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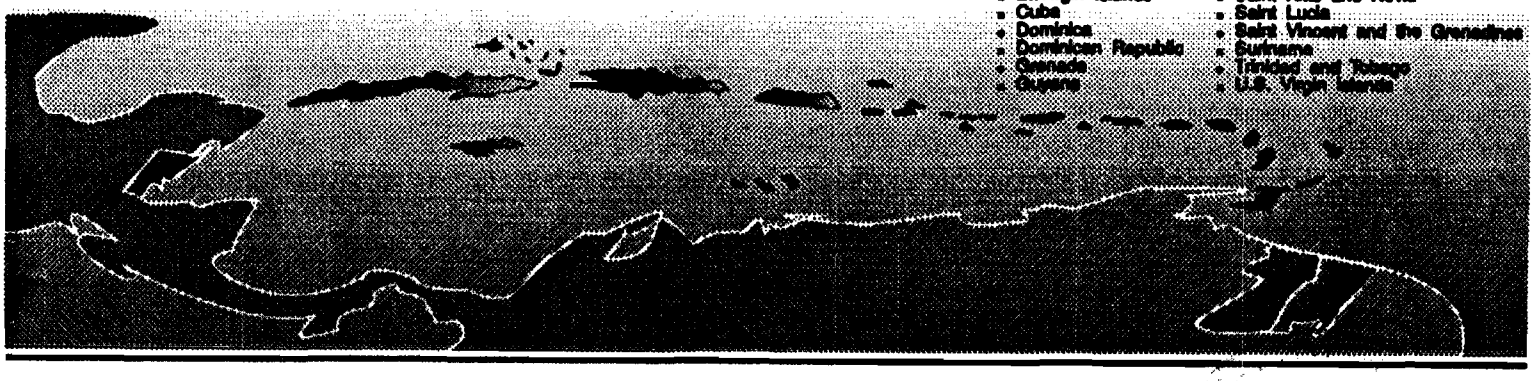
UN ECLAC/CDCC

- Antigua and Barbuda
- Aruba
- Bahamas
- Barbados
- Belize
- Br.Virgin Islands
- Cuba
- Dominica
- Dominican Republic
- Grenada
- Guyana
- Haiti
- Jamaica
- Montserrat
- Netherlands Antilles
- Puerto Rico
- Saint Kitts and Nevis
- Saint Lucia
- Saint Vincent and the Grenadines
- Suriname
- Trinidad and Tobago
- U.S. Virgin Islands



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REVIEW OF CARIBBEAN ECONOMIC PERFORMANCE - 1997

Based on data for the period January to June 1997

UNITED NATIONS
ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN
Subregional Headquarters for the Caribbean
CARIBBEAN DEVELOPMENT AND COOPERATION COMMITTEE

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Introduction and synthesis

An examination of first semester performance provided scant hope for a prosperous 1997. Preliminary indications suggested that output did not increase as quickly across the Caribbean as it did in the first semester of 1996. Moreover, fiscal deficits increased in most countries, mainly because of buoyant public spending. In the few instances where gains were made on recurrent account they were used to bolster capital formation. External performance was also generally weak, for the traditional export crops were facing new marketing constraints and depressed prices. Simultaneously, imports burgeoned in some cases because of disequilibria elsewhere in the economy. While tourist earnings were generally encouraging they were insufficient to offset declines elsewhere, so that several countries were running down their reserves. Prices remained moderate in all instances with the exception of Jamaica, which, nevertheless, recorded a decline over the first semester of 1996. For the most part, unemployment which had been inching down in recent years of relatively strong growth showed signs of inching up again.

For the countries surveyed, only Trinidad and Tobago recorded faster rates of growth when compared with the first half of 1996. For the other countries experiencing growth, namely Aruba and Barbados, expansion slackened from the pace achieved in the previous year. Both Jamaica and the Netherlands Antilles continued to experience contracting output, while the Organization of Eastern Caribbean States (OECS) countries moved from expansion in 1996 to contraction in the first part of 1997. Anecdotal evidence suggests that the rate of expansion in the Bahamas and in Belize also slowed in 1997.

Fiscal performance deteriorated in all instances except Trinidad and Tobago, where a deteriorating recurrent account was salvaged by inflows from divestment proceeds. In Aruba and Barbados, gains on recurrent account were used to augment capital spending which served to increase the deficit. In Jamaica, both the recurrent account and the overall deficit widened significantly succumbing to pressure from debt servicing charges and the decision to support faltering financial institutions.

External performance weakened in 1997. Merchandise exports were down or stagnating in all cases, except Barbados and Trinidad and Tobago, yet imports increased rapidly in most cases. The exception was the Netherlands Antilles which was able to record better performance on merchandise account, because of suppressed demand. Earnings from tourism increased in all cases but were insufficient to offset the deterioration carried forward from the merchandise account, so that current accounts deteriorated. Reserves were augmented in Barbados and Trinidad and Tobago, in the latter case because of privatization proceeds. While complete data were not available for Aruba and the Netherlands Antilles reserves were thought to have increased in the former but deteriorated by about 3 per cent over the first quarter of 1997 in the latter. The reserves fell by US$130 million in Jamaica yielding to the twin effects of trade and exchange rate pressures.

Output in **Aruba** continued to expand strongly in 1997 although the estimated rate of expansion, just over 4 per cent, did not match the 6 per cent increase achieved in 1996. The main area of focus, that of containing inflation in an economy which was running hard against a labour constraint, was also being achieved with inflation for the first semester being estimated at just over

3 per cent as compared with 3.4 per cent for the first six months of 1996 and 3.2 per cent for the year 1996. Unemployment continued to be low and unchanged from the corresponding first semester of 1996 at 0.7 per cent. The fiscal deficit was expected to increase, however, by year end to 2 per cent of Product.

In **Barbados** the strong economic performance achieved in 1996 continued into the first half of 1997. While the rate of expansion was slightly below that of the first six months of 1996 both tradable and non-tradable sectors experienced steady growth. Prices showed some increase over the corresponding period in 1996, however, mainly because of the one-time impact of the new Value Added Tax (VAT). The rate of unemployment fell from just over 16 to 14 per cent by the end of the second quarter.

Expansion in tradables was led by the sugar and tourism subsectors, but manufacturing exports also recorded modest growth. Strong performance in construction buoyed up the services sector which expanded by 3.4 per cent. Non-sugar agriculture, however, declined. The Net International Reserves benefited from the expansion of exportables, though the rate of increase was slightly slower than in the previous corresponding period in 1996, which was exceptionally strong. Reserve cover increased from 15 to 18.2 weeks of imports.

The build-up of excess liquidity in the financial system, stemming from strong deposit growth, weak demand for credit and the Central Bank's policy to lower statutory reserve requirements on cash and securities required a reduction in the lending rate. However, by the end of June the treasury bill rate, which fell to 2.6 per cent from 5.6 per cent at the end of December, reflected continuing high levels of liquidity. Similarly, the average weighted deposit rate and the loan rate fell from 5.2 per cent to 4.3 per cent and from 11.7 per cent to 10.7 per cent, respectively. Further measures were necessary in the second half of the year to contain the growth in liquidity. On the fiscal side, the deficit for the first six months increased over the first six months of 1996, for while revenues were buoyant and above target for the newly instituted VAT, most items of expenditure recorded increases. Notable increases were recorded for capital spending which had lagged in recent years while the stabilization programme was in force. In view of the high levels of liquidity, financing for the deficit was sought from the private banking system.

In **Jamaica,** output is estimated to have continued to decline in the first semester of 1997. Agriculture and manufacturing both recorded declining output while the bauxite/alumina subsector just maintained pace with the previous corresponding period. Performance in the services sectors was mixed, construction and tourism recording modest increases but declines were evident in the banking and insurance subsectors. The weak real sector performance was reflected in the external accounts as declining merchandise earnings. Reduced earnings, taken together with greatly increased imports and slow services earnings, transformed the current surplus earned in the first semester of 1996 into a deficit in 1997. Finally, on the capital account, severely curtailed private capital inflows, together with market operations by the Central Bank to dampen speculative pressures and maintain exchange rate stability, all served to erode the reserves by almost US$129 million.

The fiscal accounts for the period January to June 1997 showed considerable deterioration over the corresponding period in 1996[1]. Expenditures increased considerably in the first quarter because of unplanned supplementary expenditures to enable the Financial Sector Adjustment Company to deal with several insolvent financial institutions. Debt amortization payments also contributed significantly to the increased expenditure.

Monetary policy continued to reflect Government's desire to reduce inflation. However, liquidity impulses and demand pressures on the foreign exchange market were again evident in the second quarter, so that the Central Bank was required to intervene heavily to absorb excess liquidity and to dampen speculative pressures and exchange rate instability in the foreign exchange market.

Prices fell steadily over the survey period. At the end of June the annual point-to-point rate of inflation fell to 8.3 per cent as compared with 30.1 per cent at June 1996. Inflation for calendar 1996 was 26 per cent.

In the **Netherlands Antilles** the economic contraction evident in 1996 continued into the first quarter of 1997 with a further decline in Product of 1.3 per cent. The tourism and transport sectors recorded expansion while the industrial sector had a mixed performance. Performance in the construction and trade sectors was, however, weak. Contracting domestic demand, consequent on tight credit policies and increased taxes was primarily responsible, but export performance was also sluggish. Prices also increased from 3.4 per cent at the end of 1996 to an annualized rate of 3.6 per cent at the end of the first quarter, because of tax measures and the increase in international oil prices which also impacted on electricity costs. Unemployment was estimated to have increased, although the backlog of requests being made by firms to the authorities for permission to dismiss staff fell.

Performance for the **OECS[2] countries** as a group is estimated to have deteriorated in the first half of 1997 as compared to the corresponding period in 1996. Performance varied among the member countries, however, with faster growth being evident in three countries, namely Anguilla, Antigua and Barbuda and Saint Kitts and Nevis. Output also increased in Grenada and Saint Vincent and the Grenadines but expansion was not as fast as in the first semester of 1996. Output contracted in Dominica, Montserrat and Saint Lucia. Performance was influenced by generally strong tourism growth and by construction activity. Agriculture was adversely affected by the decline in banana production which could not be offset by increases in other crops while manufacturing, relatively insignificant in the composition of total output, seemed to grow only marginally.

The **Trinidad and Tobago** economy continued to expand over the first two quarters of 1997, by 1.2 per cent in the first quarter and 1.4 per cent in the second. This was a faster rate of expansion

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1 The fiscal year in Jamaica runs from April to March.

2 This evaluation is based on data provided by the Eastern Caribbean Central Bank (ECCB) which covers all members of the Organization of Eastern Caribbean States (OECS) namely, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines, as well as Anguilla.

than achieved in the first two quarters of 1996 at 0.6 and 1.1 per cent, respectively. Growth concentrated in the non-petroleum subsector and was distributed over both the goods and the services sectors. Inflation remained subdued in both quarters trending downward on a year-to-year basis. The public accounts improved, primarily because of receipts from divestment, for while recurrent revenues declined, total revenues increased by 11 per cent.

The balance of visible trade deteriorated when compared to the first six months of 1996. While exports increased imports grew much faster. At the same time, earnings from services remained slow, so that the current account balance moved from surplus to deficit. The capital account recorded an increased surplus, however, because of private direct investment capital inflows which had the effect of slowing the rate of depreciation of the currency and increased the Gross Foreign Assets to the equivalent of 4.8 months of import cover at the end of June 1997.

Economic policy and structural reforms

Policy focused on the two perennial problems, achieving and maintaining macroeconomic stability, on one hand, and expanding economic activity on the other. Most governments tried their hand at the second only after achieving some measure of success in the first. Where both goals were being pursued simultaneously, policy inconsistencies were evident which jeopardized success in both. Sub-themes were concerns about equity and the reorientation of production away from sectors which seemed to have declining future prospects. In only one instance did the policy maker have the luxury of being able to focus mainly on achieving higher levels of productivity to relieve the labour constraint faced by that economy.

Throughout the region structural reforms continued, notably in the area of fiscal policy, to make tax regimes more transparent and to substitute consumption taxes for declining trade taxes, to improve compliance and tax collection mechanisms and to remove loss making and other business operations from the public accounts, through privatization. Reforms were also evident in response to continuing liberalization, especially in the areas of trade and the financial sector.

In **Aruba** the major element of the low inflation policy was restraint in public spending, other benefits being to reduce pressure on domestic credit and husband the international reserves. The recommitment to fiscal restraint came after public sector wage indexation commenced in 1996, resulting in increasing wages and salaries and related social security costs. Policy guidelines were therefore advanced to streamline both policy and administration of the tax system, increase revenue by strengthening collection and billing procedures and liberate excess labour in the public sector by adjusting its size and composition so as to ease the manpower constraint faced by the rest of the economy.

As part of the fiscal consolidation process some public entities were also to be divested. The rationale provided for privatization was to broaden the ownership of shares in the economy and to make the privatized firms more responsive to market signals and thus enhance efficiency. The Aruban airport was divested in 1997 and Air Aruba was also in the process of being restructured prior to divestment.

Given that inflation was fairly tightly contained in 1996 and liquidity under control monetary policy was to be loosened, the Central Bank removing credit ceilings on commercial banks from January 1997.

In **Barbados** several policy challenges were identified for attention in 1997, chief among them was the need to focus attention on the poorest sectors, given the fact that the economy had been stabilized and had regained its forward momentum. At the same time, the agenda for policy reform was being accelerated with respect to the trade and payments regimes and the development of financial markets. Debt management, the need to ensure against overheating the economy and the need to contain excess liquidity were also specifically identified as areas for continuing focus.

Poverty eradication was being approached by several initiatives directed to small and micro enterprises, notably a Small Business Venture Capital Fund to train and provide consultancy services for potential entrepreneurs, a Commercial Innovation Fund to assist in the development of viable ideas and the Small Enterprise Development Initiative to provide supporting infrastructure for small and micro enterprises. Finally, a Development Finance Institution was to be created to provide development finance to the small and medium size enterprise sector, while a Micro Enterprise Lending Institution was to provide loans and technical assistance to the smallest enterprises.

Measures to develop the local capital market focused primarily on improving the regulatory framework for the financial sector so as to improve confidence and encourage increased participation. Accordingly, a Take-over Bid Code was developed and a Securities Act was to be introduced to provide for adequate disclosure, protection against insider trading, conflict of interest and minorities shareholders protection. Public funding was being provided to support the private Securities Exchange Board which had also applied for membership to the International Organization of Securities Commission. In an effort to broaden the securities market, several public entities were also to be corporatized with blocks of shares earmarked for employees, trade unions, credit unions mutual funds and other individuals.

Modest changes were made to the trade and payments regimes, the latter being more closely regulated than those of the larger CARICOM countries. Accordingly, the foreign exchange allocation to visitors, travelers and businessmen and for gifts or pension fund investments abroad was modestly increased. With respect to trade, the CARICOM trade regime had stipulated that all trade licences were to be abolished. In the case of Barbados, these licences had been converted into a surtax which was to have been phased out by March 1998. The schedule was, however, set back, in an attempt to extend the duration of protection to local producers. The current rate of 75 per cent would remain until March 1998, be reduced to 35 per cent by March 1999 and be eliminated by 1 April 2000.

Monetary policy focused on reducing the excess liquidity which had accumulated over the past two years, caused by strong foreign exchange earnings and private inflows and weak demand for credit in the domestic economy. Despite attempts by the Central Bank to mop up these funds, liquidity remained high so that the minimum savings rate was reduced by one percentage point to 4 per cent and the discount rate lowered from 12.5 per cent to 9 per cent. Cash and securities ratios were also lowered, from 6 to 5 per cent and from 23 to 20 per cent, respectively. The Central Bank also removed public sector deposits under its management from the financial system.

In **Jamaica**, economic stabilization continued to be accorded the highest priority but efforts were also being made simultaneously, in what was likely to be an election year, to increase output. Inflation was being targeted at between 8-9 per cent for the year. Conservative fiscal policies were to be applied, to the extent that this was compatible with the high debt servicing requirements and the need to restructure the financial sector. Measures to reform the tax regime, now in the phase focusing on taxpayer registration, designed to reduce tax avoidance were expected to increase revenues, while expenditures were to be contained by reduced capital spending. External borrowing would be used to restructure the financial system, meet budgeted expenditure and refinance the

relatively more expensive domestic debt. Tight monetary policies, which would include intervention in the foreign exchange market, if necessary, were also intended to secure stability in the exchange rate and moderate inflation and ultimately interest rates.

While interest rates were gradually trending down the second phase of the National Industrial Policy came into effect in the first quarter. Incentive policies falling therein included the opening of a direct lending facility in the National Development Bank where interest rates were pegged to the lowest savings deposit rate. The Export Industry Encouragement Act, which provided exemptions from import duties on raw materials and capital goods and 10-year income tax holidays, was also extended to encompass producers with only a portion of their production earmarked for export. Increased funds were also allocated for tourism product development.

Management of the debt remained a major concern. Various measures were to be applied to reduce debt servicing charges, such as refinancing and rescheduling to take advantage of lower interest rates, accelerated repayment and redesigning the present debt instruments. Thirty nine per cent of recurrent expenses were allocated for interest payments while capital expenditure accounted for almost 40 per cent of total expenditure. The bulk of this amount, 67 per cent of it, was allocated for debt repayment. Overall, 46 per cent of total expenditure was allocated to covering interest and amortization. Finally the Financial Sector Adjustment Company (FINSAC) was created to provide assistance to reorganize, strengthen and consolidate the financial sector.

On the policy front, the **Netherlands Antilles** initiated a structural adjustment programme at the commencement of 1997. The main elements were a fiscal consolidation programme, wage restraint and tight credit policy. It was underpinned by a precautionary line of credit of Dfl100 million from the Dutch Central Bank, refinancing of outstanding debt and grants to support the social component of the adjustment programme. Other supporting measures included reform of the public sector to streamline the public bureaucracy and adopt a market oriented wage structure, divestment of several public enterprises including the loss making national airline and improved public accounting. Monetary targets included a limit of 3.5 per cent credit growth to the private sector while credit to the Government was not to exceed the amount outstanding at 31 October 1996. Monetary targets would be monitored quarterly and penalties levied for non-compliance

In the **OECS countries**, bananas dominated the policy calculus in the first half of 1997 and would continue to do so for the medium term. The final report of the World Trade Organization (WTO) dispute panel, established to hear a complaint by the United States and four Latin American countries against the European Union's banana marketing regime, found in favour of the plaintiffs thus reducing the chances of survival of the current banana regime. For the Windward Islands, the banana producers which comprise Dominica, Grenada, Saint Lucia and Saint Vincent and the Grenadines, the main policy issue was to find the wherewithal to cope with the loss of preferential access to the United Kingdom banana market. This would require diversification of output to offset the contracting banana industry as well as measures to improve productivity and fruit quality, so as to preserve that portion of the industry which could be made viable under the new non-preferential regime. It would also require measures to effect an orderly adjustment to the new regime. For the

OECS[3] countries, as a grouping, the main issue was to manage the strains which could appear within the grouping caused by the slowing economic tempo of the Windward Islands, vis-à-vis the other members.

In the case of Montserrat, the issue was somewhat more stark and related to the medium-term viability of the island following a protracted period of uncertainty and economic decline in the face of an imminent volcanic eruption. The uncertainty culminated in a severe eruption in June, which necessitated the evacuation of virtually all of the population. This was followed by an even more severe eruption in August. In this context, data on economic performance was limited but the evidence of economic dislocation was plain for all to see.

In **Trinidad and Tobago**, policy emphasis was placed on maintaining macroeconomic stability, slowing the rate of depreciation of the exchange rate so as to contain the rate of inflation and providing incentives to increase the rate of local and foreign investment. Permanent sub-themes were reducing the rate of unemployment and diversifying the economy, i.e. increasing the rate of expansion of the non-oil sector. Policy reforms related to reducing trade protection in line with the requirements of the CARICOM Common External Tariff (CET) and simplifying and rationalizing the tax regime by reducing the number and scope of tax credits and exemptions.

With respect to income taxes, the number of tax brackets was reduced from four to two, those with a chargeable income of TT$ 0-50,000 being assessed at the rate of 28 per cent while those with incomes over TT$50,000 were assessed at a rate of 35 per cent. Several tax credits, allowances and deductions allowed under the previous income tax law were abolished and replaced by a basic allowance of TT$20, 000 and an additional further deduction of up to TT$18,000 for prescribed purposes. The net effect of the changes was to simplify the regime, improve its enforceability and make it more progressive.

With respect to the trade regime, the CET was reduced by 5 per cent in 1997 in accordance with CARICOM decisions and was intended to rest at a maximum rate (excluding agricultural products) of 20 per cent by 1 January 1998. Several regulations were also introduced to regularize the importation of used automobiles and parts. At the same time, automobile annual licence fees were abolished, the revenue lost to be recouped by an increase in motor fuels. Incentives were also provided in the form of an employment allowance equivalent to 200 per cent of the wages of each worker employed with a salary not exceeding $4,000 per month.

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[3] The OECS countries operate a loose integration arrangement with common monetary arrangements under the ECCB. The ECCB covers all the OECS countries and Anguilla.

Economic activity, inflation, employment and wages

Tourism constituted to be the main economic activity in **Aruba**, with tourism contributing 38 per cent of Product, 50.3 per cent of current receipts and employing 35 per cent of the labour force in 1996. Growth of stopover arrivals, 4 per cent up on the corresponding semester of 1996, continued to be strong. This rate is expected to be surpassed for the full year, however, since growth was slow in the first quarter but accelerated in the second and third quarters. The major market for Aruban tourists, the United States, recorded only a modest 1 per cent growth but its second market, Europe, recorded a 10 per cent increase with the third, Canada, up by 11 per cent. Cruise ship arrivals, by contrast, declined by 10 per cent when compared with the corresponding semester of 1996. Earnings from tourism stimulate several domestic activities so that, for example, the construction sector also saw increased activity.

Despite the removal of credit ceilings on commercial banks, loans to private sector enterprises remained modest in the first quarter and only gradually increased thereafter. Consumer loans increased only marginally while the Government remained in surplus with the banking system. Demand for mortgage financing quickened in 1997, however, and seemed to have contributed to the slight increase in inflationary pressures recorded.

The labour market remained tight with unemployment being a scant 0.7 per cent. Government policy to defer public projects with a high labour content recognized the need to prevent further overheating of the economy and restrain wage push inflation. The surge in mortgage finance and private housing suggested, however, that the policy might only be partially successful and adjustments to monetary policy might be necessary in the second semester.

Economic activity in **Barbados** remained quite strong for the first six months of 1997 although the rate of expansion decreased when compared with the previous six-month period. Notable expansion was recorded for the tourism subsector where value added increased by 4.1 per cent. Tourist arrivals increased by 2.5 per cent, although the length of stay slipped slightly. Nevertheless, this strong performance showed up in a 12 per cent increase on the travel account.

Performance in agriculture was mixed, sugar output increasing for the second consecutive year as a result of increased acreage under cultivation and favourable climatic conditions. Non-sugar agriculture did not fare as well, showing a decline of 0.4 per cent. While most indicators in the sub-sector improved, fish landings were sufficiently down to offset increased performance of the subsector as a whole.

Manufacturing performance improved, showing an increase in value added of 3.2 per cent as compared with a contraction of 0.8 per cent in the corresponding period of 1996. Export manufactures led the increase, notably in electronic components, food processing, beverages and chemicals.

The value added contributed by construction activities expanded by 6.6 per cent, the increase being evident in both private and public construction. The former reflected the improved business climate and increased commercial activity while the latter reflected the augmented capital works programme directed to upgraded road works and improved sewerage schemes.

Energy consumption reflected the increased economic activity, residential consumption picking up by 2.8 per cent, commercial consumption by over 5 per cent. Production of petroleum products recorded a 13 per cent decline, however, in part because of decreasing yield from existing wells. Natural gas sales also declined, by 17.3 per cent, mainly because of a shift to low powered diesel fuel by the electricity producing company in an attempt to reduce operating costs.

The public accounts deteriorated for the first six months[4], with a doubling of the fiscal deficit. Recurrent revenues increased by almost 12 per cent, indirect taxes were up by almost one third, benefiting by the introduction of VAT, while customs duties also increased as a consequence of increased imports. Recurrent expenses increased by under 4 per cent so that the recurrent balance improved by over 60 per cent. Savings made in the current account were reallocated to capital expenditures, which grew by 73 per cent. The deficit was financed mainly by funds from commercial banks, debt to the Central Bank being repaid for the sixth consecutive year.

Prices for the 12-month period ending June 1997 recorded an increase of 5.2 per cent, up from the 2.6 rate recorded for the previous semester in 1996, while inflation registered 2.4 per cent for 1996 as a whole. On a point to point basis the rate for the quarter ending June 1997 was 8.5 per cent, up from 3.5 per cent recorded for the quarter ending June 1996. The introduction of a VAT, which extended to many items not previously taxed, was one significant contributor to inflation. The food index was the hardest hit, although housing, household operations and supplies were also affected. Inflation in the second half of 1997 was expected to moderate because of the one-time nature of the increase and also because several food items were granted exemption from the taxes from the second half of the year. This was made possible because VAT targets had been surpassed.

Employment increased for the review period, the rate of unemployment contracting from 16.2 per cent at the end of June 1996 to 14 per cent for the quarter ending June 1997. Employment expansion benefited both male and female workers, the rate for males falling to 11.6 per cent, while for females it fell by 3 percentage points to 16 per cent.

In **Jamaica** output contracted for the first six months of 1997. Sectoral performance continued to suffer from decreased investment spending while consumption expenditure also suffered under the tight macroeconomic environment. Agriculture recorded a decline of 11 per cent, primarily from a reduction in domestic crop production, caused by unfavourable climatic conditions and

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4 The fiscal year in Barbados runs from April to March.

competition from cheaper imports. This could not be offset by the output of export crops which had a mixed performance. In the mineral sector, total bauxite production declined by 0.2 per cent, mainly because of a 8 per cent decline in crude bauxite production. Alumina production, however, actually increased by almost 6 per cent. Manufacturing continued to stagnate because of high interest rates and the restructuring caused by greater import competition.

With respect to services, construction seemed to be recovering from the slump experienced in 1996 while tourism seemed to be picking up after the slow period experienced in the second half of 1996. Total tourist arrivals increased by 6 per cent. Of this total, the more important stopovers increased by a modest 1 per cent, while the number of cruise ship visitors increased by 16 per cent. Total tourist earnings increased by 3.6 per cent. Output in the finance and insurance sectors continued to decline as a result of liquidity problems brought on by tight economic policies and insolvency in some banks.

The fiscal accounts for the period January to June 1997[5] showed considerable deterioration over the corresponding period in 1996, mainly because of the need for unplanned supplementary expenditures in the first quarter. Recurrent revenues increased by just over 2 per cent, the tax reform programme, and especially the tax compliance programme experiencing delays and not meeting targets. Other forms of revenue increased by 31 per cent. The fiscal deterioration was to be explained in part by a 12 per cent increase in current spending; a 20 per cent increase in wages and salaries, resulting from retroactive payments to public employees; and, a 16 per cent increase in interest payments. A more significant contributor to the deficit was, however, the 300 per cent jump in capital spending. The relative proportions allocated to gross investment and debt amortization did not change significantly in this increase, since gross investment increased from 50 per cent to 56 per cent. The bulk of the increase in gross investment, however, from J$1.1 billion in the first quarter of 1996 to J$16.5 billion in the first quarter of 1997, was earmarked for the establishment of the Financial Sector Adjustment Company, intended to restructure several insolvent financial institutions. Debt amortization payments also increased by 252 per cent.

Monetary policy continued to reflect Government's desire to reduce inflation and maintain exchange rate stability. To this end, the Central Bank intervened in the money market through the use of the treasury bill rate and reverse repurchase rates. Growth in broad money, M_2 averaged almost 2 per cent per month over the period June 1996 to June 1997, 23.3 per cent per annum. The monthly rate of growth for the first six months of calendar 1997 fell to average below 1 per cent, 7.2 per cent for the semester. The primary component of growth was savings deposits, up 22 per cent between December 997 and June 1997. M_1 contracted by 5.4 over the semester currency with the public by 8 per cent demand deposits by 3.7 per cent.

Commercial banks' loans and advances grew by 1.3 per cent for the period December to June 1997, as compared to 19.3 per cent for the year to June 1997. Despite efforts to dampen liquidity in the most recent quarters interest rates, when viewed over the 12-month period, were tending

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5 The fiscal year in Jamaica runs from April to March

downward, the average loan rate from a nominal 59.3 per cent in June 1996 to 44.9 by June 1997, while the average savings deposit rate fell from 18.12 per cent to 14.08 per cent over the same period. At the same time, the rate of depletion of net foreign assets was quickening, by 10.9 per cent for the period December 1996 to May 1997 as compared with 5.4 per cent for the year from May 1996 to May 1997.

Prices fell steadily over the survey period. At the end of June the annual point-to-point rate of inflation fell to 8.3 per cent as compared with 30.1 per cent at June 1996. Inflation for calendar 1996 was 26 per cent.

In the **Netherlands Antilles**, performance in the real sector was mixed. Tourism sector performance improved in the first quarter, mainly because of developments in Saint Maarten, recovering from hurricane damage and Bonaire. On the other hand, tourism performance in Curacao was weaker than in 1996. The transportation sector recorded improved performance benefiting from increased activities in oil storage and ship repair. Oil refining increased by 14 per cent. Conversely the ports and free zones recorded sluggish performance, in the latter case sales increased by 24 per cent but the number of traders visiting the free-zones, mainly from the Dominican Republic, Jamaica and Trinidad and Tobago declined by 14 per cent. Changed regulations into the EU to limit the re-export of rice and sugar also impacted the relevant firms. Construction activities, reflecting poor performance in other areas of the economy, declined in Curacao and Bonaire.

Fiscal performance improved in the first quarter but remained behind the targets set by the adjustment programme initiated in January 1997. Revenues increased substantially and although expenditures also increased, the deficit was substantially reduced, though not as much as projected. The shortfall arose, from weaker than projected central government revenues derived from imports and non-tax revenues and increased expenditures for investment and personal emoluments.

In accordance with the monetary targets set out in the structural adjustment programme, net domestic credit to the government declined slightly in the first quarter reflecting reduced credit to the Island Governments but a slight increase to the Central Government. Credit to the private sector showed a slight decline for the second consecutive quarter. Net foreign assets showed a slight increase. During the first quarter M_2 increased by 1.2 per cent, as compared with 1.6 per cent in the first six months of 1996. M_1 was the major element of expansion, at 8 per cent compared with 2.9 per cent in the first quarter of 1996, since quasi money contracted by 3.3 per cent. On an annual basis M_2 contracted by 3.3 per cent, M_1 by 3 per cent.

Unemployment increased in the first quarter to 14 per cent although dismissal requests, reflecting the backlog of redundancies, fell as compared to the first quarter of 1996. More persons were also entering the labour market as disposable family incomes fell. In Curacao, the number of enterprises liquidated in the first quarter rose slightly, notably in those companies active in trade but expansion was evident in the financial and business services sector.

In the **OECS countries**, the agricultural sector suffered from the decline in banana output which was 17 per cent for the group as a whole. While output in Dominica increased by about 84 per cent, reflecting recovery after the 1995 hurricane, output in other countries declined, ranging from amounts of 30 per cent in Saint Lucia up to 90 per cent in Grenada. Output of cocoa also declined, by 56 per cent. Conversely, the output of mace, nutmegs, up 49 per cent and sugar cane, also up by 49 per cent, increased to partially offset the decline in bananas.

Tourism recorded modest growth when compared with the first semester of 1996, with expenditure and the number of stopover arrivals increasing by 5 per cent, while the number of cruiseship visitors increased by 6.6 per cent. The rate of increase in stopovers varied quite widely, four countries showing increases, Anguilla, up 43 per cent, Saint Lucia, up 23 per cent, Dominica, up 12 per cent and Antigua and Barbuda, up 3 per cent, while Grenada, Saint Kitts and Nevis and Saint Vincent and the Grenadines all received fewer stopover visitors.

Overall, manufacturing activity increased marginally with positive growth being recorded in Saint Kitts and Nevis, sugar production showing substantial growth, Saint Lucia, with increased outputs of garments, paper products, coconut oil and rum and in Saint Vincent and the Grenadines recording increases in rice and flour. The sector experienced flat performance in Grenada, while in Dominica output contracted because of declines in soap production.

Construction was especially buoyant in Saint Kitts and Nevis, activity being evident in public works, the main activities being focused on the airport, the port facilities, and public housing while private construction was also strong. Increases were also evident in the sector in Anguilla, Grenada, Antigua and Barbuda and Saint Vincent and the Grenadines, but it contracted in Dominica and in Saint Lucia, in the latter instance because of reduced public investment.

Fiscal performance deteriorated over the first semester survey period, with an 18 per cent decline in the consolidated current account surplus when compared with 1996. Several countries recorded reduced surpluses, notably Dominica, Grenada, and Saint Vincent and the Grenadines while Montserrat had a greatly expanded deficit. Saint Lucia and Anguilla increased their recurrent surplus while Antigua and Barbuda achieved as small surplus after recording a deficit in 1996.

Overall, consolidated revenues increased by about 3 per cent, tax revenues by 3 per cent while non-tax revenues grew by 1.4 per cent. Taxes from international trade, which represent 57 per cent of tax revenue, grew by 7 per cent while taxes from domestic goods and services also grew by almost 6 per cent. These strong increases were somewhat offset by declines in revenues from income and profits, down by 7.5 per cent, and property taxes, down by 5.4 per cent. Consolidated recurrent expenditures grew by 4.7 per cent, spending increasing most rapidly on goods and services and on transfers and subsidies while outlays for wages and salaries grew by a modest 1 per cent. Outlays to cover interest payments declined by 2.5 per cent.

Total monetary liabilities M_2, grew by 3.5 per cent in the first semester of 1997 as compared to 2.4 per cent in the corresponding semester of 1996. The rate of increase of quasi money slowed

slightly from 4.2 per cent in 1996 to 4 per cent in 1997. The slowdown was influenced primarily by savings deposits which contracted by over 3 per cent in 1997 as compared to an increase of 3.4 per cent in the corresponding semester of 1996. On the other hand, time deposits increased at a faster rate, from 7.1 to 11.3 per cent as did foreign currency deposits which contracted by 3.1 per cent in 1996 but increased by 9.2 per cent in 1997. The narrow money supply M_1 grew by 1.5 per cent in 1997, demand deposits increasing by 2.6 per cent in 1997 as compared with a reduction of 4 per cent in the corresponding semester of 1996.

Domestic credit expanded at a slightly faster rate in 1997, at 3.7 per cent, than was the case in 1996, where the expansion was 2.9 per cent. This was to be explained by faster rate of credit expansion to the private sector and to the non-financial public sector. Accordingly, credit to the private sector increased as a proportion of total credit, from 84 per cent in 1996 to 85 per cent in 1997 the increase being 4.8 per cent in 1997. Credit to the government continued to contract by 4.4 per cent compared with a contraction of 2.7 per cent in 1996, while credit to the non-financial public enterprises actually rose by just over 1 per cent as compared to a 2.4 per cent contraction in 1996. Interest rates remained fairly stable, with only a change from 7 per cent to 6 per cent in the maximum rate on three-month time deposits being noteworthy.

Prices for the year to June increased moderately or declined, plus or minus two percent being the limits for all countries, with the exception of Saint Kitts and Nevis which recorded cumulative quarterly increases equivalent to nearly 8 per cent. The greatest increase took place in the first quarter of 1997, with a quarterly increment of 5.3 per cent, caused in part by a revised method of calculating consumption taxes.

Output in **Trinidad and Tobago** grew by 2.6 per cent in the first semester as compared with 1.7 per cent for the corresponding semester of 1996. The quickened expansion was to be explained by performance in the non-petroleum portion of the economy which expanded by a cumulative 3.9 per cent in the first semester of 1997 as compared to an increase of 1 per cent in the corresponding period of 1996.

Although the petroleum subsector expanded in the first semester of 1996 it contracted by 1.5 per cent in the first quarter and a further 0.2 per cent in the second quarter of 1997. Within this sub-group petrochemical activities continued to expand, though not as strongly as in the previous year, while the rest of the petroleum subsector expanded relatively slowly because of depleted wells. In the former case, exports of methanol increased by 21 per cent while prices were also up by 35 per cent over the corresponding period of 1996. Crude production fell by 4 per cent, although drilling activity increased in the second quarter in the quest for new supplies.

Conversely, expansion in the non-oil sector was significantly up on the previous year notably in agriculture, where sugar production expanded by 33 per cent, construction, distribution and transport. Manufacturing, on the other hand, showed continued contraction.

The public accounts improved over the first six months of 1997, primarily because of proceeds received from the divestment of the Trinidad and Tobago Methanol Company valued at almost 14 per cent of total expenditure. While recurrent revenue decreased by 4 per cent, total revenues increased by 11 per cent as a result of these divestment proceeds. The main declines in recurrent revenues were oil revenues, down 18 per cent and property taxes which fell by 5 per cent. Recurrent expenditures declined by 1.2 per cent, while capital expenditure increased by 61 per cent. Accordingly, while the recurrent balance deteriorated the overall surplus doubled over the first six months of 1996. External loan disbursements to the central government declined by 67 per cent. Twenty-eight per cent of these funds were directed to the water sector, with a further 22 per cent devoted to infrastructure. External debt declined by 3 per cent over the corresponding second quarter of 1996.

In the area of monetary policy, the statutory reserve requirements were reduced by one per cent in each quarter to rest at 21 per cent for commercial banks and 6 per cent for non-bank financial institutions by mid year. Despite efforts by the Central Bank to sterilize the increased liquidity, which took the form of treasury bill issues in each quarter and a government bond issue advanced to serve the same purpose, liquidity remained high, so that interest rates softened throughout the six month period. The average rate for commercial bank local currency loans was 14.2 per cent, down from 14.85 per cent in the last quarter of 1996, while deposit rates fell from 6.07 per cent to 5.81 per cent over the same time period. The rate of credit expansion, however, continued to fall from over 7 per cent at the end of 1996 to 4 per cent by mid-1997. The allocation of credit also shifted away from government toward the private sector. Whereas the growth of the narrow money supply contracted in the first quarter, to 3.8 per cent, it surged to 8.9 per cent by the second quarter with a steady growth in demand deposits. Meanwhile broad money M_2 grew by 8.4 per cent as a result of foreign inflows.

Prices moderated in the first six months of 1997, from the increases registered in the last three quarters of 1996. The declining trend was illustrated by the year on year increase which measured 3.4 per cent in the second quarter as compared with 4.2 per cent in the first quarter. Prices increased by 3.3 per cent for 1996. Price increases were notable in the categories relating to food, health services, drink and tobacco.

Unemployment increased slightly in 1997 to 17.2 per cent, as compared with 17.1 per cent in the corresponding quarter of 1996. The seasonal trend in employment was for the rate to decrease toward the end of the year and this was illustrated by the 15.9 per cent rate recorded for the fourth quarter of 1996. Services recorded the greatest loss of jobs, followed by manufacturing and construction. Increased employment was evident in agriculture and in the petroleum sector.

External trade and payments

The Net International Reserves for **Barbados** continued their steady build-up, although the increase achieved in 1997 was somewhat slower than that which obtained in the first six months of 1996. The deficit on visible trade increased by 15 per cent, consequent on stagnating merchandise exports and an 11 per cent increase in imports. Intermediate imports recorded the fastest growth, at over 18 per cent, followed by consumer goods, increasing by 11 per cent and capital goods. The domestic component of exports increased by 7.5 per cent, the increase being mainly in the food and beverages subsector since the export receipts obtained from sugar and electronic components fell.

The surplus on services increased by 10 per cent, explained by the fact that net earnings from tourism increased by over 12 per cent, while earnings from transportation also increased. Nevertheless, the current surplus was slightly less than in 1996, since outflows of investment income increased while unrequited transfers were also down. The capital account balance also deteriorated, from a surplus in the corresponding period in 1996 to a slight deficit in 1997. The deterioration was to be explained by slower private capital inflows and increased amortization payments. Overall, the external balance remained positive which served to augment the reserves.

In **Jamaica**, the Net International Reserves fell by nearly US$130 million in the first six months of 1997 as compared to an increase of US$177 million in the corresponding semester of 1996. The deficit on visible trade increased by 17 per cent. Total exports fell by 3.7 per cent, traditional exports, among them bauxite, sugar and bananas, fell by 1.3 per cent. Only alumina exports increased. Non-traditional exports declined by 9.5 per cent, primarily because of the decline in the apparel subsector, responding in part to the North American Free Trade Area (NAFTA). Imports increased by over 6 per cent, consumer goods showing a 20 per cent rise, while capital goods increased by 17 per cent. On the other hand, raw material imports declined by nearly 4 per cent reflecting reduced economic activity.

The surplus on services expanded by 3 per cent. This was made possible because outflows of investment income fell by US$25 million, for despite a 3.6 per cent increase in tourist earnings travel expenditures by locals increased, so that the net travel balance contracted by 3.2 per cent. The increase in services and private transfers was, however, insufficient in the face of the increased merchandise deficit to prevent an erosion in the current account which moved from a modest surplus in the first semester of 1996 to a deficit in the corresponding period of 1997.

The capital account recorded outflows of US$69 million as compared to inflows of US$172.2 million in the first semester of 1996. While official outflows were up by 27 per cent, the major influence on the capital account was the severe reduction in net private inflows which fell from US$246.2 million to US$25.2 million as exchange rate pressures, lowered interest rates and financial sector instability all damaged investor confidence.

External performance in the **Netherlands Antilles** deteriorated in 1997, for although tourism performance was promising other export earning activities recorded poor results. Tourism earnings

increased by almost 9 per cent, as a result of 23 per cent increases in stopover and cruiseship arrivals, respectively. The improvement was to be explained by recovering tourism activities in Saint Maarten, following the hurricane in September 1995 and continued growth in the industry in Bonaire. By contrast tourism in Curacao continued to be sluggish.

Performance of the oil refinery was also good, with the quantity of oil refined increasing. Foreign exchange earnings were, however, down as a result of reduced operating costs. Other foreign exchange earning activities were not as promising. Taxes from international financial and business services fell, while merchandise exports also fell because of regulations by the EU to limit the transfer of rice and sugar through the Antilles to the EU market. Earnings from the telecommunications sector and from indemnity insurance also declined.

Despite the mixed performance on external receipts, the merchandise deficit contracted by 7 per cent and the current deficit was almost eliminated since imports, which were down by 6.3 per cent were contained by tight fiscal and monetary policies. There was, however, also a deterioration in the capital account which recorded a slight deficit after a substantial surplus in the first quarter of 1996 so that the reserves declined.

For the **OECS countries**, merchandise trade performance is estimated to have deteriorated in the first semester of 1997 as compared with the first semester of 1996. The main contributing factor was the poor performance of bananas for the volume of fruit exported declined by 17 per cent, while earnings declined by almost 37 per cent. Unit prices were down, in the case of Saint Lucia, for example, from EC$1400.53 per tonne to EC$1009 per tonne in 1997. While the value of banana exports from Dominica increased by 43 per cent, both Saint Lucia and Saint Vincent and the Grenadines experienced declining banana earnings, by 49 per cent and 45 per cent, respectively. Banana exports from Grenada almost ceased, although other export crops, mace and nutmeg, increased their earnings. Cocoa exports declined by 31 per cent. In Saint Kitts and Nevis sugar exports increased while in Saint Vincent and the Grenadines exports of rice and flour were up by 17 per cent and 22 per cent, respectively. Imports were up for all the countries providing data so that in all instances the trade deficit increased, except for Dominica where the impact of increased banana earnings reduced the trade deficit by 8 per cent.

On the services side, consolidated tourism expenditures increased by 5 per cent. Expenditures increased in most destinations, with the exception of Grenada where they were down by 2.3 per cent. Increased earnings varied from 17 per cent in Saint Vincent and the Grenadines to 1 per cent in Saint Lucia.

In **Trinidad and Tobago**, the balance of visible trade deteriorated when compared with the first six months of 1996. While exports increased by over 13 per cent imports grew much faster, at almost 37 per cent. At the same time, earnings from services remained flat (although net travel receipts increased by 30 per cent), improving by a scant 1 per cent, so that the current account balance moved from a surplus of US$53.5 million to a deficit of US$25 million.

The capital account recorded an increased surplus, however, inflows coming mainly in the form of private direct investment, in part the proceeds from the aforementioned 69 per cent divestment of the Trinidad and Tobago Methanol Company. Other inflows came from oil taxes and royalty payments. Outflows were primarily as a result of trade financing and other activities of the private sector and public debt repayments, which were 7 per cent greater than the corresponding period in 1996.

As a result of these developments, the Net International Reserves increased from US$309.2 million in June 1996 to US$691.6 million in June 1997. Gross Foreign Assets at the end of June were US$1053.4 or 4.8 months of import cover. Shortfalls in the availability of foreign exchange in the first quarter of 1997 resulted in a 0.6 per cent depreciation of the TT$ vis-à-vis the US dollar. This compared with a depreciation of 0.1 per cent and 3.5 per cent in the first and last quarters of 1996, respectively. In the second quarter the shortfalls eased so that the rate of depreciation slowed to 0.4 per cent.

Developments in Caribbean integration

A complex set of activities was underway in the Caribbean which impinged on efforts by Caribbean countries to integrate their economies at the subregional level and into the wider hemisphere. These included measures to complete the deepening and widening of CARICOM, the consolidation of the Association of Caribbean States (ACS) and measures to create the Free Trade Area of the Americas (FTAA) by 2005.

Within CARICOM work continued to consolidate the single market and economy (CSME), the major elements of which were to be in place by 1999. The CET was currently in its third phase, as illustrated in Table 1, although the degree of compliance varied from country to country, either as a result of slippages in administrative procedures or, as in the case of Belize, derogations which allowed that country to implement the provisions two years behind the agreed schedule. Moreover,

Table 1
CARICOM - COMMON EXTERNAL TARIFF RATES

CATEGORIES	1-1-1993 to 31-12-1994	1-1-1995 to 31-12-1996	1-1-1997 to 31-12-1997	1-1-1998
Agricultural inputs	0	0	0	0
Non-competing primary inputs	5 (LDCs 0-5)	5 (LDCs 0-5)	5 (LDCs 0-5)	5 (LDCs 0-5)
Non-competing intermediate inputs	"	"	"	"
Non-competing capital inputs	"	"	"	"
Competing primary inputs	20	15	10	10
Competing capital goods	"	"	"	"
Selected imports	"	"	"	"
Competing intermediate inputs	25	20	15	15
Non-competing final goods	25	25-30	20-25	20
Agro-industry	30-35	25-30	20-25	20
Garments	"	"	"	"
General manufactures	"	"	"	"
Agriculture	40	40	40	40
LIST A	Suspended rates	Suspended rates	-	-
LIST B	Suspended rates LDCs	Suspended rates LDCs	-	-
LIST C	Minimum rates	Minimum rates	Minimum rates	Minimum rates
LIST D Parts I and III	Suspended rates LDCs	Suspended rates LDC's	-	-
Safety	0	0	-	-

the coverage of the CET was not universal, since several products were exempt through the various lists A to D, as a result of lobbying from interested parties. In theory lists A, B, and D were to be phased out sometime in 1997, although the minimum rates would continue to apply to all products in list C. A simplified summary of the schedule, with the rates applicable for 1997 appears in Table 2 below.

Table 2

COMMON EXTERNAL TARIFF COMPLIANCE SCHEDULES

Period of application	Rate structure	Period of implementation
1.1.93 - 31. 12. 94	0 - 5% to 30/35%	1.1.93 - 30. 6. 93
1.1.95 - 31. 12. 96	0 - 5% to 25/30%	1.1. 95 - 30. 6. 95
1.1. 97 - 31. 12. 97	**0 - 5% to 20/25%**	**1.1. 97 - 30. 6. 97**
1.1. 98 - Onwards	0 - 5% to 20%	1.1. 98 - 30. 6. 98

Over a broader front, institutional arrangements were being put into place to establish the single market and economy within CARICOM. Rather than replacing the original treaty of Chaguaramas, which came into effect in 1973, the governments decided to enact a series of protocols to the treaty to effect the necessary changes. The first of these, relating to the new institutional structures for decision-making and implementation was signed in February 1997. It confirmed the status of the Community as an association of sovereign States, reaffirmed the Conference as the supreme organ of the Community and established more efficient and flexible procedures for decision making while also rationalizing the organizational structure of the Community. The Common Market Council (CMC) was superseded by the Community Council of Ministers comprising ministers of CARICOM affairs, while four other councils were created, namely the Council for Trade and Economic Development, the Council for Foreign and Community Relations, the Council for Human and Social Development and the Council for Finance and Planning.

Several governments had already put into place arrangements for national consultations on CARICOM matters. At the same time, the Charter of Civil Society was brought into effect. It is declaratory but emphasizes the obligation of CARICOM States to good governance, and to respect civil, political and economic rights and the rule of law.

A second protocol which allowed CARICOM nationals to establish business enterprises, provide services and move capital without restriction within the common market was also signed by 11 of the 13 members eligible to do so. Measures to facilitate production integration within CARICOM were also being developed while legal provisions were adopted by eight members so far to allow the free movement of certain skilled personnel. Protocols relating to disadvantaged countries regions and sectors, agricultural policy, industrial policy, trade policy, dispute settlement, competition policy and transportation are scheduled for completion by the next meeting of the Conference of Heads of Governments in July 1998.

The Council of Central Bank Governors was also developing a macroeconomic policy framework to facilitate macroeconomic convergence by the members of the common market. The free movement of goods within CARICOM has been substantially achieved, with unauthorized barriers

being applicable only to five commodities and three countries. A double taxation treaty is currently in operation among the seven signatories, whilst a Social Security Agreement has come into effect among the four countries that have so far signed the agreement.

The widening of the common market was also being pursued, Suriname was admitted to full membership while observer and associate member status was accorded to the Dominican Republic, Puerto Rico, British Virgin Islands, and the Turks and Caicos islands. Haiti was provisionally accepted to full membership of the Community in July 1997, the terms and conditions of membership to be resolved before July 1998.

CARICOM has also advanced the structure whereby it will coordinate and execute its external negotiations in those areas where it needs to negotiate as a group. A chief negotiator has been appointed who will oversee and coordinate these negotiations. Four specialized negotiating groups have been established, to cover Lomé/Europe; Western Hemisphere; Summit of the Americas, non-economic issues; and, global trade and economic issues including the WTO. The issues clustering under the Western Hemisphere group include, Summit of the Americas economic issues leading to the FTAA, NAFTA, NAFTA parity proposals and Caribbean Basin trade expansion initiatives.

STATISTICAL ANNEX

ARUBA

	1995	1996	Jan-Jun 1996	Jan-Jun 1997	Change %
GDP at current prices	2453.0	2631.0	NA	NA	--
GDP at constant prices	1596.7	1659.7	NA	NA	--
GDP growth (constant prices)	5.7	3.9	6.0	4.3	--
Prices	3.4	3.2	3.4	3.1	--
Exchange rate (Afl vis a vis US$)	1.8	1.8	1.8	1.8	--
Unemployment rate	0.7	1.0	0.7	0.7	--
Fiscal data (Afl $ m)					
Total revenue	602.7	642.7	NA	NA	--
Tax revenue	447.7	472.7	NA	NA	--
Non-tax revenue	127.9	143.9	NA	NA	--
Grants	27.1	26.1	NA	NA	--
Recurrent expenditure	556.5	625.7	NA	NA	--
Wages and salaries	302.0	341.1	NA	NA	--
Goods and services	133.8	149.1	NA	NA	--
Transfers and subsidies	120.7	135.5	NA	NA	--
Capital expenditure	57.2	59.0	NA	NA	--
Total expenditure	613.7	684.7	NA	NA	--
Fiscal balance	-11.0	-42.0	NA	NA	--
Fiscal balance/GDP (%)	-0.4	-1.6	NA	NA	--
Money supply (Aflm)					
(Relates to end of period)					
Narrow money (M1)			NA	NA	--
Broad money (M2)	1261.3	1300.6	NA	NA	--
Balance of payments (US$m)					
Balance of visible trade	-249.6	-307.7	NA	NA	--
Exports	1347.2	1735.7	NA	NA	--
Imports	1596.8	2043.4	NA	NA	--
Services (net)	215.3	254.0	NA	NA	--
Income	-9.2	-11.8	NA	NA	--
Transfers	28.0	-3.6	NA	NA	--
Current balance	-15.4	-69.1	NA	NA	--
Capital and financial account	31.3	42.6	NA	NA	--
Overall balance	15.9	-26.5	NA	NA	--
International reserves (US$ m.)	216.7	187.6	NA	NA	--
Interest rates					
Deposit rate (average)					
Loan rate (average)					
Tourism indicators					
Tourism expenditure (US$m)	520.6	603.6	NA	NA	NA
Stopover arrivals ('000)	618.9	640.9	314.5	327.2	4.0
Cruise ship arrivals ('000)	296.7	314.9	NA	NA	NA

Source: ECLAC, based on national data.

BARBADOS

	1995	1996	Jan-Jun 1996	Jan-Jun 1997	Change %
GDP at current prices	3136	3377	NA	NA	--
GDP at constant prices	858.9	903.6	NA	NA	--
GDP growth (constant prices)	2.9	5.2	5.4	4.6	--
Prices	1.9	2.4	2.6	5.2	--
Exchange rate (B$ vis-a-vis US$)	2	2	2	2	--
Unemployment rate	19.7	16.4	16.2	14	--
Fiscal data (B$ m)					
Current revenue	1192.8	1245.3	654.2	730.9	11.7
Direct tax	459.64	489.3	255.5	275.9	8.0
Indirect tax	621.8	641.8	317.5	404.9	27.5
VAT	0	74.9	0	187.7	--
Non-tax revenue	84.277	99.933	81.2	50.1	-38.3
Current expenditure	1070.8	1148.5	583.3	604.9	3.7
Wages and salaries	464.4	493.2	248.3	250.7	1.0
Interest payments	189.8	200.4	103.3	97.6	-5.5
Transfers and subsidies	294.1	313.3	166.4	173.9	4.5
Current account balance	122	96.8	71.2	126	77.0
Capital expenditure	135.5	220.1	86.6	150.2	73.4
Fiscal balance	-14.1	-127.8	-14.6	-28.3	93.8
Financing	14.1	127.8	14.6	28.3	93.8
Domestic	40.3	104.1	36.1	59.7	65.4
External	-26.2	23.7	-21.5	-31.4	46.0
Money supply (B$m) (Relates to end of period)					
			Percent increase<1>		
Narrow money (M1)	899.3	1036.7	-5.8	7.4	--
Broad money (M2)	2506.9	2843.7	5.3	0.2	--
Balance of payments (US $ m)					
Balance of visible trade	-445.7	-456.15	-293.4	-337.1	14.9
Exports	245.45	286.8	129.45	131.4	1.5
Imports	691.2	742.95	422.85	468.5	10.8
Services (net)	550	573.05	401.75	444.2	10.6
Travel (net)	668.9	692.6	372.15	418.85	12.5
Transfers	57.1	66.3	10.1	8.75	-13.4
Current balance	90.15	104.45	118.4	115.85	-2.2
Capital and financial account	-66.4	46.4	37.4	-0.35	-100.9
Errors and omissions	11.55	-38.1	-47.05	-48.6	3.3
Overall balance	35.3	112.7	108.75	66.9	-38.5
Official financing	-24.9	-32.2	-26.1	-15.5	-40.6
International reserves (US$ m.)	203.1	263.7	250.45	326.05	30.2
Interest rates					
Deposit rate (average)	5.2	5.2	5.2	4.3	-17.3
Loan rate (average)	10.9	11.1	11.1	10.7	-3.6

Source: ECLAC, based on national data.

<1> Relates to change in the money supply between the end of December and the end of June

JAMAICA

	1995	1996	Jan-Jun 1996	Jan-Jun 1997	Change %
GDP at current prices	165283.6	202137.8	NA	NA	--
GDP at constant prices	18301.4	17987.1	NA	NA	--
GDP growth (constant prices)	0.5	-1.7	NA	NA	--
Prices	19.9	26.4	30.1	8.3	--
Exchange rate (J$ vis-a-vis US$)	35.5	37.0	35.7	35.5	--
Unemployment rate	16.2	16.0	NA	NA	--
Fiscal data (J$m)					
Current revenue	53926.0	58516.5	29769.9	30494.6	2.4
Tax revenue	49371.0	55206.1	27674.5	28634.3	3.5
Non-tax revenue	4555.0	3310.4	2095.4	1860.3	-11.2
Current expenditure	47778.1	64225.2	28180.8	31530.4	11.9
Wages and salaries	15805.7	24043.3	7759.3	9333.1	20.3
Interest payments	18987.1	27280.4	10660.8	12325.0	15.6
Current account balance	6147.9	-5708.7	1589.1	-1035.8	-165.2
Capital revenue, levy and grants	5512.0	4583.8	2868.5	3772.1	31.5
Total revenue and grants	59438.0	63100.3	32638.4	34266.7	5.0
Capital expenditure	26090.0	48663.7	8450.4	33733.6	299.2
Gross investment	10932.0	24588.0	4227.5	18833.5	345.5
Debt amortization	15158.9	24075.7	4222.9	14900.1	252.8
Debt servicing	33130.1	51356.1	14883.7	27225.1	82.9
Fiscal balance	-14430.1	-49788.6	-3992.8	-30997.3	676.3
Money supply (J$m) (Relates to end of period)					
			Percent increase<1>		
Narrow money (M1)	23227.7	16931.5	-7.7	-5.4	--
Broad money (M2)	73617.6	82679.8	-2.3	7.2	--
Balance of payments (US $ m)					
Balance of visible trade	-1395.0	1527.3	-653.7	-764.2	16.9
Exports	1436.8	1379.4	722.1	695.4	-3.7
Imports	2831.8	2906.7	1375.8	1459.6	6.1
Services (net)	617.0	746.0	357.5	368.4	3.0
Travel (net)	939.6	979.7	470.4	455.2	-3.2
Current balance	-214.7	-238.4	4.9	-59.7	-1318.4
Capital and financial account	238.1	509.7	172.2	-69.0	-140.1
Overall balance	23.4	271.3	177.1	-128.7	-172.7
International reserves (US$ m.)	467.5	713.0	656.6	563.9	-14.1
Interest rates					
Deposit rate (average)	17.8	18.0	18.1	14.1	-22.3
Loan rate (average)	57.9	53.6	59.3	44.9	-24.2
Tourism earnings (US$m)	1069.0	1128.0	522.0	541.0	3.6
Stopover arrivals ('000)	1018.9	1053.1	599.6	605.6	1.0
Cruise ship arrivals ('000)	605.2	658.2	340.2	394.0	15.8

Source: ECLAC, based on national data.

NETHERLANDS ANTILLES

	1995	1996	Jan-Mar 1996	Jan-Mar 199	Change %
GDP at current prices	NA	NA	NA	NA	--
GDP at constant prices	NA	NA	NA	NA	--
GDP growth (constant prices)	2.8	-1.0		-1.3	--
Price changes	2.8	3.4	2.5	3.6	--
Exchange rate (NAf vis-a-vis US$)	1.8	1.8	1.8	1.8	--
Unemployment rate	12.2	13.9		14.0	--
Fiscal data (NAf. m)					
Total revenue	1235.2	1283.6	NA	NA	--
Tax revenue	1016.8	1084.8	NA	NA	--
Income and profits	647.3	659.7	NA	NA	--
Goods and services	148.9	219.9	NA	NA	--
Excise taxes	115.3	138.3	NA	NA	--
Sales taxes	0.0	41.8	NA	NA	--
International trade	182.9	162.2	NA	NA	--
Non-tax revenue	209.7	191.2	NA	NA	--
Grants	8.5	6.7	NA	NA	--
Total expenditure	1400.9	1451.7	NA	NA	--
Recurrent expenditure	1353.6	1377.9	NA	NA	--
Wages and salaries	693.2	714.9	NA	NA	--
Goods and services	325.8	297.0	NA	NA	--
Interest payments	48.1	54.4	NA	NA	--
Subsidies	77.2	97.8	NA	NA	--
Transfers	136.0	141.1	NA	NA	--
Capital expenditure	47.3	73.8	NA	NA	--
Fiscal balance (including amortization)	-203.3	-196.5	NA	NA	--
Fiscal balance/GDP (%)	-4.9	-4.7	NA	NA	--
Money supply (NAf. m) (Relates to end of period)					
			Percent increase<1>		
Narrow money (M1)	1078.4	994.0	2.9	8.0	--
Broad money (M2)	2561.3	2492.8	1.6	1.2	--
Balance of payments (NAf. m)					
Balance of visible trade	-2168.2	-2217.8	-565.0	-525.6	-7.0
Exports	377.1	403.0	102.9	100.0	-2.8
Imports	2545.3	2620.8	667.9	625.6	-6.3
Current balance	-29.9	-424.0	-70.7	-0.8	-98.9
Services (net)	2214.3	1789.7	494.3	524.4	6.1
Travel (net)	607.3	528.1	169.6	225.9	33.2
Capital and financial account	134.7	325.8	58.5	-0.9	-101.5
Overall balance	108.2	-92.2	-21.2	-1.4	-93.4
International reserves (US$ m.)	234.0	190.1	222.2	189.3	-14.8
Tourism indicators					
Tourism expenditure (US$m)	564.3	553.3	163.5	177.5	8.6
Stopover arrivals ('000)	746.4	647.3	168.5	208.3	23.7
Cruise ship arrivals ('000)	746.6	842.7	311.9	384.8	23.4

Source: ECLAC, based on national data.

OECS MEMBER COUNTRIES

	1995	1996	Jan-Jun 1996	Jan-Jun 1997	Change %
Fiscal data (E.C.$m)					
Current revenue	1397.47	1540.66	750.61	770.76	2.7
Tax revenue	1197.98	1308.74	647.2	665.9	2.9
Taxes on income and profit	277.64	305.92	161.15	149.08	-7.5
Taxes on property	18.01	19.97	11.45	10.83	-5.4
Taxes on dom. goods and services	205.68	225.19	122.88	129.76	5.6
Taxes on international trade	696.65	757.66	351.72	376.23	7.0
Non-tax revenue	199.49	231.92	103.41	104.86	1.4
Current expenditure	1297.1	1424.15	683.85	715.9	4.7
Wages and salaries	706.58	782.36	380.96	384.76	1.0
Goods and services	306.12	328.62	145.31	165.93	14.2
Interest payments	101.86	110.32	53.92	52.57	-2.5
Transfers and subsidies	182.54	202.84	103.66	112.63	8.7
of which Pensions	73.79	83.05	38.63	39.23	1.6
Current account balance	100.37	116.51	66.76	54.86	-17.8
Money supply (E.C.$m) (Relates to end of period)					
			Percent increase<1>		
Narrow money (M1)	1037.5	1025.6	-4.5	1.5	--
Quasi-money			4.2	4.0	--
Broad money (M2)	4786.4	5014.2	2.3	3.5	--
Trade Balance (E.C.$m)					
Dominica trade balance	-194.49	-209.63	-115.52	-105.88	-8.3
Exports	122.13	139.12	58.83	73.1	24.3
Imports	316.62	348.75	174.35	178.98	2.7
Grenada trade balance	-275.13	-340.43	-167.02	-186.72	11.8
Exports	58.72	53.88	29.9	27.31	-8.7
Imports	333.85	394.31	196.92	214.02	8.7
Saint Vincent & the Grenadines					
Trade balance	-248.42	-225.11	-113.35	-150.7	33.0
Exports	118.25	134.05	75.9	58.9	-22.4
Imports	366.67	359.16	189.28	209.6	10.7
Tourism indicators					
Tourism expenditure (E.C.$m)	1812.79	1878.64	1044.8	1099.96	5.3
Stopover arrivals ('000)	770.553	790.591	412.219	434.392	5.4
Cruise ship arrivals ('000)	1043.6	1127	644.571	687.088	6.6
Exchange rate (US$1=E.C.$)	2.7	2.7	2.7	2.7	--

Source: ECLAC, based on national data.

TRINIDAD AND TOBAGO

	1995	1996	Jan-Jun 1996	Jan-Jun 1997	Change %
GDP at current prices	30542.8	32810.7	NA	NA	--
GDP at constant prices	17029.8	17553.0	NA	NA	--
GDP growth (constant prices)	2.4	3.1	1.4	3.3	--
Prices	5.3	3.3		3.4	--
Exchange rate (TT$ vis-a-vis US$)	6.0	6.2	6.1	6.3	--
Unemployment rate	17.2	16.3	17.1	17.2	--
Fiscal data (TT $ m)					
Recurrent revenue	8455.6	9616.5	4677.8	4491.6	-4.0
Oil revenue	2535.9	3000.2	1533.8	1249.6	-18.5
Tax revenue	7193.5	8086.7	4329.8	4140.5	-4.4
Income	2686.0	3084.7	1552.7	1601.1	3.1
Property	61.0	59.1	45.7	43.3	-5.3
Goods and services	1974.8	2153.1	984.0	1010.6	2.7
International trade	494.0	497.0	213.6	236.0	10.5
Non-tax revenue	1262.1	1529.8	348.0	351.1	0.9
Recurrent expenditure	7835.9	8546.4	4097.2	4048.9	-1.2
Wages and salaries	2884.4	2820.1	1460.8	1460.9	0.0
Interest payments	1576.9	1584.4	701.4	708.6	1.0
Transfers and subsidies	2487.1	3178.8	1609.3	1564.7	-2.8
Current account balance	619.7	1070.1	580.6	442.8	-23.7
Capital revenue	56.0	18.3	2.1	709.1	33666.7
Capital expenditure	622.4	610.6	165.4	266.6	61.2
Fiscal balance	53.3	525.5	417.3	885.4	112.2
Financing	-53.3	-523.5	-417.3	-885.4	112.2
Domestic	762.9	-241.9	-21.5	-467.2	2073.0
External	-816.2	-281.6	-395.8	-418.1	5.6
Money supply (TT$m) (Relates to end of period)			Percent increase<1>		
Narrow money (M1)	3307.3	3316.2	-6.5	13.0	--
Broad money (M2)	10453.0	10368.3	-2.2	6.9	--
Balance of payments (US$ m)					
Balance of visible trade	592.2	351.5	232.4	37.4	-83.9
Exports	2477.4	2504.9	1198.5	1358.0	13.3
Imports	1885.2	2153.3	966.1	1320.6	36.7
Services (net)	159.4	233.2	123.2	124.5	1.1
Travel (net)	-5.9	30.8	22.2	29.1	31.1
Current balance	269.9	44.5	53.5	-24.6	-146.0
Capital and financial account	-27.5	99.2	-46.9	234.6	-600.2
Overall balance	32.5	211.0	6.6	182.0	2657.6
International reserves (US$ m.)	296.0	509.6	309.2	691.6	123.7
Interest rates					
Deposit rate (average)	5.8	6.4	5.3	4.9	--
Loan rate (average)	13.4	14.2	10.3	9.6	--

Source: ECLAC, based on national data.