorded by bananas, spices and **coffee**, though citrus fruit and cocoa **turned** in poor performances (see table 4).

Domestic agriculture performed strongly in 1983 compared with the year before. Root crops and vegetables in particular increased considerably, and while output of poultry meat and pig meat declined that of beef and eggs expanded.

Table 1

JAMAICA: MAIN ECONOMIC INDICATORS

	1980	1981	1982	1983 ²
A. Basic economic indicators				
GDP at purchasers' prices (millions of 1974 Jamaican dollars)	1 838 ^o	1 898 ^o	1 901	1 934
Population (thousands)	2 173	2 204	2 237	2 285
Per capita GDP (Jamaican dollars at 1974 prices)	846	861	850	846
Growth rates				
B. Short-run economic indicators				
Gross domestic product	-5.8	3.2	0.2	1.7
Per capita gross domestic product	-6.4	1.8	-1.3	-0.5
Current value of exports of goods and services	17.5	5.2	-2.1	-1.2
Current value of imports of goods and services	18.4	21.8	14.4	-6.4
Consumer price index				
December - December	29.0	4.6	6.5	16.7
Variation between annual averages	23.2	11.9	6.5	11.3
Money	19.6	6.1	6.1	21.3
Wages and salaries (current Jamaican dollars)	12.2	13.6	...	...
Rate of unemployment (%)	27.3	25.9	27.4	26.1
Current income of government	15.7	26.7	-0.2	11.9
Total expenditure of government	35.2	3.4	-11.3	19.6
Fiscal deficit/total expenditure of government (%)	41.9	36.3	50.1	36.1
Millions of US dollars				
C. External sector				
Trade balance	-27	-282	-554	...
Balance on current account	-175	-338	-380	-343
Balance on capital account	214	120		
Variation in net international reserves	-81	188	-83	280
External debt	1 545	2 293	2 740	3 274

Source: ECLAC, on the basis of official data.

^o Preliminary figures.

² Revised figures.

Table 2

JAMAICA: TOTAL SUPPLY AND DEMAND

	Millions of Jamaican dollars at current prices		Percentage breakdown			Growth rates	
	1982	1983°	1970	1980	1983°	1982	1983°
	Total supply	8 627	10 440	137.4	153.1	157.5	4.0
GDP at market prices	5 672	6 629	100.0	100.0	100.0	2.5	16.9
Imports of goods and services	2 955	3 811	37.4	53.1	57.5	-3.4	29.0
Total demand	8 627	10 440	137.4	153.1	157.5	4.0	21.0
Domestic demand	6 362	7 361	104.2	102.1	111.0	10.0	15.7
Gross domestic investment	1 156	1 383	31.6	15.4	20.9	3.7	19.6
Total consumption	5 206	5 978	72.6	86.7	90.2	11.5	14.8
General government	1 297	1 522	11.7	21.3	23.0	16.1	17.3
Private	3 909	4 556	60.9	65.4	67.2	10.1	14.0
Exports of goods and services	2 266	3 079	33.2	51.0	46.5	-9.8	35.9

Source: Jamaica, Department of Statistics, *National Income and Product, 1982* and National Planning Agency projections.

°Preliminary figures.

Table 3

JAMAICA: GROSS DOMESTIC PRODUCT, BY KIND OF
ECONOMIC ACTIVITY, AT PURCHASERS' VALUES

	Millions of Jamaican dollars at 1974 constant prices			Percentage breakdown			Growth rates	
	1981	1982	1983°	1970	1980	1983°	1982	1983°
	Total GDP	1 898	1 901	1 934	100.0	100.0	100.0	0.2	1.7
Goods	712	679	706	45.3	37.6	36.5	-4.6	4.0
Agriculture, forestry and fishing	156	146	158	7.5	8.5	8.2	-6.0	8.2
Mining and quarrying	165	117	116	7.0	8.8	6.0	-29.0	-1.0
Manufacturing	291	303	316	17.6	15.1	16.3	4.2	4.1
Construction and installation	100	113	116	13.2	5.3	6.0	12.7	2.8
Basic services	150	155	161	6.3	7.8	8.3	3.3	3.9
Electricity and water	24	24	25	0.8	1.3	1.3	-0.1	2.4
Transport, storage and communications	126	131	136	5.5	6.7	7.0	4.1	4.0
Other services	1 036	1 067	1 067	48.4	54.6	55.2	3.0	-
Distributive trade	288	304	308	21.4	15.1	15.9	5.8	12
Finance and insurance	42	36	31	4.0	5.4	1.6	-8.0	-12.7
Real estate and business services	223	234	235	9.8	11.6	12.2	4.9	-
Government services	370	371	371	9.1	19.8	19.2	0.4	-
Miscellaneous household and imputed	113	122	122	4.1	2.7	6.3	8.0	-

Source: Jamaica, Department of Statistics, *National Income and Product, 1982* and National Planning Agency projections.

°Preliminary figures.

Perhaps the most interesting phenomenon pertaining to agriculture in 1983 was the launching of the programme of general agricultural development called AGRO 21. In effect, this four-year programme is intended to industrialize agriculture by imparting to it a thoroughly commercial orientation, including production of both traditional and exotic crops. By the injection of modern technology, entrepreneurship and capital it is proposed to bring some 200 000 acres of idle land and much rural labour into viable production, thereby breathing new life into the rural economy.

ii) *Mining*. Thanks to the upturn in the OECD economies particularly the United States, and the restoration of the demand/supply balance for primary aluminium, the 29% slump in mining production recorded in 1982 slowed to a mere 1% decline in 1983. This should not, however, be taken to imply either a strong economic upturn in 1984 or the expansion of the mining sector since, with the severe depression of 1981/1982, substantial industry rationalization had begun to take place. Nevertheless, the overall positive performance of the Jamaican economy in 1983 could not have been achieved had not mining output held relatively steady (see table 5).

The world economic upturn had a favourable impact on producer stocks: capacity utilization, metal prices and corporate financial performance. But up to the end of 1983 it was not reflected in increased production and exports, both of which fell compared to 1982. The fact that output was not lower was due principally to a further shipment of one million tons to United States stockpiles and the first shipment under the USSR contract. In fact, at year end, Reynolds announced the closure in 1984 of its mining operations after 40 years in the country. It also seems that long-term prospects for Caribbean producers may be bleak in view of the closure of high-energy-cost Gulf smelters in the United States and the nature of the long-term contracts secured by such producers as Brazil or Guinea.

Table 4
JAMAICA: INDICATORS OF AGRICULTURAL PRODUCTION

	1981	1982	1983 ^a	Growth rates	
				1982	1983 ^a
Index for agriculture, forestry and fishing (1974 = 100)					
Agriculture	102.1	95.2	103.0	-6.8	8.2
Export	68.3	61.6	...	-9.8	...
Domestic	119.9	99.0	...	-17.4	...
Livestock	208.2	164.6	...	-20.9	...
Forestry	32.5	31.4	...	-3.4	...
Fishing	106.0	118.0	...	11.3	...
Production of some important export crops					
Sugar cane milled ^b	2 502	2 540	2 339	1.5	-7.9
Bananas ^{b,c}	19	22	23	15.8	4.5
Citrus fruit ^d	945	995	...	5.3	...
Pimento ^e	3 990	1 734	2 708	-43.9	56.2
Copra ^e	17 000	18 000	17 350	5.9	-3.6
Cocoa ^e	1 814	1 431	...	-21.1	-4.4
Coffee	1 505	...	...	...	...
Indicators of meat production					
Cattle slaughtered (thousands of head)	61	61	68	-	11.5
Hogs slaughtered (thousands of head)	135	118	113	-12.6	-4.2
Poultry meat ^b	30	27	26	-9.8	-3.0
Eggs (millions)	95	84	86	-11.6	2.4

Source: Jamaica, Department of Statistics.

^a Preliminary figures.

^b Thousands of tons.

^c Exports only.

^d Thousands of boxes.

^e Tons.

Table 5

JAMAICA: INDICATORS OF MINING PRODUCTION

	1980	1981	1982	1983 ^a	Growth rates		
					1981	1982	1983 ^a
Index of mining production (1974 = 100)	82.6	83.7	59.4	58.8	1.3	-29.1	-1.0
Production of principal minerals (thousands of tons)							
Bauxite (mined)	11 978	11 606	8 447	7 725	-3.1	-27.8	-8.5
Alumina	2 456	2 556	1 761	1 854	4.1	-31.1	5.3
Gypsum (mined)	105	180	188	136	71.4	4.2	-27.7

Source: Jamaica, Department of Statistics.

^aPreliminary figures.

Table 6

JAMAICA: INDICATORS OF MANUFACTURING ACTIVITY

	1981	1982	1983	Growth rates		
				1981	1982	1983
Index of manufacturing production (1974 = 100)	75.1	78.3	81.5	1.1	4.3	4.1
Production of selected manufactures						
Sugar^a	206	196	199	-11.3	-4.9	15
Flour (wheat) ^a	47	54	62	-2.3	15.7	13.8
Animal feed ^a	205	194	218	-0.8	-5.7	12.5
Rum and alcohol [*]	22	20	15	8.3	-10.4	-25.6
Fertilizers^a	26	19	25	-9.4	-25.5	28.0
Petroleum products ^b	860	955	1 154	-20.4	11.0	20.9
Textile fabrics^c	3 448	3 534	3 555	-21.4	2.5	0.6
Indicators of manufacturing production						
Electricity sales to industry and commerce by public utilities ^d	557	606	670	-2.0	8.7	10.7
Employment (thousands)	83	86	94	7.2	4.6	9.4

Source: Jamaica, Department of Statistics.

^aThousands of tons.^bMillions of litres.^cThousands of yards.^dMillions of kWh.

Employment in the industry declined about 5% during 1983 but some signs of recovery were seen in the latter part of the year. Despite the recovery of ingot prices, the lower levels of production and employment impacted negatively on revenues. Levy earnings and royalties fell from US\$ 135 million to US\$ 122 million between 1982 and 1983, and the cash inflow to meet local expenditure was down from US\$ 148 million to US\$ 129 million.

iii) *Manufacturing*. In 1983 the manufacturing sector registered 4% growth, similar to the year before. It would seem that the negative trends of the late 1970s have now been definitely reversed. With a few exceptions, such as rum and alcohol and the textile and clothing branches, there was marked growth in both traditional areas, such as sugar manufacturing and in the new dynamic activities such as chemicals (see table 6).

The fact that growth was not stronger may be attributed to two reasons. The continued serious shortage of foreign exchange for equipment supplies and raw materials was of paramount

importance. Half-year data indicate that imports of raw materials, mostly for the manufacturing sector, came to US\$ 215 million, approximately the same level as for the comparative period in 1982. There were also problems with markets. During 1982 there had been a strong export thrust in manufacturing, particularly to **CARICOM** countries, with chemical products leading the way. These markets were virtually inaccessible for most of 1983, however, as **CARICOM** partners reacted strongly to the parallel exchange rate **régime** introduced in Jamaica, which, it was argued, gave that country's exporters an unfair advantage.

With the final approval in August 1983 of the Caribbean Basin Economic Recovery **Act** the vast United States market will be more readily accessible. It is also expected that because of the favourable tax treatment which will be accorded to United States investors in the Caribbean, there will be a greater flow of **risk** capital into Jamaica and more emphasis will be given to manufacturing with an extra-regional thrust. Meanwhile, the State-owned body Jamaica National Investments Promotion Limited, which completed its first full year of operations in 1982, implementing 94 projects involving investment of US\$ 208 million and providing 2 544 jobs, is reported to have raised these figures by December 1983 to 202 projects costing US\$ 331 million and providing 6 705 jobs. While these projects are not exclusively in the manufacturing sector, many are, and most involve some manufacturing-related operations.

iv) *Construction*. Preliminary indications are that while the construction sector showed some growth in 1983, the spurt of activity experienced in 1982 was not sustained. Activity in the private sector was generally higher, but on account of financial restrictions the public sector was unable to maintain past momentum. Such new **financial** resources as came through public sector channels —for example the US\$ 15 million from the **US/AID** Housing Guaranty Loan of Paine Webber Real **Estate**— were intended for the ongoing low-cost housing programme.

All indications are that the supply of construction materials did not constitute a bottleneck in 1983 (see table 7). Cement and steel output were strongly up, and there were no reports of shortages of finishing components, such as occurred in 1982. With the placing of construction materials on the parallel exchange rate during 1983 the cost of imported components rose substantially in Jamaican dollars. However, provisional data indicate that some US\$ 61 million were spent on their imports in the months January to November 1983 compared to US\$ 65 million in the similar period of 1982, suggesting comparatively good availability. Neither was commercial bank financing to the sector a problem. Commercial bank loans and advances for construction and land development, which had grown by 80% between December 1981 and December 1982, grew by a further 57% up to December 1983.

v) *Tourism*. Judged by such indicators as number of visitors, occupancy rate and visitor expenditure, the improved performance of the tourist industry continued strongly into 1983 (see table 8). Particularly noteworthy was the strong growth in stopover visitors of 21%, reflecting in

Table 7

JAMAICA: INDICATORS OF CONSTRUCTION ACTIVITY

	1981	1982	1983	Growth rates		
				1981	1982	1983
Index of construction output (1974 = 100)	46.8	52.8	54.3	1.7	12.8	2.8
Production of selected materials						
Cement ^a	164	234	278	13.9	42.7	18.8
Paint ^b	6 042	8 751	...	44.3	45.0	36. r
Steel ^a	12	13	16	27.7	10.8	16.5
Imports of construction materials ^d	119	127	...	42.0	6.4	...
Employment ^e	29	29	33	...	14.6	144

Source: Jamaica, National Planning Agency, *Economic and Social Survey, January-June* 1983.

^aThousands of tons.

^bThousands of litres.

^cJanuary-June.

^dMillions of Jamaican dollars.

^eThousands.

Table 8

JAMAICA: SELECTED TOURISM STATISTICS

	1981	1982	1983 ^a	Growth rates	
				1982	1983 ^a
Total visitors ^b	551	670	782	21.4	16.7
Of which:					
Stopover	406	467	566	15.0	20.9
Cruise	139	194	209	39.6	7.8
Total number of hotels	81	85	88	4.9	3.5
Total number of guest houses	...	...	...	...	...
Average number of hotel and guest house rooms	7 222	7 155	7 544	-1.0	5.6
Average number of hotel and guest house beds ^b	14.5	14.4	15.6	-1.0	8.3
Average hotel and guest house occupancy rate	...	...	...	...	...
Average hotel and guest house bed occupancy rate ^c	37.5	48.7	53.2	29.9	9.2
Average hotel and guest house room occupancy rate ^c	41.5	53.3	58.6	28.4	9.9
Average length of stay ^d (stopover visitors)	10.0	9.7	9.2	-3.0	-5.2
Total visitor expenditure ^e	284.4	336.1	409.8	18.2	21.9
Of which:					
Stopover visitors	279.4	329.0	399.9	17.8	21.6
Cruise visitors	5.0	7.1	9.7	34.0	36.6
Percentage of total visitors arrivals					
United States	67.0	69.0	75.1		
Canada	16.2	17.1	13.5		
United Kingdom	3.6	3.8	3.8		
Other Europe	6.6	4.1	2.7		
Caribbean	4.3	4.0	3.5		
Latin America (South and Central)	1.6	1.1	0.8		
Other	0.7	0.9	0.6		

Source: Bank of Jamaica, Jamaica Tourist Board.

^aPreliminary figures.^bThousands.^cPercentage.^dDays.^eMillions of US dollars.

part the re-establishment of Jamaica as a prime tourist destination and in part the upturn in the international economy, especially in the United States, from where more than 75% of visitors originated.

During 1983, the Jamaica Tourist Board continued its promotional activities overseas, while at home product development activity such as staff training, refurbishment of facilities and the development of attractions continued apace. The importance of the industry to the economy can hardly be overstated, for the industry ranks second to bauxite as a foreign exchange earner.

vi) *Employment and unemployment*. Labour force data, based on the Continuous Household Survey Programme started in 1968, suggest that the employment situation in 1983 improved in comparison with 1982. The employed labour force appears to have risen marginally and the numbers unemployed to have fallen, giving rise to improved unemployment rates. As has been the pattern in the past, the unemployment rates were higher in the urban parishes of Kingston and St. Andrew than in the remaining parishes, termed rural (see table 9).

Labour participation rates fell significantly in April 1983 compared with 1982, the main reason being the decline in female participation rates. It should be noted that by international standards female participation rates are high and that usually unemployment among females is about twice as high as among males.

Extreme care must be exercised in the interpretation of these data, partly because they are based on sample surveys and so are subject to sampling errors, but also on account of the behaviour of the actors in the labour market. Furthermore, there are some unresolved conceptual problems. Thus, if the unemployed are defined to include only active job seekers, the average rate in the period 1968 to 1982 would be 12.6%, whereas if in addition persons who stated that they were available and wanted work are included the estimate jumps to 22.1%.

Also worthy of note is the fact that the preliminary population count at the June 1982 census stood at some 2 096 000 while the mid-year population estimate, based on vital statistics and migration returns, was some 2 237 000. This difference of approximately 140 000 in the population base has made it necessary to revise the estimated labour force data.

3. The external sector

The modest growth recorded by the overall economy in 1983 partly reflects the poor performance of the external sector. The clear trend towards recovery of the world economy, particularly in the United States, served in the short run to slow the rate of decline of merchandise exports from 26% in 1982 to 7% in 1983. Bauxite declined even more than in 1982, but the drop in earnings from alumina was not as steep as in that year and there was recovery in some traditional exports such as sugar. The strategy aimed at developing non-traditional exports will, if successful, show its worth only in the long run, and is dependent on a buoyant international economy (see table 10).

The value of merchandise imports declined in 1983 at about the same rate as in 1982. Poor export performance, an apparent lack of confidence in the domestic currency, and failure to attract private and official funds on the scale of the two previous years were contributory factors. Part-year data, however, indicate that whereas in 1981 and 1982 there was relative emphasis given to consumer and capital goods, this seems to have been altered in 1983, when the steepest decline seems to have occurred in consumer imports (see table 11).

The CARICOM trade, which featured so strongly in the recovery of manufacturing in 1981 and 1982, was severely affected in 1983. Half-year data indicate that exports to CARICOM, which had grown 18% from J\$ 52.3 million in 1981 to J\$ 61.8 million in 1982, dropped to J\$ 61.6 million (-0.3%) in 1983, but that on account of currency realignments the receipts in terms of United States

Table 9

JAMAICA: EMPLOYMENT AND UNEMPLOYMENT

	1981		1982		1983
	April	October	April	October	April
Rate of unemployment					
National:	26.2	25.6	27.0	27.9	26.1
Urban	28.6	26.0	28.7	27.9	28.0
Rural	25.0	25.3	26.4	27.9	25.3
Labour force ^a	1 006.9	1 022.9	973.2	983.7	967.5
Employment	743.3	761.4	710.0	709.5	715.2
Unemployment	263.6	261.5	263.3	274.3	252.3
Participation rates					
Both sexes	45.9	46.4	46.5	46.8	45.8
Male	49.0	50.0	49.9	50.3	49.6
Female	43.0	42.9	43.1	43.3	42.1

Source: Department of Statistics: *The Labour Force 1982* and *Statistical Bulletin - Labour Force 1983*.

^aThousands.

Table 10

JAMAICA: EXPORTS OF GOODS, FOB

	Millions of Jamaican dollars			Percentage breakdown			Growth rates	
	1981	1982	1983 ^a	1970	1980	1983 ^a	1982	1983 ^a
Total	1 747	1 294	1 012	100	100	100	-25.9	-7.2
Main traditional exports	1 503	1 022	760	87	89	76	-32.0	-16.3
Of which:								
Bauxite	306	231	142	27	21	14	-24.5	-34.3
Alumina	1 048	632	437	40	57	43	-39.7	-19.4
Sugar	83	85	112	11	6	11	2.4	31.8
Bananas	7	14	11	4	1	2	100.0	-15.4
Main non-traditional exports	225	235	...	13	11	...	4.4	...
Manufactures	137	...	...	8	8	...	...	...

Source: Jamaica, Department of Statistics, and National Planning Agency.

^aBased on January to October data.

dollars fell by fully 9.2 %, from US\$ 34.8 million in the first six months of 1982 to US\$ 31.6 million in the comparative period of 1983. While the introduction of a special CARICOM exchange rate in May 1983 served to pacify CARICOM partners, it did relatively little for the revival of trade. Imports of CARICOM goods into Jamaica fell particularly sharply (-43.8%) from US\$ 44.3 million in the first six months of 1982 to US\$ 24.9 million in the same period of 1983.

The preliminary **balance-of-payments** figures suggest a sharp deterioration during 1983, judged by the global balance. Given the weakening export performance and the inelasticity of demand for imports, this was only to be expected. While there is clear evidence that the travel account improved with the growth in tourism, there were also strong indications of capital flight. It has been estimated that between January and June 1983 there was a net capital outflow of US\$ 136.6 million compared to a net inflow of US\$ 89.3 million in the similar period of 1982. That the balance of payments position was not worse might be due in part to the containment of imports (see table 12).

Perhaps the most interesting developments in external economic relations during 1983 were the policy measures adopted by the authorities to deal with the rapidly deteriorating payments position. In January an import quota system was introduced in order to improve the efficiency of foreign exchange allocation and to channel this scarce resource towards the purchase of raw materials and capital goods. At the same time, the parallel foreign exchange market was formalized, commercial banks being permitted to buy and sell foreign currency at market-determined rates. The intention was that approximately 78% of imports would continue to be financed at the official exchange rate of US\$ 1 ≈ J\$ 1.78, with the remaining 22% being covered by the parallel market at the going rate. In addition a foreign exchange retention facility was introduced, partly as an incentive, and partly in order to allow non-traditional exporters to automatically fund imports from the foreign exchange they earned. Thus exporters were allowed to retain 50% of export proceeds, which could be used to purchase foreign inputs or alternatively sold on the parallel foreign exchange market.

Despite these measures, however, foreign exchange continued to be chronically short. In June 1983 it was decided that calendar year imports were to be held at a level of US\$ 1 120 million and virtually all non-government imports were shifted to the parallel market, with the banks being required to surrender 50% of their parallel market dollars to finance fuel imports.

In order to cope with the rather chaotic structure of exchange rates which inevitably developed, the authorities introduced a unified system of setting the parallel market rate in August 1983. But this had the **effect** of re-establishing a black market in foreign exchange and of drying up the supply to the formalized parallel exchange market. Consequently, in November 1983, after Jamaica had failed the September IMF test and was preparing to negotiate a new Stand-by Agreement, the Government set a unified exchange rate of J\$ 3.00-J\$ 3.30 to the United States dollar. In addition the export retention incentive was abolished and a system of twice-weekly auctions was introduced. By year-end, the floating exchange rate had fallen to J\$ 3.56 to the United States dollar.

The external debt position of the country deteriorated significantly in 1983 (see table 13). Indicative of the worsening debt position were the increased share of short-term debt and the declining amortization payments. It was reported that the Government had been unable to raise some US\$ 200 million of planned loans, notably on European markets, and that that was one of the reasons for the shortage of official foreign exchange and the need to impose ceilings. There is every indication that Jamaica's debt profile has attained crisis proportions.

4. Monetary and fiscal policy

a) *Monetary policy*

In line with the overall economic objectives of stimulating economic recovery and effecting structural adjustments the main thrust of monetary policy was aimed at keeping the growth in money supply and in domestic credit expansion down to rates consistent with real outputs and at channelling financial resources into productive activity. Because of the foreign exchange shortages during 1983, there was in addition the objective of restraining aggregate demand so that import pressures could be contained.

Because of the exchange rate depreciation and the inevitable impact on domestic prices, there was naturally an increase in the demand for credit, and when these facts are taken into account, the monetary expansion was reasonably small. Credit to Government increased rapidly, compared to 1982, but the main impetus to monetary expansion came not from domestic credits but from further deterioration in the net international reserves. Time and savings deposits continued to grow strongly as incentives to savings continued (see table 14). Commercial bank loans and advances decelerated during 1983, and credit to the distributive sector and for personal use continued to be discouraged with priority being given to agriculture, manufacturing and construction (see table 15).

The trend for bank liquidity to decline, already observed in 1982, continued into 1983, and as commercial banks became increasingly unable to maintain the 40% voluntary liquidity requirement, the Bank of Jamaica took action to prevent undesirable monetary expansion. The statutory liquidity assets ratio was raised from 29.5% to 34.5% in February 1983 and to 36.9% in March. The 40%

Table 11

JAMAICA: IMPORTS OF GOODS, CIF

	Millions of Jamaican dollars			Percentage breakdown			Growth rates	
	1981	1982	1983 ^a	1970	1980	1983 ^a	1982	1983 ^a
Total	2 645	2 444	1 152	100.0	100.0	100.0	-7.6	-6.7
Consumer goods	344	417	185	30.0	11.0	16.0	21.2	-11.1
Food	187	220	106	12.0	6.0	9.0	17.6	-6.2
Other non-durables	76	85	37	9.0	3.0	3.0	11.8	-14.0
Durables	81	112	42	9.0	2.0	4.0	38.2	-19.2
Raw materials	1 772	1 447	691	32.0	72.0	60.0	-16.6	-5.5
Fuel	888	708	304	6.0	38.0	26.0	-20.3	-12.6
Other	883	739	387	26.0	34.0	34.0	-16.3	1.0
Capital goods	529	581	277	38.0	17.0	24.0	9.8	-6.1
Construction materials	119	127	61	7.0	4.0	5.0	6.7	-6.2
Transport equipment	114	128	52	5.0	3.0	5.0	12.3	-22.4
Other machinery and equipment	271	282	145	25.0	9.0	13.0	4.1	2.1
Other capital goods	25	44	18	1.0	1.0	2.0	100.0	-14.3

Source: Jamaica, Department of Statistics, and National Planning Agency.
^aJanuary-November.

Table 12

JAMAICA: BALANCE OF PAYMENTS

(Millions of US dollars)

	1980	1981	1982	1983 ^a
Exports of goods and services	1 358.9	1 400.3	1 371.1	...
Goods, FOB	962.7	974.0	767.4	670.2
Services	396.2	426.3	603.7	...
Transport and insurance	113.8	97.6	...	...
Travel	240.7	284.4	...	...
Imports of goods and services	1 386.0	1 682.0	1 924.8	...
Goods, FOB	1 038.2	1 296.7	1 208.9	1 152.7
Services	347.8	385.2	715.9	...
Transport and insurance	216.7	246.4	...	...
Travel	11.7	13.5	...	...
Trade balance (goods)	-75.5	-322.7	-441.5	-482.5
Trade balance (goods and services)	-27.1	-281.7	-553.7	...
Factor services	-229.6	-179.5	...	...
Profits	-111.9	-2.9	...	...
Interest received	11.5	14.7	...	...
Interest paid	-151.1	-213.3	...	...
Others	22.0	22.1	...	...
Unrequited private transfer payments	81.7	123.3	150.4	144.0
Balance on current account	-175.1	-337.8	-380.3	-342.7
Unrequited official transfer payments	9.0	0.9	15.9	10.7
Long-term capital	235.2	58.0	...	...
Direct investment	27.7	-11.6	...	...
Portfolio investment	-	-	...	...
Other long-term capital	207.5	69.6	...	...
Official sector	221.0	75.2	...	...
Loans received	337.7	333.5	...	...
Amortization payments	-93.8	-258.4	...	...
Other sectors	-13.5	-5.7	...	...
Loans received	80.4	72.6	...	...
Amortization payments	-80.4	-78.3	...	...
Basic balance	69.1	-278.9	...	...
Short-term capital	52.3	-70.4	...	...
Official sector	85.6	-57.5	...	...
Commercial banks	-11.6	5.5	...	...
Other sectors	-21.7	-18.4	...	...
Errors and omissions (net)	-82.4	131.5	...	...
Balance on capital account	214.3	120.2	...	...
Global balance	39.2	-217.7	85.3	-279.7
Total variation in reserves (- sign indicates an increase)	-80.8	188.3	-83.3	279.7
Special Drawing Rights	0.5	-1.3	...	...
IMF reserve position	-	-2.8	-1.4	4.2
Foreign exchange assets	-41.6	23.8	...	...
Other assets	2.5	8.1	...	...
Use made of IMF credit	-42.5	160.4	...	...

Source: International Monetary Fund, *Baïanæ of Payments Yearbook*, and Bank of Jamaica.^aPreliminary figures.

voluntary liquidity ratio was abolished in April and from June the banks were required to hold certain specified foreign assets. From about the middle of the year the banks had adjusted their portfolios, mainly by curtailing lending, and their liquidity position had recovered to about the levels of early 1982. While during 1983 the statutory interest rate on savings remained at 9%, current deposit rates, were higher than in 1982 and peaked at 16.5% in about April. Average lending rates were higher in 1983 and rising, the weighted rate being 17.12% in December 1983 compared to 16.43% in December 1982.

Table 13

JAMAICA: INDICATORS OF EXTERNAL DEBT

(Millions of US dollars)

	1981	1982	1983 ^a	Growth rates	
				1982	1983 ^a
External public debt	2 293.1	2 739.9	3 274.5	19.5	19.5
Bank of Jamaica	895.4	997.8	1 354.7	11.4	35.8
Government guaranteed	306.6	295.1	269.2	-3.8	-8.8
Government direct	1 091.1	1 117.0	1 650.6	32.6	14.1
Servicing of external debt:					
Amortization	251.2	221.7	195.3	-11.7	-11.9
Interest payments	186.6	186.7	176.1	-	-5.7
Total external debt^b	2 293.1	2 739.9	3 274.5	19.5	19.5
Long and medium-term (over 5 years)	1 000.0	1 131.5	1 353.1	13.2	19.5
Short-term (under 5 years)	1 293.1	1 608.4	1 921.4	24.4	19.5
Percentage of short-term debt	56.4	58.7	58.7	...	...
Servicing of total external debt ^b	437.8	408.4	371.4	-6.7	-9.1
Amortization	251.2	221.7	195.3	-11.7	-11.9
Interest payments	186.6	186.7	176.1	-	-5.7

Source: Bank of Jamaica.

^aPreliminary figures.

^bInformation on private debt incomplete.

Table 14

JAMAICA:: MONETARY BALANCE

	Millions of Jamaican dollars			Growth rates	
	1981	1982	1983 ^a	1982	1983 ^a
Money	687	729	885	6.1	21.3
Currency outside banks	281	313	373	11.6	19.2
Demand deposits	406	416	512	2.4	23.0
Factors of expansion	2 072	2 532	2 043	22.2	-19.3
Foreign assets (net)	-1 380	-1 676	-3 531	-21.4	-110.7
Domestic credit (net)	3 452	4 208	5 574	21.9	32.5
Government (including official entities)	2 381	2 724	•3 689	14.4	35.4
Private sector	1 196	1 595	2 030	33.4	27.3
Factors of absorption	1 385	1 803	1 158	30.2	-35.6
Quasi-money (savings and time deposits)	1 231	1 630	2 087	32.4	28.0

Source: Bank of Jamaica.

^aPreliminary figures.

Table 15

JAMAICA: COMMERCIAL BANKS, LOANS AND ADVANCES*(Millions of Jamaican dollars)*

	1981	1982	1983 ^a	Growth rates	
				1982	1983 ^a
Loans and advances outstanding	1 495	1 963	2 247	31.3	24.7
Of which:					
Agriculture	193	231	265	19.7	14.7
Manufacturing	317	397	542	25.2	36.2
Construction and land development	181	326	514	80.1	57.7
Central and local government	24	31	107	28.2	245.2
Personal	193	168	173	-14.0	3.0
Distribution	122	126	134	3.3	6.3

Source: Bank of Jamaica.

^aPreliminary figures.

Table 16

JAMAICA: CENTRAL GOVERNMENT REVENUE AND EXPENDITURE*(Millions of Jamaican dollars)*

	1981	1982	1983	Growth rates	
				1982	1983
Current revenue	1 504.5	1 502.1	1 680.9	-0.2	11.9
Customs	81.1	109.9	130.5	35.3	18.7
Excise duties	20.0	21.5	22.5	7.5	4.6
Consumption duty	294.8	385.0	422.4	30.6	9.7
Income Tax	561.6	591.6	677.4	5.3	14.5
Stamp duty	59.5	78.4	102.5	31.8	30.7
Other	487.5	315.7	325.4	-35.2	3.1
Special bauxite transaction	-	-	112.2	-	-
Current expenditure	1 679.2	1 473.5	1 910.3	-12.2	29.6
Wages, salaries, subsidies and transfers	1 259.6	1 329.8	1 470.0	5.6	10.5
Interest payments	419.6	143.7	440.0	-65.8	206.2
Savings on current account	-174.7	28.6	-229.4	-	-
Capital revenue	182.7	29.3	4.5	-84.0	-84.6
Capital expenditure	970.6	877.4	901.5	-9.6	2.7
Amortization	202.9	182.4	295.2	-10.1	61.8
Other	767.7	695.0	606.3	-9.5	-12.8
Total expenditure	2 649.8	2 350.9	2 811.8	-11.3	19.6
Fiscal surplus (+) or deficit (-)	-962.6	-1 177.2	-1 014.2	-	-
Financing of deficit	936.2	1 305.4	1 108.6	.	-
Foreign	543.9	660.0	543.4	-	.
Domestic bank	275.3	470.2	663.7	-	-
Domestic non-bank	117.0	175.2	-98.5	.	.
Residual	26.4	-128.2	-94.4	-	-

Source: Bank of Jamaica.

b) *Fiscal policy*

During 1983, fiscal policy was largely one of containment (see table 16). The continued downturn in the bauxite industry and the inability of the Government to raise foreign loans led in June to a J\$ 147 million reduction in planned expenditure. In particular, strict constraints were placed on public sector wage and salary increases.

A number of new tax measures such as a retail sales tax on used motor vehicles and increased consumption duties on cigarettes were introduced in the Budget. There was, however, some tax relief such as the taxation of overtime pay at the lowest marginal rate of 30% so as not to discourage work. The appreciable increase in revenue compared to 1982 largely reflects the currency depreciation and the higher indirect taxes on Jamaica dollar-denominated imports.

Although total government expenditures grew strongly and there was a sizeable current-account deficit compared to a small 1982 surplus, the growth of real expenditure must be considered modest when inflation is taken into account. The fact, that, in such parlous circumstances, the overall fiscal deficit was below the 1982 level is indicative of the success of the authorities in extremely unfavourable circumstances (see table 16).

c) *Domestic prices*

After domestic price increases had been kept down to single-digit levels in 1982, the substantial and accelerating growth in the consumer price index must be regarded as one of the more unfavourable developments of 1983 (see table 17). This development stems directly from the extension of the parallel exchange rate to a variety of goods, including food, fuel and drugs, and to the ripple effect exerted on costs by higher-priced imported inputs. It would seem that during 1981 price increases decelerated mainly on account of increased supplies, comprising largely imports financed by official funds. During 1982 this situation continued and domestic supply also grew, while reduced international energy costs were a boom. In 1983, however, market forces were allowed to impact on the preference of consumers for imports in a situation where demand was inelastic and expenditure switching not possible. Accelerating price increases were quite general (except for housing, which is price controlled) and were reportedly more markedly felt in urban districts.

Table 17

JAMAICA: EVOLUTION OF DOMESTIC PRICES

	1981	1982	1983
Variation December to December			
Total	4.6	6.5	16.7
Food and drink	0.7	7.5	17.3
Housing	17.2	8.7	7.4
Clothing and accessories	7.9	3.4	14.0
Personal expenses	13.9	6.0	22.5
Variation between annual averages			
Total	11.9	6.5	11.3
Food and drink	10.3	6.1	12.0
Housing	15.9	10.1	7.7
Clothing and accessories	19.4	3.4	8.1
Personal expenses	23.3	7.7	16.6

Source: Jamaica, Department of Statistics.

MONTSERRAT

1. Recent economic trends: Introduction and summary

Of Montserrat's total population of 11 700 people, roughly 43% participate in the labour force. The most important subsectors providing their income are, in terms of their shares in the real Gross Domestic Product (GDP), the following: finance, real estate and other business services 29%; government services 20%; wholesale and retail trade 17%; construction 9%; manufacturing 9%; transport and communications 5%; agriculture 4%; and the hotel and restaurant business 3%.

The tourist industry is the lifeline not only for the hotel and restaurant business, but for many of the other sectors as well. This is particularly true for construction, financial and real estate services, retail trade, transport and agriculture. The downturn in the number of stopover visitors coming to the island was more marked in 1983 than in 1982 with a reduction of almost 5% compared to the decline of 4% in the previous year. This was the main cause of the decline in real GDP, which in 1983 shrank by 1.2%, regressing to its 1981 level of EC\$ 41.1 million (in 1977 prices) (see table 1). The completion of some major projects in 1983 and the temporary slackening of activity before new projects reached the implementation stage also contributed to the downturn.

As a consequence, the unemployment rate inched up to an estimated 7%, a moderate increase from the 5.6% of the previous year. A tax increase in the second half of the year enabled the Government to balance its current account budget; in previous years it had been able to generate current account surpluses. The Government's share in GDP rose to an estimated 34.3%, exceeding the share of the previous year by 1.6 percentage points. Public debt owed to creditors outside Montserrat reached a level equivalent to approximately one-third of the annual budget of EC\$ 27.3 million in 1983.

With a value of about EC\$ 54.2 million, total imports amounted to about 4.4 times the value of total exports (EC\$ 12.3 million, excluding tourism receipts). The net trade deficit of EC\$ 25.5 million is large, but represents an improvement of about 23% over the previous year. Overall, and in comparison with other economies of the region, Montserrat has stood up well against adversities, it stands on a relatively sound and manageable basis, and for the reasons set out below it can look into the future with cautious optimism.

2. Trends in economic activity

a) *Growth of the main sectors*

i) *Agriculture and fishing.* Agricultural reconstruction efforts have not been able to counteract a reduction in this sector's output, which fell 12.5% in 1983 after having stagnated the previous year (see table 2). A land settlement programme, set up to bring idle land into agricultural use, has had only limited success since those responsible lacked sufficient expertise in land surveying and there were not enough funds to establish the necessary infrastructure. Lack of facilities is a major reason why farming has not been able to attract younger people, and consequently the average age of farmers is very high. The most important agricultural outputs are live plants, sea island cotton (both items are mainly for export), sweet potatoes, tomatoes, carrots and bananas. Hot peppers, which some years ago were the most valuable agricultural export item, are now of declining importance because Trinidad, the main importer, has reduced its demand drastically. The Government has also begun to emphasize production of vegetables, fruits and nuts by participating in the respective demonstration projects and by providing irrigation water at subsidized rates.

In an agricultural survey carried out by the Government in September 1983, the damage caused by loose livestock was identified as the greatest problem of farmers. The origin of this problem dates back to the late 1970s, when cattle raising was strongly promoted both for export (e.g., to

neighbouring Guadeloupe) and as a means of replacing meat imports. For 1982 the value of domestic meat production is estimated at around EC\$ 650 000. The grazing areas are not usually fenced in, and the tethering devices (a rope tied to a bush or tree) are so weak that many of the animals get loose. Furthermore, the drought conditions prevalent in 1983 gave owners and animals additional incentives to enlarge the grazing radius.

An abattoir has been put into operation with the intention of supplying the total local demand for ground beef and gradually taking the place of imports of choice beef cuts. Egg and poultry production has been an increasing activity oriented to local consumption. Its value reached about EC\$ 350 000 in 1983. A major export item and a substantial activity in agricultural production has been the cultivation of live plants. Although their total output value appears to have gone down slightly compared with the previous year at about EC\$ 351 000, it is now about 8 times the value of hot pepper and hot pepper paste production (one of the major cash crops until 1981).

Table 1

MONTserrat: MAIN ECONOMIC INDICATORS

	1981	1982	1983 ^a
A. Basic economic indicators			
Gross domestic product at market prices (millions of East Caribbean dollars)	73.4	77.7	79.9
Gross domestic product at market prices at 1977 prices (millions of East Caribbean dollars)	41.1	41.6	41.1
Population (thousands of inhabitants)	11 620	11 675	11 700
Per capita gross domestic product (East Caribbean dollars at 1977 prices)	3 557	3 563	3 513
Growth rates			
B. Short-run economic indicators			
Real gross domestic product	2.0	1.2	-1.2
Per capita gross domestic product	2.9	1.0	-1.0
Current value of domestic exports of goods and services	9.0	-21.2	55.5
Current value of imports of goods and services	14.6	7.6	-1.2
Consumer price index			
December to December variation	7.1	8.4	7.0
Variation between annual averages	10.6	9.8	4.7
Money supply	-	-4.7	6.2
Wages and salaries	9.1	9.6	9.3
Rate of unemployment	5.5	5.6	7.0
Current revenue of government	17.1	10.0	18.7
Total expenditure of government	26.7	-4.5	7.5
Fiscal deficit as a percentage of total expenditure	32.3	22.1	13.9
	1980	1981 ^o	1983 ^o
Millions of EC dollars			
C. External sector			
Trade balance	-28.0	-33.0	-25.5
Balance on current account	-18.0	-19.0	12.5
Balance on capital account	18.0	18.0	13.2
Variation in net international reserves	...	...	1.1
External debt (public debt only)		5.4	9.7

Source: Statistics Department, Government of Montserrat.

^aPreliminary figures.

Table 2

MONTserrat: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST

	Millions of EC\$ at 1977 prices		Percentage breakdown		Growth rates	
	1982	1983°	1982	1983°	1982	1983°
Total gross domestic product	41.6	41.1	100.0	100.0	1.2	-1.2
Goods	9.8	9.5	23.0	23.1	-1.0	-3.1
Agriculture, fishing and forestry	1.6	1.4	3.6	3.4	0.0	-12.5
Livestock	0.6	0.4	1.4	1.0	0.0	-33.3
Mining	0.3	0.4	0.7	1.0	0.0	30.3
Manufacturing	3.4	3.6	8.2	8.7	-2.9	5.9
Construction	3.9	3.7	9.1	9.0	0.0	-5.1
Basic services	3.0	3.3	7.2	8.0	0.0	10.0
Electricity and water	1.1	1.2	2.6	2.9	0.0	9.1
Transport and communications	1.9	2.1	4.6	5.1	0.0	10.5
Other services	28.8	28.3	69.7	68.9	2.1	-1.7
Wholesale and retail trade	7.0	6.9	17.1	16.8	1.4	-1.4
Hotels and restaurants	1.1	1.1	2.6	2.7	0.0	0.0
Government services	8.2	8.4	20.0	20.4	5.1	2.4
Others	12.5	11.9	30.0	29.0	0.8	-4.8

Source: Statistics Department, Government of Montserrat.

°Preliminary figures.

There have been efforts to build up the fisheries potential by installing artificial reefs to provide a habitat for new marine life. Those efforts have had some success, and in combination with a training programme for already established fishermen they could lead to export activities, since a high degree of self-sufficiency has already been attained. The value of domestically supplied fish reached about EC\$ 800 000 in 1983.

ii) *Manufacturing*. Industrial activities in Montserrat comprise the production and assembly of electronic components, the manufacture of polypropylene bags and concrete blocks, the production of soft drinks, bread and leather, and the milling and weaving of sea island cotton. Overall, the manufacturing sector accounts for about 9% of GDP, but despite its relatively small size it is a major foreign exchange earner, with the export of electronic components and of polypropylene bags providing 53% of export earnings in 1983. These last two activities are also expanding at a high rate of about 80% and 50% respectively and will continue to be the mainstay of the manufacturing sector, at least in the short term. Following these industry leaders in order of importance are garment manufacturing and leather production. The garment industry took a jolt in 1982 when two factories were closed, but the manufacture of T-shirts, regular shirts and jerseys still earned around EC\$ 130 000 (roughly a quarter of the output value before the shutdown of the plants). With revenues in the same range, the leather industry kept its position from the previous year but does not seem to be able to repeat the growth performance it showed before 1981.

The fledgling member of Montserrat's manufacturing sector is the sea island cotton industry. While on the agricultural side there has been success in planting the 150 acres projected for 1983, and while the milling, spinning and weaving operations work adequately, there have been severe problems in marketing. A large inventory of over one-third of the total annual production was built up during 1983, and unless sales efforts are substantially more successful, the current losses from the operation will increase together with the stockpiles. Sea island cotton is superior in quality to ordinary cotton, but since this advantage is not well enough recognized, the product has difficulty competing with the lower-priced conventional quality cotton goods.

iii) *Construction.* In past years the growth of Montserrat's construction sector was fuelled by foreign private investment in housing. However, this source of demand for construction services remained depressed in 1983. Furthermore, several public sector construction projects were completed (e.g., the flood damage remedial work, the resurfacing of the airport runway, the abattoir and the old people's home, a factory shell and the St. John's/Trant road), and while other projects were approved (e.g. the upgrading and extension of the existing road network), none of the proposed new projects reached the implementation stage, so that public demand for construction services fell considerably during the year. With a large tourism project at Little Bay, the planned construction of additional factory shells, the expansion of the water system, the harbour protection programme and a low-cost housing scheme coming on stream in the 1984/1985 period, this slack should only be temporary. Domestic private demand filled much of the gap in 1983 so that the overall GDP share of the construction sector (in real terms) fell only slightly to 9%.

iv) *Basic services.* Especially in comparison with its neighbours, Montserrat's public utilities are in commendable shape. There are currently no electricity or water shortages, and the financial positions of both the Water Authority and the Electricity Company are satisfactory, with profits being earned by both of them.

Since 1981, installed generating capacity for electricity stands at five megawatts, which is more than twice any peak demand that has arisen since this installation. Electricity rates were raised early in 1983 by an average of 14.4%, so that the average price per kWh is now EC\$ 0.56. Despite this increase, per capita consumption of electricity went up by 10% over the year to 906 kWh (see table 3).

For its part, water consumption increased by about 3% to around 151 million gallons, while water prices rose by 2% to an average of EC\$ 9.32 per thousand gallons. The present water supply facilities do not give as comfortable a margin over demand as in the case of the electricity services, and they will have to be built up if new tourism projects and irrigation plans for agriculture are to be realized.

Apart from the improvements to the transport infrastructure mentioned above, transportation activities included the acquisition of a rescue boat for the airport and the purchase of equipment for the Public Works Department. On the institutional side, there has been a substantial reorganization of air services to and from Montserrat. These recent efforts by Montserrat Air Services Limited have resulted in increased regularity, reliability and operational efficiency of the service, now provided by a Twin Otter aircraft. Efforts by the Government to sell its surplus Trislander aircraft were not successful in 1983, but there may be a role for this plane when the planned extension of services to St. Kitts and Guadeloupe takes effect.

Montserrat's port facilities are generally adequate. Improvements are planned in the size and layout of the storage area, which at present cannot easily accommodate the approximately 36 000 tons of annual traffic in breakbulk and container cargoes. The damage done to the ro-ro ramp by a hurricane in 1981 also needs to be repaired.

Table 3

MONTserrat: INSTALLED CAPACITY, PRODUCTION AND CONSUMPTION OF ELECTRICITY

Year	Capacity (kW x 10 ³)	Production (kWh x 10 ⁶)	Consumption (kWh x 10 ⁶)	Per capita consumption (kWh)
1977	3.8	9.4	7.9	680
1978	3.6	10.0	8.6	740
1979	3.6	10.2	8.8	760
1980	3.6	11.7	9.9	860
1981	5.0	12.0	9.9	860
1982	5.0	12.0	9.6	820
1983 ^a	5.0	13.0	10.6	906

Source: Statistics Department, Government of Montserrat.

^aPreliminary figures.

Table 4

MONTSERRAT: SELECTED TOURIST INDICATORS

	1981	1982	1983 ^o	Growth rates		
				1981	1982	1983 ²
Total visitors^b	21.4	24.9	18.8	4.4	16.4	-24.5
Stopover visitors ^b	15.6	15.4	14.3	0.6	-3.8	4.7
Cruise ship visitors ^b	5.2	9.1	3.6	26.8	75.0	-60.4
Air excursionists	697.0	776.0	875.0	-17.9	11.3	12.6
Hotel and guest house beds	184.0	176.0	176.0	0.0	-4.3	0.0
Occupancy rate ^c	48.0	36.0	35.0	9.1	-25.0	-2.8
Average length of stay ^d	7.5	8.0	8.1	-6.2	6.7	12.5
Estimated tourist expenditure ^e	14.6	15.7	16.2	25.9	7.5	3.2

Source: Statistics Department, Government of Montserrat.

^aPreliminary figures. ^bThousands. ^cPer cent. ^dNumber of nights. ^eMillions of EC\$ - current values.

v) *Tourism*. Montserrat has been able to attract the more affluent class of tourists, who enjoy the absence of facilities for mass tourism on the island. Members of this group are relatively old (around 30% are over 55 years of age), stay relatively long (slightly over 8 days on average) (see table 4), and spend a fair amount of money. Despite the fact that the total number of visitors declined by close to 25% in 1983, total estimated tourist expenditures still rose by about 3%. The decline in numbers was mostly due to drastic fall of 60% in cruise ship visitors. The reduction in stopover visitors amounted to nearly 5%. A considerable number of wealthy foreigners have found Montserrat an attractive place to build a second home, and this fact, together with past outmigration, explains why almost 50% of the visitors stay with friends or relatives. Among the North Americans, who constitute around 60% of the stopover visitors, the use of rented apartments or villas equalled that of hotels, with about 25% in each category.

The Government has decided to go ahead with plans for a hotel/condominium/marina development project at Little Bay on the Northeast Coast of the island. The planned 150 room hotel alone would increase the present hotel room capacity by 150%. Private developers have agreed to seek US\$ 10 million of the estimated project cost of US\$ 17 million. The Montserrat Government is seeking commitments from public donors for the rest of the required capital.

The considerable effect this project will have on the present structure of Montserrat's tourism sector points to a possible trade-off between the quality and quantity of tourism. If the time currently spent by stopover tourists is spread evenly over the year, it is seen to exceed the time spent in Montserrat by the indigenous population by about 5%. While this level is apparently compatible with the atmosphere of exclusiveness valued by the current class of tourists, the question arises of the point at which Montserrat's reputation as a "special place" would be damaged.

vi) *Other services*. In the area of social and community services a number of notable activities were undertaken in 1983. The social security system, which previously covered only about half the working population, was reformulated to provide old age pensions and invalidity, survivor, maternity and sickness benefits for the total working population. The proposed changes will go into effect in 1984 and the initial surplus of funds, which is expected from the system is seen as potential source of investment funds for viable internal projects.

In education, the policy was established of expanding the school system, which currently provides a ten-year basic education, to give five years of secondary education to everyone. So far, however, the necessary funds to implement this reform have not been committed.

The scope of courses offered by the Montserrat Technical College has been widened. The College now conducts courses in carpentry, masonry, plumbing, air conditioning, electrical engineering, auto mechanics, welding, metalworking, technical drawing, and business skills such as typewriting, shorthand, office organization and accounting.

Educational programmes were also established with a view to improving the health of the community. During 1983, the main focus was on accident prevention and first aid—an effort justified

by the relatively large number of industrial, home and road traffic accidents. Other health awareness programmes concentrated on nutrition (diabetes and hypertension are prevalent diseases) and dental health. As part of an environmental health programme that will extent into 1984, garbage collection was greatly improved.

b) *Employment and unemployment*

The unemployment rate among the 5 031 members of the labour force in 1983 is estimated at 7%, up from the 5.6% of 1982. Financial and business services, commerce and hotels and the government each employ roughly the same number of people and together constitute about 73% of total employment opportunities. The remaining 27% are employed in construction (15%) and in agriculture and manufacturing (about 6% each). The sectors with the most promising future employment opportunities are agriculture (where about 60% of the work force is over 60 years old), manufacturing and the commerce and hotel sector, which will expand with the Little Bay project.

3. The external sector

a) *Introduction*

Imports for 1983 came to about EC\$ 54 million, or 1% less than the previous year. Both domestic exports and re-exports of goods rose dramatically, bringing total merchandise exports to a level of EC\$ 12.3 million: an increase of 77% over 1982. This raised exports as a percentage of imports from 13% to 23%. Receipts from tourism increased slightly to EC\$ 16 million in 1983.

The success in increasing export earnings and the containment of imports notwithstanding the trade balance still shows a deficit of almost EC\$ 26 million.

Unrequited private transfers of EC\$ 13 million resulted in a current account deficit of EC\$ 12.5 million, which was almost completely offset by a capital account surplus of EC\$ 11.8 million, so that the overall balance of payments registered a deficit of less than EC\$ 1 million. This comparatively small deficit was achieved thanks to remittances from abroad, tourist expenditure, the inflow of private investment and funds, and public sector grants and gifts (see tables 5, 6 and 7).

b) *Merchandise trade*

Manufactured goods (mainly electronic components and polypropylene bags) accounted for most (84%) of the revenue from domestic exports. The rest was obtained from the sale of live plants, agricultural products and cattle. Domestic exports to the CARICOM countries amounted to about 65% of total exports. Of this, 29% went to the Organization of East Caribbean States (OECS) countries, 31% to Trinidad and Tobago, and 5% to Barbados. The United States received 26% and the United

Table 5

MONTSERRAT: DOMESTIC EXPORTS OF GOODS

	Thousands of EC dollars			Percentage breakdown		Growth rates	
	1981	1982	1983"	1982	1983"	1982	1983"
Total exports	3 487	2 746	4 269	100.0	100.0	-23.3	55.5
Food, beverages and tobacco	415	107	84	3.9	2.0	-74.2	-21.5
Crude materials	353	407	323	14.8	7.6	15.3	-20.6
Manufactured goods	179	167	144	6.1	3.4	-6.7	-13.8
Machinery	350	238	1 090	8.7	25.5	-32.0	358.0
Miscellaneous manufactured goods	2 188	1 827	2 629	66.5	61.5	-16.5	43.9

Source: Statistics Department, Government of Montserrat.
 "Preliminary figures.

Table 6

MONTserrat: IMPORTS OF GOODS

	Millions of EC dollars			Percentage breakdown		Growth rates	
	1981	1982	1983 ^a	1982	1983 ^a	1982	1983 ^a
Total imports	51.0	54.9	54.2	100.0	100.0	7.6	-1.3
Food, beverages and tobacco	12.9	13.9	14.3	25.3	26.4	7.8	2.9
Raw materials	1.6	1.6	1.3	3.1	2.4	0.0	-18.8
Fuel	6.2	5.9	6.3	10.9	11.6	-4.8	6.8
Manufactured goods	8.1	9.6	8.6	17.6	15.1	18.5	-14.5
Machinery and transport equipment	9.7	12.3	12.0	22.5	22.1	26.8	-7.4
Other	12.5	11.3	12.1	20.6	22.4	-9.6	7.1

Source: Statistics Department, Government of Montserrat.

^aPreliminary figures.

Table 7

MONTserrat: BALANCE OF PAYMENTS

(Millions of EC dollars)

	1980	1981 ^a	1983 ^a
Exports of goods and services	16.0	22.0	28.5
Imports of goods and services	44.0	55.0	54.0
Trade balance (goods)	-28.0	-33.0	-25.5
Net factor service payments ^b	10.0	14.0	13.0
Balance on current account	-18.0	-19.0	-12.5
Unrequited official transfer payments	7.0	7.0	13.8
Long-term capital	7.0	7.0	4.0
Loans	2.0	2.0	0.0
Direct investment	5.0	5.0	4.0
Errors and omissions	4.0	4.0	-6.0
Balance on capital account	18.0	18.0	11.8
Global balance	0.0	-1.0	-6.7

Source: Statistics Department, Government of Montserrat, and ECLAC estimates.

^aPreliminary figures.^bIncludes unrequited private transfers.

Kingdom 7% of Montserrat's domestic exports: mostly goods produced by firms in which businessmen from these latter countries have invested in the island. Only about 2% of the exports go to the **non-CARICOM** Caribbean.

The value of re-exports (slightly over **EC\$ 8 million**) is largely accounted for by foreign currency transactions through the local banking system.

Since 1978, the annual increase in the value of imports had never been below 7%. The 1% decline in 1983 reflects the downturn in economic activity and income. The main areas of origin of imported items are the United States and Europe, which together account for almost 70%. Imports from CARICOM rank third. The most important goods imported are (in declining order) machinery and transport equipment, food, manufactured goods and fuels (see tables 5 and 6).

4. Prices and wages

The December-to-December increase in retail prices in 1983 was 7%, a reduction of 14 percentage points from the previous year (see table 8). The decline in international inflation and the reduced inflow of remittances, which curtailed domestic spending power, dampened inflation on the one hand, but on the other, upward pressure was caused by an increase in indirect taxes which boosted retail prices by about 2%.

In 1983, the Government continued its policy of giving relatively high wage and salary increases to civil servants. Moreover, the 10% increase granted to them is believed to have set the pace for the other sectors. In previous years, especially during the building boom caused by the construction of the new medical school and of villas and apartments, it was the construction industry which led the way in wage increases. Nevertheless, overall the wage structure on Montserrat still seems to compare favourably with neighbouring islands and constitutes an asset in attracting productive investment to the island.

5. Monetary and fiscal policy

a) *Monetary policy*

Montserrat is one of seven members of the Eastern Caribbean Currency Authority (ECCA), which in 1983 achieved the status of a full Central Bank for its area. The ECCA's monetary policy has been aimed at avoiding large fluctuations in monetary aggregates while providing adequate liquidity for non-inflationary growth.

The money supply for Montserrat grew over 6% in 1983. Since the Government engages in little direct external borrowing, the international reserve holdings are essentially determined by the balance of foreign assets held by the commercial banks. The resulting amount is small and came to EC\$ 524 000 in 1983. The value of domestic credit stood at EC\$ 30.7 million, a decline of slightly less than 1% from the previous year. Of this amount, the Government accounted for about 11%. On the absorption side, holdings of savings and time deposits also remained almost constant at EC\$ 26 million (see table 9).

b) *Fiscal policy*

Over the last several years the Government's fiscal management has been quite prudent and successful. While it has to rely exclusively on outside funding for capital expenditures, it does not draw on aid for current expenditure, and over the 1980-1982 period it managed to maintain a current surplus. In 1983, the Government's current account balanced, and the fiscal deficit was reduced considerably, as capital expenditures were almost halved (see table 10).

Table 8

MONTSERRAT: EVOLUTION OF DOMESTIC PRICES

	Variation between annual averages			Variation Dec.-Dec.	
	1981	1982	1983 ^a	1982	1983 ^a
Consumer price index	10.6	9.8	4.7	8.4	7.0
Food and beverages	5.3	4.5	0.2	2.3	6.9
Alcohol and tobacco	9.2	5.8	4.4	2.3	9.6
Housing	4.3	0.0	0.0	0.0	13.9
Utilities	9.9	20.9	3.1	25.0	2.1
Clothing	16.7	15.9	13.0	17.8	9.2
Miscellaneous household goods	15.5	16.0	8.1	9.0	5.1
Others, including services	21.1	6.9	3.5	2.9	5.1

Source: Statistics Department, Government of Montserrat.

^aPreliminary figures.

Table 9

MONTERRAT: MONETARY BALANCE

	Thousands of East Caribbean dollars			Growth rates	
	1981	1982	1983 ^o	1982	1983 ^o
Money (M.)	13 249	12 624	13 403	-4.7	6.2
Currency outside banks	4 401	4 498	4 601	2.2	2.3
Demand deposits	8 848	8 126	9 802	-8.2	20.6
Factors of expansion					
Net international reserves	250	-572	524	-328.8	191.6
Domestic credit	27 518	30 984	30 759	12.6	-0.7
Government (net)	4 600	4 071	3 253	-11.5	-20.1
Private sector	22 918	26 913	27 506	18.5	2.2
Factors of absorption					
Quasi-money	25 042	26 548	26 736	6.0	0.7
Long-term foreign borrowing	...	...	...	...	...
Bonds	-	-	-	-	-
Other items (net)	-	-	-	-	-

Source: East Caribbean Currency Authority (ECCA).

^oPreliminary figures.

Table 10

MONTERRAT: GOVERNMENT INCOME AND EXPENDITURE

	Millions of EC dollars at current prices			Growth rates		
	1981	1982	1983 ^o	1981	1982	1983 ^o
1. Current income	18.0	19.8	23.5	13.9	10.0	18.7
Tax revenue	15.4	16.8	19.9	20.3	9.1	18.5
Direct	5.6	6.8	8.1	14.3	22.4	19.1
Indirect	9.8	10.0	11.8	24.0	2.0	19.0
Budgetary aid	-	-	-	-	-	-
Other	2.6	3.9	3.6	36.8	50.0	-7.7
2. Current expenditure	15.7	18.6	23.5	16.3	18.5	26.4
3. Savings (1-2)	2.3	1.2	0.0	-	-47.8	-100.0
4. Capital expenditure	10.9	7.0	3.9	45.3	-35.8	-44.5
5. Total expenditure (2 + 4)	26.6	25.4	27.3	26.7	-4.5	7.5
6. Fiscal deficit (1-5)	-8.6	-5.6	-3.8	-	34.9	32.1
7. Financing	9.8	7.1	3.8	-	-27.6	-46.5
Domestic ^o	-1.2	-1.5	0.0	-	0.0	0.0
Foreign	9.8	7.1	3.8	-	-27.6	-46.5
Grants	5.8	6.9	3.7	7.4	9.0	-46.4
Loans	4.0	0.2	0.1	900.0	-95.0	-50.1

Source: Statistics Department, Government of Montserrat.

^oPreliminary figures. ^hIncludes variation in outstanding balances of the government (- means increase).

Current expenditures were up by 26% over the previous year but by an increase in a number of indirect taxes the Government was able to raise current income by almost 19%, an amount sufficient to balance this account. Apart from direct and indirect taxes, the Government raises current income through selling licences for offshore banking and through its philatelic services. Owing to tighter regulations, the revenue from the banking licences declined and the boom in sales of postage stamps to philatelists in the Royal Wedding year 1982 could also not be repeated. The proportion of current expenditure on goods and non-factor services to that on emoluments and wages was previously about 50:50, but the wage share increased in 1983.

With the evaporation of savings, capital expenditure was financed exclusively from foreign sources in 1983. However, both capital expenditure and foreign grants were reduced by close to one-half. The overall deficit was a third less than in 1982, and was financed almost entirely by foreign grants (see table 10).

Because some major new projects are reaching the implementation stage, foreign financing in 1984 is projected at about EC\$ 12 million, which if actually attained would mean an increase of more than 300% over the 1983 public capital outlays.

SAINT CHRISTOPHER AND NEVIS

1. Recent economic trends: Introduction and summary

The evolution of the Gross Domestic Product (GDP) in 1983 was marked by the continued poor performance of the sugar subsector, with low output and stagnant prices, and the expansion of industrial production and of tourism. The latter sector's growth was assisted in 1983 by the considerable inflow of official visitors for the Independence celebrations (19 September 1983).

Official figures at constant prices (1977 base year) were released for the first time in October 1983 by the Statistical Division of the Planning Unit (see table 1).¹ However, no official figures are available yet for 1983.

In spite of an increase in GDP by 3% in 1982, total supply decreased by 1.4% due to a 6.5% decrease in imports. Domestic demand increased by 5%, while exports dropped by 22% in 1982. Figures for 1983 are not yet available (see table 2).

The performance of agriculture, the dominant sector of the economy with approximately 20% of GDP, has been uneven. Manufacturing output has expanded slightly, while tourism suffered a downturn between 1979 and 1982. However, the number of visitors to the islands increased in 1983. This was mainly due to cruise-ship visitors (see table 3).

2. Trends in economic activity

a) Evolution of the main sectors

i) *Agriculture.* The major agricultural product, sugar, has been declining for a number of years, and in 1983 sugar output dropped almost 21%, from 3 5 059 tons to 27 761 tons. Fortunately the price of Caribbean sugar moved upward slightly in 1983, from 8.41 to 9.14 US cents per pound, and thus the value of exports of this commodity only decreased by 10%. An estimate made by the Economic Commission for Latin America and the Caribbean (ECLAC) suggests a value of sugar exports around EC\$ 25.5 million (see tables 4 and 5).

The decline in productivity, the unstable world sugar prices and the depreciation of the pound sterling over the last few years have all affected this crucial area of the national economy. Top priority is being given to agricultural diversification through increased non-sugar production, the promotion of livestock, fisheries, fruits and vegetables, and development and expansion of infrastructure. Measures are also being implemented to increase efficiency and productivity in the sugar industry. Foreign financial and technical assistance will enable the Government to increase the "Special Fund" for credit to farmers and fishermen, provide equipment at low rent, and extend and diversify work at the existing agricultural stations.² Such efforts have in the past shown mixed results. The available data show a new decline in the production of peanuts and other crops in 1982. No figures are available for 1983. Fishing has grown only modestly, while the production of cotton, which was successfully revived in 1981, has not kept pace in 1982-1983. A persistent problem standing in the way of more effective and productive agriculture is recognized to be that of security of tenure. The Government affirms that "the legal insecurity which now prevails prevents most investment in farm development, as credit is difficult to obtain without a mortgage guarantee". This long-standing issue involves payment for about 90% of the agricultural land, which a previous government acquired from sugar plantation owners, but in respect of which a settlement on price was never reached. The present Government "is endeavouring to settle this matter in the coming year" since "the longer the situation remains unsettled the more critical would be the bottleneck to agriculture diversification".³

¹This new set of national accounts was prepared with assistance provided by the Organization of East Caribbean States (OECS) Secretariat through its UNDP Statistics Project National Accounts Adviser.

²Saint Christopher and Nevis 1984 Budget Address by the Hon. Simon Daniel, Minister of Finance, 20 December 1983, pp. 4-5.

³*Ibid.*, p. 6.

ii) *Manufacturing*. Historically, manufacturing in Saint Christopher and Nevis has been export-oriented, with the processing of agricultural raw materials (mainly sugar) being the main activity. Thus, the sugar factory produces more than 48% of the total manufacturing output. In the mid-1970s the **manufacturing** sector contributed around 5% of the GDP, while by 1982 the proportion had reached around 14%.

Recently other (non-sugar) manufactures have been developed (see table 6). A small **soft** drink and beverage (beer) industry has grown up, mainly for the local market, but also with some exports. Another subsector is the local assembly of electrical and electronic products. Although employment in this subsector has grown from 3% of the total number of wage earners in 1980 to 5.6% in 1983, however, output has not increased accordingly. Indeed, the value of electrical appliances produced declined by 29% between 1980 and 1982. Garment and footwear manufacturing have also declined both in terms of production and employment.

iii) *Construction*. Construction activity declined in 1982 after the rapid growth generated between 1979 and 1981 by tourism-related projects and increased public investment.

Public sector construction in 1980 amounted to EC\$ 17.9 million but in 1981-1982 it was reduced to less than half that amount (according to capital expenditure figures from the Ministry of Finance). This situation is linked to the land-tenure problem. The 1984 Budget Speech affirms that

Table 1
SAINT CHRISTOPHER AND NEVIS: MAIN ECONOMIC INDICATORS

	1980	1981	1982	1983
A. Basic economic indicators				
Gross domestic product at factor cost (millions of East Caribbean dollars at 1977 prices)	81.18	86.51	87.86	...
Population (thousands of inhabitants)	43.80	44.50	45.10	...
Per capita gross domestic product (East Caribbean dollars at 1977 prices)	1 853.00	1 944.00	1 948.00	...
Gross domestic product at market cost (millions of East Caribbean dollars at current prices)	131.50	155.01	159.52	...
Growth rates				
B. Short-run economic indicators				
Gross domestic product at factor cost (millions of East Caribbean dollars at 1977 prices)	4.0	6.6	1.6	...
Per capita gross domestic product (East Caribbean dollars at 1977 prices)	3.0	5.0	0.2	...
Current value of exports of goods and services	43.2	0.1	-22.3	...
Current value of imports of goods and services	39.7	6.4	-6.5	...
Consumer price index (December to December)	13.7	8.3	3.3	3.6
Consumer price index (variation between annual averages)	14.0	8.0	1.9	2.5
Money supply (M_1 and quasi-money)	16.8	8.1	12.4	10.9
Wages and salaries (nominal)	...	3.4	1.3	0.2
Rate of unemployment (%)	26.0	...	...	...
Current revenue of government	31.5	7.8	-14.7	17.9
Current expenditure of government	31.3	30.2	-0.2	17.8
Fiscal deficit as a percentage of total expenditure	30.0	22.6	37.4	31.7
Millions of EC dollars				
C. External sector				
Trade balance	-55.9	-63.3	-69.5	-46.9 ^a
Balance on current account	...	...	-30.6	21.1 ^a
Balance on capital account	...	...	2.7	-0.2 ^a

Source: Statistical Division, Planning Unit, Ministry of Finance of Saint Christopher and Nevis, and Eastern Caribbean Central Bank (ECCB).
^a Estimates.

Table 2

SAINT CHRISTOPHER AND NEVIS: TOTAL SUPPLY AND DEMAND

	Millions of EC dollars at current prices			Percentage breakdown		Growth rates	
	1980	1981	1982	1980	1982	1981	1982
	Total supply	252.57	283.81	279.92	192.1	175.5	12.4
Gross domestic product at market prices	131.50	155.01	159.52	100.0	100.0	17.9	2.9
Imports of goods ^a (services are not computed)	121.07	128.80	120.40	92.1	75.5	6.4	-6.5
Total demand	252.57	283.81	279.92	192.1	175.5	12.4	-1.4
Domestic demand	187.44	218.31	229.02	142.6	143.6	16.5	4.9
Gross domestic investment	63.05	60.00	-	47.9	-	-4.8	-
Consumption	124.39	158.31	-	94.6	-	27.3	-
Private	114.16	145.97	-	86.8	-	27.9	-
Public*	10.23	12.34	10.28	7.8	6.4	20.6	16.7
Exports of goods ^a	65.13	65.50	50.90	49.5	31.9	0.6	-22.3

Source: Statistical Division, Planning Unit, Ministry of Finance of Saint Christopher and Nevis (taken from *National Accounts 1977-1982*, October 1983).

^aExcludes services.

^{*}Purchase of goods and services by government.

"until the land problem is settled no meaningful housing development can take place in St. Kitts". Surveys have indicated that the demand for housing is rising, amounting to some 100 new units and about twice this figure for replacements. Between 70 and 75% of these requirements are for low to middle income housing.

iv) *Services*. In the basic services sector, electricity output has increased over the last three years, and the 1984 Budget contemplates a further increase to meet anticipated demand, especially in the industrial sector. The necessary financing for this activity has already been promised by the Caribbean Development Bank (CDB) and EDF. Other service facilities —**telephones** and water in **particular**— have been upgraded and improved. Transport and communications have also been significantly improved.

As regards other services, financial and banking activities almost doubled their value between 1980 and 1982.

The structure of the GDP shows that the economy of Saint Christopher and Nevis is increasingly service-oriented. Services contributed 46% of the GDP in 1982, with government contributing around 20% of the GDP, excluding sugar cane growing and processing, which are also State-owned. As an employment generator, the Government employs more than 30% of all wage earners (excluding State-owned sugar production).

v) *Tourism*. Tourism's contribution to the GDP had been declining since 1979, when it peaked at 5% of GDP. However, 1983 may have witnessed a turning point, as the number of visitors increased 17% over 1982 (see table 7) to the record level of over 50 000. Stopover visitors have not increased, however, the number in 1983 being slightly lower than in 1982.⁴ This decline in stopovers and the growing number of cruise and yacht visitors points to changes in the type of tourism to which Saint Christopher and Nevis must cater. The relative decline in the average length of stay (from 5.8 to 5.6 days) over the last three years and the lower bed occupancy rate (from almost 23% in 1981 to 18% in 1983) reinforce the notion that the more 'traditional' tourists —parties of high-income visitors staying over a week for the duration of a Caribbean holiday— and giving way to less affluent middle-income tourists travelling in smaller parties, visiting several islands during their holiday and

⁴The number of visitors classified as tourists declined from 89% in 1982 to 86% in 1983 while the number of private and business visitors increased (see table 7).

Table 3

SAINT CHRISTOPHER AND NEVIS: GROSS DOMESTIC PRODUCT,
BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST

(Millions of current EC dollars)

	1980	1981	1982	1983	Percentage breakdown		Growth rates	
					1980	1982	1981	1982
Gross domestic product	105.37	126.13	138.18	...	100.0	100.0	19.7	9.6
Goods	48.20	48.77	56.63	...	45.7	41.0	12	16.1
Agriculture	21.56	19.71	27.91	...	20.5	20.2	-8.6	41.6
Crop farming	2.23	2.45	2.28	...	2.1	1.7	9.9	-6.9
Sugar cane	10.54	6.90	14.05	...	10.0	10.2	-34.5	103.6
Livestock	2.62	3.43	3.48	...	2.5	2.5	30.9	15
Fishing	6.08	6.82	7.98	...	5.8	5.8	12.2	17.0
Forestry	0.09	0.11	0.12	...	0.1	0.1	22.2	9.1
Mining and quarrying	0.32	0.33	0.29	...	0.3	0.2	3.1	-12.1
Manufacturing	15.74	17.88	18.66	...	14.9	13.5	13.6	4.4
Sugar	7.87	9.16	9.00	...	7.5	6.5	16.4	-1.7
Others	7.87	8.72	9.66	...	7.5	7.0	10.8	10.8
Construction	10.58	10.85	9.77	...	10.0	7.1	2.6	-10.0
Basic services	13.89	16.08	17.47	...	13.2	12.6	15.8	8.6
Electricity and water	0.88	1.11	1.25	...	0.8	0.9	26.1	12.6
Transport	6.54	8.89	9.22	...	6.2	6.7	35.9	3.7
Communications	6.47	6.08	7.00	...	6.2	5.1	-6.0	15.1
Other services	46.28	61.28	64.08	...	43.9	46.4	32.4	4.7
Hotels and restaurants	4.49	5.39	4.30	...	4.3	3.1	20.0	-20.2
Commerce (wholesale and retail)	10.20	13.80	14.61	...	9.7	10.6	35.3	5.7
Government	18.84	26.19	28.06	...	17.9	20.3	39.0	7.1
Other	11.86	14.05	15.12	...	11.3	10.9	18.5	7.6
Finance, banking and insurance	5.25	5.84	6.25	...	5.0	4.5	11.2	7.0
Imputed banking service charges	-4.36	-3.99	-4.26	...	-4.1	-3.1	-8.5	6.8

Source: Statistical Division, Planning Unit, Ministry of Finance of Saint Christopher and Nevis.

Table 4

SAINT CHRISTOPHER AND NEVIS: INDICATORS OF
AGRICULTURAL PRODUCTION

	1980	1981	1982	1983	Growth rates	
					1982	1983
Production of major agricultural crops for export (tons)						
Sugar cane	352 000	338 000	350 000	278 000 ^a	3.6	-20.6
Cotton (lint)	0	11	7	...	-36.4	-
Copra	132	170	...	...	-	-
Unshelled peanuts	214	201	134	...	-33.3	-

Source: Statistical Division, Planning Unit, Ministry of Finance of Saint Christopher and Nevis.

^a Estimates.

Table 5

SAINT CHRISTOPHER AND NEVIS: SUGAR PRODUCTION AND EXPORTS

	1980	1981	1982	1983	Growth rates		
					1981	1982	1983
Quantity produced (tons)	33 927.0	31 572.0	35 059.0	27 761.0	-6.9	11.0	-20.8
Quantity exported (tons)	27 662.0	26 218.0	27 353.0	22 486.0 ^a	-5.2	4.3	-17.8
Value exported (EC\$ million)	34.8	36.2	28.5	25.5 ^a	4.0	-21.3	-10.5
Implicit price (EC\$ per ton)	1 258.0	1 380.7	1 041.9	1 132.3 ^a	9.7	-24.5	8.7

Source: Saint Kitts Sugar Manufacturing Corporation, quoted in ECCA, *Economic and Financial Review*, Vol. 24, No. 1, June 1983.

^aEstimates.

Table 6

SAINT CHRISTOPHER AND NEVIS: INDICATORS OF MANUFACTURING PRODUCTION

	1980	1981	1982	1983	Growth rates	
					1981	1982
Production of major manufactures (thousands of EC dollars)						
Electrical appliances ^a	5 338	4 308	3 781 ^b	...	-19.3	-12.2
Clothing ^a	4 864	4 597	...	...	-5.5	.
Footwear ^a	2 455	1 851	...	...	-24.6	.
Beer	309	267	367	...	-13.6	37.5
Aerated water (soft drinks)	266	460	547	...	72.9	18.9
Total consumption of electricity (thousands of kWh)						
Electricity generated	27 612	30 572	...	...	10.7	-
Electricity sold	25 816	28 775	...	...	11.5	-

Source: Statistical Division, Planning Unit, Ministry of Finance of Saint Christopher and Nevis.

^aProduction for export.

^bPreliminary figures.

overnighting on board rented or leased yachts, on cruise-ships or in apartments or condominiums as part of a package tour marketed in their country of origin by travel agencies, shipping companies or airlines.

The fall in room occupancy rates in 1982 and 1983 compared to 1981 reflects also the growing tourist accommodations. As table 7 shows, there was an increase in the number of hotels, guesthouses and condominiums, causing the number of rooms available to rise from 480 to 559. This represents an increase of 16% from 1981 to 1983, whereas the number of stopover visitors declined 3% during the same period.

As regards the origin of visitors, although about one-third still come from the United States, there is a growing diversification of origins. Caribbean visitors have increased from 15% to 16% since 1980 and "other" (non-North American or European) origins reached almost 40% in 1983 (see table 7).

Prospects in the tourism sector are relatively good and the Government recognizes that tourism development will play a crucial role in the economic growth and development of Saint Christopher and Nevis. However, there is some over-capacity in rooms, while activities and services for cruise-ship and yacht visitors are lacking. One area for future development should be the fuller incorporation of Nevis as a tourist attraction and the provision of one-day activities in both islands to

cater for those visitors who will not stay overnight. With respect to tourism in Nevis it is interesting to note the growing number of visitors: in 1981 only 13% of stopover visitors went to Nevis, but the proportion rose to 18% in 1983. In absolute terms, stopover visitors to Nevis grew 32% between 1981 and 1983, in comparison to a decline of 9% for Saint Christopher in the same period.

b) *Employment and unemployment*

Employment and unemployment figures are not very accurate or up to date. The latest reliable figures date back to the 1980 census and show a rate of unemployment of around 26% (see table 8). Two variables —**migration** and new **entrants**—mainly affect the estimates of the economically active population in Saint Christopher and Nevis. In 1983 migration is estimated to have exceeded 1 300, or roughly 3% of the total population of 45 000. New entrants to the labour market are mainly young people who come out of the school system and are estimated to be approximately 500 to 600 per annum. Pressure from this latter group will increase in the coming years, given the age profile of the population (according to the 1980 census 37% of the population is under 14 years of age). Another

Table 7

SAINT CHRISTOPHER AND NEVIS: SELECTED TOURISM STATISTICS

	1980	1981	1982	1983	Growth rates		
					1981	1982	1983
Total visitors	38 533	46 334	45 721	53 469	20.2	-1.3	16.9
Stopover	32 751	35 484	34 575	34 274	8.3	-2.6	-0.8
Cruise-ship	5 782	10 850	11 146	19 195	87.7	2.7	72.2
Total number of hotels	...	18	19	21	-	5.6	10.5
Total number of guest houses	...	29	36	38	-	24.1	5.6
Average number of hotel and condominium rooms	...	480	495	559	-	3.1	12.9
Average number of hotel and condominium beds	...	885	908	980	-	2.6	7.9
Average hotel and guest house bed occupancy rate	...	22.52	19.68	18.18	-	-12.6	-7.6
Average hotel and guest house room occupancy rate	...	26.37	21.72	23.09	-	-17.6	6.3
Average length of stay (stopover visitors)	...	5.83	5.75	5.67	-	-1.4	-1.4
Total visitor arrivals (percentages)							
A. By country of origin							
United States	36.7	34.8	31.4	28.8			
Canada	5.4	5.8	7.1	6.0			
United Kingdom	7.1	7.2	7.8	8.3			
Other Europe	2.5	1.7	1.4	1.3			
Caribbean ^a	15.1	15.3	16.4	16.7			
Other	33.0	36.9	36.0	38.8			
B. By classification							
Tourists	84.5	86.8	88.9	86.2			
Hotel visitors	38.6	40.0	36.6	28.6			
Private visitors	45.4	46.2	51.8	56.8			
Apartment visitors	0.5	0.6	0.5	0.8			
Business visitors	10.2	10.1	8.3	10.5			
Excursionists	5.1	2.9	2.6	2.8			
Other	0.2	0.2	0.1	0.4			

Source: Statistical Division, Planning Unit, Ministry of Finance of Saint Christopher and Nevis.
^aOECS and other CARICOM countries.

Table 8

SAINT CHRISTOPHER AND NEVIS: EMPLOYMENT AND UNEMPLOYMENT

	1980	1981	1982	1983
Labour force ^a	22 962	...	...	...
Employed	17 000*	16 500 ^b	17 000*	17 600*
Unemployed	5 962	...	...	...
Rate of unemployment (%)	26	...	...	...
Structure of employment by type of activity, as percentage of total number of wage earners				
Sugar production ^c	43.3	39.9	36.9	34.1
Building construction	1.6	1.8	3.2	2.9
Electronics	2.9	3.6	5.2	5.6
Hotel industry and travel agencies	5.3	5.5	6.2	5.0
Garment industry	6.9	9.2	6.6	8.5
Shoe industry	3.4	1.4	1.0	1.2
Banking and insurance	2.2	3.2	2.5	2.8
Government and civil service ^d	27.8	28.8	31.1	32.1
Other manufactures	0.2	0.2	0.4	0.4
Retail and commercial	5.0	5.4	5.7	5.9
Beverage industry	1.1	1.3	1.3	1.5

Source: Department of Labour, Saint Christopher and Nevis.

^aDefined as population between the ages of 15 and 64.
(NACO).

^dIncluding unestablished civil servants.

^bEstimate.

^cIncludes sugar factory (SSMC) and sugar estates

significant growth factor in the labour force is the female section of the population, since the jobs created in the new **manufactures** (electronics and garments) tend to absorb a large proportion of unskilled female labour hitherto not considered part of the labour force.

According to preliminary studies by **USAID/PDAP** (Project Development Assistance Programme), around 4 400 new jobs could be created in two years' time, which in a labour force of around 23 000 represents an increase of 19%, or almost three-quarters of the total number of unemployed in 1980.

3. The external sector

a) *The trade balance*

The trade balance worsened in 1982 since exports decreased 22% compared with the previous year while imports could only be reduced in 7% (see table 9), resulting in a 1982 trade deficit 10% larger than the preceding year.

For 1983 the available data indicate a similar situation. Although no official figures are available, foreign currency sales and purchases from the Eastern Caribbean Central Bank (ECCB) for trade purposes indicate a further drop in exports, followed by a parallel decrease in imports. The deficit resulting from these partial figures does not reflect the full trade balance, however, since the ECCB figures do not take account of trade conducted with currency already in the hands of the importers, export earnings not sold to the Central Bank, or trade transactions made outside the control of the ECCB.

Traditional exports are the mainstay of the export trade. Sugar contributes almost 60% of the total, despite falling sugar exports in 1983 (see table 10). Of the "non-traditional" exports only footwear and soft drinks and beverages show an increase in 1980-1982. Clothing behaved erratically, falling 5% in 1981 and expanding more than 50% in 1982. Figures for 1983 are not available.

Imports in 1982 and 1983 reflected the shortage of foreign currency resulting from the fall in merchandise exports and, in 1983, relatively stagnant earnings from tourism. The weighting of consumer goods in total imports is about 40% (see table 11). Capital goods represent around 10% of imports and raw materials and intermediate goods about 50%.

b) *The structure of trade*

The destination of exports and origin of imports reinforce the dependence on traditional markets; nearly 50% of exports go to North American markets and more than 40% of the imports come from the same source. The importance of Caribbean markets has decreased over the last few years.

c) *The balance of payments*

In 1982 and 1983 the visible trade deficit was covered by the positive balance of foreign exchange transactions of commercial banks (see table 12). While in 1980-1981 **these** covered around 55% of the trade deficit, in 1982-1983 the proportion reached more than 67%. Personal remittances and foreign travel are the major contributing factors.

Table 9

SAINT CHRISTOPHER AND NEVIS: INDICATORS OF EXTERNAL TRADE

	Thousands of EC dollars				Growth rates		
	1980	1981	1982 ^a	1983 ^b	1981	1982	1983
Value of exports							
Domestic	63 580	60 482	46 659	...	-4.9	-22.9	-
Total	65 131	65 506	50 926	39 465	0.6	-22.3	-22.5
Value of imports (CIF)	121 069	128 829	120 374	86 411	6.4	•6.6	-28.2
Trade deficit	-55 938	-63 323	-69 448	-46 948	13.2	9.7	-32.4

Source: Statistical Division, Planning Unit, Ministry of Finance of Saint Christopher and Nevis.

^aPreliminary figures. ^bEstimates.

Table 10

SAINT CHRISTOPHER AND NEVIS: EXPORTS OF GOODS (FOB)

(Thousands of EC dollars)

	1980	1981	1982	1983	Growth rates	
					1981	1982
Total	65 131	65 506	50 926	...	0.6	-22.3
Domestic	63 580	60 482	46 659	...	-4.9	-22.9
Traditional exports						
Sugar	38 974	39 766	29 921	...	2.0	-24.8
Molasses	1 269	880	1 429	...	-30.7	62.4
Copra	154	220	144	...	42.9	-38.0
Fish (including lobster and conch)	408	356	145 ^a	...	-12.7	-
Live animals	241	289	261	...	19.9	-9.7
Groundnuts (unshelled)	276	329	...	...	19.2	-
Non-traditional exports						
Electrical appliances	5 338	4 308	3 782	...	-19.3	-12.2
Clothing	4 864	4 597	6 943	...	•5.5	51.0
Footwear	2 455	1 851	2 564	...	-24.6	38.5
Beer	309	267	367	...	-13.6	37.5
Aerated water (soft drinks)	266	460	686	...	72.9	49.1

Source: Statistical Division, Planning Unit, Ministry of Finance of Saint Christopher and Nevis.

^aExcluding lobster and conch.

Table 11

SAINT CHRISTOPHER AND NEVIS: IMPORTS OF GOOD (CIF)

	Thousands of EC dollars				Growth rates	
	1980	1981	1982 ^a	1983	1981	1982
Total	121 069	128 829	120 374	...	6.4	-6.6
Consumer goods	46 040	55 849	48 230	...	21.3	-13.6
Food and beverages	20 764	23 613	21 467	...	13.7	-9.1
Durable consumer goods	4 940	6 234	5 617	...	26.2	-9.9
Semi-durable consumer goods	5 952	9 359	6 420	...	57.2	-31.4
Non-durable consumer goods	11 464	12 768	11 917	...	11.4	-6.7
Passenger motor cars	2 920	3 875	2 809	...	32.7	-27.5
Raw materials and intermediate goods	62 222	59 361	58 702	...	-4.6	-1.1
Food and beverages for industry	4 236	4 199	4 414	...	-0.9	5.1
Industrial supplies	36 954	34 712	35 470	...	-6.1	2.2
Fuels and lubricants	12 507	13 645	11 716	...	9.1	-14.1
Parts and accessories	8 525	6 805	7 102	...	-20.2	4.4
Capital goods	12 154	12 825	12 719	...	5.5	-0.8
Capital goods ^b	9 302	10 302	9 590	...	10.8	-6.9
Transport equipment ^c	2 852	2 523	3 129	...	-11.5	24.0
Other goods	668	793	723	...	18.7	-8.8

Source: Statistical Division, Planning Unit, Ministry of Finance of Saint Christopher and Nevis.

^aEstimates.^bExcept transport equipment.^cExcluding passenger motor cars.

Table 12

SAINT CHRISTOPHER AND NEVIS: FOREIGN EXCHANGE TRANSACTIONS
BY COMMERCIAL BANKS*(Thousands of EC dollars)*

	1980	1981	1982	1983	Growth rates	
					1982	1983
A. Travel account	14 390.0	12 700.0	19 384.0	8 404.0	52.6	-56.6
Foreign travel: purchases	18 037.0	19 265.0	27 607.0	17 031.8	43.3	-38.3
Foreign travel: sales	3 647.0	6 565.0	8 217.6	8 627.8	25.2	5.0
B. Personal remittances	16 070.0	22 654.0	26 451.7	23 052.7	16.8	12.8
Personal remittances: purchases	20 881.0	27 724.0	27 591.1	26 678.8	-0.5	-3.3
Personal remittances: sales	4 311.0	5 160.0	1 139.4	3 626.1	-77.9	218.2
C. Balance on foreign exchange transactions (A + B)	30 460.0	35 265.0	45 835.7	31 456.7	32.8	-31.4

Source: Eastern Caribbean Central Bank (previously ECCA).

Table 13

SAINT CHRISTOPHER AND NEVIS: BALANCE OF PAYMENT WITH THE ECCB

*(Statement of sales and purchases of foreign currencies and
EC dollars by the Eastern Caribbean Central Bank)
(Thousands of EC dollars)*

	1982	1983
A. Current account	-30 643.3	-21 083.6
Visible trade	-69 448.0	-46 948.0
Exports	50 926.0	39 463.4
Imports	120 374.0	-86 411.4
Transport (airlines and shipping companies)	-971.3	-545.9
Travel	19 384.0	8 404.0
Current private sector payments	26 451.7	23 052.7
Insurance companies and agents	-269.7	-1 028.2
Migrants' transfers	-869.7	-2 597.9
Workers' remittances	7 659.0	5 367.4
Other private transfers	13 918.8	17 320.6
Other private payments	6 013.3	3 990.8
Current government payments	-4 772.6	-4 643.4
Resident government	-3 869.3	-4 252.7
Embassies (Consulates abroad)	-1 843.3	-1 473.7
Other official transfers	940.0	1 083.0
Interest payments, profits and dividends	-13.7	-1 494.8
Foreign-owned companies	46.2	-1 276.8
Private, non-foreign-owned companies	-15.9	-218.0
Interest payments on government loans	-44.0	-
B. Capital account	2 711.0	-219.2
Public sector	3 063.0	71.8
Public boards	-	•10.0
Investment in affiliated institutions	3 078.0	136.8
Loans by public corporations	-	-34.0
Loan repayments by public corporations	-	•21.0
Loans by resident government	-	-
Loan repayments by resident government	-15.0	-
Private sector	-352.0	-291.0
Investment in corporate equities	-241.5	-30.0
Investment in private bonds	-5.0	-6.0
Loans by private sector	-	-
Loan repayments by private sector	-105.5	-255.0
C. Global balance	•28 078.0	-21 302.8
On current account	•30 643.3	-21 083.6
On capital account	2 711.0	-219.2
Other short-term assets/liabilities of government	-	-
Other short-term assets/liabilities of private sector	-145.7	-

Source: Eastern Caribbean Central Bank, *Statement*, 1982 and 1983.

Table 14

SAINT CHRISTOPHER AND NEVIS: INDICATORS OF EXTERNAL DEBT

	Thousands of EC dollars			Growth rates	
	1981	1982	1983	1982	1983
Total public debt	33 789	48 144	28 625 ^a	42.5	-40.5
Funded	10 785	8 930	-	-17.2	-
Unfunded	23 004	39 214	-	70.5	-
Long- and medium-term	27 964	38 218	28 625	36.7	-25.1
Short-term	5 825	9 926	-	70.4	-
Servicing of total external debt	-	326	494	-	51.5
Amortization	-	120	276	-	129.0
Public sector	-	15	21	-	40.0
Private sector	-	115	255	-	141.7
Interest payments	-	206	218	-	6.0
On government loans	-	44	-	-	-
On private companies	-	16	218	-	1 271.1
Other short-term liabilities (public and private)	-	146	-	-	-

Source: Ministry of Finance and Accountant-General's Department, Saint Christopher and Nevis.

^aEstimates.

Table 15

SAINT CHRISTOPHER AND NEVIS: EVOLUTION OF DOMESTIC PRICES

(Index January 1978 = 100)

	1981	1982	1983
Variation December to December			
Consumer price index (all items)	8.3	3.3	3.60
Food	7.8	1.3	2.94
Alcohol and tobacco	13.6	8.2	0.62
Housing	3.3	2.4	-0.23
Fuel and light	3.2	8.6	-0.41
Clothing and footwear	2.1	-1.9	7.76
Household goods	16.7	2.7	-3.30
Transport	13.0	7.9	0.31
Miscellaneous	5.3	13.8	3.76
Variation between annual averages			
Consumer price index (all items)	8.0	1.9	2.54
Food	7.7	1.5	2.90
Alcohol and tobacco	12.0	7.6	4.65
Housing	2.4	2.2	-0.17
Fuel and light	3.2	5.7	-0.30
Clothing and footwear	21.4	-3.6	7.56
Household goods	14.7	-0.4	-1.30
Transport	0.6	8.2	0.35
Miscellaneous	3.5	3.7	3.71

Source: Statistical Division, Planning Unit, Ministry of Finance of Saint Christopher and Nevis.

Table 13 gives a fuller picture of foreign exchange transactions for Saint Christopher and Nevis. Comprehensive balance-of-payments accounts are unavailable, given the monetary and banking arrangements linking this country to the Eastern Caribbean Central Bank, but this table may be viewed as a proxy for balance-of-payments analysis.

The global deficit was smaller in 1983 than in 1982, in spite of a smaller positive contribution by travel and private transactions on the one hand and larger negative contributions by interest payments, profits and dividends paid overseas. Available figures indicate a reduction in the visible trade deficit for 1983, which would be the only factor explaining the smaller global deficit.

The partial data available on the country's external debt (see table 14) indicate that private sector amortization and interest payments account for the largest part of external-debt servicing, and grew substantially in 1983 compared to the previous year.

Public debt figures (both domestic and foreign) are only available up to 1982. The proportion of short-term to total debt remains low although it increased from 17% in 1981 to 21% in 1982.

4. Prices and wages

a) Prices

Consumer prices rose by 3.6% in 1983 (see table 15). The item-by-item variation shows the sharpest increase in clothing and footwear, followed by food. There was an actual decline in several items like household costs and fuel and light. It is clear that the main force behind inflation is imported and the general decline in world inflation has moulded the local pattern.

b) Wages

Nominal wages increased slowly in 1982 (1.3% on average for the year) and for 1983 remained on average at the same level (see table 16).

The relation of wage increases to the cost of living has remained negative for the last three years. The average real rate of growth of wages was -0.5% in 1982 and -2.3% in 1983. Even in 1981, when the nominal rate grew faster, it could not offset inflation.

5. Fiscal and monetary policy

a) Fiscal policy

Since 1980 the Government has experienced growing current account deficits (see table 17) which reached an unprecedented EC\$ 10.8 million in 1983. Most of the deficit is due to the rapid growth of salaries and pension payments, which expanded very rapidly in 1981 (51% more than in

Table 16

SAINT CHRISTOPHER AND NEVIS: EVOLUTION OF WAGES AND SALARIES

(Indexes 1980= 100)

	1981	1982	1983
Nominal ^a	103.4	104.8	105.0
Real ^b	95.7	95.2	93.0
Growth rates			
Nominal	3.4	1.3	0.2
Real	-4.6	-0.5	-2.3

Source: ECLAC estimates on the basis of figures from the Department of Labour, Saint Christopher and Nevis.

^aOn the basis of the most representative labour sub-sectors.

^bDeflated by the consumer price index.

Table 17

SAINT CHRISTOPHER AND NEVIS: GOVERNMENT REVENUE
AND EXPENDITURE

(Thousands of EC dollars)

	1981	1982	1983	Growth rates	
				1982	1983
1. Current revenue	46 750.7	39 863.1	46 987.6	-14.7	17.9
Direct taxes	4 109.0	5 148.7	5 265.0	25.3	2.3
Income tax	4 029.0	5 052.2	5 000.0	25.4	-1.0
Others (house and land)	80.0	96.5	265.0	20.6	174.6
Indirect taxes	35 118.2	27 382.7	29 889.9	-22.0	9.2
Import duties	10 531.2	10 941.0	12 220.0	3.9	11.7
Export duties	331.6	400.4	431.0	20.7	7.6
Excise taxes	49.1	49.0	61.0	0.0	24.5
Consumption taxes	9 593.0	9 588.1	11 000.0	0.0	14.7
Other licenses, duties and taxes	14 613.3	6 404.2	6 178.9	-56.2	-3.5
Other local current receipts ^a	7 523.5	7 331.7	11 832.7	-2.5	61.4
2. Current expenditure ^b	49 248.8	49 055.7	57 772.9	-0.4	17.8
Personal emoluments	26 450.1	26 327.0	-	-	-
Purchase of goods and services	12 345.5	10 280.1	-	-16.7	-
Subsidies	6 140.6	6 931.9	-	13	-
Pensions and gratuities	2 837.3	3 168.1	-	11.7	-
Transfer payments	2 038.0	2 657.8	-	30.4	-
Interest on debt	1 584.4	2 287.2	-	44.4	-
Minus receipts from sales of goods and services	-2 146.1	-2 594.4	-	20.9	-
3. Savings on current account	-2 499.1	-9 192.6	-10 785.2	-267.8	-17.3
4. Capital expenditure	11 193.6	14 621.7	11 005.8	30.6	-24.7
Purchase of land	479.1	54.0	...	-88.2	-
Land development	102.9	182.3	...	77.2	-
Construction	4 046.5	5 323.0	...	31.5	-
Transport equipment	793.1	48.4	...	-93.9	-
Purchase of other equipment	3 621.8	2 489.0	...	-31.3	-
Purchase of financial assets and loans	317.3	1 204.0	...	279.5	-
Sinking funds and repayments of loans	1 832.9	5 321.0	...	190.3	-
5. Total expenditure	60 443.4	63 677.4	68 778.6	5.4	8.0
6. Deficit (-)	-13 692.7	-23 814.3	-21 788.0	73.9	-8.5

Source: Ministry of Finance, Accountant-General and Planning Unit.

^aIncludes port, harbour and wharf dues; fees, fines and forfeitures; receipts of government departments and services; post office, electricity, ice and cold storage; rents of government property, interest, etc., and land sales.^bExpenditure, less receipts from sales of goods and services.

the previous year). In that year, for the first time government employees exceeded 30% of the labour force. In 1983 the growth in government expenditure (18% higher than in 1982) is undoubtedly associated with the Independence celebrations.

Capital expenditure has been somewhat erratic: from a high level of almost 40% of total expenditure in 1980 it fell in 1982 to 23% of the total. In 1983 its share was the lowest for the decade, amounting to 16% of total expenditure (see table 17).

The level and growth of government revenue have not kept pace with movements in expenditure. Actual revenue fell in 1982 by 15% and in 1983 it was barely at the 1981 level. Income taxes and other direct taxes are still below their 1980 level. The same holds true for revenues from licenses, duties and other indirect taxes. Even the increases in import duties and consumption taxes have not offset the decline.

To regain the 1980 level of capital expenditure it will be necessary to reduce current expenditure in real terms. One positive factor is that up to 1982 the Government had a healthy balance accumulated in trust funds, sinking funds and other resources of the public treasury (see table 18).

Table 18

**SAINT CHRISTOPHER AND NEVIS: STATEMENT OF TRUST
FUNDS INVESTED OR DEPOSITED INTO THE
PUBLIC TREASURY AT END OF YEAR**

(Thousands of EC dollars)

	1981	1982
Balance at beginning of year	21 146.2	21 133.5
+ Receipts	2 826.5	4 568.1
Subtotal	23 972.7	25 701.6
— Payments	2 563.8	1 430.9
Subtotal	21 408.9	24 270.7
+ Appreciation of investment	-	1.3
— Depreciation of investment	275.4	18.0
 Balance at end of year	 21 133.5	 24 254.0
Investment held locally	4 551.7	4 110.3
Crown Agents' fixed deposits	-	-
 Banks		
Fixed deposits	10 565.8	11 343.2
Deposits at interest	4 440.8	6 640.1
Deposits in Joint Consolidated Fund	5.4	35.7
United States reserves	2 249.3	2 716.1
 Balance (subtotal)	 21 813.3	 25 167.3
In the hands of the Accountant-General	180.0	297.6
Owing to the Accountant-General	860.0	1 210.9
 Balance at end of year	 21 133.5	 24 254.0

Source: Accountant-General's Department, Saint Christopher and Nevis.

Table 19

SAINT CHRISTOPHER AND NEVIS: CURRENT AND RECURRENT
GOVERNMENT EXPENDITURE, BY PORTFOLIOS*(Thousands of EC dollars)*

	1981	1982	1983
A. Non-capital expenditure	58 650.0	62 606.9	62 750.9
Governor	164.0	179.9	206.6
Parliament	239.0	372.4	348.9
Audit	138.0	144.3	177.5
Legal	231.0	268.8	273.2
Prime Minister	2 692.0	2 488.8	4 092.3
Ministry of Home Affairs	4 282.0	4 271.6	4 870.7
Ministry of External Affairs	1 585.0	2 134.6	3 023.5
Ministry of Nevis Affairs	425.0	340.9	7 647.8
Ministry of Finance	12 607	14 983.5	11 990.4
Ministry of Trade, Industry and Development	347.0	299.2	312.9
Ministry of Agriculture, Lands, Housing Labour and Tourism	3 910.0	2 982.2	2 256.6
Ministry of Communications, Works and Public Utilities	15 205.0	15 907.4	12 003.7
Ministry of Education, Health and Social Affairs	16 824.0	17 843.6	15 388.2
B. Capital expenditure	19 546.4	19 549.3	21 463.3
Prime Minister	428.3	306.3	412.0
Ministry of Trade, Industry and Development	2 020.5	1 955.9	494.8
Ministry of Agriculture, Lands, Housing, Labour and Tourism	1 728.1	2 029.2	6 356.6
Ministry of Education, Health and Social Affairs	1 318.2	1 891.1	891.7
Ministry of Communications, Works and Public Utilities	3 427.6	2 491.0	1 888.5
Ministry of Nevis Affairs	10 623.7	10 875.8	11 419.7

Source: Ministry of Finance, Saint Christopher and Nevis.

Table 20

SAINT CHRISTOPHER AND NEVIS: MONETARY BALANCE

	Millions of EC dollars			Growth rates	
	1981	1982	1983	1982	1983
Money (M_1)	33.9	35.9	34.8	5.9	-3.1
Currency outside banks	14.9	16.2	12.7	8.7	-21.6
Demand deposits	19.0	19.7	22.1	3.7	12.2
Factors of expansion	170.9	190.6	194.3	11.5	1.9
Foreign assets (net)	22.1	20.6	35.0	-6.8	70.0
Domestic credit	109.3	130.1	153.8	19.0	18.2
Other	39.5	39.9	40.5	1.0	1.5
Factors of absorption	137.0	154.7	159.5	12.9	3.1
Quasi-money	122.7	140.1	160.4	14.2	14.5
Time deposits	41.3	77.0	84.0	86.4	9.1
Savings deposits	81.4	63.1	76.4	-22.5	21.1
Other	14.3	14.6	-0.9	2.1	-106.2

Source: ECLAC estimates based on Eastern Caribbean Central Bank figures.

Table 21

SAINT CHRISTOPHER AND NEVIS: STRUCTURE OF
COMMERCIAL BANK CREDIT

(Percentage shares)

	1981	1982	1983
A. By time of maturity	100.0	100.0	100.0
Short-term loans	32.3	31.6	30.7
Long-term loans	67.7	68.4	69.3
B. By sector of destination	100.0	100.0	100.0
Agriculture	0.3	0.7	0.4
Manufacturing	5.4	4.3	3.0
Food and non-alcoholic beverages	0.8	0.9	0.7
Clothing and accessories	1.7	1.3	1.0
Others	2.9	2.1	1.3
Distribution	10.2	9.8	9.2
Tourism	6.6	6.5	7.3
Entertainment and catering	0.5	0.9	0.6
Transport	4.8	5.2	4.0
Construction	9.4	8.2	7.3
Government	33.5	34.2	38.7
Public utilities	-	0.1	-
Other (including statutory bodies)	33.5	34.1	38.7
Personal	17.8	19.1	18.8
House and land purchase	10.6	11.5	11.1
Durable consumer goods	3.0	2.9	3.7
Other	4.2	4.7	4.0
Professional and other services	4.7	4.1	5.4
Other advances	6.8	6.9	5.2

Source: Eastern Caribbean Central Bank (ECCB, formerly ECCA).

An important recent development in fiscal policy is the greater autonomy given to Nevis in handling its finances and the fact that the Ministry of Nevis Affairs now receives a budget allocation which covers all expenditures for the island. These were previously scattered throughout the different Ministries. Table 19 gives data on government expenditure by portfolio.

b) *Monetary policy*

In 1983 a greater measure of control over monetary policy was introduced by the creation of the Eastern Caribbean Central Bank (ECCB) which replaces and supersedes the ECCA.

In 1983 total money supply (M_1 and quasi-money) increased by 11%, with an actual decrease of 3% in M_1 . Quasi-money, on the other hand, grew more than 14% during the year (see table 20). Savings deposits increased by 21%, but even so have not yet regained their 1981 level. Time deposits, on the other hand, grew 9% in 1983 and now stand at more than double their 1981 level.

Domestic credit has kept growing at a steady pace of 18% in both 1982 and 1983 and there has been a trend towards longer-term loans. Short-term loans, which accounted for almost 40% of credit in 1980, came to only 30% in 1983 (see table 21).

The main recipient of credit is the Government. Whereas in 1980 it took almost 30% of loans given by commercial banks, in 1983 it absorbed almost 40%. As regards the private sector, credit to manufacturing, agriculture and tourism has decreased and now represents slightly over 10% of all loans given by commercial banks.

SAINT LUCIA

1. Recent economic trends: Introduction and summary

Despite continuing world economic problems', the St. Lucian economy grew in real terms in 1983. The most significant contributions to this performance were made by the agriculture, tourism and public sectors. In constant prices the GDP increased 2%; while per capita GDP rose 0.4% (see table 1).

This slow growth rate mirrors the adjustment that took place in 1983 in response to the problems of domestic cash flow, depressed demand, and in certain cases, deficient supply. The value of imports fell by almost 10%, reflecting a fall in import prices, stricter regulation of foreign exchange, and disposable income.

The banana industry continued to register strong recovery, with production, export volumes and export earnings increasing appreciably in 1983. The rehabilitation of the coconut industry continued to be planned and implemented, albeit very gradually. Positive performances by cocoa and other agricultural commodities helped to consolidate the importance of the agricultural sector to the domestic economy. The manufacturing sector, which has become more diversified in recent years, has found major markets in the CARICOM area and the United States. For its part, the tourist industry continued its recovery in 1983, and immediate prospects looked good, prompting plans for the expansion of tourist accommodation units in the early part of 1984. The performance in tourism helped to maintain stability in the services account of the balance of payments.

St. Lucia's balance on current account improved considerably over the previous year, as total exports increased by 14% and imports fell by nearly 10%. The reduced net foreign investment in the country which followed the completion of a major project resulted in a drop in the net inflow on the capital account.

Very strict control over government spending and tight foreign exchange budgeting produced in 1983 a smaller budget deficit than the previous year and a less serious cash flow situation.

2. Trends in economic activity

a) *Evolution of the main sectors*

i) *Agriculture.* Agriculture, the most important sector of the economy, in terms of employment (35% of the labour force), registered an improved performance in 1983. In real terms (1977 prices) the sector's output grew by 16% and contributed some 15% of total GDP (see table 2). Agriculture in St. Lucia remains highly vulnerable to weather conditions, however.

Banana production increased substantially from 59 000 tons in 1982 to 69 125 tons in 1983, despite some loss due to wind damage in the north of the island in the latter part of the year. Largely responsible for this increase were the continuing rehabilitation effort, the increase in the market price of green bananas, and increased use of fertilizers. Although the price of 28 cents per pound paid to farmers was good, earnings from the export of the commodity were eroded by the depreciation of the pound sterling, in which currency prices are quoted. The relatively new process of field-packing bananas has led to a reduction of approximately 40% in the level of rejected fruit.

Export earnings from bananas increased by 33% in 1983 (see table 3). The green market price fluctuated between £ 355 and £ 454 per ton during the first half of the year but dropped to £ 375 per ton by year-end, giving an average price per ton of bananas of £ 390 (4% more than the year before). The depreciation of the pound sterling by 11% in 1983, however, prevented the industry from deriving full benefit from the high green market price.

During 1984, as a result of negotiations between the Windward Islands Banana Growers Association (WINBAN) and Geest Industries, the existing price arrangements with farmers will be modified to the benefit of the latter. As of 1 January 1984, the green market price as a basis for

Table 1

SAINT LUCIA: MAIN ECONOMIC INDICATORS

	1979	1980	1981	1982	1983
A. Basic economic indicators					
Gross domestic product at factor cost (millions of EC dollars at 1977 prices)	...	...	187.0	191.6	195.5
Per capita gross domestic product (EC dollars at 1977 prices)	...	...	1 558	1 584	1 589
Population (thousands)	117	118	120	121	123
Growth rates					
B. Short-run economic indicators					
Gross domestic product at factor cost (constant prices)	...	...	...	2.5	2.0
Per capita gross domestic product (constant prices)	...	...	...	1.6	0.4
Current value of exports of goods	19.0	44.2	-9.6	-	14.2
Current value of imports of goods	22.2	22.3	4.1	-9.5	-9.6
Consumer price index					
December-December	15.4	21.1	9.5	0.6	1.3
Variation between annual averages	9.4	19.5	15.1	4.6	1.5
Millions of US dollars					
C. External sector					
Merchandise trade balance (net)			-87.3	-76.5	-57.1
Balance on current account			-39.8	-30.5	-9.9
Variation in international reserves			0.4	-0.1	-0.1

Source: Data supplied to the Economic Commission for Latin America and the Caribbean (ECLAC).

Table 2

SAINT LUCIA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST

	Millions of 1977 EC dollars			Percentage breakdown		Growth rates	
	1981	1982	1983	1980	1983	1982	1983
Gross domestic product	187.0	191.6	195.5	100.0	100.0	2.5	2.0
Goods	64.5	66.1	62.5	.	40.0	2.5	-5.4
Agriculture	21.8	25.2	29.3	11.6	15.0	15.6	16.3
Mining and quarrying	3.1	2.4	1.8	1.9	0.9	-22.6	-25.0
Manufacturing	16.1	18.2	19.4	8.9	9.9	13.0	6.6
Construction	23.5	20.3	12.0	12.7	6.1	-13.6	-40.9
Basic services	25.3	26.7	28.1	.	14.4	5.5	5.2
Electricity, gas and water	5.8	6.1	6.6	3.1	3.4	5.2	8.2
Transportation, storage and communications	19.5	20.6	21.5	11.1	11.0	5.6	4.4
Other services	97.2	98.8	104.9	-	53.6	1.6	6.2
Wholesale and retail trade	30.3	27.5	27.5	15.7	14.1	-9.2	-
Hotels and restaurants	11.1	11.6	12.8	7.3	6.5	4.5	10.3
Financial institutions, real estate and business services	11.6	12.0	12.8	6.3	6.5	3.4	6.7
General services	8.6	8.6	8.7	4.3	4.5	-	1.2
Government services	35.6	39.1	43.1	17.1	22.0	9.8	10.2

Source: Statistical Department, Saint Lucia.

Table 3

SAINT LUCIA: INDICATORS OF AGRICULTURAL PRODUCTION

(Tons)

	1981	1982	1983	Growth rates	
				1982	1983
Production of main crops					
Bananas					
Total production	58 351.3	58 895.7	69 125.0	0.9	17.4
Exports	43 763.5	44 171.8	55 300.0	0.9	25.2
Coconuts (copra)	2 527.6	3 759.7	4 630.1	48.7	23.2
Cocoa	48.4	50.2	59.1	3.7	17.7
Root crops					
Sweet potatoes	293.2	295.2	296.6	0.7	0.5
Yams	863.6	647.7	712.5	-25.0	10.0
Tannia	225.0	232.1	255.3	3.2	10.0
Ginger	176.1	114.7	119.4	-34.9	4.1
Dasheen	272.7	296.2	319.9	8.6	8.0
Vegetables					
Avocado	9.3	9.5	9.1	2.2	-4.2
Cabbage	166.4	174.6	183.3	4.9	5.0
Carrots	72.8	76.7	84.4	5.4	10.0
Cucumbers	79.9	88.9	86.4	11.3	-2.8
Lettuce	26.8	28.0	29.4	4.5	5.0
Melons	8.6	9.0	9.5	4.7	5.6
Okra	9.1	9.3	10.0	2.2	7.5
Plantains	1 496.2	1 542.1	1 850.2	3.1	20.0
Pumpkins	19.7	20.5	21.6	4.1	5.4
Sweet peppers	9.1	9.8	10.5	7.7	7.1
Tomatoes	292.4	301.1	304.5	3.0	1.1
Citrus					
Grapefruit	255.0	268.6	256.8	5.3	-4.4
Limes	208.3	213.5	202.9	2.5	-5.0
Oranges	256.0	301.5	281.8	17.8	-6.5

Source: Data supplied to ECLAC by the Ministry of Finance, Planning and Statistics, Saint Lucia.

payment will be replaced by the green wholesale price. This is the price that Geest Industries receives when it sells to wholesalers in the United Kingdom.

The Banana Association has proposed to establish a number of "Island Buying Depots" for the receipt of field-packed fruit and its inspection, selection and assessment. The continued recovery and improved field operations in the banana industry should result in increased production and exports in 1984.

Coconut production has been recovering from the ravages of hurricane Allen of 1980, in spite of disease and the absence of a concerted rehabilitation effort. This recovery continued in 1983 with a 23 % increase in the production of coconuts (copra), most of which is processed into coconut oil. The rehabilitation programme proposed by the Caribbean Development Bank (CDB) had not been accepted up to the time of writing, but positive action is expected in 1984.

Cocoa production continued to increase, yielding some 59 tons in 1983, or 18% more than the previous year. Cultivation of the crop was boosted by a grant from the British Government to further the tree-crop diversification programme, and by the securing of an attractive market in the United

States. Export earnings rose to EC\$ 269 000 —more than **five** times the **figure** of the previous year. ¹ The Ministry of Agriculture has provided extension services for farmers with a view to restoring the crop to its 1979 level.

As regards other branches of agriculture, a continued increase in root crops and vegetables was noted. This was due to favourable weather conditions, increased use of fertilizers and increased attention to the diversification of agriculture. Much attention is at present being given to exotic crops and other elements of flora and fauna in an attempt to benefit from the Caribbean Basin Initiative.

ii) *Manufacturing*. In recent years, the manufacturing sector has become more diversified and export-oriented, with the CARICOM and United States markets constituting the main outlets for exports from the country. A general increase in manufacturing output occurred in 1983, with significant increases in the **manufacture** of paper and cardboard boxes, coconut derivatives and food processing. Although the production of banana boxes increased by nearly 8% in 1983, exports declined by 13%. The production of food, beverages and tobacco declined both in terms of volume and value. Output of refined coconut oil increased by 44%, as a result of a shift in demand from the unrefined to the refined product. Difficulties in obtaining raw materials were a major determinant of the decline in the production of wearing apparel in 1983 (see table 4).

iii) *Construction*. Activity in the sector declined following the completion of the Oil Storage and Transshipment Terminal in 1982, and the sector's contribution to total GDP, which had risen from 9% in 1981 to 13% in 1982, fell to 6% in 1983. **The main construction activity during the year was in the public sector, in connection with the USAID-funded Road Rehabilitation Project, and social projects that necessitated construction activity.**

iv) *Energy*. Total electricity generated by the two plants on the island increased by nearly 7% in 1983, while sales increased by 10%. This indicates that greater efficiency was achieved and transmission and distribution losses were reduced. Per capita consumption of electricity for domestic use increased at a rate of 12% over the 1982 level; the previous year the rate of increase had been 8%. Although the price of electricity for industry rose sharply in 1983, the industrial sector increased its consumption by 9% (see table 5). The CDB agreed in 1983 to a loan of US\$ 2.7 million to provide added generating capacity to better cope with peak demand. The Electricity Company is at present actively considering a move to equipment that would use heavier distillates and so contain the cost of production of electricity.

Totally dependent on the importation of fossil fuels for its energy requirements, St. Lucia's fuel imports accounted for 12% of its total import bill in 1983. Diesel oil continued to account for the highest proportion of total fuel consumption, with gasoline occupying second place.

Table 4

SAINT LUCIA: INDICATORS OF INDUSTRIAL PRODUCTION

	1981	1982	1983	Growth rates	
				1982	1983
Production of some selected manufactures					
Copra^a	2 477.2	3 760.1	4 788.5	51.8	27.4
Coconut oil					
Raw*	1 516.2	2 337.0	2 781.6	54.1	19.0
Refined*	919.6	1 406.0	2 033.0	52.9	44.6
Coconut meal ^a	868.6	1 285.5	1 519.5	84.0	18.2
Rum^c	155.0	132.0	155.0	-14.8	17.4
Non-alcoholic beverages ^{bd}	3 849.4	3 389.6	3 819.0	-11.9	12.7
Clothing ^e	389.0	556.0	539.0	42.9	-3.1
Laundry soap ^a	411.4	488.6	553.6	18.8	133

Source: Statistical Department, Saint Lucia.

^aTons.

^bThousands of litres.

^cThousands of proof gallons.

^dRevised figures.

^eThousands dozen.

¹The exchange rate is EC\$ 2.7 per US dollar.

Table 5

SAINT LUCIA: ELECTRICITY PRODUCTION AND CONSUMPTION

	1981	1982	1983	Growth rates	
				1982	1983
Domestic use					
Number of consumers	13 855	14 316	14 828	3.3	3.6
Thousands of kWh	13 511	14 298	15 959	5.8	11.6
Commercial use					
Number of consumers	1 596	1 726	1 408	8.1	-18.4
Thousands of kWh	23 762	24 376	26 576	2.6	9.0
Industrial use					
Number of consumers	72	88	103	22.2	17.0
Thousands of kWh	7 551	6 133	6 762	-18.8	10.3
Street lighting					
Thousand's of kWh	1 026	1 033	993	0.7	-3.9
Losses in transmission					
Thousands of kWh	16 109	18 012	17 697	11.8	-1.7
Internal use					
Thousands of kWh					
Total generated					
Thousands of kWh	61 958	63 852	67 987	3.1	6.5
Total consumed					
Thousands of kWh	45 849	45 840	50 290	-0.2	9.7

Source: Ministry of Finance, Planning and Statistics, Saint Lucia, *Economic Review*, 1983).

The Government is reviewing draft proposals for the establishment of a national energy policy. An energy desk has been set up to monitor the implementation and impact of various policy decisions as they relate to energy matters, and to advise the Government accordingly.

b) *Population and employment*

There was an estimated 2% increase in population in 1983, raising the figure to 126 360. No systematic estimates of the labour force are available, but indications are that the unemployment rate stood at some 25% in 1983. Contributing to this relatively high rate was the reduced activity in the construction sector.

3. The external sector

a) *Merchandise trade*

i) *Exports*. In 1983, a significant increase of nearly 15% was registered in total exports, while domestic exports increased in value by 5% over the previous year. Much of the figure for re-exports was accounted for by construction equipment that was re-exported at the end of work on the Oil Transshipment Terminal. Banana export earnings increased by 33%, with nearly 41% of the bananas exported going to the United Kingdom market. The United States market accounted for about 11% of total exports, mainly garments (see table 6).

ii) *Imports*. Imports, which had risen at an average rate of 22% from 1978 to 1980 with the increase in economic activity in both the manufacturing and construction sectors, declined in 1982 and maintained their downward trend in 1983. The decline in imports of manufactured goods, machinery and transport equipment in 1983 resulted mostly from the situation in the construction sector. The major share of St. Lucia's imports during the year came from the United States. Trade

with CARICOM countries declined in 1983 to 17% of total imports compared with 20% the year before, possibly reflecting the trading difficulties experienced in CARICOM (see tables 7 and 8).

iii) *Terms of trade.* An improvement in the terms of trade was noted in 1983 as export prices continued to improve and as the effects of anti-inflationary policies pursued by the main industrial countries began to be felt in the lower growth rate of import prices.

Table 6

SAINT LUCIA: EXPORTS OF MAJOR GOODS, FOB

	Millions of EC dollars			Growth rates	
	1981	1982	1983	1982	1983
Total	112.3	112.0	128.3	-0.3	14.6
Traditional exports					
Bananas	39.6	42.2	56.2 ^a	7.0	33.2
Coconut oil					
Unrefined	3.1	1.2	1.9	-61.3	58.3
Refined	3.9	7.1	5.7	82.1	-19.7
Coconut meal	0.2	0.4	0.3	50.0	-25.0
Cocoa	0.3	0.0	0.3	-100.0	300.0
Fruit and vegetables	1.1	0.9	1.1	-18.2	22.2
Spices	0.4	0.8	0.7	100.0	-14.3
Non-traditional exports					
Beer and ale	2.8	5.7	4.3	103.6	-24.6
Paper and paperboard	15.1	14.2	11.8	-6.0	-16.9
Lemonade and flavoured waters	3.6	2.0	2.3	-44.4	15.0
Clothing	10.2	11.1	15.5	8.8	39.6

Source: Ministry of Finance, Planning and Statistics, Saint Lucia, *Statistical Bulletin No. i*, March 1984.

^aMinistry of Finance, Planning and Statistics, Saint Lucia, *Economic Review 1983*.

Table 7

SAINT LUCIA: IMPORTS OF GOODS, CIF

	Millions of EC dollars			Percentage breakdown		Growth rates	
	1981	1982	1983	1982	1983	1982	1983
Total	348.0	318.7	288.4	100.0	100.0	-8.4	-9.6
Consumer goods	199.8	185.8	161.1	58.2	55.9	-7.0	-13.3
Food, beverages and tobacco	80.9	79.5	74.8	24.0	25.9	-5.4	-5.9
Manufactured goods, including durables	118.9	109.3	86.3	34.3	29.9	-8.1	-21.0
Intermediate goods	78.9	78.3	77.5	24.6	26.9	-0.8	-1.0
Mineral fuels, lubricants and related materials	34.0	37.3	35.2	11.7	12.2	9.7	-5.6
Animal and vegetable oils and fats	3.9	3.0	1.5	0.9	0.5	-23.1	-50.0
Chemicals	33.9	31.2	34.6	9.8	12.0	-8.0	10.9
Crude materials	7.1	6.8	6.2	2.1	2.1	-4.2	-8.8
Capital goods	69.3	54.6	49.9	17.1	17.3	-21.2	-8.6
Machinery and transport equipment	69.2	54.6	49.7	17.1	17.2	-21.1	-8.9
Miscellaneous items	0.1	-	0.2	-	0.1	-	-

Source: Ministry of Finance, Planning and Statistics, Saint Lucia, *Economic Review, 1983 and Statistical Bulletin No. 1*.

Table 8

SAINT LUCIA: MAIN FOREIGN TRADE INDICATORS

(1975 = 100)

	1979	1980	1981	1982	1983
Volume index - exports	139.7	113.5	141.6	129.8	136.9
Volume index - imports	142.0	158.5	162.0	145.0	139.8
Average unit value index - exports	138.8	159.6	171.4	186.2	196.8
Average unit value index - imports	177.7	247.5	252.0	257.2	266.8
Terms of trade	78.1	64.5	68.0	72.4	73.0

Source: Ministry of Finance, Planning and Statistics, Saint Lucia, *Statistical Bulletin No. 1*.

Table 9

SAINT LUCIA: SELECTED TOURISM STATISTICS

	1981	1982	1983	Growth rates	
				1982	1983
Total visitors ^a	90.0	106.0	113.0	18.4	6.4
Total expenditure ^b	38.5	41.4	42.3	7.5	2.2
Cruise-ship visitors	0.4	0.8	0.9	100.0	12.5
Other visitors	38.1	40.6	41.4	6.6	2.0
Average daily expenditure per stopover visitor ^c	65.8	64.3	60.9	-2.3	-5.3
Average length of stay of stopover visitors ^d	8.9	9.5	9.5	6.7	0.0
Hotel occupancy rate ^e	52.3	52.5	56.2	0.4	7.0
Number of beds available	3 191.0	3 421.0	3 421.0	7.2	0.0

Source: Ministry of Finance, Planning and Statistics, Saint Lucia, *Economic Review 198*).^aThousands. ^bMillions of US dollars. ^cUS dollars. ^dDays. ^ePercentage.b) *Services trade*

The recovery of the tourism industry, which began in 1982, continued in 1983 with a 6% increase in visitor arrivals over the year before. However, gross receipts from tourism increased by only 2.2% to US\$ 42.3 million, as a result of the reduction of room prices and of the average daily expenditure of tourists. Hotel room occupancy rates increased to 56.2% from a previous high of 52.5% (see table 9).

Some 32% of all visitors in 1983 came from the United States and Canada, reflecting to some extent the pattern in the marketing of the St. Lucia tourism product. Some progress was made on a project to **construct** a cruise ship pier with duty-free facilities. The provision of this element of infrastructure should boost earnings from tourism. A concerted attempt is being made to provide better air links between St. Lucia and major tourist centres.

c) *The balance of payments*

There was a significant improvement in the current account position in 1983, even though the figure remained negative. The overall balance of payments position registered another small deficit in 1983.

In the current account, an increase in export earnings reduced the merchandise trade deficit to US\$ 57.1 million. However, to the extent that the fall in imports was partly due to the difficulty of

obtaining raw materials, it is not clear whether the lower merchandise trade deficit is necessarily a good thing.

The services account remained fairly stable, largely because of tourism earnings. Net private transfers, representing to a large extent remittances from nationals abroad to relatives at home, increased slightly to US\$ 12 million in 1983, from a figure of US\$ 11 million in 1982.

Net capital inflows were drastically reduced as a result of the completion of the Oil Transshipment Terminal, as well as the decision to postpone plans for the construction of an oil refinery. No major developments in private direct foreign investment took place in 1983.

In order to finance the overall deficit on the balance of payments, the Government drew down on its foreign assets and borrowed from the East Caribbean **C**entral Bank (see table 10).

4. Wages, prices and employment

a) *Wages*

In 1983, wage settlements in the private sector ranged from 11% to 50% over a contract period of two years. These were considerably lower than the amounts sought by the trade unions. No wage and salary settlements in the public sector were effected in 1983 despite the fact that the contracts were due for renegotiation. Negotiations will be carried on against the background of the inability of Government finances to support high wage increases.

Table 10

SAINT LUCIA: BALANCE OF PAYMENTS

(Millions of US dollars)

	1981	1982	1983
Exports of goods and services	80.1	83.0	92.0
Goods	41.6	41.6	49.7
Services (travel)	38.5	41.4	42.3
Imports of goods and services	136.7	127.5	117.2
Goods	128.9	118.1	106.8
Services (travel)	7.8	9.4	10.4
Trade balance (goods)	-87.3	-76.5	-57.1
Trade balance (goods and services)	-56.6	-44.5	-25.2
Factor services	-4.8	-5.8	-6.3
Interest received	0.2	0.2	0.1
Interest paid	-0.9	-1.0	-1.4
Others	-4.1	-5.0	-5.0
Unrequited private transfer payments	14.9	11.0	12.0
Balance on current account	-46.5	-39.3	-19.5
Unrequited official transfer payments	5.4	7.4	7.9
Direct investment	38.2	20.0	8.0
Official sector	3.1	6.0	3.8
Commercial banks	-1.5	-1.4	-5.6
Errors and omissions (net)	-3.9	7.9	4.1
Balance on capital account	41.3	39.9	18.2
Global balance	-5.2	0.6	-1.3
Total variation in reserves (- sing indicates an increase)	4.1	-2.6	

Source: Ministry of Finance, Planning and Statistics, Saint Lucia, *Economic Review 1983* and IMF data.

Table 11
 SAINT LUCIA: EVOLUTION OF DOMESTIC PRICES
 (April 1964 = 100)

	1981	1982	1983
December to December variation			
All items retail price index	9.5	0.6	1.3
Food	10.6	-1.4	1.2
Alcoholic beverages and tobacco	6.3	5.1	6.5
Housing	11.4	-	-0.7
Fuel and light	-0.2	3.4	-1.4
Household and miscellaneous items	29.0	10.1	2.5
Clothing and footwear	1.8	4.4	4.7
Services	1.1	1.0	-0.4
Annual average variation			
All items retail price index	15.1	4.6	1.5
Food	19.0	3.0	4.7
Alcoholic beverages and tobacco	3.7	9.3	9.5
Housing	12.4	8.6	-0.2
Fuel and light	8.1	2.6	-0.4
Household and miscellaneous items	8.4	21.0	4.2
Clothing and footwear	3.9	2.9	5.2
Services	9.4	0.5	0.5

Source: Statistical Department, Saint Lucia.

b) Prices

The rate of inflation, as measured by the index of retail prices (annual averages), slowed considerably in 1983, following a trend that had begun in 1981. The continued strength of the United States dollar and the containment of inflation in trading partner countries impacted favourably on the index, resulting in an increase of only 1.5% in 1983. The biggest rises were in drink, tobacco, clothing, footwear, and food.

The index is now some twenty years old, and work is being done on its revision (see table 11).

5. Monetary and fiscal policy

a) Monetary policy

The East Caribbean Currency Authority (ECCA) graduated to the status of a Central Bank on 1 October 1983, with the following mandate: "i) to regulate the availability of money and credit; ii) to promote and maintain monetary stability; iii) to promote credit and exchange conditions and a sound financial structure conducive to the balanced growth and development of the economies of the territories of the participating Governments, and iv) to actively promote through means consistent with its other objectives the economic development of the economies of the territories of the participating Governments." By the end of 1983, the net international reserves of the Bank stood at EC\$ 136.2 million: a 1.8% increase over the previous year. The Bank's net claims on member Governments rose by 5.3% to EC\$ 56 million. Of this amount, some EC\$ 13.5 million were liabilities of the Government of St. Lucia. This represented an increase of almost 9% over the amount as at the end of 1982.

Moderate monetary expansion was experienced in 1982, whether judged by growth in the money supply in its narrow sense (1.5%) or domestic credit (6.5%). However, quasi-money increased more than 19%. Credit to government grew by 19%, while credit to the private sector grew 6% (see table 12).

Commercial banks in St. Lucia continued to orient their lending policies towards the granting of long-term loans for an average of 10 years instead of 15 as was previously the case. In the interest of maximizing profitability and liquidity, credit has been selective and has tended towards distributive trade and tourism. The Government imposed selective credit controls on the financing of a number of luxury-type consumer items in an effort to induce a shift from consumption to productive investment, but by the end of 1983 loans to consumers had risen almost 6%, although commercial bank credit expanded by less than 3% (see table 13).

The commercial banking system showed improved liquidity at the end of 1983 because of the faster rate of growth of resources relative to that of demand for credit.

The St. Lucia Development Bank, operating with funds from the CDB, began the assignment of development credit in a more meaningful manner. The St. Lucia Mortgage Finance Company Limited increased its maximum individual loans from EC\$ 80 000 to EC\$ 100 000. Mortgage disbursements totalled some EC\$ 3.5 million, and brought the total loans outstanding to EC\$ 20.9 million.

Table 12

SAINT LUCIA: MONETARY BALANCE

	Millions of EC dollars at year-end			Growth rates	
	1981	1982	1983	1982	1983
Money supply	55.73	57.56	58.43	3.3	1.5
Currency outside banks	27.69	27.98	30.26	1.0	8.1
Demand deposits	28.04	29.58	28.17	5.5	-4.8
Factors of expansion	211.08	230.03	262.15	9.0	14.0
Foreign assets (net)	-16.31	-7.31	9.48	55.2	229.7
Domestic credit (net)	227.39	237.34	252.67	4.4	6.5
Government (net)	33.09	31.89	38.01	-3.6	19.2
Private sector	187.77	199.73	210.92	6.4	5.6
Factors of absorption	155.35	172.46	203.72	11.0	18.1
Quasi-money (time deposits and saving deposits)	140.70	156.99	187.35	11.6	19.3
Other items	14.65	15.47	16.37	5.6	5.8

Source: International Monetary Fund.

Table 13

SAINT LUCIA: COMMERCIAL BANK LOANS AND
ADVANCES TO PRIVATE SECTOR"

(Millions of EC dollars)

	At year end			Growth rates	
	1981	1982	1983	1982	1983
Total	192.4	200.8	206.0	4.4	2.6
Agriculture	10.6	8.6	7.8	-18.9	-9.3
Manufacturing	24.1	18.9	16.7	-21.6	-11.6
Distributive trade	24.3	36.4	41.2	49.8	132
Tourism	14.0	23.3	24.0	66.4	3.0
Transport	13.9	11.5	7.8	-17.3	-32.2
Construction	7.9	6.2	6.2	-21.5	0.0
Public utilities	1.7	1.6	2.7	-5.9	68.8
Personal and other loans	95.9	94.3	99.6	-1.7	5.6

Source: Eastern Caribbean Central Bank and Ministry of Finance and Planning, Saint Lucia.
*Includes loans and advances to some of the statutory bodies and public enterprises.

b) *Fiscal policy*

A sharp decline of about 59% in the overall deficit (after foreign financing) was achieved in the fiscal year 1983/1984, compared with the previous year. Tighter administrative controls and an inflow of foreign capital grants helped to keep the total deficit (less foreign financing) to EC\$ 13 million in fiscal year 1983/1984, compared with the deficit of EC\$ 19 million of the year before.

Total revenue and grants increased to an average of 7% of GDP for the fiscal year period 1978/1979 to 1983/1984, with grants being the major component in this increase. Tax revenue as a percentage of GDP remained stable in the fiscal year 1983/1984, but the income tax component decreased as a consequence of the liquidity problems that affected business in 1983. Taxes on goods and services, largely comprising consumption duties on consumer goods, remained static, while taxes on international trade increased by 13%. Non-tax revenue increased slightly during the fiscal year 1983/1984.

Total central government expenditure during the fiscal year 1983/1984 registered a 5% increase over the level of the previous year, but remained unchanged (45%) as a proportion of GDP. Wages and salaries **continued** to account for a significant portion of total expenditure. The tight liquidity situation caused the Government to approach the public sector unions with a view to imposing a moratorium on wage and salary increases in the fiscal year 1983/1984. Expenditure on goods and services fell in response to lower import prices, the lower volume of goods imported, and austerity measures embarked on by the Ministry of Finance. Under this ministry's Capital Expenditure Programme, the main emphasis continued to be placed on existing projects of infrastructural rehabilitation. Thus, most of the expenditure in the fiscal year 1983/1984 was incurred under the Road Rehabilitation Project and the School Building Programme. Preliminary estimates of expenditure suggest that capital expenditure came to **EC\$** 34.9 million, of which some 65% was financed by external grants.

SURINAME

1. Recent economic trends: Introduction and summary

The economic indicators for Suriname reflect a declining performance since 1981, the last year for which a survey was conducted (see table). The Gross Domestic Product (GDP) has not recovered the growth rate attained in 1976-1978, and after relatively fast growth in 1981 it has risen only modestly over the last two years. This is associated with a decline in mining activities from 1981 onwards, and is also reflected in the drop in the value of exports. The poor performance of these and other productive activities has entailed a reduction of government income, aggravated in 1983 by the suspension of Dutch aid that was programmed to continue at an annual rate of approximately Sf. 170 million¹ till 1986.

These circumstances have opened a resource gap dramatically exemplified by a growing fiscal deficit and an increasingly negative external balance which has steadily deteriorated from the surpluses averaging Sf. 30 to 40 million in the 1976-1980 period. The visible trade balance registered deficits of over Sf. 100 million in 1982 and almost Sf. 150 million in 1983, while the current account deficit grew from Sf. 104 million in 1980 to Sf. 291.7 million in 1983.

The Government, whose expenditure represents more than 25% of GDP, has tried to compensate for this downturn by maintaining and even increasing its levels of expenditure. This has meant a dramatic growth in public sector debt, both internal and external. For 1983, the figures show an unfunded public debt of Sf. 481.3 million, twenty times larger than in 1980, with the fiscal deficit as a proportion of total expenditure having grown to 49% in 1983.

Both public and private investment declined below their 1978-1981 levels, thereby permitting domestic consumption to be maintained in spite of the unsatisfactory overall evolution of the economy (see table 2). The sectoral evolution of the GDP (table 3) shows the poor performance of the basic production sectors and the growing importance of services, especially in the financial and government sectors.

2. Trends in economic activity

a) *Evolution of the main sectors*

i) *Agriculture.* Data on agricultural production are not complete for the period 1981-1983, and on account of statistical revisions of the 1979-1981 figures the evolution of the sector is not clear. The share of agriculture and fisheries in the GDP has remained about 9% to 10%, although showing negative growth in 1982 and 1983 (see tables 4 and 5). Forestry declined somewhat in 1982 and remained stagnant in 1983.

Rice production, which is the main agricultural activity in terms of the area of land cultivated, increased rapidly over the last three years, creating a surplus of high quality grain. The remarkable increase was due to the introduction of high-yielding varieties, the greater availability of water, allowing two crops a year, and the rapid mechanization of even small farms. Although the volume exported grew from 101 000 tons in 1980 to 130 000 tons in 1982-1983, the unit value has decreased from Sf. 745.50 per ton to Sf. 520.50 over the same period (see section 3 "The external sector"). The domestic price for rice, which has been the object of support measures, is around Sf. 80 per ton for the "regular" varieties, but this price is not attractive for producers of high quality long-grain varieties, for which the country seems to be specially suited. Rice production is carried out increasingly by large-scale farms, while the importance of small-scale production is declining.

¹The official exchange rate for the Suriname guilder (Sf.) is Sf. 1.7850 per US dollar.

Sugar production has been declining since 1979, and this has resulted in the cessation of exports to the preferential EEC market. Of the other export crops, banana production has been stagnant in the 1981-1983 period and thus export values have not risen much since 1981 in spite of the rising unit export prices. Palm oil production has risen significantly over the period 1975-1983 as new plantations have come to fruition. Of the four oil-producing estates three are fully State-owned while the fourth is 72% public owned. The area devoted to this crop grew significantly between 1975 and 1979-1981. From 1981 onwards, no new areas have been planted, but production has kept increasing as new plants have matured to the productive stage. Exports of palm oil and derivatives, especially stearin and fatty acids, have increased although **export** unit prices have been decreasing. The production of other oil-bearing crops such as peanuts and soybeans seems to have remained at low levels.

Citrus plantations have not expanded, and production actually decreased in 1982 **from** the already low 1980-1981 level, so that it is well below the 1975-1977 level. High production costs, inadequate investments and disease (tristeza) explain this decline.

Table 1

SURINAME: MAIN ECONOMIC INDICATORS

	1980	1981	1982	1983 ^a
A. Basic economic indicators				
Gross domestic product at factor cost (millions of Suriname guilders [Sf.] at 1973 prices) ^b	771	814	830	847
Population (thousands of inhabitants at mid-year)	356	355	364	374
Per capita gross domestic product (Sf. at 1973 prices)	2 164	2 290	2 280	2 267
Growth rates				
B. Short-run economic indicators				
Gross domestic product	-3.0	5.6	2.0	2.0
Per capita gross domestic product	-0.9	5.8	-0.4	-0.6
Current value of exports of goods and services	19.4	-7.7	-9.9	-14.7
Current value of imports of goods and services	28.0	6.7	-5.3	-13.3
Consumer price index				
December to December variation	10.9	7.5	6.3^b	4.4*
Variation between annual averages	13.2	8.7	7.3	4.4
Money supply (M ₁ + quasi-money)	10.2	23.9	12.6	15.7
Wages and salaries (real)	1.5	5.8	8.3	7.6
Rate of unemployment	...	...	...	...
Current revenue of government	11.8	9.7	5.7	-16.1*
Current expenditure of government	11.7	23.7	15.5	25.4*
Fiscal deficit as a percentage of total expenditure	.	6.4	13.9	48.8
Millions of dollars				
C. External sector				
Trade balance	60	-33	-32	-35
Balance on current account	-58	-119	-154	•164
Balance on capital account	84	132	111	54
Variation in net international reserves	-24	-16	41	...

Source: Bureau of Statistics (ABS), National Planning Office, Central Bank of Suriname and Ministry of Economic Affairs.
^aPreliminary figures. ^bCalculations by the Economic Commission for Latin America and the Caribbean (ECLAC).

Table 2

SURINAME: TOTAL SUPPLY AND DEMAND

	Millions of current Suriname guilders			Growth rates	
	1981	1982	1983 ^o	1982	1983 ["]
Total supply	3 304.0	3 395.8	3 325.8	2.8	-2.1
Gross domestic product at market prices	2 046.0	2 205.0	2 293.0	7.8	4.0
Imports of goods and services	1 258.0	1 190.8	1 032.8	-5.3	-13.3
Total demand	3 433.8	3 788.5	3 625.5	10.3	-4.3
Domestic demand	2 424.0	2 879.0	2 850.0	18.8	-1.0
Total consumption	1 984.0	2 093.0	2 252.0	5.5	7.6
Investment	400.0	393.0	298.0	-1.8	-24.2
Public	175.0	189.0	102.0	8.0	-47.0
Private	225.0	204.0	198.0	-9.3	-2.9
Exports of goods and services	1 009.8	909.5	775.5	-9.9	-14.7

Source: Bureau of Statistics, Central Bank of Suriname and World Bank Mission estimates.

^oPreliminary figures.

Table 3

SURINAME: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST

	Millions of 1973 guilders			Percentage breakdown		Growth rates	
	1981	1982	1983 ["]	1975	1983 ["]	1982	1983 ["]
Gross domestic product	814	830	847	100.0	100.0	2.0	2.0
Goods	310	302	304	41.8	35.9	2.6	0.7
Agriculture and fisheries	84	83	80	9.9	9.4	-1.2	-3.6
Forestry and wood industry	14	12	12	1.6	1.4	-14.3	.
Mining and bauxite	92	78	77	22.2	9.1	-15.2	-1.3
Manufacturing	94	103	109	6.2	12.9	9.6	5.8
Construction	26	26	26	1.9	3.1	-	-
Basic services	64	66	68	6.8	8.0	3.1	3.0
Public utilities (gas, water and electricity)	19	20	20	2.5	2.4	5.3	.
Transport, storage and communications	45	46	48	4.3	5.7	2.2	4.3
Other services	440	462	475	51.4	56.1	5.0	2.8
Trade, commerce and tourism	104	105	103	17.1	12.2	1.0	-2.0
Financial services, banking and insurance	75	80	86	4.2	10.2	6.7	7.5
Household services	33	34	35	4.2	4.1	3.0	2.9
Government	213	228	235	23.4	27.7	7.0	3.1
Other general social and personal services	15	15	16	2.5	1.9	-	6.7

Source: Bureau of Statistics and National Planning Office.

["]Preliminary figures.

Table 4

SURINAME: INDICATORS OF AGRICULTURAL PRODUCTION

	1981	1982	1983 ^o	Growth rates	
				1982	1983 ^o
Indexes of agricultural production (1970 = 100)					
Crop farming	...	...	...	...	...
Livestock	...	...	...	...	...
Fishing	222.2*	201.6*	195.0 ^b	-9.3	-3.3
Forestry	...	...	...	...	...
Agricultural crops for export (tons)					
Paddy rice	265 572	301 130	310 960	13.4	3.3
Sugar cane	146 327	139 000*	121 220*	-5.0	-12.8
Palm-oil ^f	4 903	5 638	6 247	15.0	10.8
Peanuts	...	...	...	...	...
Bananas	40 175	41 458	41 000	3.2	-1.1
Citrus ^d	43 650	36 151	...	-17.2	...
Vegetables (for domestic consumption)					
Maize	...	...	...	...	...
Coconuts	6 526	7 177	...	10.0	...
Plantains	...	...	...	...	...
Green vegetables	...	...	...	...	...
Root crops	...	...	...	...	...
Coffee	43	300 ^b	23*	597.7	-92.3
Cocoa	...	...	...	...	...
Livestock production					
Beef cattle					
Number of livestock	51 230	49 186	...	-4.0	...
Number of animals slaughtered	8 121	8 363	...	3.0	...
Meat production (tons)	...	...	...	...	...
Pork					
Number of livestock	...	...	...	...	...
Number of pigs slaughtered	...	...	...	...	...
Meat production (tons)	1 102	993	...	-9.9	...
Poultry					
Production (thousands of head)	4 200	4 300	...	2.4	...
Milk					
Production (fresh, thousands of litres)	7 106	8 300	...	16.8	...
Fishing production					
Shrimp catch (tons)	3 799	3 400	3 288	-10.5	-3.3
Forestry production (cubic metres)					
Raw lumber					
Roundwood ^e	275.0	248.0	203.0	-9.8	-18.1
Square logs	21.9	26.5	29.0	21.0	9.4
Semi-processed wood					
Sawn ^f	63.4	59.0	47.8	-6.9	-19.0
Chipboard	6.2	6.2	3.1	-	-49.2
Plywood	19.4	20.0	18.1	3.1	-9.5

Source: Bureau of Statistics, National Planning Office and Government Forestry Services.

^oPreliminary figures. ^bECLAC estimates on the basis of national figures. ^cAt an extraction rate of 20% of fruit production.

^dIncludes oranges, grapefruit and others, in thousands of units. ^eTotal unprocessed production of roundwood for sawn wood, plywood, etc.

^fSawn, planed and grooved wood, including railroad ties.

Table 5

SURINAME: AGRICULTURAL AREA UNDER CULTIVATION

(Hectares)

	1980	1981	1982	1983 ^o
Paddy rice	64 956	66 424	72 571	68 000
Maize	183	206	...	...
Sugar cane	2 392	2 422	2 489	...
Oil palm	2 560	2 828	2 828	2 828
Soybeans	43	46	...	...
Peanuts	208	339	...	...
Coconuts	1 097	1 340	...	...
Bananas	1 505	1 571	1 575	1 618
Plantains	284	601	...	...
Citrus	1 933	2 154	1 771	...
Root crops	567	706	...	...
Green vegetables	718	1 402	...	...
Coffee	152	344	...	...
Cocoa	250	319	440	...
Total cultivated area	77 619	82 355	89 508 ^b	84 239 ^b

Source: Bureau of Statistics.

^aPreliminary figures.^bECLAC estimates on the basis of national figures.

Vegetables, fruits and root crops for internal consumption, production of which grew significantly until 1981, have been facing low prices in the local market and there has thus been no incentive to change production patterns and promote a shift of land use from traditional export crops to these.

Agriculture continues to suffer from high labour costs and a decline in the number of workers engaged in these activities. The total cultivated area, which had grown rapidly till 1982, actually seems to have decreased in 1983 (see table 5).

Livestock production indicators are not available for 1983, but figures for 1982 show that poultry and pig production stagnated over the last two years. Beef production increased and cattle stocks grew steadily from 1977 to 1981, but in 1982 there seems to have been a slight decrease in stocks. Milk production, which had fallen drastically in 1977-1978, recovered over the period 1979-1982 and under the stimulus of price increases it is now 10% higher than in 1975.

Fishing has also stagnated and the catch of shrimp, which are also an important export, has decreased from the peak level of 1977. In spite of this, however, because of the decline in other exports and slight value increases shrimps have increased their share of total exports from 4% to 6%. Other fishery products with export potential —such as fins from species caught by shrimpers—have increased slightly but have not developed to the expected levels. Processed fish prices dropped more than 40% in 1982.

The forestry sector, which has an obvious potential in Suriname but accounts for only 2% of GDP, stopped growing after the 1976-1979 period. Total raw lumber production has declined from its 1978-1979 peak of 357 000 cubic metres to 203 000 cubic metres in 1983. Processing and exports have also declined. In spite of the fact that 80% of Suriname is covered by dense forests, only about 2 million hectares of forest lands are currently classified as commercially exploitable under present techniques. Of more than 300 species of trees, only 20% are commercially desirable ones.

ii) *Manufacturing*. The industrial and manufacturing sector (excluding bauxite processing) contributed around 13% of GDP —a similar share to that of recent years. The fastest growing and largest subsector is food processing, mainly milling activities which are highly dependent on wheat imports (see table 6). Margarine production has been growing rapidly also, as well as the processing of edible oils, but sugar refining has decreased. Together with the beverages and tobacco, subsector, in which the bottling of beer and soft drinks and tobacco manufacturing are the most important industries, food processing represents 64% of all manufacturing activities.

Of the industrial subsectors, cement and building blocks have also grown, thanks to the increased level of construction activity in the 1980-1981 period. Production of intermediate goods remains slight. There has been some increase in chemical industry production, mostly of consumer goods like toothpaste, soaps and paints. Metal manufactures have actually decreased from 1981 to 1983 and the assembly of electrical appliances is still at a very low level. The structure of the sector remains one of predominantly light industries geared to consumer needs and principally based on imported raw materials.

Given the poor performance of the forestry sector, downstream industries such as the production of particle boards, plywood, and pulp are stagnant. These industries represent about 8% to 9% of industrial production.

In order to alter the present structure of production in Suriname, a Centre for the Development of Industry and Exports (INDEX-Centrum) was created in 1981 and since then has carried out industrial studies, undertaken market research, and prepared pre-feasibility and feasibility studies. This institution, which is also intended to channel new investment into the country, has established criteria and sectoral priorities for the acceptability of investment. These include appraisal of investment projects from the point of view of their: a) contribution to employment; b) contribution to government income; c) contribution to the balance of payments, in terms of the net potential foreign exchange savings or earnings through import substitution or exports; d) the expansion of activities, by opening-up new productive areas or by creating linkages with other sectors of the national economy; and e) sectoral and geographical location (some areas have been designated as priority locations for the regional development of the country).

INDEX-Centrum is promoting a number of "core" industries aimed at creating productive links which now barely exist. These industries, which include bauxite, kaolin, clay tiles, glass, etc., are aimed at generating a resource-based industrial sector and developing the nation's hinterland. The district of Para has received special attention and INDEX-Centrum has identified projects which require investment totalling Sf. 107 million in the areas of soap manufacturing, clay bricks, ceramic tiles, glass, aluminium and a ceramic laboratory. The direct employment-generating effect of this investment is estimated at 425 jobs. Altogether INDEX-Centrum has launched 43 projects totalling Sf. 28.7 million between 1981 and 1983, of which 22 are in the construction stage and represent an investment of Sf. 16.9 million. Direct employment generation by the 43 projects is estimated at 633 jobs (with an investment cost per job averaging Sf. 45 000 or US\$ 25 400). In order to help launch some of these projects, INDEX-Centrum has opened a credit line with the National Development Bank (NDB) and 14 projects have been submitted for total funding of Sf. 4.9 million.

iii) *Mining.* Bauxite and mineral processing still represent a substantial portion of total economic activity, although their contribution fell from 18% of GDP and 80% of export earnings in 1980 to 9% of GDP and 63% of export earnings in 1982. This sector's absorption of the labour force has also declined, from 6.2% in 1980 to 5% in 1983. The index of mining production has fallen by an average of 16% yearly since 1980 (see table 7). The sharpest decline occurred in the case of raw

Table 6

SURINAME: INDICATORS OF MANUFACTURING PRODUCTION

(1974 = 100)

	1980	1981	1982	1983	Growth rates		
					1981	1982	1983
General index of industrial production	150	167	181	191	11.3	8.4	5.5
Food products	160	178	202	241	11.3	13.5	19.3
Beverages and tobacco	157	169	183	191	7.6	8.3	4.4
Other industrial products	142	161	167	173	13.4	3.7	3.6
Electricity generation	263	292	199	165	11.0	-31.8	-17.1
Water supply	116	123	133	134	6.0	8.1	0.8

Source: Bureau of Statistics.

Table 7

SURINAME: INDICATORS OF MINING PRODUCTION

	1981	1982	1983 ^a	Growth rates	
				1982	1983 ^a
Index of mining production (1970 = 100)	88	69*	62*	-21.6	-10.1
Production^c					
Bauxite	4 125	3 065	2 782	-25.7	-9.2
Metal grade bauxite	3 869	2 868	2 598	-25.9	-9.4
Chemical grade bauxite	63	29	41	-54.0	41.4
Calcined abrasive bauxite	158	154	143	-2.5	-7.1
Refractory bauxite	35	14	-	-60.0	-100.0
Alumina	1 249	1 136	1 152	-9.0	1.4
Aluminium	41	43	34	4.9	-20.9

Source: Bureau of Statistics.

^aPreliminary figures.^bECLAC estimates.^cVolume in thousands of tons.

Table 8

SURINAME: BAUXITE PRICES, UNIT VALUE OF EXPORTS
(YEARLY AVERAGES)

(US dollars per ton)

	1980	1981	1982	1983 ^a
Bauxite				
Metal grade	33.95	40.81	45.37	44.03
Chemical grade	46.76	50.07	40.16	40.33
Calcined abrasive	76.24	83.64	80.44	77.85
Calcined refractory	151.66	175.64	165.38	153.00
Alumina	212.54	230.16	220.74	189.29
Aluminium	1 447.54	1 565.73	1 143.65	1 224.45

Source: Bureau of Statistics.

^aPreliminary figures.

bauxite, which fell by 32% between 1980 and 1983. Production of alumina and aluminium fell less markedly, so the percentage of processing over extraction has risen somewhat. The unit value of exports has also declined (see table 8), reflecting the deterioration in world market conditions since 1981 due to problems in the automobile industry and the saturation of the can market. This poor performance has affected the Government's revenues, which depend quite significantly on the bauxite sector: in the 1970s this sector's contribution to government revenues was estimated at 30%, but by 1982, according to official estimates,² it had decreased to 17%.

The recessive situation on the aluminium and bauxite markets and the prevailing national conditions have led to the shelving—at least for the time being—of the ambitious plans that had previously been conceived for the Bakhuis deposits in Western Suriname.

In order to rationalize bauxite production, the two companies which operate in Suriname (SURALCO, a subsidiary of U.S. ALCOA, and Billiton, a subsidiary of Royal Dutch Shell) reached an agreement in August 1983. Under this agreement Billiton takes a 45% share in SURALCO's alumina plant (with a capacity of over 1.4 million tons per year) and smelter (with a capacity of 60 000 tons of aluminium per year). In return, Billiton will supply SURALCO with the necessary raw bauxite from its Paremine site, located 20 miles outside Paramaribo. SURALCO in turn will shut down its Lelytorp

² National Planning Office of Suriname, *Economic Survey of Suriname*, December 1983.

mines but continue to operate the Moengo establishment, 70 miles east of Paramaribo. Thus, according to the agreement which became effective in March 1984, SURALCO retains up to 770 000 tons of its alumina output and guarantees Billiton up to 630 000 tons.

Apart from bauxite, all other mining operations are of limited scale. The Government is at present interested in encouraging the exploitation of kaolin, gold and copper deposits. In the past, gold mining played an important role in the country. The Government expects that its new mining policy and the external impetus provided by attractive world prices and modern mining techniques will revive this activity. Gold production in 1980-1982 was estimated at around 18 kilogrammes per year, with an average value of Sf. 44 000 annually.

Non-metallic resources, especially gravel and crushed stone, have gained importance because of dynamism in the construction sector. Yearly production of crushed stone is estimated at around 20 000 cubic metres, with a value of some Sf. 1 million. Gravel production amounts to about 40 000 tons, also valued at around Sf.1 million.

During 1982 the Suriname State-owned oil company conducted production tests of the different drilling wells in the Tambaredjo area region. Results showed that oil can be produced on a small scale. The total production in 1982 was 4 000 barrels.

iv) *Construction.* The construction sector showed dynamism in the 1980-1981 period, but thereafter stagnated. Most of the construction activity in recent years has been in housing while commercial or institutional construction has been stagnant. The evolution of the structure of construction costs by materials used reflects the increasing demand for more sophisticated or durable materials and the movement of investment towards the construction sector.

b) *Employment and unemployment*

Data on the number of people looking for work and on the rate of unemployment date back to 1980 being based on the census. No more recent figures are available (see table 9).

The structure of employment has not changed substantially over the last three years. The Government, as the main employer, provides almost 39% of all available jobs, followed by trade, commerce and banking, which provide about 15% of jobs. The private goods-producing sectors actually provide fewer jobs now than in past years, although the total number of jobs in the country increased from 94 000 in 1980 to almost 99 000 in 1983 (see table 10).

On the basis of the available evidence, it may be assumed that unemployment must have risen. Emigration, which had increased rapidly up to 1980, was actually reversed in the period 1981-1983, and the demand for employment must have increased on this account. On the other hand, permanent immigrants seem to total less than 3 000 on average. Some old problems, such as the lack of skilled or specialized workers (especially technical and managerial cadres) continue, and migration flows from neighbouring countries are of concern to the Suriname authorities, who have made efforts to absorb the growing work force.

Table 9

SURINAME: EMPLOYMENT AND UNEMPLOYMENT

	1980	1981	1982	1983 ^o
Population of working age ^b	189 191 ^c	...	...	...
Economically active population ^d	83 461 ^c	...	...	...
Population looking for work ^e	14 229 ^c	...	...	...
Average number of jobs	94 448	96 940	97 850	98 760
Rate of unemployment (%) ^f	7.5	...	...	...

Source: Bureau of Statistics, Planning Bureau and Ministry of Finance.

^aPreliminary figures. ^bDefined as the population (male and female) between the ages of 15 and 59 years.

^cData from the 1981 census. ^dAs defined in the 1981 census. ^eAs registered in the 1981 census.

^fRatio of persons registered as looking for work to population of working age.

Table 10

SURINAME: STRUCTURE OF EMPLOYMENT
(BY SECTOR OF **ACTIVITY**)^a

	1980	1981	1982	1983 ^b
Total	100.0	100.0	100.0	100.0
Agriculture, livestock and fisheries	11.7	11.6	11.4	11.3
Forestry and wood processing	3.2	3.0	3.0	2.9
Mining and bauxite	6.2	6.1	5.6	5.0
Industry and manufacturing	10.8	10.3	10.3	10.4
Public utilities (gas, water, electricity)	1.2	1.2	1.2	1.2
Construction	3.8	6.3	5.9	5.6
Trade and commerce (including retail trade, hotels and restaurants)	15.5	15.0	15.0	14.3
Transport and communications	3.9	4.0	3.7	3.8
Financial services	2.4	2.5	2.7	2.8
Government	37.3	36.7	37.6	38.9
Other services	4.0	3.3	3.6	3.7

Source: Planning Bureau and Ministry of Finance.

^aAs a percentage of average number of jobs.

^bPreliminary figures.

3. The external sector

a) *Introduction*

A visible trade deficit occurred for the first time in 1982. The deficit of almost Sf. 150 million in 1983 represents 10% of total trade and a 40% increase over 1982.

Since 1982 the capital account has been unable to compensate for the trade deficit, although the capital inflow has been kept within historical levels, in spite of the suspension of aid and grants from the Netherlands Government. This suspension was somewhat offset by an increase in loans and, for 1983, substantial changes in inter-company balances. Part of this last variable may be explained by accumulated production stocks in the bauxite companies.

b) *Merchandise trade*

Both the value and volume of exports decreased dramatically from 1980 to 1983. All traditional exports experienced a severe downturn (see table 11) and non-traditional exports have not developed at the expected pace. Palm oil and its by-products have not increased substantially and still represent less than 1% of the total value of exports.

Imports, on the other hand, have not receded at the same pace as exports and, even though they went down somewhat in 1983, they still exceed Sf.800 million (see table 12). Imports of consumer and capital goods have decreased in absolute and relative terms: from 22% of total imports in 1979, they represented only 17% in 1982. In contrast, intermediate goods (basically raw materials other than textiles for the manufacturing sector) increased from 23% of total imports to 41% over the same period.

The Government has shown concern over this trade imbalance and has strengthened its control mechanisms. Additional taxes and levies have been imposed on some products, and the mandatory licensing machinery is being applied more stringently, regardless of the dutiable status of goods. A total of 47 tariff items had their rates of duty increased by a decree of 24 December 1983.³ The share of fuels and lubricants in imports fell from 30% to 21% in the same period, showing the healthy sign of an increased energy supply as well as a reduction in demand. This decrease is associated with the increases in February and September 1983 in the duties on petroleum and gasoline.

³Decree E-27E of 24 December 1983, which amends the tariff schedule as published on 31 August 1981 (S.B. 1981, N^o 132).

Table 11

SURINAME: EXPORTS OF GOODS, FOB

	Volume			Value (millions of Suriname guilders)		
	1981	1982	1983°	1981	1982	1983°
Total^b	...	...	...	845.7	765.1	654.7
Traditional exports						
Bauxite and processed products	2 466	1 614	1 619	685.0	480.0	495.0
Bauxite^{cd}	1 268	499	447	119.0	52.0	44.0
Alumina ^d	1 166	1 055	1 143	478.0	416.0	388.0
Aluminium ^d	32	60	29	88.0	125.0	63.0
Agriculture						
Rice^d	113	131	127	65.4	70.3	66.1
Bananas ^d	37	38	32	13.0	14.5	13.8
Fishing	...	...	...	...	...	...
Shrimp^e	3 008	3 303	3 368	39.3	36.0	36.7
Forest products						
Raw lumber ^f	25	15	13	3.1	2.8	2.1
Processed wood ^f	27	32	19	15.5	17.8	9.4
Non-traditional exports						
Palm oil and by-products						
Crude palm oil ^d	-	-	0.53	-	-	0.24
Palm kernels ^d	0.94	-	-	0.18	-	-
Olein ^d	-	-	-	-	-	-
Stearin ^d	1.21	1.57	1.83	0.64	0.72	0.70
Fatty acids ^d	0.24	0.32	0.36	0.09	0.12	0.10

Source: Central Bank of Suriname and Ministry of Agriculture.

^aPreliminary figures.^bDerived from the balance of payments on a cash basis.^cIncludes metal- and chemical-grade bauxite as

well as calcined abrasive and refractory bauxite.

^dThousands of tons.^eTons.^fThousands of cubic metres.

Table 12

SURINAME: IMPORTS OF GOODS, CIF

(Millions of Suriname guilders)

	1979	1980	1981	1982	1983
Total	900.3°	787.1	871.9	803.7°	...
Consumer goods	164.2	...	153.2	147.1	...
Raw materials and intermediate goods	416.1	...	446.6	547.4	...
Fuels, lubricants, etc.	224.7	...	210.1	181.1	...
Fibres and threads	24.6	...	11.3	9.6	...
Other raw materials and intermediate goods	166.8	...	225.2	356.7	...
Capital goods	158.4	...	169.1	148.5	...
Investment goods	106.6	...	106.7	110.0	...
Transport equipment	51.8	...	62.4	38.5	...

Source: National Planning Office and Central Bank of Suriname.

^aDerived from the balance of payments on a cash basis.

Table 13
SURINAME: BALANCE OF PAYMENTS

(Millions of dollars)

	1980	1981	1982	1983
Exports of goods and services	613.0	565.7	509.5	434.5
Goods FOB	514.3	473.9	428.6	366.9
Services^a	98.5	91.9	80.9	67.5
Transport and insurance	45.1	37.8	35.4	26.4
Travel	18.6	17.4	12.0	4.3
Imports of goods and services	657.9	700.1	667.0	578.7
Goods FOB	454.1	506.5	460.3	401.8
Services^a	203.8	193.7	206.6	176.8
Transport and insurance	126.3	123.6	110.0	91.7
Travel	33.6	28.8	35.6	34.5
Trade balance (goods)	60.2	-32.6	-31.7	-34.9
Trade balance (goods and services)	-44.9	-134.4	-157.5	-144.2
Factor services	-20.0	11.5	6.6	-11.2
Profits	-39.5	-19.5	-24.7	-24.7
Interest received	25.0	35.2	35.4	15.8
Interest paid	-1.6	-1.3	-1.1	-1.5
Others	-3.8	-2.6	-2.8	-0.9
Unrequited private transfer payments	6.5	3.7	-2.5	-7.9
Balance on current account	-58.3	-119.1	-153.6	-163.5
Unrequited official transfer payments	73.8	94.8	96.9	2.5
Long-term capital	10.3	33.4	10.9	50.4
Direct investment	10.1	34.7	-6.2	45.7
Portfolio investment	-	-1.0	-1.2	-
Other long-term capital	0.1	-0.4	18.3	4.7
Official sector ^b	-1.6	-2.3	-1.3	-1.6
Loans received	-	-	-	-
Amortization payments	-1.6	-1.3	-0.7	-1.2
Commercial banks ^c	-	-	-	-
Loans received	-	-	-	-
Amortization payments	-	-	-	-
Other sectors ^c	1.7	1.9	19.6	6.3
Loans received	1.7	1.7	19.6	6.3
Amortization payments	-	-	-	-
Basic balance	25.7	9.1	-45.9	-110.6
Short-term capital	-0.7	3.7	1.6	-0.6
Official sector	-0.8	2.6	1.4	0.8
Commercial banks	-7.0	-	-6.3	14.5
Other sectors	7.1	1.1	6.4	-15.9
Errors and omissions (net)	0.7	0.8	1.2	1.3
Balance on capital account	84.3	132.1	110.9	53.7
Global balance^c	26.0	13.0	-42.7	-109.8
Total variation in reserves (- sign indicates an increase)	-23.7	-16.4	41.2	...
Monetary gold	-	-	-	-
Special Drawing Rights	0.7	-3.6	-3.1	...
IMF reserve position	-3.8	0.9	0.5	...
Foreign exchange assets	-16.7	-15.1	33.8	...
Other assets	-4.0	1.4	10.0	-5.0
Use made of IMF credit	-	-	-	...

^a Includes other non-factor services.

^b Includes net loans granted and other assets and liabilities.

^c Equals total variation in reserves (of opposite sign), plus counterpart items: monetization or demonetization of gold, allocation or settlement of Special Drawing Rights, and variation due to revaluation of other reserves.

c) *Direction of trade*

There has been a tendency towards a decline in the importance of the Netherlands both as a buyer as a supplier, in favour of the United States and Japan. Japan now provides 17% of all Suriname's imports.

Trade with other Caribbean countries, whose share in the total grew from 15% to 27% between 1976 and 1981 due to the oil imports from Trinidad and Tobago, fell to 22% in 1982. Trade with the rest of the Latin American region has remained at a very low level and also decreased in 1982.

d) *The balance of payments*

Trade, services and factor payments showed negative balances in the 1981-1983 period (see table 13). Unrequited private transfers, of which Suriname is traditionally a net receiver from immigrants living abroad, became negative in 1982 and 1983, i.e. transfers from expatriates living in Suriname and monetary flows of Surinamese origin exceeded transfers made by Surinamese abroad.

The deficit on current account reached an unprecedented US\$ 163 million in 1983 (compared with US\$ 46 million in 1978 and US\$ 58 million in 1980) and amounted to 38% of all export earnings. The capital account also worsened considerably in 1983.

These negative trends explain the fall in international reserves. It is interesting to note the high level of gold reserves in 1983 and the fact that Suriname used its reserve position in the IMF to an unprecedented level.

Foreign indebtedness grew in 1982-1983, compensating for Dutch grants not received. However, only Sf. 23.8 million could be funded, much of it with the local commercial banks. Amortization of the public debt in 1983, although higher than in 1982, was substantially lower than in 1980 and 1981 (see table 14).

Table 14
SURINAME: INDICATORS OF INDEBTEDNESS

(Thousands of Suriname guilders)^a

	1980	1981	1982	1983 ^b
Total public debt	36 406	82 455	182 074	505 082
Unfunded^c and floating^d debt	24 006	72 455	172 374	481 282
With the Central Bank of Suriname	23 395	66 988	167 436	446 004
With commercial banks	611	5 467	4 938	35 278
Funded debt^e	12 400	10 000	9 700	23 800
Servicing of public debt	12 056	10 041	10 662	23 756
Interest payments	6 761	5 116	7 578	15 191
Internal funded debt	991	940	988	879
External funded debt	3 250	2 762	3 548	2 110
Floating debt	2 520	1 414	3 042	12 202
Amortization	5 395	4 925	3 084	8 565
Internal funded debt	2 186	1 996	2 368	1 682
External funded debt	3 209	2 929	716	1 883
Floating debt	-	-	-	5 000
Servicing of public external funded debt	6 459	5 691	3 264	3 993
Amortization	3 209	2 929	716	1 883
Interest payments	3 250	2 762	2 548	2 110

Source: Central Bank of Suriname and Ministry of Finance and Planning.

^aIn calculating the Funded Public Debt increases or decreases due to changes in the exchange rates with the Dutch Guilders have not been taken into account. The rate used is NF 1.00 = Sf 0.68.

^bPreliminary figures. ^cUnfunded debt originates in the financing of the government deficit through the printing of money.

^dFloating debt originates in the financing of the government deficit through issues of short term renewable securities.

^eFunded debt originates in the financing of the government deficit through loans.

Table 15

SURINAME: EVOLUTION OF WAGES AND SALARIES^a

	1980	1981	1982	1983 ^b
Index (1972 = 100)				
Wages and salaries				
Nominal	238	274	318	360
Real ^c	103	109	118	127
Growth rates				
Wages and salaries				
Nominal	14.4	15.1	16.1	13.2
Real	1.5	5.8	8.3	7.6

Source: Bureau of Statistics data; calculations by ECLAC.

^aOn the basis of a sample of large enterprises in the basic sectors.^bEstimate on the basis of the data available for the third and fourthquarters. ^cDeflated by the consumer price index.

Table 16

SURINAME: EVOLUTION OF DOMESTIC PRICES

(Revised index. Base year: April 1968 - March 1969 = 100)

	1980	1981	1982	1983
December to December variation				
All items consumer price index	10.9	7.5	6.3	4.4 ^a
Variation between annual averages				
All items consumer price index	13.2	8.7	7.3	4.4
Food and beverages	11.2	8.2	3.3	4.5
Housing and furnishings	15.3	-1.1	10.8	5.5
Clothing and footwear	8.6	16.0	7.8	6.5
Other items	17.1	11.9	9.6	2.2

Source: Bureau of Statistics.

^aEstimated on the basis of variation between the fourth quarters of each year.

4. Wages and prices

a) Wages

Information on wages and their structure is incomplete. On the basis of a survey of large enterprises in the basic sectors (excluding agriculture), it appears that real wages increased rapidly in the period 1981 to 1983 by between 6% and 8% per annum. In the last year, this was achieved even though the rate of increase of the nominal rate was smaller than in 1982, since the inflation rate was also quite low (see table 15).

The fastest growing wages were in mining and industry, where they outpaced productivity, since in general the value of output did not grow as fast as wages. If mining is excluded, however, the situation is reversed and the big enterprises in industry and services show a faster growth of turnover than of wages. This is particularly true of the banking sector. An important feature of wage evolution has been the restraint shown in respect of government salaries which increased the slowest. This is particularly important since, as already noted, the Government is the largest single employer.

b) *Prices*

Following the double-digit rates 13% to 14% of 1979 and 1980, inflation declined progressively, to 4.4% in 1983 (see table 16). Of the commodity groups that comprise the index, clothing and footwear prices rose the most in the last few years, but given their smaller share in the price index structure this did not affect the overall deceleration in prices. Food and beverages were the only prices showing some slight acceleration in 1983.

5. Monetary and fiscal policy

a) *Fiscal policy*

The decline in the bauxite sector and the suspension of grants and aid from the Netherlands brought a sharp decline in the Government's income in 1983 (see table 17). However, in an effort to protect the population from the more adverse effects of these recessive years, government expenditure was not contained. Instead, there was a large increase in expenditure on current account and in overall deficits. After a comfortable surplus position in 1980, a deficit of more than Sf. 40 million appeared in 1981, and in 1983 it was almost ten times that amount. This level of public deficit

Table 17

SURINAME: GOVERNMENT REVENUE AND EXPENDITURE

	Millions of Suriname guilders				Growth rates		
	1980	1981	1982	1983 ^o	1981	1982	1983 ^o
Current income	480.4	527.0	556.8	467.4 ^b	9.7	5.7	-16.1
Direct taxes ^c	139.6	135.2	129.6	123.0 ^b	-3.2	-4.1	-5.1
Indirect taxes ^d	176.2	198.7	203.6	188.3 ^b	12.8	2.5	-7.5
Bauxite levy (net)	92.5	96.3	68.6	45.0 ^b	4.1	-28.8	-34.4
Profits from Central Bank	28.4	30.0	66.2	53.6 ^b	5.6	120.7	-19.0
Other non-tax revenue	43.7	66.8	88.6	57.5 ^b	52.9	32.6	-35.1
Current expenditure	460.7	569.7	657.9	824.8 ^b	23.7	15.5	25.4
Wages and salaries	258.0	306.5	371.6	479.0 ^b	18.8	21.2	28.9
Subsidies and transfers	107.0	101.7	102.6	145.0 ^b	5.0	0.9	41.3
Interest	5.6 ^e	8.9	10.3	20.3 ^b	58.9	15.7	97.1
Goods and services	89.3	152.6	173.4	177.2 ^b	70.9	13.6	2.2
Savings on current account	19.7	-42.7	-101.1	-357.4 ^b	...	136.8	253.5
Development account							
Grants received ^f	131.6	169.9	172.6	4.5	29.1	1.6	-97.4
Netherlands (1982-1986)	127.9	167.7	172.2	3.5	31.1	2.7	-98.0
EEC Development Fund	3.2	2.0	0.5	0.9	-37.5	-75.0	80.0
United States	0.4	-	-	-	-	-	-
Other grants	0.1	0.2	0.2	0.1	100.0	-	-50.0
Development expenditure and net lending	118.3	174.8	189.4	96.1	47.8	8.4	-50.7
Surplus or deficit on development account	13.3	-4.9	-16.8	-91.6	...	242.9	445.2
Total expenditure	579.0	744.5	847.3	920.9	28.6	13.8	8.7
Fiscal deficit or surplus	33.0	-47.6	-117.9	-449.0	...	147.7	280.8

Source: Ministry of Finance.

^oPreliminary figures. ^bEstimate on the basis of 6 months performance. ^cTaxes on income and profits (personal and corporate) and dividend tax. ^dTaxes on property, on goods and services (liquor, beer, tobacco, motor vehicles, stamp duty and others) and taxes on international trade (import duties, statistical tax and wood export tax). ^eEffectively disbursed during the year.

Table 18

SURINAME: MONETARY BALANCE

	Millions of Suriname guilders				Growth rates		
	1980	1981	1982	1983 ^a	1981	1982	1983 ^a
Money (M ₁)	249.2	358.0	421.1	455.0	43.7	17.6	8.1
Currency outside banks	177.8	197.0	268.0	264.9	10.8	36.0	-1.2
Demand deposits	116.4	161.0	153.1	190.1	38.8	-4.8	24.2
Factors of expansion	889.4	1 059.1	1 200.3	1 300.1	19.1	13.3	8.3
Foreign assets (net) ^b	398.0	426.7	360.9	163.0	7.2	-15.4	-54.8
Domestic credit ^c	491.4	632.4	839.4	1 137.1	28.7	32.7	35.5
Claims on government (net)	(14.7)	(70.1)	(169.2)	(480.4)	376.9	141.4	183.9
Claims on the private sector	(476.7)	(562.3)	(640.2)	(656.7)	18.0	13.9	2.6
Factors of absorption	595.2	701.1	749.2	845.1	17.8	6.9	12.8
Quasi-money ^d	49.8	68.3	59.0	100.5	37.1	-13.6	70.3
Long-term deposits and foreign borrowing ^e	404.9	525.6	573.6	604.2	29.8	9.1	5.3
Capital and reserves	(94.3)	(107.7)	(121.4)	(130.0)	14.2	12.7	7.1
Other items (net/ ^f	90.5	107.2	116.6	140.4	18.5	8.8	20.4

Source: Central Bank of Suriname.

^aPreliminary figures. ^bNet international reserves. ^cIncludes short-term claims on the Government (net), claims on the private sector and investment on domestic capital market, minus short-term liabilities due to development co-operation. ^dShort-term deposits, (i.e., with less than one year maturity) and 10% of savings deposits. ^eIncludes time deposits for more than one year (long-term, savings and other long-term domestic resources plus capital and reserves). ^fIncludes unrequited foreign exchange transactions and net interbank float.

seems unsustainable, especially in the face of current international circumstances. Favourable prospects in the fiscal situation therefore seem to be highly dependent on an increase in government revenues stemming from a recovery of traditional productive activities and on obtaining foreign institutional grants.

b) *The monetary balance*

While narrow money (M₁) growth slowed to about 8% in 1983 from almost 18% the year before and 44% in 1981, quasi-money grew more than 70% in 1983, after having contracted the year before. As already noted, holdings of foreign assets fell dramatically during the year, slumping from around Sf. 400 million in 1980-1982 to Sf. 163 million in 1983. In contrast, domestic credit rose by more than 35%, mostly due to government borrowing, which has grown explosively since 1981 (see table 18).

The sectoral distribution of commercial bank credit maintains its characteristic bias towards commercial credit, although the latter's relative share was somewhat smaller in 1983 (down from 31% to 28%) (see table 19). This decline was connected with the foreign exchange restrictions which affected importers. Nevertheless, credit for manufacturers was not increased accordingly, and they actually received a smaller portion (7.6%) in 1983 than in 1980-1982. There were increased loans to other activities, including housing, and agriculture accounted for 17% of credit in 1983, up from 14% in 1980.

The promotion of new productive activities and the diversification of the Suriname economy —both explicit government goals— do not seem likely to receive large-scale government support in the immediate future, and must depend on the availability of credit from commercial banks or the willingness of local entrepreneurs to embark on new ventures, possibly impelled in this direction by the unavailability of foreign exchange and the prospects of import restrictions.

Table 19

SURINAME: STRUCTURE OF COMMERCIAL BANK CREDIT

(Percentages)

	1980	1981	1982	1983 ^a
Total gross credit extended by commercial banks (millions of Suriname guilders)	477.6	567.5	645.0	692.0
By sector of activity	(100.0)	(100.0)	(100.0)	(100.0)
Agriculture	14.3	15.6	15.5	17.3
Fisheries	0.1	0.1	0.1	0.1
Forestry	0.3	0.1	0.1	0.1
Mining	5.1	6.5	6.4	5.2
Manufacturing	10.4	9.0	7.9	7.6
Construction	4.7	3.1	3.2	2.9
Electricity, gas and water	5.2	4.6	3.8	3.4
Commerce	31.5	31.3	30.6	27.4
Transport and communications	1.9	1.5	1.6	1.7
Services	3.4	3.7	3.8	4.1
Other (including housing)	23.0	24.4	26.9	30.1
By type of debtor				
Public sector				
Government	0.3	1.0	0.8	5.1
Semi-government institutions	3.4	2.9	2.5	2.0
Private sector				
Domestic enterprises	79.2	79.1	83.2	80.0
Foreign companies	17.2	17.1	13.6	13.0
By maturity				
Short-term*	59.0	60.1	58.9	62.7
Fixed advances	40.9	39.7	40.9	37.1
Investments	0.1	0.2	0.2	0.2

Source: Central Bank of Suriname.

^aPreliminary figures.^bIncludes credits on current account to the private sector, loans to individuals and short-term credit to the public sector.

TRINIDAD AND TOBAGO

1. Recent economic trends: Introduction and summary

The world recession and consequent declining demand for energy imports in the industrialized countries brought down the price of OPEC market crude from US\$ 34 in 1982 to US\$ 29 per barrel at the end of 1983. This has significantly affected the economy of Trinidad and Tobago, which is dominated by the petroleum sector. This industry is the main source of revenue for the central government, the main earner of foreign exchange and one of the main elements in the Gross Domestic Product (GDP).

The primary impact of the softening of international oil prices has been felt in the petroleum sector itself, in the financial position of the Government and in the country's balance of payments. This has signified an additional blow to an economy already suffering from a decline in the domestic output of oil.

Consequently, the overall performance of the economy weakened and real GDP declined by nearly 4% in 1983 (see tables 1 and 2). Agriculture followed its historical downward trend, and after what seemed to be a recovery in 1982, production fell again by another 6% in 1983. Construction output declined 3%, owing to the retrenchment of public investments and a tightening of liquidity in the financial system. Manufacturing output, however, rose 7%. The unemployment rate rose from 10% to 11% between 1982 and 1983 and at the same time the inflation rate climbed from 11% to 16%.

After an increase of 45% in 1982, the money supply rose less than 1% in 1983. This was due mainly to net foreign outflows of capital, resulting in a TT\$ 2 170 million deficit in the balance of payments. This situation led to tight liquidity conditions and raised the median prime lending interest rates from 11.5% to 12% in 1983. The fall in oil revenues also widened the gap between government revenue and expenditure, giving a fiscal deficit of TT\$ 2 860 million in 1983. The shortfall in revenue impacted adversely on capital expenditures and the public debt, which increased by more than 20% in 1983 alone. The Central Bank reserves fell by almost TT\$ 2 860 million and the external debt increased to 8% of GDP.

2. Trends in economic activity

a) *Evolution of the main sectors*

i) *Agriculture.* After experiencing an increase of over 4% in 1982, due mainly to the performance of the domestic subsector, which expanded 10%, agricultural output fell more than 6% in 1983.

Sugar production, following its existing trend, declined another 1.5% to 77 400 tons from a peak of 254 600 tons in 1965 (see table 3). The major factors accounting for the poor performance of sugar include unfavourable weather conditions, unplanned fires and mechanical breakdowns. While sugar exports totalled 61 900 tons, an increase of 70 000 tons in the European Community quota remained unfilled.

Other export crops like cocoa and coffee, shared such problems as depressed international prices, shortage of labour, unfavourable weather conditions and the advanced age of existing trees. This latter **factor** accounts for the long-term decline of these crops. The production of cocoa beans, coffee beans and copra fell by 23%, 22% and 28% respectively during the first half of the year, and exports of these items also continued to **fall** during the year (coffee exports alone fell by 45% over the period January to September of 1983 compared to the same period of 1982).

Noteworthy is the 39% recovery of deliveries of citrus fruit in 1983, which amounted to 2 491 tons compared with 1 836 tons for 1982.

Whereas traditional (i.e., export) agriculture is on the decline, the non-traditional domestic-market-oriented agriculture continued to increase under the stimulus of subsidies. However, this subsector was not capable of counterbalancing the declining growth rate of export agriculture.

The meat industry has been hampered by the shortage of pasture land, and production of beef and veal declined for the third consecutive year by as much as 17.4% (see table 3). Nevertheless, the production of meat increased by 8% as a result of increases in the production of mutton, poultry and pork.

The production of milk, after rising to a record of 8 million litres in 1982, is estimated to have risen above that level in 1983. During the first six months of the year the production was up 59.1% over the same period of 1982.

On the other hand, the fishery industry has been declining some 12% annually, handicapped by the inadequate ancillary services, berthing and storage, the lack of an effective internal marketing system and limited technological improvements.

Table 1

TRINIDAD AND TOBAGO: MAIN ECONOMIC INDICATORS

	1981	1982	1983
A. Basic economic indicators			
Gross domestic product at factor cost (TT\$m at 1970 prices)	2 805.80 ^a	2 940.00 ^b	2 792.60
Population (millions)	1.14	1.16	1.18*
Per capita gross domestic product (TT\$ at 1970 prices)	2 461.00 ^b	2 503.00 ^b	2 366.00
Growth rates			
B. Short-run economic indicators			
Gross domestic product	7.3 ^b	3.5 ^b	-3.8
Per capita gross domestic product	3.5 ^b	1.7 ^b	-5.5
Terms of trade	0.7	-18.1	1.0 ^c
Current value of exports of goods and services	-5.0	-10.2	-19.5
Current value of imports of goods and services	2.5	17.6	-23.4
Consumer price index (December - December)	11.6	10.8	13.1
Consumer price index (variation between annual averages)	14.3	11.4	16.7
Money supply	16.1	43.9	-8.2 ^{bd}
Wages and salaries	18.4	18.0	22.0 ^c
Rate of unemployment	10.4	10.4	11.1 ^f
Current income of government	7.1	-0.5	-7.1
Total expenditure of government	22.1	51.1	7.4
Fiscal deficit, as a percentage of total expenditure	...	24.9	29.1
Millions of US dollars			
C. External sector^a			
Trade balance	577.8	-656.1	-401.7
Balance on current account	306.5	-850.6	-828.7
Balance on capital account	391.4	758.6	-
Variation in net international reserves	565.1	-267.0	-976.0
External debt	447.9	557.5	646.2

Source: Central Statistical Office, Trinidad and Tobago.

^aRevised figures.

^bEstimated.

^cThird quarter of 1983.

^dQuarterly Statistical Digest, March 1984, table 5.

*Period January-March 1982-1983.

^fIn mid-1983.

Table 2

**TRINIDAD AND TOBAGO: GROSS DOMESTIC PRODUCT, BY KIND OF
ECONOMIC ACTIVITY, AT CONSTANT PRICES**

	Millions of 1970 dollars		Percentage breakdown		Growth rates	
	1982 ^o	1983 [*]	1980	1983 [*]	1982 ^o	1983 [*]
Total gross domestic product	2 904	2 793	100.0	100.0	3.5	-3.8
Goods	1 099	1 091	40.0	38.3	-	-0.7
Agriculture	82	77	3.0	2.6	4.3	-6.2
Petroleum	305	276	12.8	9.9	-0.2	-9.5
Manufacturing (excluding petroleum)	257	276	9.7	9.9	-0.7	7.6
Construction	455	462	15.6	15.8	4.1	-3.1
Basic services	630	570	20.0	20.4	-	-9.5
Electricity and water	84	92	2.6	3.3	17.9	10.3
Transport, storage and communications	546	478	16.9	17.1	8.5	-12.4
Other services	1 175	1 152	40.0	41.3	-	2.0
Distribution	464	479	15.6	17.2	3.3	3.2
Financial sector	310	291	10.7	10.4	5.0	-6.1
Government	234	223	8.1	8.0	-4.0	-4.7
Other	167	159	5.9	5.7	1.2	-4.8

Source: *Review of the Economy 1983*, Append. 26-28.
^oPreliminary figures. ^{*}Estimates.

Table 3

**TRINIDAD AND TOBAGO: INDICATORS OF
AGRICULTURAL PRODUCTION**

	1981	1982	1983	Growth rates		
				1981	1982	1983
Production of main crop						
Sugar cane ^a	92.6	78.6	77.4	-17.8	-15.1	-1.5
Vegetables						
Cocoa beans ^b	3.1	2.2	1.7	29.2	-29.0	-22.7
Coffee beans ^b	2.4	1.8	1.4	9.1	-25.0	-22.2
Oranges ^b						
Grapefruit ^b	4.7	1.8	2.5	-29.9	-61.7	38.9
Copra ^b	5.2	5.9	2.1 ^f	-6.1	13.5	-27.6 ^f
Stock-raising production						
Beef and veal ^g	1.8	1.4	0.6 ^f	-10.0	-22.2	-17.4 ^f
Pork ^g	1.6	1.9	1.0 ^f	-11.1	18.8	31.5 ^f
Poultry ^c	25.6	37.5	8.1 ^f	9.3	46.5	1.3
Fish	1.9	...	...	-13.6	...	...
Eggs ^d	3.6	2.0 ^f	1.6 ^f	2.9	.	-20.0 ^f
Milk ^e	7.1	8.0	5.8 ^f	29.0	12.7	59.1 ^f

Source: *Central Bank Annual Report*, table 1.7 and *Review of the Economic 1983*, Append. 33.
^aThousands of tons. ^bTons. ^cMillion birds. ^dMillion dozen. ^eMillion litres. ^fJanuary-June.

The overall performance of **home-market-oriented** production, as opposed to traditional staple export agriculture, is explained by the action taken by the Government to ensure the food supply, to provide a source of inputs for the budding **agro-industries**, to maintain employment, and to conserve foreign exchange. Also more funds have been made available.

ii) *Mining*. In 1983, the output of the petroleum sector, with an average of 159 800 bbl/d, showed a continuing decline from the peak of 230 000 bbl/d in 1978. The weakening of the market for crude oil and its products and the consequent fall in world prices were additional impediments (see tables 4 and 5). Total crude oil output during the year was 9.3 million cubic metres, a fall of 10% in relation to the previous year. To face this problem of declining output, the rate of the Supplemental Petroleum Tax (SPT) was reduced and incentives to increase the level of activity in land production were granted.

It is expected that these measures will boost drilling activity in the land-based operations and therefore generate an increase in the general level of activity and employment opportunities. Overall drilling activity was down 28% in total annual depth drilled, after a short-lived two-year increase.

As a result of this decline in exploratory drilling activity the country's proven crude oil reserve position deteriorated to 489 million barrels at the end of 1983.

Table 4

TRINIDAD AND TOBAGO: INDICATORS OF MINING ACTIVITY

	1977	1981	1982	1983	Growth rates		
					1981	1982	1983
Index of output (1970 = 100)	161.4	232.9	227.3	...	-12.1	-2.4	...
Crude oil produced ^a	13.3	11.0	10.3	9.3	-10.9	-6.4	-9.7
Drilling activity ^b	281.0	240.0	254.0	184.0	17.2	-6.1	-27.6
Asphalt production ^c	44.0	30.0	29.0	43.0	-26.8	-3.3	43.3
Natural gas production ^d	4.2	5.5	5.8	6.3	-1.2	5.5	8.6

Source: Ministry of Energy and Natural Resources, Trinidad and Tobago.

^aMillions of cubic metres.

^bThousands of metres drilled.

^cThousands of tons.

^dBillions of cubic metres.

Table 5

TRINIDAD AND TOBAGO: LOCAL CRUDE PETROLEUM EXPORTS
AND LOCALLY REFINED CRUDE, 1975-1983

(Millions of cubic metres)

Year	Total production			Domestic crude exports	Percentage of total	Domestic crude refined locally	Percentage of total
	Total	Land	Marine				
1975	12.5	...	...	7.7	62.0	4.8	38.0
1976	12.3	2.6	9.7	7.0	57.0	5.3	43.0
1977	13.3	2.6	10.7	7.9	59.0	5.4	41.0
1978	13.3	2.6	10.7	8.1	61.0	5.2	39.0
1979	12.4	2.7	9.7	7.0	56.0	5.4	44.0
1980	12.3	2.7	9.6	7.3	59.0	5.0	41.0
1981	11.0	2.5	8.5	6.0	55.0	5.0	45.0
1982	10.3	2.4	7.9	6.0	58.0	4.3	42.0
1983	9.3	2.2	7.4	5.0	54.0	4.3	46.0

Source: Ministry of Energy and Natural Resources, Trinidad and Tobago.

Table 6

**TRINIDAD AND TOBAGO: REFINERY THROUGHPUT
OUTPUT AND EXPORTS OF REFINED PRODUCTS^a**

(Millions of cubic metres)

Year	Throughput	Output	Exports	Imports as a percentage of throughput
1975	13.6	13.2	14.5	67.6
1976	18.7	18.2	16.5	72.2
1977	15.9	15.3	13.1	66.9
1978	13.7	13.2	11.5	65.7
1979	13.2	12.4	7.0	62.9
1980	13.5	12.3	7.0	61.5
1981	9.9	11.0	6.0	61.9
1982	8.8	10.3	5.3	42.0
1983	4.3	9.3	4.8	-

Source: Ministry of Energy and Natural Resources, Trinidad and Tobago.

^aMovements in stocks account for the apparent discrepancies in these data.

Table 7

**TRINIDAD AND TOBAGO: OUTPUT OF SELECTED
INDUSTRIAL PRODUCTS**

	1981	1982	1983 ^a	Growth rates			
				1980	1981	1982	1983
Sugar ^b	93.0	79.0	77.0	-21.2	-17.7	-15.1	-2.5
Rum ^c	4.6	4.0	2.5	53.4	-9.8	-13.0	-62.5
Beer and stout ^d	31.0	36.7	34.9	15.6	-16.4	-18.4	-4.9
Cigarettes ^e	...	...	...	...	...	...	...
Edible oil ^f	24.0	10.5	8.8	...	198.8	-56.3	-16.2
Margarine, lard and butter substitutes ^e	6.8	6.9	6.3	-40.6	54.5	1.5	-8.7
Soap ^b	2.6	1.6	2.6	...	-21.2	-38.5	62.5
Fertilizers ^b	555.0	940.0	1 274.0	13.6	-19.2	69.4	35.5
Assembly industrie/							
Motor vehicles	13.4	15.0	20.0	-21.7	12.6	11.9	33.3
Ratios	8.5	8.3	6.9	3.8	2.4	-2.4	-16.9
Television sets	13.3	18.2	21.2	21.9	3.9	36.8	16.5
Gas cookers	15.3	22.8	18.3	52.9	-34.6	49.0	-19.7
Refrigerators	14.9	28.4	20.0	30.3	-46.0	77.2	-29.6
Steel products ^b							
Direct reduced iron	180.0	218.0	302.3	-	781.2	21.1	38.7
Billets	53.0	171.0	209.6	-	1 667.0	226.4	22.6
Wire rods	29.0	124.0	164.2	-	-	327.6	32.4

Source: Central Bank of Trinidad and Tobago, *Quarterly Statistical Digest*, March 1984 (tables 58-67) and *Annual Report* (for year ended 31

December 1983), p. 15.

^aPreliminary figures.

^bThousands of tons.

^cMillions of proof gallons.

^dMillions of litres.

^eTons.

^fThousand units.

On the other hand, production of natural gas increased by nearly 9% during 1983 to a total of 6 300 million cubic metres. An overall utilization rate of 81% of total production was attained. The main consumers of natural gas are fertilizer manufacturers, Trinidad and Tobago Electricity Commission and the oil companies themselves. However, difficulties in the world marketing of natural gas have hindered its export.

Refinery activity during 1983 declined 51% from 151 000 barrels a day to 74 000 barrels. This decline occurred because no crude oil was imported for refining during 1983 and there was a reduction in the volume of indigenous crude refined locally (see table 6).

iii) *Manufacturing*. Preliminary estimates indicate that during 1983 the manufacturing sector registered one of the highest growth rates in the Trinidad and Tobago economy: 7.6% over the previous year.

Demand for the output of assembly-type and related industries continued to be buoyant during the year when a substantial increase (33%) in sales of motor vehicles was recorded (see table 7). Expansion of the productive capacity of the cement and fertilizer industries allowed increases of output of 76% and 32% respectively. Other industries in the sector also recorded positive growth rates in 1983, especially pharmaceuticals, cosmetics and household chemicals.

The overall output of the food processing industries also increased. Dairy products and grain and feed mills were the main areas of growth, but traditional industries recorded falling levels of output.

Other traditional subsectors such as textiles and printing also recorded negative growth rates which partially offset the performance of the more dynamic industries.

The crucial challenge to industry, it seems, will be to make itself export-oriented and cost-competitive in the international market, but the current market conditions for steel and fertilizers are not very promising.

iv) *Construction*. The construction industry has suffered from the general downturn of the economy caused by the sluggish oil sector. After booming in the 1970s, construction growth rates slowed down in 1982 and became negative in 1983, (-3.1%). The reduced scale of activities under the public sector investment programme (down 21%), as well as the general tightening of liquidity in the country's financial system are the major factors responsible for the deceleration of growth in this sector. The overheated construction sector of the boom years now has to cope with the existence of some excess capacity (see table 8).

Table 8

TRINIDAD AND TOBAGO: INDICATORS OF CONSTRUCTION ACTIVITY

	1980	1981	1982	1983	Growth rates		
					1981	1982	1983
Index of output	265.0	285.0	286.0	...	7.5	0.4	...
Cement							
Production ^a	186.0	139.0	189.0	390.0	-25.3	36.0	106.3
Local sales ^a	360.0	390.0	458.0	470.0	8.3	17.4	2.6
Bricks and blocks							
Production ^b	29.3	28.3	21.6	...	-3.4	-23.7	...
Local sales ^b	28.7	27.2	12.4	...	-5.2	-54.4	...
Employment ^c	63.1	...	...	...	...	...	...
Commercial bank loans and advances outstanding ^d	329.0	445.0	463.0	519.0	35.3	4.0	12.1
Approved building plans							
Number ^e	3.6	3.4	3.2	3.2	-5.6	-5.9	0.0
Floor area ^e	5.9	7.1	5.9	6.6	20.3	-16.9	11.9

Source: Central Statistical Office, Trinidad and Tobago.

^aThousands of tons.

^bMillions.

^cThousands.

^dMillions of dollars.

^eMillions of square feet.

Table 9

**TRINIDAD AND TOBAGO: LABOUR FORCE,
EMPLOYMENT AND UNEMPLOYMENT**

(Thousands)

	Census		1975	1977	1979	1981	June	
	1970	1980					1982	1983
	Non-institutional population 15 years and over	539	696	674	719	750	730	740
Labour force	366	382	391	428	446	436	444	442
Participation rate (%)	68	55	58	59	60	60	60	...
Persons with jobs	320	349	332	371	397	390	398	393
Unemployed	46	33	59	58	49	45	45	49
Percentage unemployed	12.5	8.8	15.0	12.0	11.0	10.4	10.2	11.1

Source: Central Bank, *Annual Report*, table 2.

However, cement production doubled in 1983 with the activation of additional plant capacity at Trinidad Cement Limited, whose production rose from 90 000 tons in the period January-September 1982 to 276 000 tons in the same period of 1983, when there was also a reduction of two-thirds in imports of cement.

v) *Employment and unemployment.* The downturn of the economy of Trinidad and Tobago caused the level of employment to decline for the first time since the oil boom began, bringing the number of persons without a job to 50 000 (see table 9). This is in sharp contrast with the experience of the 1970s, when the number of new jobs exceeded the increase in the labour force.

The slowdown in activity has been particularly felt in the oil sector (oil refining recorded a reduction of 11.8% in the level of employment) as well as in agriculture, manufacturing and the sugar industry. Preliminary estimates indicate that 8 900 persons have been laid off in the public and private sectors. Only the chemical and non-metallic mineral products sector created significant additional employment.

The available data for 1982 show that the composition of employment by major areas was services, 34.1%; construction, 18.5%; manufacturing, 12.2% and agriculture, 10.6%. The oil sector crisis, the worsening government financial position, the slowdown in construction following the downturn of the economy and the agricultural stagnation in 1983 are the major factors that explain the rise in unemployment.

3. The external sector

i) *Merchandise trade.* The sluggish output performance of the domestic petroleum sector since 1977 was initially offset by the increase in oil prices. In 1982, however, the reduction in the OPEC price gave rise to balance-of-payments problems, with the trade deficit amounting to US\$ 656 million. Data for 1983 indicate that the deficit continued, but at a reduced level. This lowering of the trade deficit was due to the more stringent measures adopted by the Central Bank, the reduction in imports that accompanied the recession, and the efforts to raise non-oil export earnings.

Thus, export earnings grew slightly despite the fall in exports of mineral fuels, which was partially offset by the increase in exports of chemicals and iron and steel products (see table 10).

On the import side a noteworthy feature was the reduction in imports of mineral fuels which was a direct result of the contraction of petroleum refining activity (see table 11).

The petroleum sector accounted for 86% of total exports during 1983, followed by an increasing participation of chemicals, reflecting the development of energy-based industries. On the

Table 10

TRINIDAD AND TOBAGO: SELECTED EXPORTS

	Millions of TT dollars			Percentage breakdown			Growth rates		
	1981	1982	1983 ^a	1970	1980	1983	1981	1982	1983 ^b
Total domestic exports ^c	8 714	7 154	2 914	100	100	100	-10.3	-17.9	-20.7
Main traditional exports									
Petroleum products	4 172	3 747	1 063	71	53	36	-18.4	-10.2	-48.7
Crude petroleum	3 870	2 680	1 469	8	40	50	-1.4	-30.8	18.9
Natural asphalt	1	7	2	-	-	-	-66.7	509.0	-12.5
Sugar	65	52	...	5	1	...	-3.4	-20.0	...
Rum	12	14	3	-	-	-	-8.7	16.7	-60.6
Cocoa beans	18	11	6	1	-	-	2.9	-38.9	-46.8
Coffee beans	4	5	2	-	-	-	-49.3	25.0	-54.8
Citrus fruit and juices	4	-	-	-	-	-	-16.0	-	"
Main non-traditional exports									
Petrochemicals	155	47	7	3	1	-	7.8	-69.7	-76.9
Fertilizers and ammonia	136	223	201	5	1	7	-9.1	64.0	96.0
Iron and steel	14	-	-	-	-	-	...	-	-

Source: Central Statistical Office, *Quarterly Economic Report*, table 6.^aPreliminary figures (January-June 1983).^bCompared to January-June 1982.^cNot comparable with balance of payments data (see table 13).

Table 11

TRINIDAD AND TOBAGO: FUNCTIONAL CLASSIFICATION OF IMPORTS

	Millions of TT dollars					Growth rates	
	1970	1980	1981	1982	1983	1982	1983
Consumer goods	210	1 742	1 923	2 277	2 344	18.4	2.9
Non-durables	106	1 067	1 221	1 339	1 652	9.7	23.4
Durables	104	675	702	938	692	33.6	-26.2
Raw materials and intermediate goods	789	4 089	4 007	3 870	1 506	-3.4	-61.1
Of which:							
Fuels	530	2 694	2 720	2 195	153	-19.3	-93.0
Construction materials	...	581	567	877	707	54.7	-19.4
Capital goods	102	1 478	1 163	2 343	1 849	101.5	-21.1
Other commodities	86	317	406	384	497	-5.4	29.4
Total^a	1 087	7 626	7 499	8 874	6 196	18.3	-30.2
Total excluding fuels	557	4 932	4 779	6 679	6 043	39.8	-9.5

Source: Central Bank, *Quarterly Statistical Digest*, table 56; Central Statistical Office, *Quarterly Economic Report*, tables 11-17.^aNot comparable with balance of payments data (see table 13).

Table 12

TRINIDAD AND TOBAGO: FOREIGN TRADE INDICATORS

(Growth rates)

	1976	1977	1978	1979	1980	1981	1982	1983
Exports of goods								
Value	38.9	-2.7	-7.4	28.6	57.3	-10.3	-17.9	-20.7
Volume	17.2	-6.3	-9.4	-2.5	-3.6	-10.7	2.3	12.5
Unit value	15.6	9.0	0.5	31.4	59.7	10.3	-4.2	-5.0
Imports of goods								
Value	48.8	-10.1	8.8	7.0	51.0	-1.7	18.3	-22.2
Volume	37.8	-17.6	3.7	12.1	13.6	-6.6	-1.8	15.3
Unit value	17.9	3.0	4.4	13.3	50.1	13.0	13.2	13.8
Terms of trade								
Net	-2.0	5.9	-4.4	16.7	6.4	0.7	-18.1	-16.5
Income	14.7	-0.9	-13.4	14.0	2.6	-12.1	-14.3	-6.0
Purchasing power of exports of goods	18.0	-5.7	-11.4	13.5	4.8	-19.6	-28.3	-25.3

Source: Central Statistical Office, *Quarterly Economic Report*, table 7.

other hand, petroleum accounted for only 3% of all imports in 1983: a much lower level than the corresponding figure of 22% in 1982. The structure of non-oil imports and exports remained more or less unchanged, though the proportion of capital goods and intermediate goods in the import bill has declined, reflecting the slowdown in economic activity.

The United States is Trinidad and Tobago's main extra-regional trading partner, absorbing 53% of the country's exports and providing 45% of its imports between January and July 1983. The share of exports to the European Community increased slightly to 17.6% in 1983 (from 15.1% in 1982), whereas the share of exports to Latin America declined sharply from 8.0% in 1982 to 2.9% in 1983. The share of exports to the CARICOM market fell slightly, with Jamaica, Barbados and Guyana dominating the regional trade.

Trinidad and Tobago's terms of trade have been heavily influenced by changes in the price of oil in international markets. Thus, after peaking in 1981, the country's terms of trade weakened in 1982, when they fell by 14.3%, and worsened still further in 1983 (-60%) when the OPEC oil price was established at a lower level (see table 12).

ii) *The balance of payments.* For the second consecutive year, Trinidad and Tobago turned in a negative balance of payments, with the 1982 deficit of US\$ 92 million increasing to US\$ 837 million in 1983 (see table 13). This deterioration of the external balance resulted from a rapid reduction in the surplus on capital account and a worsening in the deficit on current account, the main factor being the sharp decline in direct investment, resulting from the reduced levels of re-investment in the oil industry.

iii) *External indebtedness.* The balance-of-payments deficits have been primarily financed by drawdowns on the Central Bank's foreign reserves, which decreased from US\$3 080 million at the end of 1982 to US\$ 2 104 million at the end of 1983. As the Government was able to obtain the equivalent of US\$ 305 million of loans on the external market, however, the ratio of foreign debt service to exports of goods and services, which had stood at 2% in 1982, climbed to 7% by the end of 1983 (see table 14).

Table 13

TRINIDAD AND TOBAGO: BALANCE OF PAYMENTS

(Millions of US dollars)

	1980	1981	1982	1983
Exports of goods and services	3 182.8	3 062.5	2 735.0	2 813.7
Goods FOB	2 585.5	2 531.2	2 211.2	2 273.7
Services^a	597.3	531.3	523.7	540.0
Transport and insurance	300.4	236.7	215.1	223.9
Travel	153.1	155.3	180.7	205.7
Imports of goods and services	2 409.1	2 484.7	3 391.1	3 215.4
Goods FOB	1 748.9	1 748.1	2 441.5	2 315.4
Services^a	660.3	736.6	949.6	900.0
Transport and insurance	350.6	354.1	482.0	440.4
Travel	139.7	167.3	225.0	262.3
Trade balance (goods)	836.6	783.1	-230.3	-41.7
Trade balance (goods and services)	773.6	577.8	-656.1	-401.7
Factor services	-311.1	-204.1	-113.3	-350.0
Profits	-479.0	-421.1	-338.9	...
Interest received	232.3	344.7	357.0	230.8
Interest paid	-54.3	-113.4	-111.7	...
Others	-10.2	-14.3	-19.7	...
Unrequited private transfer payments	-43.6	-67.2	-81.3	-77.0
Balance on current account	419.0	306.5	-850.6	-828.7
Unrequited official transfer payments	-22.0	-23.5	-58.5	-55.0
Long-term capital	335.9	327.1	518.3	...
Direct investment	184.6	258.1	341.5	...
Portfolio investment	-19.1	13	0.3	...
Other long-term capital	170.5	67.7	176.5	...
Official sector ^b	74.4	-95.0	105.9	...
Loans disbursed	231.8	34.4	133.1	207.2
Amortization payments	-163.9	-19.0	-24.6	-122.6
Commercial banks ^b	-	-	-	-
Loans disbursed	-	-	-	-
Amortization payments	-	-	-	-
Other sectors ^b	96.1	162.7	70.7	...
Loans disbursed	88.2	71.2	2.8	...
Amortization payments	-10.9	-17.1	-9.3	...
Basic balance	732.9	610.1	-390.8	...
Short-term capital	-109.2	-23.9	33.6	...
Official sector	-17.6	-29.5	-	...
Commercial banks	31.4	13.3	3.0	35.6
Other sectors	-123.0	-7.8	30.6	...
Errors and omissions (net)	9.4	111.8	265.2	...
Balance on capital account	214.1	391.4	758.6	...
Global balance^c	633.1	697.8	-92.1	-836.7
Total variation in reserves (- sign indicates an increase)	-642.2	-565.1	267.0	976.0
Monetary gold	-	-	-	-
Special Drawing Rights	-4.6	-14.1	...	...
IMF reserve position	-30.6	-10.9	...	...
Foreign exchange assets	-607.1	-540.1	...	...
Other assets	-	-	-	-
Use made of IMF credit	-	-	...	...

Source: ECLAC.

^aIncludes other non-factor services.^bIncludes net loans granted and other assets and liabilities.^cThe difference between total variation in reserves (of opposite sign) and the global balance represents **counterpart** items: monetization or demonetization of gold, allocation settlement of Special Drawing Rights, and variations due to revaluation.

Table 14

TRINIDAD AND TOBAGO: INDICATORS OF EXTERNAL INDEBTEDNESS

(Millions of TT dollars)

	1979	1980	1981	1982	1983 ^a
Total external public debt	898.0	1 048.0	1 075.0	1 338.0	1 546.0
Debt servicing	102.0	492.0	179.0	198.0	600.0
Amortization and sinking fund	15.0	408.0	44.0	45.0	...
Interest payments	87.0	84.0	135.0	153.0	...
Debt servicing as a percentage of total exports	19	6.0	2.1	2.8	7.0

Source: Government of Trinidad and Tobago, *Review of the Economic 1984*, *Review of Fiscal Measures 1984*.^aEstimates.

Table 15

TRINIDAD AND TOBAGO: EVOLUTION OF CONSUMER PRICE INDEX

(September 1975 = 100)

	1979	1980	1981	1982	1983
Percentage variation December to December					
Total (all items)	19.6	16.6	11.6	10.8	13.1^a
Food	22.9	17.9	12.0	12.8	...
Drink and tobacco	19.3	17.5	14.3	18.5	...
Housing	21.8	18.5	11.4	-1.7	...
Clothing	13.0	7.2	11.8	7.5	...
Transportation	24.2	26.5	8.0	13.3	...
Variation between annual averages					
Total (all items)	14.7	17.5	14.3	11.4	16.7
Food	13.8	19.3	16.6	13.6	...
Drink and tobacco	11.6	19.3	14.6	18.2	...
Housing	20.2	17.6	15.3	0.6	...
Clothing	8.8	9.0	12.5	8.6	...
Transportation	27.3	24.0	10.6	13.5	...

Source: Central Statistical Office, *Quarterly Economic Report*, table 19.^aJanuary 1983 to January 1984.

4. Prices and wages

a) Prices

There was a resurgence of inflationary pressures in 1983 resulting from the removal of government subsidies on several items, increases in a number of indirect taxes and import duties, as well as wage increases higher than the gains in productivity and a decline in real output. The consumer price level, as measured by the Index of Retail Prices, increased by 13% in 1983 compared with an increase of less than 11% in 1982. The items of Food and Transportation were most affected by fiscal policy in 1983, increasing 21.5% and 40.0% respectively (see table 15).¹

¹ The new price index, with a September 1982 base, showed a similar rate of inflation.

b) *Wages*

The Index of Minimum Wage Rates, which covers production and ancillary workers in all sectors of the economy, indicates that in 1983 wages rose 17% in nominal terms. The highest rates of increase were recorded for employees in the electricity and textile industries. Although minimum wage rates increased in 1983 on average less than in 1982, wage increases were still higher than the rises in productivity. The strength of trade unions, shortage of skilled labour and the possibility of passing on to consumers the increases in wage costs explain the rapid increase in wages during the past few years (see table 16). However, the current economic situation and the consequent rising level of unemployment are expected to weaken these factors and slow down additional demands. The real growth rates of wages have been declining, being very close to zero in 1983-

5. Monetary and fiscal policy

a) *Monetary developments*

After an expansion of 45% in 1982, the money supply (M_1) increased by only 1% in 1983 (see table 17). The main developments worthy of note were the sharp decrease in net foreign exchange holdings on the one hand and the reduction of government deposits with the Central Bank, on the other.

Table 16

TRINIDAD AND TOBAGO: EVOLUTION OF WAGES AND SALARIES

	Index (1976 = 100)				Growth rates		
	1980	1981	1982	1983	1981	1982	1983
Minimum wages rates							
Nominal	215.5	281.4	336.0	392.7	30.6	19.4	16.9
Real	129.7	148.5	158.8	159.0	14.5	6.9	0.1

Source: Central Statistical Office, *Quarterly Economic Report*, table 34.

Table 17

TRINIDAD AND TOBAGO: MONETARY BALANCE

	Millions of TT dollars at year-end			Growth rates	
	1981	1982	1983	1982	1983
Money supply	1 638.2	2 379.6	2 400.0	45.3	0.9
Currency outside banks	532.3	725.8	808.2	36.4	11.4
Demand deposits	1 105.9	1 653.8	1 591.8	49.5	-3.7
Factors of expansion	6 437.9	8 763.5	9 122.4	36.1	4.1
Foreign assets (net)	7 953.4	7 304.9	4 891.9	-8.1	-3.3
Domestic credit (net)	-1 515.5	1 458.6	4 230.5	196.2	190.0
Government (net)	-5 577.5	-3 466.0	-1 442.9	37.8	58.4
Local government	5.1	33.5	3.5	556.7	-89.6
Private sector	4 056.9	4 891.1	5 669.9	20.6	15.9
Factors of absorption	4 799.7	6 383.9	6 722.4	33.0	-5.3
Quasi-money	3 600.9	4 731.6	5 298.9	31.4	12.0
Other items	1 198.8	1 652.3	1 423.5	37.8	-13.8

Source: IMF, *International Financial Statistics*, December 1984.

Table 18

**TRINIDAD AND TOBAGO: COMMERCIAL BANKS-DISTRIBUTION
OF LOANS AND ADVANCES BY SECTOR**

(Millions of TT dollars at year-end)

	1978	1979	1980	1981	1982	1983	Growth rates	
							1982	1983
Business loans	1 063	1 341	1 661	1 896	1 945	2 365	2.6	21.6
Agriculture	60	51	91	80	62	72	-22.5	16.1
Manufacturing	417	411	499	546	574	714	5.1	24.4
Construction	100	249	329	445	456	518	2.5	13.6
Transportation	57	97	133	187	216	253	15.5	17.1
Distribution	318	389	454	540	532	698	-1.5	31.2
Professional services	111	144	155	98	105	110	7.1	4.8
Personal loans	953	978	1 154	1 422	1 826	1 883	28.4	3.1
Other"	245	329	466	743	1 107	1 442	49.0	30.3
Total	2 261	2 648	3 381	4 061	4 878	5 690	20.1	16.6

Source: Central Bank of Trinidad and Tobago, *Quarterly Statistical Digest*, table 18.

*Includes central government and State enterprises.

Table 19

**TRINIDAD AND TOBAGO: CENTRAL GOVERNMENT
INCOME AND EXPENDITURE**

	Millions of TT dollars			Growth rates		
	1981	1982 ^a	1983*	1981	1982	1983
Recurrent revenue	6 819	6 825	6 482	58.3	0.1	-5.0
Income tax ^c	5 019	4 978	4 340	16.3	-0.8	-12.8
Royalties	604	535	438	31.0	-11.4	-18.1
Customs and excise	464	540	587	40.8	16.4	8.7
Purchase tax	116	145	227	28.0	25.0	56.6
Other	616	627	890	...	...	...
Recurrent expenditure	3 565	5 894	6 496	22.1	65.3	10.2
Wages and salaries	1 474	2 971	2 495	...	101.6	-16.0
Goods and services	334	394	703	-18.4	18.0	78.4
Interest	179	161	272	-0.6	10.1	68.9
Transfers and subsidies	1 638	2 368	3 027	23.4	44.6	27.8
Current surplus	3 254	931	-15	122.0	-71.4	...
Capital receipts	32	-	2	...	...	...
Capital expenditure	3 120	3 584	2 845	43.6	14.9	-20.6
Total revenue	6 851	6 825	6 484	58.9	-0.4	-5.0
Total expenditure	6 685	9 478	9 341	22.3	41.8	-1.4
Fiscal surplus/deficit	166	-2 653	-2 857	-82.0	...	...
Fiscal surplus/deficit, as a percentage of GDP	0.9	-13.9	-14.2	...	...	...

Source: Central Bank, *Annual Report*, table 1.19-1.21.

^aRevised figures.

^bPreliminary figures.

^cTaxes on income plus corporation tax.

As a result of the downturn in the economy, the whole financial system came under severe pressure, with the consequent contraction of the monetary base, which fell by 6.4% in 1983. The subsequent tightening of credit conditions in the economy put upward pressure on interest rates in the course of the year. Bank credit increased 7% in the second half of 1983 compared to 17% in the first half and an annual average of 250% in the period 1977-1981 (see table 18). The median prime lending rate rose from 11.5% to 12.0% while the median rate paid on deposits² rose from 7.88% to 8.88%, reflecting the relative scarcity of funds.

Activity in the stock market tended to slow down with 24 566 transactions totalling TT\$ 353.5 million registered in the period January-November 1983 compared to 26 521 transactions with a market value of TT\$ 499.3 million for the same period of 1982. The Composite Index of Stock Market Values fell by 38%. This downturn reflected the performance of the domestic economy and the tight liquidity position of commercial banks.

b) *Fiscal developments*

In 1983 another big budget deficit was registered by the central government. Total revenue amounted to TT\$ 6 482 million—a fall of 5% from the 1982 level (see table 19), reflecting the decline in oil prices and the reduction in activity of the major oil companies as well as the reduction from 35% to 15% of the Supplemental Petroleum Tax on land operations. Given the contribution to government revenues of the petroleum sector—almost half of total revenues—the three above-mentioned factors led to revenue losses estimated at TT\$ 870 million in 1983, which were only partially compensated by revenues from other sources.

However, government recurrent expenditure continued to increase, and in spite of the reduction of 20.6% in capital expenditure, the overall accounts recorded a deficit of TT\$ 2 857 million in 1983. This is equivalent to 14.2% of GDP, compared with 13.9% the previous year.

In order to finance this deficit, net borrowing was effected on both local (TT\$ 268.0 million) and external (TT\$ 208.1 million) markets, but the bulk of the fiscal deficit was financed by drawing on the accumulated reserves to the extent of TT\$ 2 380.6 million.

As a result of the expansion of the fiscal deficit, measures to lower the subsidies on basic food items, petroleum products and cement have been taken and further tax increases are expected to be implemented.

² For six months.

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