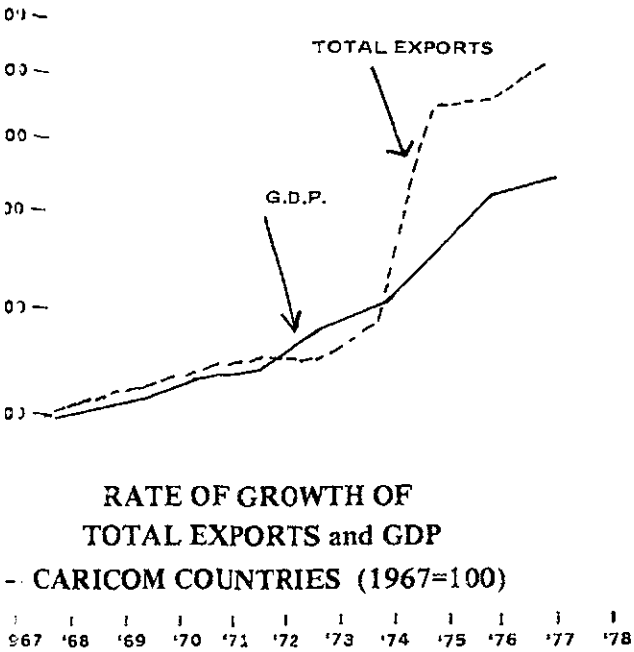
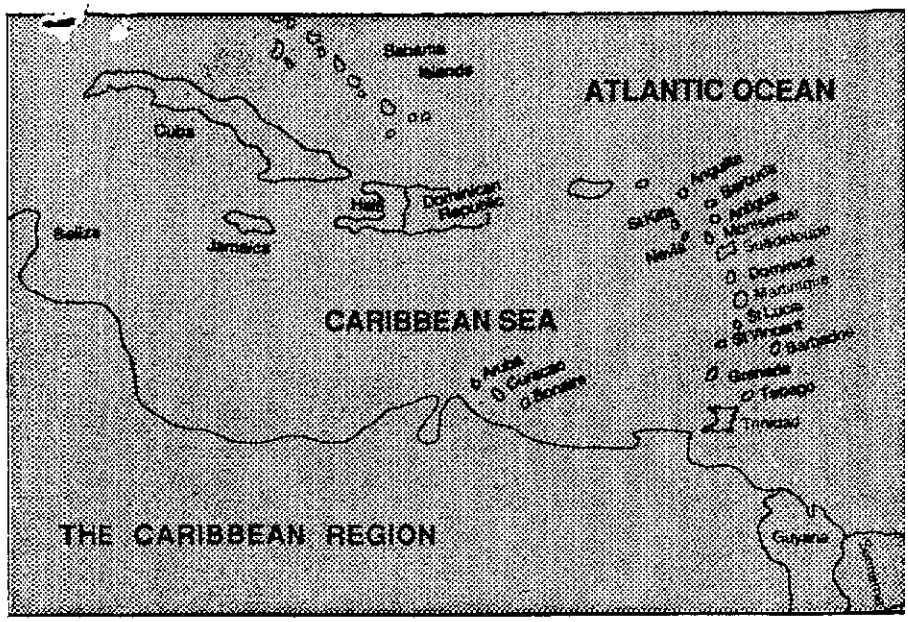


RATE OF GROWTH OF
TOTAL EXPORTS and GDP
- CARICOM COUNTRIES (1967=100)



LC/CAR/G.183

ECONOMIC ACTIVITY 1984 IN CARIBBEAN COUNTRIES

UNITED NATIONS
Economic Commission for Latin America
and the Caribbean
P.O. Box 1113, Port-of-Spain, Trinidad & Tobago

Distr.
GENERAL

LC/CAR/G.183

Date: 15 January 1986

ECONOMIC COMMISSION FOR LATIN AMERICA
AND THE CARIBBEAN

ECONOMIC ACTIVITY 1984

IN

CARIBBEAN COUNTRIES

(A joint effort of the Professional and Research Assistant Staff of the Economic Commission for Latin America and the Caribbean).

ISSN 0255-6502

F O R E W O R D

In this **fourteenth** issue of the publication, seventeen countries of the Caribbean are surveyed.

The Economic Commission for Latin America and the Caribbean acknowledges with gratitude the co-operation of the several National Statistical Offices and other national agencies for the assistance that they gave in supplying the information needed. While many statistics have been furnished, there still exists in many countries the need for wider statistical coverage.

The Country notes focus on developments in the countries surveyed, and examine developments in the main sectors, and their impact on the Balance of Payments, Prices, Employment and Wages, and Monetary and Fiscal policy. A sub-regional summary attempts to present an overview of developments in the year under review, given the quantum and quality of the country statistics collected.

I heartily commend this fourteenth issue of **"Economic Activity in Caribbean Countries"** to the reader.

Clyde C. Applewhite
Director

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A GUIDE TO THE SYMBOLS USED

The symbols used in this report are the following:

...	:	not available
.	:	category not applicable
-	:	nil or negligible
0, 0.0 or 0.00	:	less than half final digit shown
e	:	estimated figure
p	:	provisional figure
r	:	revised figure
*	:	government estimate
**	:	ECLAC estimate

PART I

SUB-REGIONAL SUMMARY

COUNTRY NOTES

PART I

Sub-regional Summary

TRENDS IN CARIBBEAN COUNTRIES IN 1984

I. Introduction

Growth in the industrial countries impacts directly on economic performance in the Caribbean countries through the stimulus given to output and exports in these countries. In 1984, economic recovery in the industrial countries entered its second year, following the recession of 1980-1982, and as a result most countries in the Caribbean subregion experienced a spurt of economic activity.

Apart from the favourable impact of increased demand for goods and services, Caribbean countries also benefited from declining inflation rates in the industrial countries, an easing in nominal and real interest rates and slightly improved terms of trade. At the same time, problems of fiscal and current account imbalances among industrial countries and high rates of unemployment in Europe persist, and efforts to correct these imbalances and reduce unemployment may also serve to lower the current rates of growth in the industrial countries and eventually curtail economic activity in this subregion.

II. The International Setting

(a) **Aggregate Output:** During 1984, the international economy grew by 4.3%. Output grew strongly in the industrial countries, where real Gross National Product (GNP) recorded growth of 4.9%. The USA showed the greatest increase in output while the pace picked up in Japan. The economic recovery gradually spread to the developing countries and reflected mainly in an improvement in the balance of payments and overall growth. Compared with growth in real GNP of 1.5% during 1982-1983, real GNP rose by 3.7% in 1984; and although many oil exporting countries remained affected by weak demand for oil, growth in non-oil exporting countries accelerated from about 2.5% in 1982-1983 to 4.4% in 1984.

Table II.1
GROWTH IN REAL GROSS NATIONAL PRODUCT
(Changes in percent)

	1979	1980	1981	1982	1983	1984[p]
World	3.5	2.0	1.6	0.6	2.6	4.3
Industrial countries	3.5	1.3	1.6	-0.2	2.6	4.9
U.S.A.	2.8	-0.3	2.5	-2.1	3.7	6.8
Canada	3.2	1.1	3.3	-4.4	3.3	4.7
United Kingdom	3.2	-2.6	-1.4	2.4	3.2	2.4
Japan	5.2	4.8	4.0	3.3	3.4	5.8
Developing countries	4.5	3.4	2.4	1.6	1.5	3.7
Oil exporters	3.7	1.0	1.2	-0.2	-0.8	2.0
Non-oil exporters	4.8	4.3	3.0	2.5	2.7	4.4

Source: International Monetary Fund (IMF); World Economic Outlook 1985.

Table II.2
COMPONENTS OF REAL GNP AND EMPLOYMENT
INDUSTRIAL COUNTRIES

	1979	1980	1981	1982	1983	1984[p]
			Changes in percent			
Consumer expenditure	3.5	1.0	1.0	1.4	3.0	3.1
Public consumption	2.3	2.3	2.1	1.7	1.2	2.5
Gross fixed investment	4.1	-1.3	0.6	-3.2	3.5	9.2
Employment	1.9	0.6	0.2	-0.4	0.3	1.9
			Percentage level			
Unemployment	5.1	5.8	6.7	8.2	8.7	8.2

Source: IMF; World Economic Outlook 1985.

(b) **Aggregate demand and employment:** Domestic demand grew rapidly in the industrial countries during 1984, particularly in the USA and UK. Overall, consumer expenditure approached the levels of 1979 as householders satisfied the demand for consumer durables that had been foregone during the period of recession (ref.: Table II.2). Government consumption expenditure also accelerated sharply due mainly to defense spending by the USA. Investment spending increased by over 9% compared with a fall of 3.2% in 1982. Most investment activity occurred in the USA, UK, Japan and the Federal Republic of Germany, and gained impetus from relatively low interest rates, moderation in wage increases and improved sales and profit outlook.

As a result of increased economic activity, the employment situation improved (ref.: Table II.2). Increases were most marked in the USA and Canada, while employment stopped falling in Europe. Nonetheless, continued growth in the labour force led to record levels of unemployment in some European countries.

(c) **World trade:** The volume of world trade grew stongly by 8.8% in 1984. Both industrial and developing countries made gains in exports, while the non-oil exporters made the most significant advances. Among them the countries making most progress in structural adjustment reaped the greatest benefits. The terms of trade facing the developing countries, after falling in 1982 and 1983, improved slightly in 1984, by 0.3%. Weakness and instability characterized oil and other commodity prices.

Table II.3
WORLD TRADE
(Changes in percent)

	1979	1980	1981	1982	1983	1984[p]
Volume	6.6	1.5	0.7	-2.3	2.1	8.8
Unit value (US$ terms)	18.5	19.8	-1.2	-4.1	-4.4	-1.8
Exports (volume)						
Industrial countries	7.1	3.7	3.4	-2.2	2.4	9.9
Developing countries	5.4	-2.6	-4.0	-7.2	0.9	8.0
Oil exporters	2.0	-10.9	-12.6	-15.1	-5.7	2.5
Non-oil exporters	9.0	9.0	7.0	1.0	6.2	12.0
Imports (volume)						
Industrial countries	8.6	-1.7	-2.5	-0.8	4.2	12.2
Developing countries	4.9	8.3	7.3	-3.9	-3.6	2.5
Oil exporters	-4.3	13.0	20.5	-0.7	-12.9	-4.9
Non-oil exporters	9.6	6.4	1.6	-5.5	1.5	5.9

Source: IMF; World Economic Outlook 1985.

Table II.4
TERMS OF TRADE AND WORLD PRICES
(Changes in percent)

	1979	1980	1981	1982	1983	1984[p]
Terms of trade						
Industrial countries	-3.0	-6.8	-2.1	1.8	2.0	-0.2
Developing countries	10.8	15.2	1.2	-1.7	-2.1	0.3
Oil exporters	26.9	40.4	8.5	-1.1	-7.5	0.1
Non-oil exporters	-1.6	-5.7	-5.5	-2.2	2.4	0.6
Prices of major commodity groups						
Manufacturers	13.9	11.1	-6.0	-2.1	-4.1	-3.0
Oil	46.4	63.0	9.9	-3.8	-12.3	-1.9
Non-oil primary commodities	16.3	8.3	-15.2	-12.3	7.8	2.5

Source: IMF; World Economic Outlook 1985.

(d) **Inflation, interest and exchange rates:** Inflation in the industrial countries continued to decline in 1984. The effect of weak commodity prices was reinforced by monetary, fiscal and incomes policies which dampened the inflationary pressures that were expected to accompany economic recovery. In the developing countries as a group, inflation continued to advance, moving from 33% to 37.7%. In small low-income countries, inflation fell from 27% to 17.4 percent.

Table II.5
CONSUMER PRICES
(Changes in percent)

	1979	1980	1981	1982	1983	1984[p]
Industrial countries	9.0	11.8	9.9	7.4	4.9	4.7
Developing countries	21.5	27.3	26.1	24.7	33.0	37.7
Oil exporters	11.8	15.9	16.4	18.0	25.5	20.1
Non-oil exporters	25.7	32.2	30.6	28.0	36.9	47.1

Source: IMF; World Economic Outlook 1985.

Short-term interest rates in the USA eased in late 1984. This circumstance reflected a slackening in the pace of demand growth and a lessening of inflationary expectations. The main features of exchange markets during 1984 were the continued rise of the US dollar in nominal and real terms, and the relative weakness of the major European currencies, especially the pound sterling. The continued appreciation of the US dollar reflects interest rate differentials in the major markets and the attractiveness of the USA as a haven for savings from the rest of the world.

(e) **Balance of payments and international debt:** The widening current account balance in industrial countries can be attributed largely to the rapid growth in imports in the USA and UK. In particular, the USA balance deteriorated from a surplus of $11 billion in 1981 to a deficit of $93 billion in 1984. While this was a major factor in spreading recovery to other industrial countries and the developing world, the USA position stemmed from weakness in important markets in Latin America, and the appreciation of the US dollar.

Table II.6
BALANCE OF PAYMENTS ON CURRENT ACCOUNT
(US dollars billion)

	1979	1980	1981	1982	1983	1984[p]
Industrial countries	-5.6	-38.8	3.1	1.2	2.2	-34.2
U.S.A.	2.6	6.69	10.7	-3.8	-35.5	-93.4
Japan	-7.9	-9.5	6.2	8.1	22.2	36.4
Developing countries	0.2	22.6	-56.3	-99.6	-70.5	-43.9
Oil exporters	54.0	100.1	34.7	-23.4	-17.0	-5.7
Non-oil exporters	-53.8	-77.5	-91.0	-76.2	-53.6	-38.2

Source: IMF; World Economic Outlook 1985.

Some improvement in the external position of developing countries was observed. Severe cut-backs in foreign commercial bank lending since the onset of the debt crisis in 1982, led to increasing dependence on official long-term lending, official transfers and direct investment. In this way, developing countries were able to replenish their reserves by $22 billion in 1984. Annual Growth rates of external debt fell sharply from an average of 18% for the period 1978-1981 to 4.5% in 1984. With the increase in trade, ratios of debt to exports fell from the high levels of 1983.

(f) **Prospects:** Prospects for 1985 are for continued growth in the industrial countries, though at the slower pace of about 3%. A better distribution of economic performance is also expected. It is foreseen that unemployment will stablize at 8.2% and that inflation will fall to 3.7%. In the developing countries, it is expected that there will be further acceleration in the average growth rate to 4.5%, but this will depend on whether the growth target for the industrial countries can be attained.

III. Caribbean Economies: Main Trends

(a) **Structural Characteristics:** This survey covers sixteen Caribbean countries, thirteen of which make up the Caribbean Community and Common Market (CARICOM). Seven members of this group compose the Organization of Eastern Caribbean States (OECS). Together the countries cover an area of 436 thousand square kilometres and support a population of about six million. Most of the countries are politically independent but they all share a relationship with the industrial countries that manifests itself mainly in trade and financing arrangements.

Table III.I
CARIBBEAN COUNTRIES: STRUCTURAL CHARACTERISTICS 1984

	Area km^2	Population ('000)	Currency (Per US$)	GDP (In millions of national currency
British Virgin Islands	150	12	US$ 1.00	...
Netherlands Antilles	993	237	NA.f 1.79	...
Suriname	163 270	384	Sf. 1.78	...
CARICOM group[1]	271 280	5 315		
Bahamas	13 940	226	Bhs$ 1.00	1 454
Barbados	430	253	Bds$ 2.00	2 075
Belize	22 960	162	Bze$ 2.00	...
Guyana	214 970	788	G$ 3.83	1 700
Jamaica	10 990	2 297	J$ 3.94	9 368
Trinidad and Tobago	5 130	1 168	TT$ 2.40	20 137
OECS group[2]	2 860	543		
Antigua and Barbuda	440	79	EC$ 2.70	369
Dominica	750	83	EC$ 2.70	190
Grenada	340	92	EC$ 2.70	235
Montserrat	100	12	EC$ 2.70	83
Saint Christopher-Nevis	270	46	EC$ 2.70	147
Saint Lucia	620	128	EC$ 2.70	348
Saint Vincent and the Grenadines	340	103	EC$ 2.70	220

Source: Various country reports.
[1] CARICOM
[2] OECS

(b) **Summary performance:** Buoyed by economic recovery in the industrial countries, the Caribbean economies showed marked improvement in 1984. Nonetheless, the pattern of growth was unevenly spread among countries and throughout sectors of economic activity. At 6.5%, Antigua and Barbuda recorded the highest rate of growth of the countries surveyed. This was followed by favourable performances in Montserrat, Guyana and Saint Lucia. Belize and Jamaica stagnated, while output in Trinidad and Tobago declined by 6.0% for the second year in succession.

Table III.2
GROWTH RATE IN REAL GDP AND POPULATION
(Changes in percent)

	Real GDP			Population	
	1982	1983	1984[p]	1983	1984[p]
Antigua and Barbuda	-1.3	5.4	6.5	1.3	1.4
Bahamas	1.5	5.0	4.0	1.8	1.8
Barbados	-4.3	0.0	2.4	0.4	0.4
Belize	-0.8	0.7	1.3	2.8	2.8
British Virgin Islands	4.4	4.4	4.0	1.8	1.7
Dominica	2.3	2.4	4.3	0.5	1.5
Grenada	4.7	-2.0	-1.6	0.0	0.0
Guyana	-10.4	-9.6	5.5	0.8	0.8
Jamaica	1.0	2.0	-0.4	2.0	1.5
Montserrat	-7.4	-4.7	5.7	0.5	0.5
Netherlands Antilles	...	...	...	0.9	0.4
Saint Christopher-Nevis	6.1	-4.7	3.9	1.3	2.0
Saint Lucia	2.5	2.0	5.4	1.6	1.6
Saint Vincent and the Grenadines	5.9	5.1	3.5	1.2	1.2
Suriname	2.0	2.0	...	2.7	2.7
Trinidad and Tobago	6.7	-6.0	-6.3	1.8	1.6

Source: Various country reports.

The individual sectors displayed a similar patchy performance. Although sugar output continued to contract, the agriculture sector as a whole, performed creditably, and the tourism sector enjoyed a good year. On the other hand, the manufacturing and construction sectors remained depressed throughout 1984. In an effort to halt the decline in manufacturing, several Caribbean countries took steps to protect the local industry by imposing trade restrictions which adversely affected their CARICOM partners.

Some of the countries in the subregion remained under great and increasing pressure in 1984. Trinidad and Tobago was affected by slackened demand for petroleum and petroleum products and its manufactured goods. As effective demand was curtailed in some countries, consumers continued to face a fall in living standards. Exports increased in volume and value but foreign exchange shortages not only limited imports of consumer goods but constrained productive activity as well. Governments were forced to improve the fiscal situation through better public sector management and to institute measures to reorient and diversify the economies.

(c) **Export performance:** On balance, export performance improved in 1984. A decline in exports of sugar was more than compensated for by strong performance in tourism. A reasonable performance was also recorded by other agricultural commodities and bauxite.

Sugar exports have been hampered by world expansion of sugar production at the same time that consumption has been on the decline. In addition, non-sucrose sweeteners have been making significant inroads into the market. Unseasonable weather, poor cultural practices, industrial disputes and inadequate management have all militated against increased sugar output. In 1984, Barbados was the only country showing increased production. World market prices continued to decline, falling below 4 US cents per pound in August 1984, and reaching the lowest price recorded since 1971.

Table III.3
MAJOR EXPORT STAPLES
(Thousand tonnes)

	Sugar output		Banana exports	
	1983	1984[p]	1983	1984[p]
Barbados	86	100	-	-
Belize	116	105	10	...
Guyana	256	246	-	-
Jamaica	208	188	23	11
Saint Christopher-Nevis	36	28	-	-
Suriname	...	...	32	...
Trinidad and Tobago	77	65	-	-
Windward islands				
Dominica			29	33
Grenada			10	10
Saint Lucia			55	65
Saint Vincent and the Grenadines			28	33

Source: Various country reports.

Banana exports increased modestly in 1984 (ref: Table III.3) despite windstorms and heavy rains between July and November. Increased exports by Dominica, Saint Lucia and Saint Vincent and the Grenadines can be attributed to the introduction of the field-packing system which ensured delivery of better quality fruit to the shippers, and a lower rejection rate. However, earnings in local currency did not keep pace with the expanded output as the US dollar, to which local currencies are tied continued to appreciate against the pound sterling, in which banana prices are denominated. On this basis, it is estimated that unit earnings in the Windward Islands declined by 6 percent.

Bauxite exports from Guyana and Jamaica increased in 1984. It is believed that a reduction in the bauxite levy has also resulted in improved performance in Suriname. In Guyana, emphasis was placed on refractory and abrasive bauxite in light of the downturn in the aluminium industry, and no alumina has been produced for the past two years. These producers however face considerable uncertainty for the future due to high costs of production.

Table III.4
PRODUCTION OF BAUXITE AND ALUMINA
(Thousand tonnes)

			1983	1984[p]
Guyana	-	Dried bauxite	743	782
		Calcined bauxite	315	517
		Alumina	-	-
Jamaica	-	Bauxite	7 683	8 937
		Alumina	1 851	1 749
Suriname	-	Bauxite	2 793	...
		Alumina	1 154	...
		Aluminium	73	...

Source: Various country reports.

Petroleum output in Trinidad and Tobago increased by 11.1% in 1984, compared with a fall of 8.5% in 1983. Drilling activities expanded but were still dominated by marine activity, which accounted for about 80% of total output in 1984. Production of petroleum in Barbados increased by 67% and supplied some 52% of local crude requirements. Concomitantly, imports of crude oil fell by 9.3% while imports of reformate increased by 11.6%. Natural gas production continued to expand in both countries.

Tourism in the region responded strongly to the upturn in the economy of the USA in 1984. All destinations, except Grenada, recorded increases in visitor arrivals. Visitors from the USA continued to dominate the market as the appreciation of the US dollar vis-à-vis other currencies deterred visitors from UK and Europe. Hotels and guesthouses have reported record occupancy rates, even in the off-season. At the same time, length of stay has tended to be shorter.

Table III.5
INDICATORS OF TOURISM ACTIVITY

	Visitor arrivals ('000)			Estimated expenditure (US$m)		
	1982	1983	1984[p]	1982	1983	1984[p]
Antigua and Barbuda	164	166	195	44	51	65
Bahamas	1 948	2 224	2 325	654	770	810
Barbados	415	431	467	251	252	284
Belize	67	64	88	8	8	10
British Virgin Islands	156	149	162	66	82	86
Dominica	23	25	29	4	5	5
Grenada	85	83	74	17	15	17
Guyana	...	...	...	...	...	...
Jamaica	670	783	844	338	399	407
Montserrat	25	19	21	6	6	7
Netherlands Antilles	902	806	841[1]	343	213	212
Saint Christopher-Nevis	46	53	64	9	10	11
Saint Lucia	106	113	128	32	40	42
Saint Vincent and the Grenadines	79	86	115	26	27	29
Suriname	...	...	...	20	20	20
Trinidad and Tobago	...	...	...	138	178	198

Source: Various country reports. Caribbean Tourism Research and Development Centre (CTRC): Caribbean Tourism Statistical Report 1985.
[1]Excludes cruiseship visitors to St. Maarten.

(d) **Domestic Activity**

(i) **Agriculture:** Most governments have been promoting agriculture and fisheries, and pursuing crop diversification programmes. The success of these programmes can be gauged by the sharp increases in output of food crops, tree crops, livestock and fish during the last few years. Some of the incentives offered to farmers and fishermen include easier access to credit, increased prices and improved marketing facilities.

(ii) **Manufacturing:** The manufacturing sector performed poorly in 1984. With the exception of Belize and Saint Christopher-Nevis, the sector registered poor performances in all the countries in the subregion. In Barbados, Jamaica and Trinidad and Tobago output was adversely affected by both sluggish domestic demand and contraction in CARICOM markets. In these countries, manufacturing output declined by 6.7%, 2% and 8.5% respectively. Grenada and Saint Lucia were similarly affected. The other CARICOM countries were also affected by difficulties in the subregional market, but these difficulties were not compounded by shrinking domestic demand, and output was probably buoyed by exports to extra-regional markets by enclave industries.

Table III.6
GROWTH IN MANUFACTURING
(Changes in percent)

	1983	1984[p]
Antigua and Barbuda	2.2	1.4
Bahamas	...	...
Barbados	1.9	-2.0
Belize	2.0	7.5
British Virgin Islands	18.7	...
Dominica	2.0	-1.0
Grenada	-17.5	0.0
Guyana	-18.8	1.0
Jamaica	3.1	-6.7
Montserrat	5.3	-2.8
Netherlands Antilles	...	...
Saint Christopher-Nevis	-11.4	9.4
Saint Lucia	10.6	-2.1
Saint Vincent and the Grenadines	2.6	1.0
Suriname	5.8	...
Trinidad and Tobago	-1.0	-8.5

Source: Various country reports.

(iii) **Construction:** As in 1983, activity in the construction sector remained depressed during the review period. Such building as did occur was carried out mainly by the public sector. Road rehabilitation in Belize, Saint Lucia and Saint Christopher-Nevis, and airport construction and major road works in Grenada were among the main projects undertaken. In the latter country however the contribution of the sector continues to decline, by 26% in 1984, following a decline by 20% in 1983.

(e) **The Public Sector:** During 1984, the general policy objective was to reduce the budgetary deficit. But this objective has been difficult to achieve because of the slow increase in revenue, while recurrent expenditure has been growing apace. During 1984, overall fiscal performance continued to deteriorate. Reduced collections of import duties combined with large increases in interest payments on the public debt produced fiscal deficits far in excess of the projected outcome.

Table III.7
PUBLIC FINANCES
(Changes in percent)

	Current revenue		Current Expenditure		Fiscal Deficit[1]	
	1983	1984[p]	1983	1984[p]	1983	1984[p]
Antigua and Barbuda	-6.1	14.0	-10.3	0.2	34.1	51.1
Bahamas	5.8	12.4	12.2	8.8	25.5	5.9
Barbados	12.3	2.7	5.4	9.5	13.7	14.5
Belize	-1.4	17.3	3.7	0.4	23.1	17.4
British Virgin Islands	7.1	4.0	22.9	0.6	...	...
Dominica	20.8	8.6	11.0	6.6	32.9	39.2
Grenada	8.5	7.0	3.9	16.5	51.2	46.7
Guyana	2.8	6.1	17.1	29.4	50.0	...
Jamaica	11.9	22.5	29.6	43.6	36.1	41.2
Montserrat	5.7	1.4	7.4	2.8	[0.8]	2.3
Netherlands Antilles	...	...	...	...	...	...
Saint Christopher-Nevis	0.8	5.1	-0.9	4.8	20.3	21.0
Saint Lucia	4.9	5.8	-0.3	18.2	20.6	30.7
Saint Vincent and the Grenadines	4.1	27.3	12.1	18.3	7.9	0.0
Suriname	-8.5	-4.4	11.1	-1.9	48.8	37.1
Trinidad and Tobago	-7.8	1.2	3.3	5.9	25.3	25.1

Source: Various country reports.
[1] As percentage of total Government expenditure; surplus shown as [ ].

(f) **Trade and Payments:** The trade and payments situation continued to improve in 1984. Lower rates of inflation and faster rates of increase in the value of exports than of imports led to a situation where the deficit on visible trade, though still high, has been narrowing. The deficit on the current account of the balance of payments has also been falling, in spite of the substantial interest payments on external debt. Receipts from tourism have gone a far way in offsetting these outflows. All countries, however, continue to have deficits on the balance of payments current account and some continued to have difficulty in attracting foreign capital to finance private and public sector investment. In December, the Government of Belize adopted a financial adjustment programme and entered into a stand-by arrangement with the IMF in the amount of SDR 7.125 million.

Table III.8
VALUE OF EXPORTS AND IMPORTS
(Changes in percent)

	Exports		Imports	
	1983	1984[p]	1983	1984[p]
Antigua and Barbuda	-16.9	5.3	21.3	37.4
Bahamas	10.4	21.6	8.6	6.7
Barbados	38.1	9.7	13.7	5.3
Belize	-14.7	21.4	-9.7	11.8
British Virgin Islands	...	...	...	...
Dominica	12.4	-6.9	-5.1	28.3
Grenada	1.9	-9.5	-0.8	-11.6
Guyana	-20.0	36.6	-12.0	14.1
Jamaica	-10.8	7.7	-6.9	-7.2
Montserrat	76.7	-31.0	-2.0	-15.5
Netherlands Antilles	-24.5	-16.7	-22.8	-12.5
Saint Christopher-Nevis	12.9	12.1	16.5	14.0
Saint Lucia	14.6	0.6	-9.6	7.5
Saint Vincent and the Grenadines	27.3	30.7	8.1	8.9
Suriname	-14.4	-5.3	-12.7	-16.0
Trinidad and Tobago	-23.4	-7.9	-30.2	-26.0

Source: Various country reports.

Table III.9
BALANCE OF PAYMENTS ON CURRENT ACCOUNT
(US dollars million)

	1982	1983	1984[p]
Antigua and Barbuda	-37.9	-6.3	-13.7
Bahamas	-45.0	0.0	-10.0
Barbados	-41.5	-50.0	-16.0
Belize	...	...	-7.5
British Virgin Islands	...	...	...
Dominica	-3.8	-4.2	-6.9
Grenada	-33.7	-29.0	-20.0
Guyana	-142.0	-156.0	-113.3
Jamaica	-403.8	-361.8	-151.8
Montserrat	...	-4.7	-8.6
Netherlands Antilles	164.1	-60.8	...
Saint Christopher-Nevis	-4.5	-14.6	-4.8
Saint Lucia	-44.4	-20.4	-22.0
Saint Vincent and the Grenadines	-6.1	-3.0	...
Suriname	-153.8	-163.9	-67.4
Trinidad and Tobago	-766.2	-942.5	-706.2

Source: Various country reports.

(g) **Monetary Developments:** As in previous years, monetary policy in most of the countries aimed to make more funds available for lending to the productive sectors. In some countries, this general policy objective went hand in hand with other measures designed to restrict aggregate demand so as to improve the balance of payments and dampen inflation. For example, in Barbados a tight rein was held on the money supply, and in Jamaica interest rates were increased to raise the level of domestic savings, a deposit scheme was established for payment of arrears on foreign obligations contracted before February 1984, and a ceiling was set on domestic borrowing by the public sector. On the other hand, although the policy of allocating more resources to the private sector was espoused, the public sector remained the main beneficiary of commercial bank credit in some of the countries.

Table III.10
GROWTH IN MONETARY RESOURCES
(Changes in percent)

	Money supply		Quasi money	
	1983	1984[p]	1983	1984[p]
Antigua and Barbuda	18.3	12.9	21.5	20.7
Bahamas	12.7	29.2	11.5	3.8
Barbados	16.2	-2.5	4.2	12.7
Belize	7.6	26.6	24.0	-2.6
British Virgin Islands	...	...	...	...
Dominica	...	...	...	...
Grenada	15.7	18.5	...	...
Guyana	16.4	22.0	23.2	16.5
Jamaica	21.3	14.5	28.6	16.3
Montserrat	13.9	2.7	0.7	6.1
Netherlands Antilles	-0.4	-2.7	8.8	4.8
Saint Christopher-Nevis	2.4	11.5	14.5	12.7
Saint Lucia	...	...	...	...
Saint Vincent and the Grenadines	17.3	22.9	11.0	11.2
Suriname	8.1	26.9	70.3	-9.2
Trinidad and Tobago	-8.1	-6.0	14.7	9.3

Source: Various country reports.

During the year, Guyana affected three major devaluations, while Jamaica continued to operate its system of foreign exchange auctioning, experiencing a downward trend in its exchange rate.

(h) **Inflation and Unemployment:** Inflation continued to moderate during 1984 and except for Guyana, Jamaica and Trinidad and Tobago, fell below 6% in all the countries surveyed. In Saint Lucia, inflation was as low as 1.2%. The abatement of inflation in the subregion's main trading partners was largely responsible for this development. In spite of the economic deceleration, negotiated wage increases tended to outstrip the rate of inflation, but nonetheless remained low and fairly stable.

Table III.11
INDICATORS ON INFLATION AND UNEMPLOYMENT
(Percent change from previous period)

	Retail prices			Unemployment (%)	
	1982	1983	1984[p]	1983	1984[p]
Antigua and Barbuda	4.6	2.3	4.0	...	...
Bahamas	6.0	4.0	3.9	...	...
Barbados	10.3	5.3	4.6	15.0	17.1
Belize[1]	...	...	5.6	...	14.0
British Virgin Islands	9.9	2.5	...	...	...
Dominica	4.4	2.7	1.9	...	...
Grenada	7.7	6.1	5.6	...	39.5
Guyana	20.9	14.9	25.9[2]	...	...
Jamaica	6.5	11.3	27.8	26.7	25.4
Montserrat	9.8	4.7	5.5	7.0	...
Netherlands Antilles	7.6	1.5	2.4	...	...
Saint Christopher-Nevis	1.9	2.5	2.7	...	...
Saint Lucia	4.6	1.5	1.2	...	...
Saint Vincent and the Grenadines[3]	14.3	4.4	2.0	...	...
Suriname	7.3	4.4	3.7	...	...
Trinidad and Tobago	11.4	16.8	13.3	11.1	12.7

Source: Various country reports.
[1]November-December.
[2]January-June.
[3]December-December.

Partial data on unemployment suggest that the rate increased in 1984 (ref.: Table III.11). Some jobs were lost during the year, particularly in the manufacturing sector, and it is doubtful that these workers were absorbed elsewhere. With the increasing dynamism in the agriculture sector, it is essential that productivity in that sector be increased and maintained. Efforts to create new job opportunities should be centered on the manufacturing, services and construction sectors.

PART II

ANTIGUA AND BARBUDA

COUNTRY NOTES

ANTIGUA AND BARBUDA

1. Recent economic trends: Introduction and summary

Over the three-year period 1980-1982, economic activity in Antigua and Barbuda declined. However,the economy recovered in 1983 and 1984 when Gross Domestic Product (GDP) grew by 6.4% and 6.5% respectively. Consumer expenditure, especially in the consumer durables category is estimated to have increased significantly.

Table 1
ANTIGUA AND BARBUDA: MAIN ECONOMIC INDICATORS

	1982[r]	1983[r]	1984[p]
A. Basic economic indicators			
GDP at factor cost (EC$m, 1977 prices)	194.1	206.5	220.0
Population ('000)	77.2	78.2	79.3
Per capita GDP (ECS'000 at 1977 prices)	2.5	2.6	2.8
Growth rates			
B. Short-run economic indicators			
GDP at factor cost (1977 prices)	-1.3	6.4	6.5
Per capita GDP at factor cost	-2.6	5.1	5.1
Terms of trade	...	...	...
Consumer price index	4.6	2.3	4.0
Money suply M_1	...	18.3	12.9
Money supply M_2	...	20.7	18.9
Rate of unemployment	...	...	...
Current revenue of Government	17.9	-6.1	14.0[p]
Current expenditure of Government	23.6	-10.3	0.2
Fiscal deficit as % of total expenditure	...	...	...
EC dollars million			
C. External sector			
Trade balance (balance of payments basis)	-271.4	-208.9	-315.1
Balance on current account	-102.3	-17.0	-37.0
Variation in net international reserves	2.7	-0.3	-11.3
External debt	214.7	218.2	138.0

Source: Statistics Division, The Organization of East Caribbean States (OECS), the International Monetary Fund (IMF).

This reversed trend is primarily the result of recovery in the more industrialized countries which caused tourism, the country's leading sector, to expand significantly in 1983 and 1984. Preliminary estimates for 1984 indicate that this sector grew by as much as 26.3%. The impact of this sector on the economy was, however reduced by the adverse factors affecting other sectors of the economy. Firstly, difficulties in the CARICOM market reduced export opportunities the local manufacturing sector and as a result this sector experienced very little growth. Secondly, the severe drought which lasted for

most of 1984, caused agricultural output to decline by more than 10 percent.

Table 2
ANTIGUA AND BARBUDA: TOTAL SUPPLY AND DEMAND
(EC dollars million)

	1982[r]	1983[p]	1984
Total supply	733.6	631.6	...
GDP at market prices	345.9	353.9	...
Imports of goods and services	387.7	282.2	...
Total demand	733.6	631.6	...
Domestic demand	509.8	406.9	...
Gross domestic investment	175.8	101.8	...
Private consumption	255.3	221.0	...
Government consumption	78.7	84.1	...
Exports of goods and services	223.8	229.2	...

Source: The International Monetary Fund (IMF).

Central Government finances improved significantly in 1984 after declining in 1983 and the current deficit which was 0.4% and 3.3% of GDP in 1982 and 1983 fell to 0.2% in 1984. Capital expenditure which totalled EC$m32.7 in 1983, the equivalent of 8.5% of GDP, increased to EC$m104 (or 24.4%). Debt repayments continued to put a significant strain on government finances, and there was a further build-up of arrears in payments. However, in late 1984, the Government did manage to reduce its gross external debt by using offsetting deposits to retire debts with two banks.

The current account of the balance of payments which had improved substantially in 1983 widened again in 1984 to reach the level of EC$m13.7, but still remained much below the level reached in earlier years. While there was a marked increase in tourist expenditure, this was not sufficient to compensate for the large increase in merchandise imports. Overall, there was an EC$m11 surplus on balance of payments in 1984 following the EC$m0.3 in 1983.

Net domestic credit increased by 16.7% as a result of an EC$m8.6 increase in net lending to the Central Government and a EC$m31.7 increase to the private sector reflecting the increased activity in tourism. Inflation which had moderated to 2.3% in 1983 is estimated to have increased slightly in 1984 as a result of the increases in food and utility prices.

2. Trends in economic activity

(a) Growth in the main sectors

(i) **Agriculture:** The agricultural sector in Antigua and Barbuda has declined steadily since the mid-seventies; its contribution to GDP falling from 11.4% in 1977 to 4.7% in 1984. The sector has long been constrained by a lack of adequate water supply, and the two-year drought which lasted for most of 1984 worsened an already precarious situation. As a result, agricultural output which had declined by 0.9% in 1983, declined by a further 10.3%. Production of fruit and vegetables which had been increasing steadily up to 1983, declined substantially by 29.2% in 1984.

Table 3a
ANTIGUA AND BARBUDA: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY AT FACTOR COST (Current prices)
(EC dollars million)

	1982[r]	1983[r]	1984[p]	Growth rates 1983[r]	Growth rates 1984[p]
Agriculture	19.7	21.8	20.1	10.7	-7.8
Mining and quarrying	1.5	2.3	2.8	53.3	21.7
Manufacturing	16.8	17.6	18.2	4.8	3.4
Electricity and water	7.6	10.3	10.0	35.5	-3.0
Construction	20.4	20.5	22.8	0.5	11.5
Wholesale and retail trade	36.4	38.7	43.1	6.3	11.4
Hotels and restaurants	40.8	45.5	58.7	11.5	29.0
Transport	36.2	40.4	45.9	11.6	13.6
Communications	12.2	14.5	16.2	18.9	11.7
Banks and insurance	22.3	23.8	24.5	6.7	2.9
Real estate and housing	34.4	41.5	45.8	20.6	10.4
Government	45.5	52.2	58.5	13.9	12.1
Other services	18.5	19.2	20.2	3.8	5.2
Less imputed service charges	16.9	17.0	17.5	0.6	2.9
Gross domestic product	295.7	331.3	369.3	12.0	11.4

Source: OECS Secretariat.

Table 3b
ANTIGUA AND BARBUDA: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY AT FACTOR COST (Constant 1977 prices)
(EC dollars million)

	1982[r]	1983[r]	1984[p]	Growth rates 1983[r]	Growth rates 1984[p]
Agriculture	11.7	11.6	10.4	-0.9	-10.3
Mining and quarrying	0.9	1.1	1.2	18.2	9.1
Manufacturing	13.9	14.2	14.4	2.2	1.4
Electricity and water	7.4	8.1	8.0	9.5	-1.2
Construction	11.7	10.8	11.3	-7.7	4.6
Wholesale and retail trade	21.6	21.9	23.2	1.4	5.9
Hotels and restaurants	26.1	30.8	38.9	18.0	26.3
Transport	24.7	28.8	31.6	16.6	9.7
Communications	16.2	17.9	18.5	10.5	3.4
Banks and insurance	13.6	14.6	15.0	7.4	2.7
Real estate and housing	22.5	23.2	23.6	3.1	1.7
Government services	22.4	22.8	23.3	1.8	2.2
Other services	9.4	9.6	9.9	2.1	3.1
Less imputed service charges	8.0	8.9	9.3	11.3	4.5
GDP at 1977 prices	194.1	206.5	220.0	6.4	6.5

Source: OECS Secretariat.

Institutional support is provided to the sector by the government agricultural extension services. One project, funded by USAID, assists in the training of extension officers, provides equipment and basic working tools as well as transportation so as to increase the mobility and productivity of the officers. As a result, visits to farmers have increased with a concomitant increase in farmer training activities. However, the service is still constrained by a shortage of extension officers and adequately trained personnel.

Table 4
ANTIGUA AND BARBUDA: INIDCATORS OF SELECTED AGRICULTURAL PRODUCTS
(Tonnes)

				Growth rates	
	1982	1983	1984[p]	1983	1984[p]
Sugarcane ('000 tonnes)	2.9	4.7	4.6	64.3	-2.2
Cotton-lint	4.0	2.3	...	-43.8	...
Other major crops					
Sweet potatoes	228	353	...	54.8	...
Yams, eddoes, cassava	153	418	...	173.8	...
Tomatoes	173	285	...	65.4	...
Cabbage	184	166	...	-9.7	...
Cucumber	148	140	...	94.4	...
Carrots	118.7	184	...	55.2	...
Onions	39	46.4	...	18.6	...
Squash	108.6	85	...	-21.8	...
Pineapples	184.5	181	...	-2.0	...
Mangoes	217.3	113	...	-47.9	...
Oranges and grapefruits	91.8	29	...	-68.2	...

Source: Agricultural Extension Services.

Sugar cane production was resumed in 1978 following the resuscitation of the sugar factory with funding from the Caribbean Development Bank (CDB). The factory, with a potential capacity to grind about 25 tonnes of cane per hour, would, it was hoped, fully supply the local market. However, the project encountered serious implementation problems and as a result, the first crop of sugar-cane was not reaped untill 1981 when only 38.7 tonnes of sugar were produced. Further mechanical problems in 1982 again kept production well below potential at a level similar to that in 1981; in 1983 production increased to 208.3 tonnes of sugar and 31 000 imperial gallons of molasses. Productivity has, therefore, been very low, the average cane/sugar yield was 22-23 tonnes cane per tonne of sugar. In 1984, 4 573 tons of cane were delivered to the factory, 511 tonnes of this being supplied by small farmers. In turn, 257.9 tonnes of sugar and 31 428 imperial gallons of molasses were produced. It is projected that sugar production in 1985 will be below this 1984 level as a result of the effect of the drought on the crop.

The responsible corporation has experienced a problem in acquiring cutters and in the past has imported labour from St. Lucia, St. Vincent and the Grenadines and Dominica. In addition, the corporation has been plagued by financial difficulties and has supplemented its income by providing ploughing services to farmers. The financial viability of Antigua Sugar Industry

Corporation (ASIC) is not assured, and its future remains in the balance. Its survival is heavily dependent on diversification of production. The Government has been considering an approach by investors interested in producing ethanol from cane juice. The goal is to produce 200 million gallons of ethanol per year, the difference in molasses requirement being made up by imports. If accepted, ethanol production will become the major output of the factory with sugar being produced as a by-product.

Cotton production is estimated to have increased during 1984. Cotton is mainly produced on very small holdings, and a total of approximately 130 acres was under cultivation by small farmers during 1984. In addition, the sugar corporation planted approximately 50 acres. The raw cotton is purchased by the Agricultural Extension Services which for 1984 exported 1 025 kg. of cotton valued at EC$16 710. While cotton is a potentially good foreign exchange earner, increased production is constrained by a shortage of harvesting labour which hinders expansion by the sugar corporation, and pest infestation, particularly affecting the small farmer.

Between 1978 and 1982 estimated fish landings fell by one half. However, this decline appears to have been arrested and the 1984 catch is estimated to have been above the 1983 level. Actual data on fish landed are however, very poor. The Fisheries Division of the Ministry of Agriculture gives a rough estimate of 225 100 kg. for total catch for the 1984 period. Lobster exports are estimated at 3 759 kg. and valued at EC$57 883, while fish exports are 19 419 kg. The problem is lack of standardization of the method of data collection and inadequate extension service. Also, the size of the fishing fleet is not determinate which derives in part from non-licensing of vessels by boat owners and the lack of enforcement of regulations.

Fishing has traditionally been coastal and bottom-oriented, but long-lining, bottom-lining and trolling are now being introduced. Some measures aimed at conserving marine ecosystems are also being adopted and the size of the net mesh has been increased to 2 inches. Two marine parks have been revived and plans are afoot to establish a third. There are now off-limit areas and underground trails are to be promoted to assist in creating conservation awareness. The CDB-financed fisheries project was terminated during 1984, and the four vessels from the project have been loaned to fishermen. While there is much scope for further development of the industry, progress is constrained by poor training, inadequate technology and poor institutional development. The Fisheries Division has taken steps to correct these deficiencies by encouraging the formation of co-operatives, providing training for fishermen and offering duty-free concessions on the purchase of boats and other equipment. Financial assistance is also given through the Antigua and Barbuda Development Bank which provides loans to fishermen and the Fisheries Division which provides fishing gear at subsidized prices.

Improved marketing arrangements for agricultural produce is essential to the development of the sector. At present, most farmers first sell to hotels and restaurants, and then to the Central Marketing Corporation (CMC) as buyer of last resort. However, while the hotels are willing to purchase local produce, they require a guaranteed source of supply which farmers are unable to ensure because of the lack of reliable water supply.

The CMC is principally responsible for providing both inputs such as chemicals and fertilizers to farmers as well as an outlet for agricultural produce. In addition, CMC is the sole importer of rice and sugar as well as selected vegetables such as tomatoes, cabbages and sweet peppers. CMC also controls licences for imports of certain agricultural products. Because of the problems affecting the sector, domestic agriculture has failed to exert much impact on the corporation's finances and as a result, it has become heavily dependent on its retail outlet and the import of sugar and rice. Lack of adequate cold storage and to some lesser extent, dry storage facilities, leads to a high percentage of spoilage. Over the years, the CMC has been operating at a loss mainly because of high administrative costs and the spoilage of produce. The CMC is now working towards the establishment of a Marketing Intelligence Unit which will monitor crop information for transmission to farmers and improve the glut/shortage cycle which has been experienced in vegetable production.

(ii) **Manufacturing:** The manufacturing sector which grew at an average of 19% over the 1977-1981 period has experienced very little growth since 1981. In 1984, manufacturing output grew by a mere 1.4% (ref.: Table 3b). The sector is highly dependent on sales within the CARICOM market, and as a result, difficulties in this market greatly affected production. Many factories operated well below capacity and a few attempted to penetrate extra-regional markets. The main contribution to manufacturing production came from the enclave-type industries catering to the extra-regional markets and in particular, the United States.

Table 5
ANTIGUA AND BARBUDA: INDICATORS OF MANUFACTURING PRODUCTION

	Unit	1982	1983	1984[p]
Index of export manufacturing production (1982 = 100)		100	96	...
Production of major commodities				
Rum	'000 pf. gal.	159	133	149
Soft drinks	'000 cases	216	...	271
Garments:				
- Foundation	'000 dzs.	476	570	...
- Outwear	'000 pieces	327	279	...
Bedding	pieces	3 440	12 000	14 000
Plastics	'000 kg.	196	61	84
Paints	'000 US gals.	106	100	96
Tyres	units	2 537	...	...
Stoves	units	3 646	3 800	...
Refrigerators	units	2 093	1 700	...
Freezers	units	360	200	...
Hot plates	units	2 290	1 100	...
Batteries	units	500	...	...
Toilet paper	'000 rolls	...	...	1 425

Source: Statistics Division.

The present trade and economic difficulties within CARICOM have threatened the continued operation of several firms and highlighted the importance of enclave-type manufacturing and the need to promote and attract this type of activity which has a real potential for extra-regional exports.

Three new establishments commenced operations during 1984, creating an additional sixty jobs. These include electronics-assembly and galvanize metal sheeting production. On the other hand, the biscuit factory which to date had had little impact on manufacturing output, ceased operation during 1984.

(iii) Construction: Following a 7.7% decline in 1983, this sector grew by 4.6% in 1984. This rate is, however, below the projected level because of financial problems encountered with a major Hotel Project by the overseas developers. Despite attempts, adequate funding could not be secured from alternative sources.

Table 6
ANTIGUA AND BARBUDA: INDICATORS OF CONSTRUCTION

	Unit	1982	1983[p]	1984[p]
Applications				
No. of building applications	number	457	557	...
- New buildings	number	301	397	405
- Extensions	number	156	160	...
Square footage	'000 sq.ft.	...	658.5	...
- New buildings	'000 sq.ft.	...	585.8	1 088.2
- Extensions	'000 sq.ft.	...	72.7	...
Estimated value	EC$ million	43.7	60.4	...
- New buildings	EC$ million	...	55.4	49.4
- Extensions	EC$ million	...	4.7	...
Production of building materials				
Blocks	'000	1 307	...	1 417
Pre-mix concrete	'000 cu.yd	14	14	...
Gravel	'000 tons	31.8	40.4	...
Other quarrying materials	'000 bbl.	143.5	57.7	...

Source: Development Control Authority, Planning Office.

Most of the construction activity during 1984 was in the residential subsector and approximately 45% of the buildings for which applications had been approved were under construction.

The outlook for 1985 appears to be more favourable with planned completion of a scaled-down version of the Deep Bay Project and expansion of the St. James Club and Jolly Beach Hotel. In addition, plans are afoot for the construction of condominiums and a shopping plaza valued at EC$m15 as well as a National Park in the vicinity of the world famous English Harbour. Construction of low and middle-income housing which commenced in late 1984 is also due for completion in 1985.

(iv) **Electricity and water:** The severe drought which began in 1983 and lasted until September 1984, severely strained the country's water resources, and highlighted the general deterioration of the collection, storage and distribution systems. A USAID water project which commenced in 1984 is concentrated on institutional development, improved treatment and transmission and additional storage and ground water development; the initial thrust being on the latter so as to alleviate the immediate effects of the drought. This had the effect of increasing ground water production by 25%, thereby increasing the reliability of supply, but production at approximately 400 000 gallons per day is still much below the maximum potential of 1.5 million gallons per day. To augment the ground water supply and improve the overall water supply situation, the Government with assistance from a number of external agencies undertook emergency measures during 1984 to barge water amounting to around 500 000 gallons a day from the neighbouring islands of Dominica and Guadeloupe. In addition, since the supply of water was insufficient to allow distribution via the pipeline network, it was necessary to truck water to the villages to be put in temporary storage. Inadequate use of the pipeline network during the drought also created additional maintenance problems. A PVC pipeline project funded by Trinidad and Tobago involving new installations and repair, was started in 1984 but has suffered delays owing to administrative difficulties and is now due for completion in 1985. Work on a new electricity generation/desalination plant has commenced and by 1987 is expected to produce an additional 2 million gallons of water per day. Water tariffs were increased in December 1984 and the Antigua Public Utilities Authority (APUA) plans to implement further increases over the two year period up to 1987 so as to bring prices more in line with the cost of production. The water situation is now back to normal with respect to storage and, with the new projects being undertaken, the supply of water should continue to improve.

While the demand for electricity services was below the level expected, this was offset by a good load factor in excess of the 60-61% projected. Reliability of electricity services has improved substantially with transmission line losses at 16.5%, though somewhat above the 15.6 % recorded in 1983, still much below the high losses of up to 25% recorded in 1980.

Some improvement has been made in telecommunications with the introduction of direct dialling. However, the telephone system is still unable to meet the present level of demand and there remains a long waiting list of potential users. This situation is not expected to improve before the early part of 1986.

Table 7
ANTIGUA AND BARBUDA: ELECTRICITY GENERATION AND CONSUMPTION

	Unit	1982	1983	1984[p]
Installed capacity	mW	32.3	31.3	31.3
Public	mW	27.0	26.3	26.3
Industrial	mW	6.3	5.0	5.0
Production	kWh x 10^6	59.8	67.0	70.9
Public	kWh x 10^6	58.8	65.5	68.9
Industrial	kWh x 10^6	1.0	1.5	2.0
Consumption (sold)	kWh x 10^6	44.7	53.1	55.0
Residential	kWh x 10^6	19.8	22.9	23.4
Commercial	kWh x 10^6	14.4	19.0	20.0
Industrial	kWh x 10^6	6.1	6.6	6.8
Government	kWh x 10^6	4.4	4.6	4.8
Own use	kWh x 10^6	1.6	2.2	2.5
Transmission losses	%	20.9	15.6	16.5
Peak demand	mW	10.1	10.8	11.7
Load factor	%	66.2	66.8	64.6

Source: Antigua Public Utilities Authority (AUPA).

3. The external sector

(i) **Merchandise trade:** The deficit in the balance of trade which had improved from EC$m471 in 1982 to EC$m209 in 1983, deteriorated in 1984 to an estimated EC$m315. This deterioration in the trade performance is due to the fact that domestic exports sluggish while imports increased substantially. Imports of food, machinery and transport equipment as well as chemicals and raw materials for local manufacturing, largely accounted for the significant increase in the import bill.

(ii) **Tourism:** While final figures on tourist expenditure are not yet available, indicators are that the last tourism season was the best ever and that tourist earnings reached record levels during 1984. The tourist sector, (hotels and restaurants the leading sector in the economy, grew by 26.3% in 1984, its contribution to GDP increasing from 14.9% in 1983 to 17.7% in 1984. Total arrivals by air, the most important category, increased by nearly 28% between 1983 and 1984, while cruiseship passenger arrivals increased by more than 28% during the same period.

Table 8
ANTIGUA AND BARBUDA: SELECTED TOURISM INDICATORS

	1982	1983	1984[p]	Percentage Change 1983	Percentage Change 1984[p]
Total visitors ('000)	164.1	165.9	195.5	1.1	17.8
Cruise ('000)	66.8	52.0	66.8	-22.2	28.5
Stopover ('000)	97.3	113.9	...	...	...
- By air ('000)	87.0	101.1	129.1	16.2	27.7
- By sea ('000)	10.3	12.8	...	...	...
Total no. of hotels	36	31	...	-13.9	...
Total no. of guesthouses	24	23	...	-4.2	...
No. of hotels & guesthouse rooms	1 868	1 778	...	-4.8	...
- Hotels	1 702	1 610	...	-5.4	...
- Guesthouses	166	168	...	1.2	...
No. of hotels & guesthouse beds	3 736	3 592	...	-3.9	...
- Hotels	3 406	3 254	...	-4.5	...
- Guesthouses	330	338	...	2.4	...

Source: Department of Tourism.

This record performance of the tourism sector in 1984 is mainly the result of the recovery in the U.S. economy which resulted in tourist arrivals by air from that source increasing by more than 40% from 49 224 in 1983 to 68 296.

Table 9
ANTIGUA AND BARBUDA: PERCENTAGE SHARE OF AIR ARRIVALS
(by country of origin)

	1982	1983	1984
United States	42.2	48.7	52.9
Canada	10.2	7.7	9.9
United Kingdom	14.2	13.0	11.0
Other Europe	7.4	6.4	6.8
Caribbean	23.8	22.1	19.5[1]
Latin America	1.1	1.0	...
Other	1.1	1.1	...

Source: Department of Tourism.
[1] Includes all other areas of origin.

With the increasing strength of the U.S. economy and the associated appreciation of the U.S. dollar, the share of tourist arrivals from that market has grown consistently since 1981, rising from 38% to 52.9% in 1984. Conversely, the depreciation of the pound sterling has resulted in a decline in the share of UK visitors by air from 15.4% in 1981 to 11% in 1984.

The strong performance of the tourism sector is reflected in the large increase in net foreign travel receipts of 45% in 1984 compared with a 21% increase in 1983.

Table 10
ANTIGUA AND BARBUDA: BALANCE OF PAYMENTS
(EC dollars million)

	1982	1983[p]	1984[pe]
Current account	-102.3	-17.0	-37.0
Merchandise trade			
Exports f.o.b.	105.0	87.2	91.8
Imports c.i.f.	376.4	296.2	406.9
Trade balance	-271.4	-209.0	-315.1
Services of which			
Travel receipts	132.3	160.1	232.2
Other non-factor services	23.2	22.1	23.2
Interest payments on public debt (net)	-11.9	-6.5	-6.2
Service balance	148.5	179.9	293.4
Private sector payments	3.0	4.9	8.1
Private transfers (net)	22.4	13.2	14.3
Capital account	99.6	17.3	48.3
Official grants	3.0	0.8	2.7
Official drawings on loans	25.1	11.6	5.9
Official repayment on loans	-8.4	-14.6	-16.7
Official repayment arrears	-12.4	-17.6	-9.7
Commercial banks	...	...	...
Private capital (including errors)	...	...	...
Overall balance	-2.7	0.3	11.3
Change in official reserve (increase = -)	2.7	-0.3	-11.3

Source: From IMF data.

(iii) Other current account: Overall, these items also increased substantially in 1984; for example, the balance on services increased by 63%. Net private transfers also made a positive and larger contribution to the balance of payments in 1984. The net result, however, was that these payments were not large enough to offset the merchandise trade deficit and the current account deficit reached EC$m37. It will be noted, however, that this figure is significantly lower than the EC$m102 deficit of 1982.

(iv) Capital account and overall balance: Preliminary estimates show an overall balance of some EC$m11 for 1984 compared with EC$m0.3 for 1983 and a small deficit for 1982. Inflows on official capital account have been declining during 1983 and 1984 and the net position is worse when repayment arrears are included. It is the private capital inflows therefore that has kept the deterioration of the payments position in check during the last three years and accounted for the 1984 surplus.

4. Prices and wages

Price increases for 1982 and 1983 have been relatively moderate following the double-digit inflation of 1979-1981. The cost-of-living index (1969 = 100) show that the average index increased by 2.3% during 1983 due mainly to increases in prices of beverage and tobacco, clothing and household operations and miscellaneous. Preliminary estimates indicate that prices grew by about 4% during 1984.

Table 11
ANTIGUA AND BARBUDA: EVOLUTION OF DOMESTIC PRICES

	All items	Food and beverages	Alcoholic beverages & tobacco	Housing	Utilities	Clothing & accessories	Transportation	Household operations and miscellaneous
Weights	1 000.0	428.8	36.0	233.2	55.5	74.7	100.0	71.7
				(1969 = 100)				
Period average								
1978	270.5	325.5	243.3	177.2	226.9	291.9	269.4	270.1
1979	314.2	367.2	389.7	190.5	315.9	322.8	385.0	301.6
1980	374.4	431.2	339.3	230.6	448.4	365.2	454.7	360.8
1981	417.3	465.6	380.7	250.0	475.2	426.6	495.0	410.1
1982	434.7	503.8	385.3	255.1	495.5	480.9	497.9	450.9
1983	444.9	513.4	396.6	255.7	495.7	511.2	497.9	492.0
End of period								
1978	284.5	350.9	251.1	177.4	230.9	293.7	276.8	295.5
1979	339.0	390.2	317.5	207.6	368.6	349.2	410.0	338.7
1980	400.4	468.2	355.6	239.2	463.8	388.1	486.1	386.7
1981	428.5	500.5	380.7	258.0	474.7	436.9	497.9	436.5
1982	436.6	499.5	387.9	250.5	495.7	539.5	497.9	452.0
1983	452.3	525.8	387.2	258.1	495.7	529.1	497.9	499.7
				(Percentage change)				
Period average								
1978	6.2	6.2	6.2	5.1	5.5	2.7	5.5	12.2
1979	16.2	12.8	19.1	7.5	39.2	10.6	42.9	11.7
1980	19.2	17.4	17.1	21.1	42.0	13.1	18.1	19.6
1981	11.5	12.6	12.2	8.4	6.0	16.8	8.9	13.7
1982	4.6	4.4	1.2	2.0	4.3	12.5	0.6	10.1
1983	2.3	1.9	2.9	0.2	-	6.3	-	9.1
End of period								
1978	6.5	5.9	8.1	5.2	3.5	-	5.7	25.9
1979	19.2	11.2	26.4	17.0	59.6	18.9	48.1	14.6
1980	18.1	20.0	12.0	15.2	25.8	11.1	18.6	14.2
1981	7.0	6.9	7.1	7.9	2.4	12.6	2.5	12.9
1982	4.1	3.8	2.4	-2.7	4.4	22.9	-	5.4
1983	3.6	5.3	-0.2	3.0	-	-1.9	-	10.6

Source: Ministry of Finance (Statistics Division) as reported in Antigua and Barbuda "Economic Memorandum", 3 January 1985.

The overall level of prices was affected by food prices and higher utility prices especially of water. Food prices reflect the lower domestic production as a result of the drought experienced during the year.

Comprehensive wage data are not compiled in Antigua and Barbuda. There are some indications that wages in central government, in quasi-government enterprises and in some large private establishments have been increasing at higher rates than the moderate price increases since 1982.

5. Monetary and fiscal policy

(a) Monetary policy

Antigua and Barbuda does not have an individual Central Bank but belongs to the Eastern Caribbean Central Bank (ECCB) which services all the OECS countries[1]. As such, monetary policy is not an active instrument of economic policy, but rather monetary developments respond to developments in the rest of the economy.

Both the narrow money and broad money supply grew at lower rates than those experienced in 1983 (12.9% and 18.9% respectively compared with 18.3% and 20.7% in 1983).

Table 12
ANTIGUA AND BARBUDA: MONETARY BALANCE
(EC dollars million)

				Growth rates	
	1982	1983	1984	1983	1984
Money supply (M_1)	53.57	63.39	71.55	18.3	12.9
Currency	16.28	16.05	18.60	-7.4	15.9
Demand deposits	37.29	47.34	52.95	26.9	11.9
Quasi money	168.18	204.27	246.58	21.5	20.7
Savings deposits	70.37	77.42	88.14	10.0	13.8
Time deposits	97.81	126.85	158.44	29.7	24.9
Money supply (M_2)	221.75	267.66	318.13	20.7	18.9
Factors of expansion					
Net international reserves	...	...	...	...	...
Domestic credit	186.65	212.70	248.31	14.0	16.7
Private sector	148.78	183.90	214.64	23.6	16.7
Public sector	36.23	28.44	33.56	-21.5	18.0
Central Government	27.69	23.88	32.00	-13.8	34.0
Other public	8.54	4.56	1.56	-46.6	-65.8
Non-bank finan'l institutions	1.65	.36	.11	-78.2	-69.4

Source: The Eastern Caribbean Central Bank (ECCB).

[1]The OECS comprises Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Christopher-Nevis, St. Lucia and St. Vincent and the Grenadines.

During 1984, net domestic credit increased by EC$m35.6 or 16.7% as a result of an EC$m5.12 increase in net lending to the public sector and an EC$m30.7 increase to the private sector. Loans to the tourism sector accounted for a major part of the 1984 increase in loans to the private sector.

Table 13
ANTIGUA AND BARBUDA: SECTORAL DISTRIBUTION OF COMMERCIAL BANK LOANS
(EC dollars million)

				Growth rates	
	1982	1983	1984	1983	1984
Agriculture	1.63	1.44	1.57	-11.7	9.1
Manufacturing	11.77	17.17	19.11	45.9	11.3
Distributive trades	24.61	19.62	14.60	-20.3	-25.6
Tourism	6.46	9.45	19.58	46.3	107.1
Entertainment and catering	2.85	3.21	1.74	12.8	-45.9
Transport	5.68	6.33	8.00	11.4	26.5
Public utilities	0.89	0.18	0.59	-80.0	231.5
Government & statutory bodies	33.58	28.80	33.67	-14.2	16.9
Construction & land development	18.03	25.48	25.38	41.3	-0.4
Professional & other services	3.18	3.36	2.83	5.5	15.9
Personal	59.79	77.73	96.54	30.0	24.2

Source: The Eastern Caribbean Central Bank (ECCB).

Total deposits grew by 19.0% in 1984 compared with a 22.5% growth in 1983. Time deposits accounted for the greater part of this increase, having grown at the much faster rate of 24.9% compared with the 13.8% and 11.9% growth in savings and demand deposits. This high annual growth rate in time deposits was sustained by the considerable increases in interest rates during the first quarter of 1984. Most of the increase occurred in the early part of 1984; and there was actually a temporary decline in the third quarter of 1984 which was probably the lagged response to the lowering of interest rates during the second quarter of 1984. The increase in interest rates was mainly the result of the liquidity crisis in 1983 which caused banks to raise their deposit rates to become more competitive with international rates, leading to a substantial increase in private sector deposits. The corresponding decrease in credit demand in early 1984 caused the liquidity situation to ease and the loans to deposits ratio moved from 84.5% in 1983 to 82.9% in 1984. The Statutory Bodies increased their net deposit position by EC$m6.1 during 1984.

(b) Fiscal policy

Following a decline in 1983, government current revenue increased by 14% from EC$m87.8 to EC$m100.1 in 1984, as a result of the increase in consumption taxes and import duties. This increase reflects the improved performance of the Customs Department following the re-organization carried out during 1984. However, the contribution from this form of indirect taxation is below that which might be expected given the larger increase in imports, and is probably the result of the import duty exemptions granted under the fiscal incentive programme and the Hotel Incentive Act. Direct taxation increased by 32.5% as a

result of improved enforcement by the Inland Revenue Department and the employment of additional revenue-collection officers to follow-up on arrears.

Current expenditure had grown considerably in recent years up to 1982 but dclined in 1983 to $m100 and remained at the same level in 1984. The Government sought to control public expenditure by restricting employment in the public sector, especially that of casual temporary workers. New positions on the establishment had to be approved by the Ministry of Finance, and vacant positions were only filled in cases where it was deemed absolutely necessary. As a result of these and other efforts current expenditure increased by only $m0.2 during 1984.

Capital expenditure which had declined in 1983 as a result of the fiscal difficulties and a decline in official foreign financing, increased in 1984 to EC$m104 from EC$m32.7. Owing to the large increase in external debt, and the subsequent build-up in payment arrears, the government has, during 1984, avoided borrowing for development projects and most of the projects undertaken during the period were financed by grants.

Table 14
ANTIGUA AND BARBUDA: GOVERNMENT REVENUE AND EXPENDITURE
(EC dollars million)

				Growth rates	
	1982	1983	1984[p]	1983	1984[p]
Current revenue	93.6	87.8	100.1	-6.1	14.0
- Direct taxes	11.8	11.7	15.5	-0.8	32.5
- Indirect taxes	56.9	58.9	67.8	3.5	15.1
- Non-tax revenue	24.9	17.6	16.8	-29.3	-4.5
Current expenditure	112.1	100.6	100.8	-10.3	0.2
Current account balance	-18.5	-12.8	-0.7	...	...
Capital expenditure	40.6	32.7	104.0	-19.5	218.0

Source: The International Monetary Fund (IMF).

The Government has experienced difficulties in servicing its external debts and, during 1984, an Exim-Bank loan for the Deep Water Harbour was rescheduled, while negotiations were in progress at the end of 1984 for the re-scheduling of another loan. The servicing of its external debt will continue to place a major strain on government finance in the near future.

The thrust for 1985 will be to continue to seek to reduce current expenditures and increase revenue collections.

PART III

COMMONWEALTH OF BAHAMAS

COUNTRY NOTES

BAHAMAS

1. Recent economic trends: Introduction and summary

Preliminary estimates indicate that economic growth will not exceed 1% in 1984, compared with an increase in Gross Domestic Product (GDP) of 2.5% recorded for the previous year. The year was characterized by restraint in domestic activity and steady though unspectacular growth in the external sector.

Table 1
BAHAMAS: MAIN ECONOMIC INDICATORS

	1980	1981	1982	1983	1984[e]
A. Basic economic indicators					
GDP (million Bahamas dollars)	1 166	1 240	1 404	1 440	1 454[e]
Population (thousands)	210[1]	214	218	222[e]	226[e]
Per capita GDP (current Bahamas dollars)	5 552	5 794	6 440	6 486	6 433
	Growth rates				
B. Short-term economic inidactors					
GDP at current prices	...	4.5	13.2	2.5	1.0[e]
Per capita GDP at curr. prices	...	4.4	11.1	0.7	0.8
Current value of exports of goods and services	23.5	-0.4	1.9	11.3	6.2
Current value of imports of goods and services	31.7	4.5	0.7	10.2	7.1
Consumer price index Dec-Dec.	12.1	8.3	4.6	3.5	4.6
Var. between annual averages	12.1	11.1	6.0	4.0	3.9
Money	5.6	4.3	6.1	12.7	29.2
Current income of government	20.8	14.0	-2.8	5.8	12.4
Fiscal deficit/total expenditure of government (%)	3.2	21.5	25.9	25.5	5.9
	Millions of dollars				
C. External sector					
Trade balance (goods & services)	102	-78	-49	-7	-12
Balance on current account	-15	-74	-45	...	-10
Variation in net international reserves (- indicates increase)	-14	-11	-11	-10	-39
Total international reserves (minus gold)	**92.6**	**100.1**	**113.6**	**123.7**	**162.7**

Source: ECLAC on the basis of official data.
[1] Census at 12 May. Estimates after 1980 do not include net migration.

While agriculture has registered continued growth for the second consecutive year its contribution to GDP is still small and fishing did not perform as well as in 1983.

Tourism the major contributor to GDP, had a year of steady growth although

the pace of growth was not as good as 1983, earnings failing to exceed the rate of inflation.

Foreign investment capital inflows which provide the major portion of investment, and the basis of commercial construction, have declined so that the value, if not the number, of construction projects completed or underway in 1984 has fallen. This is due to the lull in hotel construction discernable in 1983 and confirmed for 1984.

The merchandise trade deficit increased slightly, but exports grew much faster than imports. The surplus on services actually fell however, due to increased interest payments while capital flows increased, and the reserves recorded a substantial increase. The external debt was marginally reduced.

While the current expenditures of government increased, there was also an increase in revenue and a decrease in capital expenditures resulting in a significant reduction in the fiscal deficit. Credit restraint continued to be a major tenet of policy, the growth in total commercial loans being held to 1.9%, increases being registered only in Tourism and Transportation.

As a result of restrained economic activity the domestic contribution to inflation was dampened, with an overall price increase of 4.6% being registered between December 1983 and the end of 1984.

2. Trends in economic activity

(a) Global trends

Preliminary estimates are that GDP growth will not exceed 1% for 1984. This compares with the 2.5% growth for 1983. The projections for 1984 must at this stage be treated only as a rough approximation since there are certain unresolved questions relating to the balance of payments and particularly $m84 surplus appearing under errors an omissions, a portion of which might subsequently be transferred to the current account. Exports of goods and services might therefore register a growth in excess of the current rate. It is however fairly clear that investment has fallen substantially since building activity and government capital expenditure is significantly reduced and that consumption has grown as a proportion of GDP from the 71% reistered in 1983.

Table 2a
BAHAMAS: TOTAL SUPPLY AND DEMAND AT CURRENT PRICES
(Millions of dollars)

	1982	1983[p]	1984[e]	% breakdown 1983	% breakdown 1984	% growth 1983	% growth 1984
Total supply	2 580.2	2 734.2	2 840.1	189.9	195.3	6.1	3.8
GDP at market prices	1 404.5	1 439.7	1 454.1	100.0	100.0	2.5	1.0
Imports of goods and services	1 175.7	1 294.5	1 386.0	89.9	95.3	10.1	7.1
Total demand	2 580.2	2 734.2	2 840.1	189.9	195.3	6.1	3.8
Domestic demand	1 416.2	1 439.1	1 464.6	99.9	100.7	1.6	1.8
Gross domestic investment	382.1	336.1	282.3	23.3	15.8	-12.0	-19.0
Total consumption	1 034.1	1 103.0	1 182.3	76.6	84.9	6.7	7.2
Public	209.5	242.1	261.8	16.8	18.0	15.6	8.0
Private	824.6	860.9	920.5	59.8	63.3	4.4	6.9
Exports of goods and services	1 164.0	1 295.1	1 375.5	89.9	94.6	11.3	6.2

Source: ECLAC estimates on the basis of official data.

Table 2b
BAHAMAS: EXPENDITURE ON THE GROSS DOMESTIC PRODUCT: ALL BAHAMAS - CURRENT PRICES
(Millions of dollars)

	1980[p]	1981[p]	1982[p]	1983	1984
General government final consumption expenditure[1]	168.0	197.6	209.5	242.1	261.8
Private final consumption expenditure	666.1	760.3	824.6	860.9	620.5
Private final consumption expend. of resident household	650.8	738.2	801.1	836.3	...
Private non-profit institutions serving households	15.3	22.1	23.5	24.6	...
Gross capital formation[3]	302.0	307.4	382.1	336.1	282.3
Increase in stocks	31.3	20.9	36.4	22.9	...
Gross fixed capital formation	270.7	286.5	345.7	313.2	...
Building construction (including residential & non-residential)	90.2	104.7	150.1	170.6	...
Other construction, land development, etc.	66.4	111.7	120.3	68.9	...
Other	114.1	70.1	75.3	73.7	...
Exports of goods and services of which	1 147.1	1 142.5	1 164.0	1 295.1	1 375.5
Tourism:	(595.5)	(639.1)	(670.1)	(770.2)	(784.3)
Less: Imports of goods & services	1 117.5	1 167.5	1 175.7	1 294.5	1 386.0
Equals: Gross domestic product	1 165.7	1 240.3	1 404.5	1 439.7	1 454.1
Net property & entrepreneurial income received from abroad[2]	-113.6	-138.8	-115.0	-122.8	...
Gross national product (GNP)	1 052.1	1 101.5	1 289.5	1 324.5	...

Source: ECLAC estimates on the basis of official data.
[1]Government non-tax revenue is deducted (excluding revenue from government property, interests and reimbursements of loans).
[2]Credit less debit of the items, interest, dividends and profit on current account of balance of payments.
[3]Gross capital formation figures have been adjusted to include all of the Bahamas.

(b) Growth of the main sectors

(i) **Agriculture:** Agriculture continues to increase its contribution to GDP although this is still relatively small. The sector also has the greatest potential for future economic diversification, but, while ample quantities of arable land exist in the family islands the major constraints to agricultural growth, which is an adequate supply of labour, will remain as long as the highly remunerative services industries and the construction sector are able to absorb new entrants to the labour force. The demographic imbalance, in which New Providence already accounts for over 64% of the population while only 1.5% of the land area, will also continue unless the full potential of agriculture can be realized.

Government policy has therefore paid some attention to agriculture with priority projects in beef, dairy and small stock production as well as animal feed, oil seeds and fruit and vegetables being earmarked for the northern islands. For the south-eastern islands small stock production projects have been identified. For 1984 training in agriculture was also increased.

The value of farm crop production grew by 25% over 1983, the major contribution being in fresh vegetables, some products such as cucumbers, persian limes and papaya being grown for export to the United States where good market potential exists. Fruit production is a fast growth area attracting U.S. capital for production to satisfy U.S. markets. New projects were approved in 1984 to greatly expand fruit production. Meat production declined by 12% but poultry meat production increased by 21 percent.

Table 3
BAHAMAS: ESTIMATED VALUE OF FARM PRODUCTION

	Millions of dollars					Growth rates			
	1980	1981	1982	1983	1984	1981	1982	1983	1984
Fruit and vegetables	3.9	6.0	7.0	8.8	12.0[p]	55.0	16.7	25.7	36.4[p]
Meat (beef & mutton)	0.5	0.7	0.7	0.8	0.7	38.5	2.8	14.3	-12.5
Poultry products	15.4	19.6	15.1	17.2	20.9	27.6	-22.9	13.9	21.5
Total	20.3	26.9	22.9	26.8	33.6	32.9	-15.2	17.0	25.4

Source: Data supplied ECLAC.

Fishing is at present an important activity although its potential is not being fully realized. A UNDP fisheries survey conducted in 1984 confirmed that shallow water fishing resources were under utilized. For the short to medium - term small scale artisanal operations based on the harvesting of scale fish and conch will form the bulk of the industry and given the geographic characteristics of many small widely dispersed islands separated by shallow water such operations will prove most efficient. Efforts continued in 1984 to upgrade the skills of such fishermen through training in engine repair, navigation, boat handling and the uses of more modern fishing gear. Credit to fishermen to purchase motors and equipment was, however curtailed in 1984 in a general economy wide contraction of credit. The programme will resume in 1985.

For 1984 the first harvest of commercial shrimp farms was also reaped. This activity promises to be a growth area for the future. Tilapia farms are also being developed as well as the breeding of exotic tropical fish for export.

Crawfish exports constitute the major current activity of the industry. Exports increased by 26% in value to almost $m17 and by 18% in volume. Conch and turtle catches increased by 27 and 33% respectively but the catch of scalefish declined.

Table 4
BAHAMAS: VOLUME OF MARINE PRODUCTS LANDED

	Metric tons					Growth rates				
	1980	1981	1982	1983	1984	1980	1981	1982	1983	1984
Crawfish	486	273	396	367	434	9.7	-43.8	45.1	-7.3	18.2
Conch	257	353	311	347	252	16.3	37.4	-11.9	11.6	27.4
Turtle	23	19	18	18	24	50.0	-17.4	-5.3	-	33.3
Other	1 267	1 367	1 303	1 451	985	49.6	7.9	-4.7	11.4	-32.1
Total	**2 033**	**2 013**	**2 028**	**2 183**	**1 695**	**25.0**	**-1.0**	**0.8**	**7.6**	**-22.4**

Source: Data supplied ECLAC.

(ii) **Tourism:** Tourism continues to be the single most important activity in the Bahamas. It is estimated that in 1984 tourism earnings at $m800 amounted to more than 50% of GDP and the Bahamas Tourist Board estimates that over 40% of the labour force is engaged in activities either directly or indirectly related to the industry. With an annual visitor to population ratio of 10:1 it must also have one of the highest tourism densities and the highest per capita earnings from tourism.

The steady growth which has characterized the industry in the past continued in 1984 though at a slower rate than in 1983. There is some evidence to indicate that this is due to the continued appreciation of the US dollar to which the Bahamian dollar is tied. Accordingly, the growth in arrivals which was 4.5% for the period under review, was achieved despite a decline in arrivals from all destinations except the United States which now increases its share of the market from 85% in 1983 to almost 87% in 1984.

The number of cruiseship visitors increased by 6.2%, a faster rate of growth than stopover visitors, and since the average length of stay of stopovers has decreased marginally, the slower rate of growth of visitor expenditures than arrivals is not surprising. Day transit visitors have also declined by 10 percent.

The industry is becoming increasingly concentrated in New Providence which increased its share of visitor arrivals from 54% in 1983 to 58% in 1984. Grand Bahama Island had its share decline in 1984 to 25%, the remaining 17% of visitors being distributed in the family islands.

Tourism policy in 1984 has tended to focus on diversifying the geographic origin of guests. Because of the realities of international exchange rates this has tended in practice to mean diversifying the origin of guests from destinations within the United States, primarily by shifting its focus from the South and East Coast markets solely, to the West Coast, which also has the positive effect of increasing business in the summer months. An important side effect of dependence on the U.S. is however the reduced length of stay of stopovers, since travellers are tending to take short vacations at closer destinations and longer vacations to distant places.

Policy efforts to resuscitate activity in Grand Bahama and increase the share of the family islands in the industry have not been well rewarded so far.

Nevertheless a policy study completed in 1984 will result in increased efforts to upgrade facilities in Grand Bahama Island while special events and incrased promotional effort will aim to increase consumer awareness of the family islands.

Table 5
BAHAMAS: SELECTED TOURISM STATISTICS

	1982	1983	1984	% Change 1983	% Change 1984
Total visitors:	1 947 740	2 224 090	2 325 000	14.2	4.5
of which:					
Stopover	1 101 130	1 239 750	1 305 000	12.6	5.2
Cruise	719 590	854 000	907 000	18.7	6.2
Total no. of hotels	191	200	209	4.7	4.5
Total no. guest houses					
Average no. hotel and guesthouse rooms	11 786	13 233	13 792	12.3	4.2
Average no. hotel and guesthouse beds	25 631	29 039	28 019	13.3	-3.5
Average hotel & guesthouse room occupancy rate	58.2%	63.3	61.0	...	...
Average length of stay (stopover visitors)	5.56	5.34	5.15[1]	...	...
Total visitor expend. ($m)	654.4	770.2	800.0	17.7	3.9
of which:					
Stopover visitors	611.1	715.0	744.0	17.0	4.0
Cruise visitors	39.2	49.1	50.0	25.2	1.8
Percentage of total visitor arrivals					
United States	82.7%	84.8	86.7		
Canada	7.5	7.0	6.5		
United Kingdom	2.0	1.4	1.4		
Other Europe	3.2	2.2	1.5		
Caribbean) Latin America (South & Central)) Other)	4.6	4.6	3.9		

Source: Ministry of Tourism.
[1] Nights.

(iii) **Construction:** The contribution of building construction continues to decline for 1984 although this is to be seen in relation to particularly dynamic growth in the early 1980's. Central Bank estimates indicate that construction expenditures, deflated by the U.S. construction cost index declined by 16% for 1984. This follows a decline of 7% in 1983.

The trend of the past 2 years seems about to change however, since building permits issued in 1984 increased by 34% over 1983 and the number and value of buildings started increased over the previous year. The major share of activity is in residential rather than commercial construction. A further examination of

the data also shows that the increased activity is taking place in New Providence and the family islands but that new construction in Grand Bahama Island is declining.

Table 6
BAHAMAS: CONSTRUCTION INDICATORS

	1981[1]	1982[1]	1983	1984	% rate 1984
Building permits issued					
Number	1 047	2 061	3 019	3 541	11.3
Value ($ million)	99	188	1 160	215	34.4
Buildings starts					
Number	1 046	1 206	1 567	1 733	10.6
Residential bldg. starts					
Value ($ million)	40	58	79	85	7.6
Comm/industrial starts					
Number	113	109	165	194	17.6
Value ($ million)	63	81	29	37	27.6
Building completions					
Number	621	653	934	1 165	24.7
Value ($ million)	35	54	185	75	-59.4

Source: Central Bank of the Bahamas, Quarterly Review, and data supplied ECLAC.
[1]New Providence only.

Public policy has tended to encourage home ownership and has provided incentives for low income purchasers. A 3 year housing incentive programme became effective in July 1984 to assist persons wishing to acquire dwellings costing less than B$35 000. The scheme is expected to assist 2 000 homeowners. In addition, the Bahamas Mortgage Corporation which commenced operations in November 1983, is government sponsored and has the objective of extending mortgages to potential homeowners not able to satisfy conventional lending criteria. Mortgages of the value of $m10 were extended in 1984, though the efforts of the Central Bank to control liquidity have temporarily reduced the supply of National Insurance funds available for this facility.

Commercial building starts also registered an increase over the previous year, but are somewhat less in both volume and value than for residential building. Credit extended by the commercial banks for construction also declined from the previous year by 4 percent.

Public sector activity concentrated mainly on road repair and maintenance, and airport construction and upgrading. For a number of reasons, including a desire to reduce the budget deficit, but also due to absorptive bottlenecks, capital expenditure was 48% below the figure budgeted for the year.

(iv) **Manufacturing:** The contribution of the manufacturing sector to GDP remains small though Central Bank estimates suggest increased exports from this sector, of about 20%. It is, however, in the process of changing its composition.

In the 1970's manufacturing was dominated primarily by petroleum refining for the U.S. East Coast and by cement production to service the building construction boom in nearby Florida. Since that time cement output has steadily declined and has subsequently ceased. Similar shifts in the pattern of production and consumption of petroleum in the U.S. is rendering the refining and transhipment facilities in Grand Bahama less relevant so that throughput and employment have accordingly been declining. Similarly the production of aragonite has also shown a downward trend, from exports of $m5.5 in 1977 to $m2.1 for 1984.

Future growth potential has been identified in light manufactures. The production of pharmaceuticals for export to the United States continues to be a profitable activity. Efforts to revitalize the Freeport activities in Grand Bahama Island and develop similar facilities in New Providence were expedited in 1984 new impetus coming from the fact that the Bahama Islands have been designated as a beneficiary under the Caribbean Basin Economic Recovery Act. Exports of garments and garment components have been identified as areas of potential growth under the U.S. 807 legislation, close proximity to the U.S. being considered to give the Bahamas a comparative advantage in these activities.

Concomitantly, a programme of import substitution is being attempted in light manufactures though this is constrained by domestic resources both human and material and the revenue benefits which accrue to government from imports. Agro-industry to process fish and locally grown fruits and vegetables hold the most promise. Processing facilities for fish came on stream in 1984 operating at reduced capacity. They should become fully operational in 1985. A Food Technology Complex was also completed in 1984 to increase the processing and preservation of locally produced foodstuffs.

Efforts to induce foreign investment under the Industries Encouragement Act continue, with nine companies registered for 1984, a performance similar to that of 1983.

(v) **Energy:** Petroleum imports for domestic consumption increased by 5% in volume but 7% in value. Increased consumption of most products was recorded with the exception of diesel fuel and lubricants. The greatest increase in volume was recorded in jet aircraft fuel at 5% but motor gasolene, aviation gasolene, propane and bunker C also increased.

Fuel imports for foreign bunkering declined in volume by 23% and value of 14% and gives a somewhat false impression about petroleum consumption since bunkering is a service industry contributing to the transport account. Nevertheless petroleum imports continued to fall in importance in relation both to total imports and domestic exports.

Table 7
BAHAMAS: OIL IMPORTS FOR LOCAL CONSUMPTION

	Thousand barrels and million dollars			Growth rates		
	1982	1983	1984	1982	1983	1984
Total local consumption						
Volume	6 525	6 784	6 412.0	-16.0	4.0	-9.5
Value	221.3	219.2	212.8	-20.1	-0.9	-2.9
Total domestic consumption						
Volume	3 157	3 243	3 416.0	0.3	2.7	5.3
Value	119.0	112.8	121.3	-3.6	-5.2	7.5
Foreign bunkers						
Volume	3 368	3 541	2 726.0	-27.1	5.1	-23.0
Value	102.3	106.4	91.4	-33.4	4.0	-14.1

Source: Central Bank of Bahamas, Quarterly Review.

Table 8
BAHAMAS: RATIO OF SELECTED AGGREGATES

	1979	1980	1981	1982	1983	1984
Petroleum imports[1]/total Imports	0.32	0.36	0.33	0.28	0.26	0.23
Petroleum imports[1]/domestic exports	1.03	1.49	0.57	1.00	0.90	0.71
Petroleum imports[1]/GDP	0.16	...	0.22	0.16	0.15	...
Total foreign currency debt/GDP	0.05	0.03	0.07	0.10	0.11	...
Total foreign currency debt/ domestic exports	0.32	0.20	0.50	0.66	0.66	0.51
Petroleum imports and foreign currency debt/domestic exports and net total receipts	0.34	0.48	0.48	0.49	0.49	0.40
Total foreign currency debt	...	...	57.6	148.0	162.7	153.6

Source: Calculated from official data.
[1]Petroleum imports for local consumption.

Recent data for the generation and consumption of electricity are not available for all the Bahamas. Preliminary estimates based on the first nine months of 1984 for New Providence indicate increases of 13% in electricity generated and 10% in electricity sold for the same period for 1983. Domestic household consumption also increased by 9.6% while sales for commercial and industrial purposes increased by 11 percent.

3. The external sector

The deficit in merchandise account increased only marginally in 1984 due to good performance and a relatively low rate of increase of imports. Notably, oil imports decreased due mainly to reduced foreign bunkering.

Table 9
BAHAMAS: BALANCE OF PAYMENTS
(Millions of dollars)

	1981	1982	1983	1984	% Change 1984
Merchandise (net)	-653	-560	-604	-608	1.3
Exports	176	222	245	298	21.6
Imports	-829	-782	-849	-906	6.7
Services (net)	581	511	597	596	-0.2
Travel	548	539	660	679	2.9
Other	33	-28	-63	-83	31.7
Net transfer payments	-3	-4	7	2	-71.4
Balance on current account	-74	-45	-	-10	
Capital account	163	71	7	-35	
Long-term capital	141	72	16	-18	
Official	54	72	16	18	
Private sector	87	25	3	-10	
Short-term capital	-	-	-	-	
Other capital	22	-1	17	-17	
Errors and omissions	-79	-15	11	84	
Global balance					
Reserve movement	-11	-11	-10	-39	

Source: Central Bank of the Bahamas, Quarterly Review.

The services account surplus declined marginally despite strong performance in tourism. Expenditures of Bahamians travelling abroad increased faster, however, at 10.7% Transport showed reduced performance, in part due to reduced bunkering of ships but the major drain on the services account came from an increase in interest payments by the Bahamas Government to meet its external debt.

Table 10
BAHAMAS: INDICATORS OF EXTERNAL DEBT

	1982	1983	1984[p]
Public external debt	93.5	113.4	113.0
Servicing of total external debt	...	11.0	18.6
Amortization	...	1.5	0.2
Interest payments	...	9.5	18.4

Source: Central Bank of the Bahamas.

Private transfer payments abroad of persons living in the Bahamas increased by 30%, while government transfers to the Bahamas also declined thus accounting for the 71% decline in net transfers.

The long-term capital account moved into deficit for 1984 from a surplus in previous years due in part to reduced inflows but also to repayments by both public and private sectors.

Still unreconciled at the time of writing is a credit of $m84.6 a portion of which might belong to tourism earnings and perhaps other merchandise exports. The result is nevertheless a surplus in the balance of payments and a net accumulation of reserves for 1984 of $39 million.

The public external debt declined slightly for 1984 though interest payments increased by 93 percent.

4. Prices

Judged on the basis of annual average variation, consumer prices continued to fall, averaging 3.9% for 1984. The index for variations between December 1983 to December 1984, however, indicated a growth of 4.6% which exceeds the 3.5% recorded for 1983.

Food prices recorded moderate increases while health care and recreation recorded increases in excess of the average at 8.8% and 8% respectively.

Table 11
BAHAMAS: EVOLUTION OF DOMESTIC PRICES[1]

	Weight	1981	1982	1983	1984
Annual averages					
Consumer price index (all items)	1 000	212.6	225.4	234.6	243.8
Food	343	244.0	260.5	264.1	268.6
Housing	250	171.2	180.8	194.1	203.3
Clothing and footwear	101	234.8	252.6	266.0	282.2
Transport	91	214.2	225.9	240.4	252.5
Health and personal care	70	200.1	212.1	222.1	227.2
Recreation and reading	44	203.4	209.0	218.9	231.4
Other goods and services	101	197.9	205.9	213.7	225.6
Variation December to December					
Consumer price index (all items)		8.3	4.6	3.5	4.6
Food		12.1	3.3	3.5	2.1
Housing		6.1	5.3	6.9	4.5
Clothing and footwear		5.1	10.0	3.7	5.0
Transport		4.2	7.4	3.6	6.4
Health and personal care		7.8	5.0	2.9	8.0
Recreation and reading		13.7	-2.0	5.7	8.8
Other goods and services		10.8	1.9	3.7	9.0
Annual average variation					
Consumer price index (all items)		11.1	6.0	4.0	3.9
Food		14.8	6.8	1.4	1.7
Housing		8.4	5.6	7.4	4.8
Clothing and footwear		8.3	7.6	5.3	6.0
Transport		6.6	5.4	6.4	5.0
Health and personal care		10.6	6.0	4.7	2.3
Recreation and reading		12.1	2.8	4.7	5.7
Other goods and services		10.8	4.0	4.0	5.6

Source: Department of Statistics, Retail Price Index.
[1]New Providence Island only, where 60% of the Bahamian population live.

5. Monetary and fiscal policy

(i) Monetary policy

For 1984 a policy of credit restraint has been maintained, emphasis being placed on credit for productive purposes.

Money supply M_1 at December 1984 recorded a significant increase over the same period in the previous year with demand deposits increasing by 34 percent.

Table 12
BAHAMAS: MONETARY BALANCE

	Millions of dollars				Growth rates			
	1981	1982	1983	1984	1981	1982	1983	1984
Money (M_1)	**149**	**158**	**178**	**230**	**4.2**	**6.0**	**12.7**	**29.2**
Currency outside banks	37	41	45	51	12.1	10.8	9.8	13.3
Demand deposits	112	117	133	179	1.8	4.5	13.7	34.6
Factors of expansion	**575**	**683**	**756**	**834**	**11.0**	**14.4**	**11.2**	**10.3**
Foreign assets (net)	-3	37	63	111	...	...	...	76.2
Domestic credit	578	646	693	723	12.7	11.8	7.9	4.3
Government (net)	113	112	150	163	25.6	-0.9	33.9	8.7
Private sector	466	533	547	560	10.4	14.4	2.6	3.1
Factors of absorption	**426**	**525**	**577**	**604**	**13.6**	**17.4**	**10.8**	**4.7**
Quasi money	324	409	452	469	13.3	17.9	11.5	3.8
Savings deposits	101	108	123	141	6.3	6.9	13.9	14.6
Time deposits	213	258	280	292	22.4	21.1	8.5	4.3
Other deposits	10	43	48	36	...	530.0	11.6	-25.0
Other items (net)	103	116	125	135	17.0	12.6	10.3	8.0

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

While net foreign assets increased by a huge 76% domestic credit was contained to a much slower rate of expansion 4.3%, which was in fact slower than the rate of inflation for the period. Credit to government continued to grow faster than to the private sector, but government efforts to attain fiscal balance were reflected in the reduced rate of growth, from 34% in 1983 to almost 9% in 1984. Credit to the private sector grew marginally faster than in the previous year but was less than the rate of inflation.

Quasi money increased by 3.8%, savings deposits at 14.6% once again growing faster than term deposits.

A breakdown of commercial bank credit by sector is set out and shows a modest growth of outstanding credit of 2.6%. Tourism and to a lesser extent transport, were the only sectors registering an increase over the survey period. Personal loans declined by 10% and credit to government contracted by 2.7 percent.

Towards the end of the year, credit tended to increase faster than in the first three quarters, treasury bill rates advancing by 1.1% in the final quarter. Prime rate and bank rates remained unchanged, however at 11% and 10% respectively.

Table 13
BAHAMAS: LOANS AND ADVANCES OF COMMERCIAL BANKS

Sector	Million dollars at year end			Growth rates		
	1982	1983	1984	1982	1983	1984
Agriculture and fisheries	5.4	6.0	5.7	-15.6	11.1	-5.0
Manufacturing and quarrying	13.8	13.6	13.3	...	-1.4	-2.2
Distribution	78.6	81.3	79.2	-4.1	3.4	-2.6
Tourism	41.0	43.0	52.3	...	4.9	21.6
Entertainment and catering	15.2	18.3	15.0	...	20.4	-18.0
Transport	13.9	13.5	13.6	...	-2.9	0.7
Public corporations	50.7	33.3	25.0	...	-34.3	-24.9
Construction	47.2	42.7	41.0	14.8	-9.5	-4.0
Government	60.2	72.8	70.8	...	20.9	-2.7
Financial institutions	2.2	2.6	1.6	...	18.2	-38.5
Professional and other services	30.7	35.2	34.0	...	14.7	-8.4
Personal loans	215.3	230.6	253.7	0.5	7.1	-10.0
Miscellaneous	15.1	17.6	21.3	...	16.6	21.0
Total	589.1	610.5	626.5	28.7	3.6	2.6

Source: Central Bank of the Bahamas, Quarterly Review.

(ii) **Fiscal policy**

The fiscal deficit for 1984 was reduced by 71% over the previous year.

Current income increased by 12.4%. Tax revenue which increased by 10% benefited from increased customs duties on cigarettes, beer, wine, spirits and petroleum. Stamp duties were also increased as was the insurance premium tax, from 1% to 3%. Non-tax revenues also increased by 23 percent.

Current expenditure grew by 8% reflecting an 11% increase in wages and salaries to public sector workers. Subsidies continued to grow by 8%. Nevertheless the current account moved into surplus by $m5 as compared to a deficit of $m4 for the previous year.

Capital expenditure for the year fell by 14% so that total expenditure was contained to a growth of less than 8 percent.

The total national debt was marginally reduced from the previous year, by $m7 or 1.4%. The external debt also declined marginally. Interest payments to service the national debt however increased by 14.4% and represented an increasing portion of total expenditure from 11.7% to 12.5 percent.

Table 14
BAHAMAS: CENTRAL GOVERNMENT REVENUE AND EXPENDITURE

	Millions of dollars				Growth rates			
	1981	1982	1983	1984	1981	1982	1983	1984
1. **Current income**	282	274	290	326	15.6	-2.8	5.8	12.4
Tax revenue	208	208	238	262	3.5	-	14.4	10.0
Imports	146	150	168	185	4.3	2.7	12.0	10.1
Services	16	15	16	18	-	-6.3	6.7	12.5
Stamps	16	16	20	20	-	-	25.0	-
Others	29	27	34	38	-	-6.9	25.9	11.8
Non-tax revenue	75	66	52	64	74.4	-12.0	-21.2	23.0
2. **Current expenditure**	244	262	294	320	17.3	7.4	12.2	8.8
Wages and salaries	134	146	166	184	16.5	9.0	13.7	10.8
Goods and services	69	62	70	73	21.1	-10.1	12.9	4.3
Transfer payments and subsidies	40	55	58	63	11.1	37.5	5.5	8.6
3. Svgs. on curr. account	38	12	-4	5	5.6	-68.4	5.5	...
4. **Capital expenditure**	46	40	21	18	17.9	-13.0	-47.5	-14.3
Capital formation	34	28	15	13	47.8	-17.6	-46.4	-13.3
Acquisition of assets	-	-	-	-	-	-	-	-
Others	10	12	5	4	-37.5	20.0	-58.3	-20.0
5. **Total expenditure**	289	302	314	338	17.0	4.4	4.0	7.6
Net lending	55	49	52	8	100.0	-10.9	6.1	-84.6
Fiscal deficit	62	78	77	20	675.0	25.8	-1.3	-71.4
Total national debt	362	489	507	500	24.0	35.1	3.7	-1.4

Source: Central Bank of the Bahamas, Quarterly Review.

PART IV

BARBADOS

COUNTRY NOTES

BARBADOS[1]

1. Recent economic trends: Introduction and summary

Barbados experienced real economic growth during 1984 when the economy grew by 2.9%. The sugar crop was 16.7% higher than in the previous year and real

Table 1
BARBADOS: MAIN ECONOMIC INDICATORS

	1982	1983	1984
A. Basic economic indicators			
GDP at factor cost (current dollars million)	1 784[r]	1 899[r]	2 075
Per capita GDP (current prices)	7 103	7 541	8 218
Population ('000 inhabitants)	251	252	253
Annual growth rates			
B. Short-run economic indicators			
Gross domestic product	4.6	6.4	9.3
Per capita gross domestic product	4.3	6.2	9.0
Current value of export of goods	15.8	38.1	9.7
Current value of import of goods	-5.1	13.7	5.3
Consumer price index Dec.-Dec.	6.9	5.5	5.1
Annual average variation	10.3	5.3	4.6
Money supply	-1.3	16.2	-2.5
Wages and salaries[1]	12.5	...	11.3
Rate of unemployment[2]	13.8	15.0	17.1
Current income of government	8.8	12.3	2.7
Total expenditure of government	-6.6	8.1	3.6
Fiscal deficit as % of total gov't expend.	17.1	13.7	14.5
Millions of dollars			
C. External sector			
Trade balance (goods and services)	-130	-141	-72
Balance on current account	-83	-100	-32
Variation in net international reserves	-66	-42	-11
External debt	287	347	365

Source: Central Bank, Statistical Service, Barbados Economic Report 1984, Economic and Financial Statistics, April 1985.
[1]Data relate to approximate average annual percentage increase.
[2]Percent. Not a growth rate.

[1]Since 1975, the Barbados dollar has been linked to the U.S. dollar at the rate of US$1.00 = Bds$2.00.

output in the sugar sector increased by 17.6%. Stopover visitor arrivals were up by 12%, but value added in the tourism sector increased by just 7%. The Canadian market showed considerable improvement but most of the gains were made from the U.S. market. In spite of the substantial gains which were made in the export of electronic components, the manufacturing sector declined by 3.5%. Some of the factors which contributed to the fall in output of this sector were the stagnation in the regional markets for manufactured goods as a result of the foreign exchange problems of Jamaica and Guyana and the licensing policies of Trinidad and Tobago as well as sluggish domestic demand.

The decline in manufacturing resulted in layoffs as several factories closed or instituted short shifts. In addition, many firms in the distribution sector laid off workers as a result of reduced domestic demand. Unemployment, as a percentage of the labour force, rose to 17.1% on average for 1984, from the average rate of 15% for 1983. The rate of price increase continued to be contained and the average rate of inflation was 4.6 percent.

The financial position of the Government weakened during the year as total expenditure increased and revenue slackened. The fiscal deficit as a percentage of total Government expenditure was 14.5% compared with 13.7% in 1983. Government was forced to rely heavily on domestic sources to finance the deficit.

The balance of payments remained under pressure throughout the year as foreign inflows slowed while capital outflows remained large. There was a deficit of $m1, the first since 1981. Foreign reserves increased by $m11 compared with an increase of $m42 in 1983.

2. Trends in economic activity

(a) Growth in the main sectors

(i) **Agriculture:** Provisional estimates of the GDP at current prices place the contribution of sugar to the GDP at $m59.0 in 1984 compared with $57.0 in 1983, an increase of 3.5%, however, in real terms the increase was estimated at 17%. During 1984, sugar production reached 100 393 tonnes, produced from 812 836 tonnes of cane reflecting a significant 21.3% increase over 82 800 tonnes from 705 000 tonnes of cane in 1983. It was the first time since 1980 that the output had reached the 100 000 tonnes level. This increased output was due to more favourable crop conditions, including a reduction in cane fires. Small farmers supplied 10.38% of the canes harvested which was marginally higher than the 10% supplied in 1983.

Some 14 073 hectares of canes were planted in 1984, only marginally (0.2%) below the 14 100 hectares cultivated the previous year. However, the small farming sector's contribution decreased significantly from 2 833 hectares in 1983 to 2 266 hectares, a decline of 20% which can be attributed to increasing production costs in the face of falling sugar prices.

Sugar exported during 1984 was 85 884 tonnes compared with 73 500 in 1983, a change of 16.8%. Export earnings for 1984 were $m10.6 or 19.8% above the $m53.6 earned in foreign exchange the previous year. Production cost in 1984 was projected at $1 197 per tonne as compared with $1 223 per tonne, the provisional figure given for 1983. Government was forced to extend the price

support scheme for the industry for a third consecutive year, to be financed by a bond issue of $m15.

Table 2
BARBADOS: GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY, AT FACTOR COST, CURRENT PRICES

	Millions of dollars		Percentage breakdown		Growth rates	
	1983[r]	1984[p]	1983	1984	1983	1984
Gross domestic product	1 898.9	2 075.0	100.0	100.0	6.4	9.3
Goods	523.0	564.9	(27.6)	(27.2)	12.3	8.0
Agriculture and fishing	135.5	141.4	7.1	6.8	11.0	4.3
Mining and quarrying	16.3	29.4	0.9	1.4	1.1	80.4
Manufacturing	238.7	264.1	12.6	12.7	16.1	10.6
Construction	132.5	130.0	7.0	6.3	8.6	-1.9
Basic services	206.9	239.0	(10.9)	(11.5)	15.3	15.5
Electricity, gas and water	52.8	68.0	2.8	3.3	18.3	28.8
Trans. storage & communicat'n	154.1	171.0	8.1	8.2	14.3	11.0
Other services	1 169.0	1 271.1	(61.5)	(61.3)	2.6	8.7
Wholesale and retail trade	378.4	412.2	19.9	19.9	-4.9	8.9
Tourism	186.5	206.8	9.8	10.0	3.0	10.9
Finance,ins., real estate and business services	258.9	270.9	13.6	13.1	3.5	4.6
General services	80.9	85.7	13.6	13.1	3.5	4.6
Government services	264.3	295.5	13.9	14.2	13.4	11.8

Source: Barbados Statistical Service.

Table 3
BARBADOS: SUGAR PRODUCTION - AREAS AND AVERAGE YIELDS

Year	Hectares reaped	Canes milled ('000 tonnes)	Cane/hectare (tonnes per hectare)	Average yields sugar (tonnes per hectare)	Sugar Output[1] ('000 tonnes)
1979	15.9	1 052	66.3	7.4	118.5
1980	16.1	1 204[r]	74.9	8.5	136.6
1981	15.8	962[r]	60.7[r]	6.2	97.5
1982	15.3[r]	766	48.5	5.8	89.1
1983	14.1	705	50.1	5.1	86.0
1984	14.1	813	57.8	7.1	100.4

Source: Barbados Sugar Industry Ltd.
[1]Includes fancy molasses.

During 1984, non-sugar agriculture and fisheries production continued its upward trend, contributing $m82.4 to GDP, 4.9% above the 1983 value of $m78.6. The sub-sector's contribution to GDP stood at 4% during 1984, a marginal decrease from 4.1% in 1983. Food crops' contribution to GDP was $m40.9 compared with $m40.4 in 1983. Livestock and fisheries accounted for $m21 and $m19.5 rspectively when compared with $m18.2 and $m19.1 in 1983.

In 1984 the production of all vegetables declined compared with 1983. Factors contributing to the shortfall in vegetable production were the heavy rains during October and November, which washed away a significant portion of crops planted, and a decrease in hectares under cultivation; eggplant, cauliflower and lettuce were the crops most adversely affected by the rainfall. During 1984 hectares under vegetable cultivation declined by 18.8% totalling 2 062 hectares as compared with 2 537 hectares in 1983.

The cotton industry was revived in 1984 after a three year break and 68 800 kg of lint and 43 700 kg of seeds were produced from 20 hectares. Foreign exchange earnings from cotton exports to Japan were $135 400.

There were good supplies of most vegetables during the year and as a result, the average prices of tomatoes, cabbages and yams were 20%, 21% and 10% lower respectively than in 1983.

The production of beef, mutton and veal declined, while chicken and pork recorded reasonable increases over the previous year. Milk production increased by 12.5% reaching m83 kg when compared with 7.76 million kg in 1983. Fish catches declined by 11.5% compared with an increase of 87.8% in the previous year. The decline is partially explained by the fact that data were not available for landings by all ice boats.

Table 4
BARBADOS: INDICATORS OF AGRICULTURAL PRODUCTION

	Tonnes			Growth rates		
	1982	1983	1984	1982	1983	1984
Production of main crops						
Sugar cane	766	705	813	-20.4	-8.0	15.3
Root crops						
Sweet potatoes	3 700	4 300	3 100	23.3	16.2	-27.9
Yams	4 500	4 500	5 300	12.5	...	17.8
Vegetables						
Beans	509	533	493	-0.2	4.7	-7.5
Beets	480	509	482	-5.3	6.0	-5.3
Cabbage	1 577	1 700	1 308	12.7	7.8	-23.1
Carrots	2 416	2 600	2 359	12.6	7.6	-9.3
Cucumbers	1 701	2 000	1 744	-5.9	17.6	-12.8
Onions	476[r]	764	549	20.2	60.5	-28.1
Pumpkins	493	576	543	-6.3	16.8	-5.7
Tomatoes	1 208	1 300	1 274	7.6	7.6	-2.0
Other vegetables	1 247	1 486	1 291	-4.6	19.2	-13.1
Stock-raising production						
Bovine	376	334	279	-9.0	-11.2	-16.5
Pork	1 300	713	755	38.0	-45.2	5.9
Mutton	21	30	21	-58.8	42.9	-30.0
Poultry	6 700	6 133	6 550	11.7	-8.5	6.8
Eggs	1 567	1 047	1 880	...	-33.2	79.6
Milk	7 041	7 758	8 730	...	10.2	12.5
Fish	3 472	6 522	5 774	...	87.8	-11.5

Source: Barbados Economic Report, 1984.

(ii) **Manufacturing:** The manufacturing sector contributed $m264.1 to the GDP in current prices - an increase of 10.6% over the prvious year; however, in real terms there was a decline of 3.5% The index of Industrial Production rose by 4.6%, but the output of electronic products grew by 30% and increases were recorded in wearing apparel (5.4%), petroleum products (2.2%) and electricity and gas (4.8%). Most manufacturing activities were affected by difficulties in

Table 5
BARBADOS: INDEX OF INDUSTRIAL PRODUCTION

	Weight 1982 100	1982	1983	1984	Growth rates 1983	Growth rates 1984
I. Production index						
Total all industries	1 000		105.0	109.8	5.0	4.6
Mining and quarrying	53		121.8	171.4	21.8	40.7
Electricity and gas	102		116.1	121.7	16.1	4.8
Total manufacturing	845		102.6	104.5	2.6	1.9
Food	156		99.3	100.2	-0.7	0.9
Beverages and tobacco	97		98.1	90.6	-1.9	-7.6
Wearing apparel	122		106.2	111.9	6.2	5.4
Wooden furniture	29		117.3	115.9	17.3	-1.2
Chemicals	46		97.1	83.9	-2.9	-13.6
Petroleum products	18		97.5	99.6	-2.5	2.2
Non-metallic mineral products	34		84.2	77.4	-15.8	-8.1
Electronic products	110		122.2	158.8	22.2	30.0
Other manufacturing	233		97.8	90.6	-2.2	-7.4
II. Production of some manufactured goods						
Sugar & fancy molasses[1]		89.1	86.0[r]	100.4	-3.5	16.7
Rum[2]		4 690	4 879	4 709	4.0	-3.5
Beer[2]		8 815	8 919	6 919	1.2	-22.2
Margarine[3]		2 625	3 489	2 776	32.9	-20.4
Lard[3]		1 510	1 429	1 217	-5.4	-14.8
Malt beverages[2]		3 605	1 110	3 514	14.0	-14.5
Non-alcoholic beverages[2]		17 411	16 816	16 316	-3.4	-3.0
Animal feeds[1]		50	43	43	-14.0	...
Milk products[3 4]		8 533	8 288	8 638	-2.9	4.2
Cigarettes[3]		271	241	238	-11.1	-1.2
Crude petroleum[5]		41.1	63.9	101.0	55.5	58.1
Natural gas (mill.cu.ft.)		309	387	688	25.2	77.8
Gasolene[5]		56.4	58.5	56.6	3.7	-3.2
Diesel oil[5]		48.6	48.3	45.9	-0.6	-5.0
Fuel oil[5]		106.3	96.2	110.5	-9.5	14.9
III. Other indicators						
Electricity generated[6]		337	354	360	5.0	1.7

Source: Barbados Statistical Service, Monthly Digest of Statistics.
[1]Thousands of tonnes. [2]Thousands of litres. [3]Tonnes.
[4]Converted to the fresh milk equivalent.
[5]Millions of cubic feet.
[6]Millions of kWh.

securing licences for exports to Trinidad and Tobago. Declines in production as indicated by the Index of Industrial Production were noted for chemcials, non-metallic mineral products, beverages and tobacco and other manufacturing. Mining and quarrying operations recorded a 40% increase in 1984, crude petroleum output rose by 76% while quarrying production declined by 28.8 percent.

(iii) **Construction:** The construction sector's performances was tempered by the slackening of both Government and private building activity. Public building activity fell by 5.8% and private building activity declined by 3%. The contribution of this sector to GDP at current prices was $m130 - a decline of 2% compared with $m132.5 in 1983. Imports of construction materials increased during the first half of the year but declined thereafter when the Arawak Cement Plant began to supply local cement needs. The new plant jointly owned by the Governments of Barbados and Trinidad and Tobago was commissioned in May and produced 60 000 tonnes, reaching about 36% of installed capacity.

(iv) **Energy:** Domestic crude oil production in 1984 was 634.9 thousand barrels, 67% more than the 379.6 thousand barels produced in 1983. This level of output supplied over half 51.9% of the island's crude oil requirements, compared with 36.9% in 1983. The output outstripped the island's storage capacity and the Barbados National Oil Company had to export 21 484 barrels to Curacao.

There was also a corresponding increase in gas production, m25.3 cubic metres compared with m21.3 cubic metres in 1983.

Imports of crude oil in 1984 was 587.7 thousand barrels a decline of 9.3% compared with 1983.

Imports of reformate increased by 11.6% from 249.2 thousand barrels in 1983 to 278.0 thousand barels in 1984. In addition, 8 888 tonnes of liquid petroleum gas (LPG) were imorted compared to 8 451 tonnes in 1983. The total cost of the crude oil, reformate and liquid petroleum gas supplies was $m64.5 as compared to $m66.2 in 1983.

In 1984, a total of m326.7 kWh of electricity were consumed, 2.9% more than the 1983 level of m317.4 kWh. The average price of electricity was maintained at 32.8 cents/kWh during 1984.

Natural gas consumption rose to m10.3 cubic metres, m0.9 cubic metres more than in the previous year. Consumption of natural gas by the domestic sector was m1.9 cubic metres, the same as in 1983. The industrial and commercial sectors consumed m8.4 cubic metres compared to m7.5 cubic metres in 1983.

In 1984 the Wind Energy Project financed by the Inter-American Development Bank commenced. During the year the feasibility study to determine the economic viability of converting refuse into electricity was completed. The wave collection Programme continued. The objective of the programme is to determine whether the island possesses a wave regime capable of justifying the installation of engineering works for the production of electricity.

Table 6
BARBADOS: COMMERCIAL ENERGY CONSUMPTION 1980-1984

	1980	1981	1982	1983	1984
Petroleum products ('000 barrels) - total	1 321.0	1 298.4	1 322.3	1 267.7	1 374.8
Gasolene	346.5	346.8	342.0	354.7	355.7
Diesel 48/52	268.3	261.7	249.5	247.0	219.7
Diesel 43/47	43.9	48.2	46.9	48.1	68.6
Kerosene	48.4	41.6	39.1	39.1	37.3
Gas oil	7.6	3.6	2.4	0.9	0.3
Fuel oil	606.3	596.3	642.4	577.9	693.2
Electricity (mill. kWh)	282.1	300.6	310.1	317.4	326.7
Natural gas (mill. M^3)	5.6	5.8	6.1	10.3	
Liquid petroleum gas (tonnes)	8 545.0	9 137.0	9 036.0	8 451.0	8 888.0

Source: Barbados Economic Report, 1984.

(b) Employment: The unemployed as a percent of the labour force was 17.1% as an annual average; this was 2.1% higher than the 15% recorded in 1983. The labour force represented 63.5% of the total adult population only marginally below 64% for 1983. The male component increased to 75.2% in 1984 from the 1983 figure of 75% while the female component declined 0.7% from the 54.6% recorded during the previous year.

Employment in tourism and distribution, which between them accounted for 21% of the labour force in 1984 declined on average by about 7.4%. There were also a number of redundancies in the manufacturing sector, particularly among garment manufacturers, reflecting depressed regional markets and slower domestic sales.

Table 7
BARBADOS: SELECTED DATA ON EMPLOYMENT AND UNEMPLOYMENT
(Annual estimates based on household sample surveys)

	1981	1982	1983	1984
	Thousands of persons			
Total number of adults	176.8	173.6	175.9	176.9
Labour force	114.3	112.0	112.6	112.3
Employed	101.9	96.6	95.7	93.1
Unemployed	12.4	15.4	16.9	19.2
Not in labour force	62.5	61.6	63.4	64.6
Unemployed as % of labour force	10.8	13.8	15.0	17.1
Labour force as % of total adults	64.6	64.5	64.0	63.5

Source: Barbados Statistical Service.

3. The external sector

(a) Merchandise trade

(i) **Exports:** Exports in 1984 totalled $m787.4 an increase of 9.7% over 1983. This small increase compared with the increase of 38.1% in the preceding period was due largely to the stagnation in domestic exports. The only commodities which exhibited significant increases were electronic components ($m71.8) and sugar ($m18.6). Exports of clothing declined from $m70.4 to $m64.8 as a result of the contracted demand in both CARICOM and extra-regional markets. In value terms, molasses and syrup, rum and lard and margarine showed some small increases.

Exports to the U.S.A. fell from 33.7% of total exports ($m241.7) to 27.6% ($m217.2) in 1984. The main commodity exported to this market was electronic components while other commodities such as furniture and rum began to make headway. Exports to the CARICOM region increased from $m139.0 to $m175.9 in 1984. Exports to Guyana reached $m52.8 but approximately $m50.7 million was in the form of re-exported goods. Trinidad and Tobago accounted for $m74.7 or 42.5% of exports to CARICOM. Exports to the United Kingdom rose from $m29.3 in 1983 to $m54.4 in 1984.

Table 8
BARBADOS: IMPORTS/EXPORTS AND VISIBLE TRADE BALANCE
(Dollars million)

Year	Imports	EXPORTS			Balance on visible trade
		Domestic	Re-exports	Total	
1980	1 070.7[r]	300.2[r]	156.2[r]	456.4	-614.3
1981	1 165.9[r]	298.8[r]	149.8[r]	448.6	-717.3
1982	1 106.6[r]	374.1[r]	145.6[r]	519.7	-586.9
1983	1 258.0	581.6	135.9	717.5	-540.5
1984	1 324.7	583.7	203.7	787.4	-537.3

Source: Barbados Statistical Service.

Table 9
BARBADOS: DOMESTIC EXPORTS OF GOODS (f.o.b.)

	Millions of dollar			Percentage breakdown		Growth rates	
	1982	1983	1984	1983	1984	1983	1984
Total domestic exports	374.1	581.6	583.7	100.0	100.0	55.5	0.4
Main traditional exports	81.1	56.0	78.6	(9.6)	(13.5)	-30.9	40.4
Sugar	63.3	38.7	57.3	6.7	9.8	-38.9	48.1
Molasses and syrup	6.9	7.1	8.4	1.2	1.5	-2.9	18.3
Rum	5.4	4.9	6.5	0.8	1.1	-9.3	32.7
Lard and margarine	5.5	5.3	6.4	0.9	1.1	-3.6	20.8
Non-traditional exports	184.9	332.7	398.9	(57.2)	(68.3)	79.9	19.9
Clothing	65.6	70.4	64.8	12.1	11.1	7.3	-8.0
Electrical components	119.3	262.3	334.1	45.1	57.2	119.9	27.4
Other exports	108.1	192.9	106.2	33.2	18.2	78.4	-44.9

Source: Barbados Statistical Service.

(ii) Imports: Total imports in 1984 were $m1 324.7 an increase of $m66.7 or by 5.3% over 1983. Retained imports for the electronics sub-sector contributed to a slight increase in imports of raw materials. Retained imports of construction materials declined by 3.1%. Imports of consumer goods also fell by 1.4% reflecting a reduction in imports of motor cars and other durables.

Table 10
BARBADOS: RETAINED IMPORTS BY ECONOMIC FUNCTION AND/OR END USE

	Millions of dollars			Growth rates	
	1982	1983	1984	1983	1984
Consumer goods	321.7	350.3	345.8	8.9	-1.3
Food and beverages	161.6	156.5	160.4	-3.2	2.5
Other non-durables	81.4	93.5	90.9	14.9	-2.8
Durables	31.6	50.9	43.8	61.1	-13.9
Other manufactured goods	47.1	49.4	50.7	4.9	2.6
Intermediate goods	368.6	517.5	522.0	40.4	0.1
Fuels	84.8	59.3	68.1	-30.0	14.8
Textiles	38.9	43.6	31.7	12.1	-27.3
Others	244.9	414.6	422.2	69.3	1.8
Capital goods	265.5	241.1	236.7	-9.2	-1.8
Machinery	187.2	180.1	177.7	-3.8	-1.3
Construction materials	78.3	61.0	59.0	-22.1	-3.3
Unclassified goods	6.8	4.2	16.5	-38.2	292.9
Total retained imports	962.6	1 113.1	1 121.0	15.6	0.1
Total imports	1 106.6	1 258.0	1 324.7	13.7	5.3

Source: Economic and Financial Statistics, April 1985.

(b) Services trade

Total visitor arrivals in 1984 were 466.8 thousand - an increase of 8.4% over 1983. Long stay visitors rose from 328.3 thousand in 1983 to 367.7 thousand in 1984, an increase of 12%. Visitors from the U.S.A. accounted for 38.1% of arrivals of long term visitors. Arrivals from Canada rose by 14.1 thousand to 76.3 thousand and there was a marginal increase in arrivals from the CARICOM region despite a 4.6 thousand or 9.7% fall in visitors from Trinidad and Tobago, Barbados' major tourist market in the region. Arrivals from the United Kingdom and Europe declined. Cruiseship passengers fell by 3.3 percent.

After a decrease in average length of stay from 8.3 nights in 1982 to 6.4 nights in 1983 the average length of stay of long term visitors improved to an estimated 7.5 nights in 1984. The tourism sector contributed $m206.8 (9.9%) to the GDP in 1984 compared with $m186.5 (9.8%) in 1983. An estimate of visitor expenditure was $m568.3 in 1984, an increase of $m65.1 over 1983.

Table 11
BARBADOS: SELECTED TOURISM STATISTICS

					Growth rates	
	1981	1982	1983	1984	1983	1984
Total ('000) visitors[1]	488.4	414.6	430.8	466.8	3.9	8.4
Stopover visitors	352.6	303.8	328.3	367.7	8.1	12.0
from: U.S.A.	74.5	75.5	114.0	140.2	51.0	23.0
Canada	69.9	59.6	53.2	67.3	-10.7	26.5
United Kingdom	72.1	51.1	47.7	46.3	-6.7	-2.9
Europe	29.6	21.6	17.3	16.8	-19.9	-2.9
CARICOM	86.9	81.6	83.9	84.4	2.7	0.2
Other	19.6	14.4	12.2	12.7	-15.3	4.1
Cruiseship visitors ('000)	135.8	110.8	102.5	99.1	-7.5	-3.3
Hotel and guesthouses bed nights average	14.1	14.1	14.8	14.8	5.0	...
Average length of stay of stopover visitors (nights)	9.5	8.3[r]	6.4	7.5	-22.9	17.2
Hotel bed occupancy rate %	54.0	45.5	46.7	...	2.6	...
Estimated visitor expenditure (Bds $ million)	523.7	502.2	503.2	568.3	0.2	12.9

Source: Barbados Statistical Service.
[1]Total arrivals inclusive of cruiseship visitors.

(c) Balance of Payments: In spite of some encouraging signs, the balance of payments remained under severe pressure during the year. On account of the increase in tourist expenditure and a reduction in the balance of visible trade, the current account deficit fell appreciably during 1984. However, with substantial capital outflows by Government and the private sector for amortization payments and unusually low capital inflows, there was a deficit of $m1 in the balance of payments. At the end of the year, foreign reserves increased by $m11 compared with an increase of $m42 in 1983.

Table 12
BARBADOS: BALANCE OF PAYMENTS
(Millions of dollars)

	1981[r]	1982[r]	1983[r]	1984[p]
Merchandise (net)	-825	-689	-701	-673
Exports	327	409	548	648
Imports	-1 152	-1 108	-1 249	-1 321
Services (net)	539	559	560	601
Travel	484	457	467	505
Other	55	102	93	96
Balance on goods and services	-286	-130	-141	-72
Net transfer payments	36	47	41	40
Balance on current account	-250	-83	-100	-32
Capital account	242	96	131	57
Long-term	155	30	72	24
Official	99	35	57	17
Private sector	56	-5	15	7
Short-term	62	30	8	23
Other capital	25	36	51	10
Errors and omissions	-75	5	-18	-26
Balance for official financing	-83	18	13	-1
Official financing (loans)	34	48	29	12
Reserve movements (- = increase; + = decrease)	+49	-66	-42	-11
Allocation of SDR's	-1	-2	-1	...
Reserve tranche subscription to IMF	-1	-12	5	...

Source: Central Bank - Balance of Payments; Barbados Economic Report 1984.

4. Wages and prices

(a) Wages

During 1984, wage negotiations were concluded in a number of sectors. For most sectors the average wage increases ranged between 7.5% to 15.9% but for the sub-sectors, increases ranged between 2.8% and 20%. On account of the distribution of employment by sector and the proportional receipt of wage increases by sector, the weighted average wage increase for 1984 was 11.3 percent.

(b) Prices

The rate of inflation (measured as the annual average of increases in the monthly index of retail prices) was 4.6% compared witrh 5.3% in 1983. The change in retail prices between December 1983 and December 1984 was 5.1% compared to 5.5% for the previous period. On this basis increases were recorded for food and beverages (4%), housing (14%), medical and personal care (11.7%) and transportation (5.7%). A marginal decrease was noted for clothing and footwear (-0.3%).

Table 13
BARBADOS: EVOLUTION OF DOMESTIC PRICES
(March 1980 = 100)

	1982	1983	1984
Annual averages			
All items consumer price index	130.8	137.7	144.1
Food and beverages	128.0	131.4	136.6
Alcoholic beverages and tobacco	130.4	144.2	153.2
Housing	154.0	168.3	182.6
Fuel and light	110.7	119.1	122.2
Clothing and footwear	129.4	132.3	131.4
Medical and personal care	134.6	144.8	161.7
Transportation	139.0	147.0	154.8
December to December variation			
All items consumer price index	6.9	5.5	5.1
Food and beverages	2.5	7.1	4.0
Alcoholic beverages and tobacco	17.3	8.8	2.8
Housing	10.1	4.2	14.0
Fuel and light	12.7	3.3	1.9
Clothing and footwear	-1.5	3.6	-0.3
Medical and personal care	14.9	3.0	11.7
Transportation	15.1	2.6	5.7
Annual average variation			
All items consumer price index	10.3	5.3	4.6
Food and beverages	7.3	2.7	4.0
Alcoholic beverages and tobacco	13.4	10.7	6.2
Housing	21.4	9.3	8.5
Fuel and light	2.6	7.6	2.6
Clothing and footwear	4.2	2.2	0.7
Medical and personal care	15.9	7.6	11.7
Transportation	18.8	5.8	5.3

Source: Barbados Statistical Service.

5. Monetary and fiscal policy

(a) Monetary policy

In 1984 commercial bank deposits increased by 11% compared with 7% in the two previous years. Time deposits rose to $m365.3 an increase of 20.9% which partly resulted from the accumulation of funds by insurance companies. Savings deposits grew by 7.3% to $471.3 million.

Table 14
BARBADOS: COMMERCIAL BANKS' LIABILITIES
(As at December 31)

	Millions of dollars			Growth rates		
	1982	1983	1984	1982	1983	1984
Total deposits	880.0	941.6	1 046.2	7.1	7.0	11.1
Demand deposits	167.0	200.1	209.6	-3.1	19.8	4.7
Time deposits	300.8	302.1	365.3	22.3	0.4	20.9
Savings deposits	412.3	439.4	471.3	2.2	6.6	7.3
Balance to to Central Bank	16.2	26.1	24.3	200.0	61.1	-6.9
Balance due to other local banks	13.5	13.0	8.5	-12.9	-3.7	-34.6
Other liabilities	124.4	127.9	124.0	42.7	2.8	-3.0
Foreign liabilities	75.4	102.8	107.8	-7.1	36.3	4.9
Total liabilities	1 109.6	1 211.3	1 310.8	9.8	9.2	8.2

Source: Central Bank, Economic and Financial Statistics, April 1985.

At the end of 1984, outstanding loans and advances of the commercial banks stood at $m807.2 an increase of $m30.8 over 1983. Net bank credit to the manufacturing sector was $m2.4 reflecting depressed demand in the region for the Island's goods. In spite of higher occupancy rates, the financial position of the tourist industry remained weak and credit to the tourism and entertainment sector declined 2.9%. As a result, commercial banks and the Barbados Development Bank were forced to reschedule medium and long-term hotel loans.

Following an increase in credit, the Central Bank of Barbados, in June, tightened its control on the flow of funds to the distribution sector and by the end of the year, credit to that sector was reduced by $m6.7. Net new credit to the personal sector fell during the year and there was a noticeable decrease in the demand for motor car loans and in short-term loans for home improvement. In addition, finance companies, which had been brought under the selective credit control guidelines of the Central Bank in 1983 could no longer attract away prospective borowers for consumer items from commercial banks.

Interest on treasury bills which reached a peak of 13.8% in 1981 steadily declined to 7.19% at December 1984. The prime lending rate was between 10.5% and 11.5% in 1984. The average lending rate on selected loans which was fixed at 11.5% in June, 1983 was raised to 12% in July 1984. The Barbados Bank rate remained at 16% throughout the year.

The money supply at the end of 1984 stood at $m301, a decrease of 2.5% on the $m309 recorded at the end of 1983. Of this sum, $m118 represented notes and coins in active circulation. Demand deposits decreased by $m11.7 or 6% in order to provide liquidity to the business sector. Savings and time deposits increased by 12.7 percent.

Table 15
BARBADOS: SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT
(As at December 31)

	Millions of dollars			Growth rates		
	1982	1983	1984	1982	1983	1984
Total	680.2	776.4	807.2	4.8	14.1	4.0
Agriculture including fisheries	32.5	39.0	38.8	22.6	20.0	-0.5
Mining and quarrying	1.5	2.4	2.3	-44.4	60.0	-4.2
Manufacturing	115.6	120.9	123.3	11.6	4.6	2.0
Distribution	92.8	114.1	107.4	-2.3	23.0	-5.9
Construction	32.3	30.8	35.6	-28.7	-4.6	15.6
Tourism including entertainment	114.6	119.6	116.1	17.8	4.4	-2.9
Government and statutory bodies	10.0	14.2	15.5	35.1	42.0	9.2
Public utilities	37.6	58.3	59.6	11.9	55.1	2.2
Personal	131.0	152.8	160.4	-6.0	16.6	5.0
Other	112.3	124.3	148.2	14.1	10.7	19.2

Source: Central Bank, Economic and Financial Statistics, April 1985.

Table 16
BARBADOS: MONETARY BALANCE

	Millions of dollars			Growth rates		
	1982	1983	1984	1982	1983	1984
Money supply	266	309	301	-1.3	16.2	-2.5
Curency outside banks	111	114	118	...	3.2	3.5
Demand deposits (adjusted)	155	195	183	-1.9	25.4	-6.0
Factors of expansion	1 173	1 291	1 376	12.9	10.1	6.6
Foreign assets (net)	185	227	239	46.9	23.1	5.0
Domestic credit	988	1 064	1 137	8.2	7.7	6.9
Government (net)	261	249	270	22.5	-4.7	8.4
Private sector	727	815	867	3.6	12.1	6.4
Factors of absorption	906	982	1 075	16.9	8.4	9.5
Quasi money (svgs. & time deposits)	706	735	829	9.0	4.2	12.7
Other items (net)	200[r]	247	246	63.3	23.5	-0.4

Source: Central Bank, Economic and Financial Statistics, April 1985.

(b) Fiscal policy

Government revenues grew more slowly than expenditure in 1984 and a mini-budget was introduced in October to supplement the provisions of the regular April budget. Wage increases of 12.5% swelled current expenditure, while subsidies and transfers were higher than in 1983. The current account surplus was much smaller than in the previous year and the overall deficit rose to $95 million.

Current revenue in 1984 was $m561 an increase of 2.7% over 1983, the poor profit performance of the corporate sector and the weak demand for imports as well as locally produced goods were mainy responsible for the small growth in revenue. Import duties fell by 6.7% partly because of the drop in imports of motor cars. However, receipts from the hotel and restaurant sales tax rose by 10.7% which reflected increased business activity by hotels and restaurants. Personal income taxes increased by 4.2%. Other taxes improved on account of increases in the rate of stamp duty which was raised from 3% in April, 1984 and again in October to 10 percent.

Government's current expenditure in 1984 was $m533 an increase of 9.5% over 1983. Wages and salaries accounted for 44.9%, subsidies and transfers 32.1%, interest payments 11.6% and goods and services 11.4% of total current expenditure. Growth in expenditure occurred mainly in the areas of health, education, defence and security, and transport and works.

Spending on capital works in 1984 was $m123 compared with $m121 in 1983. Work continued on projects such as the Scotland District Soil Conservation and the Rural Development Projects, the new Central Post Office and the World Bank Education Project. The Barbados Industrial Development Corporation received $m5 for factory construction.

The current account surplus was only about half of 1983 and provided financing for only 23% of Government capital expenditure. The shortfall in revenue forced the Government to borrow from domestic sources. Two-thirds of public sector financing requirements came from the commercial banks which contributed $m37.1 and the National Insurance Scheme $m31. Foreign sources contributed $m16.8 towards financing the deficit.

Table 17
BARBADOS: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of dollars			Growth rates		
	1982	1983	1984	1982	1983	1984
1. Current revenue	486	546	561	8.8	12.3	2.7
Tax revenue	436	479	490	10.7	9.9	2.3
Direct	197	199	189	18.7	1.0	-5.0
Indirect	239	280	301	4.8	17.2	7.5
On foreign trade	73	90	84	-20.7	23.3	-6.7
Non-tax rvenue	50	67	71	-3.8	34.0	6.0
2. Current expenditure	462	486	533	4.4	5.4	9.5
3. *Savings on current account (1 - 2)*	24	60	28	434.8	142.7	-53.3
4. Capital expenditure	124[r]	121	123	-33.3	-2.3	1.2
5. Net lending	...	26	...	...	...	...
6. Total expenditure and net lending (2 + 4 + 5)	586	633	656	-6.6	8.1	3.6
7. Fiscal deficit (1 - 6)	-100	-87	-95	-44.9	-12.4	9.6

Source: Central Bank, Economic and Financial Statistics, April 1985.

The national debt at the end of December 1984 was $m950.9 compared with $m861.3 at the end of 1983. Total domestic debt increased by 13.9% or $m71.6 to $m585.6 and represented 61.6% of total debt. Short-term domestic debt increased by 19.9% ($m68) over 1983 while long-term domestic debt rose by 2.2% to $170.8 million.

Foreign borrowing increased by $m18 to $m365.3. The largest liability was that of the international institutions which stood at $m163.7 an increase of $m9.7 over the 1983 level.

Table 18
BARBADOS: NATIONAL DEBT - 1980-1984

	Millions of dollars				
	1980	1981	1982	1983	1984
Total debt	493.2	683.4	760.0	861.3	950.9
Domestic					
Short-term	194.0	277.5	308.0	346.8	414.8
Long-term	135.3	146.5	165.1	167.2	170.8
Total	329.3	424.0	473.1	514.0	585.6
Foreign					
United Kingdom	0.1	...	...	0.6	0.4
Euro-dollar	30.7	93.7	88.9	106.1	95.0
Canada	29.0	30.9	29.3	17.9	29.2
International institutions	64.1	93.8	127.7	154.0	163.7
Other	40.0	41.0	41.0	58.7	77.0
Total	163.9	259.4	286.9	347.3	365.3

Source: Central Bank, Economic and Financial Statistics, April 1985.

PART V

BELIZE

COUNTRY NOTES

BELIZE

1. Recent economic trends: Introduction and summary

In 1984 the economy of Belize showed a growth rate of 1.3% in real terms. However, the growth in real output was unevenly spread with the manufacturing and construction sectors showing strong growth while output in agriculture declined by 3.3%. The rate of increase in consumer prices was 5.6 percent.

Table 1
BELIZE: MAIN ECONOMIC INDICATORS

	1982	1983	1984
A. Basic economic indicators			
GDP at factor cost ($m at 1980 prices)	297.0	299.1	303.4
Per capita GDP (at 1980 prices)	1 936	1 897	1 869
Population (thousands of inhabitants)	153.4	157.7	162.1
Annual growth rates			
B. Short-run economic indicators			
Gross domestic product	-0.8	0.7	1.3
Per capita gross domestic product	-3.4	-2.0	-1.5
Current value of export of goods	-23.5	-14.7	21.4
Current value of import of goods	-21.0	-9.7	11.8
Consumer price index (November to November)	...	...	5.6
Money supply (M_1)	-11.8	7.6	26.6
Rate of unemployment (%)	...	...	14.0
Current income of government	...	-1.4	17.3
Total expenditure of government	...	-4.7	0.3
Fiscal deficit as % of total gov't expenditure	26.0	23.1	17.4
Dollars million			
C. External sector			
Trade balance (goods and services)	...	...	-55.7
Balance on curent account	...	...	-15.0
Variation in net international reserves	...	...	-13.1
External debt (US dollars million)	...	68.4	69.3

Source: ECLAC, various Government Departments.

There was a decline in the production of sugar and bananas but a marked increase in the output of citrus. The other industry which showed particularly strong growth was garments which increased production from 0.8 million garments in 1983 to 2.0 million garments in 1984.

Tourist arrivals as well as visitor expenditure increased during the year under review.

The growth in real output was reflected in the reduction of the visible trade deficit to $m69.9 in 1984. The deficit was offset in part by a surplus on invisible trade, the current account of the balance of payments showing a deficit of $m15. The capital account of the balance of payments recorded a small surplus of $m0.2. The net international reserves of the Central Bank fell from $m14.4 to minus $4.3 million.

Preliminary estimates for fiscal year 1984-1985 indicate that the Central Government ran a deficit of $m20.6 on its overall operations. The deficit was financed entirely by Central Bank credit. Commercial bank credit to the public sector fell by approximately $m11.1, but credit to the private sector increased from $m124.7 in 1983 to $m135.8 in 1984. In January 1984, the prime rate was reduced from 14% to 12 percent.

Against this background of deteriorating international reserves and high public deficit, the government adopted a financial adjustment programme in support of which it entered into a standby arrangement with the International Monetary Fund (IMF) in the amount of SDR 7.125 million in December 1984. This programme aims at strengthening the finances of the public sector and restoring the balance of payments to a substantial position.

2. Trends in economic activity

(a) Growth of the main sectors

(i) Agriculture: Agriculture is the most important sector in the economy of Belize, not only in terms of employment, but also as an earner of foreign exchange. However, in 1984 the performance of this sector was disappointing because there was a decline in output in real terms of 3.3%. Provisional estimates of the Gross Domestic Product (GDP) at 1980 prices place the contribution of agriculture to the GDP at $m61.1 in 1984 compared with $m63.2 in 1983.

Sugar cane reaped in 1984 totalled 1 041.1 thousand long tons, a decline of 90.9 thousand long tons compared with the previous year. Production of sugar in 1984 amounted to 103 148 long tons as against 114 278 long tons in 1983. Unseasonable heavy rains and low cane yields were the main causes of the decrease in production. Sugar exports in 1984 totalled 93 876 long tons of which 34 481 long tons were exported to the U.S.A., 42 995 long tons were shipped to the E.E.C. and 16 400 long tons sold on the free world market. Domestic household use was about 5 000 long tons while industrial use was approximately 1 000 long tons.

Export receipts from sugar were $m65.1 a decline of $m5.8 from $m70.9 in 1983.

Table 2
BELIZE: GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN

	Dollars million at 1980 prices				Percentage breakdown		Growth rates	
	1981	1982	1983	1984	1983	1984	1983	1984
GDP at factor cost	299.5	297.0	299.1	303.0	100.0	100.0	0.7	1.3
Primary activities	75.6	81.9	83.4	80.6	27.9	26.7	1.8	-3.4
Agriculture	59.2	61.8	63.2	61.1	21.1	20.2	2.3	-3.3
Forestry	4.7	8.4	5.6	5.5	1.9	1.8	-33.3	-1.8
Fishing	10.9	10.9	13.8	13.2	4.6	4.4	26.6	-4.3
Mining	0.8	0.8	0.8	0.8	0.3	0.3	...	...
Secondary activities	64.0	57.9	59.1	63.6	19.7	21.0	2.1	7.6
Manufacturing	43.3	40.3	41.1	44.2	13.7	14.6	2.0	7.5
Electricity	3.8	4.6	4.6	4.8	1.5	1.6	...	4.3
Construction	16.9	13.0	13.4	14.6	4.5	4.8	3.1	9.0
Services	159.9	157.2	156.6	158.8	52.4	52.3	...	1.4
Trade and tourism	56.1	50.9	49.6	50.6	16.6	16.7	-2.6	2.0
Transport	29.3	30.1	30.7	31.8	10.3	10.5	2.0	3.6
Finance	11.4	11.6	11.7	11.7	3.9	3.9	0.9	...
Real estate	14.6	14.9	14.9	14.9	5.0	4.9	...	...
Public administration	31.7	31.7	31.7	32.0	10.6	10.6	...	0.9
Other services	16.8	18.0	18.0	17.8	6.0	5.7	...	-1.1

Source: Central Statistical Office.

Table 3
BELIZE: SUGAR CANE, SUGAR AND MOLASSES PRODUCTION

Crop year	Acreage harvested ('000 acres)	Canes reaped ('000 lg.tons)	Sugar produced ('000 lg. tons)	Molasses produced ('000 lg. tons)	Tones canes per acre	Tons canes per tons sugar
1979-1980	61.0	1 013.5	103.3	32.3	16.6	9.8
1980-1981	61.0	970.1	97.7	32.0	15.9	9.9
1981-1982	62.0	1 095.5	106.0	37.7	17.7	10.3
1982-1983	61.0	1 132.0	114.3	37.7	18.6	9.9
1983-1984	61.0	1 041.1	103.1	32.6	17.1	10.1

Source: Department of Agriculture.

Oranges and grapefruits delivered to the two processing companies in 1984 amounted to 1 468 000 boxes compared with 928 000 boxes in 1983. Citrus deliveries were abnormally low in 1983 due mainly to a dispute between the growers and the processing factories. Canker disease and frost destruction of the Florida citrus crop were mainly responsible for increased import demand of citrus juices and concentrates in the U.S.A.. Exports receipts from citrus concentrates totalled $m19.5 in 1984 compared with $m13.7 in 1983.

Banana production in 1984 was 523 000 boxes, 8 000 boxes less than in 1983. However, on account of the increase in the export price, export of bananas was valued at $m6.1 in 1984 an increase of $m1.3 over 1983.

Provisional data for 1984 indicate that there was a decline in production of most of the other agricultural products.

The production of pork and beef declined but there was an increase in the output of poultry.

There was an overall decrease in the output of fish, the volume of conch increased while decreases were recorded for lobster and other fish.

Production of forestry products increased by 15% to 8.2 million board feet.

Table 4
BELIZE: AGRICULTURE, FISHING AND FORESTRY

	Unit	1982	1983	1984	Growth rates 1983	Growth rates 1984
Sugar cane	'000 lg. tons	1 096	1 132	1 041	3.3	-8.0
Oranges	'000 boxes	1 065	750	1 124	-29.6	49.9
Grapefruit	'000 boxes	703	178	344	-74.7	93.3
Bananas	'000 boxes	524	531	523	1.3	-1.5
Corn	mil. lbs.	47.0	38.8	34.7	-17.4	-10.6
Rice	mil. lbs.	17.5	13.5	10.8	-22.9	-20.0
Red kidney beans	'000 lbs.	3 900	4 000	1 632	2.6	-59.2
Honey	'000 lbs.	480	543	624	13.1	14.9
Cocoa	'000 lbs.	39	108	352	176.9	225.9
Livestock production						
Pork (fresh)[1]	'000 lbs.	350	500	459	42.9	-8.2
Beef (fresh)[1]	'000 lbs.	2 000	2 100	2 025	5.0	-3.6
Poultry	'000 lbs.	5 500	5 700	6 000	3.6	5.3
Marine production	'000 lbs.	1 440	1 724	1 441	19.7	-16.4
Forestry production						
Sawn wood	'000 bd. ft.	8 600	7 088	8 154	-17.6	15.0

Source: Department of Agriculture and Central Statistical Office.
[1] In slaughterhouses.

(ii) **Manufacturing:** The manufacturing sector contributed $m44.2 to the GDP in 1984 an increase of 7.5% over the previous year. Garments showed the most dramatic increase (151.7% in volume) and export earnings amounted to $m29.6 compared with $m16.8 in 1983. This increase was the result of the revival of the U.S. economy, its primary market. Other increases in output were recorded for fertilizers, cigarettes, batteries and citrus concentrates. On the other hand, decreases occurred in respect of molasses, nails, roofing, beer and stout and flour.

Table 5
BELIZE: INDUSTRIAL PRODUCTION

	Unit	1982	1983	1984	Growth rates 1983	Growth rates 1984
Production of some manufactured goods						
Sugar	'000 lg. tons	106.0	114.3	103.1	7.8	-9.8
Molasses	'000 lg. tons	37.7	37.5	33.5	0.5	-10.7
Citrus concentrates	'000 gals.	1 386	965	1 071	-30.4	11.0
Processed milk	'000 lbs.	701	975	...	39.1	...
Garments	'000	577	781	1 966	35.4	151.7
Nails	'000 lbs.	300	300	245	...	-18.3
Roofing	'000 lbs.	595	600	284	0.8	-52.7
Cigarettes	millions	56.5	57.4	64.6	1.6	12.5
Beer and stout	'000 gals.	818	850	630	3.9	-25.9
Batteries	number	4 836	5 000	5 555	3.4	11.1
Flour (wheat)	'000 lbs.	10 900	10 992	2 528	0.8	-77.0
Fertilizers	short tons	3 600	3 080	4 641	-14.4	50.7
Other indicators						
Electricity generated	'000 kWh	63 897	65 501	66 617	2.5	1.7

Source: Central Statistical Office.

(iii) **Construction:** The contribution of othe construction sector to the GDP in 1984 was $m14.6, an increase of 9% over the previous year. Some of the major projects undertaken in the public sector were the reconstruction of highways and bridges and the extension of the water and sewerage system. Loans and advances from the commercial banks to the building and construction industry partly financed the growth in the private sector.

(b) Employment

The Belize Labour Force Survey 1983-1984 indicated that the total labour force was 47 325 persons of which 31 965 (67.5%) were males and 15 360 (32.5%) females. The total employed labour force amounted to 40 700 - males 29 045 (71.4%) and females 11 655 (28.6%). Agriculture absorbed 12 210 persons (30%) of the employed labour force, community services 6 512 (16%) and government 6 261 (15.4%). Commerce and manufacturing employed 11.2% and 10.3% of the labour force respectively. These five sectors accounted for 82.9% of the total employed labour force.

Total unemployment stood at 14% of the labour force - males (9.1%) and females 24.1 percent.

The survey also revealed that paid employees (that is, excluding employers and own account workers) earned an average annual income of $6 000. 20.9% earned less that $3 000 a year, 43.6% earned between $3 001 and $6 000, 20.1% earned between $6 001 and $9 000 and 15.4% earned more than $9 000 a year.

3. The external sector

(a) Merchandise trade

(i) **Exports:** Total exports in 1984 totalled $m188.5 an increase of $m33.2 over 1983. Domestic exports rose by 9.2% to $m142.3 and re-exports by 84.8% to $m46.2. The main domestic exports which recorded increases were garments, citrus concentrates, bananas and molasses. On the other hand, decreases were recorded for sugar, fish products and sawn wood.

Detailed information is not yet available with respect to the destination of exports but preliminary information indicates that the U.S.A. and the United Kingdom were the major destinations for domestic exports, and Mexico the principal destination of re-exports.

Table 6
BELIZE: IMPORTS, EXPORTS AND VISIBLE BALANCE OF TRADE
(Dollars million)

Year	Imports	Domestic exports	Re-exports	Total exports	Visible balance of trade
1980	299.5	163.7	57.6	221.3	-78.2
1981	323.9	149.5	88.5	238.0	-85.9
1982	256.0	119.6	62.4	182.0	-74.0
1983	231.1	130.3	25.0	155.3	-75.8
1984	258.4	142.3	46.2	188.5	-69.9

Source: Central Statistical Office.

Table 7
BELIZE: PRINCIPAL DOMESTIC EXPORTS

	Dollars million				Percentage breakdown		Growth rates	
	1981	1982	1983	1984	1983	1984	1983	1984
Total domestic exports	149.5	119.6	130.3	142.3	100.0	100.0	8.9	9.2
Sugar	85.3	66.7	70.9	65.1	54.4	45.7	6.3	-8.2
Molasses	2.4	1.8	1.2	2.3	0.9	1.6	-33.3	91.7
Bananas	4.3	4.3	4.8	6.1	3.7	4.3	11.6	27.1
Citrus concentrates	13.0	14.1	13.7	19.5	10.5	13.7	-2.3	42.3
Fish products	14.5	13.3	15.0	11.8	11.5	8.3	12.8	-21.3
Garments	22.1	12.6	16.8	29.6	12.9	20.8	33.3	76.2
Sawn wood	2.4	3.7	2.7	2.1	2.1	1.5	-27.0	-22.2
Other	5.5	3.1	5.2	5.8	4.0	4.1	67.7	11.5

Source: Central Statistical Office.

(ii) Imports: Preliminary information indicates that imports in 1984 were $m258.4 an increase of $m27.3 over the previous year. Firm data are not yet available for the whole of 1984 but partial information suggests that the major increases will probably occur in the food and chemical sections of the SITC.

Table 8
BELIZE: IMPORTS CLASSIFIED BY SECTIONS OF THE SITC
(Dollars million)

	1981	1982	1983	1984 Jan.-July
Total imports	323.9	256.0	231.1	147.3
Food	79.8	58.9	46.8	32.8
Beverages	7.1	5.7	5.0	3.3
Crude materials, except fuels	4.9	3.2	0.7	0.8
Mineral fuels, lubricants	51.3	45.6	60.0	22.9
Animal and vegetable oils and fats	1.0	0.6	0.6	0.6
Chemicals	22.9	22.5	16.5	11.5
Manufactured goods	39.5	33.1	28.4	18.6
Machinery and transport equipment	57.5	48.9	43.4	30.3
Miscellaneous manufactured articles	58.3	35.4	28.1	25.5
Miscellaneous transactions and commodities	1.6	2.1	1.6	1.0

Source: Central Statistical Office.

(b) Tourism

After a decline in 1983, stopover visitors increased by 37.7% to reach 88 430 in 1984. The U.S.A. continued to be the main source of stopover visitors accounting for 30.6% in 1984.

There were marginal increases in the average number of hotel and guest house rooms and beds, but there was no change in the average occupancy rate. The average length of stay of visitors rose from 4.5 nights to 5 nights in 1984. Estimates of stopover visitor expenditure were $m21.4 in 1984, an increase of 15.1% over the previous year.

Approximately 33% of the hotel rooms are located on the Cayes.

Table 9
BELIZE: SELECTED TOURISM STATISTICS

	1982	1983	1984	Growth rates 1983	Growth rates 1984
Total stopover visitors	67 337	64 229	88 430	-4.6	37.7
Total no. of hotel & guesthouses	138	150	150	8.7	...
Avg. no. of hotel & guesthouse rooms	1 377	1 481	1 491	7.6	0.7
Avg. no. of hotel & guesthouse beds	2 234	2 484	2 498	11.2	0.6
Average occupancy rate (%)	40	40	40	...	...
Average length of stay (nights)	4.5	4.5	5.0	...	11.1
Avg. expend. (stopover visitors) $m	17.7	18.6	21.4	5.1	15.1

Source: Belize Tourist Board.

(c) Balance of Payments

The current account of the balance of payments registered a deficit of $m15 in 1984. A deficit of $m76.5 was recorded on visible trade (adjusted) which was offset partly by a surplus of $m61.5 on invisible transactions and transfers. The major items were made up of the official services account which contributed $m38.8 of this surplus, of which $m35.2 was due to receipts through the British forces garrison. The other main item was unrequited transfers which showed outward transfers of $m18.9 reflecting in large part emigration and repatriation of funds while the inward transfers of $m59.6 consisted of official transfers of $m15 and private transfers of $m44.6 of which individual remittances contributed substantially.

The capital account showed a small surplus of $m0.2. Net private capital outflows were $m10 and official indebtedness increased by $m10.8. At the end of the year foreign reserves increased by $13.1 million.

No official balance of payments statements were constructed for the years 1982 and 1983.

Table 10
BELIZE: BALANCE OF PAYMENTS 1984
(Dollars million)

	Credit	Debit	Balance
Current account	311.2	326.2	-15.0
Visible trade (adjusted)	183.4	259.9	-76.5
Transportation	9.6	5.4	4.2
Travel	15.0	9.6	5.4
Official services	40.8	2.0	38.8
Other private services	0.5	9.6	-9.1
Unrequited transfers	59.6	18.9	40.7
Investment income	2.3	20.8	-18.5
Capital account	18.7	18.5	0.2
Official capital flows	16.6	5.8	10.8
Private capital flows	2.1	12.7	-10.6
Total before financing	329.9	344.7	-14.8
Financing items			
Gross foreign liabilities	8.6	...	8.6
Gross foreign assets	5.9	1.4	4.5
Central Bank	(5.9)	...	(5.9)
Central Government	...	(1.4)	(-1.4)
Total after financing	344.4	346.1	-1.7
Net errors and omissions	...	...	1.7

Source: Central Bank of Belize.

4. Monetary and fiscal policy

(a) Prices

The rate of inflation (as measured by the Consumer Price Index) rose by 5.6% over the year to the fourth quarter of 1984. Food prices contributed 1.6 percentage points to the change in the overall index while apparel and miscellaneous services contributed 1.5 and 2.5 percentage points respectively to the growth in the consumer prices. The price of household goods showed no significant change.

Table 11
BELIZE: CONSUMER PRICE INDEX

	For quarters ending 1983			1984			Nov. to Nov. % change
	Feb.	July	Nov.	Feb.	July	Nov.	
All items	133.5	133.9	136.9	135.5	140.0	144.6	5.6
Food	125.6	126.6	126.6	127.2	131.5	131.4	3.8
Clothing and footwear	141.6	144.2	139.6	139.4	141.8	155.8	11.6
Household goods, fuel etc.	134.7	129.9	143.4	135.8	138.4	142.6	-0.6
Miscellaneous items	142.1	145.0	148.3	147.4	154.2	163.1	10.0

Source: Central Statistical Office.

The increase in inflation over the year is explained partly by a rapid increase in demand financed by credit expansion. This inflationary impact was offset in part by lower prices for imported consumer and capital goods due to the appreciation of the Belize dollar against the currencies of its non-U.S. dollar trading partners and Mexico.

(b) Monetary policy

In 1984 commercial banks' deposits stood at $m142 compared with $m136.6 at the end of the previous year. Demand deposits rose by $m7.5 to $m28.6 savings deposits increased from $m30.9 to $m32.3 while time deposits declined from $m84.6. The foreign liabilities of the banking sector decreased by $m6.9 to $42.5 million.

Table 12
BELIZE: COMMERCIAL BANKS' LIABILITIES
As at 31 December

	Dollars million				Growth rates	
	1981	1982	1983	1984	1983	1984
Total deposits[1]	105.1	114.1	136.6	142.0	19.7	4.0
Demand deposits	22.8	20.6	21.1	28.6	2.4	35.5
Savings deposits	27.8	26.6	30.9	32.3	16.2	4.5
Time deposits	54.5	66.9	84.6	81.1	26.5	-4.1
Balances due to Central Bank	...	...	...	...	...	...
Balances due to other local financial institutions	0.2	1.5	0.1	0.8	-99.3	700.0
Capital and reserves	8.2	8.4	10.3	10.6	22.6	2.9
Foreign liabilities[2]	42.9	48.2	49.4	42.5	2.5	-14.0
Other liabilities	14.0	20.6	17.3	27.2	-16.0	57.2
Total liabilities	170.4	192.8	213.7	223.1	10.8	4.4

Source: Central Bank of Belize.
[1]Excludes deposits in foreign currency.
[2]Includes deposits in foreign currency.

Commercial banks' loans and advances increased by 14.2% to $m161.5 while those of the Development Finance Corporation (DFC) rose from $m28.8 to $m30. Loans from the commercial banks to the distribution sector accounted for 28.4% of total loans and advances, Government and public utilities 14.2%, manufacturing 12.3% and Agriculture 10.3%. On the other hand, loans and advances from DFC to the agriculture sector accounted for 57% of total loans and advances: 14.3% went to building and construction and 7% to the tourism sector.

Table 13
BELIZE: DISTRIBUTION OF LOANS AND ADVANCES -
COMMERCIAL BANKS AND DEVELOPMENT FINANCE CORPORATION

	Commercial Banks		D.F.C.		Total		Growth rates	
	1983	1984	1983	1984	1983	1984	1983	1984
Total	141.4	161.5	28.8	30.0	170.2	191.5	7.6	12.5
Govt. services	15.1	19.0	...	...	15.1	19.0	4.9	25.8
Pub. utilities	2.2	3.9	0.4	1.3	2.6	5.2	160.0	100.0
Agriculture	17.2	16.7	13.6	17.1	30.8	33.8	-7.8	9.7
Comm. fishing	0.9	0.8	0.9	1.2	1.8	2.0	20.0	11.1
Forestry	1.0	1.5	...	...	1.0	1.5	-64.3	50.0
Manufacturing	18.6	19.9	1.5	1.8	20.1	21.7	21.1	8.0
Tourism	1.1	1.2	2.2	2.1	3.3	3.3	...	...
Bldg. & constr.	13.1	15.4	6.9	4.3	20.0	19.7	-1.0	-1.5
Real estate	3.1	4.7	...	...	3.1	4.7	121.4	51.6
Financial institution	1.4	6.0	...	...	1.4	6.0	366.7	328.6
Distribution	42.7	45.9	0.7	...	43.4	45.9	-3.6	5.8
Prof. services	0.9	0.9	0.6	0.7	1.5	1.6	25.0	6.7
Transport	3.5	2.7	0.8	0.9	4.3	3.6	65.4	-16.3
Entertainment	0.7	0.8	...	...	0.7	0.8	-22.2	14.3
Mining and exploration	5.0	6.0	0.3	0.2	5.3	6.2	140.9	17.0
Personal loans	14.9	16.1	0.9	0.4	15.8	16.5	38.6	4.4

Source: Central Bank of Belize.

The money supply at 31 December 1984 stood at $m57.1 an increase of 26.6% over 1983. Of this sum, $m22.8 represented notes and coins in active circulation and demand deposits (adjusted) rose by $m10.6 to $m34.3. The increase in adjusted demand deposits can be attributed to increased activity stimulated partly by a strong increase in domestic credit of the commercial banks both to the public and private sectors of the economy.

Total domestic credit from the banking system expanded by $m22.2 to $m222.4. Net credit to the non-financial public sector increased by $m11.1 to $m86.6 while credit to the private sector rose by 8.9% to $135.8 million.

Table 14
BELIZE: MONETARY SURVEY

	Dollars million				Growth rates	
	1981	1982	1983	1984	1983	1984
Money supply (M_1)	47.5	41.9	45.1	57.1	7.6	26.6
Currency outside banks	(19.0)	(20.6)	(21.4)	(22.8)	3.9	6.5
Demand deposits (adjusted)	(28.5)	(21.3)	(23.7)	(34.3)	11.3	44.7
Factors of expansion	**140.2**	**156.6**	**179.4**	**194.3**	**14.6**	**8.3**
Foreign assets (net)	0.5	-13.9	-20.8	-28.1	49.6	35.1
Domestic credit	139.7	170.5	200.2	222.4	17.4	11.1
Gov't (net) and public sector	(43.4)	(55.2)	(75.5)	(86.6)	36.8	14.7
Private sector	(96.3)	(115.3)	(124.7)	(135.8)	8.2	8.9
Factors of absorption	92.7	114.7	134.3	137.2	17.1	2.2
Quasi monry	82.3	93.6	116.1	113.1	24.0	-2.6
Savings deposits (adjusted)	(27.8)	(26.6)	(30.9)	(32.4)	16.2	4.9
Time deposits (adjusted)	(54.5)	(67.0)	(85.2)	(80.7)	27.2	-5.3
Other	10.4	21.1	18.2	24.1	-13.7	32.4

Source: Central Bank of Belize.

During the year, the Central Bank of Belize continued its policy of maintaining interest rates that followed the international market but which were also weighted by the internal demands of economic activity and liquidity.

Following a reduction of the commercial banks' prime lending rate by 2% in January 1984, interest rates remained stable during the year. The Central Bank's decision to reduce interest rates was influenced by complaints from the business sector that local lending rates were excessively high, especially in the context of falling international rates.

The Treasury bills discount rate remained relatively stable during the year around 9.7%. The interest rates paid by the commercial banks on savings and time deposits during the fourth quarter of 1984 were 5.2% and 9% respectively.

The required minimum ratio of commercial bank average cash balances with the Central Bank to their average deposit liabilities was increased from 5% to 7% on 1 November 1984. The commercial banks are also required to maintain on average minimum holdings of approved liquid assets of 20% of average deposit liabilities. In 1984, the banks maintained an average monthly level of excess liquid assets of $m14 a month, compared with a required minimum average holding of $m28 a month. This excess liquidity permitted the banks to finance a marked increase in loans and advances by running down their inventory of Treasury bills.

(c) Fiscal policy

Preliminary estimates for the 1984-1985 fiscal year indicate an overall budget deficit of $m20.6 compared with a deficit of $m27.3 in the fiscal year 1983-1984. The current account is estimated to be in balance compared with a deficit of $m13 in 1983-1984.

Current revenues are estimated to have increased by 17.3% from $m77.5 in 1983-1984 to $m90.9 in 1984-1985. Revenue from income tax increased by 34.9% due partly to collections of arrears. Revenues from taxes on goods and services rose by $m3.2 to $m11.7 mainly on account of the introduction of an excise tax on soft drinks as well as increases in the excise tax on beer. The estimated increase in revenues from taxes on international trade and transactions reflects mostly an estimated additional $m2.7 from a new stamp duty of 1.25% on foreign currency sales and $m1.8 increase in receipts from stamp duties (customs).

The estimated current expenditure of $m90.9 was marginally higher than the expenditure of $m90.5 in fiscal year 1983-1984. The increase of $m1.2 in interest payments was offset partly by a decrease of $m1.6 in subsidies and transfers.

Development expenditure fell from $m24.4 to $m23.1 while transfers decreased by $m2.3 to $m1. These decreases were offset by an increase of $m3.6 for net lending and equity made up of Central Government purchase in Belize Sugar Industries ($m2.5) and an equity contribution of $m1 to the Development Finance Corporation.

Table 15
BELIZE: OPERATIONS OF GENTRAL GOVERNMENT

	Dollars million			Growth rates	
	1982-1983	1983-1984	1984-1985[p]	1983-1984	1984-1985
1. **Total current revenue**	**78.6**	**77.5**	**90.9**	**-1.4**	**17.3**
Income tax	(18.6)	(15.2)	(20.5)	-18.3	34.9
Taxes on goods and services	(8.2)	(8.5)	(11.7)	3.7	37.6
Taxes on international trade and transactions	(38.2)	(41.8)	(47.6)	9.4	13.9
Other tax revenue	(2.3)	(2.3)	(2.0)	...	-13.0
Non-tax-revenue	(11.3)	(9.7)	(9.1)	-14.2	-6.2
2. **Total current expenditure**	**87.3**	**90.5**	**90.9**	**3.7**	**0.4**
Wages and salaries	(41.8)	(43.2)	(43.4)	3.3	0.5
Pensions	(4.1)	(4.0)	(4.3)	-2.4	7.5
Goods and services	(24.5)	(25.2)	(25.5)	2.9	1.2
Interest payments	(5.6)	(7.2)	(8.4)	28.6	16.7
Subsidies and transfers	(11.3)	(10.9)	(9.3)	-3.5	-14.7
Savings on current account (1 - 2)	-8.7	-13.0	...	49.4	...
3. Capital revenue and grants	13.1	13.4	7.1	2.3	-47.0
Capital revenue	(0.3)	(0.3)	(1.5)	...	400.0
Grants	(12.8)	(13.1)	(5.6)	2.3	-57.3
4. Capital expenditure & net lending	36.7	27.7	27.7	-24.5	...
Development expenditure	(27.5)	(24.4)	(23.1)	-11.3	-5.3
Transfers to N.F.P.E.	(9.2)	(3.3)	(1.0)	-64.1	-69.7
Net lending and equity	...	...	(3.6)	...	...
5. **Total revenue (1 + 3)**	**91.7**	**90.9**	**98.0**	**-0.9**	**7.8**
6. **Total expenditure (2 + 4)**	**124.0**	**118.2**	**118.6**	**-4.7**	**0.3**
Overall balance (5 - 6)	-32.3	-27.3	-20.6	-15.5	-24.5

Source: Central Bank of Belize.

External public debt outstanding at the end of December 1984 stood at US$m69.3, that is US$m0.9 higher than at the end of 1983. Total external public debt of final maturity of more than 12 years was US$m49.7 compared with US$m49.6 at the end of 1983. Payments of interest and principal in 1984 were US$m2.8 and US$m2.2 respectively. This largest liability of US$m26 was to the CDB. This decreased by US$m1 from 1983.

The country benefited from the appreciation of the Belize dollar with the US dollar in 1984. This valuation adjustment is estimated to have reduced Belize's outstanding debt by US$m5 in cases where the currency of liability was other than the US dollar.

Table 16
BELIZE: EXTERNAL DEBT
As at 31 December

	US Dollars million	
	1983	1984
Total	68.4	69.3
Caribbean Development Bank	27.0	26.0
International institutions	3.2	4.4
Canada	9.8	9.2
United Kingdom	17.5	15.5
Euro-dollar	1.6	2.7
United States of America	4.6	6.8
CARICOM countries	2.5	2.5
Mexico	2.2	2.2

Source: Central Bank of Belize.

PART VI

BRITISH VIRGIN ISLANDS

COUNTRY NOTES

THE BRITISH VIRGIN ISLANDS [1]

1. Background and overview

The British Virgin Islands (BVI) comprises sixty islands, islets cays and rocks with a total area of 150 sq.km and a total population of some 11 558 according to population estimates for 1983. Of the inhabited islands, the four largest are Tortola, Anegada, Virgin Gorda and Jost van Dyke, which together account for some 120 sq.km of the total land area, and more than 93% of the population. The islands lie between Puerto Rico and the U.S. Virgin Islands, and are a dependent territory of the United Kingdom of Great Britain.

In 1666, British planters took over control of the group of islands from the original Dutch settlers. The islands attained the status of British colony and formed part of the Leeward Islands from 1872 to 1956, after which they were separately administered. The British Virgin Islands opted not to join the short-lived West Indies Federation of British Islands. Situated very close to the U.S. Virgin Islands, the location has induced large numbers of the population to move to the islands of St. Thomas and St. Croix in search of employment.

A Legislative Council, with elected representation was re-introduced in 1950. The Governor is responsible for defense and internal security, external affairs, terms and conditions of service of public officers, and administration of the Courts. The Governor is chairman of the Executive Council which includes the Attorney General, the Chief Minister and three other ministers. The Legislative Council consists of four ministers and five other elected representatives, and is led by a Speaker elected by members. The Judicial system is under the direction of the Eastern Caribbean Supreme Court, which includes the High Court of Justice and the Court of Appeal. Other bodies are the Magistrates' Court, a Juvenile Court, and a Court of Summary Jurisdiction.

The abundance of cays, out-islands and beautiful clear waters makes the islands ideal for tourism. The sheltered waters make the islands a boater's haven, and have fashioned the type of tourism that characterizes the islands. Yachting facilities have attracted many visitors to the islands. The tourism sector has as a result been developed to such an extent that it is the major activity in the economy. Investment in tourism plant is characterized by both local and foreign participation, the balance being tilted in favour of foreign ownership.

There is no agricultural crop produced in large enough quantities to be considered a major crop, nor is there a manufacturing sector of any significance. The extreme openness of the economy and the fact that the currency in use is the US dollar, together with the proximity of Puerto Rico and the U.S. Virgin Islands must certainly act as a disincentive to the development of a manufacturing sector that would of necessity be geared towards the satisfaction of domestic demand and which would most probably be high in terms of cost of production. The waters surrounding the islands provide large catches of fish, and much official attention has been paid to fisheries in the recent past.

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[1] The currency used in the British Virgin Islands is the US dollar.

The road network in the islands comprises almost 67 miles, half of which may be classified as either primary or secondary roads. About 66% of the total mileage of roads is found in Tortola. The major airport is located on Beef Island, and is used by small aircraft with a carrying capacity of 48 to 70 passengers. The main seaport, Port Purcell, located in Tortola, handles over 26 000 tons of cargo per year. This throughput is below the capacity of the facility but is an indicator of the relatively low level of demand that derives from the small population.

The country's telecommunications are owned by the private sector.

In an effort to attract private investment, various tax incentives and concessions are offered. These include:

- Hotel aid: This allows for the duty-free importation of all capital goods for hotel projects and exempts the operation from income taxes for periods averaging ten years.

- Encouragement of Industries Act and Pioneer Services: This provides for pioneer status to be granted to investors. This status exempts projects for which special needs exist in the territory from income taxes for average periods of seven years and also allows for the duty-free importation of capital goods.

Corporate income taxation is relatively low at 15% of net income and it is fairly easy to establish a company.

A high literacy rate and no involuntary unemployment make the British Virgin Islands attractive to labour from the eastern Caribbean islands, especially labour in the construction sector. In the tourist sector, the lack of nationals with the necessary managerial skills has led to a substantial inflow of foreigners to work at key jobs in the industry.

A buoyant tourism industry and a high level of investment activity earned for the British Virgin Islands in 1984 an estimated 4% increase in real Gross Domestic Product (GDP). Tourism planners have aimed their product at the upper end of the market and have embarked on more aggressive promotion to guide the industry and the economy to greater heights. Government continued to put into place the infrastructure required to foster growth in the tourism sector, as well as other infrastructure that would facilitate development. Recognizing the open nature of the economy and the consequences of the use of the US dollar as local currency, government has encouraged free enterprise and has allowed the private sector to take the initiative in determining the level and rhythm of economic activity, while reserving for itself a supportive and regulatory role in the economy.

Table 1
BRITISH VIRGIN ISLANDS: MAIN ECONOMIC INDICATORS

	1980	1981	1982	1983	1984
A. Basic economic indicators					
GDP at constant 1978 market prices ($ million)	...	...	48.2	50.3	52.3
Population (thousands)	...	...	11.4	11.6	11.8
Per capita GDP (constant 1978 $)	...	...	4 228	4 336	4 432
Growth rates					
B. Short-term economic indicators					
GDP (1978 constant market prices)	...	...	...	4.4	4.0
Per capita GDP (constant 1978 $)	...	...	...	2.6	2.2
Current value of exports of and services	...	...	...	11.4	3.0
Consumer price index Dec. - Dec.	...	11.1	7.3	0.8	...
Consumer price index (Var. between annual averages)	...	1.4	9.9	2.5	...
Current income of government	...	...	...	7.1	4.0
Fiscal deficit (total expend. of government	...	...	...	...	...
Dollars million					
C. External sector					
Trade balance (goods and services)	...	...	-1.1	-1.6	-0.7
Var. in net international reserves (- = increase)	...	...	...	...	-2.2

Source: Various elements of data supplied ECLAC.

2. Trends in economic activity

(a) Growth of the main sectors

(i) General characteristics: Statistics on the sectoral composition of the GDP, according to broad categories of activity, indicate that the services sector contributed nearly 80% of GDP at market prices in 1983 while the secondary sectors contributed 15.6% and the primary sector about 4.5%. These figures underscore the weakness of the agricultural sector. Much of the secondary activity derives from construction. Very little manufacturing is done, to a great extent because of the proximity of the U.S. Virgin Islands and Puerto Rico.

Table 2
BRITISH VIRGIN ISLANDS: SECTORAL COMPOSITION OF GDP
(As a % of GDP at market prices)

Sector grouping	1970	1978	1982	1983
Primary sectors	7.1	9.1	4.9	4.5
Secondary sectors	37.1	14.9	15.7	15.6
Tertiary sectors	55.8	76.0	79.4	79.9
Tourism	7.5	18.1	24.3	26.1
Finance, real estate, business services	15.1	15.2	13.0	12.2
Government services	8.8	13.3	12.6	14.1

Source: Data supplied ECLAC.

The preponderance of the tertiary sector in the face of a weak primary sector, emphasises the heavy dependence of the economy on external trade.

A strong characteristic of the British Virgin Islands is the lack of government control over directly productive activity and communications - both local and external. Private sector ownership is therefore relied on to drive the economy. Within the regime of private sector ownership exists a significant element of foreign ownership.

(ii) Tourism: The tourism industry in the British Virgin Islands is about twenty-five years old if dated from the time of Government's initial positive action in granting incentives and actual investment in tourism plant and infrastructure. Over the period 1975 to 1984, holiday visitor arrivals increased every year with the exception of 1983 when arrivals were estimated to have fallen by 4.4%. This was no doubt a reflection of the economic recession in North America and Europe. Total arrivals rose from 64.8 thousand in 1975 to about 161.6 thousand. The pressure of such large numbers of arrivals on the services has led to a large percentage of the labour force being employed in the tourism sector. An estimate puts employment in the hotel subsector at about 32% of the employed labour force. The direction in which the industry has developed has been in marine-based tourism. As a result, occupancy rates in hotels have dropped in favour of accommodation in private or rented yachts and boats, and the newer tourist accommodation units are being designed to offer easy access to boating facilities.

Proximity to the United States of America, and to some extent the ideal holiday environment, create a significant appeal to the american tourists who continue to visit the British Virgin Islands in increasing numbers, though the share of the stopover visitors from the U.S.A. has been declining. The second largest tourist market is the Caribbean, with the U.S. Virgin Islands and Puerto Rico predominating. Although the number of hotel and guesthouse rooms has increased, occupancy rates fell in 1984, probably reflecting a shift into marine-based accommodation.

Table 3
BRITISH VIRGIN ISLANDS: SELECTED TOURISM STATISTICS

	1982	1983	1984	Growth rates 1983	Growth rates 1984
Total holiday visitors ('000)	155.7	148.8	161.6	-4.4	8.6
Overnight holiday visitors ('000)	109.7	116.0	117.8	5.7	1.6
From: U.S.A.	73.4	80.0	81.5	9.0	1.9
Other Caribbean	3.4	3.3	4.2	-2.9	27.3
U.S. Virgin Islands	10.3	10.8	10.3	4.9	-4.6
Puerto Rico	6.5	6.8	6.7	4.6	-1.5
Canada	5.6	5.7	5.6	1.8	-1.8
United Kingdom	3.8	3.6	3.5	-5.3	-2.8
Other America	1.1	0.8	0.9	-27.3	12.5
Other Europe	5.0	4.2	4.2	-16.0	-
Other	0.6	0.8	1.0	33.3	25.0
Cruiseship visitors ('000)	28.3	13.9	24.8	-50.9	78.4
No. hotel and guesthouse rooms	728.0	764.0	848.0	4.9	11.0
Hotel & guesthouse room occupancy rates (%)	49.3	52.1	49.9	5.7	-4.2
Hotel & guesthouse bed occupancy rates (%)	...	47.0	46.7	...	-0.6
Estimated visitor expend.($'000)	65 632.0	81 533.0	85 696.0	24.2	5.1
Average length of stay (nights)	7.7	7.2	7.0	6.5	-2.8

Source: Various Tourism Reports, Statistics Division.

The tourism plant is mostly owned by foreigners who invariably have quick access to financing. This fact influences the type and size of accommodation put into place. The result is an element of differentiation in the tourist accommodation offered, with the local entrepreneurs catering for the lower end of the market.

Over the period 1981 to 1983, the tourism sector grew by 19.5%, influenced largely by greater promotion activities, and the increase in capacity. An 8.6% increase in total holiday visitors in 1984 helped the tourism sector to contribute some $m10.5 to total GDP at 1978 constant prices.

The 1984 performance in the sector did not measure up to expectations because of inadequate marketing and relatively high costs, and to some extent because of inadequate facilitation of passenger movement. The strength of the US dollar relative to the European currencies no doubt made Europe a more attractive destination to the north american tourist. The Tourist Board, with the assistance of the United Nations Development Programme (UNDP), is putting together elements of a package that would promote the range of activities that can be accomplished by the tourist in the British Virgin Islands. The tourist product, is being viewed as a quality product, still aimed principally at the north american market. The idea of a multi-destination package is also being encouraged.

Table 4
BRITISH VIRGIN ISLANDS: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT MARKET PRICES
(Constant prices 1978)
(Dollars million)

				Growth rates	
	1982	1983	1984[e]	1983	1984
Agriculture and fishing	2.3	2.4	2.6	4.3	8.3
Manufacturing and mining	1.4	1.6	1.8	14.3	12.5
Construction	5.1	5.2	5.0	2.0	-3.8
Banking and insurance	7.1	7.5	7.5	5.6	-
Tourism	9.9	10.1	10.5	2.0	4.0
Government	7.0	7.6	8.0	8.6	5.3
Other sectors	9.7	10.8	11.7	11.3	8.3
Net indirect taxes	5.7	5.1	5.2	-10.5	2.0
Total	48.2	50.3	52.3	4.4	4.0

Source: Data supplied ECLAC.

There is need to improve the service provided by the airlines, the customs department, and all other departments involved in passenger movement.

By and large, government's role in tourism consists of the provision of the necessary infrastructure and support facilities that are conducive to the growth of the industry. Tourism planners have identified a policy that encourages local entrepreneurship in the tourism sector, as well as the forging of closer intersectoral linkages between agriculture, manufacturing and commerce in an attempt to maximize the retention of tourism earnings. The need to train personnel involved in tourism, as well as to increase the employment opportunities for skilled local personnel has been identified. A key objective of the enunciated policy is to make the tourism sector less dependent on one market, and to achieve a greater degree to national control over the direction of the sector. Tourism planning must, at the same time, address the problem of inequality in the distribution of tourist arrivals throughout the year. To this end, the encouragement of the use of the facilities for international conferences and conventions and the encouragement of water-oriented tourism might bear fruit.

(iii) Construction: The construction sector has declined in importance since the turn of the decade. Whereas in most other Caribbean economies a vibrant tourism sector has fostered an equally vibrant construction sector, this has not been the case in the British Virgin Islands. Whereas investment activity in the tourism sector has increased in the recent past, the local construction sector has not moved in relation to the investment trends because of the substitution of boats (especially charter boats) that also fulfil tourist accommodation needs.

In the light of this situation, activity in the construction sector is fuelled by Government's capital roadworks programme and residential construction activity. The contribution of the construction sector to total GDP at market prices stood at $m5 in 1984 - virtually the same as the level attained in the two previous years. The prognosis is that the construction sector has "levelled out" and that no great resurgence of activity will take place in the next three or four years.

(iv) **Agriculture and fisheries:** This sector has continued to be a meagre contributor to total GDP, contributing $m2.6 in 1984 - almost 5% of total GDP. The geography of the country and the resultant difficulty of putting into place infrastructure to provide the basis for agriculture, no doubt explain the low level of activity in this area. At present, some sheep rearing is done in Virgin Gorda, and several of the islands seem suitable for sheep rearing. With the assistance of government financing, this activity could rise to prominence. Activity in fisheries has been on the increase as a result of the establishment by Government (with funding from the Caribbean Development Bank (CDB)) of a fisheries complex to store and assist in the marketing of fish locally. About 90% of fishing is done with traps. The local development bank grants short-term loans to fishermen for the purchase of equipment. Government has made use of a CDB grant for the training of fishermen in fishing techniques. As a result, long line fishing should increase in occurrence. At present, the population of fishing vessels is of the order of 160 boats, with an average length of 21 feet. Some 5% of the boats are over 35 feet in length, with the remainder being close to 20 feet long.

(v) **Basic utilities:** Electricity is supplied by the British Virgin Islands Electricity Corporation (BVIEC), now a company, but which was a government department until 1979. Improved financial management resulted from the change. In addition to a minimum charge, a flat rate is charged for electricity consumed.

Water is piped only to residents of the capital, Road Town. Most houses are equipped with cisterns and during droughts, a truck borne water supply is made available. Government is committed to increasing the supply of potable water in Tortola and Virgin Gorda.

The Water and Sewerage Department is conducting a major extension of the sewerage system in Road Town with funding from the British Development Division. If further financing becomes available, the sewerage scheme could encompass all of Road Town.

(vi) **Other sectors:** If meaningful support is given to the minuscule manufacturing sector, some growth would be possible in the production of local rum, in the development of handicraft and in the manufacture of articles for the yachting industry.

Finance, real estate and business services play a key role in economic activity in the British Virgin Islands. Government's promotion of the British Virgin Islands as an offshore banking and financial centre resulted in the registration of large numbers of new companies between 1979 and 1983. The future of this service depends on the ability of Government to negotiate an agreement that would satisfactorily replace the United States - British Virgin Islands Double Taxation Treaty. The contribution of this sector to total GDP in 1984 was 14.1 percent.

3. The external sector

The geography of the British Virgin Islands has not encouraged the development of the agriculture and manufacturing sectors. Whereas imports comprise the full range of goods and services for consumption as well as for capital formation, exports are much narrower in range and are consist mainly of re-exports. Even though supporting data are not available, non-factor services contribute significantly to total value of exports. Much of this is in association with the offshore banking operations.

The balance on merchandise trade is negative. An analysis of trade data reveals that the trade deficit has been increasing steadily.

Table 5
BRITISH VIRGIN ISLANDS: BALANCE OF TRADE
(Dollars thousand)

	1978	1979	1980	1981	1982
Imports	21 656	32 783	40 494	49 809	58 546
Exports	813	1 405	1 161	2 000	1 241
Domestic exports	440	407	508	741	1 066
Re-exports	373	998	653	1 259	175
Balance of trade	-20 843	-31 378	-39 333	-47 809	-57 305

Source: Trade Report 1982, No. 10, Statistics Division, Planning Unit, Chief Minister's Office.

The trade statistics show the dependence of the country on external trade to satisfy consumption.

Table 6a
BRITISH VIRGIN ISLANDS: DOMESTIC EXPORTS OF GOODS (f.o.b.)
(Dollars thousand)

					Percentage Breakdown
	1979	1980	1981	1982	1980
Total exports	407.3	507.9	741.4	1 065.9	100.0
Animals	105.7	22.6	123.1	1.3	4.4
Coconuts	2.9	1.2	0.7	0.7	0.2
Fresh fish	193.2	215.6	69.4	262.0	42.4
Bananas	14.7	-	2.5	2.3	-
Other fresh fruits	36.2	2.0	9.3	1.2	0.4
Fresh vegetables	13.1	5.2	0.3	0.5	1.0
Gravel and sand	31.8	34.0	37.1	34.0	6.7
Rum	-	212.7	466.4	700.0	41.9
Charcoal	1.9	10.4	1.5	1.4	2.1
Other	7.8	3.5	31.2	63.0	0.7

Table 6b
BRITISH VIRGIN ISLANDS: IMPORTS BY SITC SECTIONS, 1979 - 1982
(Dollars thousand)

Section	1979	1980	1981	1982
Food	4 967	5 557	8 257	12 336
Beverages and tobacco	1 656	1 982	2 482	3 128
Inedible crude materials	246	346	784	1 147
Mineral, fuels and lubricants	7 583	8 773	6 536	6 179
Animal and vegetable oils	95	103	76	142
Chemicals	967	1 443	1 865	2 491
Manufactured goods, chiefly by materials	2 589	2 731	4 467	6 641
Machinery and transport equipment	11 212	13 957	18 800	19 321
Miscellaneous manufactures	3 381	5 447	6 376	5 033
Miscellaneous transactions	88	156	166	2 128
Total imports	32 783	40 494	49 809	58 546

Source: Trade Report 1982, No. 10, Statistics Division, Planning Unit, Chief Minister's Office.

The United States of America and the United Kingdom of Great Britain are the principal markets for imports into the British Virgin Islands.

Apart from merchandise trade, the balance of payments account is influenced by "exports" of non-factor services, a significant portion of which is accounted for by tourism.

Table 7
BRITISH VIRGIN ISLANDS: BALANCE OF PAYMENTS
(Dollars million at 1978 prices)

	1982	1983	1984
Exports of goods and non-factor services	51.6	57.5	59.2
Imports of goods and non-factor services	52.7	59.1	59.9
Net factor income and private transfers	...	...	2.7
Balance on current account	...	...	2.0
Net public sector capital	...	...	1.5
Net private capital	...	...	5.5
Net banking system	...	...	-6.7
Change in reserves (- = increase)	...	...	-2.2

Source: Data supplied ECLAC.

4. Prices and employment

Price indexes have been computed for the British Virgin Islands since 1967. At that time, the task was not entrusted to any one office. Various agencies wishing to utilize some indicator of price change proceeded to compute an index number.

A series was started in 1972 and continued until 1979 when a new series was introduced. Over the period 1979 to 1983 the All Items Index increased by 50.6%. The inflation rate in the British Virgin Islands was at its highest in 1981. It declined after that, as international inflation abated. By 1983, inflation had declined to 2.5%. The food, housing and clothing indexes were the main determinants of the price change over the period.

The British Virgin provides a system of social security that covers both local and migrant workers. About 88% of the economically active population is covered by the scheme. Approximately 90% of all jobs are estimated to be on the island of Tortola.

Table 8
BRITISH VIRGIN ISLANDS: EVOLUTION OF DOMESTIC PRICES
(January 1979 = 100)

	Weights	1981	1982	1983	1984
Annual averages					
All items consumer price index	1 000	133.5	146.8	150.4	151.8
Food	403	136.5	145.5	148.0	149.5
Housing	226	120.5	148.6	154.2	154.1
Furniture & household supplies	77	135.2	153.9	155.9	161.5
Clothing and footwear	91	130.0	150.6	162.3	163.4
Transport	109	146.7	146.9	145.6	144.5
Services	45	144.5	148.0	149.2	153.3
Miscellaneous	49	144.5	156.7	166.1	174.4
December to December variation					
All items consumer price index		11.1	7.3	0.8	0.9
Food		9.0	4.5	0.8	1.0
Housing		9.7	22.2	0.2	-0.6
Furniture & household supplies		18.4	8.5	0.6	3.6
Clothing and footwear		34.4	1.7	5.9	0.7
Transport		6.9	-2.4	-3.2	-0.8
Services		11.3	-2.2	3.9	2.7
Miscellaneous		14.9	13.7	1.1	5.6
Annual average variation					
All items consumer price index		11.4	9.9	2.5	0.4
Food		11.7	6.6	1.7	1.6
Housing		9.2	23.3	3.7	-0.4
Furniture & household supplies		13.8	13.8	1.3	-0.6
Clothing and footwear		17.7	15.8	7.7	-7.3
Transport		6.6	0.1	-0.9	1.7
Services		24.2	2.4	0.8	4.6
Miscellaneous		15.8	8.4	6.0	7.0

Source: Prices in the British Virgin Islands, 1972-1983, Statistical Division, Planning Unit, Chief Minister's Office.

5. Monetary and fiscal situation and policy

(a) Monetary situation

Commercial banking operations in the British Virgin Islands are not supervised by a Central Bank. The Banking Ordinance of 1972 places such control and supervision with the Ministry of Finance. There is no indigenous commercial bank in the British Virgin Islands; four foreign-owned commercial banks operate in the islands. The Virgin Islands Development Bank (DBVI) finances business ventures. The DBVI can accept short or long-term deposits and can raise capital through the issue of equity instruments. To date, however, it has depended on loans from the Caribbean Development Bank and subventions from the central government.

The adoption of the US dollar as the local currency of the British Virgin Islands is at one and the same time a boon and a bane to the economy. On the one hand, the administrative costs attached to the management of a national currency are avoided, and commercial transactions with the U.S. Virgin Islands and Puerto Rico are facilitated. On the other hand, the degree of control of economic and social activity is lessened as a result of the ease of capital inflows. The net effect is the reduced information on financial flows and the inability to monitor and record adequately balance of payments transactions. Control over monetary policy is also seriously curtailed.

Between 15% and 20% of all commercial bank loans are local loans, the majority of which are secured for the purchase of property, for establishing or facilitating commercial activities and for personal use. Interest rates are determined by the movement in the prime lending rate in the United States of America.

Table 9
BRITISH VIRGIN ISLANDS: SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT
(As at December)
(US dollars million)

			Percentage breakdown	
	1983	1984	1983	1984
Total	40.5	47.1	100.0	100.0
Property	14.4	17.5	35.6	37.1
Construction	6.9	6.3	17.0	13.4
Commerce	10.8	11.1	26.6	23.6
Real estate	0.1	0.1	0.3	0.2
Personal	7.2	10.8	17.9	22.9
Offshore	0.9	1.2	2.3	2.6
Government	0.1	0.1	0.3	0.1

Source: Banking Statistics, 1984, No. 8, Statistics Division, Planning Unit, Chief Minister's Office.

(b) Fiscal situation

The British Virgin Islands relies on taxation to finance government expenditure and no longer depends on grants-in-aid from the United Kingdom of Great Britain.

The income tax structure utilizes a flat rate of 10% and income taxes comprise some 65% of government revenue. About 67% of the total tax take is accounted for by indirect taxes. Recurrent expenditures in communications, works and public utilities, health and education and natural resources account for a substantial portion of government expenditure.

Table 10
BRITISH VIRGIN ISLANDS: GOVERNMENT INCOME AND EXPENDITURE
(Dollars thousand)

				Growth rates	
	1982	1983	1984	1983	1984
Current revenue	17 260	18 478	19 219	7.1	4.0
Tax revenue	10 559	12 001	12 880	13.7	7.3
Direct taxes	4 689	5 881	6 504	25.4	10.6
Indirect taxes	5 870	6 120	6 376	4.3	4.2
On foreign trade	4 396	4 667	4 830	6.2	3.5
Non-tax revenue	3 524	3 581	3 565	1.6	-0.4
Current expenditure	16 004	19 661	19 787	22.9	0.6
Savings on current account	1 256	-1 183	- 568	...	...
Capital expenditure	3 960	...	...	...	...
Total expenditure	19 964	...	...	...	...
Fiscal deficit/surplus (- = deficit)	-2 704	...	...	...	...

Source: Banking Statistics, 1984, No. 8, Statistics Division, Planning Unit, Chief Minister's Office.

Public sector capital expenditure rose to $m3.3 in 1980, and then to near $m4 in 1982, the last year for which data are available. Expenditure has tended to concentrate on infrastructure in the form of roads, a hospital, public buildings and an improved water and sewerage system.

Government has identified a number of objectives designed to maximize the economic and social well-being of the country. Policy implementation seeks to:

(a) Improve the standard of living and achieve greater equity in the distribution of wealth;

(b) Ensure greater domestic participation in economic activity;

(c) Maintain an optimum balance between existing ecosystems and economic development; and

(d) Put into place elements that would ensure resilience in the economy.

In order to achieve these goals, government is committed to maintaining full employment, fiscal discipline and pragmatic economic management. Government is content to allow the private sector to take the lead in generating economic activity, while it allocates to itself a regulatory function in the economy.

PART VII

DOMINICA

COUNTRY NOTES

DOMINICA

1. Recent economic trends: Introduction and summary

The slowdown in economic activity evident in the Dominican economy over the past two years, appears to have been arrested and Gross Domestic Product (GDP) for the 1984 period, grew at the moderate rate of 4.3%, compared to the low rates of 2.3% and 2.5% experienced in 1982 and 1983 respectively.

Table 1
DOMINICA: MAIN ECONOMIC INDICATORS

	1982	1983	1984
A. Basic economic indicators			
GDP at factor cost (EC$m at 1977 prices)	100.1	102.6	107.0
Population (thousands)	80.9	81.3	82.5
Per capita GDP (EC$ at 1977 prices)	1 237.3	1 261.9	1 296.9
Growth rates			
B. Short-run economic indicators			
Gross domestic product	2.3	2.5	4.3
Per capita gross domestic product	-1.4	2.0	2.8
Terms of trade	8.9	9.9	...
Current value of exports	27.5	12.4	-6.9
Current value of imports	-4.4	-5.1	28.3
Consumer prices annual variation	4.4	2.7	1.9
Money supply			
Rate of unemployment	15.0	...	...
Current income of government[1]	1.8	20.8	10.5
Current expenditure of government	-0.5	17.9	19.8
Fiscal deficit/total expenditure	28.5	25.0	32.6
Dollars million			
C. External sector			
Trade balance	-62.5	-47.5	-87.0
Balance of current account	-10.3	-11.3	-18.6
Balance on capital account	1.4	6.2	17.0
Overall balance	-8.9	-5.1	-1.7
External public debt	63.4	88.8	74.7

Source: Statistics Division, Ministry of Finance.
[1] Data for fiscal year 1 July to 30 June.

This moderate recovery from the low activity levels of the previous years derives mainly from an upsurge in agricultural production which increased by 6.2%, and the higher levels of construction activity. The services sector which accounts for about 50% of GDP registered moderate growth, led by communications, banking and utility services which grew by 7.9%, 2.9% and 2.5% respectively, reflecting in part, the increased economic activity and the further restoration of electricity and telephone services. The manufacturing sector, however, was

adversely affected by the weak demand for its products in the CARICOM market and output suffered a slight decline (-1%), as a result.

The steady improvement seen in the Central Government finances over the past few years continued, and the current account registered a small surplus of EC$m0.2, falling from a deficit of EC$m4.9 in FY 1982-1983. The current account of the balance of payments deteriorated slightly, as a result of a decline in domestic exports and an EC$m34 increase in imports.

Despite the increase in economic activity, the money supply and domestic credit expanded at a slower rate than in 1983, with the growth of credit outpacing that of deposits, thereby leading to a worsening of the liquidity position of the commercial banks. The rate of inflation moderated further, and while there are no available data on employment, it is estimated that unemployment has fallen significantly during 1984 as a result of increased employment on the major road project at present underway and which is due for completion by December 1985.

2. Trends in economic activity

(i) Agriculture: Notwithstanding the efforts made at diversification, the agricultural sector remains the mainstay of the Dominican economy, both in the export and domestic sectors, accounting for nearly 30% of gross domestic product and over 44% of domestic exports. This is, in spite of the proneness to

Table 2
DOMINICA: GROSS DOMESTIC PROUDCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST - CURRENT PRICES
(EC dollars million)

				Percentage breakdown		Growth rates	
	1982	1983	1984	1983	1984	1983	1984
Gross domestic product	162.4	175.7	189.9	100.0	100.0	8.2	8.1
Agriculture	49.8	52.3	56.2	29.8	29.6	5.0	7.5
Mining and quarrying	1.4	1.3	1.5	0.8	0.8	-7.1	15.4
Manufacturing	13.4	14.1	13.8	8.0	7.3	5.2	-2.1
Construction	13.7	12.6	14.7	7.2	7.6	-8.0	16.7
Basic services							
Electricity and water	5.0	5.2	5.5	2.98	2.88	4.0	5.8
Transport	10.1	15.0	16.3	8.6	8.6	48.5	8.7
Communication	3.4	4.7	5.5	2.7	2.9	38.2	17.0
Other services	2.2	2.3	2.4	1.3	1.3	4.5	4.3
Wholesale and retail	13.8	14.1	14.7	8.0	7.7	2.2	4.3
Hotels and restaurants	1.6	1.9	2.2	1.1	1.2	18.8	15.8
Banks and insurance	9.7	9.7	10.3	5.5	5.4	0.0	6.2
Real estate and housing	8.6	9.1	9.4	5.2	4.95	5.8	3.3
Government services	37.1	40.6	45.5	23.1	23.96	9.4	12.1
Less imputed service charges	7.2	7.4	8.1	4.2	4.3	2.8	9.5

Source: OECS Secretariat.

inclement weather and the fact that farming land is often inaccessible and on steep gradients. Banana is still the major export crop but, through the efforts made at tree crop diversification many other crops are now being grown and increasingly, many of these are being exported to markets within the region. Total agricultural production grew by 6.2% during 1984. Performance in the sector depended primarily on the continued upsurge in banana production, exports

Table 3
DOMINICA: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST - CONSTANT 1977 PRICES
(EC dollars million)

				Percentage breakdown		Growth rates	
	1982	1983	1984	1983	1984	1983	1984
Gross domestic product	100.0	102.6	107.0	100.0	100.0	2.5	4.3
Agriculture	29.6	29.8	31.7	29.1	29.6	0.8	6.2
Mining and quarrying	0.8	0.8	0.9	0.8	0.8	-1.3	11.4
Manufacturing	8.6	8.74	8.65	8.5	8.1	1.98	-1.0
Construction	8.75	8.26	9.5	8.05	8.9	-5.6	15.0
Basic services							
Electricity and water	1.83	1.98	2.0	1.9	1.9	8.2	2.5
Transport	4.28	5.77	5.99	5.6	5.6	34.8	3.8
Communication	1.96	2.51	2.71	2.5	2.5	28.1	7.9
Other services	1.17	1.19	1.21	1.2	1.1	1.7	1.7
Wholesale and retail	11.69	11.44	11.60	11.2	10.8	-2.1	1.4
Hotels and restaurants	0.96	1.1	1.26	1.1	1.2	14.6	14.5
Banks and insurance	5.8	5.83	6.0	5.7	5.6	0.5	2.9
Real estate and housing	5.71	5.82	5.88	5.7	5.5	1.9	1.0
Government services	22.59	22.93	23.39	22.4	21.9	1.5	2.0
Less imputed service charges	3.61	3.63	3.78	3.5	3.5	0.6	4.1

Source: OECS Secretariat.

of which increased to 32 632 tons, as well as other crops such as citrus fruits, mangoes, coffee, bay oil and cut flowers. By contrast, coconut production continued to be affected by the long gestation period of the crop associated with the rehabilitation efforts after the hurricanes of 1979 and 1980, and production declined.

Bananas are the most important crop, acting as the backbone of the agricultural sector and the economy as a whole. Inspite of a decline in its contribution to the total value of exports, bananas remain Dominica's major earner of foreign exchange. The crop is the largest user of agricultural land, and is mainly produced on small holdings. The newly reorganized Dominica Banana Marketing Corporation is still the agency responsible for banana production and marketing as well as the provision of a range of services including disease control, processing facilities, technical services and input services. The Banana industry is now in a relatively stronger position both in terms of improved fruit quality and slight increased export tonnage.

Total production during 1984 increased by more than 11% over the 1983 level despite the fact that production was seriously affected by the windstorm of July 1984 and heavy rains in October and November 1984 which resulted in an estimated 20% reduction in production during the July - December period. The Field Pack System has brought new impetus to the industry. Its progress, though slow at first, has been moving satisfactorily and by the end of 1984, 54% of the production was being processed through the field pack system, by 680 registered field packers. Growers' confidence in the industry has also improved, as it evidenced by the improved husbandry and new plantings seen around the island, but is, however, regrettably not matched by adequate availability of inputs. The quality of Dominican bananas on the U.K. market has been consistently good, maintaining the number one position among the Windward islands producers in all areas of quality assessment except ship-ripes.

Table 4
DOMINICA: INDICATORS OF AGRICULTURAL PRODUCTION

				Growth rates	
	1982	1983	1984	1983	1984
	Tonnes				
Total production of major crops:					
Bananas	31 628	33 940	36 618	7.3	7.9
Coconuts	2 291	3 563	3 351	55.5	-5.9
Grapefruit	8 169	4 897	5 065	-40.1	3.4
Limes	5 921	5 525	5 687	-6.7	2.9
Oranges	2 206	2 012	2 027	-8.8	0.7
Cocoa Beans	439	422	429	-3.9	1.7
Coffee	153	323	366	111.0	13.3
Bay oil	16	16	18	0.0	12.5
Cut flowers	10	11	20	10.0	81.8
Cassava	765	765	842	0.0	10.1
Mangoes	129	142	218	10.0	53.5
Production of major crops for export					
Bananas	27 478	29 305	32 632	6.6	11.4
Grapefruit	2 653	2 484	2 345	6.4	-5.6
Oranges	345	526	513	52.5	-2.5
Plantain	310	502	622	61.9	23.9
Dasheen	174	331	513	90.2	24.8
Avocado	28	67	90	139.3	34.3
Tannia	123	174	226	41.5	29.9
Yams	...	70	91	...	30.0
Internal consumption					
Bananas	4 150	4 635	3 986	11.7	-14.0
Grapefruit	5 516	2 413	2 720	-56.3	12.7
Oranges	1 861	1 486	1 514	-2.2	1.9
Plantains	1 087	742	715	-31.7	-3.6
Dasheen	11 610	11 500	11 712	-0.9	1.8
Avocado	115	105	112	-8.7	6.7

Source: Statistical Division, Ministry of Finance.

Furthermore, the demand for Windward field-Pack bananas on the U.K. market is strong, and the quality compares favourably with fruit from dollar country sources. Leaf spot control was good throughout the period with an average monthly leaf count of 10, the minimum acceptable leaf count being 8. Comparative data for previous periods is, however, not available.

The industry is still burdened by massive debts, and although some success has been achieved in reducing its current liabilities, repayment of long-term loans is now due. Efforts were made during 1984 for further rescheduling of debts thus allowing the industry further breathing space to enable production to reach the fifty thousand tonnes - per annum level at which it is felt that debt-repayments could be made without inflicting undue strains on the industry.

Coconut production declined by almost 6% in 1984 following the 55% increase in 1983, and still remains below the pre-hurricane level. A CIDA financed project aimed at rehabilitation and expansion of production started in 1981 and continued throughout 1984. The rehabilitation component of the project has been completed with some 2 700 acres replanted, while in the expansion phase, some 2 100 acres have been planted to-date. Through this project, approximately 5 1/2 miles of road have been constructed thereby facilitating penetration into new coconut producing areas. It is anticipated that by the end of 1985, production should reach the pre-hurricane level.

Production of the main citrus crops, grapefruit and lime showed moderate increases during 1984 of 3.4% and 2.9% respectively. However, there were continued difficulties experienced in the marketing of grapefruit, and shipment was reduced in 1984 with not more than 50 000 cartons exported. Given that the ruby-red grapefruit faces better prospects in the export market, it has been decided not to expand production of seedless (white) grapefruit, and a programme is now being undertaken to look at diversification to ruby red grapefruit under the Tree Crop Diversification Project funded by the British Development Division (BDD). Lime production which declined in 1983 increased slightly during 1984. A lime rehabilitation project funded by the European Development Fund (EDF) and which commenced in 1984, is aimed at upgrading approximately 1 000 acres of lime fields. Most of the progress has been concentrated in the South of the island, with some 120 acres having been completed on the Soufriere Estate. There is a large potential for increased lime production in Dominica but this will largely depend on progress made in transferring land to small holders.

Bay oil production and exports increased during 1984. In an effort to diversify essential oils production, a patchouli oil development scheme has been in progress which has to-date carried out pilot distillation and commercial trials. Prospects look good, and it is expected that full commercial production will be entered into during 1985. Dominica has a favourable natural environment for the growing of coffee and cocoa and in its efforts at crop diversification, rehabilitation of the two crops is in progress, resulting in a 13.3% increase in coffee production during 1984. Under the present coffee project which aims at rehabilitating 200 acres by the end of 1985, 120 acres have been completed so far involving approximately 200 farmers.

In a further effort at diversifying crop production and reducing the dependence on bananas, a Tree Crop Diversification Project which began in 1978 and which was responsible for planting 1 500 acres of tree crops, was completed in 1984. The project involved approximately 1 600 farmers and the total acreage planted include 620 acres of oranges, 125 acres of avocado, 310 acres of mangoes

and 420 acres of ruby red grapefruit. As Table 4 shows, mango production increased by 53.5% in 1984.

Livestock production has traditionally played a marginal role in the agricultural development of Dominica but more recently the Government has committed more atention and resources to an expanded development effort. The livestock development programme presently being undertaken is mainly concerned with sheep, goats, pigs and rabbits to a lesser extent. With assistance from IFAD, CIDA, and USAID, the Government has upgraded facilities for multiplication and improved stud services at the village level, as well as improved veterinary services, in support of the livestock program.

Data on fish is not available, but indicators are that performance in the sub-sector has improved during 1984. In October, high seas caused loss of fishing gear and damage to boat houses. With assistance from FAO, these will be replaced during 1985.

Dominica has two commodity-specific export organizations while other export crops are handled by private trading concerns and hucksters. The Dominica Banana Marketing Corporation is the most important marketing organization on the island and is responsible for organizing the collection and packaging of bananas and of negotiating through the WINBAN with GEEST Industries to ensure successful marketing of the island's bananas in the U.K. Secondly, the Co-operative Citrus Growers' Association is responsible for the marketing of grapefruit, oranges and fresh limes and has in recent years concentrated on supplying fruit to the U.K. market. However, this has become increasingly difficult due to the fall in the value of the pound sterling and increased competition from other growers. Thus, the Association is now looking towards increasing the volume it supplies to the region and to penetrating the U.S. market.

Government policy in this area is, however, to encourage private marketing. To this end, the Hucksters Association involving approximately 200 hucksters, was launched in 1984 to market produce regionally. Farm to Market Ltd. also concentrated on marketing regionally with primary emphasis on the Trinidad and Tobago, Barbados and Antigua and Barbuda markets. The Agricultural Marketing Board has been dissolved and a new organization, the Dominica Marketing Corporation is in the process of being formed which will in essence be an amalgamation of the External Trade Bureau and the previous marketing board. However, this organization is expected to be more service-oriented. A market intelligence unit which collects price, production and other market information within the island and also tries to obtain information from Dominica's trading partners both within and outside the region was established in the Ministry of Agriculture in 1984. The Unit is at present trying to establish ties with other market intelligence services within the region in an effort to increase the flow of information between territories and thereby enhance the prospects for further development in regional trade.

(ii) Manufacturing: The share of the manufacturing sector in GDP has increased during the 1980's from 6.1% in 1979 to 8.0% in 1984. However, manufacturing is still at a very underdeveloped stage, with one industry, the manufacture of coconut products dominating output in the sector. Dominica coconut products contribute about 75% to 80% of total manufacturing output, is the largest employer in the sector, and the second largest earner of foreign exchange in the economy as a whole. The industry experienced severe difficulties in exporting within the CARICOM region during the 1984 period and

mainly as a result of this, manufacturing output suffered a slight decline, (-1.0%). Output and employment in the Garment Industry also declined during 1984. The full impact of the poor performance in these industries on the sector was, however, mollified to a large extent by the increased output of paints and galvanize sheets. Some new industries including candle production and bottling of spring water also commenced operation during 1984. The Snorkelling Industry also expanded, and production of pre-fabricated houses increased.

Table 5
DOMINICA: INDICATORS OF MANUFACTURING PRODUCTION

	Unit	1982	1983	1984	Growth rates 1983	Growth rates 1984
Laundry soap	tonnes	5 220	4 858	2 424	-6.9	-50.1
Toilet soap	tonnes	2 074	1 713	1 645	-17.4	-4.0
Animal feed	tonnes	313	795	789	153.9	-0.8
Copra	toonnes	1 629	2 722	2 589	67.1	-4.9
Crude oil	'000 gal.	257	407	387	58.4	-4.9
Edible oil	'000 gal.	150	204	175	36.0	-14.2
Soft drinks	'000 cases	197	200	196	1.5	-2.0

Source: Statistics Division, Ministry of Finance.

The Government remains committed to its policy of diversification of the economic base through the encouragement of the private sector. Dominica, like the other OECS countries, offers fiscal incentives such as duty-free concessions and tax-free holidays under the Harmonized Fiscal Incentive Scheme. Factory space is also supplied and 66 000 sq.ft. of additional factory space was provided for lease in 1984. The Industrial Development Corporation (IDC) is the institutional agency responsible for identifying and promoting private manufacturing activities through both domestic and foreign investment. During 1984, a total of twelve projects including agro-processing, garments, furniture production, hotel, paper products and handicrafts, with the prospects of creating some 250 jobs, were granted fiscal incentives through the IDC. The agency has also been actively seeking to attract foreign investors to the island but with limited success so far. Most of the industries are therefore domestically-owned with a few joint ownership and foreign-ownership enterprises.

The outlook for 1985 appears favourable, and the sector should experience some positive growth during that period.

(iii) **Tourism:** The tourism sector in Dominica contributes very little to GDP. However, efforts have been made in recent years to develop the sector through increased promotion of Dominica as a nature island. During the 1984 period, stay-over visitors to the island increased by 12.6% but the number of cruise-ship visitors declined. While data on tourist expenditure are not available, the hotel and restaurant sector experienced growth of 14.5 percent.

Table 6
DOMINICA: SELECTED TOURISM INDICATORS

	1982	1983	1984	Growth rates 1983	Growth rates 1984
Total visitors ('000's)	22.8	28.5	27.0	25.0	12.7
Stopover visitors	18.9	19.7	22.2	4.2	12.7
Cruiseship visitors	2.4	2.7	3.2	154.2	-47.5
Excursionists	1.5	2.7	1.6	8.0	-40.7
Avg. length of stay of stopover visitors	8.2	11.0	...	...	...
Hotel and guesthouse beds	358.0	...	...	...	...
Est'd. visitor expend. (EC$ million)	10.8	...	...	...	...

Source: Statistics Division, Ministry of Finance.

The number of visitor arrivals by air has in recent years been positively affected by the increased utilization of the Canefield Airport. Plans are underway to extend the runway and to build a terminal at the airport. Dominica also has underway, a major road programme, and it is anticipated that improvement in the road network should improve tourism prospects in the medium term.

3. The external sector

Following an improvement in 1983, the deficit on the trade account widened significantly during 1984 to reach EC$m87.1, an increase of near EC$m40 over the 1983 total. This is the result of a 28.3% increase in imports while domestic exports decreased by 7.1%. The large increase in imports was principally the result of an increase in machinery and equipment for the road project, with food and manufactured goods being the other major contributors.

Table 7
DOMINICA: VISIBLE TRADE
(EC dollars million)

	1982	1983	1984
Domestic exports	61.5	72.3	67.2
Re-exports	4.5	1.89	1.92
Total exports	66.0	74.2	69.1
Total imports	128.2	121.7	156.1
Trade deficit	-62.2	-47.5	-87.0

Source: Statistics Division, Ministry of Finance.

Domestic export earning declined during 1984 as a result of the decline in earnings from the two major foreign exchange earners. Bananas are the major export with the price being denominated in pound sterling. Because of the depreciation in the value of the pound sterling, export earnings from bananas declined in 1984 in spite of the sizeable increase in the volume of banana exports.

Table 8
DOMINICA: IMPORTS OF GOODS (c.i.f.)

	EC dollars million			Percentage breakdown		Growth rates	
	1982	1983	1984	1983	1984	1983	1984
Total	128.2	121.7	156.1	100.0	100.0	-5.1	28.3
Consumer goods	64.9	58.5	71.1	48.1	45.5	-9.9	21.5
Food and live animals	30.0	27.0	32.4	22.2	20.8	-10.0	20.0
Beverages and tobacco	4.1	3.9	4.8	3.2	4.9	4.9	23.1
Manufacturers	30.8	27.6	33.9	22.7	21.7	-10.4	22.8
Intermediate goods	34.8	31.7	37.7	26.1	24.2	-8.9	18.9
Crude materials	3.8	2.4	2.6	2.0	1.7	-36.8	8.3
Mineral fuels	10.4	10.1	15.4	8.3	9.9	-2.9	52.5
Chemicals	14.3	14.6	13.9	12.0	8.9	2.1	-4.8
Animal and vegetable oils	6.3	4.6	5.8	3.8	3.7	-27.0	26.1
Capital goods	28.5	31.4	47.3	25.7	30.3	10.2	50.6
Machinery and transport	18.9	23.2	38.9	19.0	25.0	22.8	67.7
Miscellaneous	9.6	8.2	8.4	6.7	5.3	-14.6	2.4

Source: Statistics Division, Ministry of Finance.

Exports of soap also suffered a marked decline due to the problems experienced in selling within the CARICOM market. Exports of both toilet and household soap declined with respect to all the markets in the region, with the decline in exports to Jamaica, and Trinidad and Tobago being the most significant.

Table 9
DOMINICA: EXPORTS OF GOODS (f.o.b.)

	EC dollars million			Percentage breakdown		Growth rates	
	1982	1983	1984	1983	1984	1983	1984
Total	66.0	74.2	69.1	100.0	100.0	12.4	-6.9
Main traditional exports	33.5	37.5	37.9	50.5	54.8	11.9	1.1
Bananas	26.9	30.3	30.1	40.8	43.6	12.6	-0.7
Citrus fruit	2.3	2.2	1.9	3.0	2.7	-4.3	-13.6
Coconut oil	3.0	3.3	4.5	4.4	6.5	10.0	36.4
Lime oil	0.4	0.7	0.2	0.9	0.3	75.0	-71.4
bay oil	0.9	1.0	1.2	1.3	1.7	11.1	20.0
Main non-traditional exports	25.1	25.6	22.0	34.6	31.8	2.0	-14.1
Soap	23.4	20.4	14.9	27.5	21.6	-12.8	-27.0
Galvanized sheets	1.3	3.5	6.6	4.7	9.6	169.2	88.6
Garments	0.4	1.7	0.5	2.3	0.7	325.0	-70.6

Source: Statistics Division, Ministry of Finance.

The current account of the balance of payments widened to EC$m18.6 in 1984 from EC$m11.3 and EC$m10 in 1983 and 1982 respectively. Net capital inflows increased to EC$m17 and the overall deficit was EC$m1.6. Total Government and

Government-guaranteed debt at the end of 1984 is estimated at EC$m74.7 which includes EC$m28 owed to the International Monetary Fund.

4. Prices, wages and employment

As a major importer of food and other essential products, Dominica benefited in 1984 from the low inflation rate of its major trading partners as well as the continuous depreciation of the pound sterling. During the last quarter of 1984, there was actually a decline in the All Items Index of the Consumer Price Index. Information on employment is not available. During 1984, one of the garment

Table 10
DOMINICA: EVOLUTION OF DOMESTIC PRICES
April 1964 = 100

	Weights 1961	1981	1982	1983	1984
Annual averages					
Consumer price index (all items)	100.0	589.7	615.7	641.2	655.2
Food	56.9	605.0	616.2	613.6	617.7
Alcoholic beverages and tobacco	8.3	398.9	434.9	463.8	473.0
Housing	8.9	501.6	538.9	610.5	674.9
Fuel and light	5.4	557.0	580.5	573.3	562.9
Household and Miscellaneous	4.6	747.0	833.9	942.4	962.6
Clothing and footwear	9.5	595.5	634.5	737.3	752.2
Services	6.4	727.4	796.1	854.6	896.7
December to December variation					
Consumer price index (all items)		8.1	4.0	2.7	2.1
Food		6.6	0.0	-0.2	0.7
Alcoholic beverages and tobacco		2.3	13.7	2.0	1.2
Housing		1.3	14.6	11.2	9.7
Fuel and light		9.1	3.8	-0.6	-2.5
Household and miscellaneous		16.2	9.8	8.2	1.7
Clothing and footwear		14.7	4.4	15.8	0.1
Services		16.6	12.5	0.0	7.7
Variation between annual averages					
Consumer price index (all items)		13.3	4.4	4.1	2.2
Food		15.8	1.9	-0.4	0.7
Alcoholic beverages and tobaggo		2.8	9.0	6.6	2.0
Housing		2.8	7.4	13.3	10.5
Fuel and light		16.2	4.2	-1.2	-1.8
Household and miscellaneous		15.9	11.6	13.0	2.1
Clothing and footwear		14.8	6.5	16.2	2.0
Services		14.4	9.4	7.3	4.9

Source: Statistics Division, Ministry of Finance.

factories went out of operation with a loss of some fifty-eight jobs. A coconut product establishment laid off some workers in early 1984 but these were recalled later in the year. In addition, there was increased employment in construction and in particular on the road project. The overall effect on the level of employment is not determinate, but it is estimated that unemployment actually declined during 1984.

5. Monetary and fiscal policy

Despite the increase in real economic growth, money and credit aggregates expanded at a slower pace in 1984 than in the previous year. The growth of deposits was slower than that of credit, thereby worsening the liquidity position of the commercial banks. At December 1984, their loan/deposit ratio was 82%, a significant increase of eight percentage points over liquidity levels at the end of the previous year. Reduced liquidity was also reflected in lower holdings of foreign assets which fell by $m3.25 (23%) and increased foreign liabilities of $m0.52 (62%). This had the effect of reducing their net foreign assets position to $m9.4 compared to $m12.2 in 1983.

The pace of growth of domestic credit slowed during 1984 and credit outstanding increased by 13.7% to $m109.5 at the end of the year compared to 15.2% in 1983. The largest share of credit went to statutory bodies and Government corporations and the construction sector. The former absorbed approximately 95% of the loans to the public sector while borrowing by the construction sector was $m2.6 (3.6%) above that of the previous year. Loans to the personal sector increased by 12.9% primarily as a result of borrowing to finance house and land purchases. In contrast, credit extended for consumer durables actually declined by 8%. Credit for tourism continued to improve, increasing by $m1.3 to total $m5.6 at the end of the year, reflecting the

Table 11
DOMINICA: SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT

	EC dollars million			Growth rates	
	1982	1983	1984	1983	1984
Agriculture	10.9	10.1	5.1	-7.3	-49.5
Manufacturing	3.8	6.2	6.7	63.2	8.1
Distributive trades	15.3	19.3	19.1	26.1	-1.0
Tourism	2.7	3.6	4.7	33.3	30.6
Entertainment and catering	1.2	0.9	1.0	-25.0	11.1
Transport	6.1	7.3	8.7	19.7	19.2
Public utilities	0.07	0.3	0.5	328.6	66.7
Construction & land development	3.4	7.9	10.4	132.4	31.6
Government & statutory bodies	17.1	14.4	18.7	-15.8	29.9
Professional and other	1.4	1.4	1.8	0.0	28.6
Personal	19.5	20.1	22.7	3.1	12.9
Other advances	2.3	4.9	10.1	113.0	106.1
Total	83.7	96.3	109.5	15.1	13.7
Long-term loans as % of total	48.5	53.7	43.4	10.7	-19.2

Source: East Caribbean Central Bank (ECCB).

increased activity in the tourism sector. Borrowing by the manufacturing sector rose by 8% compared to the rapid increase of 63% experienced in 1983 and reflects the contraction of activity in the sector for 1984.

The improvements achieved on the Central Government Finances over the past two years continued into 1984 and a small surplus of $ml.6 is estimated for the 1984-1985 period. This is primarily the result of increases in current revenue; mainly tax revenue. Motor vehicle licensing was computerized during 1984, leading to an increase in revenue from this source. In order to increase the efficiency of the consumption tax, there was an overall review of the consumption tax and the rate structure was rationalized into a total of 4 taxes ranging between 10% and 40% compared to the previous 8 and 10 rates which ranged from 5% to 70%. Consumption tax and import duties are estimated to have increased during 1984.

The government continued to pursue its policy of controlling public expenditure. However, current expenditure registered a small increase over the 1983 total, this being mainly accounted for by increases in wages and salaries. The heavy rains in late 1984 also caused expenditure to increase beyond that expected and it is projected that because of these additional expenditures, Dominica will exceed the expenditure ceiling agreed for the 1984-1985 fiscal year. In keeping with its policy to reduce the demands on Central Government finances from statutory co-operations, the Dominica Agricultural Marketing Board ceased operation during 1984. The government also continued its policy of controlling employment in the public sector. Fiscal policy in the past 3 to 4 years has sought to increase government revenue and control government expenditure.

Capital expenditure increased significantly during 1984, primarily as a result of increased inflows of foreign capital.

Table 12
DOMINICA: CENTRAL GOVERNMENT REVENUE AND EXPENDITURE

	EC dollars million			Growth rates	
	1982/ 1983	1983/ 1984	1984/[e] 1985	1983/ 1984	1984/ 1985
1. Current revenue	57.7	69.7	75.7	20.8	8.6
Tax revenue	49.4	60.2	65.0	21.9	8.0
Non-tax revenue	8.3	9.5	10.7	14.5	12.6
2. Capital revenue	0.5	0.2	0.1	-60.0	-50.0
3. Current expenditure	62.6	69.5	74.1	11.0	6.6
Wages and salaries	35.8	39.6	42.2	10.6	6.6
Good and services	12.0	13.5	13.0	12.5	3.7
Interest	4.7	6.3	6.9	34.0	9.5
Other	10.1	10.1	12.0	0.0	18.8
4. Savings on current account	-4.9	0.2	1.6	95.9	...
5. Capital expenditure	25.7	34.6	50.6	34.6	46.2
6. Total expenditure	88.3	104.1	124.7	17.9	19.8
7. Fiscal deficit/surplus	-30.6	-34.4	-49.0	12.4	42.3

Source: Ministry of Finance.

PART VIII

GRENADA

COUNTRY NOTES

GRENADA[1]

1. Recent economic trends: Introduction and summary

After experiencing a growth rate of about 5% in 1982, Grenada's economy declined in 1983 and 1984 with real Gross Domestic Product (GDP) falling by 2% in 1983 and by 1.6% in 1984. The rate of inflation, as measured by the consumer price index, also dropped from a level of 7.7% in 1982 to 5.6% in 1984.

Table 1
GRENADA: MAIN ECONOMIC INDICATORS

	1981	1982	1983	1984
A. Basic economic indicators				
GDP at factor cost (EC$m. 1980)	172.8	180.9	177.2	174.3
GDP at market prices	212.9	219.0	224.1	234.6
Population ('000)	91	92	92	92
Gross domestic product per capita	1 899	1 966	1 926	1 895
Growth rates				
B. Short-run economic indicators				
Real GDP at factor cost	...	4.7	-2.0	-1.6
Real per capita GDP	...	3.5	-2.0	-1.6
Current value of exports of goods	...	-2.4	2.0	-9.6
Current value of imports of goods	12.2	7.2	0.8	-11.6
Consumer price index - annual average variations	...	7.7	6.1	5.6
December to December	...	7.0	6.5	3.4
Money supply (M_1)	...	...	15.7	18.5
Unemployment rate	...	...	...	34.8[1]
Current income of Government	...	...	8.5	7.0
Fiscal deficit/total expenditure of Government	...	57.5	51.2	46.7
Dollars million				
C. External sector				
Trade balance (goods)	-112.6	-125.7	-123.3	-108.0
Balance on current account	-63.2	-91.0	-78.3	-54.0
Variations on international reserves	2.7	-0.6	-0.3	-1.1
External debt	70.9	91.1	130.6	130.1
Exchange rate	...	...	...	2.70

Source: ECLAC on basis of official data and World Bank.
[1]Estimated - assuming Labour Force remained at 1981 census level.

[1]Unless otherwise stated, all currencies used are EC dollars.

The main sectors remained depressed and agriculture and construction experienced further declines of 2.6% and 26.5% from the 1983 level. However, improvement was noted in the tourism sector.

Table 2
GRENADA: GROSS DOMESTIC PRODUCT, BY ECONOMIC ACTIVITY, AT FACTOR COST (1980 Constant prices)

	Dollars million				Growth rates		
	1981	1982	1983	1984	1982	1983	1984
Gross domestic product	160.7	180.9	177.2	174.3	4.7	-2.0	-1.6
Goods	50.8	65.7	63.9	58.0	29.3	-2.7	-9.2
Agric. fisheries, forestry	35.6	34.5	38.9	37.9	-3.1	12.8	-2.6
Mining and quarrying	1.6	2.3	1.8	1.8	4.4	-21.7	-
Manufacturing	4.8	5.7	4.7	4.7	18.8	-17.5	-
Construction	8.8	23.2	18.5	13.6	163.6	-20.3	-26.5
Basic services	16.2	17.5	16.7	16.8	8.0	-4.6	0.6
Utilities	3.7	3.7	3.6	3.7	-	-2.7	2.8
Trans. and communication	12.5	13.8	13.1	13.1	10.4	-5.1	-
Other services	93.7	97.7	96.6	99.5	4.3	-1.1	3.0
Wholesale & retail trade	30.6	31.9	30.7	31.6	4.3	-3.8	2.9
Hotels and restaurants	7.4	7.1	7.4	7.8	4.1	4.2	5.4
Finance and housing	10.7	11.9	11.9	11.9	1.2	-	-
Government services	35.4	36.1	36.1	37.7	2.0	-	4.4
Miscellaneous services	9.6	10.7	10.5	10.5	11.5	-1.9	-

Source: Ministry of Finance.

The deficit on the trade balance widened considerably in 1983 to over EC$m123, and although there was a reduction in its level in 1984, it remained high at EC$m108. This is largely due to the weak performance of the export sector in which both traditional crops as well as non-traditional exports destined for the regional market were adversely affected. Earnings from merchandise exports amounted to EC$m46.2, the lowest level in the last four years. Imports were also reduced mainly because of the delay in the implementation of the public sector investment programme, put into place after October 1983.

The current account deficit in the balance of payments dropped from a level of EC$m91.3 in 1982 and EC$m78.2 in 1983 to EC$m54 in 1984, which is about 23% of the GDP. This deficit was financed largely through official grants which doubled from the level of 1983.

2. Trends in economic activity

Growth of the main sectors

(i) **Agriculture:** The Agricultural sector remains the most important sector in Grenada's economy, mainly through the production of export crops i.e.: nutmeg, mace, cocoa, banana and fresh fruits. According to the 1981 population census, it provides employment for nearly 25% of the labour force and in 1984 it contributed 20% to the GDP.

The sector has been experiencing a general decline over the last few years and its 1984 performance reflected the same trend. The main factors contributing to the declining performance include the use of outdated farming techniques, the widespread presence of crop disease (particularly of cocoa and banana), lack of incentive to farmers due to the depressed prices of some commodities on international markets, scarcity of foreign exchange for importation of inputs such as fertilizers and other chemicals, inadequate support systems and uncertainty about governments land policy.

Cocoa and bananas, two of the major export products registered reduced outputs of 10% and 21.7% respectively in 1984. In the case of cocoa, it is estimated that about 40% of the total crop was affected by disease and about 10% to 20% of crop loss is attributed to this problem. Attempts are being made to combat the problem. The Cocoa Association allocates nearly 30% of its total expenditure on pest control and assistance is being provided by the Government of Canada to rehabilitate cocoa over a ten year period.

The cultivation of banana in Grenada is carried out in mixed stands where other tree crops (i.e.: cocoa and nutmeg) are also grown. This has contributed to the fall in production as total banana acreage shrinks with the expansion of tree crops. In addition, the problem of moko disease has had debilitating effect.

Nutmeg and mace have shown significant increases in 1984 over the production levels of 1983, registering 46.1% and 60% respectively. While the increase in nutmeg production may be due to cyclical trends, that of mace is attributed to the improved attention paid by farmers to the harvesting of their produce. The percentage of mace to nutmegs has risen from 6.9% in 1983 to 8.6% in 1984. Farmers have been encouraged by favourable prices at the world market.

The production of fruits showed slight improvement over 1983, however, root crops and vegetables experienced declines.

Table 3
GRENADA: INDICATORS OF AGRICULTURAL PRODUCTION

	Metric tonnes				Growth rates		
	1981	1982	1983	1984[p]	1982	1983	1984
Total production of traditional export crops							
Nutmeg	3 479	3 035	2 418	3 532**	-12.8	-20.3	46.1
Mace	241	228	150	240**	-5.4	-34.2	60.0
Cocoa beans	2 023	2 492	2 599	2 338**	23.1	4.3	-10.0
Bananas	14 677	13 971	13 817	10 821	-47.8	-1.1	-21.7
Fruits							
Citrus	3 598	3 699	3 435	3 305	2.8	7.1	-3.8
Mangoes	1 839	1 931	1 727	1 769	5.0	-10.6	2.4
Avocadoes	1 422	1 493	1 571	1 587	5.0	5.2	1.0
Sapodillas	247	185	198	456	-25.1	7.0	130.3
Sour sop	473	521	555	709	10.1	6.5	27.8
Root crops							
Yams	481	506	455	499	5.2	10.1	9.7
Sweet potatoes	270	296	276	109	9.6	6.8	60.5
Dasheen and eddoes	291	378	391	352	29.9	3.4	10.0
Tannias	148	155	140	95	4.7	9.7	-32.1
Vegetables							
Carrots	26	27	26	30	3.8	-3.7	15.4
Tomatoes	45	54	49	...	20.0	-9.3	...
Cabbages	30	33	32	61	10.0	3.0	90.6

Source: Ministry of Agriculture and Natural Resources, Statistics Section.

(ii) **Manufacturing:** Contributing only about 3% to GDP in 1984, the manufacturing industries have not performed well. Generally, output declined, with edible oil, coconut meal, malt and rum falling in output by nearly 49%, 41%, 36% and 29.2% respectively.

An increase of about 13% was noted in the case of poultry feed. The production of flour increased by 1.1% over the 1983 production which in turn had dropped by more than 4% from the 1982 level in response to the reduced demand of the export markets of Dominica and Jamaica. Although data on production of clothing, furniture and agro-industry products were not available at the time of writing, it seems that output was severely curtailed mainly because of fall in demand both at home and abroad.

Table 4
GRENADA: INDICATORS OF MANUFACTURING PRODUCTION

	Unit	1982	1983	1984	Growth rates 1983	Growth rates 1984
Production of major manufacturers						
Flour	Metric tonnes	4 927	4 720	4 772	-4.2	1.1
Poultry feed	Metric tonnes	1 255	1 586	1 789	26.4	12.8
Laundry soap	Metric tonnes	86	26	22	-69.7	-15.4
Coconout meal	Metric tonnes	98	105	62	7.1	-40.9
Rum	'000 gallons	77	72	51	-6.5	-29.2
Beer	'000 gallons	270	247	247	-8.5	-
Malt	'000 gallons	136	103	66	-24.3	-35.9
Edible oil	'000 gallons	318	258	133	-18.9	-48.4
Cigarettes	'000 cartons	99	128	126	29.3	-1.6
Clothing	$ '000	6.7	3.5	1.4	-47.8	-60.0
Furniture	$ '000	0.6	0.4	0.04	-33.3	-90.0

Source: Central Statistical Office.

(iii) **Construction:** Although the sector was not as dynamic as in previous years, it continued to be one of the major sectors, contributing nearly 8% to GDP in 1984.

Most of the activities were related to the Public Sector i.e. the new International Airport and road construction financed mainly from external sources. There was a considerable slowdown both in 1983 and 1984 with a decline in growth rate of over 20% and 26.5% resepctively (ref.: Table 2).

(iv) **Tourism:** Revenue from tourism in 1984 accounted for over 35% of exports of goods and non-factor services. Although tourist expenditure increased by 17.4% in 1984, total visitor arrivals fell by almost 11 percent.

The number of cruiseship calls declined by 18.8% and cruiseship visitors fell by almost 32%. This was partially offset by an increase in stopover visitors by 21.5 percent.

The number of stopover visitors from the U.S.A. increased by nearly 60% compared to 1983, partly because of a resurgence of interest in Grenada as a tourist destination, and the strengthening of the US dollar which encouraged Americans to travel abroad.

Table 5
GRENADA: SELECTED TOURIST INDICATORS

	1982	1983	1984	Growth rates 1983	Growth rates 1984
Total visitors ('000)	85.4	82.7	73.7	-3.2	-10.9
of which:					
Stopover visitors	23.3	32.5	39.5	39.5	21.5
Cruiseship visitors	62.1	50.2	34.2	-19.2	-31.9
Average length of stay of stopover visitors (days)	8.5	8.5	8.5	-	-
Number of cruiseship calls	103	80	65	-22.3	-18.8
Number of yacht calls	668	802	...	20.1	...
Hotel and guest house beds	...	...	...	...	...
Estimated visitor expenditure (EC$m)	46.6	39.7	46.6	-14.8	17.4

Source: Ministry of Tourism.

3. The external sector

(i) **Exports:** The overall earnings from exports dropped by almost 10% in 1984. A combination of factors such as reduced volumes, declines in international prices of commodities, and losses on foreign exchange contributed to the unfavourable performance of the export sector.

Nearly 90% of merchandise exports are agricultural products comprising traditional crops (i.e. nutmeg, mace, cocoa and bananas), which account for almost 60% of the total, and fresh fruits which contribute 30%. The significant increase in the share of fruits in the export market is an encouraging indicator of attempts at diversification away from the traditional crops.

Nutmeg exports continued to experience weak market demand and falling prices. A fall both in volume and value was noted for 1984. The drop in volume was 28% whereas that of total value was 40 percent.

Although the output of mace increased in 1984 as stated earlier, the volume exported declined significantly by 68 .7% as the bulk of the produce was used to increase stock which was heavily depleted by the end of 1983. Earnings declined by 46.4%; however, the impact of the reduction in volume on earnings was somewhat lessened by the price increase of over 71% due to severe shortages of good quality mace in the international market.

Revenue from bananas fell by 6.2% from that of the previous year. Most of Grenada's banana is directed to the United Kingdom through WINBAN, the regional marketing agency. Hence, the depreciation of the pound sterling against the US dollar, to which the EC dollar is pegged has contributed to the loss of earnings from bananas.

Table 6
GRENADA: MERCHANDISE EXPORTS

	EC dollars thousands		Percentage breakdown		Growth rates		
	1983	1984	1983	1984	1982	1983	1984
Total merchandise exports (f.o.b.)	51 090	46 170	100.0	100.0	-2.4	1.2	-9.6
Main traditional exports	31 496	27 276	61.7	58.5	-18.6	-17.1	-13.4
Nutmegs	9 517	5 715	18.6	12.4	-4.6	16.7	-40.0
Mace	2 263	1 214	4.4	2.6	47.1	10.1	-46.4
Cocoa	10 967	12 142	21.5	26.3	-34.6	-12.1	10.7
Bananas	8 749	8 205	17.1	17.8	-11.3	-1.7	-6.2
Non-traditional exports	18 110	15 616	35.5	33.9	47.2	37.9	-13.8
Fresh fruits	12 784	13 707	25.0	29.7	245.4	181.7	7.2
Clothing	3 526	1 421	6.9	3.1	-1.6	-47.3	-59.7
Flour	397	4	0.8	...	20.0	-70.0	-99.0
Furniture	385	43	0.8	0.1	-9.1	-34.6	-88.9
Wheat bran	418	243	0.8	0.5	...	...	-41.9
Other exports							
Clovers	450	171	0.9	0.4	...	...	-62.0
Cinnamon	150	27	0.3	0.1	...	-66.9	-82.0

Source: Ministry of Finance, Central Statistical Office.

Cocoa enjoyed an increase in price of 14% in 1984 and total earnings rose by 10.7%. This increase would have been higher had it not been eroded by the loss in foreign exchange for much the same reason that affected bananas.

Fresh fruits have developed over recent years into a major component of the non-traditional exports. Although the value of exports increased by 7.2% in 1984, this growth is modest compared with the impressive achievement of 1983, when export earnings tripled. The slowdown in 1984 resulted from difficulties arising from trade restrictions imposed by Trinidad and Tobago, the major market for most of the non-traditional commodities. It is estimated that Grenada's exports to Trinidad and Tobago in 1984 fell by about 20 perrcent.

(ii) **Imports:** Merchandise imports of EC$m154 represent an 11.5% reduction from the 1983 figure which at EC$m174, was almost the same as in 1982. Airport related imports represented a little over 13% of total imports in 1983 but this share fell to almost 9% in 1984. The other major components included machinery and transport equipment, food, manufactured goods and mineral fuels and related material representing 22.4%, 20%, 12% and 9.7% respectively of total imports in 1983. In 1982, imports from CARICOM countries accounted for 30% while North America (USA and Canada) and European Economic Community (U.K. - 15%) provided 25.6% and 23.2% of the total respectively.

Although information on the composition of imports and direction of trade is not available for 1984 at the time of writing, there was no evidence that suggests any significant shifts since 1982, except perhaps for airport-related imports.

(iii) **Balance of Payments:** With the weak performance of the export sector, the trade balance continued to be negative at EC$m108 in 1984, although there was some improvement over 1983. The decline in imports seems to be largely a result of reduced imports related to the construction of the new international airport. Net receipts from tourism contributed 32% more than the previous year, and the current account deficit, although substantially lower than in 1982 and 1983, remained high at $m54. Most of this deficit was financed through official grants which almost doubled between 1983 and 1984. Net public borrowing dropped in 1984 by nearly 65%, while net private capital outflows (including errors and omissions) rose sharply from $m2.2 in 1983 to $m26.2 in 1984.

Table 7
GRENADA: BALANCE OF PAYMENTS
(Dollars million)

	1980	1981	1982	1983	1984
Trade balance	-99.1	-112.6	-125.7	-123.3	-108.0
Merchandise exports (f.o.b.)	47.0	51.3	50.1	51.1	46.2
Merchandise imports (c.i.f.)	146.1	163.9	175.8	174.4	154.2
of which:					
Airport related	(10.5)	(17.3)	(23.2)	(23.0)	(13.5)
Services	37.3	21.3	4.7	15.9	22.4
of which:					
Tourism (net)	40.5	33.5	35.4	28.4	37.5
Interest payments	-1.4	-1.6	-2.4	-3.2	-5.9
Current transfer (net)	25.9	28.1	29.7	29.2	31.6
Current account balance	-35.9	-63.2	-91.3	-78.2	-54.0
Capital account	34.8	41.6	91.9	72.1	55.9
Official grants	34.3	34.8	45.1	34.6	68.0
Public borrowings (net)	3.5	20.2	25.7	39.7	14.0
Disbursements	4.9	22.1	27.3	41.3	19.7
Amortization	1.4	1.9	1.6	1.6	5.7
Other (incl. errors and omissions)	-3.0	-13.5	21.1	-2.2	-26.2
SDR allocation	1.4	1.1	-	-	-
Overall balance financing	0.3	20.6	-0.6	-6.1	1.9
IMF	-	15.7	-2.4	3.2	-3.2
ECCB	0.8	2.2	2.2	-1.4	-
Change in reserves (- = increase)	1.1	2.7	-0.6	-0.3	-1.1
Arrears	-	-	-	4.6	2.4

Source: Ministry of Finance and World Bank data.

4. Prices, wages and employment

The rate of inflation as measured by the change in the consumer price index, fell from 7.7% in 1982 and 6.1% in 1983 to 5.6% in 1984.

A significant decline was noted in housing costs which dropped by 8.8% as compared to a 16.6% increase in 1983. There was a slowdown in the prices of food, alcohol and tobacco. However, the prices of clothing and furniture increased considerably. Price controls were removed from a number of items including basic food items such as wheat flour, milk, chicken, eggs and other items.

Table 8
GRENADA: EVOLUTION OF DOMESTIC PRICES
(January 1979 = 100)

	Weights	1982	1983	1984
	Annual averages			
All items consumer price index	1 000.0	174.4	185.1	195.5
Food	590.0	172.1	182.3	190.4
Alcohol and tobacco	25.0	166.0	180.9	184.7
Clothing and footwear	80.0	187.7	198.3	229.4
Housing	65.0	128.0	149.3	136.2
Fuel and light	60.0	186.1	182.1	185.9
Furniture	30.0	261.9	274.8	330.1
Transport	40.0	202.4	216.2	216.2
Household supplies	35.7	193.5	222.2	221.0
All other	75.0	150.3	158.4	184.3
	December to December variation			
All items consumer price index	1 000.0	7.0	6.5	3.4
Food	590.0	3.7	5.2	1.7
Alcohol and tobacco	25.0	14.0	7.8	3.5
Clothing and footwear	80.0	4.1	12.3	13.3
Housing	65.0	27.1	0.3	-12.4
Fuel and light	60.0	-2.3	0.05	1.6
Furniture	30.0	54.2	17.4	28.2
Transport	40.0	4.9	5.4	0.0
Household supplies	35.0	24.4	6.9	-4.7
All other	75.0	3.4	13.8	10.7
	Annual average variation			
All items consumer price index	1 000.0	7.7	6.1	5.6
Food	590.0	5.0	5.6	4.4
Alcohol and tobacco	25.0	11.0	9.0	4.9
Clothing and footwear	80.0	8.7	5.6	15.6
Housing	65.0	10.9	16.6	-8.8
Fuel and light	60.0	-1.0	-2.1	2.1
Furniture	30.0	60.6	4.9	20.3
Transport	40.0	10.5	6.8	0.0
Household supplies	35.0	17.2	14.8	-0.5
All other	75.0	3.9	5.4	16.4

Source: Central Statistical Office.

Although official statistics on wages were not available, it is estimated that wages increased on an average by 13.1%, ranging from 15% in the private sector, to 11.25% in the public sector.

According to 1981 Population Census, the figure for the labour force is 31 640[1]. Agriculture provides employment for nearly 25%, while commerce and construction engage 11.9% and 8.2% respectively. It is estimated that about 11 000[2] people are currently employed.

5. Monetary and fiscal policy

(a) Monetary policy

The government's policy in 1984 aimed at increasing the liquidity and net foreign assets of the commercial banks, as well as increasing the availability of credit to the productive sectors.

Although it is difficult to determine accurately the supply of money in Grenada because of its participation in the ECCB, it is noted that provisional data for 1984 show that money supply (M_1) increased to EC$m68.13 in September 1984 - an increase of 18.5% compared to the same time in 1983. This is largely due to an increase of $m38.5 in net foreign assets at a time when earnings and time deposits increased by only $5 million.

Table 9
GRENADA: MONETARY BALANCE

	EC Dollars million				Growth rates	
	1982	Dec. 1983	Sept. 1983	Sept. 1984	1983	1984[1]
Money (M_1)	51.94	60.11	57.50	68.13	15.7	18.5
Currency outside banks	29.76	41.36	38.49	41.80	38.9	8.6
Demand deposits	22.18	18.75	19.01	26.33	-15.5	38.5
Quasi money (savings time deposits)	84.48	86.86	85.29	90.24	2.8	5.8
Money (M_2)	136.42	146.97	142.79	158.37	7.7	15.6
Factors of absorption						
Foreign assets (net)	-12.16	9.73	-3.39	35.12	...	...
Domestic credit	145.70	150.04	149.93	139.06	2.97	-7.3
Government (net)	53.84	62.66	61.93	51.09	16.4	-17.5
Private sector	80.82	78.15	78.30	78.69	-3.3	0.5
Other	11.04	9.23	9.70	9.28	-16.4	4.3

Source: International Monetary Fund (IMF), International Financial Statistics, March 1985.
[1]Comparison of September 1983 and September 1984.

Total domestic credit fell by over 7% in September 1984. The Government's decision to lower its indebtedness in order to free up resources for use by the private sector led to a drop of 18% in net credit to the public sector. The credit to the private sector increased somewhat by September 1984 over the figure of a year earlier. Furthermore, the interest rate policy was reviewed to encourage savings and the prime rate was allowed to increase to 16%. However,

[1]It should be noted that the 1981 census is underenumerated.
[2]According to Government sources.

interest rates in general remained low and the actual prime rate remained at the same level as that of December 1983 i.e. 10.5%. While the other rates ranged between 10.5% and 12.5% the rates for savings and time deposits ranged between 2.5% and 8.0%. This general state may be a reflection of the uncertainty of the market, while awaiting the outcome of the December 1984 elections.

The distributive trades sector remained the major sector absorbing commercial bank credit. Although less than its 1983 level, it absorbed almost 24% of the total. Tourism, manufacturing and agriculture received increased credit of 50.0%, 43.6% and 15.6% respectively. However, it should be noted that the percentage share of these sectors remained low at 9.5% for tourism, 7.8% for manufacturing and 3.7% for agriculture. Personal loans continued to absorb a relatively high share of almost 20% in 1984.

Table 10
GRENADA: SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT

	Dollars million		Percentage breakdown		Growth rates	
	1983	1984	1983	1984	1983	1984
Total	97.6	100.8	100.0	100.0	1.3	3.3
Agriculture	3.2	3.7	3.3	3.7	-3.1	15.6
Manufacturing	5.5	7.9	5.6	7.8	-5.2	43.6
Distributive trade	27.5	24.0	28.2	23.8	4.6	-12.7
Tourism	6.4	9.6	6.6	9.5	-11.1	50.0
Transportation	7.0	9.0	7.2	8.9	27.3	28.6
Public Utilities	0.7	1.4	0.7	1.4	-82.5	100.0
Building & construction	9.3	5.3	9.5	5.3	75.5	-43.0
Personal loans	17.0	20.1	17.4	19.9	-12.4	18.2
Govt. & statutory bodies	15.0	9.8	15.4	9.7	12.8	-34.7
Other advances	6.0	10.0	6.1	9.9	11.1	66.7

Source: East Caribbean Central Bank (ECCB).

(b) Fiscal operations

During 1984, Government's current revenue increased by 7% over its 1983 level. Although there was a decline of about 14% in export duties resulting from the weak performance of the export sector, overall tax revenue showed an increase of about 8%. This is due to improved collection and additional income, mainly through personal income tax.

Current expenditure rose by nearly 17% to almost ECm87, while capital expenditure dropped to EC$m77.4 from its 1983 level of EC$m92.2 mainly as a result of delays experienced with activities related to the International Airport and to other projects begun prior to the year of reference. Transport and transport- related activities accounted for almost 68% of the Capital Programme of which the International Airport's share was over 70%. The savings from current account dropped from almost EC$m7 in 1983 to EC$m0.7 in 1984 and the share of external financing of the capital programme increased sharply from about 67% in 1982 to over 99% in 1984. A substantial portion of this external financing was in the form of grants, which reduced the government's reliance on external borrowing. Outstanding debt is estimated to have reached a level of

almost EC$m130, over 55% of the Gross Domestic Product.

Table 11
GRENADA: CENTRAL GOVERNMENT REVENUE AND EXPENDITURE

	EC dollars million			Growth rates	
	1982	1983	1984	1983	1984
Current revenue	74.4	81.3	87.4	8.5	7.0
Tax revenue	65.8	70.4	77.1	6.5	8.7
of which:					
Income tax	9.8	10.7	14.3	9.2	3.4
Consumption tax	5.7	5.9	6.7	3.5	13.6
Import duty	11.8	10.4	12.2	-11.9	17.3
Stamp duty	12.0	16.8	15.5	40.0	-7.7
Export duties	4.0	3.7	3.2	-7.5	-13.5
Current expenditure	71.6	74.4	86.7	3.9	16.5
Savings on current account	2.8	6.9	0.7	146.4	-89.9
Capital expenditure	103.6	92.2	77.4	-11.0	16.1
Total expenditure	175.2	166.6	164.1	-4.9	-1.5
Fiscal deficit/surplus (1 + 3 - 5)	-100.8	-85.3	-76.7	...	...
Financing					
External grants	45.0	34.6	68.0	...	...
External borrowing (net)	24.9	38.6	14.0	...	...
Other external financing (incl. IMF)	-0.7	1.7	-4.4	...	...
Domestic borowing (net)	31.6	10.4	-.9	...	...

Source: Ministry of Finance and World Bank data.

PART IX

REPUBLIC OF GUYANA

COUNTRY NOTES

GUYANA[1]

1. Recent economic trends: Introduction and summary

The Guyana economy experienced a substantial recovery in economic activity during 1984. This performance was primarily the result of significant improvements in the major productive sectors, particularly bauxite, ensuring a 17% growth in Gross Domestic Product (GDP) at curent prices. Even though the inflation rate was expected to be about 30%, the positive effect on economic growth was evident since real growth of GDP was estimated at 6%, after years of decline. Preliminary estimates indicate that per capita GDP increased by almost 17% in current prices.

The decline in economic activity evident in 1982 and 1983 was interrupted in 1984 as a consequence of rapid improvements in the key production sectors. Preliminary estimates recorded a 47% increase in the real value-added output of the mining sector, as a result of a 7% increase in dried metal grade bauxite production and a 64% rise in calcined bauxite production. At the same time, there was significant recovery in the rice subsector with the real value of output estimated at 24%, benefiting from an increase in the acreage harvested and the generally favourable weather conditions. The value-added output of the sugar subsector was projected to decline some 4% as a result of the falling levels of production, resulting from unusually heavy rainfall during the latter part of 1984. There were mixed performances in other manufacturing activities, yet sufficiently positive to ensure a turnaround in performance over the previous three years. Noticeable increases were observed in the output of margarine and stockfeed.

There was continued difficulty in attracting sufficient capital inflows to finance both public and private investments. As a result, this necessitated continued reliance on the domestic banking system to provide the necessary working capital for the government. In 1984 there was need to finance the rehabilitation of many public sector corporations, especially bauxite and sugar. At the end of 1984, the Internal National Debt stood at over $4 billion, with the net international reserves of the banking system standing at minus $m1 487, and a build-up of deposits on external payments arrears amounting to $m465. The external public debt was estimated at over US$683 million.

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[1]Note:
Rate of exchange:

October 1975 - 1 June 1981	:	US$1.00 = G$2.55
1 June 1981 - December 1983	:	US$1.00 = G$3.00
11 Jan. 1984 - 5 Oct. 1984	:	US$1.00 = G$3.75
5 Oct. 1984 - 13 Oct. 1984	:	US$1.00 = G$4.12
13 Oct. 1984 - Dec. 1984	:	US$1.00 = G$4.25
Average 1984	:	US$1.00 = G$3.83

Table 1
GUYANA: MAIN ECONOMIC INDICATORS

	1981	1982	1983[p]	1984[pe]
A. Basic economic indicators				
GDP at factor cost (G$ million at 1977 prices)	989	886	801	845
Population (thousand)	769	776	782	788
Per capita GDP (G$ million at 1977 prices)	1 286	1 142	1 024	1 072
Per capita GDP (G$ million at current prices)	1 755	1 611	1 534	1 789
Annual growth rates				
B. Short-run economic indicators				
GDP at current prices	1.0	-7.4	-4.0	17.5
Per capita GDP (curr. prices)	0.2	-8.2[r]	-4.8	16.6
Curr.val. of exports of goods	-1.8	-25.7[r]	-00.0[r]	36.6
Curr.val. of imports of goods	20.2	-30.0	-12.0	14.1
Terms of trade (1977 = 100)	-23.3	-33.5	-19.9	16.9
Constant price index (Urban Dec. to Dec.)	29.0	19.3	9.6	...
Constant price index (annual average variation (urban)	22.2	20.9	15.1	...
Money supply	17.3	27.4	20.8	18.3
Curr. revenue of Government	24.5	-2.0	2.8	6.1
Total expenditure of Government	10.0	31.8	-27.0	...
Fiscal deficit/as a % of total expenditure	50.7	63.8	50.0	...
Dollars million				
C. External sector				
Trade balance (merchandise)	-235	-116	-165	-58
Balance on current account	-475	-426	-468	-434
Balance on capital account	347	86	31	...
Variation in net international reserves	+90.3	+159.2	+190.2	+636.9
External debt (US$ million)	635.7	462.2	702.8	682.5

Source: On the basis of official figures supplied to ECLAC.

During the year, Guyana effected three major devaluations of its currency in an attempt to restore internal and external equilibrium in its economy. In January 1984 the Guyana dollar was devalued by 25% vis-à-vis the US dollar and the basis for determining the exchange rate moved from the US dollar to a basket of hard currencies that included the Pound sterling, the Deutsche mark, the Japanese yen, the French franc and the Netherlands guilder. This was designed to reflect the changes in the currency values of its major trading partners. This arrangement, however, led to periodic changes in the external value, and in October, the currency was further devalued by 13% primarily because of the strengthening of the US dollar. In spite of these devaluations, the value of

total exports was estimated to have increased some 37%, as a result of increasing counter-trade arrangements. There was a further 27% decrease in the level of consumer goods imported in 1984, led by the rapidly declining values of food imports (down 38%); as result of government's policy to develop domestic agriculture in order to provide nutritional self-sufficiency.

As a consequence of these external developments, there was a considerable improvement in the deficit on merchandise trade, with the resource gap averaging 32% of GDP, compared to 39% in 1983. The current account of the balance of payments deficit was marginally lower, standing at minus $m434 at the end of 1984, with the deficit on the overall account estimated to be slightly improved as a result of concessional capital inflows. The current account deficit was financed by the accumulation of commercial arrears, while the build-up of external arrears payments amounted to US$625 million.

There continued to be substantial growth in money supply owing to the 26% expansion of domestic credit and increase in wages and salaries payments to public sector employees. As a result of the 15% rise in money wages and the adjustment in the basic daily wage rate, deposits (demand and savings) registered considerable increases. Because of these developments in addition to the rapid devaluation, the rate of inflation was projected at 30%. The fiscal performance of the central government continued to deteriorate with a 70% increase in the deficit on current account and the faster rate of growth in total expenditure led to an estimated $m456 increase in the deficit on the overall balance. Almost 88% of this deficit was expected to be financed from domestic sources.

2. Trends in economic activity

(a) Global trends

Preliminary estimates for 1984 indicate a moderate contraction in the global resource gap. This gap stood at 17% of GDP (at market prices) in' 1982, then rose to 20.5% in 1983 and was estimated at 15.9% in 1984. The marginal reduction in the share of consumption expenditure to GDP, in spite of an overall decline in the rate of growth of nominal consumption expenditure while cost was at most five times faster than 1983. In contrast, domestic investment expenditure in nominal terms fell by just over 1%, mainly as a result of the 8% decline in public investment expenditure since private investment expenditure appreciated by over 33%. While both imports and exports showed remarkable recovery from 1983, the export performance was comparatively superior, reflecting on the one hand the exchange rate deterioration due to rapid devaluations and the apparent 9% reduction of the foreign resources gap.

Table 2
GUYANA: TOTAL SUPPLY AND DEMAND
(Dollars million)

	Current prices			Percentage breakdown		Annual growth rates	
	1982	1983	1984	1970	1984	1983	1984
Total supply	2 483	2 428	2 852	100.0	100.0	-2.2	17.5
GDP at market prices	1 446	1 455	1 700	...	59.6	0.6	16.8
Imports of goods & n.f.s.	1 037	973	1 152	...	40.4	-6.1	8.2
Total demand	2 483	2 428	2 852	100.0	100.0	-2.2	17.5
Domestic demand:	1 691	1 753	1 970	...	69.1	3.7	12.4
Investment (gross)	380	395	390	...	13.7	3.9	-1.3
Public	320	335	310	...	10.9	4.7	-7.5
Private	60	60	80	...	2.8	0.0	33.3
Consumption	1 311	1 358	1 580	...	55.4	3.6	16.3
Public	435	465	550	...	19.3	6.9	18.3
Private	876	893	1 030	...	36.1	1.9	15.3
Exports of goods & n.f.s.	792	675	882	...	30.9	-14.8	30.7

Source: Statistical Bureau, Ministry of Finance and Planning.

The steady decline in the share of goods to total output since 1980 was interrupted largely on account of the improved output in the agriculture, mining and quarrying and manufacturing sectors.

Table 3
GUYANA: GROSS DOMESTIC PRODUCT AT FACTOR COST - Current prices
(Dollars million)

				Contribution		Growth rates		
	1982	1983[p]	1984[e]	1980	1984	1982	1983	1984
Gross domestic product	1 250	1 200	1 410	100.0	100.0	-7.4	-4.0	17.5
Goods								
Agriculture	292	291	347	23.3	24.6	-2.7	-0.3	19.2
Sugar	84	76	104	11.2	7.4	-30.0	-9.5	36.8
Rice	46	40	48	3.1	3.4	7.0	-13.0	20.0
Other crops	65	75	80	3.6	5.6	20.4	15.4	6.7
Livestock	50	40	45	3.1	3.2	13.6	-20.0	12.5
Forestry	25	30	35	1.1	2.5	31.6	20.0	16.7
Fishing	22	30	35	1.2	2.5	10.0	36.4	16.7
Mining and quarrying	88	17	65	16.5	4.6	-12.9	-80.7	282.3
Bauxite/alumina	70[r]	1	45	15.7	3.2	-17.6	-98.6	-
Other	18[r]	16	20	0.8	1.4	12.5	-11.1	25.0
Manuf'g + processing	179	158	183	12.1	13.0	-10.9	-11.7	15.8
Sugar milling	28	23	36	3.7	2.6	-30.0	-17.8	56.5
Rice milling	16	10	17	0.7	1.2	45.4	-37.5	70.0
Other	135	125	130	7.7	9.2	-10.0	-7.4	4.0
Construction	95	98	100	7.1	7.1	-13.6	3.2	2.0
Basic services:								
Electricity, gas + water	...	...	...	...	...	...	...	...
Trans. + communication	85	78	100	5.6	7.1	-5.6	-8.2	28.2
Other services:								
Distribution	123	120	125	8.6	8.9	-15.2	-2.4	4.2
Government	238	255	315	18.7	22.3	-13.8	7.1	23.5
Financial services	80	85	95	4.0	6.7	25.0	6.2	11.8
Other	70	75	80	4.1	5.7	11.1	7.1	6.7

Source: Statistical Bureau, Ministry of Finance and Planning.

Table 4
GUYANA: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY
AT FACTOR COST - Constant prices
(Dollars million - 1977 prices)

				Annual growth rates		
	1982	1983	1984	1982	1983	1984
Gross domestic product	886	801	845	-10.4	-9.6	5.5
Agric.forestry + fishing	216	193	200	-1.4	-10.6	3.6
Sugar	95	83	80	-4.0	-12.6	-3.6
Rice	42	34	42	10.5	-19.0	23.5
Other crops	37	41	43	2.8	10.8	4.5
Livestock	22	15	15	-15.4	-31.8	0.0
Forestry	8	7	6	14.3	-12.5	-14.3
Fishing	12	13	14	-7.7	8.3	7.7
Mining and quarrying	85	66	97	-31.4	-22.3	47.0
Bauxite/alumina	...	...	...	...	...	...
Other	...	...	...	...	...	...
Manufacturing + processing	122	99	100	-12.8	-18.8	1.0
Sugar milling	32	28	27	-3.0	-12.5	-3.6
Rice milling	10	8	10	42.8	-20.0	25.0
Other	80	63	63	-20.0	-21.2	0.0
Construction	64	61	61	-9.8	-4.7	0.0
Services:	399	382	387	-8.3	-4.3	1.3
Distribution	68	55	58	-20.0	-19.1	5.5
Trans. + communication	63	63	65	-1.6	0.0	3.2
Rent of dwelling	16	16	17	0.0	0.0	6.3
Financial services	40	40	40	-4.8	0.0	0.0
Government	191	187	187	-7.7	-2.1	0.0
Other	21	21	20	0.0	0.0	-4.8

Source: Statistical Bureau, Ministry of Finance and Planning.

(b) Growth of the main sectors

(i) Introduction: As a consequence of the improved performances of the productive sectors, GDP at current prices was estimated to have increased by 17% in 1984. At the same time, real growth was measured at 6%, substantially higher than the 10% decreases experienced in 1982 and 1983. The reversal in economic performance was partially influenced by the establishment of a more market-oriented economy, which allowed for available resources to be more mobile and responsive to changes in the price structure and the level of demand.

The deteriorating rate of exchange of the currency and the new marketing arrangements - (counter-trade), spurred on an export thrust among manufacturing concerns in an effort to obtain hard currency. This encouraged the greater use of existing capital stock - plant and equipment and local raw materials by the productive sectors. During 1984, programmes were initiated to increase the productivity of most plants, since most were under-utilized.

Principally responsible for this recovery was the re-emergence of the bauxite and rice sectors as the major income-generating sectors. These performances acted as a catalyst to the expansion of the economy, allowing for increased exports and continued growth of the non-traditional manufacturing sector.

Notwithstanding the increase in economic activity, the real effect must be viewed against the background of an unstable currency, and the rising level of domestic prices. In addition, the existence of a strong 'parallel' market has made it exceedingly difficult to value imports, exports and production levels, even to detract from the true level of domestic prices.

(ii) **Agriculture:** This sector contributed almost 25% of total GDP in 1984 - somewhat more than the 1982 and 1983 contributions, generating some $m347. Although growth at current prices was estimated at 19%, the level of movement in real prices was measured at only 4% in 1984. Sugarcane continued to dominate the sector, contributing almost 30% of agriculture GDP, with the rice subsector contributing 14%. However, the value-added output of domestic crop production slowed somewhat, showing an increase of about 7% in 1984 as against 20% and 15% in 1982 and 1983 respectively. There were favourable performances in the other subsectors of the agriculture sector. Evidently, the agricultural diversification programme accelerated economic recovery during 1984.

Sugar production remained an important export activity, despite falling output. A large part of the population is still dependent on the industry for a livelihood, either directly or indirectly. Government has attempted to restructure the industry and as a consequence, the subsidy on sugar as well as some uneconomical activities of the industry were dropped. Indications are that the sugarcane output continued to decline in 1984. Factors contributing to this decline include unfavourable weather conditions, both before and during harvesting operations. The incentive to boost production was further dampened with low sugar prices as against the high cost of production. The planting and tillage methods, insufficient maintenance of plant and equipment due to lack of adequate spares (causing unnecessary factory and mechanical downtime), shortage of trained personnel and shortage of harvesting labour resulted in low productivity, low yields per acre and the declining quality of the sugarcane.

In an effort to stem this decline, the industry was granted a low interest loan of $m144 for rehabilitation of plant and equipment.

There was a significant recovery in the rice sector in 1984, with value-added increasing by 20%, and production growing by over 24%. However, real growth was estimated to have decreased some 4% during 1984. The new marketing arrangements, counter-trade, and the restructuring of the rice sector to promote competition and efficiency have had a significant effect on the production of the 184 000 tonnes of rice (milled) during the year.

Table 5
GUYANA: INDICATORS OF AGRICULTURAL PRODUCTION

	1982	1983	1984	Annual growth rates 1982	1983	1984
Production of major agric'l crops for export ('000 tonnes)						
Sugar-cane	3 907	3 631	...	-6.8	-7.1	...
Rice	182	148	184	9.6	-18.7	24.3
Internal consumption (tonnes)						
Root crops	20 865	24 948	...	14.2	19.6	...
Plantains	13 041	15 876	...	15.0	21.7	...
Citrus	10 890	10 890	...	0.0	0.0	...
Maize (corn)	680	816	...	0.0	20.0	...
Tomatoes	2 993	2 994	...	1.5	0.0	...
Pineapples	1 906	2 268	...	1.5	19.0	...
Bananas	4 990	4 990	...	0.0	0.0	...
Coconuts (million nuts)	48	50	...	11.6	4.2	...
Indicators of livestock prod'n						
Beef (tonnes)	2 270	2 206	1 411[1]	8.8	-2.9	-30.1
Pork (tonnes)	1 134	795	920[1]	16.7	-29.9	39.8
Mutton, goat (tonnes)	53	53	...	43.2	0.0	...
Poultry (tonnes)	7 128	3 837	3 446	-31.7	-46.2	3.2
Milk ('000 litres)	...	3 322	3 226	...	-2.9	-3.3
Indicators of fishing prod'n (tonnes)						
Fish	21 233	24 257	25 372	13.8	14.2	4.6
Shrimp	3 279	2 756	2 039	7.8	-16.0	-26.0

Source: Statistical Unit, Ministry of Agriculture.
[1] January to November 1984.

As a consequence of the new policies, more hectares were placed under rice cultivation, with improved water-management and general pest, weed and disease control. In addition, assistance was offered to farmers in the form of machinery for land preparation and harvesting. The GDP policies now allow for faster payments to farmers and improvement in rice grading methods.

During the year, the Agricultural Development Authority (ADA) and the National Agricultural Research Institute (NARI) have been working together on the biological control of rice and coconuts and in the use of rice straws in stockfeed for cattle. The two agencies have initiated research into the cause of "tractor-wheel rots", which are responsible for a 15% to 30% reduction in rice yield.

The performance of other domestic crops continued to be of significance to the economy during 1984. Value-added grew 7%, though somewhat slower than 1982 and 1983. Real growth was estimated at 5%. Although no production data are available for the year, indications are that physical output increased substantially, moreso as a result of the declining volumes of imported food and the extensive use of rice as a main item in the country's counter-trade arrangements.

Indicators up to November 1984 suggest that there was mixed performance in the livestock subsector, whereas pork and poultry meat output was expected to have increased as a result of the availability of larger supplies of stockfeed, that of beef and mutton was expected to decline substantially. The poor state of pastures and the inability to upkeep pastures away from the main commercial centre have been partly responsible for the falling rates of growth in beef production. The National Dairy Development Programme has begun activities in pasture improvement and the establishment of a dairy farm.

Developments in the Fishing and Forestry subsectors were not as significant in 1984, with growth in the value of output of both subsectors almost 50% slower than 1983. Whereas fish catch rose by just over 4%, the output of shrimp landed continued to show a decline. The 20% drop suggested that all shrimp netted are not reported to the fishing authority, but are sold on the high seas.

(iii) Mining and quarrying: There was substantial improvement in this sector during 1984 following on the deteriorating performances on the past three years. The sector's contribution to current-priced GDP was estimated to have increased by almost 300%, rising to $m65. Real growth was measured at 47% after many years of decreasing values. Mainly responsible for this recovery was an increase in the demand for bauxite and the implementation of improved management policies, partly based on the recommendations of the recent World Bank/IDA financed study of the bauxite sector.

However, notwithstanding this phenomenal expansion, the sector was only able to account for 5% of total GDP, considerably lower than the position attained in 1980. Nevertheless, the sector's recovery, evidenced by increases in export earnings, indicated its importance to the national economy.

During 1984, increases were recorded for the various by-products of the bauxite industry, except alumina. Whereas the production level of dried bauxite rose slowly by about 7% to 782 000 tonnes, the estimated output of the main metal grade calcined ore rose 64% to 517 000 tonnes, recovery from the 24% and 20% decreases evidenced in 1982 and 1983 respectively. However, the world market share of calcined bauxite fell from over 80% in the 1969's and early 1970's to just over 50 percent.

Table 6
INDICATORS OF MINING PRODUCTION

				Growth rates		
	1982	1983	1984	1982	1983	1984
Dried bauxite	764	734	782	-21.4	-3.9	6.5
Calcined bauxite	392	315	517	-23.6	-19.7	64.1
Aluminous cement grade bauxite	16	12	15	40.7	-25.0	25.0
Abrasive bauxite	...	27	47	...	...	74.1
Alumina	73	-	-	-57.0	-	-
Gold (kg)	269	143	328	-55.1	-46.8	129.4
Diamonds (metric carats)	11 492	12 362	7 496	20.5	7.6	-39.4

Source: Statistical Bureau, Ministry of Finance and Planning.

At the same time, major emphasis has been placed on refractory and the newer abrasive bauxite, de-emphasizing the metal grade ore, particularly in the light of the downturn in the aluminium industry. As a result, the output of the aluminious cement grade bauxite rose by about 25% to 15 000 tonnes, while some 47 000 tonnes of abrasive bauxite were produced. There was no alumina or alumina hydrate production in 1984.

In an attempt to rehabilitate the bauxite industry, the government entered into new marketing arrangements, encouraging the use of existing capital stock, since only a minimal quantity of spares were needed to rehabilitate the industry. External technical assistance was also provided to ensure the speedy recovery of the industry.

As regards other mining activities, the reported output of gold increased some 129% while the extraction of diamonds fell more than 39%. In an attempt to capitalize on the higher gold prices, the State has instituted harsher penalties to gold smugglers and makes mandatory the declaration of all gold recovered to the Gold Board Authority.

(iv) Manufacturing: The contribution to current-priced GDP of the manufacturing sector was estimated to have increased by 16% in 1984. This has been directly linked to the decline in imported consumer goods and as part of the export drive in order to obtain foreign exchange. Apart from the recovery in sugar and rice, mixed performances were anticipated in the non-traditional sector.

The full recovery of the sector did not occur as expected during 1984, in spite of a decision to reactivate installed but under-utilized productive capacity and the supply of spares and raw materials for manufacturing concerns. This was evident with the growing size of the import bill for industrial machinery.

Although sugar manufacturing recorded a 4% decline in production, its contribution to current-priced GDP increased by over 50% in 1984, indicating an interruption in the performance of the past three years. At the same time, rice milling output grew 70% after recording a 38% decline in 1983. However, the subsector only generated 1% of GDP. In spite of these rapid movements in the recovery of the sugar and rice subsectors, their performances, though substantially better than in previous years, accounted for 29% of manufacturing Gross domestic product.

The output of sugar fell by 11 000 tonnes to just over 245 700 tonnes, partly as a result of the declining quality of canes supplied to the factories and partly due to the short supply of vital spares needed in earlier years for rehabilitation of the sugar factory and related machinery. In order to combat the declining rate of production in this major industry, it was expected that a loan of $m144 would be offered to the industry by the government, with the rate of interest more suitable than those at present obtained on the open market. In addition, a discussion was taken to link the local price of sugar to a cost at which a reasonably efficient producer should produce. As a result, the sugar subsidy was removed, thereby increasing the price of sugar to $0.30 per lb. The last such price adjustment was granted in 1978. To further reduce cost, the Sugar Corporation decided to offer sugar stocks only ex-factory, thereby stopping the practice of delivery to wholesalers at their own expense.

As regards the non-traditional manufacturing sector, there was a 4% recovery in its value-added output, accounting for 71% of manufacturing value output, though somewhat smaller than in previous years.

Although no full-year production data are available for 1984, indications are that there were mixed performances among the manufacturing concerns. Indications are that there was an increase in the output of the number of refrigerators assembled to meet the demand for additional storage capacity. At the same time, however, the shortages of L.P.G. fuel, kerosene and the re-introduction of charcoal as a fuel alternative had a negative impact on the number of stoves produced.

The current scarcity of foreign exchange to purchase raw materials has encouraged the use of indigenous resources, this saving on foreign exchange and keeping the relevant industries operational. As a result, the production of stockfeed and beer - commodities that admitted of substitution of some input materials, showed signs of having increased.

Other concerns which showed signs of improvement in production include the textile mill, which produced more than 1 390 000 metres of cloth through to November 1984, some 30% more than the corresponding period in 1983. Whereas the production of rum was expected to increase, the outputs of soap, cigarettes and matches were forecasted to have substantial reductions during 1984. The output of soap was deliberately restrained to allow for a greater portion of the raw material to be used in the production of margarine and edible oil. It was expected that Dominica would fill the gap created by this decision.

The output of timber was expected to rise in order to supplement the needs of the building industry, affected by the shortages of bricks and cement, whilst charcoal showed signs of an increased supply as a household fuel in place of kerosene and L.P.G.

During 1984, an attempt was initiated to improve data collection in the manufacturing sector, allowing for, at the same time, the coverage of additional commodities. This was done for the express purpose of identifying areas where scarce resources could best be used. However, the existence of the non-official 'parallel' transactions has invalidated somewhat the traditional statistical measures which reflect actual production.

Table 7
GUYANA: INDICATORS OF MANUFACTURING PRODUCTION

Commodities	Unit	1983	Jan - Nov 1983	Jan - Nov 1984	1984	Annual growth rates 1983	Annual growth rates 1984[1]
Sugar	'000 tonnes	256.4	238.5	232.1	245.7	-12.4	-4.2[2]
Margarine	tonnes	44.5	21.5	29.7	...	-94.5	38.1
Stockfeeds	'000 tonnes	25.0	22.5	24.3	...	-21.9	8.0
Rum	'000 litres	13 396.9	12 424.6	15 377.0	...	...	23.8
Cigarettes	millions	408.2	373.5	344.2	...	-5.2	-7.8
Soap	tonnes	1 204.7	1 182.0	278.7	...	-47.6	-76.4
Timber	'000 M^3	189.0	175.5	156.8	...	-5.1	-10.7
Refrigerators	number	8 660	5 511	7 426	...	-48.6	34.7
Edible oil	'000 litres	5 851	...	...	...	60.8	...
Molasses	mill. litres	...	...	...	...	...	...
Stoves	number	...	2 958	1 219	...	...	-58.8
Matches	gross '000 cartons	155.8	155.8	107.9	...	...	-30.7
Charcoal	tonnes	1 585	1 360	1 198	...	...	-11.9
Textiles	'000 million	1 109.1	1 071.4	1 389.5	...	...	29.7
Beer & stout	'000 litres	7 905.4	6 999.8	7 092.4	...	...	1.3

Source: Statistical Bureau, Ministry of Finance and Planning.
[1]January to November (1984) increases.
[2]Full-year data.

(v) **Energy:** Renewal activity in the productive sectors ensured that the country remained a net importer of energy. During 1984, Guyana recorded a 43% growth in the value of imports of hydrocarbons, while there was only a 10% rise in volume imported. At a time of falling fuel prices, therefore, Guyana recorded rapid increase in the unit cost of hydrocarbons imports. This phenomenon was the consequence of repeated currency devaluations during the year.

Table 8
GUYANA: VOLUME OF IMPORTS OF SELECTED HYDROCARBONS
('000 litres)

	1981	1982	1983	1984
Aviation gasolene	2 864.0	1 922.5	2 157.5	2 030.5
Motor gasolene	60 348.1	59 780.0	65 130.6	63 336.8
Kerosene - illuminating	30 994.6	35 413.8	32 628.4	35 789.8
Diesel oil[1]	177 503.1	137 991.8	136 771.3	119 751.6[3]
Gas oil	16 497.4	9 085.2	10 072.3	-
Liquified petroleum gas[2]	6 916.4	14 461.0	14 222.0	13 103.7
Bunker 'C' fuel oil	332 344.4	247 611.5	193 955.9	261 896.8

Source: Energy Unit, Energy Authority, Ministry of Energy and Natural Resources.
[1]Includes blended diesel and cetane 47.
[2]Thousands of kilograms.
[3]Includes imports of gas oil. No cetane 47 was imported.

Table 8a
GUYANA: VALUE OF IMPORTS OF SELECTED HYDROCARBONS
(Dollars thousand)

	1981	1982	1983	1984
Aviation gasolene	3 302	2 571	2 576	2 769
Motor gasolene	44 029	46 417	44 589	53 388
Kerosene - illuminating	22 029	28 189	23 322	31 436
Diesel oil[1]	127 898	97 052	92 312	114 322[3]
Gas oil	12 150	6 962	6 743	-
Liquified petroleum gas	9 075	9 477	9 197	10 661
Bunker "C" fuel oil	169 404	117 791	99 069	184 477
Sub-total[2]	388 758	308 526	278 077	397 053

Source: Energy Unit, Energy Authority, Ministry of Energy and Natural Resources.
[1]Includes blended diesel and citane 47.
[2]Sub-totals may not agree because of rounding.
[3]Includes value of gas oil imported.

The volume of imports of most petroleum products showed varying rates of change, resulting in a shortfall in supply to some industries. While the imported volume of aviation fuel and motor gasolene fell some 6% and 3% respectively, diesel and gas oil decreased by more than 12%. Although kerosene imports rose by 1%, the 8% decline in L.P.G. imports reflected the government's policy to encourage the consumption of charcoal as a suitable fuel alternative. Special stoves have been built to enable to use this form of fuel. At the same time, there was a substantial 35% rise in the importation of Bunker "C" fuel commensurate with increased economic activity.

The value of fuel imports, spurred on by the decreasing values of the Guyana dollar, rose 43% in 1984, measuring some 28% of current price GDP, and accounted for more than 47% of merchandise imports.

The most significant increases in the values of imported hydrocarbons were in the importation of Bunker "C" fuel oil, kerosene and diesel and gas oil.

Efforts are continuing to attract foreign exploration investment for oil recovery. At the same time, the Energy Unit continued its activity in identifying suitable local materials for conversion into usable forms of energy as part of the government's programme to reduce external dependence on fuel, moreso, domestic fuel, and also to save on foreign exchange.

Preliminary estimates indicate that the basic form of energy, electricity, continues to be in short supply. The unstable supply of electricity resulted in damage to plant and machinery, interrupting production, causing a loss of man-hours and earnings. Although the generating capacity is adequate to supply demand, total electricity generated in 1984 was 34% lower than in 1983, resulting in a reduction in consumption.

Table 9
GUYANA: ELECTRICITY GENERATION AND CONSUMPTION[1 2]
(Hundred of thousands of kWh)

	1978	1979	1980	1981	1982	1983
Total electricity generated	404.9	407.0	419.1	424.5	359.3	235.8
Total consumed	361.6	351.5	365.6	359.1	298.3	...
Residential (households)	82.0	94.5	95.4	93.7	91.4	...
Commercial and industrial	271.2	245.4	261.1	249.3	(42.3 (159.2	...
Other	8.4	11.6	9.1	16.1	(5.2 (8.2	...
Transmission losses	43.3	55.5	53.5	65.4	...	...

Source: Statistical Bureau, Ministry of Finance and Planning.
[1]Data exclude sugar estates and small private plants.
[2]Total electricity generated represents production for Guyana Electric Corporation, Guyana, Bermine and New Amsterdam.

3. The external sector

(i) Merchandise trade: As a result of the modes and recovery in the main productive sectors of the economy and the recovery in the OECD countries, the value of merchandise exports increased by more than 36% in 1984. This recovery, following years of declining values, was generated through increases in the export values of bauxite and rice by way of new marketing arrangements, mostly through counter-trade. As a consequence of this revival, the level of merchandise imports increased by some 14% as more than 76% of total merchandise imports consisted of intermediate goods, mostly fuels and lubricants, for the productive sectors. At the same time, the level of non-oil imports rose slightly in spite of the continuing decline in the level of consumer goods imported.

Bauxite, which provided 38% of exports in 1983, accounted for more than 43% of export earnings in 1984, an estimated increase of 56%, as a result of the rapid increase in the volume of calcined bauxite exported. Preliminary estimates indicate that although the volume of sugar exported fell by just under 1%, the earnings from this commodity rose by almost 2%, despite the low US45 cents per lb. for sugar. On the other hand, the export earnings from rice continued to increase, and the 25% growth was accompanied by a 9% increase in quantity exported. The turnaround in export activity was partially the result of counter-trade agreements entered into with a number of countries, on a bilateral basis.

Beside the considerable increases in the volume and value of molasses exported, indications are that there would be further reductions in export earnings of non-traditional exports. In addition, the slow down in intra-CARICOM trade, hampered by foreign exchange shortages and the growing level of protectionism in the region, have had adverse effects on recovery in the non-traditional export sector.

Table 10
GUYANA: VALUE AND VOLUME OF SELECTED EXPORT PRODUCTS
(Value in dollars million; Volume in thousand tonnes)

	1982[r]	1983[p e]	1984	Growth rates 1982	1983	1984
Total value of exports	724.0	580.0	792.0	-25.7	-20.0	36.6
of which domestic exports	702.8	560.0	...	-26.3	-11.9	...
Traditional exports						
Bauxite - dried/calcined:						
Value	247.7	220.0[r]	344.0	-26.8	-10.8	56.4
Volume	1 076	1 026	1 328	-28.6	-4.6	29.4
Bauxite - dried:						
Value	59.1	61.8	76.4	-24.3	4.6	23.6
Volume	703	720	778	-30.5	2.4	7.9
Bauxite - calcined:						
Value	187.6	158.2	267.6	-27.7	-15.7	69.2
Volume	373	306	550	-24.8	-18.0	79.7
Sugar:						
Value	266.9	221.0	225.0	-18.6	-17.2	1.8
Volume	255	196	195	-4.5	-23.1	-0.5
Rice:						
Value	56.8	65.0	80.9	-48.4	14.4	24.5
Volume	35	44	48	-55.1	25.7	9.1
Non-traditional exports						
Rum:						
Value	14.0	...	...	-42.1	...	...
Volume[1]	2 278	...	...	-28.9	...	...
Molasses:						
Value	6.3	2.2	3.5	-51.9	-65.1	59.1
Volume	116	78	81	36.9	-32.8	3.8
Timber:						
Value	13.5	13.3	10.2[3]	-10.2	-1.5	-6.8[3]
Volume[2]	33	19	14[3]	-8.3	-57.6	-15.9[3]
Shrimp:						
Value	2.6	...	...	-66.7	...	...
Volume[4]	261.0	...	...	-45.2	...	...
Diamonds:						
Value	0.2	...	...	-33.3	...	...
Volume[5]	2.0	...	...	-33.3	...	...
Other exports - Value	59.3	...	...	26.2	...	...
Re-exports - Value	72.7	...	...	263.5	...	...

Source: Statistical Bureau, Ministry of Finance and Planning.
[1] Thousands of proof gallons.
[2] '000 M^3
[3] January - September 1984.
[4] Tonnes.
[5] '000 Carats.

In contrast to the previous two years when the value of imports recorded substantial decreases, the level of merchandise imports showed a rapid 14% growth in 1984, spurred on by the sharp increase in export values. However, in spite of this increase, the relative share of import spending was some 60% of GDP in 1984, as against 68% in 1982, when import values went down 30%, reflecting a moderate impact on the economy. The growth of expenditure on imports was a consequence of increasing demand by the manufacturing sector for intermediate goods to boost domestic exports. As a result, the intermediate goods classification accounted for more than three-quarters of total imports, reflecting an increase of 25% in 1984. The continued decline in expenditure on consumer goods highlighted the policy of self-sufficiency and the stricter regime of import licensing for such goods. As a result, the value of food imports decreased by 38%, and accounted for only 7% of consumer imports. Although the relative size of imports of the capital goods classification fell some 3% in 1984, the value of agricultural and industrial machinery imported rose by almost $m38, as major industries sought to rehabilitate existing plant and equipment as part of the intensified production programme. As a result of these performances, the balance on merchandise trade improved somewhat in 1984, the deficit having been reduced to $m58,- almost $m107 less than the 1983 figure.

Table 11
GUYANA: IMPORTS BY ECONOMIC CLASSIFICATION (c.i.f.)
(Dollars million)

				Annual growth rates		
	1982[r]	1983[r e]	1984[p]	1982	1983	1984
Total goods imported	846.4	745.0	850.0	-30.0	-12.0	14.1
Consumer goods	111.0	75.0	55.0	-31.0	-32.4	-26.7
Food	38.9	21.0	13.0	-40.1	-46.0	-38.1
Intermediate goods	586.7	520.0	650.0	-31.1	-11.4	25.0
Fuel and lubricants	328.5	290.0	390.0	-23.7	-11.7	34.5
Capital goods	140.6	144.0	140.0	-25.3	2.9	-2.8
Agric. & industrial machinery	78.5	11.3	50.0	-12.4	-85.6	342.5
Building material	36.5	38.4	20.0	-37.3	5.2	-48.0
Miscellaneous imports	8.1	6.0	5.0	-4.7	-13.0	-19.7

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

(ii) **Balance of payments:** In spite of reductions in the deficits on the trade and resource balances, the current account, nevertheless reached a deficit of $m434 in 1984. While the deficit on merchandise balance was reduced by 65%, the current account deficit was measured at 31% of GDP in 1984, compared to 39% in 1983.

It was expected that funds to finance the current account deficit would be obtained from international donors and official borrowing. However, indications are that the level of net capital inflows was insufficient to prevent the overall balance of payments account from remaining in serious deficit.

Table 12
GUYANA: BALANCE OF PAYMENTS
(Dollars million)

	1982	1983	1984
Current Account			
Exports of goods & services	973	676	883
Merchandise exports	724	580	792
Sugar	246	208	276
Rice	...	65	82
Bauxite	272	220	344
Services	69	96	91
Travel and transportation	31	38	36
Import of goods & services	1 194	1 146	1 335
Merchandise imports	846	745	850
Consumer goods	111	75	55
Fuel and lubricants	328	290	390
Other intermediate	258	230	260
Capital goods	141	144	140
Services	354	401	485
Investment income	...	173	183
Travel & transportation	77	107	155
Merchandise balance	-116	-165	-58
Services balance	-285	-305	-394
Balance on goods & services	-401	-470	-452
Net unrequited transfers	-25	2	18
Current account balance	-426	-468	-434
Net capital inflows			
Public	90	-100	...
Private	-4	-	...
Other	-	17	...
Arrears payments	-	114	...
Balance on capital account	86	31	...
Errors and omissions	-26	-	...
Balance of payments deficit	-366	-436	...

Source: Guyana Estimates of the Public Sector, Current and Capital Revenue and Expenditure, 1984 as presented to the National Assembly, January 1985.

During the years, the Government entered into a number of bilateral arrangements with some principal debtors for a deferral of payment of principal and rescheduling of debts. At the same time, the debt service ratio was expected to be lower in 1984, as a result of the rescheduling of debts and the non-payment of external interest obligations. As a consequence, these developments indicate that the ratio of the balance of payments deficit to GDP (at current prices) was expected to improve slightly in 1984.

As a result of these financial occurrences, the external reserve position worsened in 1984, with the net international reserves being estimated at minus US$m663. The build-up of deposits on external payments arrears amounted to $m465 at the end of December 1984. Guyana's external public debt was estimated to be about US$683 million.

4. Prices and Wages

The rate of inflation as measured by the Urban Guyana Price Index, which had slowed somewhat in 1983, was expected to accelerate sharply in 1984 as a consequence of currency devaluations in the previous 18 months. Data available for the period January/June 1984 reflect an inflation rate of almost 26% over the same period in 1983. Indications are that the annual rate could be about 30% given these currency adjustments.

During the year, the domestic price structure was seriously affected by both internal and external developments. Internally, there were increases in consumption and production taxes, as well as travel taxes. Also there was the introduction of a hucksters' licence. Further, in addition to the removal of the subsidy on sugar and the subsequent increase in the unit price, the sugar corporation decided to sell sugar ex-factory, thus adding an additional transportation cost for the commodity. At the same time, the value of the imports of goods and services totalled almost $ml 335, some 95% of current price GDP, directly inflating local prices.

In the absence of full-year data, indications are that the higher rate of inflation was spurred on, not only by the strong external pressures, but also by the existence of the growing illegal parallel market. Also, during 1984, the basic daily wage rate was adjusted to $25 and public sector salaries rose some 15%, with retroactive payments to 1984. As a result, overall expenditure on consumption goods and travel increased.

Indications are that the food category of the index continued to dominate the Consumer Price Index with increases in the price of the few foreign foods imported and rise in the domestic price of the basic products - oil, rice, margarine, sugar, etc.. However, milk and milk products remained scarce in the official markets. As a consequence of lower food imports, available domestic produce continued to be sold at higher prices.

There were substantial increases in the unit price of petroleum products, which were mostly in short supply throughout the year. Major increases were recorded for motor gasolene and kerosene, with price adjustment upwards of 48%. Increases also affected the cost of diesel and gas oil, causing the price to rise to about $1.61 per litre. There were substantial increases in the price of the major domestic fuel, L.P.G.

Table 13
GUYANA: EVOLUTION OF DOMESTIC PRICES - (URBAN GUYANA)
(1970 = 100)

	1981	1982	1983	Jan - June 1983	Jan - June 1984
Annual averages					
Consumer price index (All items)	322.7	390.2	448.7	445.1	560.6
Food	416.3	538.4	650.8	642.5	856.8
Clothing	497.5	570.5	618.9	624.8	678.8
Housing	151.2	158.5	168.2	168.6	177.4
Other	308.5	343.8	357.7	356.6	400.8
Annual average variation					
Consumer price index (All items)	22.2	20.9	15.1	...	...
Food	27.7	29.3	20.9	...	...
Clothing	36.1	14.7	8.5	...	...
Housing	7.5	4.8	6.1	...	...
Other	12.8	11.4	4.0	...	...

Source: Statistical Bureau, Ministry of Finance and Planning.

Table 14
GUYANA: RETAIL PRICES OF SELECTED PETROLEUM PRODUCTS
(Dollars per litre)

Year	Motor gasolene Regular	Motor gasolene Premium	Kerosene	Diesel oil	Fuel oil	LPG[1] 100 lb.	LPG[1] 20 lb.
1972	.17	.20	.11	.10	.07	...	...
1976	.46	.49	.26	.30	.24	...	...
1977	.55	.60	.28	.34	.26	...	...
1978	.65	.71	.28	.34	.27	39.85	...
1979	.95	1.00	.50	.64	.42	63.00	...
1980	1.12	1.17	.82	.81	.66	63.00	...
1981	1.31	1.37	.99	.98	.69	79.32	...
1982	1.31	1.37	.97	1.00	.71	95.32	15.00
1983	1.31	1.37	1.01	1.00	...	97.41	19.76
1984	1.95	2.03	1.50	1.61	1.31	123.90	26.20

Source: Energy Unit, National Energy Authority, Ministry of Energy and Natural Resources.
[1]Cost per cylinder.
Note: Prices represent last price in particular year.
(Conversion from gallons to litres done by ECLAC).

5. Monetary and fiscal policies

(a) Monetary developments: Preliminary official bank estimates for 1984, indicate a substantial growth in monetary resources held by the banking system and a further expansion in the size of the domestic credit. Whereas the level of monetary resources grew some $m281 in 1984, the nominal size in domestic credit expansion was about $m843, as a result of moderate improvements in public finances. This resulted in the further reduction in net foreign assets, held by the banking system, to minus $m1 485. Commercial bank arrears deposits, totalling some $m488 at the end of September 1984 are not included.

Table 15
GUYANA: MONETARY BALANCE
(Dollars million)

	Balance at end of			Annual growth rates		
	1982	1983	1984[p]	1982	1983	1984
Money (M_1)	436.6	508.1	619.7	23.9	16.4	22.0
Currency outside banks	230.7	268.7	335.6	24.2	16.5	24.9
Demand deposits	205.9	239.2	284.1	23.7	16.2	18.8
Factors of expansion						
Net internat'l reserves	-661.5	-867.4	-1 487.8	...	...	...
Domestic credit:	2 494.7	3 191.2	4 033.7	37.8	27.9	26.4
Government (net)	1 866.6	2 191.8	3 012.7	60.6	17.4	37.4
Official entities	311.9	617.6	556.3	-19.2	98.0	-9.9
Private sector	316.2	381.8	464.7	20.3	20.7	21.7
Factors of absorption	1 396.6[r]	1 815.7[r]	1 926.2	59.7	30.0	6.1
Quasi-money (M_2)	832.7	1 025.7	1 195.2	29.1	23.2	16.5
Savings deposit	468.6	618.2	730.6	22.0	31.9	18.2
Time deposits	364.1	407.6	464.6	39.6	11.9	14.0
Other items	563.9[r]	790.0[r]	731.0	145.6	40.1	-7.5

Source: Research Unit, Bank of Guyana.

The decision of the commercial banks to limit the size of deposits and regulate the minimum balances of savings has had varying effects on the level of deposits. On the one hand the level of non interest-bearing deposits appreciated some 19% and on the other there was the relative contraction in savings and time deposits. The Savings Scheme Act of 1983 fostered a 14% rise in long-term savings deposits. This Act allows for public servants to hold specific tax-free savings deposits for set periods.

Improvements in the economic activity led partially to the expansion in the level of domestic credit offered by the banking systems. This growth was estimated at 26% in 1984. At the same time, the continued deterioration of public sector operating finances accounted for the considerable growth in net government borrowings to finance capital and ongoing activities. As a result, the public sector absorbed more than 88% or $m3 569 of domestic credit extended by the banking system in 1984. However, the size of credit offered to the private sector appreciated by 20%, reflecting a standard rate of growth over the past three years.

In other monetary developments, the Government, faced with a US$m700 deficit at the beginning of 1984 and the appreciating US dollar, applied exchange rate adjustments on 11 January and 5 and 13 October 1984 to $3.75, $4.12 and $4.25 respectively to the US dollar. Since 6 October 1984, this adjustment has been on a weekly basis with respect to movements on a basket of currencies. Vis à vis, the yen and other European currency of major trading partners, excluding the US dollar. This measure sought to arrest the rapidly deteriorating foreign exchange situation and reduce the parallel market premia.

The government has continued to monitor the circulation and supply of foreign currency through a system of "Foreign Currency Accounts" set up in 1983. Also, a foreign exchange shop has been put into operation as an additional effort to obtain hard currency believed to be available in Guyana.

(b) **Fiscal performance:** During 1984, tax reserves increased some 6%, as a result of the government's efforts to reduce the level of consumption expenditure through increased direct and indirect taxes, and simultaneously reducing and abolishing food subsidies. However, the government's recurrent expenditure rose by more than 31% to $ml 127 (not including debt funding) in 1984, as a result of increased wages and salaries offered to public servants retroactive to 1981. The net effect of this action was the further increase in the deficit on the current account.

Indications are that there were capital inflows to finance the expansion of capital expenditure in order to complete ongoing projects and for the rehabilitation of plant and machinery. The increase in capital expenditure was projected at $m607. As a consequence, it was forecasted that the overall deficit on central government fiscal performance would be further increased, in spite of new arrangements for the rescheduling of debts and the deferral of overdue debt service and payments. However, it was expected that interest on domestic loans would have been paid.

Table 16
GUYANA: CENTRAL GOVERNMENT REVENUE AND EXPENDITURE
(Dollars million)

	1983[p]	1984[p]	Annual growth rates 1982	1983	1984
Current revenue	565.9	600.2	-1.4	2.8	6.1
Tax revenue	487.9	544.5	-5.6	7.6	11.6
Income (companies and personal)	200.0	224.0	9.8	-13.4	12.0
Production and consumption	178.9	204.8	-13.8	16.2	14.5
Trade and travel taxes	72.2	76.7	-32.9	62.2	6.2
Non-tax revenue	78.0	55.7	24.2	-19.6	-28.6
Current expenditures	895.5	1 159.2	-5.1	17.1	29.4
Personal emoluments	231.0	289.6	-1.1	2.3	25.4
Other	664.5	869.6	-6.6	23.3	30.9
Interest	426.1	556.4	19.7	47.6	30.6
Transfers	64.7	67.3	-18.8	-17.5	4.0
Savings on current account	-329.6	-559.0	-13.3	53.7	69.6
Capital receipts	2.3	51.2	-84.1	-30.3	...
Capital expenditure	395.5	671.0	101.5	-50.9	69.7
Total expenditure	1 291.0	1 830.2	30.3	-17.8	41.8
Total revenue	568.2	651.4	-4.4	2.6	14.6
Fiscal deficit (-) or surplus (+)	-722.8	-1 178.8	62.3	-28.9	63.1
Financing of the deficit					
- Net external borrowing	120.0	40.9	-	-	-
- Net domestic bank borrowing	324.6	820.7	-	-	-
- Net other domestic borowing	278.2	317.2	-	-	-

Source: Guyana Estimates of the Public Sector, Current and Capital Revenue and Expenditure, 1985, as presented to the National Assembly and data supplied Statistical Bureau, Ministry of Finance and Planning.

PART X

JAMAICA

COUNTRY NOTES

JAMAICA

1. Recent economic trends: Introduction and summary

Economic policy for 1984 gave priority to removing the foreign exchange constraints to development which Jamaica has faced since the early 1970's. A managed float of the exchange rate which was the corner-stone of policy in 1983, was again pursued throughout 1984 with the objective of changing the relative prices of domestic and foreign products to reorient and diversify domestic production for export.

Table 1
JAMAICA: MAIN ECONOMIC INDICATORS

	1981	1982	1983	1984[p]
A. Basic economic indicators				
GDP at purchasers' prices (dollars million 1974)	1 875[r]	1 893[r]	1 931[r]	1 925
Population (thousands)	2 204[r]	2 218[r]	2 263[r]	2 297
Per capita GDP (1974 prices)	851[r]	853[r]	853[r]	838
Growth rates				
B. Short-run economic indicators				
GDP (constant prices)	2.5	1.0	2.0	-0.4
Per capita GDP	1.2	0.2	0.0	-1.7
Exports of goods & services (current value J$)	3.5	-10.8	17.0	96.7
Imports of goods and services (current value J$)	21.1	-4.5	18.7	60.9
Consumer price index (Dec-Dec)	4.6	6.5	16.7	31.2
Consumer price index (ann. avgs.)	11.9	6.5	11.3	27.8
Money (M_1)	6.1	6.1	21.3	14.5
Wages and salaries	13.6	...	10.5	14.9
Rate of unemployment (%)	25.9	27.4	26.7	25.4
Current income of government	26.7	-0.2	11.9	22.5
Total expenditure of government	3.4	-11.3	19.6	25.2
Fiscal deficit/total government expenditure (%)	36.3	50.1	36.1	41.2
US dollars million				
C. External sector				
Trade balance (goods and non-factor services)	-200.9	-288.6	-186.1	74.4
Balance on current account	-337.8	-403.8	-361.8	-151.8
Balance on capital account	142.5	285.0	264.6	...
Variation in net international reserves (inc. = minus)	176.3	94.5	100.9	-63.0
External debt (net)	2 293	2 740	3 274	3 237

Source: ECLAC on the basis of official data.

Strict control of the money supply was used to complement the exchange rate policies, resulting in a contraction of private consumption both of potential exports as well as of imports. Efforts were also made to reduce public consumption and increase revenue so as to reduce the fiscal deficit, complement the foregoing policies and contain the rising national debt. At the same time that consumption was curtailed, measures were also adopted to induce investment and increase the supply of exports and import substitutes. Another policy measure that lent support to this end was the further devaluation of the Jamaican dollar in 1984 and the consequent downward slide in the exchange rate vis-à-vis the US dollar. The exchange rate moved from an average 1983 level of J$2.26 to the US dollar to an average of J$4.00 in 1984.

Some of the policy objectives were realized although a number of unforeseen events at both the national and international levels made the pace of transformation slower than had been hoped. Similar policy measures are therefore likely to be pursued, perhaps with increased stringency during 1985.

2. Trends in economic activity

(a) Global trends

Although no real growth of GDP was recorded for calendar year 1984, some progress was made in the effort to adjust the economy and reduce a number of its imbalances.

Table 2
JAMAICA: TOTAL SUPPLY AND DEMAND

	J$ million current prices		% of GDP				Growth %	
	1983[r]	1984[p]	1970	1982	1983	1984[p]	1983	1984[p]
Total supply	10 362.0	14 942.7	137.4	150.0	150.2	159.5	18.3	44.2
GDP at mkt. prices	6 897.0	9 367.8	100.0	100.0	100.0	100.0	18.1	35.8
Imports of goods and services	3 465.0	5 574.9	37.4	50.0	50.2	59.5	18.7	60.9
Total demand	10 362.0	14 942.7	137.4	150.0	150.2	159.5	18.3	35.8
Domestic demand:	7 740.9	9 787.8	104.2	111.6	112.2	104.5	18.7	26.4
Gross domestic investment	1 487.1	2 106.2	31.6	20.8	21.6	22.5	22.2	41.6
Total consumption:	6 253.8	7 681.6	72.6	90.8	90.7	82.0	17.9	22.8
Public	1 421.1	1 577.8	11.7	22.0	20.6	16.8	10.3	11.0
Private	4 832.7	6 103.8	60.9	68.8	70.0	65.2	20.3	26.3
Exports of goods and services	2 621.1	5 154.9	33.2	38.3	38.0	55.0	17.0	96.7

Source: Statistical Institute of Jamaica, and ECLAC on estimated data.

Domestic demand has been contained over the survey period, growing by 26% in nominal terms, compared with a consumer price index which registered an increase of 31%. The excess of domestic demand over GDP now stands at 4.5% and is a major reduction from the previous year which recorded a gap of 12%. Reduced consumption was recorded in both the public and private sectors, total consumption falling as a proportion of GDP. This contraction is attributable to increased taxation, the abolition of subsidies, tighter monetary policies and restrictions of credit since the money supply declined in real terms. Consumption was also significantly curtailed by increased prices caused mainly by the downward float of the Jamaican dollar. Accordingly, inflation which was 31% for 1984 was almost twice that of the previous year though contained to some extent by reduced demand.

Domestic investment increased by 42% representing a slightly higher share of GDP than in 1983. A greater proportion of domestic investment was also financed by domestic savings, foreign financing now falling to 20% compared with 57% and 62% in the two previous years. At the same time the flow of new foreign investment projects under the structural adjustment programme oriented towards export has been sustained.

The domestic developments outlined above had their corollary in the external sector. Merchandise trade account improved by 33% with increased exports of goods, mainly agricultural products, and an almost equal reduction of imports. Preliminary data indicate that the services sector did not perform as effectively, showing a significant increase in the deficit over 1983, which was however a typical year. Earnings from tourism were higher, but increased costs of servicing the external debt more than cancelled these gains.

While the price of adjustment has been high, with real standards of living having declined significantly in 1984, it seems so far to have taken place without a significant increase in the rate of unemployment. This has been partly the result of increased emigration.

The dynamism demonstrated in the goods production sectors in 1983 was not sustained in 1984, in fact, there was a 1.5% decline in real growth. However, at the sector level, agriculture under the impact of higher export earnings for some of the traditional and non-traditional crops registered a 10% real growth. It was a slightly better year for mining and quarrying with 0.7% growth. However, the combined improvement in these two sectors could not compensate for the downturn in the manufacturing and construction and installation sectors with decreases of 6.4% and 5.4% respectively. Lower level of local demand, tight credit and difficult access to foreign markets in the main adversely affected the manufacturing sector. The imposition of a 6% stamp duty on imported raw materials coupled with credit restrictions and the devaluation of the Jamaican dollar which made imported inputs for the construction industry more expensive were among the principal factors impacting on the construction and installation sector.

Basic services expanded less rapidly than in 1983 largely because of a reduced rate of increase in the transport, storage and communications subsector. Notable among the other services was the decline of the finance, insurance and banking sector by more than 6 percent.

(b) Evolution of the main sectors

(i) Agriculture: The strong performance of 1983 continued in 1984 with real growth estimated at 10%. The traditional export crops: sugar, bananas an citrus, continue to stagnate or decline, and suffer from a lack of adequate supplies of fertilizer, chemicals and equipment as well as low labour productivity (see tables 4 & 6). While more sugarcane was brought to the mills less sugar was produced and earnings from sugar exports declined. Performance of the banana industry was even less distinguished; exports of this product falling by 52%. Climatic conditions must bear a portion of the responsibilty, however, since a cold spell in early 1984 caused underpeel discolouration - a condition which disqualifies such fruit from the export market. Equally significant was the adjustment process under which acreage in export fruits is being reduced from 35 000 to under half that acreage in exportable fruits in areas located near to ports. Nevertheless, there was also increased local consumption of bananas at the expense of exports as imported substitutes became more expensive with devaluation later in the year. Output of pimento increased but the production of other traditional export crops such as coffee and cocoa continued to decline. However, as in the case of citrus, when export earnings increased inspite of a 16% drop in output, foreign yields from cocoa and coffee also increased despite reduced output.

Table 3a
JAMAICA: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY IN PURCHASERS'VALUE
(Current prices)

	1982[r]	1983[r]	1984[p]
Gross domestic product	5 841.0	6 897.0	9 367.8
Goods	2 237.8	2 700.9	3 859.2
Agriculture, forestry and fishing	396.0	446.8	525.2
Mining and quarrying	338.0	283.7	825.7
Manufacturing	1 028.0	1 380.9	1 667.7
Construction and installation	475.8	589.5	840.9
Basic services	433.7	559.7	924.9
Electricity, gas and water	109.1	170.1	305.0
Transport, storage and communication	324.6	389.6	619.9
Other services	3 169.4	3 636.3	4 583.1
Distributive trades	1 232.3	1 348.9	1 917.3
Finance, banking and insurance	374.3	554.7	589.2
Real estate and business services	596.5	675.6	813.9
Government	893.8	1 004.3	1 126.0
Miscellaneous services, hotels etc.	269.7	311.8	386.8
Household and private non-profit institutions	52.6	56.8	70.0
Less imputed service charges	249.8	315.8	320.1

Source: Statistical Institute of Jamaica; Planning Institute.

While these traditional crops still dominate agricultural export earnings, efforts are being made to increase the output of a range of other food crops, and it is here that transformation in the sector must be judged. Production of domestic food crops such as vegetables, yams and plantains has as a result, grown by as much as 22% contributing to increased export earnings as well as substituting for imported food. Exports of cucumbers, green peppers and other

vegetables were particularly strong but the increased production was not reflected in increased export earnings, which fell by 16% no doubt due to increased local consumption.

Table 3b
JAMAICA: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY IN PURCHASERS' VALUE
(Constant 1974 prices)

				Percentage breakdown		Growth rates	
	1982[r]	1983[r]	1984[p]	1983	1984	1983	1984[p]
Gross domestic product	1 892.8	1 931.4	1 923.8	100.0	100.0	2.0	-0.4
Goods	677.6	705.4	695.1	36.5	36.1	4.1	-1.5
Agric.,forestry,fishing	143.8	154.2	169.6	8.0	8.8	7.2	10.0
Mining and quarrying	117.0	117.7	118.5	6.1	6.2	0.6	0.7
Manufacturing	302.1	311.6	291.7	16.1	15.2	3.1	-6.4
Constr'n & installat'n	114.7	121.9	115.3	6.3	6.0	6.3	-5.4
Basic services	151.6	158.9	161.5	8.2	8.4	4.8	1.6
Electricity, gas, water	24.7	25.8	26.1	1.3	1.4	1.2	1.2
Trans. storage & comm'n	126.9	133.1	135.4	6.9	7.0	4.9	1.7
Other services	1 063.7	1 067.1	1 067.2	55.3	55.5	0.3	0.0
Distributive trades	309.0	283.0	288.2	14.7	15.0	-8.4	1.8
Fin. & ins. & banking	114.4	140.2	131.3	7.3	6.8	22.6	-6.3
Real estate & bus. serv's	229.5	235.3	229.5	12.2	11.9	2.5	-2.5
Government	368.6	374.0	364.2	19.4	18.9	1.5	-2.6
Misc. services - hotels, restaurants, others	99.5	102.9	104.4	5.3	5.4	3.4	1.5
Households & private non-profit institutions	19.8	19.9	20.5	1.0	1.1	0.5	3.0
Less imputed service charges	77.1	88.2	70.9	4.6	3.7	14.4	-19.6

Source: Statistical Institute of Jamaica, Planning Institute and ECLAC on estimated data.

Table 4
JAMAICA: INDICATORS OF AGRICULTURAL PRODUCTION

	1982[r]	1983[r]	1984[p]	Growth rates 1982	1983	1984[p]
Index of agricultural production (1974 = 100)						
Agriculture	93.6	98.7	...	-7.9	5.4	...
Export	67.1	65.1	...	-2.0	-3.0	...
Domestic	98.1	106.4	...	-12.4	8.5	...
Livestock	111.1	117.1	...	-6.3	5.4	...
Forestry	31.4	44.4	...	-3.4	41.4	...
Fishing	118.0	120.0	...	11.3	1.7	...
Production of major export crops						
Sugar cane milled ('000 tonnes)	2 521.8	2 322.7	2 422.3[r]	2.8	-7.9	4.3
Bananas ('000 tonnes)[1]	22.0	23.1	11.1	15.8	4.5	-52.2
Citrus ('000 boxes)[2]	932.0	676.0	571.0	15.3	-26.9	-16.2
Pimento (tonnes)	1 734.0	2 708.0	3 150.0	-42.3	56.2	16.3
Copra (tonnes)	1 296.4	2 152.8	1 349.0	61.1	66.1	-37.3
Cocoa (tonnes dry weight)	1 448.9	2 781.9	2 753.5[r]	-22.6	92.0	-1.0
Coffee ('000 boxes)[3]	300.0	359.0	325.0[r]	4.2	19.7	-9.5
Other production[4]						
Yams (tonnes)	117.0	130.6	149.1	-14.2	11.6	14.2
Plantain (tonnes)	28.4	25.1	30.6	17.8	-11.6	21.9
Vegetables (tonnes)	97.4	112.3	137.4	-10.8	15.3	22.4
Indicators of livestock production						
Cattle slaughtered ('000 head)	60.9	67.8	77.5	1.4	11.3	14.3
Hogs slaughtered ('000 head)	118.4	112.6	120.1	-12.5	-4.9	6.7
Poultry meat ('000 tonnes)	26.6	32.7	34.3	-10.7	22.9	4.9
Eggs (million)	84.2	99.5	120.0	-11.4	18.2	20.6
Indicators of fish production						
Fish (tonnes)	8.2	8.3	7.7	-43.4	1.2	-7.2

Source: Statistical Institute of Jamaica.
[1]Exports.
[2]Handled by Jamaica Citrus Growers.
[3]Deliveries to Coffee Industry Board.
[4]The figures that were previously shown as internal consumption were in fact Ministry of Agriculture's Production figures.

Livestock production showed a general increase throughout the range.

The favourable performance in non-traditional agriculture is attributable to a number of factors including increased farm gate prices, better access to credit, which increased by 50%, and more assured export markets through export contracts. The result of drastic currency depreciation has also effected a

change in the relative prices of domestic and imported food, thus stimulating domestic production. While it may be premature to form a firm judgement, it nevertheless is clear that policy objectives were met in non-traditional agricultural production for the second consecutive year.

(ii) Mining: Recorded performance in mining conceals the underlying uncertainty faced by that sector. For 1984, the volume of bauxite mined increased, and the volume of bauxite exported increased by a healthy 51%. Alumina production, however, declined by 5.5%. The strong resurgence of gypsum production after two bad years was significant to return production to 1982 levels and increase the overall contribution of the industry to GDP in real terms by 0.7% following a 0.6% growth in 1983.

Table 5
JAMAICA: INDICATORS OF MINING PRODUCTION
('000 tonnes)

					Growth rates		
	1981	1982	1983	1984[p]	1982	1983	1984[p]
Bauxite (mined)	11 682[r]	8 378[r]	7 683	8 937	-28.3	-8.3	16.3
Bauxite (exported)	5 294	4 079	3 009	4 559	-22.9	-26.2	51.5
Alumina	2 556	1 758[r]	1 851[r]	1 749	-31.2	5.3	5.5
Gypsum	180	108[r]	108	180	40.5	0.9	66.9

Source: Jamaica Bauxite Institute and Statistical Institute of Jamaica.

The handsome increase of bauxite exports is attributable to the final shipment by Reynolds Jamaica Mines, to U.S. Government stockpiles prior to its closure in Jamaica, as well as to a new contract for sales to the U.S.S.R. The decline in alumina production was due to industrial disputes and does not augur well for an industry undergoing rapid change. A significant decline in bauxite shipments manifested itself from the third quarter of 1984, a trend which is likely to continue into 1985.

Jamaican bauxite and a portion of its alumina is destined for refineries in the southern United States which have been rendered uneconomic by new developments in the industry globally and by natural gas price increases in the U.S. Added to the problems of low domestic productivity and a lack of cheap indigenous energy, future prospects for the industry are not bright since global supply now exceeds demand with the resultant depressed world prices and marginal producers are being forced to cease production.

(iii) Manufacturing: The sectoral contribution to real GDP declined by 6.4% over 1983 and its contributes 15% to GDP. Difficulty has been experienced on the local market because of a general contraction in domestic demand. The other main outlet for local manufcturers, the CARICOM market has been depressed by increased protectionism. As a result, Jamaican exports to CARICOM declined by 37% in 1984. For both markets manufacturers have also had difficulty obtaining foreign exchange to purchase raw materials. The decline in exports of manufactured goods to the CARICOM market was offset to some extent by increases to third countries.

There were, however, some notable exceptions to the general reduction in output. Rum and alcohol output increased by 15% and exports of apparel and clothing accessories registered an increase of 115%. The latter item is one which has been selected for special priority under the Structural Adjustment Programme since it is labour intensive and has access to the U.S. market under the 807 legislation programme. Investment in this type of manufacturing is quite high, with 27 new projects being implemented by the JNIP for 1984, having an initial increased employment of 2 700 persons and projected increase of 6,000. For manufacturing as a whole 47 projects employing 3 500 persons were implemented for the year.

Table 6
JAMAICA: INIDCATORS OF MANUFACTURING PRODUCTION
('000 tonnes except otherwise specified)

				Growth rates	
	1982[r]	1983[r]	1984[p]	1983	1984
Sugar	195.5	208.2	187.8	6.5	-9.8
Flour (wheat)	55.3	61.8	85.9	11.7	39.0
Animal feed	193.1	184.7	184.2	-4.4	-0.3
Rum and alcohol[1]	19.9	14.7	16.9	-26.1	15.0
Fertilizers	19.3	37.3	33.5	93.3	-10.2
Petroleum products[1]	954.5	1 153.7	...	20.9	...
Electricity (sales to industrial and communication users)[2]	605.6	670.9	663.0	10.8	-1.2
Textile fabrics[3]	3 534.0	3 555.0	2 125.0	0.6	-40.2
Employment ('000)[4]	80.6	91.3	92.8	13.3	1.6

Source: Statistical Institute of Jamaica.
[1]Million litres.
[2]mWh.
[3]'000 yards (cloth).
[4]As at the end of October in each year.

The increase in rum production is also intended to take advantage of third country markets in line with the structural adjustment programme.

For the local market consumption patterns are changing somewhat, condensed milk production declining due to reduced demand while flour production registered an increase of 39%. The production of cornmeal increased by 38 percent.

Electricity sales to manufacturing and industrial users declined by 1% while sales to residential users declined by 3%. The output of petroleum products declined significantly, the most widely used around 20% due in part to reduced domestic demand, but also due to a shortage of foreign exchange to purchase imported crude which restricted the supply.

(iv) **Construction:** A decline of 5.4% in real terms was registered in this sector which had expanded by 6.3% in the previous year. A number of factors have contributed to the reduced performance. Central government expenditure on construction was reduced by over 13% in an effort to attain fiscal balance. In addition, the National Housing Trust ceased to provide interim financing for

private developers. The Jamaica Mortgage Bank similarly ceased to make interim financing available and was in fact in the process of terminating its primary market operations. The 19% growth in credit assigned by commercial banks to construction and land development could not compensate for the contraction on the part of the other financial institutions.

Production of essential inputs for the construction industry, such as cement and steel, have declined, partly because of industrial disputes in early 1984. At the same time, imports of construction materials fell. Not surprisingly, employment in the sector fell by 13% from the previous year.

Table 7
JAMAICA: INDICATORS OF CONSTRUCTION

				Growth rates	
	1982[r]	1983[r]	1984[p]	1983	1984
Cement ('000 tonnes)	211.3	277.4	261.1	31.3	-5.9
Paint ('000 litres)	6 237.6	7 363.6	6 946.3[e]	18.1	-5.7
Steel ('000 tonnes)	13.3	15.3	11.4	15.0	-25.5
Imports of construction materials (US$m)	71.2	71.3	67.4	0.1	-5.5
Employment ('000)[1]	31.3	33.4	29.0	6.7	-13.2

Source: Statistical Institute of Jamaica.
[1] Average number of persons employed in this sector.

(v) **Tourism:** The sector assumes critical importance for economic development since the long-term growth of minerals industries, currently the second most important activity, can no longer be assured. In fact gross earnings from tourism currently are not significantly below those from bauxite and alumina, and direct employment in tourism already far outstrips that in the mining, quarrying and refining sector.

For 1984 tourism continued to grow in importance. Visitors arrivals increased by almost 8% and expenditures by 2%. In line with other tourist destinations in the Caribbean the U.S. continues to increase its dominance as the major source of visitors now accounting for 77% of arrivals. Unlike other tourist destinations in the Caribbean, however, Jamaica has not maintained a fixed parity with the appreciating U.S. dollar and so the decline in arrivals from other markets is not attributable to high cost.

Table 8
JAMAICA: SELECTED TOURISM STATISTICS

	1982	1983[r]	1984[p]	Growth rates 1983[r]	Growth rates 1984[p]
Total visitors ('000)	670.2	782.9	843.8	16.8	7.8
of which:					
Stopover	467.8	566.2	603.4	21.1	6.6
Cruise	194.4	210.2	231.0	8.1	9.9
Total no. of hotels	88.0	96.0	94.0	9.1	-2.1
Total no. guesthouses	19.0	19.0	51.0	0.0	168.4
Average no. hotel rooms	7 155.0	7 554.0	7 113.0	5.6	-5.8
Average no. hotel beds	14 364.0	15 522.0	14 567.0	8.1	-6.2
Avge hotel bed occupancy rate	48.7	53.2	55.8	9.2	4.9
Avge.hotel room occupancy rate	53.3	58.6	60.4	10.0	3.1
Average length of stay (stopover visitors)	9.7	9.2	9.0	-5.1	-2.2
Total visitor expend. (US$m)	337.8	399.2	406.6	18.2	1.9
of which:					
Stopover visitors	(330.7)**	(289.5)**	(395.4)**	17.8	1.5
Cruise visitors & armed forces	(7.1)	(9.7)	(11.2)	36.6	15.5
Percentage of stopover visitor arrivals					
United States	69.0	75.1	77.5	...	...
Canada	17.1	13.5	13.1	...	...
United Kingdom	3.8	3.8	3.3	...	...
Other European	4.2	2.7	2.0	...	...
Caribbean (Commonwealth)	3.4	2.7	2.3	...	...
Latin America (South & Central)	1.1	1.0	0.8	...	...
Other	1.4	1.2	1.0	...	...

Source: Jamaica Tourist Board, Economic and Social Survey of Jamaica, 1984, Planning Institute of Jamaica.

With a slight reduction in the number of hotel rooms and an increase in visitors, room occupancy rates continued to rise to the current figure of 60%. Efforts to improve tourism earnings in the off-peak periods through the promotion of special attractions are being rewarded as demonstrated by the fact that earnings for the quarter July to September rose by 22% over the corresponding period in 1983. The length of stay of stopover visitors, however, declined marginally to an average of nine nights although this figure still compares favourably with competing Caribbean destinations.

The number of cruise ship visitors continues to increase while the earnings from such visitors increased by 16% as a result of the now competitive prices of local Jamaican products compared to other regional destinations.

(vi) **Employment and unemployment:** Although the rate of unemployment declined marginally between April and October 1984, the decline was somewhat more significant when compared with 1983. The youth are most affected by unemployment particularly the cohort 14 - 19 years with a 56% rate at October 1984. The age group is closely followed by the group 20 - 24 at 40%. In both groups female unemployment rates are significantly higher.

At the same time the number of people employed fell during 1984, particularly in Mining, Commerce, Public Administration and other services, and reflects the prevailing economic conditions in each of those sectors.

The seeming paradox of declining employment and a falling unemployment rate is explained by a decline in the labour force, the figure in October 1984 contracting to that which existed sometime between April and October 1983. The reduction which has taken place mainly among females of the 20 - 24 and 55 - 64 age groups might be explained by the fact that those losing their jobs tended to leave the labour force either through external migration or through retirement. Nevertheless, the job-seeking rate also increased in the last quarter of 1984 to a figure of 11.3%, the percentage of women actively seeking employment being higher than for men.

Table 9
JAMAICA: EMPLOYMENT AND UNEMPLOYMENT

	1983		1984	
	April	October	April	October
Rate of unemployment (percentage)				
National	25.8	26.7	25.6	25.4
Urban	29.2	30.8	30.3	28.9
Rural	22.8	23.5	21.5	22.2
Labour force (thousands)	963.3	985.4	984.8	971.4
Employed	714.5	722.7	732.7	724.7
Unemployed	248.8	262.7	252.1	246.7
Participation rates				
Total	45.3	45.9	45.5	44.9
Male	49.6	50.2	49.5	49.6
Female	41.2	41.9	41.8	40.4

Source: Statistical Institute of Jamaica.

3. The external sector

(a) The allocation of foreign exchange and the auction system

Efforts by Jamaica to establish some equilibrium in the market for foreign exchange continued and the following comments are intended to update the reader on those changes which have taken place since the 1983 survey when the system was described.

It will be recalled that in November 1983 the previously operated dual or parallel exchange rates were unified and other administrative controls removed. A twice weekly auction was established whereby banks could bid within a specified band for the available foreign currency. The banks in turn established the daily spot rates within that band. The mid-point of the band was adjusted on a fortnightly basis, and determined on the basis of a weighted average of the spot rates for transactions in the previous fortnight.

In early March 1984 the auction was widened to include individuals and companies having foreign liabilities in excess of US$50,000. Those with liabilities of less than US$50,000 could bid through the banks, which could also bid on their own account. Banks in turn would be required to surrender all foreign exchange purchases to the Bank of Jamaica which would control the supply of foreign exchange put up for bids. Bids continued to operate within predetermined bands with a range of J$0.30 and the clearing rate was determined by the highest bid which satisfied all demands or exhausted the available supply, whichever came first. The rate would in turn 'crawl' upwards for the next auction if the upper ceiling of the band was consistently the selling rate.

As demand continued to outstrip the supply of foreign exchange put up for auction the exchange rate depreciated, requiring an increase of Jamaican dollars (from J$3.30 in January to J$4.86 in November) to purchase one U.S. dollar.

In November, the system was further modified to remove the system of crawling bands and allow more rapid movements in either direction. At the same time, successful bidders would now have to pay the rate at which they bid irrespective of the clearing rate. Finally, a forward market was established, whereby the Central Bank agreed to accept bids for the sale or purchase of U.S. dollars with payment to be effected for periods of up to six months in the future.

The first two changes were intended to increase the risk to those making high bids. The adoption of a forward market was designed to take pressure off current bids which were increasingly being used to finance future payments. Current expectations were being conditioned by past experience, i.e. that the rate would continue to depreciate. For much the same reasons existing credit arrangements remained unutilized as businessmen preferred to conduct transactions in cash.

Despite these modifications the rate continued to decline and stood at J$4.95 by the end of December a depreciation of 50% during the period under review. The forward market, perhaps due to unfamiliarity was not yet being utilized.

(b) The balance of payments

As can be seen from much of the foregoing discussions, the thrust of domestic policy in 1984 was oriented to improving the balance of payments position. These policy objectives have been partially satisfied with a surplus being recorded for the calendar year 1984 compared with a deficit in 1983. Yet the demand for foreign exchange still outstrips the supply.

The growth in exports was achieved mainly by bauxite although non-traditional food items continue to record solid growth. Traditional agricultural exports performed poorly with reduced earnings from sugar, bananas and pimento.

Table 10
JAMAICA: EXPORTS OF GOODS (f.o.b.)
(U.S. dollars million)

	1982	1983	1984[p]	Growth rates 1983	Growth rates 1984[p]
Total exports	768.5	685.7	738.7	-10.8	7.7
Traditional exports	602.6[r]	521.2[r]	586.7	-13.5	12.6
of which:					
Bauxite	170.3	109.2	177.3	-35.9	62.4
Alumina	344.3	314.6	324.5	-8.6	3.1
Sugar	49.1	57.3	45.8	16.7	-20.1
Bananas	4.7	6.8	2.6	44.9	-61.8
Citrus	6.9	4.0[r]	6.0	-42.0	50.0
Coffee	7.6	8.3	8.9	9.2	7.2
Cocoa	3.6[r]	5.3[r]	6.2	47.2	17.0
Non-traditional exports	144.1[r]	152.7[r]	137.4	6.0	-10.0
of which:					
Beverages and tobacco	21.7	24.6	20.0	13.4	-18.8
Manufactures	96.9	96.7	94.0	-0.1	-2.8

Source: Statistical Institute of Jamaica.

The performance of non-traditional exports was disappointing. Conceptually this category of exports needs to be divided into CARICOM exports and third country exports. The programme of structural transformation intends to focus expansion on third country exports while maintaining, as far as possible, the CARICOM market. In fact, exports to CARICOM declined drastically, by 37%, after showing modest growth in 1983. Exports to the major CARICOM trading partner Trinidad and Tobago fell by 45 percent.

Non-traditional exports to third countries, however, showed promising performance in food which increased by 45%, and in clothing accessories under the 807 programme which increased by 115 percent.

Imports contracted by 7.6% because of reduced purchasing power, limited foreign exchange, and rapid currency depreciation, since administrative controls were being rapidly dismantled. Imports of consumer goods registered the sharpest decline followed by raw materials and capital goods. In the category raw materials, food imports for processing increased but fuel imports declined. Based on partial data, imports from CARICOM declined by 37.2 percent.

Table 11
JAMAICA: IMPORTS OF GOODS (c.i.f.)
(U.S. dollars million)

	1982	1983	1984	Percentage breakdown 1983	Percentage breakdown 1984	Growth rates 1983	Growth rates 1984
Total	1 375.9	1 281.1	1 183.2	100.0	100.0	-6.9	-7.6
Consumer goods	230.1	207.1	163.7	16.2	13.8	-10.1	-21.0
Food	118.9	107.7	98.9	8.4	8.4	-9.4	-8.2
Other non-durable	64.2	59.1	42.9	4.6	3.6	-7.9	-27.4
Durable	46.9	40.3	21.9	3.1	1.9	-14.1	-45.7
Raw materials	821.4	786.9	732.3	61.4	61.9	-4.2	-6.9
Fuels	405.3	385.5	349.0	30.1	29.5	-4.9	-9.5
Other	416.1	383.4	383.3	29.9	32.4	-7.9	-0.3
Capital goods	324.5	304.9	287.3	23.8	24.3	-6.0	-5.8
Constr. materials	71.2	71.2	67.4	5.6	5.7	0	-5.3
Trans. equipment	71.4	55.7	41.9	4.3	3.5	-22.0	-24.8
Other machinery and capital imports	181.9	177.9	178.0	13.9	15.0	-2.2	0.1

Source: Statistical Institute of Jamaica.

On merchandise account the deficit was therefore reduced by almost 33% compared with 1983.

Services recorded a mixed performance, the foreign travel account, reflecting increased tourism earnings, registered a growth of 8%. Interest payments increased by 56%, reflectinog the increased cost of servicing the external debt, and left the factor services account with an increased deficit. Nevertheless, the trade balance, reflecting the performance of goods and services, recorded a surplus in 1984, for othe first time since 1978.

Official capital inflows increased, by 87%, and so did official grants. While private capital flows were not yet known, the overall balance is expected to have recorded a surplus and reserves to have increased by US$ 63 million.

Table 12
JAMAICA: BALANCE OF PAYMENTS
(U.S. dollars million)

	1981[1]	1982[2]	1983[1]	1984[2]
Exports of goods and services	1 356.0	1 201.5	1 187.1	1 273.7
Goods f.o.b.	974.0	767.4	685.7	738.7
Services	382.0	434.1	501.4	535.0
Transport and insurance	97.6	97.9	102.1	111.4
Travel	284.4	336.2	399.3	423.6
Imports of goods and services	1 556.9	1 490.1	1 373.2	1 199.3
Goods f.o.b.	1 296.7	1 208.9	1 124.2	1 034.4
Services	260.2	281.2	249.0	164.9
Transport and insurance	246.4	251.1	224.0	144.6
Travel	13.8	30.1	25.0	20.3
Merhandise balance	-322.7	-441.5	-438.5	-295.7
Trade balance	-200.9	-288.6	-186.1	74.4
Factor services	-260.2	-249.7	-270.4	-344.2
Profits	-2.9	28.0	9.9)	
			)	17.3
Interest received	14.7	36.2	12.3)	
Interest paid	-213.3	-247.7	-207.3	-322.5
Others	-58.7	-66.2	-85.3	-39.0
Unrequited private transfer payments	123.3	134.5	94.7	118.0
Balance on current account	-337.8	-403.8	-361.8	-151.8
Unrequited official transfer payments	1.0	15.9	6.8	9.0
Long-term capital	218.0	417.8	156.9	...
Direct investment	-11.5	-15.8	-18.7	...
Portfolio investment	0.0	0.0	0.0	...
Other long-term capital	229.5	433.6	175.6	...
Official sector	240.2	446.0	191.7	...
Loans received	(448.9)	(663.2)	(621.1)	...
Amortization payments	(-208.7)	(-217.2)	(-429.4)	...
Other sectors	-10.7	-12.4	-16.1	...
Loans received	(38.4)	(37.3)	(17.6)	...
Amortization payments	(-49.1)	(-49.7)	(-33.7)	...
Basic balance	-118.8	29.9	-198.1	...
Short-term capital	-75.5	-132.8	107.7	...
Official sector	-60.7	-180.6	188.2	-161.3
Commercial banks	5.5	-28.3	-44.4	...
Other sectors	-20.3	76.1	-36.1	...
Errors and omissions (net)	18.0	8.4	-10.5	...
Balance on capital account	142.5	285.0	264.6	...
Global balance	-194.3	-102.9	-90.4	...
Total variation in reserves (- sign indicates increase)	176.3	94.5	100.9	-63.0
Special drawing rights (SDR's)	-1.3	1.2	0.1	-
IMF reserve position	-2.8	-1.3	4.1	-
Foreign exchange assets	11.9	-23.6	25.1	-24.0
Other assets	8.1	4.4	27.3	-40.5
Use made of IMF credit	160.4	113.8	44.3	1.5

Source: IMF, Balance of Payments yearbook and Bank of Jamaica.
[1]Revised. [2]Provisional.

The external debt continues to be a source of concern. Despite the fact that the entire public debt contracted slightly for 1984 interest payments increased by over 18%. Arrears of the Bank of Jamaica were reduced, as was government guaranteed debt, although the direct debt of government registered an increase. A more complete analysis of the debt must await further information on private debt. Available evidence, however, suggests that total external debt is now high in relation to Gross Domestic Product.

Table 13
JAMAICA: INDICATORS OF EXTERNAL DEBT
(U.S. dollars million)

				Growth rates	
	1982	1983	1984	1983	1984
Public external debt	2 739.9	3 097.3	...	13.0	2.6[e]
Bank of Jamaica	997.8	1 177.5	1 195.4	18.0	1.5
Government guaranteed	295.1	269.2	265.0	-8.8	-1.6
Government direct	1 447.0	1 650.6	1 703.7[2]	14.1	3.2[2]
Servicing of external debt[1]	408.4	371.4	...	-9.1	...
Amortization	186.7	176.1	...	-5.7	...
Interest payments	221.7	195.3	...	-12.0	...
Public external debt[1]	2 739.9	3 097.3	...	13.0	...
Long and medium-term	1 326.7	1 493.4	...	12.6	...
Short-term (under 5 years)	1 413.2	1 603.9	...	13.5	...
Percentage short-term	51.6	51.8	...	...	...
Servicing of public external debt	408.4	371.4	...	...	...
Amortization	186.7	176.1	...	-5.7	...
Interest payments	221.7	195.3	...	-12.0	...

Source: Bank of Jamaica and Planning Institute of Jamaica.
[1]Refers to public external debt, as data on private debt are not available.
[2]Figure relates to November 1984.

4. Monetary and fiscal policy

(a) Monetary policy

The objective of monetary policy in 1984 was to restrict aggregate demand in order to improve the balance of payments and dampen the expected inflation caused by currency depreciation. At the same time, interest rates were increased in order to raise the level of domestic savings.

Over the year, the bank rate moved from 11% to 16% by October, while interest rates on savings deposits moved from a minimum of 11% to a minimum of 20%. The statutory liquid assets ratio moved progressively from 36% to 45% and a number of administrative changes were introduced to further increase the effect of the rate changes on the money supply. Ceilings were set on credit to the private sector as a whole, of 12%, and consumer credit was targeted not to exceed the level outstanding at March 1983. By year end, interest rates on loans had reached 26%, which was nevertheless still below the rate of inflation.

A further contraction of liquidity was caused by the establishment of a deposit scheme for the payment of arrears of foreign obligations contracted prior to February 1984. The scheme attracted deposits of over J$200 million.

The result of these policy measures was a sharp curtailment in the rate of increase of domestic credit compared to 1983. Credit to the private sector fell just outside targets set in early 1984 resting at 12.5% by year end. The contraction of credit to Government was in real terms more severe, at a nominal 3% growth. The deterioration of international reserves continued to work against the goal of contraction although the rate of deterioration had moderated, and was only slightly greater than inflation.

Commercial bank credit to government, personal loans and loans to distribution fell sharply, while credit to manufacturing kept pace with inflation and exceeded it significantly in agriculture.

Table 14
JAMAICA: MONETARY BALANCE
(Jamaica dollars million)

				Growth rates	
	1982	1983	1984[p]	1983	1984[p]
Money (M_1)	729.2	884.3	1 012.4	21.3	14.5
Currency outside banks	313.2	372.8	433.3	19.0	16.2
Demand deposits	416.0	511.5	579.1	22.9	13.2
Factors of expansion					
Net international reserves	-1 676.0	-3 587.0	-4 799.6	-114.0	-33.8
Domestic credit	4 208.3	5 633.8	5 999.1	33.9	6.5
Government (net)	(2 724.1)	(3 749.0)	(3 856.8)	37.6	2.9
Private sector	(1 594.8)	(2 030.0)	(2 284.5)	27.3	12.5
Other financial institutions	(-110.6)	(-145.2)	(-142.2)	-31.3	2.1
Factors of absorption					
Quasi money	1 630.0	2 097.2	2 438.8	28.6	16.3
Long-term foreign borrowing	-	-	-	-	-
Bonds	-	-	-	-	-
Other items (net)	173.1	-934.7	-2 251.7	...	...

Source: Bank of Jamaica.

Table 15
JAMAICA: COMMERCIAL BANKS - LOANS AND ADVANCES
(Jamaica dollars million)

	1982	1983	1984[p]	Growth rates 1983	Growth rates 1984[p]
Loans and advances outstanding	1 963	2 447	2 746	24.7	12.2
of which:					
Agriculture	231	265	401	14.7	51.3
Manufacturing	397	520	681	31.0	31.0
Construction & land development	326	514	617	57.7	20.0
Central & local government	31	107	44	245.2	-58.9
Personal	168	173	143	3.0	-17.3
Distribution	126	134	107	6.3	-20.1

Source: Bank of Jamaica.

(b) Fiscal policy

The policy objective for 1984 was to reduce the budgetary deficit by expanding revenues and curtailing expenditures. Efforts to increase domestic revenue would at best have been difficult, particularly in the face of a stagnating economy and drastically reduced demand. In fact, the increases which occurred were mainly due to transfers from the Capital Development Fund of J$m266 and other bauxite barter arrangements. Rates on other taxes such as stamp duty, hotel taxes and travel taxes were increased. Collections from those taxes dependent upon import consumption, particularly of luxuries were however reduced as a consequence of reduced demand of such items. Nevertheless, current revenue recorded an increase of 22% in 1984.

Efforts to contain expenditures were not as successful. Despite politically unpopular measures to reduce wages and salaries through redundancies in the public sector, the hoped for effect did not appear in the short-run due to redundancy payments. There was in fact a nominal increase of 15% in expenditure under this item. The main cause of the increased recurrent expenditure was however an increase of 139% in interest payments and serves to highlight the extremely difficult task faced by government in efforts to achieve fiscal balance. The deficit on current account therefore widened although a decrease in capital expenditure contained the increase in overall fiscal deficit to 42% in nominal terms.

In order to satisfy the targets for limited borrowing from the domestic banking system the deficit was financed primarily by foreign borrowing.

Table 16
JAMAICA: CENTRAL GOVERNMENT REVENUE AND EXPENDITURE
(Jamaica dollars million)

	1982	1983[p]	1984[p]	Growth rates 1983	Growth rates 1984[p]
Current revenue	1 502.1	1 680.9	2 059.4	11.9	22.5
Customs	109.9	130.5	131.2	18.7	0.5
Excise duties	21.5	22.5	22.6	4.6	0.4
Consumption duty	385.0	422.4	447.2	9.7	5.9
Income tax	591.6	677.6	735.3	14.5	8.5
Stamp duty	78.4	102.5	151.4	30.7	47.7
Other	315.7	325.4	571.7	3.1	75.7
Special bauxite transaction	-	112.2	-	-	-
Current expenditure	1 473.5	1 910.3	2 742.5	29.6	43.6
Wages, salaries, subsidies and transfers	1 329.8	1 470.0	1 689.2	10.5	14.9
Interest payments	143.7	440.0	1 053.3	206.2	139.4
Savings on current account	28.6	-229.4	-683.1	-	-
Capital revenue	29.3	4.5	11.3	-84.6	151.1
Capital expenditure	877.4	901.5	777.4	2.7	-13.8
Amortization	182.4	295.2	257.4	61.8	-12.8
Other	695.0	606.3	520.0	-12.8	-14.2
Total expenditure	2 350.9	2 811.8	3 519.9	19.6	25.2
Fiscal surplus or deficit (-)	-1 177.2	-1 014.2	-1 449.2	-13.8	42.9
Financing of deficit	1 305.4	1 108.6	1 222.9	-15.1	10.3
Foreign	660.0	543.4	713.0	-17.7	31.2
Domestic bank	470.2	663.7	99.9	41.1	-84.9
Domestic non-bank	175.2	-98.5	410.0	-43.8	-
Residual	-128.2	-94.4	226.3	26.4	-

Source: Bank of Jamaica.

(c) Domestic prices

The rate of inflation for 1984 as measured by changes in the Consumer Price Index was 31.2% when compared with December 1983 and 27.8% comparing average changes between 1983 and 1984.

The most obvious cause of this high level of inflation was the increased cost of imports and the high import content of domestic production, the increased cost of imports itself reflecting the sharp devaluation referred to above. Other contributing factors were the imposition of higher taxes and the removal of subsidies. A further factor was defensive in that some producers increased prices even when foreign inputs were low in order to sustain real earnings. Taken together with severe controls on domestic demand the rate of inflation was however contained reasonably well and was within earlier projections which anticipated an increase of 30-33 percent.

Food costs increased at the overall average rate, major increases being observed in meat, fresh poultry and dairy products. Housing expenses moved faster than average at 47% due to increases in rents, electricity, telephone and water rates and the cost of household furniture and home furnishings.

Table 17
JAMAICA: EVOLUTION OF DOMESTIC PRICES
(All Jamaica)

	Weights	1981	1982	1983	1984
		January 1975 = 100			
Consumer price index (all items)	100.00	326.1	347.4	386.7	494.2
Food and drink	53.28	347.0	368.2	412.4	529.6
Housing	8.87	223.1	245.4	264.4	349.4
Clothing and accessories	8.18	318.6	334.0	360.9	421.7
Personal expenses	8.43	314.5	338.6	394.8	509.1
		Variation December to December			
Consumer price index (all items)		4.6	6.5	16.7	31.2
Food and drink		0.7	7.5	17.3	31.6
Housing		17.2	8.7	7.4	47.0
Clothing and accessories		7.9	3.4	14.0	16.1
Personal expenses		13.9	6.0	22.5	29.9
		Annual average variation			
Consumer price index (all items)		11.9	6.5	11.3	27.8
Food and drink		10.3	6.1	12.0	28.4
Housing		16.4[r]	10.0[r]	7.7	32.1
Clothing and accessories		17.7[r]	4.8[r]	8.1	16.8
Personal expenses		23.3	7.7	16.6	29.0

Source: Statistical Institute of Jamaica.

PART XI

MONTSERRAT

COUNTRY NOTES

MONTSERRAT

1. Recent economic trends: Introduction and summary

The Montserrat economy experienced some growth during the year under review. The Gross Domestic Product (GDP) increased by 9.8% while the Retail Price Index rose by 61%. Real GDP (at 1977 prices) increased by 5.7 percent.

Table 1
MONTSERRAT: MAIN ECONOMIC INDICATORS

	1982	1983	1984
A. Basic economic indicators			
GDP at market prices (EC$ million)	71.0	75.3	82.7
Real GDP at market prices (EC$ million at 1977 prices)	38.0	36.2	38.3
Population (No. of inhabitants)	11 675	11 733	11 792
Per capita GDP (EC$ at 1977 prices)	3 255	3 086	3 246
	Annual growth rates		
B. Short-run economic indicators			
Real gross domestic product	-7.4	-4.7	5.7
Per capita gross domestic product	-7.9	-5.2	5.2
Current value of domestic export of goods	-21.8	55.1	-5.0
Current value of imports of goods	7.6	-2.0	-15.4
Consumer price index (Dec. - Dec.)	8.4	7.0	6.1
Consumer price index (ann. avg. var.)	9.8	4.7	5.5
Money supply	-19.0	13.9	2.7
Rate of unemployment	5.6	7.0	...
Current revenue of Government	8.3	5.7	1.4
Total expenditure of Government	-2.2	-6.2	3.5
Fiscal deficit as % of total expenditure	...	...	2.3
	EC dollars million		
C. External sector			
Trade balance	-47.9	-41.7	-36.9
Balance on current account	...	-12.6	-23.2
Variation in net international reserves	+0.2	-0.5	-0.6
External debt (public debt only)	5.2	5.5	5.8[p]

Source: Statistics Department, Eastern Caribean Central Bank, The Treasury.

2. Trends in economic activity

(a) Growth of the main sectors

(i) Agriculture, fisheries, forestry and livestock: After a decline in 1983, agricultural production increased in 1984 and its contribution to the GDP at constant 1977 prices was $m1.5 - an increase of about 53% over 1983. The

contribution of forestry and fisheries was practically the same as in the previous year. Livestock's contribution was $m0.5 compared with $m0.4 in 1983. During the year, production of certain vegetables was increased and it was only necessary to import carrots, tomatoes, cabbage and string beans for brief periods. Exports of fruit and vegetables totalled $149 500 compared with $51 500 in 1983. However, exports of live plants were valued at $208 500, a decline of 34.6 percent.

The operation of the abattoir has facilitated an expansion in the sale of locally produced meat. All of the island's requirements of ground beef were met from local supplies. An increased proportion of the fresh pork and whole chicken consumed was produced locally.

A significant development in 1984 was the establishment of bee keeping along commercial lines. The island became entirely self-sufficient in honey and shipments were made to St. Maarten and Antigua and Barbuda.

Table 2
MONTSERRAT: GROSS DOMESTIC PRODUCT, BY ECONOMIC ACTIVITY, AT FACTOR COST
(EC dollars million)

	1977 prices		Percentage breakdown		Current prices	
	1983[r]	1984[r]	1983	1984	1983	1984
Total Gross domestic Product	36.2	38.3	100.0	100.0	75.3	82.7
Goods	(8.3)	(9.0)	(22.9)	(15.0)	(15.0)	(16.1)
Agric. fishing and forestry	0.9	1.5	2.5	3.9	2.5	3.1
Livestock	0.4	0.5	1.1	1.3	0.7	0.9
Mining and quarrying	0.3	0.4	0.8	1.0	0.7	0.9
Manufacturing	3.6	3.5	9.9	9.1	5.3	5.4
Construction	3.1	3.1	8.6	8.2	5.8	5.8
Basic services	(4.4)	(4.7)	(12.2)	(12.3)	(10.3)	(11.7)
Electricity and water	1.2	1.3	3.3	3.4	3.0	3.5
Transport and communication	3.2	3.4	8.9	8.9	7.3	8.2
Other services	(23.5)	(24.6)	(64.9)	(64.2)	(50.0)	(54.9)
Wholesale and retail trade	6.9	7.1	19.1	18.5	13.7	14.7
Hotels and restaurants	1.0	1.4	2.8	3.7	2.8	3.8
Government	5.4	5.8	14.9	15.1	11.1	12.7
Other	10.2	10.3	28.1	26.9	22.4	23.7

Source: Statistical Department.

There was a marked improvement in the marketing of local produce. This improvement can be attributed to programmed production, restricted importation, intensive field monitoring and reporting and availability of export outlets. The CARDATS country officer made market promotion tours to St. Maarten, St. Barts and Anguilla and as a result of these tours the market potential has been enhanced to an extent of exporting 1.3 million pounds of fruit and vegetables in 1985. Export outlets for beef were identified in St. Barts.

A food processing technologist has assumed duties in the Ministry of Agriculture. His duties will be directed to the commercial processing of such fruit and vegetables as are available in Montserrat. Plans are being made to establish the facilities and organization that will permit farmers and other producers to provide raw materials directly to the processing unit.

The Canadian Government has agreed to consider providing funds for the development of livestock and fisheries.

(ii) **Manufacturing:** The manufacturing sector in Montserrat is quite small and is centered around enclave-type assembly light industry in garments, plastic and polyprophylene bags and electronics. Some of the other main industrial activities are the milling and weaving of sea island cotton, concrete blocks, bread, soft drinks and leather. The contribution of this sector to the GDP in constant prices in 1984 was $m3.5 or a fall of about 2%. Domestic exports of the manufacturing sector were valued at $m3.7 in 1984 that is, about 90.9% of total domestic exports compared with 90.5% in the previous year. The export of woven sea island cotton goods, electronic components and garments recorded an increase of 64.3% while export earnings of polyprophylene and plastic bags and leather declined by 42.2 percent.

In electronics, the major firm was forced to lay off a substantial portion of its workers in 1984 because of a decline in sales. The garment industry greatly increased its sales during the year as a result of improvement in efficiency and broadening of product lines.

The Montserrat Sea Island Cotton Company faced severe financial and marketing problems. For the financial year 1983-1984 the company incurred an operating loss of $374 000. Management has taken several measures to restore the company to a viable entity. Some of the measures taken were a drastic cut back in production while trying to sell the accumulated finished goods inventory. In addition, the services of a marketing expert have been retained to provide technical support for the company's efforts to market and price its products competitively both within and outside the CARICOM area, and also the employment of a Consultant to broaden the product line, improve the existing lines and introduce new designs and graphics to give the product appeal to a wider market.

(iii) **Construction and transportation:** Capital formation in constant prices was $m12.7 in 1984, marginally higher than the $m12.1 in the previous year. The major projects undertaken during the year in the public sector were the completion of the second phase of the three-year road improvement scheme, expansion and improvements to the Bethel Clinic, the construction of a fisherman's shed at St. Peter's and preparation work on the Plymouth Port Protection project.

Government intends to go ahead with plans for a hotel/condominium/marina development at Little Bay, however, it has not yet found private developers for the superstructure. Consequently, the major potential aid donors for the project have not released funds for the infrastructure work on the marina. In the meantime, the British Development Division is financing the access road which is now under construction.

The Government-owned air services acquired a new aircraft during the year. The expansion of routes to Guadeloupe, Saint Christopher-Nevis by this aircraft will help to boost visitor arrivals from those areas and will also serve to back up the Twin Otter operations from Antigua and Barbuda.

iv. **Tourism:** Total tourist arrivals rose by 12.2% to 21.1 thousand in 1984. Stopover visitors increased by 1.6 thousand to 15.9 thousand or an increase of 11.2% over 1983 while cruiseship visitors and air excursionists increased by 15.6% to 5.2 thousand. The hotel occupancy rate increased by 31.4% while the average length of stay declined from 8.1 nights to 8 nights. Tourist expenditure rose from $m16.2 in 1983 to $m18 in 1984. Of the stayover visitors 40.1% remained in the island for 2 to 7 nights, 19.3% for 8 to 14 nights and 15.4% for 1 to 6 months. The largest percentage of visitors came from the U.S.A. (42.1%) followed by the CARICOM region, Canada and the United Kingdom with 30.6%, 9.4%, and 7.7% respectively.

Table 3
MONTSERRAT: SELECTED TOURIST INDICATORS

				Growth rates		
	1982	1983	1984	1982	1983	1984
Total visitors ('000)	24.9	18.8	21.1	16.4	-24.5	12.2
Stopover visitors ('000)	15.0	14.3	15.9	-3.8	-4.7	11.2
Cruiseship visitors ('000)	9.1	3.6	4.3	78.4	-60.4	19.4
Air excursionists ('000)	0.8	0.9	0.9	14.3	12.5	...
Hotel and guesthouse beds	176	176	212	-43	...	20.5
Occupancy rate (%)	36	35	46	-25.0	-2.8	31.4
Avg.length of stay (no. of nights)	8.0	8.1	8.0	6.7	1.3	-1.2
Est'd tourist expend.(EC$ million)	15.7	16.2	18.0	7.5	3.2	11.1

Source: Statistics Department.

The hotel plant increased with the opening of a new 18-room hotel in Plymouth towards the end of the year. The Vue Point Hotel recently embarked on an extension project which will provide inter-alia, conference facilities for 100 persons.

(v) **Electricity and water:** Installed generating capacity remained at 5 megawatts but production rose by 1.5% and consumption by 2.8% in 1984 over 1983. Per capita consumption in 1984 was 933 kWh compared with 903 kWh in the previous year.

The European Investment Bank has approved a loan of approximately EC$m2 for purchasing a new 1.5 megawatt generating set in 1985. The generating set is expected to be commissioned early in 1986 and will replace plant that is due to be retired.

Water sold in 1983 was 1.54 million gallons comopared with 1.51 million gallons in 1983.

In recognition of the important role which water plays in the process of social and economic development, the Government intends to undertake major renovation and development works to the entire supply, storage and distribution systems. The main sources of financing will be grants provided by the Canadian International Development Agency, the European Development Fund and the United Nations Development Programme.

Table 4
MONTSERRAT: INSTALLED CAPACITY, PRODUCTION AND CONSUMPTION OF ELECTRICITY

Year	Capacity kWh x 10^3	Production kWh x 10^{10}	Consumption kWh x 10^6	Per capita consumption kWh
1978	3.6	10.0	8.6	740
1979	3.6	10.2	8.8	760
1980	3.6	11.7	9.9	860
1981	5.0	12.0	9.9	860
1982	5.0	11.7	9.5	814
1983	5.0	13.0	10.6	903
1984	5.0	13.2	11.0	933

Source: Statistics Department.

(vi) **Unemployment:** Information on the level of unemployment is not yet available but it is believed that it was higher than the 1983 rate which was 7% of the labour force.

3. The external sector

The value of imports continued to decline reaching $m45.5 in 1984 a reduction of 15.4% from the previous year. Four categories of imports, food, beverages and tobacco, machinery and transport equipment, manufactured goods and fuel valued respectively at $m14, $m9.6, $m7.1 and $m5 accounted for 78.5% of the value of merchandise imports in 1984. The proportion that they formed of merchandise imports in 1983 was 76.2%. Some of the decline in imports was due to exchange rates. The decrease in the importation of machinery and transport equipment was partly due to the fact that the Public Works Department did not import the same value of this category as in 1983 when much of its transport equipment was renewed. Consumers spent less on manufactured goods which was responsible for the drop in imports under this category. However, on account of the drought more food had to be imported. Data are not yet available for the origin of imports in respect of 1984.

After an increase of 55.1% in 1983 the value of domestic exports declined by 5% in 1984. Increases were recorded for electronic components (45.4%), which are exported to the U.S.A., garments (151.2%), hot pepper, pepper paste and fruit and vegetables (190.3%) and sea island cotton goods (97.6%). Polyprophylene and plastic bags declined by 41.7% and live plants and leather by

Table 5
MONTSERRAT: BALANCE OF VISIBLE TRADE 1976-1984
(EC dollars thousand)

Year	Domestic exports	Re-exports	Total exports	Total imports	Balance of trade	Exports as % of imports
1976	783	339	1 122	20 803	-19 681	5.4
1977	1 099	544	1 643	18 933	-17 290	8.7
1978	1 919	1 792	3 711	26 927	-23 216	13.8
1979	1 489	605	2 094	32 323	-30 229	6.5
1980	1 770	1 431	3 201	44 549	-41 348	7.2
1981	3 511	2 454	5 965	50 999	-45 034	11.7
1982	2 746	4 232	6 978	54 871	-47 893	12.7
1983	4 269	8 061	12 330	53 797	-41 467	22.9
1984	4 055	4 457	8 512	45 456	-36 944	18.7

Source: Statistics Department.

Table 6
MONTSERRAT: Imports of Goods

	EC dollars million			Percentage breakdown		Growth rates	
	1982	1983r	1984	1983	1984	1983	1984
Total imports	54.9	53.8	45.5	100.0	100.0	-2.0	-15.4
Food, beverages & tobacco	13.9	14.4	14.0	26.8	30.8	3.6	-2.8
Crude materials	1.6	1.3	0.9	2.4	2.0	-18.7	-30.8
Fuel	5.7	6.4	5.0	11.9	11.0	12.3	-21.9
Manufactured goods	9.6	7.9	7.1	14.7	15.6	-17.7	-10.1
Mach. & transport equipment	12.6	12.3	9.6	22.9	21.1	-2.4	-22.0
Other	11.5	11.5	8.9	21.3	19.5	...	-22.6

Source: Statistics Department.

34.6% and 58.5% respectively. Domestic exports to the CARICOM area were 53.5% of total domestic exports of this 30.3% went to the OECS countries and 21.2% to Trinidad and Tobago. Domestic exports to the U.S.A. and the United Kingdom were 39.4% and 4.7% respectively. Domestic exports to Barbados, the Republic of Guyana, Jamaica and the Republic of Trinidad and Tobago fell from 36.2% in 1983 to 23.2% in 1984. This decline was mainly due to the economic problems of Jamaica and Guyana and the licensing restrictions in force in Trinidad and Tobago. Re-exports fell from $m8.1 in 1983 to $m4.5 in 1984.

Table 7
MONTSERRAT: EXPORTS OF GOODS

	EC dollars thousand			Percentage breakdown		Growth rates	
	1982	1983	1984	1983	1984	1983	1984
Total domestic exports	2 746	4 269	4 055	100.0	100.0	55.1	-5.0
Food, beverages & tobacco	107	84	160	2.0	3.9	-21.5	90.5
Crude materials	407	323	209	7.6	5.2	-20.6	-35.3
Manufactured goods	167	144	102	3.4	2.5	-13.8	-29.2
Machinery	238	1 090	1 585	25.5	39.1	358.0	45.4
Misc. manufactured goods	1 827	2 628	1 999	61.5	49.3	43.8	-23.9
Misc.transactions & commodities	0	0	0	0	0	0	0

Source: Statistics Department.

Table 8
MONTSERRAT: MAIN DOMESTIC EXPORTS
(EC dollars thousand)

	1982	1983	1984
Total domestic exports	2 746	4 269	4 055
Lime and lime juice	12	12	14
Hot peppers and pepper waste	42	38	48
Fruits and vegetables	11	1	88
Rum punch	21	32	4
Live plants	388	319	209
Leather	118	85	35
Sea island cotton goods	...	27	53
Electronics components	238	1 090	1 585
Garments	371	227	571
Polyprophylene & plastic bags	1 434	2 391	1 395
Other	111	47	53

Source: Statistics Department.

Exports of goods and non-factor services declined from $m28.9 in 1983 to $m27 in 1984 while imports of goods and non-factor services increases from $m59.4 to $m69.1 thus widening the resource balance. Of the exports of goods and non-factor services, goods accounted for 31.5% of which 15.2% was domestic exports and the remainder being re-exports. Domestic exports were made up almost entirely of manufactured items, which accounted for approximately 91%. Imports of goods accounted for 65.8% of the imports of goods and non-factor services. The fall of imports of goods was brought about by reductions in all categories of imports except food which increased by about 3 percent.

Table 9
MONTSERRAT: BALANCE OF PAYMENTS - CURRENT ACCOUNT
(EC dollars million)

	1983	1984
Exports of goods and nfs.	28.9	27.0
Imports of goods and nfs.	59.4	69.1
Resource balance	-30.5	-42.1
Net factor service payments	-0.5	-0.5
Transfers (net)	18.4	19.4
Current account balance	-12.6	-23.2

Source: Eastern Caribbean Central Bank - Economic and Finance Review, December 1984.

4. Prices and wages

The annual rate of inflation, as measured by the consumer price index, continued to decline. The December to December increase in retail prices was 6.1% in 1984 compared with increases of 8.4% and 7% in 1982 and 1983 respectively.

Table 10
MONTSERRAT: EVOLUTION OF DOMESTIC PRICES

	Annual average change			Variation Dec. - Dec.	
	1982	1983	1984	1983	1984
Consumer price index	9.8	4.7	5.5	7.0	6.1
Food and beverages	4.9	0.2	7.2	6.9	8.3
Alcohol, beverages and tobacco	5.8	4.5	5.3	9.6	1.3
Rent	0.0[r]	6.9	7.6	13.9	1.0
Gas, electricity and water	20.9[r]	3.3	1.8	2.1	-1.9
Clothing and footwear	15.9	13.0	0.7	9.2	...
Household goods	16.0	8.1	5.3	5.1	6.7
Others, including services	6.9	3.5	7.4	5.1	8.9

Source: Statistics Department.

Government workers received a 5.4% increase in salaries and wages in 1984. It is expected that wage increases in the private sector will be somewhat of the same order of magnitude as the increase given by the public sector.

5. Monetary and fiscal policy

(a) Monetary policy

The money supply grew by 2.7% in 1984. Since Government external borrowing is very limited, the international reserve holdings are mainly the net foreign assets held by the commercial banks which stood at $m1.1 in 1984 compared with

$m0.5 in the previous year. Total domestic credit in 1984 was $m32.6 an increase of 6% over 1983, of which the private sector accounted for about 86% of the domestic credit.

At the end of 1984, personal loans and advances amounted to $m16.3 of which loans for house and land purchase accounted for 72.5%, loans to Government and Public Utilities were $m4.5, the distributive trades $m5.2, tourism, entertainment and catering $m1.1 and manufacturing approximately $1 million.

Demand deposits increased by 3.8% to $m10.2, time deposits by 20.2% to $m6.9 and savings deposits by 2.4% to $m21.6. Deposits held by individuals increased by $m1.5 to $m21.6 while those held by business firms increased by 17.2% to $m5.1 and deposits held by non-residents increased from $m8.4 in 1983 to $m9. The lower rate of increase of deposits resulted in an increase in the loans to deposits ratio from 82% to 84.6 percent.

During 1984, the prime lending rate ranged from 6% to 10% while the range for the other lending rates was from 6% to 16 percent.

Table 11
MONTSERRAT: MONETARY BALANCE
(EC dollars thousand)

	1982	1983	1981
Money (M_1)	(11 722)	(13 347)	(13 711)
Curency outside banks	3 596	3 545	3 534
Demand deposits	8 126	9 802	10 177
Factors of expansion			
Net international reserves	48	524	1 077
Domestic credit	(30 984)	(30 759)	(32 605)
Government and public utilities	4 071	3 253	4 538
Private sector	26 913	27 506	28 067
Factors of absorption			
Quasi money	26 548	26 736	28 368

Source: East Caribbean Currency Bank.

(b) Fiscal policy

Current revenue was $m22.4, an increase of 1.4% over the previous year while current expenditure grew by 2.8% totalling $m22.4. Capital expenditure was $m4.1 compared with $m3.8 in 1983. Capital income declined from $m3.7 in 1983 to $m3.5 in 1984. The majority of capital income was derived from grants from the United Kingdom and to a lesser extent from Canada, the USA and the European Development Fund.

The projected revenue was $m23.7 for 1984 was not achieved mainly because the decline in the value of imports adversely affected the Customs Department collections.

There was an overall deficit of $m0.6 in 1984 compared with a surplus of $m0.7 and $m0.2 in 1982 and 1983 respectively.

Table 12
MONTSERRAT: GOVERNMENT INCOME AND EXPENDITURE

	EC dollars million			Growth rates		
	1983	1983	1984	1982	1983	1984
1. Current revenue	20.9	22.1	22.4	8.3	5.7	1.4
Tax revenue	15.6	17.4	18.7	11.4	11.5	7.5
Direct	6.5	8.0	8.6	20.4	23.1	7.5
Indirect	9.1	9.4	10.1	5.8	3.3	7.4
Other current revenue	5.3	4.7	3.7	...	-11.3	-21.3
2. Current expenditure	20.3	21.8	22.4	10.3	7.4	2.8
3. Savings on current account (1 - 2)	0.6	0.3	0	-33.3	-50.0	-100.0
4. Capital income	7.1	3.7	3.5	-27.6	-47.9	-5.4
Grants	6.9	3.6	3.4	19.0	-47.8	-5.6
Loans	0.2	0.1	0.1	-95.0	-50.0	...
5. Capital expenditure	7.0	3.8	4.1	-26.3	-45.7	7.9
6. Total income	28.0	25.8	25.9	-3.8	-7.9	...
7. Total expenditure (2 + 5)	27.3	25.6	26.5	-2.2	-6.2	3.5
8. Government surplus/deficit	0.7	0.2	-0.6	-41.7	-71.4	-200.0

Source: The Treasury.

PART XII

NETHERLANDS ANTILLES

COUNTRY NOTES

NETHERLANDS ANTILLES

1. Recent economic trends: Introduction and summary

The profound economic shocks that affected many countries since 1973,did not affect the Netherlands Antilles until 1983. From 1973-1983, the six-island state has prospered along with the petroleum producers by providing services in the petroleum sector, and other services to the beneficiaries of oil price increases, primarily in Venezuela. At a time when the flow and direction of financial resources changed drastically, the Antilles were also able to adapt to new opportunities and provide financial services in its offshore banking industries.

The first symptoms of declining oil wealth were experienced in the Netherlands Antilles in 1983, with a 70% reduction in Venezuelan visitors and a sharp fall in the spending of those who travelled. The situation worsened in 1984. While the output of the refinery in Aruba has been declining in recent years, a decision was made by the end of 1984 to cease operations completely. Aruba derives half of its income from the refinery, and a similar fate appears to await the refinery in Curaçao.

Transhipment activities have continued to stagnate as a result of petroleum developments in the United States and the reduced use of large oil tankers. The ship-repair industry remains in jeopardy in the depressed shipping market and continues to lose money despite considerable efforts to reduce overmanning and improve productivity. Traffic through the Curaçao harbour has declined significantly due to a combination of the reasons adumbrated above, and so therefore have earnings derived from shiphandling.

Confidence in the future of the offshore banking sector, which performed well in 1984, was seriously shaken by a decision of the United States to abolish withholding taxes on income from foreign investment, thus removing the incentive for a large portion of the offshore business transacted in the Netherlands Antilles. While the impact of this decision will be delayed it will nevertheless cause a serious reduction in future revenues to the island government of Curaçao.

Tourism had a mixed performance, with strong and sustained growth in St. Maarten and continued recovery in Aruba, though at a declining pace. There is no evidence that Curaçao was able to adjust to changing patterns in the market.

The cumulative effect of these developments on the balance of payments has been negative. Reduced imports have not been able to offset the reduced earnings and increased capital outflows. This tendency has been exacerbated by increasing government expenditures in the face of declining revenues.

Unemployment increased in 1984 since the weak recovery in the tourism sector has not been sufficient to compensate for declining performance elsewhere.

Table 1
NETHERLANDS ANTILLES: MAIN ECONOMIC INDICATORS

	1981	1982	1983	1984
A. Basic economic indicators				
GDP at market prices (money unit)	...	...	...	...
Population (thousands)	232	234	236	237
Per capita GDP	...	...	...	...
Annual growth rates				
B. Short-run economic indicators				
Curr.val. of exports of goods	-2.6	-11.6	-12.5	...
Curr.val. of imports of goods	-3.0	-12.4	-10.1	...
Constant price index Dec-Dec	8.6	4.7	2.2	1.8
Var. between annual averages	12.2	7.6	1.5	2.4
Money supply	18.1	14.0	5.1	2.0
Millions of Antillean Guilders				
C. External sector				
Trade balance (merchandise)	-1 333.4	-1 088	-1 407	-1 256
Bal. on curr. acc. transactions	90.4	467	-80	-59
Balance on capital account	-7.9	-451.7	-11.0	-46
Var. in net international reserves (- = increase)	-96.1	-90.8	47.2	70.0
Total international reserves (minus sold)	300.9	391.6	344.4	274.4

Source: ECLAC on the basis of official data.

By the end of 1984, the Antilles faced a problem of adjustment, as acute as that facing other Caribbean islands. For the short-term focus will need to be placed on adjusting government expenditures to declining revenues and re-establishing external balance. For the medium to longer terms, there is a need to improve productivity in those activities having future potential, while identifying new industries to replace declining ones. Productive employment must also be provided for those persons who are either employed or under employed.

2. Trends in economic activity

(a) Balance of payments - a general overview

Because of the extreme openness of the economy, as well as other data limitations, the balance of payments provides a convenient framework within which to analyse economic performance of the Antilles as a whole.

Based on a measurement of cash flows, the deficit on merchandise account, excluding imports and exports of petroleum products, declined in 1984 by almost 10%. This was due to increased exports and decreased imports.

While the data are incomplete, a breakdown of all imports and exports for the first three quarters of 1984 shows, a reduction in the deficit of only 2.5%. This reflects in part the poor performance of the petroleum sector. Imports of petroleum declined in value by 12.5% while exports declined by 17%. Overall, the value of imports and exports fell by 12% and 17% respectively, reflecting the general reduced level of economic activity, both in consumption and investment since the value of machinery and transportation equipment imported also fell by 46 percent.

Table 2
NETHERLANDS ANTILLES: BALANCE OF PAYMENTS - CASH BASIS
(NA.f million)

	1982	1983	1983[3]	1984[3]
Oil exports	9 160.6	8 088.3	...	...
Oil imports	8 539.3	7 680.2	...	...
Net	621.3	408.1	...	...
Non-oil exports	214.4	118.9	93.4	134.4
Non-oil imports	1 827.5	1 639.7	1 500.0	1 403.2
Net	-1 613.1	-1 520.8	-1 406.6	-1 268.8
Trade balance	-991.8	-1 112.7	...	...
Transportation	632.6	464.5	184.3	206.8
Bunker	357.8	297.4	...	...
Storage fee	111.7	73.3	...	...
Other	163.1	93.8	...	...
Tourism	634.6	376.9	383.4	381.5
Investment income	-220.8	-118.8	15.9	-0.4
Government n.i.e.	240.2	335.7	318.5	341.6
Private remittances	-78.9	-80.3	-134.5	-139.4
Other services	100.1	52.3	113.2	112.9
Services balance	1 307.8	1 030.3	902.1	903.0
Unrequited transfers	-22.3	-26.4	...	...
Private	-64.7	-77.8	...	...
Government	42.4	51.4	...	...
Current account	293.7	-108.8	...	...
Private capital	-244.8	-35.8	-123.0	-139.2
Securities	-40.9	-22.6	...	...
Real estate	0.5	-2.4	...	...
Loans	-6.8	9.1	...	...
Commercial bank's foreign borrowing	-10.9	-7.2	...	...
Short-term capital	-186.4	-12.7	...	...
Government capital	19.4	34.1	112.4	93.0
Loans	26.4	25.5	...	...
Other	-7.0	8.6	...	...
Capital account	-225.4	-1.7	10.6	-46.2
Errors and omissions	18.4	63.3	45.0	35.3
Overall balance	-20.8	47.2	47.2	70.0
Changes in international reserves[1]	-90.8	47.2	47.2	70.0
Total funded debt[2]	713.4	740.5	740.5	780.8

Source: Central Bank.
[1]Increase: - sign.
[2]To the Netherlands Government incurred by Antillean Central and Island Governments in millions of Netherlands Guilders.
[3]Based on a summary of external cash flows.

Table 3a
NETHERLANDS ANTILLES: ARUBA, BONAIRE AND CURACAO:
Imports by SITC Sections
(NA.f million)

	SITC Sections	Imports			% change
		1983	1983[1]	1984[1]	1984[1]
0.	Food	280.0	208.3	197.8	-5.0
1.	Beverages and tobacco	32.4	22.4	20.9	-6.7
2.	Crude materials, inedible	11.6	8.6	10.0	16.3
3.	Petroleum products	6 901.2	5 356.3	4 694.8	-12.5
4.	Animal & vegetable oils & fats	3.9	2.7	3.4	26.0
5.	Chemical products	146.7	88.3	136.6	54.7
6.	Manufactured goods	212.0	157.8	125.5	-20.5
7.	Machinery and transport equipment	343.8	275.1	175.7	-36.1
8/9	Miscellaneous & other articles	216.8	158.1	133.2	-15.7
	Total	8 148.3	6 286.7	5 498.1	-12.5

Source: Bureau of Statistics.
[1]Figures relate to period January - September.

Table 3b
NETHERLANDS ANTILLES: ARUBA, BONAIRE AND CURACAO:
Exports by SITC Sections
(NA.f million)

	SITC Sections	Exports			% change
		1983	1983*[1]	1984*[1]	1984[1]
0.	Food	181.0	5.1	7.1	39.2
1.	Beverages and tobacco	12.8	-	-	-
2.	Crude materials, inedible	29.3	7.0	18.4	162.8
3.	Petroleum products	7 310.7	6 038.5	5 019.7	-16.9
4.	Animal & vegetable oils & fats	3.4	-	-	-
5.	Chemical products	81.0	45.4	41.2	-9.2
6.	Manufactured goods	132.1	3.2	3.2	0
7.	Machinery & transport equipment	220.5	17.1	9.2	-46.2
8/9	Miscellaneous & other articles	144.2	7.8	4.1	47.4
	Total	8 115.3	6 124.2	5 103.2	-16.7

Source: Bureau of Statistics.
[1]Figures relate to period January - September.

The surplus on services increased negligably in 1984. Net tourism earnings fell slightly while earnings from transportation services as a whole grew by 12%. Investment income recorded a small outflow for 1984 compared with an inflow of $16 million for the previous year, although this was more in line with the pattern of previous years.

Based on a preliminary analysis the deficit on current account for 1984 should be reduced by approximately 12% from the previous year.

The increased deficit on capital account in 1984, was due mainly to the repayment of loans, and the increase in the purchase of foreign securities, which had been induced by the favourable exchange rate, high interest rates abroad, as well by limited and uncertain investment prospects at home. Government capital inflows declined by 17%, caused mainly by reduced project funding from the Netherlands.

As a result of these developments an overall deficit in the balance of payments was expected for the second successive year.

The total external debt increased by a modest 5%, and the international reserves (excluding gold) were reduced to fl.274.4 million. The foreign assets of the commercial banks, increased by 28% to fl.62.8 million.

(b) Tourism

Tourism is a significant activity for all four major islands of the Netherlands Antilles. While it is the sole significant source of income and employment in St. Maarten and Bonaire, it has, until now, been supplemented by other activities in Curaçao and Aruba. Indications for the future are however, that tourism will have to provide the basis of survival of both these islands as well.

In Aruba, tourism managed to adjust fairly quickly to the decline in visitor arrivals from Venezuela. In Curaçao where tourism had been oriented more strongly towards duty free shopping, the adjustment has not been as quick. Accordingly, stopover arrivals to Aruba are now 5% below the previous peak year (1981) but in Curaçao they are still 30% below the previous peak year (1980). Moreover, hotel facilities in Curaçao which are government-owned are in need of upgrading and require significant funding by the island government as they are now unprofitable. As government revenues fall, subsidizing the hotels will become more difficult. The immediate prospect for tourism in Curaçao to develop as a growth area is not therefore good unless significant investment takes place.

Table 4
NETHERLANDS ANTILLES: SELECTED TOURISM STATISTICS

	1981	1982	1983	1984	% 1984	Annual % Growth rates 1982	1983
Stayover visitors ('000)	603.9	635.9	589.7	687.0	16.5	5.3	-7.3
Aruba	221.3	220.2	195.2	210.8	7.7	-0.5	-11.4
Curaçao	176.3	174.4	111.0	130.0	17.1	4.9	-36.3
Bonaire	25.9	28.0	20.2	26.8	32.7	8.1	-27.8
St. Maarten	190.5	213.3	263.3	319.9	31.5	12.3	23.4
Cruiseship visitors ('000)	293.1	266.2	216.5	...	...	-10.1	-18.7
Aruba	54.7	51.1	39.1	30.1	-23.0	-6.6	-23.5
Curaçao	128.4	110.0	104.1	121.0	16.3	-14.3	-5.4
Bonaire	12.0	6.8	0.3	2.93	...	-43.3	-95.6
St. Maarten	106.0	98.3	73.0	...	...	-7.3	-25.7
Cruiseship calls							
Aruba	79	84	63	51	-19.0	6.3	-25.0
Curaçao	195	183	170	182	7.0	-6.1	-7.1
Bonaire	23	10	1	4	300.0	-56.5	-90.0
St. Maarten	148	153	181	122	-32.6	3.4	18.3
Avg. length of stay (nights)							
Aruba	6.2	6.2	6.4	6.6	...	...	...
Curaçao	4.2	4.5	...	4.4	...	...	...
Bonaire	4.6	4.5	5.4	4.2	...	...	...
St. Maarten	...	...	...	...	...	...	...
Hotel occupancy rate (%)							
Aruba	86.2	77.2	74.1	79.8	...	...	...
Curaçao	72.5	64.9	47.5	51.3	...	...	...
Bonaire	...	...	...	...	...	...	...
St. Maarten	58.2	48.4	63.7	...	...	...	...
Estimated tourist expenditure[1] (NA.f million)	667.7	617.9	383.4	381.5	-0.5	-7.5	-38.0

Source: Central Bank Quarterly Bulletin, Vol. 4, 1984 and data supplied ECLAC.
[1] Contribution to balance of payments measured on cash flow basis.

In general, the decline in tourist arrivals witnessed in 1983 has been arrested since the total number of stopover visitors to the Antilles as a whole increased by 16% in 1984. Increased arrivals have been obtained, however, at the expense of net tourist earnings which are estimated to have declined. Moreover, performance has been uneven over the various islands. Tourist expenditures declined by 50% in Bonaire, despite increased arrivals, and by 11% in Curaçao. St. Maarten continued to record solid improvements, the number of stopover tourists increased by 21% though tourist expenditures increased at a slower rate. In Aruba, tourist expenditures have remained constant.

Table 5
NETHERLANDS ANTILLES: TOURISM FOREIGN EXCHANGE INFLOW
(NA.f million)

	1982	1983	1984	% change 1984
Aruba	292	205	204	-0.5
Curaçao	240	139	123	-11.5
Bonaire	12	10	5	-50.0
St. Maarten	214	223	232	4.0

Source: Central Bank.

The share of visitor arrivals from Venezuela declined from 28% of all stopovers in 1982 to less than 8% in 1984, although the share of visitors from other parts of Latin America and the Caribbean have increased. Despite an unfavourable movement in the exchange rate arrivals from Europe and the rest of the world have remained fairly constant. As with all other Caribbean destinations the share of tourists from the U.S.A. continued to increase and now accounted for 60% of stopovers compared to 44% in 1982.

Table 6
NETHERLANDS ANTILLES: STAYOVER TOURISTS BY ORIGIN

				% Change	
	1982	1983	1984	1983	1984
U.S.A.	280 981	349 878	416 389	24.5	19.0
Venezuela	177 963	58 594	53 712	-67.1	-8.4
Other La. Am. & Caribbean	93 201	98 599	123 754	5.8	25.5
Netherlands	18 206	18 123	18 566	-0.5	2.4
Other EEC	33 419	33 820	36 624	1.2	8.3
Rest of world	32 217	30 657	37 960	-4.8	23.8
Total	635 987	589 671	687 005	-7.3	16.5

Source ECLAC derived from official data.

Table 7
NETHERLANDS ANTILLES: STAYOVER TOURISTS BY ORIGIN
(Percentage)

	1982	1983	1984
U.S.A.	44.2	59.3	60.6
Venezuela	28.0	9.9	7.8
Other La. Am. & Caribbean	14.6	16.7	18.0
Netherlands	2.9	3.1	2.7
Other EEC	5.2	5.7	5.3
Rest of world	5.1	5.2	5.5
Total	100.0	100.0	100.0

Source: ECLAC derived from official data.

Data are not complete on cruiseship visitors. Preliminary indications are that all islands continued to suffer a decline in cruise tourists, and expenditures by cruiseship visitors are also expected to have declined.

(c) Oil refining

An estimate of the economic contribution of the oil refining industry in Aruba and Curaçao is set out at Tables 8 & 9.

Table 8
NETHERLANDS ANTILLES: CONTRIBUTION OF OIL REFINERIES TO ARUBA AND CURACAO

	Shell (Curaçao) 1983	Lago (Aruba) 1984
Direct employment	2 400	1 200
Indirect employment	8 300	4 650
1 + 2 as % of island labour force	17%	21%
Estimated value added as % of island GNP	25%	39%
Direct tax revenue (fl.million)	65	70
Total tax revenue (fl. million)	137	110
5 as % of island income	10%	35%
6 as % of island income	22%	55%

Source: ECLAC on the basis of official estimates.

Table 9
NETHERLANDS ANTILLES: SELECTED INDICATORS ON PETROLEUM REFINING

	1980	1981	1982	1983	1984
Foreign exchange earnings from refineries (fl. million)	298.4	263.2	513.4	444.2	306.7
Production index (1975 = 100)	91	88	78	76	72

Source: Central Bank.

As the world market for petroleum adjusted to the upheavals of the 1970's, entrepôt refineries declined in importance. The impact of this decline was particularly severe in Curaçao and Aruba. In October 1984 Exxon indicated that if Lago refining in Aruba would cease operations at the end of 1984. In the same month Shell announced conditions which would be necessary for it to continue to operate in Curaçao, including majority participation by government, reduced costs of operation and increased output.

Whatever the policy decisions made by government, the long-term viability of the Shell Curaçao refinery is in jeopardy. The refinery is dependent upon Venezuelan policy regarding input quantity and price since it is configured for Venezuelan crude oil. It must now compete in an uncertain local market and sell most of its declining output in the Caribbean, whereas previously it sold approximately 75% of its output to the United States. The relative inefficiency of the refinery puts it at a further disadvantage in an industry suffering from overcapacity, and it has therefore been losing money. While efforts continue

to be made to reduce overmanning, losses are expected to increase in 1985 and the future prospects of the industry as a whole are bleak. The Antilles will need to find alternative ways to compensate for the declining petroleum refining sector.

(d) Offshore financial sector

Table 10 illustrates the continued growth of the offshore financial sector for 1984. Tax revenues, the bulk of which go to the island government of Curaçao increased by fl.20 million to fl.320 million. The foreign exchange inflows to finance the operating expenses of the trust companies and related activities declined slightly from fl.219 million to fl.212 million. These inflows pay the salaries of the estimated 1,200 persons directly employed by the sector which is also estimated to employ an equal number of persons indirectly.

Table 10
NETHERLANDS ANTILLES: OFFSHORE FINANCIAL SERVICES
(NA.f million)

	1980	1981	1982	1983	1984
No. of Companies registered	24 335	28 455	31 814	33 919	35 795
Tax revenue	100.5	137.0	220.4	300	320
Operational expenditure	141.4	188.8	193.2	219.3	211.9
Total assets/liabilities	8 565.4	13 523.3	15 321	14 018	...
Percentage charge	32.6	57.8	11	-8.5	...

Source: Central Bank.

The future of the industry is now, however, in grave doubt. In July 1984 the withholding tax, which provided the rationale for the offshore financial sector was abolished in the United States. The primary reason inducing U.S. businesses to maintain separate financing institutions in Curacao has therefore been removed. Unless the sector can adjust to satisfy new needs for international finance , the considerable benefits currently accruing to Curaçao will decline and disappear between 1986-1990. While the impact will not be immediate, revenues are projected to increase further in 1985, it will in the medium-term be severe.

(e) Transportation services

The net foreign exchange earnings of the transportation sector increased by 12% in 1984. As many activities under this heading are indirectly derived from petroleum, they reflect the difficulties being experienced by that sector.

The earnings from ship-handling have declined steadily since 1979, and fell by a further 88% in 1984. Earnings from this activity are now insignificant due to the greatly reduced traffic passing through Curaçao harbour, mainly large oil tankers.

Table 11
NETHERLANDS ANTILLES: NET EARNINGS FROM SELECTED TRANSPORTATION SERVICES
(NA.f million)

	1979	1980	1981	1982	1983	1984	Percentage 1983	Percentage 1984
Ship handling	49.5	58.4	57.1	13.1	5.1	0.6	-61.0	-88.2
Storage fees	191.0	174.8	183.9	108.2	88.2	89.9	-18.5	1.9
Maintenance	68.5	103.0	88.6	81.8	40.8	35.0	-50.1	-14.2
Passenger fares	15.4	15.7	18.5	32.9	39.8	38.4	21.0	-3.5
Other	76.2	28.0	-39.5	-12.6	10.4	42.9	...	312.5
Total	340.6	379.9	308.6	223.4	184.3	206.8	-17.5	12.2

Source: Central Bank Quarterly Bulletin, Vol. 4, 1984.

Ship-repair and maintenance has been a major source of income and employment from which Curaçao earned fl.103 million in 1980. Earnings from this activity have declined steadily since then falling by a further 14% in 1984 to about fl.41 million.

The Curaçao shipyards are ideally located to take advantage of traffic between the North Atlantic and South America as well as petroleum tankers moving to local and U.S. refineries. The reduced flows of trade to South America, the changed patterns of the petroleum trade and the reduced activities of the local refineries have all impacted adversely on the shipyard facilities in Curaçao. Added to this new and more efficient competitors have emerged in Mexico, and Panama, and U.S. shipyards having reduced domestic business, are competing more strongly in the international shipping market.

Earnings from the storage and transhipment of petroleum increased marginally in 1984 after recording declines for the three previous years. Fees are derived from the transhipment of crude from large tankers, mainly transporting Middle East crude to small tankers for distribution. Currently large tankers are able to service Gulf ports of the United States directly and so the future prospects for a major increase in this activity are not good.

Earnings from the airline ALM fell for 1984. Its operating losses were, however, reduced by 35% as a result of efforts to reduce costs.

3. Monetary and fiscal developments

(a) Monetary developments

Total domestic liquid assets increased by 10% in 1984 and net foreign assets decreased by 18%. Total liquid assets increased by 2%. Table 12 which sets out the sources of money creation indicates that whereas in the past the island governments have served to contract the money supply, in 1984, it was the major source of money creation, mainly in the form of increased subsidies to flagging enterprises. Conversely, the private sector contributed only fl.10 million to domestic money creation.

Table 12
NETHERLANDS ANTILLES: SOURCES OF MONEY CREATION
(NA.f million)

				% increase		
	1982	1983	1984	1982	1983	1984
Domestic money creation:	43	124	96	6	188.4	-23
by - Central government	38	3	5	31.0	-132	67
Island governments	-62	-15	91	-258.0	76	707
Private sector	95	135	10	11	42	-93
Others	-28	1	-10	-14	103	-1 100
Money creation - abroad	104	-62	-70	34	-145	-72.9
Total money creation	147	62	26	14	-57.8	-58

Source: Central Bank.

Commercial bank credit to the private sector recorded minimal growth. Credit was used mainly for transport, mortgages and construction. Credit to the major productive sectors contracted, reflecting the depressed economic situation.

Table 13
NETHERLANDS ANTILLES: COMMERCIAL BANK LOANS BY SECTOR[1]

					% change	
	1981	1982	1983	1984	1983	1984
Manufacturing	49.3	81.9	115.8	116.9	41.0	0.9
Electricity, gas and water	48.6	41.9	37.0	37.7	11.7	1.9
Construction	32.5	22.7	26.8	29.9	18.1	11.6
Trade	334.8	351.4	376.1	361.5	7.1	-3.9
Hotels and restaurants	38.3	37.8	60.3	58.9	59.5	-2.3
Trans. storage & communication	30.4	21.4	17.0	24.2	-20.1	42.3
Fin. ins. & real estate	37.4	45.6	56.4	63.6	23.7	12.8
Other services	26.4	33.3	33.4	36.2	-	8.4
Individuals	253.1	286.8	318.7	326.2	11.1	2.3
Total private sector	850.8	922.8	1 041.5	1 055.1	12.9	1.3

Source: Central Bank.
[1]Amounts relate to November of each year.

Central government liquidity creation accounted for a modest percentage of the total but was nevertheless an increase over 1983. The result of the total domestic liquidity growth was in excess of domestic absorbtive capacity is reflected in the external account deficit of fl.70 million and an overall increase of total liquidity of only 2 percent.

Table 14
NETHERLANDS ANTILLES: MONEY SUPPLY

	1982	1983	1984	% change 1982	% change 1983	% change 1984
Currency outside banks	167	163	168	3.7	-2.4	3.1
Demand deposits	319	321	303	14.0	0.6	-5.6
Total money	486	484	471	10.2	-0.4	-2.7
Time deposits	107	136	143	11.5	27.0	5.1
Savings	621	656	687	17.2	5.6	4.7
Total quasi money	728	792	830	16.3	8.8	4.8
Total liquid assets	1 214	1 276	1 301	13.8	5.1	2.0

Source: Central Bank.

Savings and time deposits increased by 4.7% and 5.1% respectively. Money supply (M_1) decreased by 2.7% due mainly to an absolute reduction in demand deposits, and is consistent with the pattern of decreased economic activity.

Interest rates did not change significantly during the survey period.

(b) Fiscal developments

Because of the relatively decentralized nature of government in the islands, it is sometimes necessary to treat them as separate yet linked economic entities. This is particularly relevant with the respect to fiscal revenue and expenditure. In general, tax policy and rates are fixed by the central government. All direct taxes are however collected by the island governments, while indirect taxes are collected by the central government. 25% of the income and profit taxes collected by the island governments of Aruba and Curaçao are returned to the central government and are reflected in Table 15 in the row ERNA net, while 50% of import duties, gasolene duties and excise taxes collected by central government for each island are returned to the respective island government. The transfer take place with a lag of 6 months of each fiscal year.

Table 15
NETHERLANDS ANTILLES: REVENUES AND EXPENDITURES OF THE CENTRAL GOVERNMENT, ARUBA AND CURACAO
(NA.f million)

	Central Govt.			Aruba			Curacao		
	1982	1983	1984	1982	1983	1984	1982	1983	1984
Income tax	-	-	-	10	7	8	34	34	) 205)
Wage tax	-	-	-	73	88	90	188	180	)
Profit tax	-	-	-	183	160	87	286	380	400
Vehicle tax	-	-	-	3	4	4	9	10	...
Hotel tax	-	-	-	3	3	3	1	1	...
Import duties	108	96	82	-	-	-	-	-	-
Foreign exchange tax	16	17	23	-	-	-	-	-	-
Excise on liquor, beer and tobacco	39	41	40	-	-	-	-	-	-
Excise on gasolene	4	9	22	-	-	-	-	-	-
Other taxes	13	15	16	4	4	5	5	4	14
Total tax receipts	180	178	184	277	266	197	523	609	619
ERNA net	52	88	98	-	-	-	-	-	-
Other	6	65	61	10	9	10	21	16	15
Total revenues	238	331	342	287	275	207	544	625	634
Total expenditures	313	3 973	394	213	266	275	530	598	664
Balances	-75	-66	-52	74	10	-71	14	23	-30

Source: Central Bank.

(i) Central government: Central government revenues increased by 3.3% over the previous year. Expenditures declined, as did the deficit on current account, which was reduced by 21 percent.

Increased revenue from foreign exchange transactions and gasolene sales were attributable to increases in the respective tax rates which came into effect in October 1983. Increased rates for liquor, beer and tobacco resulted, however, in reduced revenues. A 15% decrease in import revenues reflects the lower levels of consumption and imports. ERNA receipts from the island of Curaçao increased by 28%. Receipts from the economically troubled islands of Aruba and Bonaire were suspended after the third quarter and were 19% below the previous year.

Central government expenditures declined, although wages and salaries which comprise 61% of expenditure increased slightly due to increased staffing. The wage bill was contained somewhat by reduced fringe benefits to all staff. Financial support to the national airline was reduced and interest payments were 18% because of a fall on outstanding treasury bills and a reduction in the cost of servicing debt denominated in Dutch Guilders.

(ii) Aruba government: Total revenue declined by 26% while expenditure increased. From a surplus of fl.10 million in 1983, the current account recorded a deficit of fl.71 million for 1984.

Tax revenue fell by 26% in 1984. All revenue items were constant or slightly higher in 1984 than in 1983, except for profit taxes, which declined by 45%, primarily as a result of reduced taxes from the Lago oil refinery. Taxes paid by this enterprise fell by fl.81, or 63% in 1984.

With its contracting revenue base expenditures by the island Government of Aruba will need to contract rapidly if a balance is to be maintained. The contraction moreover will need to come at a time when the island is gearing itself to administer its new constitutional position of "status aparte".

The deficit for 1984 was financed primarily by accumulated savings and by ERNA remitances which were withheld from the central government. The total outstanding to central government now rests at fl.26 million.

(iii) Curaçao government: In Curaçao, total revenue increased marginally while expenditures grew by 11%. The island budget therefore moved from a surplus of fl.27 million in 1983 to a deficit of fl.30 million for 1984.

Revenue from the offshore sector increased by 7% to fl.314 million accounting for almost 50% of total revenues. Wage and income taxes fell partly because of increasing unemployment. Overall, there was an erosion of fl.13 million in earnings from sources other than the offshore sector. Dependence on this single source of revenue is therefore growing.

Increased expenditure was recorded for wages and salaries, and subsidies to the water distribution company, the drydock and government hotels. Social security payments also increased. The island government remitted fl.80 million to the central government, comprising fl.72 million in ERNA payments and fl.8 million in debt and interest payments. ERNA arrears to the central government now amounts to fl.116 million.

The deficit of fl.30 million was financed by accumulated savings but developments in the offshore sector do not provide a good augury for the future of the Curaçao island government since offshore revenues, upon which it is becoming increasingly dependent, are likely to diminish rapidly after 1986.

(c) Capital development

Total development aid decreased by 7% mainly due to a decrease of 35% to Aruba. The decrease reflects lower expenditure on ongoing projects related to water and electricity. Spending on housing construction was also reduced. In Curaçao, aid was used for housing construction, the finalization of the container terminal and support to the Curaçao drydock.

For the remainder of the islands funds were spent for housing, water and electricity and road construction.

Table 16
NETHERLANDS ANTILLES: DEVELOPMENT AID

	1983	1984	% change
Aruba	34	22	35
Curaçao	46	46	-
Bonaire	7	8	14
St. Maarten	1	2	-
St. Eustatius	0	1	-
Saba	1	1	-
Central Government	4	6	-
Total	93	6	-

Source: Central Bank.

(d) Prices

Table 17 shows that price increases in 1984 were moderate averaging 2.4% over the previous year. This, nevertheless represents a greater annual average change than occurred in 1983. The greatest increases were recorded for beverages and tobacco and transportation, reflecting the increased tax rates for these items.

Table 17
NETHERLANDS ANTILLES: EVOLUTION OF CONSUMER PRICE INDEX
(Leeward Islands)
(October 1982 = 100)

Items	Weight	1982	1983	1984
Total	10 000	100.0	101.4	103.8
Food	2 257	100.0	100.5	103.1
Beverages and tobacco	247	100.0	101.0	106.8
Clothing and footwear	861	101.2	104.6	101.0
Housing	1 866	99.7	100.8	103.2
Household supplies	975	100.2	101.4	103.0
Medical care	232	100.5	106.0	109.1
Transport and communication	1 896	99.7	101.8	106.2
Recreation and education	579	99.8	100.3	102.9
Other	1 087	100.0	101.6	103.6
% Variation December to December				
Total		...	2.2	1.8
Food		...	0.9	1.9
Beverages and tobacco		...	2.2	6.1
Clothing and footwear		...	2.5	-3.1
Housing		...	1.3	3.0
Household supplies		...	1.9	0.8
Medical care		...	6.2	2.8
Transport and communication		...	4.7	2.3
Recreation and education		...	0.4	2.7
Other		...	2.3	1.5
Annual average variation				
Total		...	1.4	2.4
Food		...	0.5	2.6
Beverages and tobacco		...	1.0	5.8
Clothing and footwear		...	3.4	-4.4
Housing		...	1.1	2.4
Household supplies		...	1.2	1.6
Medical care		...	5.5	2.9
Transport and communication		...	2.1	4.3
Recreation and education		...	0.5	2.6
Other		...	1.6	2.3

Source: Statistical Bureau.

(e) Wages and employment

(i) Aruba: The enterprise survey conducted by the Interdepartmental Working Group of the Netherlands Antilles estimates that unemployment was approximately 13% in 1984 an increase from 9.6% in 1981. Nominal wages increased by 14% in the same period with construction workers receiving in reases in excess of 14 percent.

Forty percent of workers earned less than fl.20,000 per annum, while 31% earned between fl.20 000 and fl.30 000 and 29% over fl.30 000. Most enterprises reported wage increases in 1983 while 60% expected wages to stabilize in 1984.

Table 18
NETHERLANDS ANTILLES: ARUBA AND CURACAO RATES OF EMPLOYMENT AND UNEMPLOYMENT
(Thousands)

	ARUBA		CURACAO	
	1981	1984	1981	1984
Labour force	26.0	28.0	59.0	64.2
Unemployed	2.5	3.6	10.5	17.3
Rate of unemployment (%)	9.6	13.0	8.0	27.0

Source: Interdepartmental Working Group Enterprise Survey, 1984.

(ii) Curaçao: For Curacao, the survey estimates that the rate of unemployment moved from 18% to 27% between 1981 and 1984. Real wages are estimated to have increased by 8% in that time, with above average increases being recorded in the non-industrial sector.

Thirty-five percent of all workers earned below fl.20 000 per annum, 21% earned fl.20 000 to fl.30 000 and 44% earned over fl.40 000. For 1983, 50% of all enterprises recorded wage increases although for 1984 this proportion fell to 15 percent.

Towards the end of 1984, with announcements that the Lago refinery would close, as well as the Shell conditions for continued operation, both following developments in the offshore sector, perceptions of the future, both by management and workers changed drastically. Expectations of future growth have been surrendered and the expectations of growing redundancies and wage decreases has taken hold. This trend was already evident in early 1984 with reduced fringe benefits for many workers but by the end of the survey period expectations of salary cuts and increased reductions for 1985 were widespread.

While unemployment in Curaçao is high, the level of disguised unemployment due to overmanning, primarily, though not exclusively in the government apparatus is also considerable. As long as government revenues, from the offshore sector are high, the overmanning can be financed but with the spectre of reduced offshore revenues, cuts will need to be made to the government apparatus. Overmanning in the shipyards has already been identified and reduced although further reductions will need to be made, if the yards are not to fail completely.

Similar comments also apply to Aruba, for while the extent of over-manning is not thought to be as high, the need to adjust is more urgent since revenues from the Lago fell significantly in 1984, and will disappear by end 1985.

PART XIII

SAINT CHRISTOPHER/NEVIS

COUNTRY NOTES

SAINT CHRISTOPHER-NEVIS

1. Recent economic trends: Introduction and summary[1]

After experiencing a fall in economic activity in 1983, the economy of St. Christopher-Nevis regained momentum in 1984. Real Gross Domestic Product (GDP) increased by 3.9% after having fallen by 4.7% in the previous year. Estimates indicate that there was an increase in agricultural output, with the non-sugar subsector experiencing a good year.

Table 1
ST. CHRISTOPHER-NEVIS: MAIN ECONOMIC INDICATORS

	1982	1983	1984
A. Basic economic indicators			
GDP at factor cost (EC$m at 1977 prices)	91.9	87.6	91.0
Population ('000)	44.5	45.1	46.0
Per capita GDP (EC$ at 1977 prices)	2 065.2	1 942.4	1 978.3
GDP at factor cost (current prices EC$m)	142.7	137.7	146.6
Annual growth rates			
B. Short-run economic indicators			
Gross domestic product	6.1	-4.7	3.9
Per capita gross domestic product	2.5	-5.9	1.8
Curr. val. of exports of goods & services	...	...	...
Consumer price index (December to December)	3.3	3.6	2.7
Consumer price index (Annual avg. variation)	1.9	2.5	2.7
Money supply (M_1)	0.2	2.4	11.5
Money supply (M_1 + quasi money)	11.2	12.1	12.4
Wages and salaries (nominal)	...	...	...
Rate of unemployment (%)	...	...	...
Current revenue of government	-11.0	0.8	5.1
Fiscal deficit as a % of total expenditure (%)	20.5	20.3	21.0
EC dollars million			
C. External sector			
Trade balance	-40.5	-67.5	37.0[e]
Balance on current account	-18.4	-47.5	17.0
Balance on capital account	13.8	47.3	17.8
Variation in international reserves	1.9	0.3	0.8
External debt	33.8	36.7	42.7

Source: Data supplied ECLAC.

[1] Unless otherwise stated, figures appear in EC dollars. The rate of exchange is US$1.00 = EC$2.70.

Marketing difficulties have resulted in a reduction of the country's sugar export quota to the U.S.A.. This has meant a loss of revenue to the sector, and a further decline in the profitability situation in the industry. Government policy is actively seeking to address the questions of increasing productivity in the sector, and efforts are being made to encourage small farmers.

Recognizing The importance of tourism to the economy, Government established a Ministry to handle that activity. An estimated 64,000 visitors arrived in the country in 1984. This represented a 12.1% increase in total arrivals in 1984 over the 1983 figure of slightly over 57 thousand. Government has also identified several projects the implementation of which would serve to increase the attractiveness of the country to tourists.

The manufacturing sector performed creditably in 1984, despite the trading problems with CARICOM countries. These trading problems resulted in the loss of some jobs, but seemed to have led to a greater degree of domestic consumption of domestically produced commodities. In real terms, the manufacturing sector outstripped the total economy in terms of rate of growth.

Government was faced with a tight fiscal situation as revenue from Sugar declined and the yield from customs duties fell. The result was the pursuance of policies of expenditure restraint and the implementation of fiscal and administrative measures to maximize revenue. Tighter administration in the Pulic Utilities resulted in a substantial increase in the collection of electricity and telephone rates.

The economy of Saint Christopher-Nevis is somewhat diversified, with the agricultural sector maintaining an important role. As soon as the problem of land holding and land tenure has been solved, agricultural production can be modernized and made more efficient.

2. Trends in economic activity

(a) Growth of the main sectors

(i) **Agriculture:** Output in the agriculture sector grew by some 5.7% in 1984, with improved performances being observed in the subsectors - crops other than sugar cane, livestock, forestry and fishing.

Sugar cane cultivation had for many years been the major agricultural activity, but consequent upon changes in the pattern of world sugar production, sugar cane cultivation fell in importance. The country's sugar export quota to the United States of America was reduced by 25% to 12,727 tonnes, with repercussions on the foreign exchange earnings of the country. The deteriorating exchange rate of the pound sterling vis-à-vis the U.S. dollar to which the EC dollar to which the EC dollar is pegged, also brought about a reduction in foreign exchange earnings as sugar prices to the European market are quoted in pounds sterling. In 1984, the world market price of sugar fell to US4.5 cents per lb., further contributing to the poor performance of sugar.

Government undertook a study of the sugar industry as a prerequisite to rehabilitating it over a period of ten years. Among the elements of the rehabilitation project are the following:

- improving the productivity of the land;
- increasing labour productivity;
- minimizing or reducing labour costs;
- reviewing the administrative structure to cut administrative costs and overheads;
- utilizing the by-products;
- preparing a long-term investment and development programme; and
- developing an efficient system of stock management and control.

Table 2
ST. CHRISTOPHER-NEVIS: SUGAR INDUSTRY FIELD PRODUCTION COSTS

	1981	1982	1983	1984
Cane production ('000 tonnes)	342.9	355.2	280.6	...
Sugar production ('000 tonnes)	32.9	36.6	28.2	...
Numbers employed (field)	3 255	2 806	3 221	...
Wage cost (field, EC$'000)	11 280	12 005	10 279	...
Wage cost per tonne of cane (EC$)	32.9	33.8	36.6	...
Total field production cost per tonne of cane (EC$)	68.9	73.8	76.8	...
Cane revenue per tonne of cane (EC$)	35.4	48.2	49.2	...
Cost of field production per tonne of cane as % of revenue per tonne of cane	194.6	153.1	156.1	...

Source: Data supplied ECLAC.

In non-sugar agriculture, efforts are being made to increase production and productivity so as to save foreign exchange through reduced imports, and to produce an exportable surplus. To this end, a project will be undertaken in 1985 to halt soil erosion and enhance soil conservation in St. Christopher while in Nevis the emphasis will be on land use and water development. The Republic of China is providing technical assistance in a vegetable production project.

Small farmers have been encouraged to produce and have been able to supply the domestic market with eggs and and a great deal of poultry meat. Fish production has been on the increase within recent years, with an increase of 2.4% in the weight of fish landed in 1984. Attention is being paid to increasing productivity in agriculture in an attempt to produce enough food to satisfy local demand, to produce an exportable surplus and to provide inputs into agro-industry while providing opportunities for employment.

Table 3
ST. CHRISTOPHER-NEVIS: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST IN CURRENT PRICES
(EC dollars million)

				Percentage breakdown		Percentage change	
	1982	1983	1984	1980	1984	1983	1984
Gross domestic product	142.7	137.7	146.6	100.0	100.0	-3.5	6.5
Goods	58.0	50.5	56.6	44.1	38.6	-12.9	12.1
Agriculture	25.3	21.8	23.8	19.4	16.2	-13.8	9.2
Crops (excluding sugar cane)	2.3	1.7	1.9	2.0	1.3	-26.0	11.8
Livestock	3.5	3.5	3.7	2.4	2.5	-	5.7
Forestry	0.1	0.1	0.1	0.1	0.1	-	-
Fishing	8.0	8.9	9.9	5.7	6.8	11.3	11.2
Sugar cane	11.4	7.5	8.2	9.1	5.6	-34.2	9.3
Mining and quarrying	0.4	0.3	0.4	0.3	0.3	-25.0	33.3
Manufacturing	18.7	17.6	20.6	14.6	14.1	-5.9	17.0
Construction	13.6	10.8	11.8	9.9	8.0	-20.6	9.3
Basic services	18.4	19.5	20.5	10.1	14.0	6.0	5.1
Electricity and water	1.4	1.6	1.6	0.8	1.1	14.3	-
Transport	10.0	10.5	11.1	6.1	7.6	5.0	5.7
Communication	7.0	7.4	7.8	3.3	5.3	5.7	5.4
Other services	66.4	67.9	69.6	45.7	47.5	2.3	2.5
Wholesale and retail trade	16.5	18.3	19.2	12.1	13.1	10.9	4.9
Hotels and restaurants	4.3	4.4	4.9	4.2	3.3	2.3	11.4
Banks and insurance	8.6	8.2	8.6	4.9	5.9	-4.7	4.9
Real estate and housing	7.8	8.1	8.5	6.2	5.8	3.8	4.9
Government services	28.1	28.2	28.2	17.5	19.2	0.4	-
Other services less imputed service charges	1.1	0.7	0.2	0.7	0.1	-36.4	-71.4

Source: Data supplied ECLAC from OECS estimates.

Table 4
ST. CHRISTOPHER-NEVIS: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST IN CONSTANT 1977 PRICES
(EC dollars million)

				Percentage breakdown		Growth rates	
	1982	1983	1984	1980	1984	1983	1984
Gross domestic product	91.9	87.6	91.0	100.0	100.0	-4.7	3.9
Goods	39.6	33.8	36.1	...	39.7	-14.7	1.1
Agriculture	16.6	14.1	14.9	...	16.4	-15.1	5.7
Crops (excluding sugar cane)	1.7	1.3	1.4	...	1.5	-23.5	7.7
Livestock	2.5	2.1	2.2	...	2.4	-16.0	4.8
Forestry	0.1	0.1	0.1	...	0.1	-	-
Fishing	4.0	4.1	4.2	...	4.6	2.5	2.4
Sugar cane	8.3	6.5	7.1	...	7.8	-21.7	9.2
Mining and quarrying	0.3	0.2	0.2	...	0.2	-33.3	-
Manufacturing	13.2	11.7	12.8	...	14.1	-11.4	9.4
Construction	9.5	7.8	8.1	...	8.9	-17.9	3.8
Basic services	10.4	10.6	10.8	...	11.9	1.9	1.9
Electricity and water	1.0	1.0	1.0	...	1.1	-	-
Transport	5.0	5.1	5.2	...	5.7	2.0	2.0
Communication	4.4	4.5	4.6	...	5.1	2.3	2.2
Other services	42.1	43.1	44.1	...	48.5	2.4	2.3
Wholesale and retail trade	10.2	11.0	11.3	...	12.4	7.8	2.7
Hotels and restaurants	2.5	2.5	2.7	...	3.0	-	8.0
Banks and insurance	5.0	5.0	5.1	...	5.6	-	2.0
Real estate and housing	5.6	5.7	5.8	...	6.4	1.8	1.8
Government services	17.5	17.5	17.6	...	19.3	-	0.6
Other services less imputed service charges	1.3	1.4	1.6	...	1.8	7.7	14.3

Source: Data supplied ECLAC from OECS estimates.

(ii) **Tourism:** The precise contribution of tourism to GDP is not known because of the problems of definition of the tourism sector. Indicators, however, are that in 1984 a greater percentage of GDP than in the previous year was accounted for by tourism. The total number of visitors, including cruiseship visitors, is estimated to have risen by some 29% in 1984. An increase of some 16% of stopover visitors was observed in that period. An analysis of arrivals by country of origin shows that visitors from the U.S.A. were nearly 37% of the total number of visitors, manifesting the continued recovery in the American economy. Visitor arrivals from the Caribbean countries accounted for some 16%. Cruiseship calls have been on the increase, moving from 6 in 1979 to some 50 in 1984, when 25 000 cruiseship visitors landed.

The prospects for tourism continue to be good, and promotion abroad is being increased. Planning is proceeding with a view to smoothing the distribution of tourists over the year. The European market continues to be courted, with attention being paid to tour packages. Modern audio-visual techniques are now being employed to assist in the promotion of the tourism product.

Table 5
SAINT CHRISTOPHER-NEVIS: SELECTED TOURISM STATISTICS

	1981	1982	1983	1984[e]
Total visitors:	46 334	45 721	53 469	64 000
Stopover	35 484	34 575	34 274	39 866
Cruise	10 850	11 146	19 195	25 000
Total number of hotels	18	19	21	21
Total number guest houses	29	36	38	38
Avg. no. of hotel & condominium rooms	480	495	559	635
Avg. no. of hotel & condominium beds	885	908	980	1 111
Occupancy rates:				
Average hotel and guesthouse bed occupancy rate	22.52	19.68	18.18	...
Average hotel and guesthouse room occupancy rate	26.37	21.72	23.09	29
Average length of stay (stopover visitors)	5.83	5.75	5.67	...
Total visitor arrivals (percentage)				
A. By country of origin (usual residence)				
United States	34.8	31.4	28.8	...
Canada	5.8	7.1	6.0	...
United Kingdom	7.2	7.8	8.3	...
Other Europe	1.7	1.4	1.3	...
Caribbean[1]	15.3	16.4	16.7	...
Latin America (South & Central)	...	...	...	...
Other	36.9	36.0	38.8	...
B. By classification				
Tourists	86.8	88.9	86.2	...
Hotel visitors	40.0	36.6	28.6	...
Private visitors	46.2	51.8	56.8	...
Apartment visitors	0.6	0.5	0.8	...
Business visitors	10.1	8.3	10.5	...
Excursionists	2.9	2.6	2.8	...
Other	0.2	0.1	0.4	...

Source: The Statistics Division, Planning Unit.
[1]OECS and other CARICOM.

Government planners view tourism as being a possible catalyst to economic growth and development through its impact on other sectors of the economy. Accordingly, a number of incentives have been given to tourism. These include:

- duty-free concessions on materials and vehicles to be used in the industry;
- the organization of training programmes;
- the facilitation of tourism through new network of airline routes; and
- better facilities at the airport to process arrivals and departures.

In addition, work is being done to restore and maintain historical buildings and sites. A number of projects aimed at facilitating tourism have been planned. The development of nature trails and other aspects of inland facilities in addition to the usual beach and marine-oriented elements are being studied for inclusion in the tourism package.

(iii) **Manufacturing:** This sector which accounts for some 14% of GDP, grew by 9.4% in 1984, far outstripping the rate of growth of total GDP. This indicates that the manufacturing sector has been relatively vibrant in the period under review, despite some disruption in trade with other CARICOM member countries. The curtailment of exports led to a slight decrease in the number of jobs in the manufacturing sector. It would appear that greater domestic consumption of domestically produced commodities contributed heavily to the improved performance of the sector. The outlook for 1985 is the introduction of new business in food processing and cabinet-making, leading to the creation of some 500 new jobs. An amelioration of the CARICOM trading situation should result in a resumption of the pre-1984 trading levels.

Table 6
SAINT CHRISTOPHER-NEVIS: INDICATORS OF INDUSTRIAL PRODUCTION

	Unit	1981	1982	1983[1]	1984**
Sugar	'000 tonnes	32.5	36.6	36.6	...
Molasses	'000 tonnes	10.2	11.2	10.2	...
Beer and ale	'000 gallons	323	230	367	443
Aerated water	'000 gallons	529	583	612	...
Clothing	'000 pieces	4 140	3 779	3 880	...
Footwear	'000 pairs	39	49	80	...
Electronic components	'000	690	4 663	3 300	4 400
Radios & television sets	dozen	217	238	...	...
concrete blocks	'000	925	...	1 250	...
Industrial gases	'000 lbs.	208	182	197	...

Source: Data supplied ECLAC and ECLAC estimates.
[1] Preliminary estimate.

Investment promotion has been intensified by the Government, and factory shells are being constructed to provide an additional 80 000 sq.ft. of space. This will be financed by a loan from the Caribbean Development Bank (CDB) of US$2.6 million.

(iv) **Construction:** In 1984, activity in this sector increased by 9.3% in current terms, and by 3.8% measured in 1977 prices. Its contribution to total GDP at current prices in 1984 was EC$m11.8, and activity was oriented towards strengthening the infrastructure for the improved provision of basic services that are a pre-requisite to economic development. Several tourist accommodation units were either expanded or upgraded, and facilities at the airport were improved to handle more efficiently passenger arrivals and departures. Road building and rehabilitation continued in 1984, contributing to the preponderance of government in the construction sector.

(v) **Services:** Improved methods of billing and collection resulted in a near 30% increase in revenues collected by the electricity company in 1984. Revenues rose from $m6.2 in 1983 to $m8.1 a year later. Generating capacity, while remaining in the vicinity of 6.3 MW, satisfied a larger proportion of the population as new consumers came on stream. A study involving the CDB was undertaken with a view to increasing installed capacity, and to replacing underground mains. Implementation should follow soon.

The water supply in Saint Christopher is, by and large, adequate, except in the Dieppe Bay and Parsons areas in the north of the island, where catchment areas, need to be built. With a view to winning greater quantities of ground water, a well programme continued with Canadian financing, and exploratory well-drilling continued in 1984. The main source of water remains surface water. Drilling is also being done in Nevis, and such activity should produce suobstantial results by the end of 1985. The rate structure of the water authority is thought to be outmoded, resulting in unrealistically low charges. A revision is envisaged in 1985.

The collection of payments due to the telephone company doubled in 1984 over the figure for 1983. This performance was related to changes in management and an improvement in collections. At present, there are some 1 500 telephone lines in the system which cannot admit of much expansion. A limited direct international dialling capability has been installed, but significant improvements in the service depend on the replacement of the existing equipment.

In current prices, the financial services offered by banks and insurance companies contributed $m8.6 to total GDP in 1984. This represented some 5.9% of total GDP, and an increase of 4.9% over the previous year. The services sector continued to impact heavily on economic activity, to some extent because of the absence of a large manufacturing sector.

(b) **Employment and unemployment:** Data in this area are not current because of the absence of a continuous household survey capability. Estimates, however, put the unemployment rate at between 20% and 25%. Migration which continues to be a possible solution to the problem of unemployment is likely to increase in the face of a downturn in general economic activity and increasing numbers of entrants to the labour force.

3. The external sector

(a) Merchandise trade

(i) Preliminary data for 1983, the latest information available at the time of writing, indicates a widening of the trade deficit for that year. Imports were estimated to have been of the order of $m136.7, while total exports were estimated at $m45.4. Domestic exports, valued at $m43.0, were adversely affected by the trading difficulties in CARICOM. Exports of sugar continued to dominate total exports, but fell in terms of percentage from nearly 75% in 1978 to some 60% of GDP in 1983. Indications are that non-traditional exports might have held their ground in 1983 and 1984.

Table 7
SAINT CHRISTOPHER-NEVIS: EXPORTS OF GOODS (f.o.b.)
(EC dollars thousand)

	1980	1981	1982	1983	1984
Total	65 131	65 506	50 926	45 376	...
Domestic	63 580	60 482	46 659	43 043	...
Traditional exports (selected commodities)					
Sugar	38 974	39 766	29 921	...	...
Molasses	1 269	880	1 429	...	...
Copra	154	220	144	...	...
Fish (included lobster and conch)	408	356	145[1]	...	...
Live animals	241	289	261	...	...
Groundnuts (unshelled)	276	329	...	...	...
Non-traditional exports					
Electrical appliances	5 338	4 308	3 782	...	...
Clothing	4 864	4 597	6 943	...	...
Footwear	2 455	1 851	2 654	...	...
Beer	309	267	367	...	...
Aerated water (soft drinks)	266	460	686	...	...

Source: Statistical Office, Planning Unit, Prime Minister's Ministry.
[1] Excludes lobster and conch.

Contributing significantly to the relatively poor performance in sugar was the fact of the worldwide expansions of sugar production and the existence of substitutes to cane sugar, a decline in sugar consumption in several developed countries, and the depreciation of the pound sterling vis-à-vis the US dollar to which the East Caribbean dollar is pegged. Additionally, exports of sugar that were not protected by a preferential price, faced a record low market price of US4.5 cents per pound.

Net inflows of official capital remained more or less at the level of the preceding three years. The overall capital account was, however, strongly influenced by inflows for private direct investment.

Table 8
SAINT CHRISTOPHER-NEVIS: BALANCE OF PAYMENTS
(EC dollars million)

	1981	1982	1983	1984
Current account	-9.5	-12.2	-39.5	-13.0
Merchandise (net)	-59.4	-61.0	-87.2	-62.5
Exports	(67.0)	(55.1)	(48.0)	(53.8)
Imports	(-126.4)	(-116.1)	(-135.2)	(-116.3)
Services (net)	21.5	22.3	20.4	24.4
Private transfers (net)	24.1	20.7	20.1	21.5
Official transfers (net)	4.2	5.8	7.2	3.7
Capital account	9.8	7.7	39.2	13.8
Official borrowing	3.7	1.6	2.9	5.8
Financial intermediaries	9.3	3.4	0.3	-4.2
Private direct investment	2.4	3.4	36.0	12.2
Errors and omissions	5.6	-0.8	-	-
Overall balance	0.3	-4.5	-0.3	0.8
Financing	-0.3	4.5	0.3	-0.8
Net ECCB position	-	2.7	0.5	-
Change in foreign assets	-0.3	1.9	-0.3	-0.8
Net IMF position	-	-	-	-

Source: Data supplied ECLAC.

In 1984, the trade balance expressed as a percentage of GDP stood at an estimated -42.6% compared with -63.3% in the previous year. Further evidence of structural dependence on the rest of the world can be gleaned from the examination of the current account balance as a percentage of GDP. In 1984 this stood at -8.9% whereas the figure of the previous year was 28.7 percent.

4. Wages and prices

(a) **Wages:** Wage levels tend to be in line with those in other countries of the OECS group. Although the information on overall trends in wages is limited, indicators are that in the manufacturing sector the average annual wage increase fell from 32 1/2% in 1980-1981 to 8% in 1983-1984. Other sectors experienced a similar deceleration in wage rates. In the Government sector, salaries which had risen by between 40% and 50% in 1981 stood unadjusted since then.

(b) **Prices:** The rate of inflation as measured by changes in the consumer price index was 2.7% in 1984. Increases in the general prices of housing, food, fuel and light to a great extent were partly offset by decreases in the prices of clothing and footwear and household supplies. The sharp increase in the housing index resulted largely from increases in house rents, the price of paints, galvanize sheets and nails.

Table 9
SAINT CHRISTOPHER-NEVIS: EVOLUTION OF DOMESTIC PRICES
(January 1978 = 100)

	Weight	1982	1983	1984
Annual averages				
Consumer price index (all items)	1 000	162	165.0	169.5
Food	500	154	156.8	161.3
Alcoholic drink and beverages	55.6	169	173.1	175.9
Housing	76.1	129	128.7	142.4
Fuel and light	66.0	169	174.9	180.1
Clothing and footwear	75.0	159	163.9	160.9
Furniture and domestic appliances	36.8	...	177.7	191.4
Household supplies	57.1	187	198.1	197.8
Transportation	43.4	199	205.0	205.6
Other	90.0	181	185.1	188.9
Variation December to December				
Consumer price index (all items)		3.3	3.6	2.7
Food		1.3	2.9	1.8
Alcoholic drink and beverages		8.2	0.6	4.7
Housing		2.4	-0.2	36.8
Fuel and light		8.6	-0.4	3.9
Clothing and footwear		-1.9	7.8	-13.6
Furniture and domestic appliances		...	...	2.2
Household supplies		2.7	-3.3	1.2
Transportation		7.9	0.3	-
Other		13.8	3.8	0.5
Annual average variation				
Consumer price index (all items)		1.9	2.5	2.7
Food		1.5	2.9	2.9
Alcoholic drink and beverages		7.6	4.7	1.6
Housing		2.2	-0.2	10.7
Fuel and light		5.7	-0.3	3.0
Clothing and footwear		-3.6	7.6	-1.8
Furniture and domestic appliances		...	...	1.1
Household supplies		-0.4	-1.3	-0.2
Transportation		8.2	0.4	-
Other		3.7	3.7	2.1

Source: Statistics Division, Planning Unit.

5. Monetary and fiscal policy

(a) Fiscal policy:

Monetary policy sought to provide loanable funds for increased activities and facilities in tourism, fisheries and farming. Investment in these sectors, in addition to possessing the potential to generate employment, would

stimulate growth in the tourism sector as well as reduce the country's dependence on imported foodstuffs. Although credit for consumption in the private and public sector continued to expand, Table 10 shows that tourism absorbed in excess of 30% of credit to the productive sectors in 1983 and 1984. Government sought to conduct its programme against the background of falling sugar revenues and the consequential suspension of the sugar levy. In the absence of a national Central Bank, the authorities relied more and more on credit from the commercial banking system. By 1984, commercial bank credit to the public sector had grown to some 40.0% of total credit.

Table 10
SAINT CHRISTOPHER-NEVIS: SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT
As at 31 December
(EC dollars million)

	1982	1983	1984
Total	124.1	147.4	166.1
Agriculture	0.8	0.6	0.7
Manufacturing	5.3	4.4	4.5
Distributive trades	12.2	13.6	14.6
Tourism	8.1	10.7	11.3
Entertainment and catering	1.1	0.8	0.6
Transport	6.4	6.0	5.7
Construction	10.2	10.8	12.0
Public utilities	0.1	-	1.7
Government and statutory bodies	42.4	57.0	66.2
Professional and other services	5.1	8.1	6.8
Personal	23.7	27.7	34.6
Other	8.6	7.6	7.5

Source: ECCM "Commercial Banking Statistics", December 1984.

The external public and publicly guaranteed debt continued to rise, reaching an estimated level of $m42.7 at the end of 1984. Nearly 50% of this debt was incurred by the Central Government, with the rest being government guaranteed.

Table 11
SAINT CHRISTOPHER-NEVIS: SUMMARY OF EXTERNAL PUBLIC AND PUBLICLY GUARANTEED DEBT OPERATIONS[1]
(EC dollars million)

	1981	1982	1983	1984[2]
Outstanding & disbursed debt at end of period	32.1	33.8	36.7	42.7
of which: Central Government	(13.2)	(14.3)	(16.2)	(20.5)
Government guaranteed	(18.9)	(19.4)	(20.5)	(22.1)
Outstanding & disbursed debt at beginning of period				
of which: Central Government	(11.6)	(13.2)	(14.3)	(16.2)
Government guaranteed	(16.7)	(18.9)	(19.4)	(20.5)
Plus:				
Net disbursements	3.8	1.6	3.0	5.9
Disbursement	(4.6)	(2.4)	(3.8)	(7.3)
Amortization	(0.8)	(0.8)	(0.8)	(1.4)
Valuation adjustment	-	-	-	-
Debt service payments	1.4	2.2	1.9	3.0
Amortization	(0.8)	(0.8)	(0.8)	(1.4)
Interest	(0.5)	(1.4)	(1.1)	(1.6)

Source: IBRD estimates.
[1]Excludes debt held by ECCB.
[2]Based on data supplied ECLAC.

The end of year figures reveal an increase of 11.5% in the narrowly defined money supply (M_1) which stood at $m38.8. Amomg the factors of expansion in 1984 was an increase of 12.7% in loans and advances outstanding. At the same time, quasi money increased by 12.7% reflecting a sharp increase in time deposits. Throughout 1984, the prime lending rate of commercial banks ranged between 8% and 10%, as opposed to the 8% to 9% range of the previous three years.

Table 12
SAINT CHRISTOPHER-NEVIS: MONETARY BALANCE
(EC dollars million)
(At 31 December)

	1982	1983	1984
Money (M_1)	34.0	34.8	38.8
Currency outside banks	14.3	12.7	10.1
Demand deposits	19.7	22.1	27.7
Factors of expansion			
Domestic credit:			
Commercial banks assets:			
Loans and advances	124.1	147.4	166.1
Investments	6.0	6.4	6.4
(Treasury bills)	(5.0)	(5.5)	(5.5)
(Securities)	(1.0)	(0.9)	(0.9)
Other assets (including claims on other local banks)	39.9	40.5	40.9
Factors of absorption			
Quasi money	140.1	160.4	180.7
Time deposits	(77.0)	(84.0)	(105.2)
Savings deposits	(63.1)	(76.4)	(75.5)
Commercial banks liabilities (including balances due to other local banks)	32.2	35.1	38.4
International balance (of commercial banks)	23.3	20.2[e]	37.0
Balance with Central Bank (net)	+3.0	+6.1	+9.1
Balance with other ECCB area banks (net)	-1.5	-17.8	-9.5
Foreign assets (net)	20.6	35.0	35.3
Net issue of notes and coins by Central Bank	+1.2	-2.1	2.1

Source: East Caribean Central Bank (ECCB).

(b) **Fiscal policy:** As in 1983, Government exercised restraint in expenditure in 1984. Wages and salaries increased by 4.2%, while capital expenditure fell by 15% to $9.6 million. Falling sugar revenues, and contracting external trade dictated the level of the budgetary deficit which, after falling from 6.7% of GDP in 1982 to 6.2% of GDP in 1983, remained at roughly that level in 1984.

The overall deficit was financed by domestic borrowing, and to a lesser extent, by foreign borrowing on concessionary terms. Government expressed concern at the indicators used by the international lending agencies in determining which countries should qualify for concessionary credit.

In recognition of the importance of tourism, a Ministry of Labour and Tourism was created and the newly-created Ministry of Natural Resources and Environment has as part of its portfolio, conservation of sites of cultural and historical interests. A newly-formed Ministry of Women's Affairs will monitor the evolution of the role of women in development.

In an effort to increase government revenued, a number of taxes and duties were either introduced or increased with effect from 1985. Among these were the following:

- a 10% increase in import duties on alcoholic beverages;
- an increase in drivers' licences;
- an increase in the ad valorem rate of travel tax from 5% to 7 1/2 percent;
- an increase in bank licence fees from $3 000 to $5 000;
- an increase in stamp duties; and
- an increase in the airport service charge.

Table 13
SAINT CHRISTOPHER-NEVIS: GOVERNMENT OPERATIONS[1]
(EC dollars million)

	1981	1982	1983	1984
Revenue and grants	59.5	54.8	55.2	55.6
Current revenue	55.1	49.0	49.4	51.9
Tax revenue	(39.6)	(33.0)	(31.0)	(32.8)
Non-tax revenue	(15.5)	(16.0)	(18.4)	(19.1)
Capital receipts	0.1	0.1	0.1	-
External grants	4.3	5.7	5.7	3.7
Total expenditure	67.9	69.0	69.3	70.4
Current expenditure	56.8	58.5	58.0	60.8
Personal emoluments	(24.4)	(25.7)	(26.5)	(27.6)
Capital expenditure & net lending	11.1	10.5	11.3	9.6
Current balance	-1.7	-9.5	-8.6	-8.9
Overall balance	-8.4	-14.2	-14.1	-14.8
Financing	8.4	14.2	14.1	14.8
Net external concessionary borrowing	1.4	0.5	2.0	5.9
Net ECCB borrowing	-	2.6	0.5	-
Net change in foreign assets	-0.2	1.8	-0.2	-0.5
Net domestic borrowing	7.2	9.3	11.8	9.4
Bank	(8.2)	(5.2)	(6.1)	(6.6)
Non-bank[2]	(-1.0)	(4.1)	(5.7)	(2.8)

Source: Data supplied ECLAC.
[1] Refer to operations of the Central Government until 18 September 1983, and to the combined operations of the Government of St. Christopher- Nevis and the Nevis island Administration thereafter. Public Utilities are included in departmental operations in the budgetary accounts.
[2] Includes residuals.

PART XIV

SAINT LUCIA

COUNTRY NOTES

SAINT LUCIA[1]

1. Recent economic trends: Introduction and summary

Modest recovery in the developed economies, and in the United States of America in particular, gave some stimulus to the economy of Saint Lucia in 1984 and Gross Domestic Product (GDP) grew by 5.4%. On the whole, developments during 1984 were characterized by efforts at fiscal restraint, implementatin of structural adjustment measures and a slackened pace of inflation.

The agriculture, distribution and transport, storage and communications sectors performed well, with the basic services sectors recording a 8.2% growth in real GDP at factor cost.

Table 1
SAINT LUCIA: MAIN ECONOMIC INDICATORS

	1982	1983	1984
A. Basic economic indicators			
GDP at factor cost (millions of current EC dollars)[r]	314	329	348
Per capita GDP (current prices)[r]	2 500	2 556	2 719
GDP at factor cost (dollars million at 1977 constant prices)	192	196	206
Per capita GDP at constant 1977 prices	1 545	1 552	1 609
Population (thousands)	124	126	128
Growth rates			
B. Short-run economic indicators			
GDP at factor cost[r] (current prices)	6.7	4.4	6.0
Per capita GDP[r] (current prices)	4.8	2.2	...
GDP at factor cost (constant prices)	4.5	2.0	5.4
Per capita GDP (constant prices)	0.8	0.5	...
Current value of exports of goods	-	14.6	0.6
Current value of imports of goods	-9.5	-9.6	7.5
Consumer price index (Dec. - Dec.)	0.6	1.3	1.2
Annual average variation	4.6	1.5	1.2
Dollars million			
C. External sector			
Trade balance (goods and services)[r]	-206.6	-154.2	-165.8
Balance on current account	-119.9	-55.1	-59.4
Variation in international reserves	10.8	...	...
External debt	64.9	84.2	84.4
Exchange rate EC$ to US$	2.7	2.7	2.7

Source: Various tables and data supplied ECLAC.

[1] Unless otherwise stated, figures appear in EC dollars. The rate of exchange is US$1.00 = EC$2.70.

Government is fostering diversification of the economy through its attempts to create a more vibrant agricultural sector that will supply inputs into the developing manufacturing and tourism sectors. Fisheries has been examined and encouragement is being given to fishermen to upgrade their equipment to afford them the capability of fishing further afield.

The manufacturing sector continued to be affected by the trade restrictions imposed by some CARICOM countries and in some instances, actually reduced employment in order to adjust to the decreased demand. Manufacturers are examining more closely the possibilities being offered under the terms of the Caribbean Basin Initiative (CBI).

The value of exports of bananas increased by an estimated 22% and helped to push total exports up to some $m129 in 1984. An increased value of imports ($m309 in 1984), however, resulted in an increase of 7.8% in the deficit on the current account of the balance of payments.

With the completion of the Hess transhipment port project, construction activity subsided somewhat, leaving much of the slack to be picked up by the government sector. Despite the increase in revenues from tighter revenue collection measures, expenditures grew faster than revenue, and produced a deficit on current account of $m17.6. Government borrowing to finance its overall deficit resulted in a slight increase in the national debt.

2. Trends in economic activity

(a) Growth of the main sectors

(i) **Agriculture:** Contributing some 13.8% of total GDP in current prices and 14.1% at 1977 constant prices, the agriculture sector continued to be one of the three main sectors of the economy in 1984, providing food not only for the resident population, but also for the tourist sector. The sector contributed 13.8% of total GDP in 1984 and grew by 5.5%. Despite the lack of comprehensive data on crop performance, the scant data available on production as well as exports indicate increases in the production of bananas, cocoa and other fruit and vegetables.

Bananas: Some 71% of the Saint Lucia's arable land (roughly 4 047 hectares) are under banana cultivation. Bananas account for about 50% of total domestic exports and support over 60 000 persons. Following discussions held with the British Government on the supply and price of bananas, Saint Lucia expects to benefit from a possible restriction into the UK market of bananas from dollar area countries in favour of Windward Island fruit provided that they meet the UK quality specifications. In order to ensure delivery of the highest possible quality fruit, field packaging was embarked on in 1984 to a greater extent than before. About 85% of bananas reaped were packaged in the field and the buyers were able to accept a greater quantity of fruit for shipment. In an attempt to assist small farmers, the Saint Lucia Banana Growers' Association introduced a system of Inland Buying Depots (IBD's). The small farmers sell to the IBD's. The combined effect of the steady rehabilitation of bananas since 1980, the agreement with the British Government, and improved cultural practices, resulted in a level of production of bananas of 67,096 tonnes, despite some drought experienced mainly in the South of the island.

Table 2
SAINT LUCIA: GROSS DOMESTIC PRODUCT, BY ECONOMIC ACTIVITY, AT FACTOR COST[1]
(Current prices)

	EC dollars million			Percentage breakdown		Growth rates	
	1982	1983	1984	1980	1984	1983	1984
Gross domestic product	314.6	328.5	348.2	100.0	100.0	4.4	6.0
Goods	104.5	101.6	109.9	36.4	31.6	-2.8	8.2
Agriculture	36.4	41.6	47.9	11.6	13.8	14.3	15.1
Mining and quarrying	4.1	3.6	3.6	1.6	1.0	-12.2	-
Manufacturing	29.9	35.4	35.5	10.2	10.2	18.4	0.3
Construction	34.1	21.0	22.9	13.0	6.6	-38.4	9.0
Basic services	43.5	49.2	50.9	13.6	14.6	13.1	3.5
Electricity, gas and water	8.9	11.8	13.5	2.1	3.9	32.6	14.4
Trans. storage and comm.	34.6	37.4	37.4	11.5	10.7	8.1	-
Other services[2]	166.6	177.7	187.4	50.0	53.8	6.7	5.5
Wholesale + retail trade	50.8	51.2	63.2	...	...	0.8	3.9
Hotels and restaurants	20.1	22.2	24.3	...	...	10.4	9.5
Finance, insurance, real estate + business services	40.1	43.2	45.0	...	...	7.7	4.2
General services	12.9	13.9	15.2	...	...	7.8	9.4
Government services	62.7	69.2	72.9	...	...	10.4	5.3
Imputed banking service charge	(20.0)	(22.0)	(23.2)	-	-	-	-

Source: Statistical Department.
[1]Revised figures.
[2]Other services adjusted for Imputed Banking Service Charge.

Table 3
SAINT LUCIA: GROSS DOMESTIC PRODUCT, BY ECONOMIC ACTIVITY, AT FACTOR COST[1]
(Constant 1977 prices)

	EC dollars million			Percentage breakdown		Growth rates	
	1982	1983	1984	1980	1984	1983	1984
Gross domestic product	191.9	195.7	206.3	100.0	100.0	2.0	5.4
Goods	64.5	59.5	61.8	34.0	30.0	-7.8	3.9
Agriculture	24.1	27.5	29.0	11.8	14.1	14.1	5.5
Mining and quarrying	2.1	1.5	1.6	1.8	0.8	-28.6	6.7
Manufacturing	17.0	18.8	18.4	8.5	8.9	10.6	-2.1
Construction	21.3	11.7	12.8	11.9	6.2	-45.1	9.4
Basic services	24.6	26.8	29.0	23.5	14.0	8.9	8.2
Electricity, gas and water	6.0	6.6	7.5	3.1	3.6	10.0	13.6
Trans. storage and comm.	18.6	20.2	21.5	10.4	10.4	8.6	6.4
Other services[2]	102.8	109.4	115.5	52.5	54.0	6.4	5.6
Wholesale and retail trade	30.0	30.3	31.2	...	...	1.0	3.0
Hotels and restaurants	13.4	14.6	16.8	...	...	9.0	15.1
Finance, insurance, real estate + business services	22.2	23.3	23.9	...	...	5.0	2.6
General services	7.6	8.0	8.4	...	...	5.3	5.0
Government services	39.1	43.1	45.5	...	...	10.2	5.6
Imputed banking service charge	(9.5)	(9.9)	(10.3)	...	...	-	-

Source: Statistical Department.
[1]Revised figures.
[2]Other services adjusted for Imputed Banking Service Charge.

Coconuts: The continued ravages of the Coconut Mite caused a further decline in production of coconuts in 1984. An estimate puts the decline at 15.4% below the level of output of the previous year. In addition, foreign exchange difficulties accounted for the loss of the country's major market for coconut oil (Jamaica). Much research and treatment must be conducted soon in order to prevent further deterioration of the industry.

Cocoa: Production of cocoa increased in 1984, continuing a trend that had begun in 1981. The third year of increased production reflects the effect of the rehabilitation of this crop after the effects of hurricane Allen in 1980. Government is pursuing a policy of increased cocoa production as a part of its tree-crop diversification programme. The cocoa grown in Saint Lucia and in the other Caribbean countries is of such high quality that it is in great demand for purposes of blending with other grades that are not quite as high in quality. The market is therefore assured.

Other fruit and vegetables: Indications are that the quantity of ginger produced declined somewhat in 1984. The decline was due in part to the devastation caused by insect pests, adverse prices, and the deterioration of the pound sterling in which currency prices for ginger are quoted. The production of other fruits and vegetables continued to be satisfactory. A greater degree of organization has resulted in the establishment of a farmers' co-operative,

and attempts are now being made to integrate agricultural production into the tourism sector, by way of supplying hotels and restaurants with domestically grown produce.

Livestock and fisheries: Eggs and fresh pork are now produced in sufficient quantities to satisfy about 90% of domestic demand. During 1984, production of eggs increased by nearly 4% to 6.3 million while pork production stood at 32.7 tonnes. Government has been promoting production of these commodities,and co-operatives have been established. Plans are in hand to encourage increased production of poultry, beef cattle and sheep meat.

Table 4
SAINT LUCIA: INDICATORS OF AGRICULTURAL PRODUCTION
(Tonnes)

				Growth rates	
	1982	1983	1984	1983	1984
Production of main crops:					
Bananas - total	58 895.7	69 125.0	67 096.0	17.4	...
of which					
Bananas - export	44 171.8	55 300.0	65 027.2	25.2	...
Coconuts (copra)	3 752.3	4 778.5	4 043.9	27.3	-15.4
Cocoa	15.2	49.8	54.7	227.6	...
Root crops:					
Sweet potatoes	295.2	296.6	...	0.5	...
Yams	647.7	712.5	...	10.0	...
Tannia	232.1	255.3	...	10.0	...
Ginger	114.7	126.7[e]	120.7[e]	10.5	-4.7
Dasheen	296.2	319.9	...	8.0	...
Vegetables:					
Avocado	9.5	9.1	...	-4.2	...
Cabbage	174.6	183.3	...	5.0	...
Carrot	76.7	84.4	...	10.0	...
Cucumber	88.9	86.4	...	-2.8	...
Lettuce	28.0	29.4	...	5.0	...
Melon	9.0	9.5	...	5.6	...
Ochro	9.3	10.0	...	7.5	...
Plantain	1 542.1	1 850.2	...	20.0	...
Pumpkin	20.5	21.6	...	5.4	...
Sweet pepper	9.8	10.5	...	7.1	...
Tomato	301.1	304.5	...	1.1	...
Citrus:					
Grapefruit	268.6	256.8	...	-4.4	...
Limes	213.5	202.9	...	-5.0	...
Oranges	301.5	281.8	...	-6.5	...

Source: Ministry of Finance, Planning and Statistics, data supplied ECLAC.

A fish storage facility in Castries was completed in 1984 with the assistance of CIDA, and now accommodates the surplus catch of fishermen, thus making the price of fish more even throughout the year. Fishermen are being encouraged to upgrade their equipment to undertake fishing in deeper waters. Suggestions have been made to lending agencies to disburse loans selectively in favour of modern fishing vessels as opposed to canoes. In order to place fisheries on a firm footing, storage facilities and other elements of infrastructure must be placed at other strategic locations. Intra-CARICOM co-operation in training in fisheries is possible, and should be explored.

(ii) **Manufacturing:** Industrial development continues to be constrained by the small size of the domestic market and the difficulty of winning both intra- and extra-regional markets given the foreign exchange problems of most "would-be" trading-partner countries. The sector which contributes 10.2% of GDP in current prices, contracted by 2% in 1984. This was due in no small measure to the restrictions imposed by some countries in the region on CARICOM trade. The manufacturing sector in Saint Lucia employs about 8% of the employed labour force, and is relatively well diversified. Foreign investment has been encouraged by the attractive incentives offered to industrialists. While productivity is fairly high and wage costs are reasonable when compared with other countries in the Caribbean and Central America, conscious efforts must be made to preserve the labour environment so as to foster increased productivity and maintain a competitive edge in the search for foreign markets. The opportunities offered by the CBI together with Government's plans to locate a free zone in the area of the international airport, promise to boost manufacturing production.

Table 5
SAINT LUCIA: INDICATORS OF INDUSTRIAL PRODUCTION

				Growth rates	
	1982	1983	1984	1983	1984
Production of some manufactures					
Copra[1]	3 752	4 778	4 044	27.3	-15.4
Coconut oil-raw[2]	2 796	3 328	2 791	19.0	-16.1
Coconut oil-refined[2]	1 682	2 432	2 078	44.6	-14.6
Coconut meal[1]	1 286	1 520	1 271	18.2	-16.4
Rum[3]	132	155	146	17.4	-5.8
Non-alcoholic beverages[2]	4 055	4 569	4 796	12.7	5.0
Clothing[4]	556	539	437	-3.1	-18.9
Laundry soap[1]	489	554	187	13.3	-66.2

Source: Statistical Department.
[1]Tonnes.
[2]'000 litres.
[3]Thousand proof gallons.
[4]Thousand dozen.

(iii) **Construction:** The government sector provided the main impetus to the construction activity in 1984 through its programme of rehabilitation of roads. The tight liquidity situation restrained much activity in this area, but the sector grew by 9% in nominal terms and by 9.4% in real terms in 1984, in response to the construction of residential, commercial and industrial buildings, and other elements of social and commercial infrastructure.

(iv) **Energy and natural resources:** Imports of petroleum products account for 11% of total imports. During 1984, Saint Lucia continued to benefit from the lower price of petroleum as the average price of fuel declined by 1%. Consumption of diesel declined during the year while consumption of gasolene increased.

The energy desk establishment by Government, identified the need to develop greater consciousness of the need for energy saving through a programme of public awareness. Plans have been formulated to implement a public sector energy auditing and refitting programme, the objective of which is to identify energy conservation opportunities in all government institutions and where necessary, retrofit with energy-efficient equipment. Government has maintained interest in alternative sources of energy, and looks towards the geothermal energy project for the supply of electricity to the national grid.

The total amount of electricity generated in 1984 increased by 2.4% over the 1983 figure of about 68 million kWh. The amount consumed however, was 58 million kWh. Of this, some 13% was consumed by the industrial sector, while almost 47% was consumed by the commercial sector. The losses in transmission continued to decline.

Table 6

SAINT LUCIA: ELECTRICITY PRODUCTION AND CONSUMPTION

Type of use				Growth rates	
	1982	1983	1984	1983	1984
Domestic use					
Number of consumers	14 296	14 828	14 627	3.7	-1.4
('000 kWh)	14 298	15 958	17 663	11.6	10.7
Commercial use					
Number of consumers	1 726	1 812	2 828	5.0	56.1
('000 kWh)	24 826	26 574	27 335	7.0	2.9
Industrial use					
Number of consumers	88	103	109	17.0	5.8
('000 kWh)	6 133	6 762	7 480	10.3	10.6
Street lighting					
('000 kWh)	1 033	996	1 956	-3.6	96.4
Loss in transmission					
('000 kWh)	14 732	13 958	11 456	-5.3	-17.9
Internal use					
('000 kWh)	3 282	3 906	3 871	19.0	-6.0
Total generated ('000 kWh)	63 852	68 158	69 761	6.7	2.4
Total consumed ('000 kWh)	49 120	54 200	58 305	10.3	7.6
Revenue (net) - EC$'000	21 899	24 226	26 232	10.6	8.3

Source: Annual Statistical Digest, 1984, Ministry of Finance, Planning and Statistics.

3. The external sector

(a) Merchandise trade

(i) **Exports:** The total value of exports from Saint Lucia increased by less than 1% in 1984. Marked declines were recorded for beverages and tobacco, manufactured goods and machinery. Exports of bananas are estimated to have increased in value by some 22%, partly the result of more efficient methods of packing that led to a lower rejection rate of the fruit harvested. The trade restrictions imposed by some CARICOM countries hampered Saint Lucia's exports to the region, and the inability of manufacturers to find alternative markets led in many cases to overproduction, and resulted in a lay off in some establishments. By and large, the markets remained unchanged.

Table 7
SAINT LUCIA: EXPORTS OF GOODS (f.o.b.)

		EC dollars million			Percentage breakdown		Growth rates	
		1982	1983	1984	1980	1984	1983	1984
Total		112.0	128.3	129.1	100.0	100.0	14.6	0.6
SITC Section	0	48.5	55.3	68.3	30.3	52.9	14.0	23.5
	1	9.7	8.6	5.5	6.7	4.3	-11.3	-36.0
	2	0.8	0.9	1.1	0.6	0.9	12.5	22.2
	3	0.4	0.1	0.0	0.1	0.0	-75.0	-
	4	10.9	8.6	8.7	6.2	6.7	-21.1	1.2
	5	1.2	2.0	1.2	1.0	0.9	66.7	-40.0
	6	16.3	17.6	15.2	17.0	11.8	8.0	-13.6
	7	11.4	17.6	6.9	23.1	5.3	54.4	-60.8
	8	12.5	17.5	22.0	14.9	17.0	40.0	25.7
	9	0.01	0.1	0.01	0.1	0.0	-	-90.0

Source: Annual Statistical Digest, 1984, Ministry of Finance, Planning and Statistics.

Table 8
SAINT LUCIA: EXPORTS OF MAJOR GOODS (f.o.b.)
(EC dollars million)

	1982	1983	1984
Total	112.0	128.3	129.1
Traditional exports			
Bananas	42.2	50.2[r]	64.2
Coconut oil (unrefined)	1.2	1.9	2.1
Coconut oil (refined)	7.1	5.7	6.4
Coconut meal	0.4	0.3	0.3
Cocoa	0.0	0.3	0.3
Fruit and vegetables	0.9	1.1	1.4
Spices	0.8	0.7	0.7
Non-traditional exports			
Beer and ale	5.7	4.3	3.1
Paper and paperboard	14.2	11.8	13.2
Lemonade and flavoured waters	2.0	2.4	1.0
Clothing	11.1	15.5	19.7

Source: Annual Statistical Digest, 1984, Ministry of Finance, Planning and Statistics.

(ii) Imports: Imports increased by 7.5% in value in 1984. The falling prices of petroleum and related products impacted favourably on the import bill, and the lower rate of inflation in trading partner countries was reflected in modest increases in the value of imports generally.

Table 9
SAINT LUCIA: IMPORTS OF GOODS (c.i.f.)

	EC dollars million			Percentage breakdown		Growth rates	
	1982	1983	1984	1982	1984	1983	1984
Total	318.7	288.4	310.0	100.0	100.0	-9.6	7.5
Consumer goods	185.8	161.1	175.2	58.2	56.5	-13.3	8.8
Food, beverages and tobacco	79.5	74.8	73.7	24.0	23.8	-5.9	-1.5
Manuf. goods, incl. durables	109.3	86.3	101.5	34.3	32.7	-21.0	17.6
Intermediate goods	78.3	77.5	79.9	24.6	25.8	-1.0	3.1
Min. fuels, lub., + rel. mat.	37.3	35.2	34.8	11.7	11.2	-5.6	-1.1
Animal + veg. oils and fats	3.0	1.5	1.6	0.9	0.5	-50.0	6.7
Chemicals	31.2	34.6	35.9	9.8	11.6	10.9	3.8
Crude materials	6.8	6.2	7.6	2.1	2.5	-8.8	22.6
Capital goods	54.6	49.9	54.0	17.1	17.4	-8.6	8.2
Mach. + transport equipment	54.6	49.7	54.0	17.1	17.4	-8.9	8.7
Miscellaneous items	-	0.2	-	-	-	-	-

Source: Annual Statistical Digest, 1984, Ministry of Finance, Planning and Statistics.

(iii) **Terms of trade:** The terms of trade deteriorated in 1984 as imported manufactured commodities continued to register more favourable average unit values than exports of mainly primary products. Some relief is possible if the present interest in agricultural production is sustained and if the economy moves to a greater extent in the direction of agro-industrial activity. A simple interpretation of the figures is that although more and more exports are needed to pay for imports, the quantity of imports is increasing at a slower rate than exports.

Table 10
SAINT LUCIA: MAIN FOREIGN TRADE INDICATORS
(1975 = 100)

	1980	1981	1982	1983	1984
Volume index - exports	113.5	141.6	129.8	136.9	179.7
Volume index - imports	158.5	162.0	145.0	139.8	161.9
Average unit value index - exports	159.6	171.4	186.2	196.8	181.6
Average unit value index - imports	247.5	252.0	257.2	266.8	271.7
Terms of trade	64.5	68.0	72.4	73.8	66.8

Source: Annual Statistical Digest, 1984, Ministry of Finance, Planning and Statistics.

Table 11
SAINT LUCIA: EXPORTS AND IMPORTS OF GOODS
(As a % of GDP)

	1981	1982	1983	1984
Exports of goods and non-factor services	56.2	54.9	63.5	64.0
Imports of goods and non-factor services	108.3	94.7	83.2	85.3
Resource gap	51.9	39.7	19.7	21.3

Source: Performance and Prospects of the Saint Lucian Economy, World Bank.

(b) Services trade

Tourism continued to expand and provide employment for a large number of residents. The development of the tourism sector is viewed as a means to further diversify economic activity in the country. Greater local participation and stronger intersectoral linkages should result in a higher degree of retention of foreign exchange earned. In an attempt to foster greater activity in this sector, government has improved the physical infrastructure that would accommodate larger airplanes and other carriers. Cruiseships are soon to be better accommodated. A duty-free shopping complex is scheduled to be built near to the international airport in the south of the island.

In 1984, tourist arrivals increased by over 13%, partly in response to greater promotional efforts, and partly in response to better facilitation of visitors. The market for tourists continued to be the U.S.A., the U.K., the CARICOM countries and Canada in that order. Hotel bed occupancy rates increased substantially in 1984. In the latter part of the year periods of 100% hotel room occupancy rates were attained. Increased financing for more intensive promotion of Saint Lucia as a tourist destination promises to increase arrivals

and earnings in 1985.

Table 12
SAINT LUCIA: SELECTED TOURISM STATISTICS

	1982	1983	1984	Growth rates 1983	Growth rates 1984
Total visitors ('000)	98.2	105.4	116.5	7.3	13.3
Stopover visitors ('000)					
From: USA	13.0	20.3	22.9	56.2	12.8
Canada	14.1	10.5	12.8	-25.5	21.9
United Kingdom	13.9	17.2	18.4	23.7	7.0
Europe	12.3	11.4	11.7	-7.3	2.6
CARICOM	12.4	13.7	15.8	10.5	15.3
Cruiseship visitors ('000)	33.8	33.3	37.2	-1.5	11.7
Hotel and guest houses beds	3 421	3 421	3 421	-	-
Average length of stay of stopover visitors (days)	9.5	9.5	10.3	-	8.4
Hotel bed occupancy rate	52.5	56.2	67.7**	7.0	20.5
Estimated visitor expenditure[1]	41.4	42.3	42.9	2.2	1.4

Source: Annual Statistical Digest, 1984, Ministry of Finance, Planning and Statistics.
[1] US dollars million.

(c) The balance of payments

Since the Saint Lucian economy is very open, its merchandise trade account assumes a great deal of importance. The value of imports almost equals total GDP. Preliminary figures for 1984 indicate a slight worsening of the current account balance. While the deteriorated terms of trade contributed to a widened trade deficit, the services balance improved slightly, partly as a result of the improved performance in tourism. Net private transfers increased by 16% to US$14 million.

With the completion of the Hess oil transhipment terminal, net capital inflows fell by nearly 20 percent.

Table 13
SAINT LUCIA: BALANCE OF PAYMENTS
(US dollars million)

	1982	1983	Prel. 1984
Trade balance	-76.5	-57.1	-61.4
Total exports (f.o.b.)	41.6	49.7	53.1
Imports (c.i.f.)	118.1	106.8	114.5
Services balance	19.1	24.7	25.4
Travel (net)	23.1	29.3	29.1
Receipts	32.5	39.7	43.7
Payments	9.4	10.4	14.6
Interest	-0.8	-1.3	-0.9
Receipts	0.2	0.1	0.1
Payments[1]	1.0	1.4	1.0
Profits from ECCB	1.4	1.7	1.3
Other factor services (net)	-4.6	-5.0	-4.1
Private transfers (net)	13.0	12.0	14.0
Curent account balance	-44.4	-20.4	-22.0
Capital account	33.2	19.3	15.3
Official capital (net)	8.9	13.5	6.5
Grants (project related)	3.4	6.9	6.3
Central government borrowing	5.7	6.8	0.3
Other official[2]	-0.2	-0.2	0.2
Commercial banks (net)	-1.4	-5.6	-0.3
Private direct investment	26.5	12.0	10.0
Currency holdings[3]	-0.8	-0.6	-0.9
Errors and omissions	12.4	0.9	6.3
SDR allocation	0.0	0.0	0.0
Overall deficit	1.2	-0.2	-0.4
Financing	-1.2	0.2	0.4
Borrowing from ECCB (net)	0.5	0.3	1.0
IMF lending	-1.6	0.0	-0.5
Government foreign assets (increase = -)	-0.1	-0.1	-0.1

Source: Performance and Prospects of the Saint Lucian Economy, World Bank.
[1]For government and government-guaranteed loans.
[2]Includes disbursement of government-guaranteed loans to the private sector.
[3]Increase in East Caribbean dollars in circulation.

4. Wages, prices and employment

(a) Wages and employment

In 1984, wage settlements ranged from increases of 10% to 26% over a two-year period. This was significantly lower than the levels of earlier settlements when increases ranged between 11% and 50%. The largest wage increases were negotiated in the manufacturing, tourism and construction sectors. Even with the Government's suggestion that wages should increase by no more than 10% per year, the situation exists where nominal wage increases far outstripped the rate of inflation.

Estimates indicate that in order for the economy to absorb all of the new entrants into the labour force, some two to three thousand jobs must be created every year. This goal has not been attained. Whereas in 1983 the unemployment rate was of the order of 25%, the figure for 1984 might have increased slightly.

(b) Prices

The openness of the economy and its dependence on imports to satisfy basic consumption and other needs renders the domestic price level highly responsive to external price stimuli. The retail price index which is used to measure price changes is in need of revision and will soon be replaced by one that more pointedly addresses the questions of target group and makes provision for occasional discontinuities in supply. The Administration makes use of a price control system to discourage profiteering, but it is the feeling that the business community is fairly amenable to passing on to the consumer the benefits of reductions in import prices.

The rate of inflation as measured by changes in the Index of Retail Prices rose by 1.2% in 1984, reflecting the remission in prices from non-dollar currency areas. A slight fall in the price level of food and housing was observed, while substantial increases in the price of services and household items contributed heavily to the increase in the general price level.

Official policy must address the question of a wages policy and safeguard against the situation where excessive liquidity would create a "demand pull" inflationary pressure.

Table 14
SAINT LUCIA: EVOLUTION OF DOMESTIC PRICES
(April 1964 = 100)

	Weights	1981	1982	1983	1984
Annual averages					
All items retail price index	1 000	554.8	580.4	589.0	596.1
Food	565.6	603.4	621.5	625.4	624.7
Alcoholic beverages and tobacco	68.8	439.6	480.4	526.1	533.5
Housing	101.0	506.9	550.5	549.4	546.0
Fuel and light	55.9	642.4	658.9	656.0	662.5
Household and miscellaneous items	59.3	578.1	699.4	729.0	765.7
Clothing and footwear	81.1	410.8	422.9	444.9	457.7
Services	77.3	436.9	439.3	441.4	492.6
December to December variations					
All items retail price index		9.5	0.6	1.3	1.2
Food		10.6	-1.4	1.2	-0.6
Alcohol beverages and tobacco		6.3	5.1	6.5	4.6
Housing		11.4	-	-0.7	0.5
Fuel and light		-0.2	3.4	-1.4	3.6
Household and miscellaneous items		29.0	10.1	2.5	3.6
Clothing and footwear		1.8	4.4	4.7	1.3
Services		1.1	1.0	-0.4	11.9
Annual average variation					
All items retail price index		15.1	4.6	1.5	1.2
Food		19.0	3.0	0.6	-0.1
Alcoholic beverages and tobacco		3.7	9.3	9.5	1.4
Housing		12.4	8.6	-0.2	-0.6
Fuel and light		8.1	2.6	-0.4	1.1
Household and miscellaneous items		8.4	21.0	4.2	5.0
Clothing and footwear		3.9	2.9	5.2	2.9
Services		9.4	0.5	0.5	10.9

Source: Annual Statistical Digest, 1984, Ministry of Finance, Planning and Statistics.

5. Monetary and fiscal development

(a) Monetary and fiscal developments

The financial sector comprises six commercial banks, twenty-nine insurance companies, the Government-owned Saint Lucia Development Bank, the Saint Lucia Mortgage Finance Company and a number of local credit unions.

Commercial banks increased their loans and advances to the private sector to the extent that the amount outstanding at year end 1984 had increased by 17.1% over the level of one year earlier. Significant increases in credit to the

manufacturing, tourism and transport sectors were noted, together with a substantial increase in personal and other advances. Net commercial bank credit to the central government stood at $m21.2 by year end 1984.

Table 15a
SAINT LUCIA: ANALYSIS OF DOMESTIC CREDIT - COMMERCIAL BANKS
(EC dollars million)

	As at 31 December		
	1982	1983	1984
Net foreign assets	-13.3	1.7	18.4
Domestic credit (net)	170.2	160.8	171.5
Net credit to central government	25.1	22.7	21.2
of which: loans and advances	(12.1)	(17.1)	(19.1)
Credit to private sector	197.2	208.4	238.2
Net unclassified assets	-25.0	-28.4	-36.2

Source: Quarterly Commercial Banking Statistics, Eastern Caribean Central Bank.

Table 15b
SAINT LUCIA: COMMERCIAL BANK LOANS AND ADVANCES TO PRIVATE SECTOR
(EC dollars million)

	As at December 31		
	1982r	1983r	1984
Total	216.3	230.2	264.0
Agriculture	8.6	8.1	9.6
Manufacturing	19.1	17.3	24.5
Distributive trades	36.5	41.4	35.9
Tourism	23.3	24.3	28.9
Transport	11.5	7.8	11.0
Construction	6.2	6.2	6.9
Public utilities	1.6	2.8	2.2
Personal and other advances	109.5	122.3	145.0

Source: Quarterly Commercial Banking Statistics, Eastern Caribbean Central Bank.

The Saint Lucia Development Bank which was formed in 1981, had assets at the end of March 1984 of EC$m20. The Bank offers credit for housing, agriculture and fisheries and industry. To-date, some 44% of the value of loan approvals has been for housing.

Table 16
SAINT LUCIA: SAINT LUCIA DEVELOPMENT BANK - CUMULATIVE LOAN APPROVALS
(February 1981 - January 1985)

	Number	$m	%
Agriculture including fishing	267	2.3	100.0
Housing	427	7.3	44.0
Industry	25	5.5	33.1
Education	214	1.5	9.0
Total	933	16.6	100.0

Source: Data supplied ECLAC.

By year-end 1984, total deposits with commercial banks had risen by 10.4% over the figure of a year earlier. In apparent response to the changes made in 1982 to the interest rate structure that favoured term deposits, time deposits increased by $m24.7 and $m20.3 in 1983 and 1984 respectively, while savings deposits increased by only $m4.4 and $m2.2 respectively.

Table 17
SAINT LUCIA: COMMERCIAL BANKS' LIABILITIES
(As at 31 December)
(EC dollars million)

				Growth rates	
	1982	1983	1984	1983	1984
Total deposits	219.7	244.8	270.2	11.4	10.4
Demand deposits	40.9	36.9	39.7	-9.8	7.6
Time deposits	94.9	119.6	139.9	26.0	17.0
Savings deposits	83.9	88.3	90.5	5.2	2.5
Balances due to the ECCB	0.4	-	-	-	-
Balances due to other local banks	23.0	18.4	16.4	82.0	-10.9
Balances due to other ECCB area banks	5.7	0.9	2.5	-84.2	177.8
Foreign liabilities	10.7	13.5	13.1	26.0	-3.0
Other liabilities	38.0	42.3	51.8	11.3	22.5
Total liabilities	297.4	319.9	353.9	7.6	10.6

Source: Annual Statistical Digest, 1984, Ministry of Finance, Planning and Statistics.

Table 18
SAINT LUCIA: SUMMARY ACCOUNTS OF THE EAST CARIBBEAN CENTRAL BANK
(EC dollars million)

	As at December 31		
	1982	1983	1984
Net international reserves	133.8	134.8	208.7
Net position with banks in ECCA area	-46.3	-50.6	-187.4
Net domestic assets	24.3	31.0	110.4
Net claims on government	53.2	56.0	142.1
of which: St. Lucia	(12.4)	(13.3)	(13.3)
Treasury bills	(8.7)	(10.0)	(10.0)
Debentures	(3.7)	(3.3)	(3.3)
Net unclassified assets	-27.5	-23.8	-31.5
Currency in circulation	111.8	115.2	131.7
of which: St. Lucia	28.0	30.2	...

Source: Performance and Prospects of the Saint Lucian Economy, World Bank.

(b) Fiscal developments

Government revenues were by and large efficiently collected. Some 77% of total revenue in fiscal year 1984/1985 was accounted for by income taxes, consumption tax, import duties and stamp duty.

Table 19
SAINT LUCIA: CENTRAL GOVERNMENT REVENUES
(% of calendar year GDP)

				TAXES ON		
Fiscal year ending 31 March	Total current revenue	Total tax revenues	Non-tax revenues	Income	Taxes on Goods & services	International transactions
1982	25.9	23.3	2.6	8.0	5.6	9.3
1983	29.2	25.6	3.6	9.7	5.8	9.8
1984	29.3	25.9	3.4	8.7	6.3	10.6
1985	28.8	26.3	2.5	8.8	6.3	10.8

Source: Performance and Prospects of the Saint Lucian Economy, World Bank.

Despite the increases in revenues, expenditures rose at a faster rate and the current account deficit rose from 1% of GDP in 1983/1984 to 5% of GDP in 1984/1985. The deficit was incurred mainly as a result of wage settlements to public sector employees. The result is that there is relatively little left to finance capital development. Of the total budgetary provision for fiscal year 1985/1986 of $m215, some $m137 has been earmarked for recurrent expenditure. Of the total sum budgeted, $m135.3 would be raised from local sources.

In 1984, Government sought to collect an additional $m1.7 through several fiscal measures. Government introduced a Bill to amend the Insurance Act to impose a gross turnover tax of 5% on premiums. It is expected that this tax will raise an estimated $800,000 per annum which will be used to finance capital projects. Government proposed that all insurance business with respect to risks in Saint Lucia must be placed through agents with officers in Saint Lucia. Revenues to accrue from this were estimated to be $79,000. A consumption tax was placed on whisky which had become relatively cheap because of the depreciation of the pound sterling. Taxes on imported cigarettes were also increased.

Table 20
SAINT LUCIA: CENTRAL GOVERNMENT OPERATIONS

	Million dollars		
	1982-1983	1983-1984	1984-1985
1. Current revenue	106.1	111.3	117.7
Tax revenue	93.0	98.5	107.5
Direct	35.2	32.9	35.9
Indirect, of which:	57.8	65.6	71.6
on foreign trade	34.0	38.4	42.4
Non-tax revenue	13.2	12.8	10.2
2. Current expenditure	114.8	114.5	135.3
3. Savings on current account (1 - 2)	-8.7	-3.2	-17.6
4. Capital expenditure	24.5	25.7	34.6
5. Total expenditure (2 + 4)	139.3	140.2	169.9
6. Fiscal deficit (1 - 5)	-32.7	-28.9	-52.2

Source: Various sources - data supplied ECLAC.

Outstanding debt at the end of 1984 stood at US$m31.2, slightly more than it was at the end of 1983, and represented some 20.7% of total GDP. debt service payments were 2% of exports of goods and tourism.

Table 21
SAINT LUCIA: SUMMARY OF EXTERNAL PUBLIC DEBT OPERATIONS[1]

	1982	1983	1984
	US dollars thousand		
Outstanding debt at end of period	24 030	31 190	31 242
Outstanding debt at beginning of period	18 762	24 030	31 190
Net drawings	5 468	7 185	321
Drawings	6 518	8 179	1 173
Amortization (-)	-1 050	-994	-852
Valuation adjustment	-200	-25	-269
Debt service payments	2 088	2 399	1 824
Amortization	1 050	994	849
Interest	1 038	1 405	975
	Percentages		
Debt outstanding/GDP	17.9	22.2	20.7
Net drawings/GDP	4.1	5.1	0.2
Debt service/exports of goods and tourism	2.8	2.7	1.9
Average interest rate[2]	5.5	5.8	3.1
Debt outstanding (growth rate)	28.1	29.8	0.2

Source: Performance and Prospects of the Saint Lucian Economy, World Bank.
[1]Excludes debt to the fund and ECCB.
[2]Ratio of total interest payments to debt at beginning of period.

PART XV

SAINT VINCENT AND THE GRENADINES

COUNTRY NOTES

SAINT VINCENT AND THE GRENADINES

1. Recent economic trends: Introduction and summary

During 1984 Gross Domestic Product (GDP) measured in 1977 prices reached an estimated EC$m118.2, an increase of 3.5%. However, it should be noted that for the third consecutive year the GDP growth rate has declined. Virtually every sector contributed to the increase but agriculture and transport accounted for the largest increases with distributive trades and government services next in order of importance.

Agriculture, with a share in excess of 17% continued to be the single most important sector after its recovery from the natural disasters of 1979 and 1980. Manufacturing, despite the rapid increase in enclave manufacturing production in the last few years, accounts for just over 10%, roughly the same share for the last four years.

Much of the growth in 1984 was induced by exports of goods and services as merchandise exports alone increased by over 30%. In contrast, imports were more restrained, growing by just about 9% leading to a reduction in the chronic merchandise trade deficit. Saint Vincent and the Grenadines can therefore be said to be on a track of export propelled growth. The tourism sector is relatively small and its relative share of GDP has been declining in recent years. Although larger numbers of visitors are arriving each year.

Supporting the reduced deficit on the goods and services account of the balance of payments is the increased receipts of current transfer payments and increased capital account inflows. (The balance of payments position is in fair shape but the situation could worsen when debt and interest payments increase).

Increasing attention is being paid to strengthening public sector finances and implementation of a Review Committee's recommendations is expected to improve the fiscal situation in the next few years.

Table 1
SAINT VINCENT AND THE GRENADINES:
MAIN ECONOMIC INDICATORS

	1982	1983	1984[p]
A. **Basic economic indicators**			
GDP at factor cost ($m 1977 prices)	108.6	114.1	118.2
Population (thousands)	100.1	101.3	102.5
Per capita GDP (dollars 1977 prices)	1 085.0	1 126.0	1 153.0
Growth rates			
B. **Short-run economic indicators**			
Gross domestic product (1977 prices)	5.9	5.1	3.5
Per capita gross domestic product	...	3.8	2.4
Current value of exports (goods)	33.8	25.8	33.3
Current value of imports (goods)	11.9	8.1	8.9
Consumer price index (December to December)	14.3	4.4	2.0
Money suply			
Current revenue of government	35.6	18.9	4.1
Total expenditure of government	29.3	7.2	12.1
Fiscal deficit as % of total gov't expenditure	8.5	0.1	7.9
Dollars million			
C. **External sector**			
Trade balance	-88.8	-79.2	-62.4
Balance on current account	-2.2	-16.5	...
Variation in net international reserves	...	...	...
External debt	49.4	57.2	61.3

Source: Various sources available in ECLAC files.

2. Trends in economic activity

(i) **Agriculture:** Agriculture remains the most important goods producing sector of the economy and registered an improved performance over 1983, directly contributing over 17% to GDP. In real terms, measured at 1977 prices, the sector's output grew by 4.5% or 1% higher than the growth rate of GDP. Agricultural exports continue to be the major component of merchandise exports. For the first six months of 1984, agricultural exports (SITC 0) grew by 23% in value over the same period of 1983. But for the sharp appreciation of the EC dollar **vis-à-vis** the UK pound, a principal destination of Saint Vincent's agricultural exports, total agricultural export earnings would have increased even more.

Table 2
SAINT VINCENT AND THE GRENADINES: GROSS DOMESTIC PRODUCT, BY ECONOMIC ACTIVITY, AT FACTOR COST
(EC dollars million)

	1979[r]	1980[r]	1981[r]	1982[r]	1983	1984[p]
Agriculture	19.75	19.83	27.48	31.93	35.51	38.19
Crops	14.79	13.95	21.36	24.95	27.87	30.04
Livestock	2.29	2.30	2.08	2.15	2.15	2.25
Forestry	1.36	1.40	1.33	1.48	1.77	2.01
Fishing	1.31	2.18	2.71	3.35	3.72	3.89
Mining and quarrying	0.39	0.50	0.56	0.59	0.63	0.66
Manufacturing	13.10	14.17	18.42	20.72	21.26	22.05
Electricity and water	3.03	3.28	4.44	5.22	6.76	6.91
Construction	14.38	18.36	20.58	21.82	23.17	24.50
Wholesale and retail trade	13.90	17.66	18.39	22.61	24.36	26.09
Hotels and restaurants	2.21	2.68	3.69	4.13	4.49	4.63
Transport	12.87	15.03	18.19	22.04	24.17	26.29
Road transport	10.92	13.21	16.04	19.16	21.56	23.28
Sea transport	1.35	1.30	1.42	1.63	1.76	1.80
Air transport	0.60	0.52	0.73	1.25	0.85	1.21
Communications	5.82	5.47	7.40	8.77	9.05	9.57
Banks and insurance	7.13	8.32	10.33	12.30	13.21	13.83
Real estate and housing	5.22	6.81	8.01	8.18	8.79	9.16
Government services	21.56	20.02	30.27	35.03	38.18	43.26
Other services	3.33	4.57	5.31	5.68	6.10	6.36
Less imputed service charges	5.47	7.41	8.47	10.79	11.39	11.93
Total	117.22	129.29	164.60	188.23	204.29	219.57
Growth rate	15.49	10.30	27.31	14.39	8.53	7.48

Source: Data supplied by OECS Secretariat.

Table 3
SAINT VINCENT AND THE GRENADINES: GROSS DOMESTIC PRODUCT, BY ECONOMIC ACTIVITY (Constant prices 1977)
(EC dollars million)

	1979	1980	1981	1982	1983	1984[p]
Agriculture	**14.64**	**12.53**	**17.68**	**18.71**	**19.61**	**20.50**
Crops	(11.21)	(9.01)	(11.26)	(15.19)	(16.10)	(16.91)
Livestock	(1.71)	(1.66)	(1.48)	(1.53)	(1.48)	(1.51)
Forestry	(0.63)	(0.50)	(0.44)	(0.31)	(0.32)	(0.34)
Fishing	(1.09)	(1.36)	(1.50)	(1.68)	(1.71)	(1.74)
Mining and quarrying	0.29	0.30	0.31	0.31	0.34	0.35
Manufacturing	10.56	11.10	11.31	11.97	12.28	12.40
Electricity and water	3.05	3.22	3.31	3.62	3.70	3.78
Construction	10.56	11.18	11.39	11.50	12.19	12.56
Wholesale and retail trade	11.08	12.02	11.11	12.72	13.01	13.57
Hotels and restaurants	2.91	3.69	3.23	3.37	3.58	3.59
Transport	**10.81**	**12.07**	**13.08**	**14.73**	**17.08**	**18.23**
Road transport	(8.99)	(10.13)	(11.10)	(12.44)	(14.60)	(15.33)
Sea transport	(1.07)	(1.07)	(1.19)	(1.42)	(1.60)	(2.00)
Air transport	(0.75)	(0.87)	(0.88)	(0.87)	(0.88)	(0.90)
Communications	3.51	4.47	5.68	5.96	6.13	6.31
Banks and insurance	3.71	4.03	4.09	4.15	4.21	4.29
Real estate and housing	4.34	4.43	4.52	4.62	4.71	4.78
Government services	16.45	17.13	17.76	17.46	17.81	18.34
Other services	2.92	3.11	3.22	3.35	3.41	3.46
Less imputed service charges	3.46	3.76	3.82	3.87	3.93	4.01
Total	91.37	95.52	102.57	108.60	114.13	118.15
Growth rate	3.69	4.54	7.38	5.89	5.09	3.5

Source: Data supplied by OECS Secretariat.

Bananas remain the principal export commodity, with a 21% share of total domestic exports during 1984 but this share has declined from 28.7% in 1982. The industry continued its recovery following the natural disasters of 1979 and 1980 and the export volume increased by 18.8% between 1983 and 1984 to 32 762 tonnes. However, reflecting a 2.9% fall in the unit value, total export receipts increased by only 15.3% to EC$30.1 million.

Table 4
SAINT VINCENT AND THE GRENADINES: GROSS DOMESTIC PRODUCT, BY ECONOMIC ACTIVITY (Constant prices 1977)

	Percentage breakdown			Growth rates		
	1982	1983	1984	1981/ 1982	1982/ 1983	1983/ 1984
Agriculture	17.2	17.2	17.4	5.8	4.8	4.5
of which: Crops	(14.0)	(14.1)	(14.3)	(34.9)	(6.0)	(5.0)
Mining and quarrying	0.3	0.3	0.3	0.0	9.7	2.9
Manufacturing	11.0	10.8	10.5	5.8	2.6	0.1
Electricity and water	3.3	3.2	3.2	9.4	2.2	2.2
Construction	10.6	10.6	10.6	0.1	6.0	3.0
Wholesale and retail trade	11.7	11.4	11.5	14.5	2.3	4.3
Hotels and restaurants	3.1	3.1	3.0	4.3	6.2	0.3
Transport	13.6	15.0	15.5	12.6	16.0	6.7
of which: Road transport	(11.5)	(12.8)	(13.0)	(12.1)	(17.4)	(5.0)
Communications	5.5	5.4	5.4	4.9	2.9	2.9
Banks and insurance	3.8	3.7	3.6	1.5	1.4	1.9
Real estate and housing	4.3	4.1	4.0	2.2	1.9	1.5
Government services	16.1	15.6	15.5	-1.7	2.0	3.0
Other services	3.1	3.0	2.9	4.0	1.8	1.5
Less imputed service charges	-3.6	-3.4	-3.4	1.3	1.6	2.0
Total	100.0	100.0	100.0	5.9	5.1	3.5

Source: See Table 3.

Table 5
SAINT VINCENT AND THE GRENADINES: BANANA PRODUCTION AND PRICES

Year	Production ('000 tonnes)	Export volume ('000 tonnes)	Export value (EC$ million)	Export price/ tonne (EC$/tonne)	Farmgate price/ tonne (EC$/tonne)
1982	26.4	26.7	24.3	909.8	453.9
1983	27.9	27.6	26.1	946.3	468.1
1984	33.0	32.8	30.1	918.7	404.9

Source: Winban, Saint Vincent Banana Growers' Association, Statistical Office. Depending on source, slight variations in the data may occur.

Farmgate receipts, increasing by only 2.4%, caused by a sharp reduction in the unit farmgate price of 13.5%, and real farm incomes for this subsector may have declined. For the short-term it appears that reduction of post harvest losses and improvement of quality are areas of prime concern, while at the same time the Banana Growers' Association should also focus on increased efficiency in its purchasing of inputs.

Arrowroot: Increased competition from more efficient arrowroot starch producers has resulted in a fall in the price of arrowroot starch in the world market. In the hope of an increase in the world market price, large stocks were accumulated, which at the end of 1984 was equivalent to more than three times the export volume for that year. Financing of this large stock has resulted in

large losses to the Arrowroot Industry Association and left it in a rather precarious financial situation. This in turn has resulted in a sharp decrease in farmgate prices and, in reaction, in reduced acreage under arrowroot, a process which is likely to continue.

Table 6
SAINT VINCENT AND THE GRENADINES:
PRODUCTION EXPORTS AND STOCKS OF ARROWROOT

Year	Production ('000 lbs.)	Exports ('000 lbs.)	Stocks ('000 lbs. year end)
1981-1982	2 106	366	1 966
1982-1983	2 208	1 240	2 788
1983-1984	1 725	960	3 649

Source: Ministry of Finance, Planning and Development. (Production data reflect crop years).

Sugar: Production of sugar increased to 2 747 metric tonnes in 1984, which was, however, considerably lower than the estimated breakeven production of 10 000 long tons. In addition, the industry suffered from low sugar cane yields per acre and low yields of sugar from sugar cane. Together with substantial interest payments on the large overdrafts, the production cost of sugar is estimated at around EC$1.50 per lb. compared with a domestic selling price of EC$0.70 cents per lb. and a world market price of less than US10 cents per lb. during 1984. All these factors have resulted in substantial operational losses to the Saint Vincent Sugar Industry Limited. Between the second half of 1984 and early 1985 the industry was the subject of several critical reviews and in May 1985 the Government of Saint Vincent and the Grenadines announced that the sugar industry would be phased out.

Table 7
SAINT VINCENT AND THE GRENADINES:
SUGAR SECTOR INDICATORS

Year	Cane production (metric tons)	Sugar production (metric tons)	Acreage	Molasses ('000 gal.)	Rum ('000 gal.)
1982	30 035	1 880	600	...	115
1983**	33 610	2 307	...	286	120
1984	34 300[e]	2 747	1 410	268	68

Source: Agricultural Statistics Unit.

Other crops: At the time of the survey 1984 production data were not available, but indications are that with the exception of coconuts, most other commodities registered an increased output. Much of this production is geared towards CARICOM and world markets with export shares comprising well over 90% of the estimated production.

Table 8
SAINT VINCENT AND THE GRENADINES:
ESTIMATED PRODUCTION OF SELECTED COMMODITIES
(Tonnes)

	1981	1982	1983	1984
Sweet potatoes	1 369	1 450	1 084	...
Yams	696	929	1 251	...
Tannias	1 743	2 067	2 959	...
Eddoes/dasheen	4 322	5 443	8 428	...
Nutmegs	60	57	74	...
Mace	12	8	17	...
Carrots	181	159	71	...
Ginger	124	130	174	...
Peanuts	181	181	64	...
Tobacco	99	99	75	...
Plantains	5 080	1 988	1 473	...
Coconuts ('000 nuts)	9 924	10 519	...	...

Source: Ministry of Finance, Planning and Development, Statistical Unit, Ministry of Agriculture.

In this respect, the future prospects of the agricultural sector remain closely linked with the course of developments in other CARICOM countries.

(ii) **Manufacturing:** The sector remains at an early stage of development with a contribution of about 10% to GDP in real terms. Most production units are small and are either based on enclave manufacturing activities or on the processing of agricultural produce. Two major commodities, i.e. the production of arrowroot starch and sugar have already been discussed under agriculture, and other production data are generally not available. Exports of mostly non-traditional manufacturing products (SITC Sections 5 to 8) have increased significantly from $m4.7 in 1980 to $m31.3 in 1983, which indicates a rather rapid expansion of the output of enclave industries.

Apart from sugar, sugar by-products and arrowroot production, the agro-based industrial activities comprise mainly flour and food processing. Reflecting the decline in coconut production the output of coconut oil declined by 30% in 1984 to about 140 000 gallons. In contrast, the output and exports of the flour mill in 1984 increased substantially by 11.4% and 22.9% in volume and by 26% and 16.4% in value respectively.

To accommodate further expansion of the manufacturing sector, the Development Corporation expects to add 30 000 sq.ft. of factory shell space in 1985.

(iii) **Construction:** The construction sector grew by about 3% in 1984, and has remained at around 11% of GDP since 1980. The estimated value of planning permits for building works in 1984 remained at the 1983 level in real terms, but applications for subdivisions increased both in number and in value. Credit for construction and land development and for the purchase of houses and land increased by about 11% to $m25.3 in 1984.

Table 9
SAINT VINCENT AND THE GRENADINES:
INDICATORS OF CONSTRUCTION ACTIVITY

	1982	1983	1984
Planning permissions			
Number of applications	339	307	300
Gross floor area ('000 sq.ft.)	441	448	460
Estimated value (dollars million)	24.7	26.9	27.6
Imports of selected commodities			
Cement (tonnes)	15 240	17 655	...
Paints ('000 litres)	189	182	...
Finished structural parts (tonnes)	136	...	...
Lumber (cubic metres)	4 802	7 769	...
Other			
Loans for constr. & land Dev. ($m)	7.0	8.6	9.5
House and land purchases	12.5	13.7	15.8

Source: Ministry of Finance, Planning and Development, Statistical Unit, ECCB.

(iv) **Energy:** After suffering severe loadshedding problems in 1983, emergency capacity of 1800 kW was added in 1984. This resulted immediately in sharp increases in peak demand (by 11.4%), in total consumption (by 13.3%) and in average consumption per consumer (by 9.1%).

As a result of an improved load factor and a decrease in transmission and distribution losses, total generation increased by 8.5% during 1984. However, at 23% transmission and distribution losses can stand substantial improvement, and to achieve this the Saint Vincent and the Grenadines Government entered into a $m4.5 loan with the Caribbean Development Bank (CDB) to upgrade the electricity distribution system.

Plant capacity will again expand in 1985 when a 3.1 mW level unit will be commissioned. Over the years, Saint Vincent has become increasingly dependent on diesel generating plant. A 1984 concluded UNDP funded study identified a substantial and economically viable hydro-electrical potential and the Government of Saint Vincent and the Grenadines has given priority to the development of this indigenous resource, which will result in considerable fuel import savings.

Table 9
SAINT VINCENT AND THE GRENADINES:
ELECTRICITY PRODUCTION AND CONSUMPTION

	1982	1983	1984
Total generated (10^6 kWh)	**30.37**	**31.05**	**33.70**
Total consumption (10^6 kWh)	**23.33**	**22.83**	**25.86**
of which: Domestic	10.51	10.29	11.52
Commercial	8.30	8.15	9.18
Industrial	3.44	3.28	3.93
Transmission and distribution losses	7.04	8.22	7.84
Number of consumers	12 221	12 893	13 386
Average consumption per consumer (kWh/yr)	1 909	1 771	1 932
Peak demand (kW)	5 520	5 350	5 960
Installed capacity (kW)[1]	7 675	7 675	9 485
of which: Hydro	1 970	1 970	1 970
Diesel[1]	5 705	5 705	7 515

Source: Digest of Statistics 1983, Statistical Office, Electricity Services.
[1]Excludes 800 kW diesel capacity installed in Bequia.

(v) **Tourism:** During 1984 the tourist industry continued the recovery which began in 1983, with a 32.6% increase in total visitor arrivals. However, most of this growth is to be attributed to an 86% increase in cruiseship visitors, while the number of stay-over visitors increased only marginally and the number of visitors arriving by yacht actually declined.

Table 11
SAINT VINCENT AND THE GRENADINES:
SELECTED TOURISM INDICATORS

	1982	1983	1984
Total visitors ('000)	**79.1**	**86.4**	**114.6**
By air	46.2	47.4	47.4
By sea	32.9	38.9	67.2
Stayover	37.1	37.7	38.5
Yachts	...	4.5	3.2
Cruiseship visitors	20.9	34.4	64.0
Other excursionists	...	9.7	9.0

Source: Department of Tourism, Caribbean Tourism Research and Development Centre (CTRC).

In the aftermath of the Grenada crisis of late 1983 many hotels in Saint Vincent and the Grenadines registered substantial cancellations during the 1983/1984 season. As a consequence, the number of hotel visitors declined, as well as the number of United States, Canadian and European visitors. On the other hand, the number of Caribbean visitors increased, and the Caribbean now comprises the most important market.

Although firm data are not available, indications are that within the category of stay-over visitors, there has been a substantial shift towards cheaper accommodations such as cottages, private homes and apartments, which resulted in reduced average daily tourist expenditure. As a result, total gross tourism receipts are estimated to have increased by not more than about 5 percent.

Saint Vincent and the Grenadines remain in urgent need of establishing a long-term tourism strategy. Main short-term need is the improvement of its data base which would necessitate the implementation of a tourism expenditure and motivation study. With respect to strategy and planning, the Government has requested technical assistance from the Organization of American States.

3. The external sector

(a) Merchandise trade

During 1984, for the fourth consecutive year, the growth rate of the value of exports exceeded the growth rate of the value of imports and the merchandise trade deficit has been reduced by over 44% since 1980. The value of total domestic exports in 1984 rose by 33% over the figure of 1983. This growth is even more remarkable if bananas are excluded as non-banana exports increased by over 39%. During the same period, imports grew by 9% compared with 1983, the proportion of domestic exports to GDP in 1984 increased from 0.3 to 0.6, while that of imports to GDP declined from 1.2 to 0.9. It appears that both the unit value and volume of exports have increased since 1980. One estimate shows the commodity terms of trade index at 110 in 1983 compared to a base of 100 in 1980; during 1982 and 1983 the component import price indexes actually declined.

Table 12
SAINT VINCENT AND THE GRENADINES: IMPORTS/EXPORTS AND BALANCE OF VISIBLE TRADE
(EC dollars million)

Year	Imports	Domestic exports	Exports re-exports	Total exports	Balance on visible Trade
1980	154.2	40.3	1.4	41.7	-112.5
1981	157.1	63.4	1.5	64.9	-92.2
1982	175.8	84.8	2.2	87.0	-88.8
1983	190.0	106.7	4.1	110.8	-79.2
1984[p]	207.0	142.2	2.4	144.8	-62.4

Source: Ministry of Finance, Planning and Development, Statistical Unit.

Although agro-based commodities remain the principal component, the export of non-traditional manufactures, mainly from various enclave industries has been growing in importance and comprises now about 30% of the domestic exports as against 12% in 1980. Such a diversification, if accompanied by diversification of export markets as well, renders Saint Vincent and the Grenadines less vulnerable to currency fluctuations or a collapse of primary commodity prices or both.

Table 13
SAINT VINCENT AND THE GRENADINES:
COMPOSITION OF DOMESTIC EXPORTS
(EC dollars million)

Year	Traditional (SITC 0,1,4)	Non-traditional (SITC 5-8)	Other (SITC 2,3,9)	Total
1980	35.4	4.7	.2	40.3
1981	52.3	11.0	.1	63.4
1982	63.6	20.7	.5	84.8
1983	75.0	31.3	.4	106.7
1983 (Jan-June)**	36.4	14.4	.6	51.4
1984 (Jan-June)	44.1	15.8	.2	60.1

Source: Ministry of Finance, Planning and Development, Statistical Unit.

Taken together, the CARICOM group of countries is the major trading partner of Saint Vincent and the Grenadines. Within this grouping, Trinidad and Tobago stands out both for imports and exports. During 1983, exports to CARICOM accounted for some 56% of the total, Trinidad's share amounting to 34%. The respective figures for imports are 22% and 13% respectively. The United Kingdom and the United States have accounted for second and third places in recent years.

With the notable exception of Trinidad and Tobago, the exports to the CARICOM MDC's reflect the subregion's internal trading problems. Exports to Guyana and Jamaica have all but disappeared, while those to Barbados registered their third successive year of decline. In contrast, trade with Trinidad and Tobago increased and that country has been the major export market of Saint Vincent and the Grenadines since 1972. Trading problems within the CARICOM subregion, however, are an area of concern. While CARICOM imports in 1984 remained relatively constant at around EC$m42, exports increased rapidly and since 1982, Saint Vincent and the Grenadines has had a positive and increasing trade balance with the other CARICOM member states.

The volume of exports to the United Kingdom increased in 1984 but the EC dollar appreciated against the U.K. pound, and the value of exports remained stable. However, reflecting the increased purchasing power of the EC dollar, imports from the United Kingdom increased sharply in both volume and value. Value estimates of the composition of imports by end use category up to 1983 show a relative stagnation of consumer goods and increase in intermediate and capital goods imports.

(b) Balance of payments

Table 14 shows balance of payments data for the years 1981 to 1983. Although 1984 balance of payments data are not yet available, it is expected that the balance on goods and services will show a further improvement as a result of both the increase in tourism receipts and the reduction of the merchandise trade deficit.

Table 14
SAINT VINCENT AND THE GRENADINES: BALANCE OF PAYMENTS
(US dollars million)

	1981	1982	1983
Current account			
Exports of goods and non-factor services	48.7	52.4	62.4
Merchandise exports (f.o.b.)[1]	29.8	34.3	42.0
Non-factor services	18.9	18.1	20.4
Imports of goods and non-factor services	66.2	74.3	83.2
Merchandise imports (c.i.f.)	58.2	63.6	71.4
Non-factor services	8.0	10.7	11.8
Balance on goods and services	-17.5	-21.9	-20.8
Net factor income	-0.7	-1.8	-1.6
Investment income: receipts	1.4	1.1	1.3
Investment income: payments	-2.1	-2.9	-2.9
Net current transfers	17.4	17.6	19.4
Net private current transfers	12.5	13.0	16.0
Net official current transfers	4.9	4.6	3.4
Current account balance	-0.8	-6.1	-3.0
Capital account			
Direct investment	0.5	0.6	3.0
Foreign borrowing (net)	2.7	2.3	2.6
Disbursements	3.2	2.8	3.3
Repayments	0.5	0.5	0.7
Net short-term capital	-2.0	6.4	-1.4
ECCA/ECCB	0.9	0.4	0.3
IMF	1.8	-	-
Errors and omissions	-2.0	-3.9	-1.3
Government foreign assets (- = increase)	-0.2	-0.2	-0.2

Source: International Monetary Fund (IMF).
[1]There is a significant difference between merchandise exports reported by IMF and as reported by Government.

4. Prices, wages and employment

(a) Prices

The rate of inflation as measured by the index of retail prices increased by 2.1% in 1984, as against 5.1% in 1983, and 4.8% in 1982. The indices for food and beverages , clothing and footwear and furniture actually fell, possibly reflecting the increased production of agricultural produce and the appreciation of the dollar against mainly the U.K. pound. With the recent increase in the rate of inflation of most trading partners of Saint Vincent and the Grenadines and the increases in indirect taxation, it is likely that the rate of inflation will increase in 1985.

Table 15
SAINT VINCENT AND THE GRENADINES: INDEX OF RETAIL PRICES
(January 1981 = 100)

	Weight	1982	1983	1984
	End of period			
All items consumer price index	1 000.0	117.1	123.1	125.7
Food and beverages	597.9	113.5	119.5	117.0
Tobacco and alcohol	27.9	120.9	123.6	128.0
Clothing and footwear	77.2	120.8	126.0	123.3
Housing	62.8	108.0	123.4	171.9
Fuel and light	62.3	121.8	128.1	133.9
Furniture, furnishings and domestic appliances	31.9	114.4	121.9	115.9
Household supplies	34.3	142.4	146.5	147.6
Transport and communication	37.2	121.7	120.7	121.8
Other	68.5	133.5	136.4	149.3
	December to December variation			
All items consumer price index		4.8	5.1	2.1
Food and beverages		4.0	5.3	-2.1
Tobacco and alcohol		5.7	2.2	3.6
Clothing and footwear		4.3	4.3	-2.1
Housing		0.1	14.3	39.3
Fuel and light		3.8	5.2	4.5
Furniture, furnishings and domestic appliances		10.8	6.6	-4.9
Household supplies		9.4	2.9	0.8
Transport and communication		2.3	-0.8	0.9
Other		13.8	2.2	9.5

Source: Ministry of Finance, Planning and Development, Statistical Unit.

(b) **Wages**

No wage data are available, but indications are that wages and salaries have remained fairly stable during 1984.

(c) **Population and employment**

According to the 1980 census, the population size of Saint Vincent and the Grenadines was 97 845. Population was estimated at 103 500 in 1984. Census data suggest that both the labour force and the number of possible entrants will increase in size more rapidly than the total population. Preliminary results from the 1984 Employment Survey indicate that 40% to 50% of the labour force is either unemployed or underemployed. These figures have to be interpreted with some caution since a broad definition of underemployed was used. Nevertheless the data appear to conform to the conclusions which were derived from the analysis of the population census.

Most of the economically active population is employed in the agricultural sector, but, as the underemployment data indicate, this sector's ability to create new employment will remain limited and new job opportunities will have to be created mainly in the manufacturing, construction and services sectors.

5. Monetary and fiscal policy

(a) Monetary Developments

At the end of 1984, the net foreign asset position of the monetary system showed an improvement over the position at the end of 1983. This was solely due to an increase in the net foreign assets of the monetary authority. Within the commercial banking sector, foreign liabilities increased while foreign assets decreased leading to an increase in net foreign liabilities. Net domestic reserves of the commercial banking system increased sharply in the second half of 1984, as the result of a transfer of the special deposit requirement from the treasury to the Central Bank and increases in deposits.

Table 16
SAINT VINCENT AND THE GRENADINES: MONETARY SURVEY
(EC dollars million)

	1982 (December)	1983 (December	1984 (September)	1984 (December)
Money supply				
Money (M_1)	34.90	40.95	46.30	50.34
- Currency outside banks	(17.53)	(20.14)	(21.91)	(25.04)
- Demand deposits	(17.37)	(20.81)	(24.40)	(25.31)
Quasi money	100.13	111.10	124.71	123.53
Money (M_2)	135.03	152.05	171.01	173.87
Factors of expansion				
Net foreign assets	2.31	4.77	11.44	...
Domestic credit	142.05	154.29	160.52	...
of which:				
Government (net)	24.58	18.86	12.55	...
Public enterprises	30.45	35.37	43.29	43.96
Private sector	86.17	99.40	105.59	105.74

Source: East Caribbean Central Bank (ECCB), International Monetary Fund (IMF).

Net foreign assets and domestic credit data for the entire monetary system were not available for end-December 1984 at the time of writing. However, during the first six months of the year, claims of commercial banks on central and local government increased rapidly, but these declined even faster during the last six months. While the amount of long-term debentures increased, the amount of short-term loans and advances decreased from a peak of $m8.8 in June to $m4.2 in December. During the year, the public enterprises became net borrowers reflecting their precarious financial situation. In all, credit to public enterprises grew by almost 25%, most of this growth having been incurred during the first 6 months. credit to the private sector showed a moderate growth of 6.3 percent.

Commercial bank loans data show that all sectors except tourism, transport and public utilities and government increased their borrowing during 1984. Loans to agriculture and distributive trades increased by more than 25% during the year.

Table 17
SAINT VINCENT AND THE GRENADINES:
CONSOLIDATED COMMERCIAL BANK OPERATIONS
(EC dollars million)

	As at end of year		
	1982	1983	1984
	Assets		
Foreign assets	**28.89**	**26.48**	**22.94**
Claims on other ECCB Banks	12.57	8.60	5.90
Non-resident loans	2.20	1.85	3.05
Other foreign assets	14.12	16.03	13.99
Domestic assets	**165.67**	**176.15**	**204.61**
Claims on ECCB	7.98	3.95	19.46
Claims on Government	12.36	12.68	10.67
of which:			
Treasury bills	(1.00)	(1.00)	(1.00)
Debentures	(0.40)	(5.07)	(5.42)
Loans, advances	(10.96)	(6.61)	(4.25)
Claims on public enterprises	30.45	35.17	43.96
Claims on private sector	85.17	99.40	105.74
Other assets	28.71	24.59	24.78
Total assets	**194.56**	**202.63**	**227.55**
	Liabilities		
Foreign liabilities	**38.5**	**32.93**	**35.79**
Balance due - ECCB Banks	2.67	2.37	0.52
Non-resident deposits	28.04	24.56	27.99
Other foreign liabilities	7.79	6.00	7.28
Domestic liabilities	**156.06**	**169.70**	**191.76**
Balance due to ECCB	5.66	1.92	2.07
Deposits by:			
Government	0.23	5.84	3.78
Public enterprises	30.85	36.25	40.18
Resident private sector	86.65	95.66	108.67
Other liabilities	**32.67**	**30.03**	**37.06**
Total liabilities	**194.56**	**202.63**	**227.55**

Source: East Caribbean Central Bank (ECCB), International Monetary Fund (IMF).

Table 18
SAINT VINCENT AND THE GRENADINES: SECTORAL DISTRIBUTION AND MATURITY OF COMMERCIAL BANK CREDIT
(EC dollars million)

	1982	1983	1984
Total	**128.3**	**141.8**	**156.6**
By sector			
Agriculture	9.3	9.7	12.4
Manufacturing	19.9	28.1	28.5
Distributive trades	17.2	14.8	19.4
Tourism (including entertainment)	3.6	4.0	3.8
Transport	5.1	7.8	7.6
Public utilities	4.6	5.5	5.3
Government and statutory bodies	18.3	14.0	13.6
Construction and land development	7.1	8.6	9.5
Personal	28.7	33.0	35.7
Other	14.5	16.5	20.9
By maturity			
Overdraft	60.5	63.0	74.3
Up to 1 year	6.4	7.7	8.0
1 - 3 years	15.2	15.4	19.1
Over 3 years	46.2	55.7	55.2

Source: East Caribbean Central Bank (ECCB).

(b) **Fiscal policy**

The overall deficit on central government operations is increasing, however, even at EC$m7.1 during 1983-1984 the figure was only about 3% of Gross Domestic Product.

Congnizant of the need to strengthen public sector finances, including those of the non-financial public sector enterprises, a new government committee was established to examine and formulate policy recommendations on public sector financing and management of the public debt. Together with the administrative reforms which are now underway, the implementation of the committee's recommendations is expected to result in a substantial medium to long-term improvement of the country's public sector operations.

Table 19
SAINT VINCENT AND THE GRENADINES:
CENTRAL GOVERNMENT REVENUE AND EXPENDITURE[1]
(EC dollars million)

	1981-1982 (actual)	1982-1983 (actual)	1983-1984 (actual)	1984-1985 (approved)
Recurrent revenue	62.9	74.8	77.9	99.2
Recurrent expenditure	68.3	73.4	82.3	97.4
Surplus (+) or deficit (-)	-5.4	+1.4	-4.4	1.8
Capital revenue[2]	5.3	4.7	4.6	51.6
Capital expenditure	6.2	6.5	7.3	53.4
Surplus (+) or deficit (-)	-0.9	-1.8	-2.7	-1.8
Overall surplus (+) or deficit (-)	-6.3	-0.4	-7.1	0.0

Source: Ministry of Finance, Planning and Development.
[1]Relates to financial year ending 30 June.
[2]Due to the sources of funding, there is a considerable divergence between estimated and actual capital inflows.

(c) Public sector debt

At the end of the fiscal year 1983-1984, the total external debt incurred or guaranteed by Government amounted to EC$m65.8. Most of this was at concessionary terms which is reflected in a low average rate of interest and a high proportion of long-term debt. Based on loans committed for 30 June 1984, the current external debt is forecasted to peak in fiscal year 1987-1988, however, total external indebtedness is expected to more than double as a result of new project-related loans, including those related to the Cumberland Hydroelectric project. Provided that Government succeeds in reducing the operating losses of the public enterprise sector and in mobilizing concessionary financing, the current and future debt-servicing should remain manageable.

In contrast, the internal debt, which totalled EC$m72.7 at the end of fiscal year 1983-1984, is a more serious problem. These debts consist mainly of high interest bearing overdrafts and loans with a maturity of less than a year. In addition, much of this debt was incurred by financially weak public sector bodies and much of it was financed by one commercial bank. With respect to the latter, this resulted in a reduced liquidity of this bank, while to the former, the dependance on short-term borrowing exacerbates their financial weakness.

Table 20
SAINT VINCENT AND THE GRENADINES:
INDICATORS OF EXTERNAL DEBT
(US Dollars million)

	1982	1983	1984[p]
Debt outstanding at beginning of period	16.2	18.3	21.2
Disbursements	3.8	3.8	...
Payments of principal	-0.8	-1.1	-1.7
Adjustments	-0.9	0.2	...
Debt at end of period	18.3	21.2	22.7
Interest payments	0.6	1.1	1.4

Source: Ministry of Finance, Planning and Development (1983, 1984). IBRD (1982, 1983).

PART XVI

REPUBLIC OF SURINAME

COUNTRY NOTES

SURINAME

1. Recent economic trends: Introduction and summary[1]

The suspension of Dutch aid in 1982 meant for Suriname the loss of external aid to the extent of about 9% of Gross Domestic Product (GDP). This represents some 90% of total net capital inflows. The continued suspension of this aid,

Table 1
SURINAME: MAIN ECONOMIC INDICATORS

	1981	1982	1983	1984
A. Basic economic indicators				
GDP at factor cost (million Sf. at 1973 prices)	814	830	847	...
Population ('000 mid-year)	355	364	374	384
Per capita GDP (Sf. at 1973 prices)	2 290	2 280	2 267	...
Annual growth rates				
B. Short-run economic indicators				
Gross domestic product	5.6	2.0	2.0	...
Per capita GDP	5.8	-0.4	-0.6	...
Current value of exports of goods and services	-7.7	-9.9	-14.7	...
Current value of imports of goods and services	6.7	-5.3	-13.3	...
Consumer price index (Dec. to Dec.)	7.5	6.3	4.4	4.4
Consumer price index (Ann. avg. var.)	8.7	7.3	4.4	3.7
Money supply	...	17.6	8.1	26.9
Wages and salaries (real)	5.8	8.3	7.6	...
Rate of unemployment	...	...	...	...
Current revenue of Government	9.7	5.7	-8.5	-4.4
Current expenditure of Government	23.7	15.5	11.1	-1.9
Fiscal deficit as % of total expend.	6.4	13.9	48.8	37.1
Suriname guilders million				
C. External sector				
Trade balance	58.6	-106.8	-149.0	-55[e]
Balance on current account	-218.7	-273.7	-291.7	-120[e]
Balance on capital account	240.6	195.4	91.7	5
Var. in international reserves	28.7	-65.8	-172	-115[e]

Source: Bureau of Statistics (ABS), National Planning Office, Central Bank and Ministry of Economic Affairs.

[1] Unless otherwise stated, figures are quoted in Suriname guilders (Sf.). The official rate of exchange is Sf 1.7850 = US$1.

together with the decline in the fortunes of the bauxite sector in 1982 and 1983, and a reportedly relatively poor performance in 1984, resulted in a situation where Government "hard-core" expenditure could not be financed from revenue.

In order to avert a collapse of the economy, pre-financing was embarked on, foreign exchange controls were tightened, and stringent credit policies were adopted. Table 1 shows some indicators of economic performance between 1981 and 1984.

The reduced quantum of foreign exchange for the financing of imports of raw materials adversely affected the goods-producing sectors, with the exception of the agricultural sector which, because of its relatively efficient organization, seemed to have performed somewhat better in 1984 than it did in 1983. This improved performance has been partly the result of Government's activity in the sector. Given the present economic climate, future growth in agriculture might depend on Government investment.

The mining sector remains the major determinant of the general level of economic activity and the major earner of foreign exchange, despite declining output of bauxite and alumina between 1981 and 1983. A change in direction occurred in 1984 when output is estimated to have increased. This increase might have been associated with a reduction in the Government bauxite levy.

High costs of production in the manufacturing sector exacerbated by a decree outlawing the laying-off of workers continued to militate against entry into new markets. Prospects for improvement in the export performance of the sector continue to be affected by high production costs and distance from potential markets.

The effects of the international recession as well as the suspension of Dutch aid combined with a decline in exports to deplete foreign exchange reserves by an estimated Sf. 115 million in 1984. Whereas the recourse to pre-financing has temporarily managed to sustain the economy, this practice cannot

Table 2
SURINAME: SUPPLY AND DEMAND
(Millions of Suriname guilders)

	Suriname guilders million			Growth rates	
	1982	1983	1984	1983	1984
Total supply	3 395.8	3 325.8	...	-2.1	...
GDP at market prices	2 205.0	2 293.0	...	4.0	...
Imports of goods and services	1 190.8	1 032.8	...	-13.3	...
Total demand	3 676.8	3 582.8	...	-2.6	...
Domestic demand	2 486.0	2.550.0	...	-2.6	...
Total consumption	2 093.0	2 252.0	...	7.6	...
Investment	393.0	298.0	...	-24.2	...
Public	189.0	102.0	...	-47.0	...
Private	204.0	198.0	...	-2.9	...
Exports of goods and services	909.5	775.5	...	-14.7	...

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

continue indefinitely. The alternatives must lie between a severe contraction in economic activity, especially those projects that are public-sector-led, and access to a line of credit.

2. Trends in economic activity

(a) Growth in the main sectors

(i) Agriculture: The agricultural sector ranks second in importance to the mining sector, both in the level of economic activity and in foreign exchange earnings. Production and export of rice, bananas and oil palm, and production for domestic consumption of sugar and citrus fruit as well as a range of vegetables have secured for the sector a contribution to total GDP at constant 1973 prices, of a litle more than 9%. Agricultural exports increased from US$m42.7 1975 to US$m72.4 in 1983, - an increase of almost 70%. The sector has been organized efficiently, with most of the export crops being cultivated on large holdings. Government's support to domestic agriculture has resulted in an improvement in the management of the smaller agricultural holdings. Although the total acreage planted has increased by over 41% between 1975 and the present time, numbers employed are believed to have fallen, as much of the increasing acreages are being farmed with the assistance of machinery. Shrimping continued to be an important earner of foreign exchange, but catches have been increasingly smaller over the last four years, with a slight increase in production being noted in 1984.

Rice is the most important crop harvested for export and its high quality fetches a premium price on the EEC market. Some 50% of all cultivated land is under rice and this acreage constitutes about 85% of all lands harvested. Production has risen substantially in recent years as a result of greater acreages and higher yields. In 1984, production of paddy was estimated to have been of the order of 329,000 tonnes. Production is expected to increase steadily as the Government's rice projects in two major areas are developed. Although the major portion of rice cultivation is caried out on private farms, the largest farm is the Government-owned SML - Wageningen which yields two crops per year.

Oil palm: The production of palm oil rose to some 7,140 tonnes in 1984 in response to an increase in acreage cultivated. Whereas some 1,645 hectares were under cultivation in 1975, by 1984 some 5,774 hectares were cultivated. Government is developing a palm oil project with a planned output of 19,000 tonnes of palm oil and 4,500 tonnes of palm kernels. The first harvest under this project is expected to be reaped in 1985. In order to process the output from this new project, a processing and refinery plant will be constructed in 1985.

Banana production was estimated at 40 696 tonnes in 1984, with exports amounting to some 35 000 tonnes. Over the last 10 years, annual exports have fluctuated between 27,000 and 38,000 tonnes. In 1983, the amount exported was 32,159 tonnes, most of which was shipped to the United Kingdom, the country's traditional market for that product. The value of shipments of bananas was US$m7.7 in 1983, rising to an estimated US$9.2 million in 1984.

Table 3a
SURINAME: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST (Current prices)
(Suriname guilders million)

	1981	1982	1983	Growth rates 1982	Growth rates 1983
Gross domestic product	1 785	1 975	2 079	10.6	5.3
Goods	721	723	711	0.3	-1.7
Agriculture and fisheries	165	171	163	3.6	-4.7
Forestry and wood industry	33	30	32	-9.1	6.7
Mining and bauxite	282	261	244	-7.4	-6.5
Manufacturing	181	198	209	9.3	5.6
Construction	60	63	63	5.0	-
Basic services	137	152	170	10.9	11.8
Pub.util. (gas, water and electricity)	36	39	39	8.3	-
Transport, storage and communications	101	113	131	11.9	15.9
Other services	927	1 100	1 198	18.7	8.9
Trade, commerce and tourism	246	268	274	8.9	2.2
Financial services: banking + insurance	188	233	269	23.9	15.5
Household services	78	87	93	11.5	6.9
Government	379	474	519	25.1	9.5
Other gen. social + personal services	36	38	43	5.6	13.2

Source: Bureau of Statistics and National Planning Office.

Table 3b
SURINAME: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST (Constant prices)
(1973 Suriname guilders million)

	1981	1982	1983	Growth rates 1982	Growth rates 1983
Gross domestic product	814	830	847	2.0	2.0
Goods	310	302	304	2.6	0.7
Agriculture and fisheries	84	83	80	-1.2	-3.6
Forestry and wood industries	14	12	12	-14.3	-
Mining and bauxite	92	78	77	-15.2	-1.3
Manufacturing	94	103	109	9.6	5.8
Construction	26	26	26	-	-
Basic services	64	66	68	3.1	3.0
Pub.util. (gas, water, electricity)	19	20	20	5.3	-
Transport, storage and communications	45	46	48	2.2	4.3
Other services	440	462	475	5.0	2.8
Trade, commerce and tourism	104	105	103	1.0	-2.0
Fin'l services: banking + insurance	75	80	86	6.7	7.5
Household services	33	34	35	3.0	2.9
Government	213	228	235	7.0	3.1
Other gen. social + personal services	15	15	16	-	6.7

Source: Bureau of Statistics and National Planning Office.

Other agriculture: Other agricultural products worthy of note include grapefruit and oranges, sugar and vegetables. Between 1975 and 1983, the acreage under citrus was reduced by some 14.7% in 1983 from the 1975 total of 2,033 hectares, mainly as a result of the continued havoc wreaked by the "tristeza" disease and high costs of production. Sugar, at one time the leading export deriving from agriculture, continued to be produced for the domestic market, through the factory at Marienburg. The output to date cannot totally satisfy domestic demand and must be supplemented by imports. Vegetable production has increased in recent years to the extent that there is now an exportable surplus.

The livestock subsector has continued to be fairly vibrant, with the size of the livestock population growing to some 53 000 in 1983. Correspondingly, the production of milk increased to 8,700 hl in 1983.

Fisheries: The major fishing activity consists of harvesting shrimp, the production of which has fluctuated around 3,500 tonnes per year. In 1983, the net value of exports of shrimp was estimated at Sf.m31. Most of this activity is handled by American, Japanese and Korean firms. Only recently has the Government increased its activity in the industry. It is envisaged that finfish will soon become an important commodity in the fishing industry, in response to the world demand for fish and over-investment in the shrimp industry.

Forestry: Exports of wood at various levels of processing as well as particle board, plywood and pre-cut houses fell to some US$m6.4 in 1983 after an average of US$11 million from 1980 to 1982, the result of a fire which destroyed one of the main sawmills of the Bruynzeel plant. Indications are that the value of exports of sawmilling products rose in 1984.

Future growth in agriculture will depend to a great extent on Government investments to increase irrigated acreage under rice and to expand oil palm acreages, assuming a slow rate of investment in this area in the private sector. Apart from the high cost of labour and the small size of the economy and the unfavourable terms of trade, the endogenous factors that can be changed, should be addressed. These are: the level of public sector involvement and price control.

Table 4
SURINAME: INDICATORS OF AGRICULTURAL PRODUCTION
(Tonnes)

	1982	1983	1984
Agricultural production Index (1975 = 100)			
Agriculture	128	123	...
Livestock	119	120	...
Fishing	85	83	...
Agricultural crops (export) - tonnes			
Paddy rice	301 130	267 958	329 000
Sugar cane	125 000[1]	129 000[1]	130 625
Palm-oil	5 638	6 247	7 140
Peanuts	...	...	...
Bananas	42 399	36 598	40 696
Citrus	9 369	11 116	8 488[e]
Vegetables (internal consumption)			
Maize	211	165	...
Coconuts	7 177	5 500	...
Plantains	6 365	3 500	...
Green vegetables	5 280	4 580	...
Root crops	3 160	3 450	...
Coffee	44	121	...
Cocoa	30	35	...
Livestock production			
Beef cattle			
No. of livestock	49 186	53 112	...
No. of animals slaughtered	8 363	8 500	8 680
Meat production (tonnes)	1 355	1 365	1 446
Pork			
No. of livestock	18 595	21 395	...
No. of pigs slaughtered	13 732	15 300	17 310
Meat production (tonnes)	993	1 153	1 240
Poultry			
Production ('000 animals)	4 300	4 300	4 300
Chicken meat	8 600	8 600	8 600
Milk			
Production (fresh,'000 litres)	8 300	8 700	...
Fishing production			
Shrimp catch (tonnes)	3 842	3 413	3 509
Forestry production (cu.m.)			
Raw lumber: roundwood[2]	248.0	203.0	...
Square logs	26.5	29.0	...
Semi-processed wood: sawn[3]	59.0	47.8	...
chipboard	6.2	3.1	...
plywood	20.0	18.1	...

Source: Bureau of Statistics, National Planning Office and Government Forestry Services.
[1] ECLAC estimates on the basis of national figures.
[2] Total unprocessed roundwood production for sawn wood, plywood, etc.
[3] Sawn, planed, grooved wood, including railroad ties.

(ii) **Mining:** The bauxite subsector, together with the manufacturing of aluminium continued to be the major determinant of the general level of economic activity in 1984, and the main earner of foreign exchange, despite lower prices of aluminium. High costs of production have resulted in either the loss of markets, or the failure to win new ones. Much of this high cost is associated with the high cost of mining bauxite at increasing depths. Output and exports of bauxite and aluminium have shown a downward trend over the last decade, and the sector's contribution to total GDP was estimated to have declined in 1984. As a result of a reduction in the Government bauxite levy, retroactive to 1982, production in 1984 increased substantially. The two bauxite companies agreed in early 1984 to establish joint ventures for bauxite mining and for alumina refining. These ventures are estimated to have given rise to increased efficiency in production in 1984.

Table 5
SURINAME: INDICATORS OF MINING PRODUCTION

	1982	1983	1984
Index of mining production (1980 = 100)			
Bauxite	63	57	...
Alumina	73	80	...
Aluminium	77	61	...
Total	70	70	....
Production (Thousand tonnes)			
Bauxite	3 060	2 793	...
Alumina	1 052	1 154	...
Aluminium	42.5	33.6	...
Production (Sf. million)			
Bauxite	334	303	...
Alumina	386	371	...
Aluminium	86	73	...

Source: General Bureau of Statistics.

Prospects for expansion in the bauxite sector are not favourable, given the present conditions of a weak bauxite market. This factor has now rendered infeasible the mining of bauxite in the Bakhuis area. High unit costs of electricity restrain growth in aluminium production to about 40 000 tonnes per year.

Gold mining is minor in comparison with bauxite. An existing Government gold project can possibly add to Government's earnings of foreign exchange, but clear policy directives would be needed to achieve that result.

(iii) **Manufacturing:** Suriname's mineral and agricultural resources shape the structure of the manufacturing industry, with products such as alumina, aluminium, rice, sugar and forestry products forming the basis of economic activity in the manufacturing sector. Employment generated by the sector is estimated to be about 10% of the entire labour force.

The Investment Ordinance of Suriname encourages investment in the sector by offering incentives to investors, although these incentives are not as generous as those offered to investors in the smaller Caribbean countries. In 1981, the Centre for Industrial Development and Export Promotion (INDEX) was established

to give greater impetus to industrialization. INDEX functions in association with the National Development Bank to promote small-scale manufacturing and processing which utilize domestic and nationally controlled resources. INDEX facilitates investment in industry by eliminating administrative red tape and assessing the economic viability of prospective projects and, in some instances, delivering technical assistance to establishments in areas such as accounting, administration and distribution systems.

The 1980-based Index of Manufacturing Production shows food, drink and tobacco and other industries as having increased their production in 1983, with indications of a further increase in 1984.

Table 6
SURINAME: INDICATORS OF MANUFACTURING PRODUCTION
(1980 = 100)

	1982	1983	1984
Index of manufacturing production			
Food	125	149	...
Drink and tobacco	114	123	...
Other industries	123	125	...
Total	120	128	...
Production of major manufacturing (Thousand tonnes)			
Alumina	1 052	1 154	...
Aluminium	42 519	33 573	...
Industrial consumption of electricity (Thousand kWh)	1 332	1 107	...

Source: General Bureau of Statistics.

Further growth in the manufacturing sector appears to be determined by the tendency within fairly recent times towards greater Government control. The 1983 legislation that prohibited the laying off of workers, even in the face of contracted economic activity has reinforced the cautious approach to new private sector investment in the manufacturing sector. In addition, the sector's potential as a major earner of foreign exchange is limited by the country's distance from major markets and its high costs of production.

(iv) **Energy:** Energy consumption, measured at about 2 tonnes oil equivalent per capita, is very high, reflecting the consumption of energy by the bauxite sector, which accounts for about two-thirds of all energy consumed. SURALCO, the foreign-owned bauxite/aluminium company, is the largest producer of power in Suriname. It provides 80 gWh, of hydropower annually to the Suriname Power Company from its 189 mW facility at Afobaka.

Fossil fuels have within fairly recent times been mined in Suriname. In 1980, the State Oil Company (SOMS) was established, and began producing crude in 1982, with the production of some 3,700 bbls. of heavy crude. In 1983, production rose to 110,000 bbls. In May 1984, there were eleven producing wells yielding an average daily production of 500 bbls. By increasing the number of producing wells, SOMS expects to increase production to 912,000 bbls. in 1987 - an average of about 2,500 bbls/day. The heavy crude is sold to SURALCO for use as fuel oil. The value of crude produced in 1984 was Sf. 12 million.

The Government's energy conservation programme embarked on in the early years of the "energy crisis", continued in 1984, with the substitution of cheaper forms of energy where possible. Many small industries switched to diesel fuel. Within more recent times, there has been a move to local crude blended with diesel fuel. Hydro-electricity has replaced thermal electricity in the bauxite sector on grounds of the relatively low cost of hydro-electricity. With the addition of electricity from the Bauxite sector to the national grid, the radius covered by the grid increased to 20 km from Paramaribo the capital city.

(a) **Employment and unemployment**

There has been no major demographic monitoring since the 1980 Population Census. Indications are that Government employs some 40% of the total labour force. The goods producing sectors though far more important in terms of contribution to GDP, provide fewer jobs because of their relatively greater capital intensive nature. The reduced rhythm of economic activity since 1982 would logically have led to an increase in the unemployment rate, but this averted by the Government decree of 1983 prohibiting the laying off of workers. Whereas this had the effect of stablizing employment, it might have served to increase the per unit cost of production.

3. The external sector

Trade with the rest of the world contracted because of the international recession and the relatively poor performance of the bauxite sector. The scarcity of foreign exchange led to limitations on its availability. Whereas the current account deficit stood at Sf.m 292 in 1983, as a result of Government's measures to restrict imports, the current account deficit fell to Sf.120 million in 1984.

Table 7
SURINAME: BALANCE OF PAYMENTS (Cash basis) - Revised
(Suriname guilders million)

	1981	1982	1983	1984
Exports of goods and nfs	**1 009.8**	**909.5**	**775.5**	**749.4**
Merchandise exports	845.7	765.1	654.7	635.0
Non-factor services	164.1	144.4	120.8	114.4
Imports of goods and nfs	**1 258.1**	**1 190.8**	**1 038.8**	**819.1**
Merchandise imports	1 013.7	921.2	803.7	617.3
Non-factor services	244.4	269.6	229.1	201.8
Resource balance	**-248.3**	**-281.3**	**-257.3**	**-69.7**
Factor services and transfers	**29.6**	**7.6**	**-34.4**	**-10.7**
Net factor service payments	23.0	12.3	-20.1	2.5
Net unrequited transfers	6.6	-4.7	-14.3	-13.2
Current account balance	**-218.7**	**-273.7**	**-291.7**	**-80.4**
Private capital	**71.4**	**33.7**	**62.8**	**-17.9**
Medium and long-term (net)	69.6	21.8	92.6	-15.6
Short-term	1.8	11.9	-29.8	-2.3
Public capital	**169.3**	**173.3**	**3.1**	**1.2**
Grants	169.0	172.0	4.5	3.6
Medium and long-term distribution	...	...	...	...
Medium and long-term amortization	...	1.1	0.9	3.4
Other capital (net)	-1.8	-1.0	-0.9	-
Short-term (net)	4.7	2.6	1.3	-2.3
Capital account balance	**218.7**	**273.7**	**291.7**	**80.4**
SDR allocation	**5.9**	**-**	**-**	**-**
Gold revaluation	**-5.9**	**-**	**-**	**-**
Errors, omissions	**-1.1**	**-0.1**	**-0.1**	**-1.1**
Change in reserves (- = increase)	**-21.9**	**78.3**	**200.0**	**93.8**

Source: Central Bank.

(a) **Merchandise trade**

(i) **Exports:** The value of exports declined in 1984, mainly due to the low level of exports of bauxite, alumina, aluminium and wood products. A comparison of the total exports data on a cash basis to the end of the third quarter in the years 1983 and 1984 shows a 10% decline in 1984. Export value (on a transactions basis) of bauxite and agricultural products, however, shows an increase in 1984 over the same period for which statistics are available. The difference between the figures on a transactions basis and those on a cash basis represents that that part of foreign exchange that is receivable but is not available immediately for use to finance imports.

(ii) **Imports:** The continuation of the world-wide recession and the continued suspension of Dutch development aid influenced a continued diminution of economic activity which contributed to a decline in imports in 1984. These diminished imports were further explained by Government curbs on Public Sector expenditure. Volume and value of imports of fossil fuels decreased by 7.5% and 14% respectively, partly reflecting some substitution of domestically produced crude fossil imports, and a fall in the price of oil and oil products.

(b) Services: Although the balance on the services account remained negative, the deficit was much smaller in 1984 than it was in the previous year. Allowances of foreign exchange for overseas travel were reduced and restrictions were also placed on the remittance of a portion of premium receipts of insurance companies.

(c) Primary incomes: Factor services recorded a surplus of Sf. 2 million at the end of the third quarter of 1984, compared with a deficit of Sf. 20.1 million in 1983. This outcome resulted from a sharp decline in the transfer of profits and dividends of foreign companies operating in the country following the unfavourable developments in the bauxite sector and the temporary withholding of permits for the transfer of profits and dividends by the Foreign Exchange Board. Net factor income would have been higher but for the decline in interest receipts by the Central Bank on foreign exchange balances held with correspndent banks abroad.

(d) Capital account and monetary reserves: The balance on capital account deteriorated significantly in 1983 because of the suspension of the Dutch development aid. The deterioration continued into the third quarter of 1984.

International reserves converted at official buying rates decreased by Sf.m 172 in 1983. During the first three quarters of 1984, foreign reserves declined by a further Sf. 106.4 million.

4. Wages and prices

(a) Wages and salaries

Trade union activity as well as leading wages in the bauxite sector have tended to win for the labour force, wage increases in excess of increases in the consumer price index. This in turn has tended to exert upward pressure on the general price level. Substantial increases in both nominal and real wages and salaries have been noted. Indications are that the rate of increase of wages and salaries abated in 1984.

Table 8
SURINAME: EVOLUTION OF WAGES AND SALARIES

	1981	1982	1983	1984
	Index (1980 = 100)			
Nominal				
Mining and bauxite	116	143	165	...
Industry	115	128	131	...
Public utilities	104	118	128	...
Trade	116	124	136	...
Transport, storage and communications	124	139	166	...
Banks	105	117	129	...
Insurance	127	165	186	...
Other services	103	106	105	...
Total	115	134	150	...
Real				
Mining and bauxite	106	122	135	...
Industry	106	109	107	...
Public utilities	95	101	105	...
Trade	106	106	111	...
Transport, storage and communications	114	119	136	...
Banks	96	100	136	...
Insurance	117	141	152	...
Other services	94	91	86	...
Total	106	115	123	...

Source: Bureau of Statistics.

(b) **Prices**

The rate of inflation as measured by the changes in Consumer Price Index for the general Paramaribo area rose by some 3.7% in 1984 in response to price increases in all sections of the index. The loan of foreign exchange and the consequent decrease in imports resulted in a reduction in the quantity of goods offered for sale. Government's deficit financing could very well have led to increased demand, and could have exerted upward pressure on prices. Price controls imposed on certain food items while keeping the growth in prices low continued to be a disincentive to their production. It is quite probable that, given such demand pressure on a reduced quantum of goods, shadow prices would be the prices at which these goods were exchanged. Such prices are informal and tend not to be reflected in official price surveys.

Table 9
SURINAME: EVOLUTION OF DOMESTIC PRICES
(Revised index. Base year: April 1968 - March 1969 = 100)

	Weights	1981	1982	1983	1984
Annual averages					
All items consumer price index	100.0	263.4	282.6	295.0	305.9
Food and beverages	40.0	258.1	266.5	278.5	282.5
Housing and furnishings	23.6	236.3	261.9	276.2	283.2
Clothing and footwear	11.0	345.4	372.2	396.2	468.5
Other items	25.4	263.6	288.8	295.0	309.5
December to December variation					
All items consumer price index		7.5	6.3[1]	4.4[1]	4.4
Annual average variation					
All items consumer price index		8.7	7.3	4.4	3.7
Food and beverages		8.2	3.3	4.5	1.4
Housing and furnishings		-1.1	10.8	5.5	2.5
Clothing and footwear		16.0	7.8	6.5	9.0
Other items		11.9	9.6	2.2	4.9

Source: Bureau of Statistics.
[1] Estimated on the basis of variation in the fourth quarter of each year.

5. Monetary and fiscal policy

(a) Monetary policy

In the wake of the suspension of Dutch Development aid, and as a result of the continuation of worldwide recession and low earnings from bauxite, a substantial deficit on Government's Current Account occurred in 1983. Government also had recourse to pre-financing from the Central Bank to the extent of Sf.m 170.4 and to the commercial banks to the extent of Sf.m 30.4. In 1984 the situation appeared not to have changed. Data for the first three quarters of 1984 reveal borrowings from the Central Bank of Sf.m 167.1 and from the commercial banks of Sf.m 3.6. Table 10 shows Government's Gross Current Debt with Banks in Suriname. Pre-financing was resorted to in order to finance development projects. The sum of Sf.m 50 was advanced to the State for a period of six months commencing January 1983 through the instrument of Treasury bills. By the end of 1983 a total of Sf.m 109 was advanced to the State under these terms. In the first three quarters of 1984, Sf.m54.3 were advanced to the State.

Table 10
SURINAME: GOVERNMENT GROSS DEBT WITH BANKS IN SURINAME
(In Sf. million)
(At end of period)

Period	Loans to State with treasury bills as collateral	Financing of current expenditure	Financing of development expenditure	Advances on future profits	Total Central Bank	Commercial banks	Total
1980	20.0	-	-	3.4	23.4	0.6	24.0
1981	47.0	-	-	20.0	67.0	5.4	72.4
1982	47.0	-	-	120.4	167.4	4.9	172.3
1983	52.5	284.5	109.0	-	446.0	35.3	481.3
1984[1]	52.5	476.7	171.3	-	700.5	38.9	739.4

Source: Central Bank.
[1] As at end of October.

Largely as a consequence of Government's deficit, international reserves fell from Sf.m 334.8 at the end of 1982 to Sf.m 162.8 at the end of 1983, despite an upward revaluation of monetary gold holdings by Sf.m 31. In 1984, the continued Government deficit was the main cause of the depletion of monetary reserves which decreased by Sf.m106 by the end of September 1984.

By the end of December, 1984, the narrowly defined money supply (M_1) had increased by 26.9%, compared with an increase of 8.1% in 1983. Demand deposits which amounted to 47.1% of the money supply at the end of 1984, increased by 43.1% between 1983 and 1984. The expanded money supply, together with a reduced supply of goods and services as a result of foreign exchange stringencies, must have contributed to the increase in the general price level.

Table 11
SURINAME: MONETARY BALANCE
(In Sf. million)

	1982[1]	1983[1]	1984[1]	Growth rates 1982	1983	1984
Money (M_1)	421	455	577	17.6	8.1	26.9
Currency outside banks	268	265	305	36.0	-1.2	15.2
Demand deposits	153	190	272	-4.9	24.2	43.1
Factors of expansion	1 170	1 300	1 504	10.5	11.1	15.7
Net international reserves[2]	361	163	57	-15.4	-54.8	-65.0
Domestic credit	809	1 137	1 446	28.0	40.5	27.2
Government	169	480	765	141.4	183.9	59.1
Private sector	640	657	682	13.9	2.6	3.8
Factors of absorption	749	845	926	6.9	12.8	9.6
Quasi money(savings and time deposits)	59	101	91	-13.6	70.3	-9.2
Long-term foreign borrowings[3]	574	604	701	9.1	5.3	16.0
Other items (net)	117	140	134	8.8	20.4	-4.5

Source: Central Bank of Suriname.
[1]Includes Suriname Postal Bank.
[2]Includes Government Foreign Assets.
[3]Includes capital and reserves, time deposits for more than one year plus genuine savings plus long-term borrowings.

Table 12 shows a slight redistribution of credit in favour of the goods producing sectors, with Agriculture's share of total credit increasing to a greater extent than that of the other sectors. Loans to the commercial sector declined in relative terms, no doubt reflecting the decline in imports, while loans to the manufacturing and construction sectors increased in relative terms. Loans extended to other industries including housing increased appreciably in relative terms. The prime lending rate in 1984 fluctuated around 7 percent.

Table 12
SURINAME: STRUCTURE OF COMMERCIAL BANK CREDIT BY SECTOR
(Percentages)

Sector	1981	1982	1983	1984[1]
All sectors	100	100	100	100
Agriculture	15.6	15.5	17.3	19.5
Fisheries	0.1	0.1	0.1	0.1
Forestry	0.1	0.1	0.1	0.1
Mining	6.5	6.4	5.2	5.3
Manufacturing	9.0	7.9	7.6	8.4
Construction	3.1	3.2	2.9	3.2
Electricity, gas and water	4.6	3.8	3.4	3.3
Commerce	31.3	30.6	27.4	20.8
Transport and communication	1.5	1.6	1.7	1.7
Services	3.7	3.8	4.1	4.9
Other (including housing)	24.4	26.9	30.1	32.7

Source: Central Bank.
[1] As at end of September.

(b) **Fiscal Policy**

The continued suspension of Dutch Development Aid throughout 1984 produced a continued decline in Government income, with expenditure proving not to be easily adjustable downwards. Government spending against the background of reduced earnings, resulted in an overall budget deficit of Sf.m 316.1 in 1983 and Sf.m 286.8 in 1984. The decision to pre-finance development projects was made in order to continue projects already being implemented and to avert a collapse in economic activity. The Government is pursuing negotiations for a line of credit with a major oil-producing and exporting country.

Table 13
SURINAME: GOVERNMENT REVENUE AND EXPENDITURE
(Suriname guilders million)

	1981	1982	1983	1984[p]
Current income	**528.4**	**556.6**	**509.2**	**486.9**
Direct taxes[1]	135.2	129.6	128.3	162.0
Indirect taxes[2]	200.3	203.6	188.7	176.0
Bauxite levy (net)	96.3	68.7	67.5	47.9
Profits from Central Bank	30.0	66.2	53.4	38.5
Other non-tax revenue	66.4	88.4	71.3	62.5
Current expenditure	**579.4**	**640.0**	**711.3**	**698.1**
Wages and salaries	265.3	319.8	355.2	379.3
Subsidies and transfers	88.2	89.9	127.3	121.3
Interest	9.2	10.3	23.8	27.9
Goods and services	216.7	220.0	205.5	169.6
Savings on current account	-51.0	-83.4	-202.1	-211.2
Development account				
Grants received[3]	169.0	172.9	4.5	6.3
Netherlands (1982-1986)	167.0	172.2	3.5	-
EEC development fund	2.0	0.5	0.9	-
United States	-	-	-	-
Other grants	0.2	0.2	0.1	-
Development expenditure and net lending	174.8	189.4	113.5	75.6
Surplus or deficit on development account	-5.8	-16.5	-109.0	-69.3
Total expenditure	**744.5**	**829.4**	**825.3**	**773.9**
Fiscal deficit or surplus	**-56.8**	**-272.8**	**-316.1**	**-286.8**
Financing of deficit				
Grants	...	172.9	4.5	6.3
Central bank	...	100.0	311.6	280.5

Source: Ministry of Finance.
[1]Taxes on income, profits, personal and corporate and dividend tax.
[2]Taxes on property, on goods and services (liquor, beer, tobacco, motor vehicles, stamp duty and others) and taxes on international trade (import duties, statistical tax and wood export tax).
[3]Effectively disbursed during the year.

Table 14
SURINAME: PUBLIC SECTOR DEVELOPMENT EXPENDITURES 1980-1984
(In Suriname guilders million)

	1981	1982	1983	1984
Productive sector	**38.4**	**55.9**	**44.7**	**36.4**
Agriculture	35.8	43.2	42.6	32.6
Industry[1]	2.3	12.4	2.1	3.8
Mining and bauxite processing	65.6	0.3	-	-
Physical infrastructure	**65.6**	**54.1**	**27.2**	**16.0**
Transportation	49.7	40.3	19.6	9.6
Communication	4.4	7.7	3.0	3.2
Administrative infrastructure	11.5	6.1	4.6	5.1
Social infrastructure	**70.8**	**79.4**	**30.8**	**21.7**
Education	8.6	5.9	8.3	2.1
Health	6.4	7.0	5.0	1.9
Housing	30.0	23.0	6.2	8.9
Social development	9.4	12.7	7.8	3.5
Other social services	16.4	30.8	3.5	5.3
Total - all sectors	**174.8**	**189.4**	**102.7**	**74.1**

Source: Ministry of Finance.
[1] Financed by Dutch Aid until 1982.

Table 15
SURINAME: INDICATORS OF EXTERNAL DEBT
(Thousands of Suriname guilders)

	1982	1983	1984[p]
Public external debt	**45 232**	**43 540**	**42 732**
Servicing of external debt:			
Amortization	1 132	1 692	808
Interest payments	2 643	2 270	7
Total external debt	...	...	...
Long and medium-term	...	...	...
Short-term	...	...	...
Servicing of total external debt	...	...	...
Amortization	...	...	...
Interest payments	...	...	...

Source: Ministry of Finance.

PART XVII

REPUBLIC OF TRINIDAD AND TOBAGO

COUNTRY NOTES

TRINIDAD AND TOBAGO

1. Recent economic trends: Introduction and summary

The relatively small and open economy of the Republic of Trinidad and Tobago was affected adversely by the slackening in demand for petroleum and petroleum products, manufactured commodities and raw materials including intermediate goods. In absolute terms, the economy, measured in terms of Gross Domestic Product (GDP) at current prices, expanded at the rate of 4.4% following almost zero growth in 1983. The upturn was due principally to 8.0% recovery in the output of the petroleum sector which had contracted by 12.7% and 16.7% in 1982 and 1983 respectively. Nevertheless, the petroleum sector continued to be the single largest contributor to overall GDP, accounting for 23.8% and 24.6% in 1983 and 1984 respectively.

In spite of the improved performance of the petroleum sector which traditionally provided the main dynamo for growth in the economy, the effects of the world-wide recession impacted negatively on economic activity in 1984. These difficulties were compounded by policy responses to the recession in some major trading centres, many of which were pre-occupied with containing the inflationary trend through the application of monetary restraints. These policies in turn contributed to growth in unemployment and idle capacity at the centres and this situation impacted negatively on the demand for commodities exported from the developing countries.

The loss of markets gave rise to situations of oversupply which were adjusted for by retrenchment of workers. This generated pressures for protection against imported manufactures and semi-manufactures and to some extent agricultural commodities from developing countries. Several Caribbean countries took steps to protect their local industries by the imposition of quantitative restrictions, with adverse effects on their CARICOM partners.

It is therefore not surprising that in this scenario, the country's manufacturing sector which expanded nominally at rates of 13.2% and 12.3% in 1982 and 1983 respectively could only grow by 1.1% during 1984, as major markets including Caribbean outlets for the country's manufactures contracted. On the other hand, the quantum of value-added in the agricultural sector recorded an 11% increase. The export agriculture subsector performed badly, but output in the domestic subsector was sustained at a higher level. The level of construction activities which had been very buoyant during the period of the oil boom was again not sustained and fell for the second successive year. Measured in terms of GDP, the sector declined by the same magnitude (5.9%) as in the previous year.

Basic services subsectors continued to improve. Together the subsectors registered a further 7.8% rise over the 6.6% growth in 1983. Growth in the current period was influenced in part by high rates approved for the electricity subsector and generally improved management.

Aggregated GDP in current prices for other services subsectors recorded a lower rate of growth: 4.9% in contrast to 10.9% during 1983. The slow down was due particularly to lower rates of growth in the government sector, as well as in education, culture and community services sectors, while activities in commerce and the restaurants and hotel subsectors declined yet another year.

Based on available data, the overall economy in real terms declined by 6.3% during 1984. The consumer price index rose by 13.3% compared with 15.8% in 1983. The employment situation worsened to reach 12.7%, as numerous business activities reduced their levels of operation - while others found it difficult to operate. Declines in the volume and value of both imports and exports were noted. A more significant decline in the value of imports (26%) than exports (7.9%) contributed to a favourable balance on visible trade. By the end of 1984, both the gross debt and interest payments on the debt had increased significantly.

Table 1
TRINIDAD AND TOBAGO: MAIN ECONOMIC INDICATORS

	1982	1983	1984[e]
A. Basic economic indicators			
GDP at factor cost ($m at 1970 prices)	2 982.0	2 803.0	2 627.0
Population ('000 of inhabitants)	1 128.6	1 149.3	1 168.2
Per capita GDP ($m at 1970 prices)	2 642.0[r]	2 439.0[r]	2 249
Annual growth rates			
B. Short-run economic indicators			
Gross domestic product (current prices)	8.5	0.04	4.4
Per capita gross domestic product	5.1	-7.1	-7.8
Terms of trade	-15.4	-5.2	...
Curr. value of exports of goods & services	-9.2	-3.1	-8.7
Curr. value of imports of goods & services	25.4	1.4	-13.6
Consumer price index (ann. avg. var.)	11.4	16.8[r]	13.3
Money supply (M_2)	35.7	7.1	4.9
Wages and salaries			
Rate of unemployment	9.9	11.1	12.7[1]
Current revenue of government	1.2	-7.8	1.3
Total expenditure of government	41.9	-7.2	1.0
Fiscal deficit as % of total expenditure	24.9	25.3	25.1
Dollars million			
C. External sector			
Trade balance	1 360.4	-729.8	466.6
Balance on current account	-1 839.8	-2 261.4	-1 695.5
Balance on capital account	1 131.7	373.8	741.1
Var. in net international reserves	646.7	2 160.3	2 157.5
External debt	1 338.1	1 550.9	2 256.4

Source: Central Statistical Office (CSO).
[1] Data relate to June 1984.

2. Trends in economic activity

(a) Growth of the main sectors

(i) **Agriculture:** During 1984, the contribution of the agricultural sector to GDP measured in current prices rose by 11.3% over the previous year. However,

Table 2
TRINIDAD AND TOBAGO: GROSS DOMESTIC PRODUCT, BY ECONOMIC ACTIVITY, AT FACTOR COST (CURRENT PRICES)

	Dollars million		Percentage breakdown		Growth rates		
	1983[r]	1984[e]	1983	1984	1982	1983	1984
Total GDP	19 283	20 137	100.0	100.0	8.5	0.04	4.4
Goods	9 146	9 428	47.5	46.9	-0.6	-9.0	3.1
Agriculture	520	579	2.7	2.9	13.5	10.2	11.3
Petroleum	4 586	4 955	23.8	24.6	-12.7	-16.7	8.0
Manuf. (excl. petroleum)	1 309	1 323	6.8	6.6	13.2	12.3	1.1
Constructin & quarrying	2 731	2 571	14.2	12.8	23.2	-5.9	-5.9
Basic services	2 488	2 683	12.9	13.4	27.0	6.6	7.8
Electricity, gas & water	218	394	1.1	2.0	58.3	4.3	80.7
Trans.,storage & comm.	2 270	2 289	11.8	11.3	24.6	6.8	0.8
Other services	7 649	8 026	39.6	39.9	18.5	10.9	4.9
Comm., restaurants & hotels	1 989	1 908	10.3	9.5	16.3	-0.9	-4.1
Finance, banking & ins.	1 797	1 944	9.3	9.6	34.6	17.0	8.2
Government	2 605	2 844	13.5	14.1	11.8	14.8	9.2
community services	809	838	4.2	4.2	20.8	19.0	3.6
Personal services	449	492	2.3	2.4	11.7	11.7	10.0

Source: Review of the Economy 1984, Central Statistical Office.

real output is estimated to have declined for the third successive year, largely beacuse of poor performance of the traditional export subsector, namely sugarcane, cocoa beans and coffee beans. Within recent years, the domestic subsector has been expanding with increasing dynamism, but real growth in this subsector was not sufficiently strong to compensate for decreasing output in the export subsector.

Output of sugarcane continued its downward trend in 1984, declining by 9.5% following the decreases of 7.6% and 15.7% in 1982 and 1983 respectively. The volume of sugar produced therefore dropped in relation to sugarcane output. The early rainfall and other inclement weather conditions constrained the harvesting process, resulting in quantities of cane being left in the fields. Of significance too, were the perennial unplanned cane fires and the relative lack of scientific and technological application to all phases of sugar production. The low export price of sugar relative to the high cost of production has also discouraged investment in the industry. A fair amount of sugarcane lands are being converted to vegetable and fruit crops targeted for the local market. This phenomenon seemed more marked in the case of private cane farmers whose contribution to total production of canes dropped from over 40% in 1981 to 33% by 1984.

Table 2a
TRINIDAD AND TOBAGO: GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY (CONSTANT PRICES)

	Dollars million		Percentage breakdown		Growth rates		
	1983	1984	1983	1984	1982	1983	1984
Gross domestic product	2 803	2 627	100.0	100.0	6.7	-6.0	-6.3
Goods	1 051	1 002	37.6	38.1	2.2	-7.6	-4.7
Agriculture	80	79	2.9	3.0	3.8	-2.4	-1.2
Petroleum	279	310	10.0	11.8	0.3	-8.5	11.1
Manuf. excl. petroleum	293	268	10.4	10.2	0.7	-1.0	-8.5
Construction & quarrying	399	345	14.2	13.1	4.1	-12.3	-13.5
Basic services	572	529	20.1	20.1	17.4	-5.9	-7.5
Electricity, gas & water	90	96	3.2	3.7	18.3	7.1	6.7
Trans., storage, & comm.	482	433	17.2	16.4	17.2	-8.0	-10.2
Other services	1 180	1 096	42.1	41.7	6.3	-4.5	-7.1
Commerce, restaurants and hotels	419	347	14.9	13.2	5.1	-12.0	-17.2
Finance, banking & ins.	372	370	13.3	14.1	22.8	1.6	-0.5
Government	233	227	8.3	8.6	-4.1	-0.4	-2.6
Educ.,cult.,& comm.services	69	69	2.5	2.6	1.4	-2.8	0.0
Personal services	87	83	3.1	3.2	-9.2	-2.2	-4.6

Source: Review of the Economy 1984, Central Statistical Office.

Output of cocoa and coffee beans continued to decline in 1984. Producers of both commodities again failed to take advantage of the relatively good prices for these products on the world market. Partial 1984 production data reflect a 7% and 39% decline in cocoa and coffee beans respectively over the comparable period in 1983. These decreases followed output declines of 22.7% in cocoa beans and 22.2% in coffee beans during 1983 when output of both commodities was under 60% of 1981 production level. Abandonment of substantial acreages, incomplete harvesting and poor harvesting techniques have been affecting tree-bearing capacity and output. This situation contributed to the low level of exports. Output of citrus, the other traditional export crop of significance, indicated a further expansion of 21% following on the 61% growth of 1983. By mid-1984, output of citrus excluding limes was already at the 1983 level. Although a large area under citrus cultivation continued to be neglected, good weather conditions and rehabilitation of some existing fields were the principal factors accounting for the 21% growth over the comparable period in 1983. In contrast, copra production continued to be adversely affected by the local market for green nuts, red-ring disease, Cedros wilt, and a gradual diversion of acreage under coconut cultivation into resorts and other land development.

A shift in agricultural production away from the traditional export crops and towards crops for domestic consumption has been noted since the mid-1970's. This phenomenon has resulted in increases in output of vegetable and fruit crop as well as meat and meat products, and is being encouraged in an attempt to reduce the import bill.

Table 3
TRINIDAD AND TOBAGO: INDICATORS OF AGRICULTURAL PRODUCTION
(Tonnes thousands)

				Growth rates		
	1982	1983	1984	1982	1983	1984
Production of main crop						
Sugarcane	1 152.5	971.8	879.2	-7.6	-15.7	-9.5
Vegetables						
Cocoa beans	2.2	1.7	1.4[1]	-29.0	-22.7	-6.7
Coffee beans	1.8	1.4	0.8[2]	-25.0	-22.2	-38.5
Oranges))Citrus	1.8	2.9[r]	2.9[2]	-61.7	61.1	20.8
Grapefruits)						
Copra	5.7[r]	6.5[r]	3.9[3]	9.6	14.0	...
Stock-raising production						
Beef and veal	1.6[r]	1.4[r]	0.6[2]	-11.1	-12.5	0.0
Pork	2.9[r]	3.5	1.5[2]	81.3	20.7	0.0
Poultry[4] (broilers)	37.5	34.3	28.4[5]	46.5	-8.5	-0.7
Fish[6]	1.9	1.7	...	0.0	-10.5	...
Eggs[7]	...	3.1	1.5[1]	...	...	-34.8
Milk	7.6[r]	11.2[r]	7.5[1]	7.0	47.4	-11.8

Source: Review of the Economy 1983 and 1984.
[1]January - September. [2]January - June. [3]January - August.
[4]Million birds. [5]January - October.
[6]Million dozens. [7]Million litres.

The output of beef and veal, poultry and eggs, as well as milk reflected a downturn during 1984. Output of beef and veal continued to be plagued by relatively cheaper prices of imported beef, as local production cost continued to be relatively high. On the other hand, the poultry industry is characterised by fluctuation between gluts and shortages because of the difficulty to adjust to domestic requirements.

Efforts are being made to provide adequate cold storage and chilling facilities to smooth out the fluctuations of supply and ensure a fair return on investment.

(ii) Mining: The deceleration in international demand for petroleum and petroleum products amidst over supply of these commodities adversely affected the level of activity in the country's petroleum sector.

Preliminary 1984 GDP data on the performance of the sector showed a contribution of TT$m4 955 to the total economy. This represents an 8% growth over the value added in 1983. This increase reversed the downward trend recorded during the previous two years (ref. Table 2).

The improvement in 1984 is attributed to a 5.4% rise in output of crude petroleum. The 1984 output, however, was still 21% below the level of output in 1979 when the downturn in production began. The recovery in the current period was influenced by a resurgence in drilling activity on account of additional tax incentives: namely reduction in supplemental petroleum tax (SPT) on land-based

expenditures, and the anticipated adjustment of the SPT for marine-oriented production. All but one company engaged in petroleum operation expanded drilling activities. By June 1984, depth drilled was almost 5% over depth drilled in the corresponding period of 1984. Increasing use of secondary recovery and other methods also boosted the overall level of production in 1984. Marine production continued to dominate total output, with an annual average of 78.4% of total output during 1976 to 1984. In 1977-1978, marine operations accounted for 80.5%. The bulk of the marine output is exported.

Table 4
TRINIDAD AND TOBAGO: LOCAL CRUDE PETROLEUM EXPORTS AND LOCALLY REFINED CRUDE, 1975-1982
(Cubic metres million)

Year	Total production			Domestic crude exports	Percentage of total	Domestic Crude refined locally	Percentage of total
	Total	Land	Marine				
1975	12.5	...	...	7.7	62	4.8	38
1976	12.3	2.6	9.7	7.0	57	5.3	43
1977	13.3	2.6	10.7	7.9	59	5.4	41
1978	13.3	2.6	10.7	8.1	61	5.2	39
1979	12.4	2.7	9.7	7.0	56	5.4	44
1980	12.3	2.7	9.6	7.3	59	5.0	41
1981	11.0	2.5	8.5	6.0	55	5.0	45
1982	10.3	2.4	7.9	6.0	58	4.3	42
1983	9.3	2.2	7.1	4.8[r]	52	4.5	48
1984	9.8	2.0	7.8	5.2	53	4.5	46

Source: Ministry of Energy and Natural Resources.

For a number of years, a relatively large percentage of refinery capacity had remained idle, as international demand for refined petroleum products slackened. This situation was aggravated by relatively high costs of production, thereby rendering operation of the country's refinery at higher capacity level uneconomical. The owners and operators of the country's largest refinery instituted drastic cutbacks in the quantities of imported crude for processing under the Special Processing Agreement.

Imports as a percentage of throughput dropped from 72.2% and 66.9% in 1976 and 1977 to 22.2% in 1984. This sizeable fall in refinery throughput from 18.7% and 15.9 million cubic metres in 1977 and 1976 respectively to 4.3 million and 4.5 million cubic metres in 1983 and 1984 describe the progression of events in refining. Revenues obtained under the petroleum processing agreement declined accordingly. Of significance too, is the contraction in labour employed.

Table 5
TRINIDAD AND TOBAGO: REFINERY THROUGHPUT, OUTPUT AND EXPORTS OF REFINED PRODUCTS
(Cubic metres million)

Year	Throughput	Output	Exports	Imports as a percentage of throughput
1975	13.6	13.2	14.5	67.6
1976	18.7	18.2	16.5	72.2
1977	15.9	15.3	13.1	66.9
1978	13.7	13.2	11.5	65.7
1979	13.2	12.6[r]	7.0	62.9
1980	13.5	12.3	7.0	61.5
1981	9.9	11.0	6.0	61.9
1982	8.8	10.3	5.3	42.0
1983	4.3	4.5	4.9	30.2
1984	4.5	4.2	4.6	22.2

Source: Ministry of Energy and Natural Resources, Movements in stocks account for the apparant discrepancies in these data.

Natural gas production continued to expand as the major gas utilizing industries increased their utilization of this commodity as a fuel. During 1983, a growth rate of 8% over the amount produced in 1982 was recorded. A further increase for 1984 is anticipated as preliminary data by June 1984 reflected a 17% rise over the corresponding period in 1983. However, over 80% of the natural gas is still produced by one company. Consumption of natural gas in 1983 stood at 15% over the level of utilization in 1982. This represented 81% of total production. The ratio of consumption to production is projected to be higher in 1984.

The most important development in the petroleum sector in 1984 concerned the basic agreement reached in principle for the purchase of Texaco Incorporated Ltd. and its related assets by the Government of Trinidad and Tobago. The decision to purchase the company had been based on considerations for the security of jobs for a relatively large proportion of the labour force, at a time when overall activities, particularly in refining, were contracting. Of concern too, was the need to streamline some aspects of the company's operations and redirect the development of the company in the national interest.

Table 6
TRINIDAD AND TOBAGO: INDICATORS OF MINING

	1982	1983	1984	Growth rates 1982	1983	1984
Index of output (1970 = 100)	227.3	...	207	-2.4	...	...
Crude oil produced[1]	10.3	9.3	9.8	-6.4	-9.7	5.4
Drilling activity[2]	253.0[r]	184.0	207	5.8	-27.6	12.5
Asphalt production[3]	29.0	43.0	38	-3.3	48.3	-11.6
Natural gas production[1]	5 841.0	6 319.0	...	...	8.2	...

Source: Ministry of Energy and Natural Resources.
[1]Cubic metres million. [2]Thousand metres drilled.
[3]Tonnes thousand.

(iii) **Manufacturing:** During 1982, this sector was vibrant. Real growth was experienced then as the economy was still relatively buoyant. However, in the years 1983 and 1984, manufacturing activities became relatively depressed. Preliminary 1984 GDP data at factor cost and at current prices reveal a 1.1%

Table 7
TRINIDAD AND TOBAGO: INDICATORS OF MANUFACTURING ACTIVITY
(1977 = 100)

	1979	1980	1981	1982[r]	1983[r]	Jan-June 1984
Index of manufacturing production - total[1]	115.0	123.3	118.7	125.0	131.2	122.3
Food processing	116.1	126.1	126.0	130.4	152.6	130.0
Drink and tobacco	93.4	110.3	104.4	119.9	117.7	111.7
Textiles, knitted goods and footwear	96.3	104.9	82.6	70.6	63.8	57.4
Printing, publishing and paper converters	116.6	122.6	135.1	123.7	103.6	95.2
Wood & related products	119.0	122.5	90.2	95.5	88.2	102.9
Chemical and non-metallic products	128.6	139.2	116.2	151.8	180.1	164.1
Assembly type and related industries	114.8	123.8	126.4[r]	120.1	131.3	110.1
Misc. manufactures	120.9	107.2	124.6[r]	102.9	97.1	84.5
Oil	82.6	86.8	64.1	62.0	34.0	35.4
Sugar	83.6	65.1	55.8	47.6	43.7	45.4
All industry index	101.4	107.2	95.4	97.9	90.8	84.7

Source: Review of the Economy 1984 and Central Statistical Office (Economic Indicators - January to March 1984).
[1]Excluding oil and sugar.

increase in the sector, whereas the rate of growth attained in the previous year was 12.3%. At the end of June 1984, the overall manufacturing index stood at 122.3 as against 134.3 in the corresponding period of 1983.

The poor performance of the manufacturing sector can be attributed in part to both domestic and external factors. On the domestic front, the general downtown in the economy resulted in a slackening demand for various manufactured products.

On the external front, CARICOM markets which had been an important outlet for Trinidad and Tobago's household appliances, garments and textile products contracted further during 1984, largely because of financial problems, trade payment measures, and balance of payments difficulties.

Buoyant production activity that had come to be associated with motor vehicle assembly and related industries was not sustained in 1984. Output of motor vehicles had by October of 1984 risen by 22% over the volume produced in 1983, but this was a lower rate of increase than the 33.3% growth recorded in 1983. Sales of vehicles which had grown by 30% and 43% in 1982 and 1983 respectively, increased by 4.7% in mid-1984 over the corresponding period in the previous year. Tight liquidity and contraction in aggregate demand associated with the general downturn were the main constraints.

Table 8

TRINIDAD AND TOBAGO: OUTPUT OF SELECTED INDUSTRIAL PRODUCTS

				Growth rates		
	1982	1983	1984	1982	1983	1984
Sugar[4]	79.9[r]	77.4	64.8	-13.7	-3.1	-16.3
Rum[5]	4.0	2.5	2.9	-13.0	-37.5	16.0
Beer and stout[6]	36.7	34.9	33.8	16.9	-4.9	-3.2
Edible oil[6]	10.5	8.3	6.2	-56.2	-21.0	-25.3
Margarine, lard and[7]	6.9	6.3	4.6	1.5	-8.7	-27.0
Soap[7]	1.6	2.6	1.7	-38.5	62.5	-34.6
Fertilizers[4]	939.7	1 274.3	1 313.1	69.2	35.6	3.0
Assembly industries						
Motor vehicles[8]	15.0	20.0	18.2[1]	11.9	33.3	22.1
Radios[8]	8.3	6.9	1.7[2]	-2.4	-16.9	-74.2
Televisions[8]	18.2	21.2	17.9[2]	36.8	16.5	-11.8
Gas cookers[8]	22.8	18.3	10.0[3]	49.0	-19.7	12.4
Refrigerators[8]	28.4	20.2	11.0[3]	90.6	-28.9	7.8
Steel products						
Direct reduced iron	218	302.3	...	21.1	38.7	...
Billets	171	209.6	...	226.4	22.6	...
Wire rods	124	164.2	...	327.6	32.4	...

Source: Quarterly Statistical Digest, December 1984, Monthly Statistical Digest, July 1984; Central Bank.

[1] January - October [2] January - November. [3] January - June.
[4] '000 tonnes. [5] '000 proof gallons. [6] '000 litres.
[7] '000 kilogram. [8] '000.

In 1982, the declining trend in output of the chemical and non-metallic products subsector was reversed, with the upturn being sustained during 1983. However, partial data for 1984 indicate a lower level of activities. The production index for this sub-sector at the end of June stood at 164.1 as against 186.8 in 1983 in the comparable period. The expansion in cement production which was anticipated did not materialize, as output fell by 3.5%.

Indicators of manufacturing activity for the garment, textile and footwear subsector show a continuation of the downward trend which began in 1981. At the sub-component level, output of footwear expanded during the current period, as the product range was widened and quality improved but these improvements could not compensate for the stagnation experienced by the other components. Sales of garments and textile products to CARICOM markets in 1984 slackened as a result of trading difficulties. The relatively high local production cost of these commodities also contributed to a loss of markets. Partial data on production of household appliances indicated a mixed performance.

Traditional manufactures such as beer and stout, edible oil, margarine, lard and butter substitute, and soap, all showed declining trends. However, output of rum registered a 16% recovery following contraction in 1981 to 1983. Efforts were made to protect the industry through policies of import restriction, and banks were encouraged to make loans more accessible for local productive ventures. At the same time, producers were encouraged to improve the efficiency of their operations.

(iv) **Construction and quarrying:** Preliminary 1984 GDP data on the construction and quarrying sector indicate a 5.9% drop in the level of activity for the second consecutive year. Measured in terms of 1970 constant prices, construction and quarrying sector declined by 13.5% following the 12.3% drop in 1983. Output of cement which is usually a good indicator of the level of activity, was lower by 3.5% than in 1983 when output grew by 106.1% under the impact of expansion of existing plant.

During the boom conditions (1978-1981), public sector expenditure on capital development programmes: namely new roads and road improvements, bridges, housing projects, schools and institutional buildings provided the impetus for growth in the sector. Private sector investment, too, in a wide range of activities such as factory shells, buildings, home development projects, development of industrial sites and other industrial construction, contributed towards the expansion.

However, this level of activity was not sustained when the price of petroleum, the principal earner of foreign exchange began to fall, thereby causing a reduction in the amount of funds available to the public and private sectors to sustain previous levels of activity. By the end of 1984, the major portion of central government capital development projects on roads, bridges, institutional buildings and schools were either completed or almost concluded.

In the case of the numerous housing projects, that were undertaken by the Government and quasi government bodies and financed principally from revenues deriving from petroleum, a substantial portion had been completed or were nearing completion by 1984. Others were scaled down while the initiation of work on some others as temporarily shelved. A similar situation was being experienced by private developers. The tight liquidity conditions and the relatively long waiting period to obtain finances to purchase houses, had been a

disincentive to prospective investors to initiate new housing development projects.

Table 9
TRINIDAD AND TOBAGO: INDICATORS OF CONSTRUCTION ACTIVITY

				Growth rates		
	1982	1983	1984	1982	1983	1984
Index of output	...	...	...	...	...	...
Cement ('000 tonnes)						
Production	189.2	389.9	376.2	35.8	106.1	-3.5
Local sales	457.9	470.0	380.0	17.5	2.6	-19.1
Imports	282.8	94.6	...	11.8	-64.5	...
Bricks and blocks						
Production (million)	21.6	...	...	-23.7	...	...
Local sales (million)	12.4	...	...	-54.4	...	...
Employment	...	...	...	...	...	...
Commercial bank loans and advances outstanding (TT$m)	456.2	518.6	555.7[1]	2.4	13.7	8.6
Approved building plans						
Number ('000)	3.2	3.2	...	-5.9	0.0	...
Floor area ('000 sq.ft.)	5.9	6.6	...	-16.9	11.9	...
Loan approved and disbursements of govt. & quasi government mortgage institutions	...	...	...[2]	...	...	...
Number loans approved	3 407.0	2 535.0	958.0[2]	...	-25.6	-55.3
Value of loans approved ($m)	496.5	356.6	147.7[2]	...	-28.2	-49.3
Disbursement ($ million)	385.2	426.5	220.3[2]	...	10.7	-23.4
Index of minimum wage rate for producer and ancillary workers (Nov. 1976 = 100)	...	...	...	...	...	...
Building & construction[3]	315.2	354.1	...	32.0	12.3	...

ource: Review of the Economy 1984 and Quarterly Statistical Digest, December 1984.
[1]End of September.
[2]January to September.
[3]Data at May.

This scenario resulted in excess capacity in the construction industry. Shortages in the supply of building materials were virtually eliminated. Like 1983, 1984 witnessed a reduction in employment in the sector. Partial data on the number of loans aproved and disbursement of Government and quasi government mortgage institutions show a 55.3% drop compared with the corresponding period in 1983. The value of loans too, fell. On the supply side, the market has become relatively depressed and this has had a stablizing effect on the price of real estate and on the price of dwelling houses in particular.

Cognisant of the need to improve the supply of low and middle income housing, and faced with budgetary constraints, Government has shifted its emphasis somewhat from direct construction of housing units to greater emphasis on the provision of sites, lands and services. This measure is expected to encourage the spirit of self-help and self-reliance in the community.

(v) **Government:** In 1984, the level of activity of this sector, as measured in terms of GDP at factor cost (current prices), expanded by just over 9% in contrast with 14.8% in 1983. The slackened rate of expansion was due largely to diminishing government revenues to support the number and scale of activities as had been undertaken in previous years (ref. Table 2).

Recurrent revenues which are the principal sources of funds from which government activities are financed, grew by 1.3% in 1984 following a 7.8% drop in 1983. Taxes on incomes and profits which grew by 3.2% following decreases during 1982 and 1983 continued to account for 80% to 83% of tax revenue (1975-1984).

Import duties collected dropped for the first time since 1973. This was in part a response to the general decline in economic activity, new measures relating to exchange controls and new protocols instituted for the granting of licences to import. Royalties which are a significant portion of non-tax revenue increased insignificantly in 1984.

Table 10
TRINIDAD AND TOBAGO: CENTRAL GOVERNMENT AND EXPENDITURE

	Dollars million			Growth rates		
	1982	1983	1984 r e	1982	1983	1984
Recurrent revenue	**7 118.0**	**6 564.0**	**6 646.0**	**1.2**	**-7.8**	**1.2**
Income tax and profit	4 948.0	4 359.0	4 497.0	-1.8	-11.0	3.2
Royalties	537.0	446.0	451.0	-11.4	-16.9	1.1
Customs and excise	584.0	604.0	571.0	15.6	3.4	-5.5
Purchase	145.0	212.0	308.0	25.0	46.2	45.3
Others	904.0	943.0	819.0	17.9	4.3	-13.1
Recurrent expenditure	**6 047.0**	**6 249.0**	**6 616.0**	**68.6**	**3.3**	**5.9**
Wages and salaries	3 116.0	2 505.0	2 698.0	117.1	-19.6	7.7
Goods and services	363.0	634.0	720.0	-4.2	74.7	13.6
Interest payment	160.0	197.0	313.0	-10.6	23.1	58.8
Transfers	1 328.0	1 753.0	2 088.0	71.6	32.0	19.1
Subsidies	1 083.0	1 159.0	797.0	32.1	7.0	-31.2
Current surplus	**1 071.0**	**315.0**	**30.0**	**-69.0**	**-70.6**	**-96.8**
Capital receipts	-	-	3.0	-	-	...
Capital expenditure	3 426.0	2 542.0	2 258.0	10.9	-25.8	-11.2
Total revenue	**7 118.0**	**6 564.0**	**6 649.0**	**0.8**	**-7.8**	**1.3**
Total expenditure	**9 473.0**	**8 791.0**	**8 874.0**	**41.9**	**-7.2**	**0.9**
Fiscal surplus/deficit	**-2 355.0**	**-2 227.0**	**-2 225.0**	...	...	...
Fiscal surplus/deficit as percentage of GDP	**(12.2)**	**(11.5)**	**(11.0)**	...	...	...
Current surplus as a percentage of GDP	**5.6**	**1.6**	**0.15**	...	...	...

Source: Review of the Economy 1984 and Review of Fiscal Measures in 1984 budget.

Public sector activity on the expenditure side was constrained by the relatively slow increase in revenues. Total expenditure grew by 1% while recurrent expenditure grew by 5.9%. Allocations for wages and salaries during 1985 are likely to grow when negotiations for new wage and salary increases for public servants which began during 1984 are concluded.

Growth in interest payments of the order of 58.7% as against 22.9% in 1983 was recorded. Much of these payments were on external debts which now form a substantial portion of total debt. The increase in the total debt reflects a growing dependence on external borrowing to finance public sector activity. In response to adjustment measures now implemented, government subsidies fell by 31% from the figure of the previous period. Much of the capital development projects and programmes which were initiated in the 1970's were almost completed by 1984, while others were being scaled down. This resulted in declines in expenditure on development programmes and funds for long-term projects for two successive years.

(vi) **Finance, banking and insurance:** The relatively high expansionary rate which had characterized the finance, banking and insurance sector during the boom years had by 1983 begun to decelerate. The 1982 GDP at factor cost (current prices) for the sector rose to TT$ml 536, an equivalent of about 35% growth. By 1983, GDP increased by 17%, the rate of growth falling in 1984 to 8.2 percent.

The narrowly defined money supply (M_1) for 1984 declined by 6%. Demand deposits which constitute the bulk of (M_1) experienced a 2.6% decrease in 1984 following on the 16.3% fall in the previous year.

Table 11
TRINIDAD AND TOBAGO: MONETARY BALANCE
(Dollars million at year-end)

				Growth rates		
	1982	1983	1984	1982	1983	1984
Money supply	2 465	2 265	2 129	43.6	-8.1	-6.0
Currency outside banks	726	809	711	36.2	11.4	-12.1
Demand deposits	1 739	1 456	1 418	47.0	-16.3	-2.6
Factors of expansion	9 663	9 856	9 699	31.3	2.0	-1.6
Foreign assets (net)	7 092	4 682	2 829	-8.8	-34.0	-39.6
Domestic credit (net)	2 571	5 174	6 870	...	101.2	32.8
Government (net)	-2 878	-1 260	-148	40.0	56.2	88.3
Official entities	577	763	945	87.3	32.2	23.9
Private sector	4 872	5 670	6 073	19.7	16.4	7.1
Factors of absorption	7 198	7 591	7 570	27.5[r]	27.5[r]	-0.3
Quasi money	4 931	5 655	6 182	33.5[r]	14.7	9.3
Time deposits	2 630	3 238	3 747	25.9	23.1	15.7
Saving deposits	2 301	2 417	2 435	43.4	5.0	0.7
Other items	2 267	1 936	1 388	16.3	-14.6	-28.3

Source: Quarterly Statistical Digest, Vol. III, No. 4, December 1984, Central Bank.

The rate of expansion in quasi money (time and savings deposits) too, had begun to slow down by 1983 - after 34% increase in 1982. In 1984, growth was 9.5%. Together, these developments, during 1984 resulted in an overall 5% growth in the more broadly defined money supply (M_2) (quasi money plus M_1). The aggregated M_2 for 1983 expanded at 7.1%, a slightly higher rate than in 1984. Since 1983, liquidity conditions were tight, but the situation worsened during 1984.

Because of the further tightening in liquidity conditions and the lower rate of expansion in the overall economy, the level of activities in commercial banks, non-banking institutions and insurance was severely constrained. Commercial bank loans and advances grew by 7% in 1984. This was less than half the growth rate of the previous year. Loans and advances to central government and state enterprises rose by 12.6% after increases of 49% and 31% in 1982 and 1983 respectively. The lower trend in 1984 seems to reflect a reduction in deficit budgeting. In contrast, loans and advances for agricultural pursuits grew by 33% because of a renewed emphasis on domestic agriculture. Although personal loans rose by 4.5% over the 1983 level, this increase was somewhat below the increases of 1981 and 1982.

Table 12
TRINIDAD AND TOBAGO: COMMERCIAL BANKS - DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR
(Dollars million - year-end)

	1979	1980	1981	1982	1983	At September 1984
Business loans	**1 341**	**1 661**	**1 896**	**1 945**	**2 365**	**2 538**
Agriculture	51	91	80	62	72	88
Manufacturing	411	499	546	574	714	777
Construction	249	329	445	456	518	556
Transportation	97	133	187	216	253	240
Distribution	389	454	540	532	698	752
Professional services	144	155	98	105	110	125
Personal loans	**978**	**1 154**	**1 422**	**1 826**	**1 883**	**1 957**
Other[1]	329	466	743	1 107	1 448[r]	1 577
Total	**2 648**	**3 281**[r]	**4 061**	**4 878**	**5 696**	**6 072**

Source: Review of the Economy 1984, Central Statistical Office Printing Unit, Quarterly Statistical Digest, Vol. III, No. 4, December 1984 and Central Bank.
[1] Includes Central Government and State Enterprises.

Table 12a
TRINIDAD AND TOBAGO: COMMERCIAL BANKS-
LOANS AND ADVANCES

	Growth rates					
	1979	1980	1981	1982	1983	1984
Business loans	26.2	23.9	14.1	2.6	21.6	5.9
Agriculture	-15.0	78.4	-12.1	-22.5	16.1	33.3
Manufacturing	-1.4	21.4	9.4	5.1	24.3	2.4
Construction	149.0	32.1	35.3	2.5	13.6	8.6
Transportation	70.2	37.1	40.6	15.5	17.1	-6.2
Distribution	22.3	16.7	18.9	-1.5	31.2	8.5
Professional services	29.7	7.6	-36.8	7.1	4.8	13.6
Personal loans	2.6	18.0	23.2	28.4	3.1	4.5
Other[1]	34.3	41.6	59.4	49.0	30.8	12.6
Total	**17.1**	**23.9**	**23.8**	**20.1**	**16.8**	**7.1**

Source: Review of the Economy 1984, Central Statistical Office Printing Unit, Quarterly Statistical Digest, Vol. III, No. 4, December 1984 and Central Bank.
[1] Includes Central Government and State Enterprises.

Table 12b
TRINIDAD AND TOBAGO: COMMERCIAL BANKS -
LOANS AND ADVANCES

	Proportional distribution				Sept.	Sept.
	1980	1981	1982	1983	1984	1983
Business loans	50.6	46.7	39.9	41.5	41.8	42.3
Agriculture	2.8	2.0	1.3	1.3	1.4	1.2
Manufacturing	15.0	13.4	11.8	12.5	12.8	13.4
Construction	10.0	11.0	9.3	9.1	9.2	9.0
Transportation	4.1	4.6	4.4	4.4	4.0	4.5
Distribution	13.8	13.3	10.9	12.3	12.4	12.2
Professional services	4.7	2.4	2.2	1.9	2.1	1.9
Personal loans	35.2	35.0	37.4	33.1	32.2	33.0
Other[1]	14.3	18.3	22.7	25.4	26.0	24.7
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Review of the Economy 1984, Central Statistical Office Printing Unit, Quarterly Statistical Digest, Vol. III, No. 4, December 1984 and Central Bank.
[1] Includes Central Government and State Enterprises.

Insurance business activity, which normally moves in positive correlation to overall economic conditions was also estimated to have contracted in 1984.

Monetary policy emphasized the containment of the inflationary pressures on the economy and sought to arrest the deterioration of the balance of payments. This was coupled with encouragement to commercial banks and financial institutions to increase the proportion of their lending for business and new investment purposes. Protection of the country's foreign exchange reserve was also among the monetary policy measures. This was implemented through a system

of import budgeting which commenced in October 1983. Other policy measures of significance relate to the change in reserve requirements of commercial banks that had been in force since December 1979. In November 1984, the Central Bank requested commercial banks to maintain a statutory basic reserve of 17% of deposit liabilities with it, instead of the statutory reserve of 9% plus the additional 15% of marginal increase in deposit liabilities.

3. The external sector

In spite of the impact of the international recession on the economy of Trinidad and Tobago, preliminary 1984 data on external transactions recorded a $m616 surplus. This dramatically reversed the deficit situations experienced in the two preceding years. The favourable balance in 1984 is attributed principally to improvement in domestic non-oil exports, relatively lower rate of inflation, a slightly higher level of activity in the petroleum sector and a considerably faster rate of decrease in the value of imports than the value of exports. A 26% fall in the value of import was recorded and this contrasted with a 7.9% decrease in the value of exports.

Table 13
TRINIDAD AND TOBAGO: SELECTED EXPORTS
(Dollars million)

			Percentage breakdown		Growth rates		
	1983	1984[p]	1983	1984[p]	1982	1983	1984[p]
Total exports	5 646	5 202	100.0	100.0	-18.3	-23.4	-7.9
Exports excl. fuels	932	969	16.5	18.6	-2.1	7.7	4.0
Domestic exports	5 432	5 035	96.2	96.8	-17.9	-24.1	-7.3
Dom. non-oil exports	739	659[1]	13.6	...	8.5	17.9	17.8[1]
Main tradit'l exports							
Prtroleum products	2 033	924[2]	37.4	...	-10.2	-45.7	...
Crude petroleum	2 639	981[2]	48.6	...	-30.8	-1.5	...
Natural asphalt	...	...[2]	...	...	...	...	...
Sugar	61	54[2]	1.1	...	-20.0	17.3	...
Rum	...	...[2]	...	...	...	...	...
Cocoa beans	7	6[2]	0.1	...	-39.2	-36.4	...
Coffee beans	3	[2]	0.1	...	25.0	-40.0	...
Main non-tradit'l exports							
Petrochemicals	15	3[2]	0.3	...	-59.7	-68.1	...
Fertilizers & ammonia	382	223[2]	7.0	...	64.0	71.3	...
Iron and steel	...	...	...	...	...	...	...

Source: Review of the Economy 1984, Central Statistical Office Printing Unit, Quarterly Economic Report(s), Central Statistical Office and data supplied ECLAC.

[1] January - September. [2] January - June.

Note: Except for exports excluding mineral fuels and domestic exports as a percentage of total, all percentage breakdown is in relation to domestic exports.

Table 14
TRINIDAD AND TOBAGO: FUNCTIONAL CLASSIFICATION OF IMPORTS
(Dollars million)

	1982	1983	1984	Growth rates 1982	1983	1984
Consumer goods	1 541	1 608	689[1]	16.6	4.3	-11.4
non-durable	933	1 009	446[1]	14.6	8.1	-12.4
Semi-durable	278	289	110[1]	14.9	4.0	-16.0
Intermediate goods	1 995	2 014	825[1]	24.5	1.0	-23.0
Constr. materials by end use	570	...	...	38.7	...	...
Raw materials	2 633	...	...	-14.4	...	...
Mineral fuels (U.P.A.)	2 195	-	-	-19.3	-	-
Capital goods	2 650	1 924	533[1]	78.6	-27.4	-59.4
Total	**8 873**	**6 197**	**4 586**	**18.3**	**-30.2**	**-26.0**
Total excluding fuels	**6 637**	**5 998**	**4 551**	**39.6**	**-9.6**	**-24.1**
Total excluding fuels (U.P.A.)	6 678	6 197	4 586	39.7	-7.2	-26.0
Trade in mineral fuels (imports)	2 236	199	26[2]	-18.5	-91.1	642.3

Source: Review of the Economy 1984, Quarterly Economic Report, January - June, 1983, and data supplied ECLAC.
[1] January - June. [2] January - September.

The average world price of cocoa beans moved upward from $4.49 per kg. in 1982 to $5.28per kg. in 1983. By June of 1984, the price had further increased to $6.34 per kg. Similarly, the price per kilo of coffee beans increased from $4.88 per kg. in 1982 to $5.54 per kg. in 1983 and was by mid-1984 fetching $7.15 per kilogram.

Table 15
TRINIDAD AND TOBAGO: FOREIGN TRADE INDICATORS

	Growth rates 1977	1978	1979	1980	1981	1982	1983[r]	1984[1]
Export of goods								
Value	-2.7	-7.4	36.1[r]	58.3[r]	16.5[r]	-6.6[r]	-6.7	0.7
Volume	-6.3	-9.4	-2.5	-3.6	-10.7	2.3	-2.1	-3.5
Unit value	9.0	0.5	31.4	59.7	10.3	-4.2	-0.8	2.7
Imports of goods								
Value	-10.1	8.8	-4.5[r]	59.4[r]	5.7[r]	18.5[r]	-30.0	-14.3
Volume	-17.6	3.7	12.1	13.6	-6.6	-1.8	12.9	31.4
Unit value	3.0	4.4	13.3	50.2[r]	13.0	13.2	0.8	14.0
Terms of trade								
Net	5.9	-4.4	16.7	6.4	0.7	-18.1	-0.7	-10.0
Income	-0.9	-13.4	14.0	2.6	-12.1	-14.3	-4.2	-13.0
Purchasing power of export of goods	-5.7	-11.4	13.5	1.8[r]	-18.2[r]	-27.4	-42.0[2]	...

Source: Central Statistical Office, Quarterly Economic Report.
[1] Data relate to January - March.
[2] Data relate to January - September.

Faced with diminishing oil revenue, increased and continuing emphasis had to be placed on export promotion of non-oil commodities. Sizeable deficits of $m5 773 and $m5 066 in 1982 and 1983 respectively had been built up in non-oil trade. The situation was improved during 1984 when the imbalance was reduced by over 29% following a 12.2% drop in the previous year. The value of non-oil imports for 1984 is expected too, to be over 24% lower than the 1983 level. A 9.6% drop was also recorded in 1983, but more significant was the fact that the 17.9% expansion in domestic non-oil exports in 1983 rose by a further 17.6% during 1984.

However, chemicals, manufactured goods, foods and live animals in that order continued to dominate non-oil exports. The trend in chemicals is likely to continue as the country's petrochemical plants continue to produce and market outlets increase.

In spite of growth in trade in the non-oil sector, no significant change in the direction of trade was observed with the USA continuing to be the country's major trading partner both in terms of imports and exports.

Until 1982, a favourable balance on intra-CARICOM trade was recorded. This trend was reversed in 1983 when for the first time a deficit of $m126 was recorded. This was followed by a smaller deficit of$m89.4 or a 29.1% drop in 1984 inspite of an 18% fall in imports from her CARICOM neighbours. Whereas in 1983, Jamaica, Barbados and Guyana were the principal CARICOM suppliers to Trinidad, in 1984, Barbados' exports to this country surpassed those from Jamaica. Guyana was the third largest supplier followed by St. Vincent. On the export side, Guyana was the principal recipient, followed by Barbados and Jamaica.

(i) **Balance of payments:** The overall balance of payments situation showed some improvement if viewed in terms of a narrowing of the deficit from $1 888 in 1983 to $954 in 1984.

On the merchandise trade, a $m466 surplus was registered as against a deficit in 1983 and 1982, but the upturn was insufficient to compensate for the 48.7% increase in outflows on services account. This increase was due primarily to a 93% growth in net outflows on investment income because of drawbacks in inflows of investment earnings. Outflows for travel and foreign advertisement aggravated the services balance.

The balance on capital account rose to $m741 or over 98% over the 1983 figure, but this was still only 65.5% of the 1982 level. The improvement must be attributed to increased net inflows of direct private investment as well as net official borrowing abroad. However, these upturns were unable to overtake the deficit of $m1 695 on current account. The net result was a further deterioration of the country's foreign reserves position.

Table 16
TRINIDAD AND TOBAGO: BALANCE OF PAYMENTS
(Dollars million)

	1980[r]	1981[p]	1982[p]	1983[p]	1984[p]
Merchandise balance	**1 434**	**1 217**	**-1 360**	**-730**	**466**
Export of goods (f.o.b.)	6 205	5 989	5 307	5 455	5 042
Imports of goods (c.i.f.)	4 771	4 772	6 667	6 185	4 576
Services (net)	**-331**	**-248**	**-227**	**-1 214**	**-1 805**
Transportation	470	305	229	151	189
Travel	28	-37	-93	-203	-254
Investment income	-722	-316	-186	-574	-1 109
Other services	-107	-201	-177	-588	-631
Unrequited transfers (net)	**-157**	**-218**	**-252**	**-318**	**-356**
Balance on capital account	**541**	**520**	**1 132**	**374**	**741**
Private	378	749	900	206	279
Official	163	-229	231	168	462
Basic balance	1 487	1 271	-707	-1 888	-954
Allocation of SDR's	26	26	-	-	-
Errors and omissions	-41	46	61	-273	-1 204
Global balance (reserve movements)	1 472	1 343	-646	-2 161	-2 158

Source: Review of the Economy 1985, Appendix 88, p. 147 and data supplied ECLAC.

Table 17
TRINIDAD AND TOBAGO:
INDICATORS OF EXTERNAL INDEBTEDNESS
(Dollars million)

	1982	1983	1984[e]	1982	1983	1984
Total external debt	**1 338**	**1 551**	**2 256**	**24.5**	**15.9**	**45.5**
Debt servicing	181	431	338	1.1	138.1	-21.6
Amort. & sinking funds	64	272	169	45.5	325.0	-37.9
Interest payments	117	159	229	-13.3	35.9	44.0
Debt servicing as % of domestic exports	2.5	7.9	6.7	19.0	216.0	-15.2
Total external debt as a % of gross domestic product	6.9	8.0	11.2	13.1	15.9	40.0
Net external debt as a % of foreign exchange reserve	18.8	32.3	75.2	35.3	71.8	132.8

Source: Economic Review of the Economy 1984, Review of the Fiscal Measures in the 1984 budget.

4. Prices, wages and employment

(a) Prices

Generally, prices as measured by the index of consumer prices rose less rapidly in 1984 when a 13.3% rise was recorded after a 16.8% increase in 1983. The reason for the relatively lower trend can be attributed to both internal and external factors.

Table 18
TRINIDAD AND TOBAGO:
EVOLUTION OF CONSUMER PRICE INDEX
(September 1982 = 100)

	Weight	1979	1980	1981	1982	1983	1984
	Annual averages						
Total all items	**1 000**	**65.9**	**77.4**	**88.5**	**98.6**	**115.2**	**130.5**
Food	351	62.4	74.4	86.7	98.6	121.5	133.6
Meals out	15	66.1	76.5	94.8	99.7	105.0	113.2
Drink and tobacco	47	59.2	70.7	81.0	95.8	113.9	133.8
Housing	138	74.4	87.6	101.0	101.6	103.5	109.6
of which:							
Rent	126	77.2	90.4	104.4	102.3	101.3	107.2
Household supplies	84	67.3	76.5	84.1	98.5	106.8	115.9
Clothing	189	74.0	80.7	90.9	98.7	105.5	115.2
Transportation	86	63.4	78.7	87.0	98.8	140.0	160.9
Medical goods and services	25	57.1	65.5	73.3	95.6	108.2	116.1
	Annual average variation						
Total all items			**17.5**	**14.3**	**11.4**	**16.8**	**13.3**
Food			19.2	16.5	13.7	23.2	10.0
Meals out			15.7	23.9	5.2	5.3	7.8
Drink and tobacco			19.4	14.6	18.3	18.9	17.5
Housing			17.7	15.3	0.6	1.9	5.9
of which:							
Rent			17.1	15.5	-2.0	-1.9	5.8
Household supplies			13.7	9.9	17.1	8.4	8.5
Clothing			9.1	12.4	8.6	6.9	9.2
Transportation			24.1	10.5	13.6	41.7	14.9
Medical supplies			14.7	11.9	30.4	13.2	7.3

Source: Review of the Economy 1984, Central Statistical Ofice and Trinidad and Tobago Gazette (Extraordinary) No. 43, February 7, 1985.

Domestically, a tightening of credit resulted in a fall in effective demand and a reduction of the upward demand pressure on prices. The price level was also influenced by an abatement of the rate of inflation in trading partner countries, and by parity rates of several other currencies vis-à-vis the US dollar to which the Trinidad and Tobago dollar is tied.

The reduction in subsidies on petroleum products coupled with higher prices of some petroleum products influenced some upward movement in prices. The higher rate of increase in housing was due principally to higher rent, while higher consumption tax accounted to a great extent for the increase in the prices of drink and tobacco.

(b) Wages and salaries

A marked decrease was observed in the rates of wage increases in 1984. High wage increases that had come to characterize the boom period could no longer be sustained in a contracting economy and in spite of protracted wage negotiations between some parties, rates of wage increases ranged from 4% in the sugar industry to 24% in other industries. Negotiations for new wage agreements for a large portion of employees in the public sector were not concluded in 1984.

The all industry index of minimum wage rates for production and ancillary workers as at May 1984 was only 5.8% higher than the index of May 1983 which was 20% higher than the May 1982 figure. However, in June 1984, wages as measured by the indices of average weekly earnings and productivity for production workers were 11.6% over the figure for the coresponding period in 1983, and this was faster than the 4% growth recorded for productivity. The lag in productivity is even more critical if oil and sugar are excluded from the indices. After these sub-sectors are excluded, productivity by June improved by a mere 1.3% over the figure for 1983. During 1983 and 1982, the increases were 1.6% and 9.3% respectively in contrast to increases in average weekly earnings of 14.4% by June 1984, following on the 24.4% and 18.2% in 1983 and 1982 respectively.

Table 19
TRINIDAD AND TOBAGO: INDICES OF AVERAGE WEEKLY EARNINGS AND PRODUCTIVITY FOR PRODUCTION WORKERS, 1978 - 1984
(1978 = 100)

	All industries including oil and sugar			
Year	Average weekly earnings	Productivity	Average weekly earnings	Productivity
1978	100.0	100.0	100.0	100.0
1979	124.0	102.5	120.4	104.7
1980	152.4	109.0	149.1	112.2
1981	180.5	104.3	173.8	112.9
1982	213.0	113.2	205.5	123.4
1983	256.0	106.6	255.7	125.4
1983 January - June	247.7	106.1	245.3	134.6
1984 January - June	276.5	110.8	280.6	136.3

Source: Central Statistical Office (CSO).

Table 19a
TRINIDAD AND TOBAGO: INDEX OF MINIMUM WAGE RATES FOR PRODUCTION AND ANCILLARY WORKERS
(November 1976 = 100)

		M	A	Y	Percentages		
	Weights	1982	1983	1984	1982	1983	1984
All industries index	10 000	315.8	380.1	402.2	32.8	20.4	5.8
of which:							
Manufacture of food, drinks and tobacco	415	351.3	434.8	507.8	22.0	23.8	16.8
Manufacture of textile, garment and footwear	420	377.8	463.8	506.2	25.6	22.8	9.1
Assembly type and related industries	557	404.9	441.5	494.7	33.7	9.0	12.0
Building construction	496	315.2	354.1	390.2	32.0	12.3	10.3
Distribution	1 298	306.8	392.9	450.6	26.7	28.1	14.7
Services	822	311.2	430.4	468.7	15.4	38.3	8.9
Transport, communication and storage	425	295.2	357.4	393.0	6.5	21.1	10.0
Central & local government	3 121	321.3	378.6	400.0	55.7	17.8	5.7
Petroleum industries	1 133	263.2	295.3	323.4	20.8	12.2	9.5
Manufacture of sugar	350	342.2	356.3	370.7	70.9	4.1	4.0
Electricity, water and sewerage	415	234.6	343.4	375.8	13.1	46.4	9.4

Source: Review of the Economy 1984.

(c) **Employment and labour force**

By June of 1984, 12.7% of the labour force was unemployed. Indeed, this was the highest trend recorded since the 13.6% of 1977. Sensing the implications that economic contraction would have on the level of employment, trade unions invariably emphasized greater job security in their rounds of negotiations in 1984. Lower wage increases were requested by some unions reflecting an appreciation of the problem of curtailed economic activity.

A tripartite committee recommended measures to promote equitable sharing in the burden of adjustment and improvement in the industrial relations climate.

Although the number of persons with jobs by June 1984 exceed the number for the entire year 1983 by 3%, the size of the labour force expanded by a faster rate of 6.6%. This was considerably higher than the 0.9% and 2.1% registered in 1983 and 1982 respectively.

Table 20
TRINIDAD AND TOBAGO: LABOUR FORCE EMPLOYMENT AND UNEMPLOYMENT
(Thousands)

	1981	1982	1983	June 1983	June 1984
Non-institutional population					
15 years and over	730	741	751	760	748
Labour force	436	445	449	471	442
Participation rate (%)	60	60	60	62	59
Persons with jobs	390	401	399	411	393
Unemployed	45	44	50	60	49
Percentage unemployed	10.3	9.9	11.1	12.7	11.1

Source: Central Bank: Annual Report, Table 2, Central Statistical Office continuous sample survey of Population Publication No. 59 and data supplied ECLAC.

5. Monetary and fiscal policies

Trinidad and Tobago made "windfall gains" through the sale of petroleum and petroleum products during the period when demand for oil on the international market was exceedingly high. A relatively large portion of the unexpected revenue was in circulation in the country, through deliberate liberal monetary policies and fiscal measures. Monetary policies then facilitated easy credit for a wide range of activities including personal and consumption type expenditure. Government, through fiscal measures, embarked on a variety of welfare and social programmes and in so doing, established a regime of subsidies to relieve the financial burden from the citizenry as a whole.

As the price of petroleum fell and as the industrial world went into the worst recession since the great depression of the 1930's, some adjustment in policies had to be made to meet the challenge of dwindling oil revenues.

The level of imports which had grown sizeably during the boom period had to be curtailed. As part of the measures prescribed, the Central Bank established, in October 1983, a system of import budgeting to stem the outflow of foreign exchange. One of the objectives in this measure was to achieve a better allocation of foreign exchange for competing uses. Closely related to this measure was the objective of more effective management and issuance of import licences.

The Central Bank as the main regulator of banking business, raised the discount rate from 6.0% which had been in force since 26 July 1973, to 7.5% effective 9 November 1983. This was in response to increases in interest rates resulting from tight liquidity conditions in the banking system. A marginal reserve requirement aimed at curbing excessive credit creation in the banking system was also instituted. By September of 1984, this measure immobilized an additional $m48.8 of banking deposits.

Commercial banks were also encouraged to move closer to selective control guidelines which limited new lending for personal non-business purposes to a maximum of 25% of incremental credit. Greater emphasis was in effect placed on lending for business and new investment purposes with a view to increasing domestic production.

The various fiscal measures introduced in the 1984 budget prescribed austerity as a means of achieving success in the adjustment process. Prices were increased on a variety of consumer goods. Subsidies on some items were either reduced or eliminated. New incentives for agriculture were announced while a regime of import restrictions was established.

Some of the goods on which higher prices were placed include subsidized petroleum products, L.P.G., sugar on which the subsidy of $m126 in 1983 was discontinued, flour, (the subsidy paid directly to the Flour Mills Ltd. was discontinued), poultry feed, air travel between Trinidad and Tobago, alcoholic beverages imported except from CARICOM sources, cement on which the subsidy was eliminated by 1984, and livestock feed, the subsidy for which was reduced from $m51 in 1983 to $m32.5 in 1984. Among the new taxes were taxes on stamp duty which increased from 2% to 5%, a 10% purchase tax was imposed on several local and imported products, a licensing fee was imposed on video clubs, and a national health surcharge was implemented.

The 1984 budget announced subsidies by way of incentives to boost the agricultural sector and particularly the domestic agricultural sub-sector. These subsidies relate to land preparation, soil conservation, grass planting for livestock, control of diseases and livestock housing. In addition, equiment and machinery for productive agricultural pursuits were granted duty-free and purchase tax concessions were in special circumstances granted. Duty-free purchase tax concessions were also granted to bona fide proprietors and to fishermen for fishing boats, engines and spare parts. Rebates were also provided on fuel and lubricants used in the fishing industry.

Inter-related with fiscal policies on prices, the Government by August 1984, established a National Prices Watch Steering Committee (NPW). Among the functions of the Committee were:

(i) "the monitoring of relevant price levels and price movements in the economy;

(ii) the regular publication of these price levels and movements for the advice and information of consumers;

(iii) the fostering of the development of consumer judgement to make optional purchasing decisions; and

(iv) the strengthening of consumer power and enlightening the consumer about techniques and methods of using that strength wisely".

PART XVIII

UNITED STATES VIRGIN ISLANDS

COUNTRY NOTES

THE UNITED STATES VIRGIN ISLANDS

The United States Virgin Islands (USVI) lie approximately 60 miles east of Puerto Rico and share the same geographic setting with the British Virgin Islands. Comprising more than 50 islands and cays, the Virgin Islands are inhabited on three main islands - St. Croix, St. John and St. Thomas, which have an area of some 352 sq.km.. St. Croix is the largest island with some 218 sq.km. and a population of over 52 000. St. John with an area of 52 sq.km. is the smallest of the three main islands and has a population of just over 2 500 persons. St. Thomas with an area of just over 82 sq.km. and a population of approximately 46 000 is the seat of government. A sub-tropical climate characterizes the islands which are fanned by the trade winds. Temperatures average about 25 degrees celsius, and average annual rainfall stands at about 114 c.m..

The Islands were discovered in 1493 and changed hands several times. Spain, England, Holland and the Knights of Malta had at different times possessed the islands. Denmark gained control of St. Thomas in 1670, St. John and St. Croix by 1733. The United States of America purchased the islands in 1917 as a naval base, placing them under the control of the Navy. In 1933, they were brought under the control of the Interior Department. In 1954 local government assumed control. The status of the islands is that of unincorporated territory of the United States. In 1970 when the US Virgin Islands elected their own Governor for the first time.

Thirteen Departments constitute the Executive Branch. Each Department has a Commissioner appointed by the Governor, subject to confirmation by the Legislature. The departments are:

Agriculture	Housing
Commerce	Labour
Conservation and Cultural Affairs	Law
Education	Property and Procurement
Finance	Public Safety
Health	Public Works
Social Welfare	

The Legislature consists of 14 senators - seven from St. Thomas - St. John and seven from St. Croix. One senator, a resident of St. John, is elected at large. The judicial system consists of Territorial Courts and the US District Court for the Virgin Islands which has local and federal jurisdiction.

In early times, the islands were agriculture-based with sugar cane being the most important crop. This situation was eroded by the ill fortunes of the world sugar market and natural disasters. Sugar was abandoned by the 1960's, giving way to tourism which was facilitated by the ease of access that the islands offered. Side by side with the growth in tourism there emerged a small manufacturing sector. St. Croix was chosen as the site for the Amerada Hess Oil Refinery, the largest in the Western Hemisphere. The phenomenon of agglomeration has seen the establishment of electronic, pharmaceutical, alumina, rum distilling and watch assembly plants on St. Croix.

Tourism in 1982 accounted for nearly 50% of the Gross Territorial Product of the US Virgin Islands, and employed some 20 000 persons. Government has, through the Office of Policy, Planning and Research, prepared a study entitled "Tourism in the US Virgin Islands - Prospective Development to the year 2000". This will serve as the background paper to the Tourism Development Plan.

The statistics available on the US Virgin Islands are comparable in methodology to those of the mainland United States of America. No price index of direct relevance to the US Virgin Islands is compiled, although a proxy comprising 65 items that are on a monthly basis is used. These items cannot be weighted on the basis of observations, since no budgetary survey has been conducted from which weights be derived. It is believed, however, that the 65 items do yield some measure of the movement of prices over time.

The US Virgin Islands being an unincorporated territory of the United States, does not compile a balance of payments account separate from that of the United States. However, there exists an excellent data set on external trade transactions.

The US Virgin Islands became an associate member of the Caribbean Development and Co-operation Committee (CDCC) in June 1984 and began thereafter to participate in the activities of the Committee. Co-operation in information, demography and in the economic analysis of Caribbean countries has since begun.

A survey on the economic performance of the US Virgin Islands will be undertaken and published in a later issue of the "Economic Activity in Caribbean Countries".

SELECTED LIST OF

STATISTICAL PUBLICATIONS

AND PUBLISHERS

SELECTED LIST OF STATISTICAL PUBLICATIONS AND PUBLISHERS

ANTIGUA AND BARBUDA

Ministry of Finance - Statistics Division	Annual Trade Report
	Cost of Living Index
	National Accounts Statistics
	Statistical Yearbook
Ministry of Finance	Estimates

COMMONWEALTH OF BAHAMAS

Department of Statistics	Agricultural and Fishing Report
	Annual Review of Prices Report
	External Trade Statistics Report
	Quarterly Bulletin of Construction Statistics
	Quarterly Review
Ministry of Agriculture, Fisheries, and Local Government	Annual Report and Review of Activities
Ministry of Finance	Approved Estimates of Revenue and Expenditure
Ministry of Tourism	Annual Report on Tourism
	Tourism Statistical Review
	Tourism Statistics

BARBADOS

Central Bank of Barbados	Annual Report
	Annual Statistical Digest
	Balance of Payments of Barbados
	Economic and Financial Statistics
	Quarterly Report
Barbados Statistical Service	Digest of Tourist Statistics
	Financial Statistics
	Monthly Digest of Statistics
	Statistics of Monthly Overseas Trade
	Overseas Trade
	Quarterly Overseas Trade Report

BARBADOS (Cont'd)

Ministry of Finance and Planning	:	Barbados Economic Report
	:	Barbados Estimates

BELIZE

Central Planning Unit	:	Abstract of Statistics
	:	National Accounts Statistics
	:	Trade Report
	:	Economic Survey
Ministry of Agriculture and Lands	:	Annual Report
Ministry of Agriculture, Lands, Forest Department	:	Annual Report
Ministry of Finance and Development	:	Estimates of Revenue and Expenditure
Monetary Authority of Belize	:	Quarterly Review
	:	Statistical Digest

DOMINICA

Ministry of Finance - Statistics Division	:	Annual Overseas Trade Report
	:	Quarterly Bulletin of Tourism Statistics
	:	Statistical Digest
Ministry of Finance, Trade and Industry	:	Estimates

GRENADA

Central Statistics Office	:	Abstract of Statistics
	:	Quarterly Statistical Digest
Ministry of Finance	:	Estimates of Revenue and Expenditure
	:	Annual Overseas Trade Report

REPUBLIC OF GUYANA

Statistical Bureau	:	Annual Account relating to External Trade
	:	Annual Statistical Abstract
	:	Economic Survey of Guyana

REPUBLIC OF GUYANA (Cont'd)

Statistical Bureau	:	International Migration Report
	:	Monthly Account relating to External Trade
	:	Quarterly Review of Financial Statistics
	:	Quarterly Statistical Digest
	:	External Trade with CARICOM and CARIFTA Countries
Bank of Guyana	:	Annual Report
	:	Economic Bulletin
	:	Statistical Bulletin
Ministry of Finance	:	Estimates (Current and Capital)
Guyana Marketing Corporation	:	Annual Statistical Abstract
Transport and Harbours Department	:	Report of the Transport and Harbours Department

JAMAICA

Department of Statistics	:	Abstract of Building and Construction Statistics
	:	Consumer Price Indices
	:	Demographic Statistics
	:	External Trade
	:	External Trade Summary Tables
	:	Indices of External Trade
	:	Monetary Statistics
	:	Production Statistics
	:	Statistical Abstract
	:	Statistical Yearbook of Jamaica
Bank of Jamaica	:	Balance of Payments
	:	Report and Statement of Accounts
	:	Statistical Digest
Ministry of Agriculture	:	Indices of Domestic Agricultural Production and Farm Gate Prices
	:	Report on Domestic Foodcrops ... Pigs and Poultry
Jamaica Tourist Board.	:	Travel Statistics
	:	Visitor Statistics
National Planning Agency	:	Economic and Social Survey

MONTSERRAT

Statistics Office	:	Overseas Trade
	:	Report on Vital Statistics
	:	Statistics Digest
Ministry of Finance	:	Estimates of Revenue and Expenditure

NETHERLANDS ANTILLES

Bank van de Nederlandse Antillen	:	Quarterly Bulletin
	:	Selected Monetary Figures
Bureau voor de Statistiek	:	Statistical Bulletin
	:	Statistical Yearbook

SAINT CHRISTOPHER/NEVIS

Ministry of Trade, Industry, Development and Tourism	:	Annual Digest of Statistics
	:	External Trade
Ministry of Finance	:	Estimates
Department of Labour	:	Annual Report

SAINT LUCIA

Development Planning and Statistics Division. Statistical Section	:	Overseas Trade
Ministry of Finance	:	Estimates
Ministry of Agriculture, Lands, Fisheries, Co-operatives and Labour	:	Agricultural Statistics - Census Data. Quarterly
Ministry of Trade, Industry and Tourism. Department of Statistics	:	Annual Statistical Digest

SAINT VINCENT AND THE GRENADINES

Ministry of Finance, Planning and Development. Statistical Department	:	Digest of Statistics
	:	Overseas Trade Report
Ministry of Finance, Planning and Development	:	Estimates
Ministry of Trade and Agriculture	:	Agricultural Statistical Digest

REPUBLIC OF SURINAME

Algemeen Bureau voor de Statistiek	:	Graadmeter van de Surinaamse Ekonomie
	:	Ekonomische Kwartaalstatistieken
	:	Halfjaars Statistiek van het Reiziger-Sverkeer
	:	Kwartaal Statistiek van de Industriele Produktie
	:	Suriname in Vogelvhucht
	:	Prijsindexcijfers van de Gezins-Consumptie
	:	Financiele Nota
Centrale Bank van Suriname	:	Selected Monetary Figures

REPUBLIC OF TRINIDAD AND TOBAGO

Central Statistical Office	:	Annual Statistical Digest
	:	Business Surveys
	:	Economic Indicators
	:	Financial Statistics
	:	International Travel Report
	:	Monthly Travel Report
	:	Overseas Trade
	:	Overseas Trade - Bi-monthly Report
	:	Population and Vital Statistics Report
	:	Quarterly Agricultural Report
	:	Quarterly Economic Report
	:	Quarterly Travel Report
	:	Statistical Bulletin
	:	Survey of Establishments
	:	The Balance of Payments of Trinidad and Tobago
	:	The Gross Domestic Product of Trinidad and Tobago
	:	Tobago Tourism and Travel Report

REPUBLIC OF TRINIDAD AND TOBAGO (Cont'd)

Ministry of Finance	:	Details of other Charges, Extra-budgetary and Subventions
	:	Estimates of Expenditure
	:	Estimates of Revenue
	:	Review of the Economy
Central Bank of Trinidad and Tobago	:	Monthly Statistical Digest
Ministry of Energy and Natural Resources	:	Monthly Bulletin. Petroleum Industry

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ISSN 0255-6502