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OF LATIN AMERICA

1982

ANTIGUA AND BARBUDA

This preliminary version of the *Economic Survey of Latin America*, 1982 is being distributed in the form of a general introduction, under the symbol E/CEPAL/L.286, and a number of addenda, each containing a study of the economic evolution of a country of the region. The complete Survey will be published later.

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.

ANTIGUA AND BARBUDA

1. Recent economic trends: Introduction and summary

In 1982 the GDP (at 1975 prices) is estimated to have been EC\$ 156 million, an increase of 2% with respect to 1981. Even though the economy grew in real terms, this growth rate is the lowest of the last five years (see tables 1 and 2).

2. Trends in economic activity

i) *Agriculture*. There has been a continuing decline in agricultural activities during the last two decades. Export agriculture has collapsed and production is now directed to the domestic market. Agricultural real GDP has declined from about EC\$ 12 million in 1978 to EC\$ 11.5 million during the last four years. Likewise, its contribution to total GDP decreased from 9.4% in 1978 to 7.4% in 1982 (see table 2).

Since the 1950s, the Government has pursued a policy of purchasing private estates if offered for sale. When the absentee owners of the sugar estates suspended production in the mid-1960s, the estates were purchased by the Government, which thus became the owner of just over 60% of the arable land on Antigua.

The fisheries authorities estimate that fish landings decreased by 8% and lobsters by 20%. The decline in catch has been attributed to depletion of inshore stocks and also to periods of adverse sea conditions during 1982. Exports of fish are estimated to have decreased by 60% and those of lobsters by nearly 90%. It is reported that higher domestic prices have removed the incentive to export both fish and lobster.

Sugar production stopped in 1972. In 1978 a public corporation was formed to re-establish a small-scale sugar industry, the objectives being to meet domestic requirements for raw sugar and to supply molasses for the production of rum, but these efforts have experienced cost overruns, under-financing, shortages of field labour and insufficient field machinery.

At the end of September 1982, public investment to re-establish the sugar industry amounted to EC\$ 3.1 million for field operations and EC\$ 12.3 million in the industrial plant and administration; however, the industrial plant is not yet fully refurbished and severe processing problems have been experienced.

During 1981, the sugar corporation harvested 2 750 tons of cane from 41 hectares and produced 37 tons of sugar. In 1982, some 2 850 tons of cane were processed, from which 84 tons of high-grade sugar, 17 tons of low-grade sugar and 82 000 litres of molasses were produced. The factory price for sugar is EC\$ 1 870 per ton and molasses EC\$ 0.33 per litre. Efforts are still being made to establish a functional industry.

There was a further decline in the production of Sea Island cotton. A total of 4 025 kg of clean lint was produced from 137 hectares. Serious pest problems were again experienced, in particular with pink boll worm. Production levels are now so low that concerted efforts will be required to avoid the complete collapse of cotton production and the end of any attempts at agricultural exports.

Data relating to the production of food and vegetable crops during 1982 are not yet available.

ii) *Manufacturing*. In addition to the processing of sugar and cotton ginning, there is a small manufacturing sector producing mainly for the domestic and regional market. The main products, some of which are exported, are clothing, rum, locally-assembled motor vehicles, mattresses, and consumer goods and building materials (see table 3).

The manufacturing sector achieved real growth of about 28% annually from 1977 to 1980, but the growth rate fell to about 7% in 1981 and is estimated to have been 3.3% during 1982.

Industrial activities consist mainly of import substitution industries or enclave and assembly-type operations attracted by favourable investment conditions.

Ownership of these industries is foreign, with the investors being attracted by relatively cheap labour and attractive investment incentives. The growth of the manufacturing sector, especially up to 1980, has contributed to the creation of jobs, and by 1981 the sector was estimated to be contributing some 9% of total GDP.

Table 1
ANTIGUA AND BARBUDA: MAIN ECONOMIC INDICATORS

	1978	1979	1980	1981 ^a	1982 ^a
A. Basic economic indicators					
Gross domestic product at factor cost (millions OF 1975 East Caribbean dollars)	127.1	137.7	146.6	152.8	155.9
Growth rates					
B. Short-run economic indicators					
Gross domestic product (1975 prices)	7.9	8.3	6.4	4.2	2.0
Current value of exports of goods	...	-19.1	172.0	...	...
Current value of imports of goods	...	57.9	54.6	...	...
Consumer price index					
December-December variation	6.5	21.1	7.0	7.0	1.9
Variation between annual averages	6.1	16.3	19.0	11.5	4.6
Current revenue of government	12.1	17.3	23.1	24.1	28.5
Total expenditure of government	-3.9	...	...	38.2	...

Source: ECLA, on the basis of official data.

^aPreliminary figures.

Table 2
ANTIGUA AND BARBUDA: GROSS DOMESTIC PRODUCT,
BY ECONOMIC ACTIVITY, AT CONSTANT PRICES

	Millions of 1975 EC dollars			Percentage share		Growth rates	
	1980	1981	1982 ^a	1980	1982 ^a	1981	1982 ^a
Total gross domestic product	146.6	152.8	155.9	100.0	100.0	4.2	2.0
Goods	32.6	35.8	36.3	22.9	23.3	9.8	1.4
Agriculture	10.6	11.6	11.5	7.2	7.4	9.4	-0.9
Manufacturing	11.4	12.2	12.6	7.8	8.1	7.0	3.3
Construction	11.6	11.9	12.2	7.9	7.8	2.6	2.5
Basic services	28.6	30.9	31.6	19.5	20.3	8.0	2.3
Electricity and water	2.1	2.1	2.3	1.4	1.5	-	9.5
Transport and communications	26.5	28.7	29.3	18.1	18.8	8.3	2.1
Other services	84.4	86.2	87.9	57.6	56.4	2.1	2.0
Trade	17.9	18.9	19.2	12.2	12.3	5.6	1.6
Hotels and restaurants	18.0	17.6	17.9	12.3	11.5	-2.2	1.7
Government services	22.7	21.9	22.3	15.5	14.3	-3.5	1.8
Other services	25.8	27.8	28.5	17.6	18.3	7.8	2.5

Source: ECLA, on the basis of official data.

^aPreliminary figures.

Table 3

ANTIGUA AND BARBUDA: INDICATORS OF
MANUFACTURING PRODUCTION

	1979	1980	1981	Growth rates	
				1980	1981
Copra meal ^a	33	38	31	15.2	-18.4
Edible oil ^b	61	76	53	24.6	-30.3
Cottonseed meal ^a	12	14	1	16.7	-92.9
Rum ^c	181	128	162	-29.3	26.6
Garments (foundation) ^d	120	150	180	25.0	20.0
Paper products ^e	5 151	7 411	8 100	43.9	9.3
Aerated beverages ^f	338	284	224	-16.0	-21.1
Stoves ^g	6 583	6 207	6 300	-5.7	1.5
Refrigerators ^g	4 108	3 806	...	-7.4	...

Source: World Bank estimates.

^aTons.^bThousands of litres.^cThousands of gallons.^dThousands dozen.^eThousands of rolls.^fThousands of cases.^gUnits.

Table 4

ANTIGUA AND BARBUDA: SELECTED DATA ON TOURISM

	1979	1980	1981	1982 ^a	Growth rates		
					1980	1981	1982 ^a
Total visitors	169 802	204 995	198 081	153 810	20.7	-3.4	-22.3
Total air arrivals	86 459	86 571	84 724	...	0.1	-2.1	...
Total overnight visitors	99 536	97 901	84 724 ^b	87 042	-1.6	-13.5	2.7
Cruise ship visitors	70 266	107 094	113 357	66 768	52.4	5.8	-41.1
Number of cruise ship calls	120	164	177	120	36.7	7.9	-32.2
Number of yacht calls	2 040	2 707	2 527	...	32.7	-6.6	...
Number of sailing ship calls	34	72	47	36	111.8	-34.7	-23.4
Passengers on sailing ships	3 091	7 356	1 436	1 500 ^c	138.0	-80.5	4.5
Passengers on yachts	4 819	8 957	9 894	10 800 ^c	85.9	10.5	9.2
Total tourist expenditures ^c	95 000 ^d	104 000 ^d	...	...	9.5	...	...
Total visitor arrivals							
By country of origin ^e							
United States	45.0	39.8	38.0	42.2	-11.6	-4.5	11.1
Canada	10.6	10.2	9.7	10.2	-3.8	-4.9	5.2
United Kingdom	11.7	12.4	15.4	14.2	6.0	24.2	-7.8
Caribbean	22.1	23.7	37.9 ^f	...	7.2	59.9 ^f	...
Other	10.6	13.9	...	...	31.1	...	...

Source: Antigua Department of Tourism and data supplied to ECLA.

^aPreliminary figures.^bVisitors by air only.^cThousands of dollars.^dEstimates.^ePercentages.^fIncludes percentage for "other".

The anticipated increase in industrial activity and employment resulting from the re-introduction of sugar manufacturing and oil refining was not achieved, since neither enterprise has been able to realize normal throughput.

iii) *Tourism*. The tourist sector maintained its dominant position in the economy and continued to be the main source of foreign earnings.

There has been a general downturn in Caribbean tourism, and the number of cruise ship visitors to Antigua decreased by 40.1% in 1982, although the more important overnight visitors increased by 2.7%. Estimates of earnings from the tourist industry during 1982 are not yet available (see table 4).

The United States of America accounted for 42.2% of the overnight visitors, Canada 10.2% and the United Kingdom 14.2%.

The government proposes to construct several large hotels and condominiums estimated to cost EC\$ 540 million or 198% of the 1981 GDP at current prices. Construction has been started at Deep Bay Complex which is to consist of a 200-room hotel, 700 condominium units, a golf course and a yacht marina estimated to cost EC\$ 243 million, for which the Government has negotiated some loan financing from the Government of Brazil. However, the total loan and the phasing of construction remain to be finalized.

iv) *Basic services*. Some improvements in public utilities were realized during 1982. Details relating to the electricity services are given in table 5.

Telephones. Prior to November 1978, there were 1 900 telephone lines of very poor quality. A new system, including 3 700 additional lines, was commissioned in 1978. It was enlarged to 4 600 operational lines in 1981 and subsequently to 5 100 in 1982.

This expansion programme was financed in part by a loan of EC\$ 6 million and a technical assistance grant of EC\$ 300 000 from the Government of Canada. The loan is at 4% interest with a grace period of 10 years; repayments are to commence in September 1984 with the interest payments being paid into a fund for further expansion and maintenance of the telephone system.

All population centres, including villages, are now linked by telephone but the residential services in some villages are severely limited, particularly in the East and South of the island. In order to meet present demand, and in anticipation of requirements by the proposed government hotel expansion, additional needs are estimated at 3 000 lines, requiring an investment of EC\$ 6 million.

Water. The Public Utilities Authority produces 1.8 million gallons of water each day. All population centres are supplied with piped water; there are some 12 000 connections. It is estimated that domestic and household use accounts for 40%; industrial and commercial use 18% and public standpipes 42% of consumption.

Table 5

ANTIGUA AND BARBUDA: ELECTRICITY GENERATION AND CONSUMPTION

	1980	1981	1982 ^a
Installed capacity ^b	20.3	20.3	32.3
Public	15.0	15.0	27.0
Industrial	5.3	5.3	5.3
Production ^c	53.7	57.2	59.8
Public	52.7	56.2	58.8
Industrial	1.0	1.0	1.0
Consumption (sold) ^c	37.7	42.7	44.8
Residential	17.0	19.0	19.8
Commercial	12.0	14.0	14.4
Industrial	5.0	6.0	6.1
Municipal	1.6	1.6	1.7
Government	2.1	2.7	2.8
Own use	1.2	1.3	1.6
Transmission losses	14.4	12.2	12.3

Source: Electricity Department, Public Utilities Authority, Antigua.

^a Preliminary figures.

^b Thousands kW.

^c Millions of kWh.

Table 6

ANTIGUA AND BARBUDA: TOTAL VISIBLE TRADE

(Millions of EC dollars)

	1978	1979 ^a	1980 ^a	1981
Total imports	125.0	197.4	305.1	...
Re-exports	21.3	19.4	49.7	...
Net imports	103.7	178.0	255.4	...
Domestic exports	34.0	27.5	74.8	...
Visible trade deficit	69.7	150.5	180.6	...

Source: Ministry of Finance, St. John's, Antigua.

^aPreliminary figures.

Existing demand is estimated at 3.0 million gallons per day rising to 6.0 million gallons per day by the year 2000. Large investments and the comprehensive development of the water resources capability are therefore necessary to ensure adequate water supplies.

v) *Construction.* All construction materials are imported and therefore contribute much to total trade, and to government revenues. The industry generates significant demand for transportation and other services.

Construction activity maintained real growth rates of 10.6, 13.8 and 10.3% in the period 1979-1981, at which time hotel expansion, the construction of a new parliament building, the airport terminal and the refurbishing of the oil refinery were in progress. The growth rate decreased to an estimated 2.5% during 1982, when activities were sustained mainly by the construction of private housing.

Roads. Antigua has an extensive road system serving a widely dispersed population, whereas Barbuda has only one population centre, with a poorly developed system. Recent estimates indicate that on Antigua, some 20 miles of road need to be rebuilt and a further 80 miles require urgent maintenance.

vi) *Employment.* There are no recent data relating to national employment. Estimates at mid-1981 allocated 9% of the labour force to agriculture, 8% to manufacturing and mining, 11% to construction, 22% to tourism, transport, communications and banking and the remaining 50% to the Government and other services. The unemployment rate has been officially estimated at 20% since 1975.

During the past ten years there has been a steady increase in the numbers employed in the services sector and Government. In addition to the high unemployment rate, there is no doubt that there is considerable underemployment due to the seasonality of the agriculture and tourism sectors and the fluctuating nature of employment in the construction sector. There are indications that school leavers and displaced workers experience difficulty finding jobs; in addition, there seem to be increasing numbers of young people who are no longer serious job-seekers. These trends point to important socioeconomic implications.

3. The external sector

Total visible trade for the 1978-1980 period is summarized in table 6.

Merchandise trade. Domestic exports have increased significantly during the last five years as the output from light industries, in particular garment manufactures and assembly operations, have come on stream. From a current value of EC\$ 14.6 million in 1977, exports increased by 135% in 1978, decreased by 30% in 1979, rose by 210% in 1980 and then decreased by an estimated 2.2% in 1981. Data for 1982 are not available, but there are indications of a decline due to reduced demand on the United States market.

In 1980, manufactured goods represented nearly 59% of domestic exports, food and live animals 15%, beverages 5.4% and machinery and equipment 17%; more recent data are not available.

Re-exports increased from EC\$ 12.5 million in 1977 to EC\$ 19.5 million in 1979 and EC\$ 49.7 million in 1980. Manufactured goods represented 61% of re-exports, machinery 29.3% and food and beverages 7.6%.

Total imports, which were valued at EC\$ 125 million in 1978, increased by 58% in 1979 and by 55% in 1980; preliminary estimates indicate a deceleration to 23% in 1981 and there are as yet no estimates for 1982. The main imports during 1978-1980 are summarized in table 7.

There are no quantitative limits, foreign exchange restrictions or tariff controls on imports of goods. Adjustments to consumption taxes are designed to increase revenue and not to act as a control mechanism.

4. Monetary and fiscal policy

a) *Monetary policy*

The growth rate of commercial banking activities decreased during 1982. Thus, deposits increased by 16.9% in 1981 and 12.6% in 1982 (see table 8), while loans and advances increased by 16.8% in 1981 and 16.5% in 1982 (see table 9). Foreign assets declined by 20.3% during 1982.

Table 7

ANTIGUA AND BARBUDA: VALUE OF IMPORTS, BY SITC SECTIONS

	Millions of East Caribbean dollars			Growth rates	
	1978	1979	1980	1979	1980
Food and live animals	31.3	70.5	90.2	25.2	27.9
Beverages and tobacco	3.8	6.2	9.2	63.2	48.4
Crude Materials	2.2	3.0	5.9	36.4	96.7
Fuel	18.6	29.7	46.9	59.7	57.9
Animal and vegetable oils and fats	0.5	0.3	0.3	-40.0	0.0
Chemicals	8.6	8.4	21.3	-2.3	53.6
Manufactured goods	33.8	42.7	75.1	26.3	75.9
Machinery and transport equipment	26.2	36.7	56.2	40.1	53.1
Total	125.0	197.5	305.1	58.0	54.5

Source: Statistics Division, Ministry of Finance, Antigua.

Table 8

ANTIGUA AND BARBUDA: COMMERCIAL BANK LIABILITIES

	Millions of East Caribbean dollars			Growth rates	
	1980	1981	1982 ^a	1981	1982 ^a
Total deposits	155.44	181.72	204.68	16.9	12.6
Demand deposits	32.36	42.37	37.46	30.9	-11.6
Time deposits	64.05	70.32	97.49	9.8	38.6
Savings deposits	59.03	69.03	69.73	16.9	1.0
Due to local banks	5.41	5.60	2.72	3.5	-50.9
Due to other ECCA banks	4.83	11.34	23.94	134.8	111.1
Foreign liabilities	11.30	9.34	13.33	-17.3	42.7
Other liabilities	24.46	28.24	32.05	15.5	13.5
Total liabilities	201.44	236.24	276.72	17.3	17.1

Source: East Caribbean Currency Authority (ECCA).

^aPreliminary figures.

Table 9

ANTIGUA AND BARBUDA: LOANS AND ADVANCES BY COMMERCIAL BANKS

	Millions of East Caribbean dollars			Growth rates	
	1980	1981	1982 ^a	1981	1982 ^a
Total	136.67	159.68	185.99	16.8	16.5
Agriculture	3.74	1.82	1.64	-51.3	-9.9
Manufacturing	6.82	9.29	13.07	36.2	40.7
Distributive trades	23.14	22.95	23.81	-0.8	3.7
Tourism and catering	3.57	4.97	9.19	39.2	84.9
Transport	3.56	5.47	5.73	53.7	4.8
Construction and land development	5.03	9.47	17.95	88.3	89.5
Government, statutory bodies and public utilities	29.33	25.19	34.39	-14.1	36.5
Professional and other services	1.17	1.52	2.96	29.9	94.7
Personal ^b	48.52	65.55	58.76	35.1	-10.4
Other	11.79	13.45	18.49	14.1	37.5

Source: East Caribbean Currency Authority (ECCA), Antigua.

^aPreliminary figures.

^bIncludes loans for purchase of land and personal dwellings.

Table 10

ANTIGUA AND BARBUDA: GOVERNMENT RECURRENT AND CAPITAL FINANCES

	Millions of East Caribbean dollars		
	1980	1981	1982 ^a
Recurrent revenue	62.2	77.2	99.2
Capital revenue	11.0	12.2	...
Total revenue	73.2	89.4	...
Recurrent expenditure	57.2	93.3	106.3
Capital expenditure	23.7	18.5	...
Total expenditure	80.9	111.8	...
Debt servicing	15.6	16.2	19.4

Source: Ministry of Finance, Antigua.

^aPreliminary figures.

b) *Fiscal policy*

Deficit budgeting has traditionally been a feature of government financial management procedures. There is heavy dependence on the commercial banks to meet scheduled recurrent expenses and on both aid funds and external borrowing to finance capital expenditure. Summaries of the Government's recurrent and capital finances for the period 1981-1983 are given in table 10.

External indebtedness. The external debt increased by 4.6% in 1980 and 27% in 1981 (see table 11), being equal to 46% of GDP in the latter year. Some 70.4% of the accumulated external debt up to 1981 had been used to finance central government operations, the remainder being guarantees for loans to the Antigua and Barbuda Development Bank (3.7%) and loans to the public utilities.

5. Wages and prices

The rate of inflation, as measured by the annual average of the retail price index, was approximately 5% in 1982, showing a marked deceleration from the 1981 rate of 12%. Generally, the slowdown reflected the depression in the developed economies that are major trading partners of the country.

The greatest price increases were observed in clothing and accessories, and household and miscellaneous items.

It is worth noting that the price index has a base of 1 January 1969, so that it is desirable that a revision be made in order to represent more fully recent purchasing patterns (see table 12).

Table 11

ANTIGUA AND BARBUDA: EXTERNAL DEBT

	Millions of East Caribbean dollars		
	1979	1980	1981
Outstanding at 1 January	84.55	88.44	112.30
Total drawings	5.19	27.27	46.08
Amortization	-1.30	-3.12	-0.31
Net drawings	3.89	24.12	45.77
Valuation adjustment	-	0.30	2.29
Total external debt	88.44	112.3	155.78
Debt service payments	5.99	4.93	5.41

Source: Ministry of Finance, Antigua.

Table 12

ANTIGUA AND BARBUDA: CONSUMER PRICE INDEX

(1 January 1969 = 100)

	1980	1981	1982 ^a
December to December variation			
All items consumer price index	7.0	7.0	1.9
Food and beverages	6.9	6.9	-0.2
Alcoholic beverages and tobacco	7.1	7.1	1.9
Housing	7.9	7.9	-2.9
Clothing and accessories	12.6	12.6	23.5
Transportation	2.4	2.4	0.0
Household operations and miscellaneous	12.9	12.9	3.6
Variation between annual averages			
All items consumer price index	19.0	11.5	4.6
Food and beverages	17.1	12.7	3.6
Alcoholic beverages and tobacco	17.1	12.2	1.2
Housing	21.0	8.5	2.0
Utilities	41.9	6.0	4.3
Clothing and accessories	13.2	16.8	12.7
Transportation	18.1	8.9	0.6
Household operations and miscellaneous	16.2	13.7	9.9

Source: Statistics Division, Ministry of Finance, Antigua.

^a Preliminary figures.

