GOVERNMENT OF SAINT LUCIA

P R O S P E C T U S
FOR EC$25 MILLION TREASURY BILL

Ministry of Finance
Financial Center
Bridge Street
Castries
SAINT LUCIA

Telephone: 1 758 468 5500/1
Fax: 1 758 453 1648
Email: minfin@gosl.gov.lc

PROSPECTUS DATE: July 2008

The Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market. The Regional Debt Co-ordinating Committee and Eastern Caribbean Central Bank accept no responsibility for the content of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of government instruments or other securities.


N
Gros Islet
Monchy
Bon Air
Dauphin
Marquis
Grand Anse
Castries
Babonneau
Ciceron
Forestiere
Souis
La Croix Maingot
Derniere Riviere
Anse la Raye
Durandeau
Matcuya
Dennery
Canaries
Millet
Praslin
Mon Repos
Soufriere
Anbre
Micoud
Desruisseaux
Londonderry
Choiseul
Descaticres
Laborie
Hewanorra Airport
Vieux Fort

TABLE OF CONTENTS

NOTICE TO INVESTORS

This Prospectus is issued for the purpose of giving information to the public. The Government of Saint Lucia accepts full responsibility for the accuracy of the information given and confirms having made all reasonable inquiries that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in this Prospectus misleading. This prospectus contains extensive excerpts from Saint Lucia Economic Review 2007, and therefore the figures contained therein may be verified on website of the Government of St Lucia[1].

This prospectus contains excerpts from the Saint Lucia Economic Review 2007. Statements contained in this Prospectus describing documents are provided in summary form only, and such documents are qualified in their entirety by reference to such documents. The ultimate decision and responsibility to proceed with any transaction with respect to this offering rests solely with you. Therefore, prior to entering into the proposed investment, you should determine the economic risks and merits, as well as the legal, tax and accounting characteristics and consequences of these Treasury bill offerings, and that you are able to assume those risks.

This Prospectus and its content are issued for the specific Treasury Bill issue described herein. Should you need advice, consult a person licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of government instruments or other securities.

[1] www.stluci.gov.lc

ABSTRACT

The Government of Saint Lucia (thereafter referred to as GOSL) proposes to raise twenty five million Eastern Caribbean dollars (EC$25.0m) through the issue of a 180-day treasury bill. The Treasury bill is being issued to refinance a maturing treasury bill.

The treasury bill is being raised under the authority of the Revised Treasury Bills (Amendment) Act, 2003 under the Constitution of Saint Lucia, the interest and principal repayments are a direct charge on the Consolidated Fund.

The GOSL has not been rated by any Regional or International Rating Agency. However, GOSL assigns very high priority to honouring its debt commitments. It has an unblemished track record in meeting debt service obligations in a timely manner, and in complying with the terms and conditions of debentures and loan agreements. GOSL has also established a Debt and Investment Unit in the Ministry of Finance to facilitate its debt and investment management.

The 180-day Treasury bill will be issued on the Regional Government Securities Market (RGSM) in the months of July 2008 and January 2009 and will be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE) under the trading symbol LCB210109 and LCB220709.

The Treasury bill will be opened for bidding commencing at 9:00 a.m. on 24th July 2008 and 22nd January 2009 and close at 12:00 noon on the respective days.

A competitive uniform price auction will be run at 12:00 noon on 24th July 2008 and 22nd January 2009. Settlement for successful bids will take place on 25th July 2008 and 23rd January 2009 respectively.

I. GENERAL INFORMATION

Issuer:	The Government of the Saint Lucia (GOSL)
Address:	The Ministry of Finance Financial Center Bridge Street Castries Saint Lucia (WI)
Email:	minfin@gosl.gov.lc
Telephone No.:	1-758-468-5500/1
Facsimile No.:	1-758-453-1648
	Contact persons: Honorable Stevenson King, Minister for Finance Mr. Isaac Anthony, Director of Finance Mr. Francis Fontenelle, Deputy Director of Finance Mr. Agosta Degazon, Accountant General,
Date of Publication:	July 2008
Purpose of Issues:	The Treasury bill will be issued to refinance a maturing treasury bill.
Amount of Issue:	Twenty five million Eastern Caribbean Dollars ($25,000,000.00) to be auctioned in the months of July 2008 and January 2009.
Legislative Authority:	Revised Treasury Bills (Amendment) Act, 2003

Intermediaries:	A complete list of Intermediaries is available in Appendix I
Reference Currency:	Eastern Caribbean Dollars (EC$), unless otherwise stated

II. INFORMATION ABOUT THE TREASURY BILL ISSUE

a. GOSL proposes to auction a twenty-five million (EC$25.0m) 180-day treasury bill.

b. Maximum bid price for the 180-day Treasury bill is 6.0 percent.

c. Treasury bills will be opened for competitive bidding commencing at 9:00 a.m. on 24th July 2008 and 22nd January 2009 close at 12:00 noon on the respective days.

d. The Treasury bill issues will be settled on 25th July 2008 and 23rd January 2009, respectively.

e. The maturity dates of the Treasury bills will be 21st January 2009 and 21st July 2009, respectively.

f. The Treasury bills will be issued in the Regional Government Securities Market (RGSM) and will be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE).

g. A Competitive Uniform Price Auction with open bidding will determine the price of the issue.

h. The Treasury bills will be identified by the trading symbol LCB210109 andLCB210709.

i. Each investor is allowed one (1) bid with the option of increasing the amount being tendered until the close of the bidding period.

j. The minimum bid amount is $5,000.

k. The Bid Multiplier will be set at $1,000.

l. The Investors may participate in the auction through the services of a licensed intermediary who are members of the Eastern Caribbean Securities Exchange. The current list of licensed intermediaries is as follows:

- ABI Bank Ltd.

- Antigua Commercial Bank Ltd.
- St. Kitts Nevis Anguilla National Bank Ltd.
- Bank of Nevis Ltd.
- Bank of Saint Lucia Ltd.
- National Commercial Bank (SVG) Ltd.
- National Mortgage Financial Company – Dominica
- Republic Finance & Merchant Bank (FINCOR) – Grenada
- Caribbean Money Market Brokers Limited (CMMB) – Trinidad and Tobago
- Caribbean Money Market Brokers Limited (CMMB) – Saint Lucia
- National Bank of Anguilla Ltd.

m. All currency references are in Eastern Caribbean Dollars unless otherwise stated.

III. FINANCIAL ADMINISTRATION AND MANAGEMENT

1. Debt Management Objectives

The objective of the GOSL is to ensure that the proceeds of debt are used in the most effective manner and that the terms and conditions of debt, including maturity and interest rate, result in the most efficient debt management strategy that are compatible with the periodic cash flows of the Government.

2. Debt Management Strategy

The debt management strategy of the Government is an integral part of its programme of fiscal consolidation. The key elements of the GOSL's debt management strategy include:

Maintaining a satisfactory and prudent debt structure;

Refinancing high cost loans and facilities to reduce debt servicing and to adjust the maturity profile of Central Government Debt in a way that balances lower financing cost and risk;

To support the development of a well functioning market to provide funds for the government at the lowest possible cost.

3. Transparency and Accountability

The GOSL is continuously seeking ways of improving its systems of accountability and transparency. With a view to adopting more prudent and transparent fiscal management practices as well as enhancing the functioning of the Regional Government Securities Market (RGSM), the GOSL intends to borrow using a variety of instruments. As a consequence, disclosure of information on the cash flow and debt stock will be made available bi-annually to all investors, consistent with the rules of the Regional Debt Coordinating Committee (RDCC). The Government intends to use the services of BOSL in facilitating timely disclosure of information. This will be done on an ongoing basis.

4. Institutional Framework

The Debt & Investment Unit (DIU) of the Ministry of Finance (MOF) of the GOSL is charged with the responsibility of administering the Government's debt portfolio on a day-to-day basis and implementing the Government's borrowing strategy. The unit is directly accountable to the Director of Finance.

The GOSL has sought technical assistance from the IMF in an effort to improve its public debt management capabilities. In this regard a technical assistance mission was sent St. Lucia in the month of May 2008 for a period of three weeks. The Mission is expected to provide recommendations on various aspects of debt management including staffing and organizational arrangement, decision making framework, reporting requirement and formulation of debt management strategies.

5. Risk Management Framework

The establishment of an effective and efficient debt management system as a major element of economic management is of paramount importance to the Government of Saint Lucia (GOSL). Accordingly, attempts have been made to strengthen the capacity of the Debt & Investment Unit (DIU). Consequently, the DIU's functions have been broadened to include:

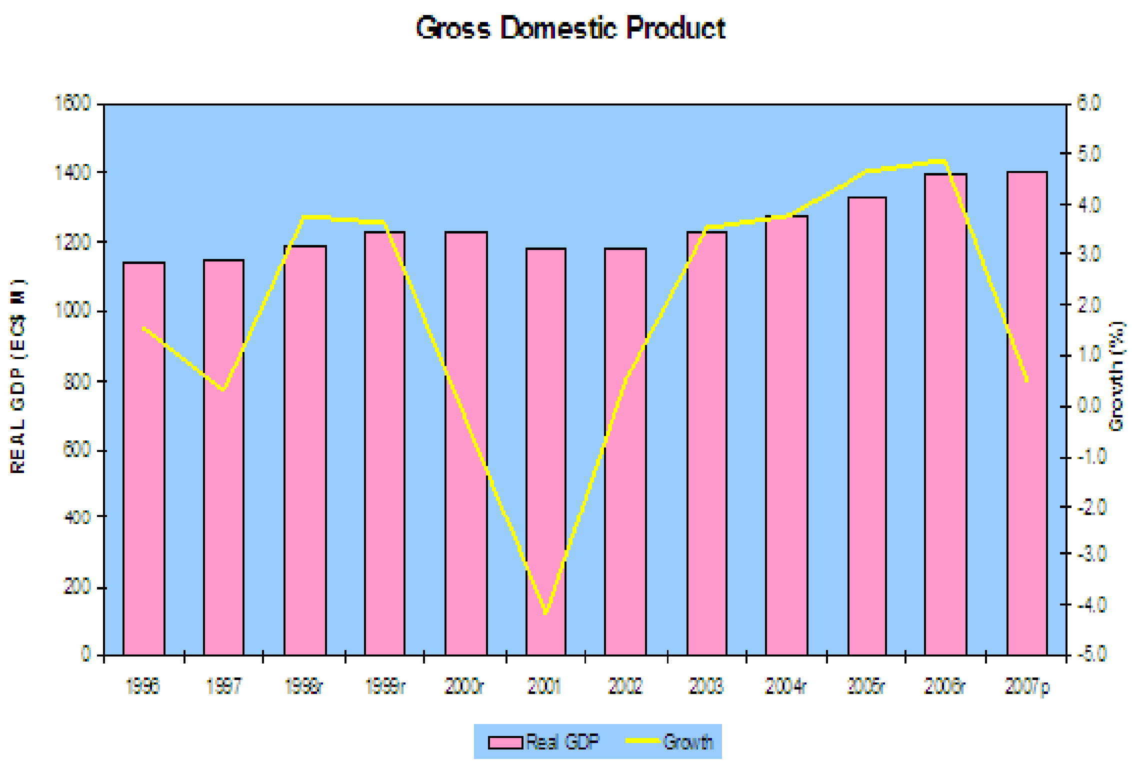
- Assisting in the formulation of debt management policies and strategies;
- Managing the debt portfolio to minimize cost with an acceptable risk profile;
- Conducting risk analysis and developing risk management policies; and
- Conducting debt sustainability analysis to assess optimal borrowing levels.

IV. ECONOMIC PERFORMANCE

1. MACRO-ECONOMIC OVERVIEW

DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary data indicate that real output in the economy decelerated to 0.5 percent in 2007, primarily as a result of contractions in key productive sectors, particularly tourism and construction. Consequently, the associated weakened economic impulses were transmitted to the rest of the economy and resulted in marginal and moderated growth in the transport and distributive sectors respectively. By contrast, the financial and real estate sectors, buoyed by the properties market, registered strong growth of 12.1 percent and 7.6 percent respectively. Growth in the utilities sector rebounded in 2007 to 12.7 percent while manufacturing and agriculture provided little stimulus to the economy in the review period (**See Appendix III**).



2. SECTORAL DEVELOPMENTS

TOURISM

The tourism sector recorded another year of decline occasioned by unfavorable external developments in a more challenging and competitive global travel market. After falling by 2.7 percent in 2006, real activity in the sector, as measured by the hotel and restaurant sub sectors, contracted further by 7.4 percent in 2007 (**See Appendix III**). This resulted in a slightly moderated direct contribution of tourism to real GDP of 11.7 percent. Notwithstanding, tourism remains a primary source of economic activity in the economy, generating a significant level of foreign exchange, employment and revenue to the central government.

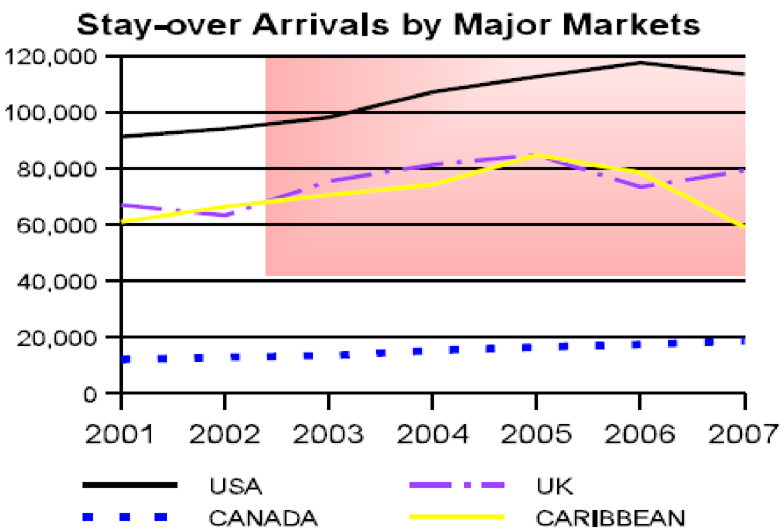
In the review period, total visitor arrivals grew by 33.9 percent to an unprecedented 931,114 visitors in 2007. This was reflective in the 69.7 percent increase in cruise arrivals to a high of 610,343 visitors. Arrivals in stay-over and yachting sub-sectors, which contribute more significantly to value added in the tourism sector, fell by 5.0 percent and 10.3 percent respectively. The overall performance of the tourism sector continues to be largely influenced by external developments. Stay-over arrivals were affected by, inter alia, airlift constraints and continued competition, particularly in the events market, were also responsible for the downturn in stay-over arrival.

Accordingly, preliminary data indicate that visitor expenditure increased in 2007 to EC$ 808.3 million, due to the substantial increase in cruise arrivals as well as slightly higher daily expenditure by land-based visitors.

Stay-over Arrivals

The downturn in stay-over arrivals continued in 2007, after contracting by 4.9 percent in 2006. During the review period, the number of arrivals fell by 5.0 percent to 287,407. As in 2006, this was reflective of a notable decline of 7.9 percent in arrivals in the first half of 2007 and a 1.7 percent dip in the second half, despite encouraging signs of growth in November and December. Declines were registered in all source markets with the exception of the United Kingdom and Canada. The overall outturn remained concentrated on arrivals out of the three major markets, the US, UK and Caribbean which altogether dropped by 6.5 percent. These markets accounted for 87.6 percent of total stay-over arrivals. Warm winter weather was partly responsible for the slowdown posted in the early months of 2007. US arrivals, which accounted for approximately 40.0 percent of long stay visitors, recorded its first year of decline since decreasing markedly in 2001 due to the 9/11 terrorist attacks. The number of US arrivals fell by 3.4 percent to 113,433. This was primarily occasioned by the January implementation of the Western Hemisphere Travel

Initiative by the US government requiring US citizens to present passports upon return from travel to the Caribbean, Bermuda, South and Central America. This resulted in the cancellation and postponement of vacations to the region due to the delay and backlog in processing an overwhelming number of passport applications by the State Department. St. Lucia's co-hosting of the CWC softened the demand for travel to St. Lucia in the months of April and May, leading to a diversion of travel towards other destinations. Weakening consumer confidence due to the worsening economic conditions in the wake of the mortgage crisis also impacted adversely on the performance of this market. The continued depreciation of the US dollar, strategic marketing activities and the introduction of direct flights by American Airlines from New York in November contributed to the marginal upturn in arrivals in the second half of 2007.



The UK market showed strong signs of recovery as arrivals expanded by 8.0 percent to 79,180. Much of this increase occurred in the last six months of 2007 and served to temper the magnitude of the decline in total stay-over arrivals. This improved performance was driven by the strengthening of the pound sterling relative to the US dollar, additional airlift from Virgin Atlantic, increased marketing visibility and the hosting of the English team during the CWC 2007.

Arrivals from France and Germany declined by 38.0 and 3.2 percent, respectively. This was due to inadequate airlift and marketing efforts.

Canadian arrivals continued to grow by 6.6 percent to 18,640 passengers in 2007. This increase was mainly on account of the continued strength of the Canadian dollar against the US dollar. The benefits of additional airlift were reflected in the significant increase (52.5 percent) in arrivals in December. This market continues to be driven by the winter season.

Occupancy

Available data indicate that, the overall average hotel occupancy remained unchanged at 64.9 percent. Occupancy at all-inclusive hotels declined by 4.6 percentage points to 62.8 percent while conventional hotels experienced marginally lower occupancy levels of 59.9 percent. September continued to record the lowest levels of occupancy at just above 50 percent.

Cruise Arrivals

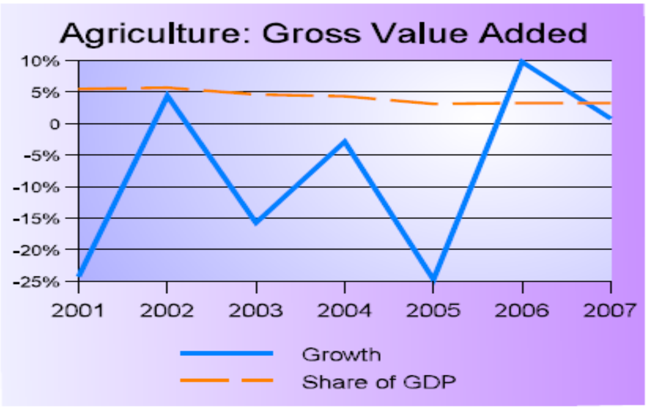
Following two consecutive years of contraction in 2005 and 2006, cruise passenger arrivals increased by 69.7 percent to 610,343 passengers in 2007. The strong growth in the first and fourth quarters accounted for 66.8 percent of total increase in cruise arrivals, highlighting the seasonality of this sub-sector. This favorable performance was due to increased cruise calls from larger vessels, high discounting in the prices of cruise vacations and the return of a major cruise liner

Other Arrivals

Available data show that during 2007 yacht arrivals decreased by 2.1 percent to 25,587. The number of excursionists to the island increased by 10.37 percent in 2007, to 7777 after three consecutive years of decline.

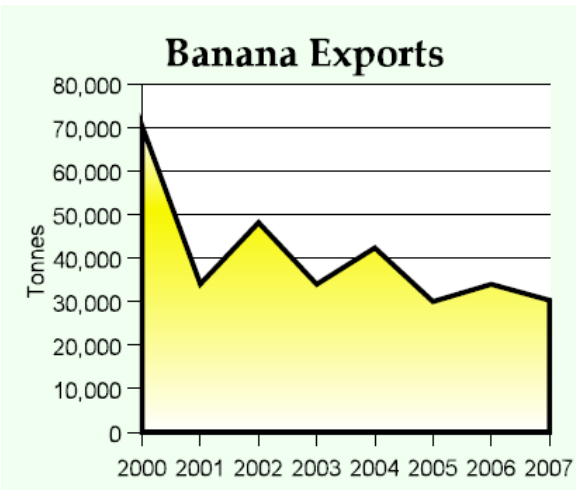
AGRICULTURE

The performance of the agriculture sector during the review period was mixed. Preliminary estimates suggest that overall, the sector recorded real growth of 0.8 percent in 2007 (**See Appendix III**). This low overall outturn was attributed to the decline in value-added of 3.4 percent in bananas which was offset by increases of 7.6 percent, 2.3 percent and 1.8 percent in other crops, fisheries and livestock sub sectors respectively. Given the marginal growth in agriculture in 2007, its contribution to GDP remained at 3.3 percent. Of this, banana production, though just above its lowest recorded level, accounted for 1.3 percent of GDP. The non-banana sub-sectors continued to overshadow banana's share of GDP and collectively accounted for 1.9 percent of GDP.



The sector remains challenged by a confluence of external and domestic factors, including rising costs of inputs, weak agro-tourism linkages and inadequate financing. Despite growth of 18.2 percent in commercial bank credit to agriculture in 2007, it accounted for a negligible share of 0.9 percent of total credit. Credit extended for agriculture purposes totaled $30.7 million. Improved access to credit and better business acumen amongst farmers will benefit the sector. These coupled with an organized system of production planning, marketing and distribution. will contribute to higher growth in agriculture.

Bananas



Output

Total banana exports to the United Kingdom from the Windward Islands declined by 16.1 percent to a record low of 51,278 tonnes in 2007. This was principally attributed to notable decreases in the three active producing countries associated with the varying devastation caused by Hurricane Dean in August. There was a marked drop of 40.3 percent in exports from Dominica while St. Vincent's fell by 10.3 percent. St. Lucia maintained its position as the leading exporter within the group as its exports accounted for 59.1 percent of total Windward Islands banana exports. Correspondingly, Windward Island export revenue fell by 14.6 percent to $73.0 million.

Following a partial recovery in 2006, St. Lucia's banana exports to the UK contracted by 10.8 percent to 30,318 tonnes in the review period. Despite the continued strength of the pound sterling, this output performance resulted in a 9.2 percent decline in banana earnings to $43.7 million.

Notwithstanding the overall downturn in output in 2007, the first half registered a solid performance when banana exports rose by 34.8 percent to 20,515 tonnes. The harvesting of tissue culture fruit planted in previous periods, successful pest control, improved agronomic practices and better irrigation were contributory factors to this increase in output. Production was also encouraged by the improved accessibility and continued subsidization of the rising costs of inputs. Favorable export prices for bananas sold under the Free Trade Label also provided farmers with an incentive to expand production.

However, output in the second half was adversely affected by the passage of Hurricane Dean which destroyed an estimated 60 percent of the 7,500 acres of fields under banana production. The immediate effect was reflected in the 30.1 percent fall in the third quarter when compared to the corresponding period in 2006. The full impact of the hurricane led to a 61.7 percent contraction in exports in the last quarter of 2007.

Major Developments

As the banana industry continued to adjust to external market demands, domestic efforts have been directed towards increasing the number of farmers in compliance with the standards of the Fairtrade Label Organisation (FLO). The shift to adopting Fairtrade standards and certification has been spurred by the preferred price paid to Fairtrade banana producers, inclusive of a social premium. As a result, the coverage of farmers with Fairtrade compliance reached 85 percent by the end of 2007. However, there are concerns amongst farmers regarding the onerous compliance procedures associated with the UK's FLO certification. These standards which are in broad conformity with global-GAP standards require farmers to adhere to various disciplines such as environmental sensitivity in farm management and use of inputs (herbicides, pesticides and other agro-chemicals, etc), ethical and democratic practices and a commitment to the social and economic development of members and their communities.

Meanwhile, the formulation and signing of an Economic Partnership Agreement (EPA) between the EU and CARIFORUM[2] dominated the discussions amongst industry and trade officials during 2007. The EPA replaced the Cotonou Agreement which allowed the Windward Islands and other ACP countries to export bananas and other commodities to the EU on a preferential market access basis using a waiver of the GATT/WTO general agreement and principles. However, this waiver expired on December 31, 2007.

It must be noted that currently, banana imports from non-ACP countries such as Latin America are subject to a tariff of €176 per tonne. In the absence of the EPA, Windward Island bananas would face a similar rate of import duty, in accordance with the Generalized System of Preferences **(GPS)**, effective January 1, 2008. However, with the recently concluded EPA, which allows for quota-free access to all suppliers, Windward Island bananas will continue to enjoy tariff-free entry into the EU.

Towards the end of the year, the Ministry of Agriculture, Fisheries and Forestry (MAFF) implemented the Post Dean Banana Rehabilitation and Enhancement Project. This initiative was established to provide support to farmers to mitigate against the loss of income due to Hurricane Dean. This included financial support

[2] CARIFORUM comprises of CARICOM plus the Dominican Republic. It represents one of six(6) within the ACP with which the UK hopes to complete EPA agreements.

for labour intensive activities, provision of inputs (fertilizers and pesticides) to farms and funding to farmers to assist with rehabilitation and drainage works. Financial support was made available to farmers under a programme of assistance for chopping, supplying and replanting banana fields affected by the storm. This initiative is anticipated to have a positive impact on production in 2008.

The Banana Emergency Recovery Unit (BERU) came to an end in December 2007. Government is in the process of establishing a Banana Production Management Unit (BPMU) to continue the vital and essential services provided by the BERU, and to broaden its scope to assist with the efficiency and productivity of the banana industry. Given the preferred price paid to Fair Trade Bananas, local efforts were geared towards increasing the level of FLO compliance across the island. It is reported that to date, St. Lucia's compliance has reached 85 percent. However, there are concerns amongst farmers about the onerous compliance procedures associated with the UK's FLO certification.

Non –Traditional Crops[3]

Output of non-traditional crops is estimated to have expanded by almost 41.0 percent to 6,336.6 tonnes during 2007 as both domestic consumption and exports registered increases. This however resulted in a slower rate of increase in revenue of 23.1 percent to $13.3 million.

Preliminary data show that the volume of exports rose substantially to 3,368 tonnes, valued at $2.9 million. This was attributed to higher exports of green bananas to the largest regional market, Barbados. Green bananas, breadfruit and plantain continued to be leading export crops. For the second consecutive year, available data indicate that domestic purchases of non- traditional crops increased by 10.7 percent to 2,981.0 tonnes. Accordingly, total earnings derived from these purchases by supermarkets and hotels grew by 21.5 percent to $10.4 million.

Purchases of local produce by supermarkets increased by 8.3 percent to 1,907.6 tonnes due to changing patterns in domestic demand which may be indicative of a shift in the local point of purchase. Total revenue from supermarket sales increased by 17.1 percent to $6.0 million. This reflects a combination of increases in the volume of purchases and higher unit prices paid to farmers. There were increases in the quantity and value of all categories of crops. Condiments which accounted for the smallest proportion of total supermarket purchases (2.2 percent) recorded the highest growth rates of 21.9 percent. Traditional vegetables which accounted for the largest share of supermarket purchases (36.2 percent) posted a slightly lower growth rate of 6.7 percent.

[3] Includes bananas sold to countries other than the UK, largely to the region.

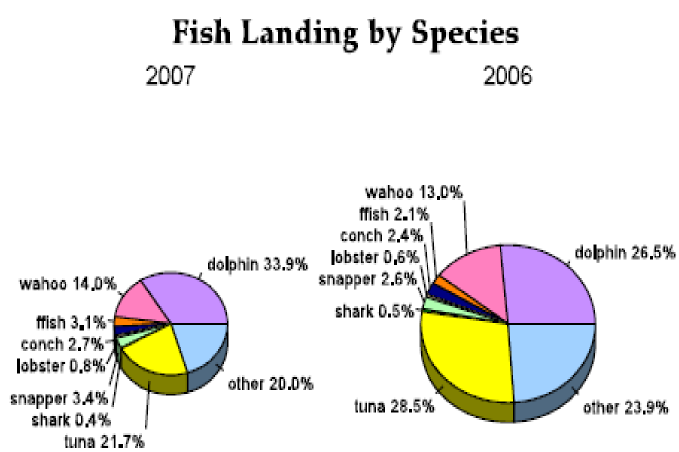
Fisheries

The fisheries sector recorded its second consecutive year of growth in 2007, following the decline in 2005. Preliminary data indicate that there was a 4.8 percent increase in total fish landings to 1,508.7 tonnes, just below level of output in 2004. As a result, the estimated value of fish landed increased by 7.1 percent to $19.6 million. There was an increase in the ex-vessel price of all species with the exception of shark and tuna which posted a decline of 25.3 percent and 16.3 percent respectively.

The increase in the number of fishing trips impacted positively on landings. With the exception of Gros-Islet, all the sites showed a positive correlation between fishing trips and the tonnage of fish landed. Increases in the numbers, awareness and use of Fish Aggregating Devices (FADs) by fishers also contributed to an increase in the tonnage of fish landed in 2007. Moreover, there were also increases in the maintenance and modification of existing FADs.

The major landing sites of Dennery and Vieux- Fort continued to account for the largest shares of fish landings with 24.6 percent and 24.3 percent of total landings respectively. Total landings recorded at all major sites expanded with the exception of Soufriere, Banannes and Other Sites which declined by 21.7, 12.9 and 3.0 percent respectively. Castries and Dennery recorded the largest increase in landings of 28.9 and 20.7 percent respectively.

A review of catch by species indicates that there was an increase in all major categories with the exception of tuna and shark. Dolphin and Tuna were the two major species typically landed and together accounted for 55.7 percent of overall fish landings. While dolphin posted an increase of 34.0 percent, landings of tuna declined by 20.0 percent to 328.1 tonnes. Increases in fish landings were also observed for wahoo (12.6 percent), flying fish (55.6 percent), conch (18.1 percent), lobster (35.0 percent) and snapper (37.9 percent). By contrast, landings of shark declined by 19.4 percent to 5.3 tonnes.



Livestock

Preliminary data suggest that output the livestock sub-sector grew by 25.5 percent in 2007 on account of growth in all categories, namely chicken, pork and egg production.

Indications are that chicken production[4] rose by 9.1 percent to 885.1 tonnes, generating earnings of $8.7 million. This rebound in output was attributed to an increase in the number of broiler producers, flock sizes and enhanced processing capacity. In addition, improvements in the quality of feed and the supply of inputs contributed to this larger output.

Available data show that pork production continued on its upward trend, increasing by 77.2 percent during the review period to 462.6[5] tonnes with a value of $4.8 million. This was partly due to the intensification of the livestock certification programme for pork producers. During 2007, egg production was affected by lower yields associated with the delayed importation of chicks during the year. In total, 833,000 dozens of eggs were produced, dipping by 1.8 percent when compared to 2006. Given the tight local supply relative to demand, the price of eggs increased and resulted in an increase in revenue earned by egg producers by 2.9 percent to $4.4 million.

MANUFACTURING

The performance of the manufacturing sector improved marginally in 2007. Real growth in the sector is estimated to have decelerated to 1.7 percent, despite high and rising oil prices which increased operating costs. This outturn reflected stronger demand in both the domestic and external markets in various sub-sectors. Activity in the construction sector also led to higher demand for locally manufactured products. These were sufficient to offset the adverse impacts of other developments on the aggregate demand for manufactured goods. Given slow growth and contractions registered in key sectors, the manufacturing sector's contribution to GDP increased to 6.3 percent in 2007. Cognizant of the economic importance of the sector, particularly in terms of employment, the Government continued to support and provides fiscal incentives to manufacturers.

Production

[4] The estimates of port and chicken production were made on the basis of the number of import license applications. This regime stipulates that 20 percent of chicken and 40 percent of pork purchased by an importer must be sourced from the domestic market. It is noteworthy that the data presented here does not capture all sales outside the formal wholesale and retail trade.

[5] This may be partly due to more comprehensive data capture o f pork sold to local outlets.

After posting growth of 10.9 percent and 5.5 percent in 2005 and 2006 respectively, the value of output increased by 2.8 percent to $172.6 million. This was attributed to the strong performances of the electrical and metal sub-sectors. However, lower production was recorded for alcoholic beverages and to a lesser extent paper & paperboard products. Production in the manufacturing sector remained concentrated on food & beverage, electrical, paper and metals products. These sub-sectors accounted for a collective share of 85.1 percent of the total value of output in the manufacturing sector in 2007

Food and Beverages

Food and Beverage sub-sector remained the largest contributor to manufacturing output, accounting for nearly half of the total. The value of food and beverage items dipped by 1.9 percent to $81.0 million. This stemmed from the 2.8 percent fall in beverages emanating from declines in alcoholic and non-alcoholic beverages. Production of alcoholic beverages, particularly bulk rum was constrained due to the destruction by fire of a major distillery in the first half of 2007. By contrast, the value of food production rebounded by 4.6 percent, reflecting the full impact on exports of the new regional markets gained last year.

Electrical Products

Output of electrical appliances, primarily for export to the US market, declined marginally by 1.1 percent. The value of these exports however rose from $28.1 million to $31.5 million.

Paper and Paperboard

The production of paper and paperboard manufactures was largely influenced by the developments in the banana industry. As a result of the strong expansion in banana exports, increases were recorded in the volume of boxes produced in the first half of 2007. Owing to the dramatic decline of banana exports in all the Windward Islands in the second half of 2007 coupled with a negligible increase in commercial boxes, the total value of paper manufactures declined by 1.4 percent to $21.3 million.

Other Sectors

Production of other items which accounted for 22.5 percent of the value of total manufacturing production grew by 8.7 percent to $38.9 million. Of significance were increases in the output of metal products, namely roofing, as this industry continued to perform creditably and increasing in popularity. This may be indicative of a shift from imported roofing to locally manufactured substitutes. There were increases in wood and wood products (71.7 percent), furniture (19.3 percent), rubber products (11.3 percent), plastic products (8.4 percent) and printed material (0.4 percent). Production of copra and copra derivatives increased by 5.0 percent to $3.5 million.

CONSTRUCTION

Preliminary data on leading indicators suggests that overall activity in the construction sector slowed down significantly in 2007, following two years of vibrant growth when preparations for the hosting of the CWC 2007 were underway. This outturn contributed significantly to the deceleration in overall economic growth. It is estimated that value-added in construction contracted by 10.3 percent in the review period (**See Appendix III**), with its share of real GDP falling to 7.9 percent from 8.8 percent in 2006. This was attributed to a fall in construction undertaken by the public sector and a comparative slackening of activity in the private sector, associated with hotel plant. Credit granted for commercial developments doubled while funds disbursed for residential construction grew moderately. These may not have necessarily translated into an increase in the level of activity as it partially reflects rising costs of construction.

Public Sector Construction

In the review period, construction expenditure undertaken by the public sector decreased by 8.1 percent to $176.0 million. While spending by the central government dipped to $165.2 million, this was due to substantially lower expenditure by statutory bodies. Central Government expenditure continued to be dominated by road development, education and the Cricket World Cup (CWC) Development Project. Other notable areas of spending during 2007 included the development of water infrastructure and disaster management.

Construction expenditure by statutory bodies declined by more than half to $10.8 million, led by spending by Saint Lucia Air and Sea Ports Authority (SLASPA) and Nation Insurance Property Development and Management Company Ltd (NIPRO). This drop in spending primarily reflected the completion of works on port infrastructure. Construction works by NIPRO increased slightly and accounted for a larger share of total spending by statutory bodies.

Economic Infrastructure[6]

Approximately $107.9 million was spent on economic infrastructure in 2007, representing 61.3 percent of total public sector construction expenditure and a decline of 4.7 percent. Of this, $101.6 million was incurred by the Central Government, largely reflecting continued investment in the island's road infrastructure and to a lesser extent, its water supply.

[6] This refers to the basic physical facilities which promote or enable economic growth

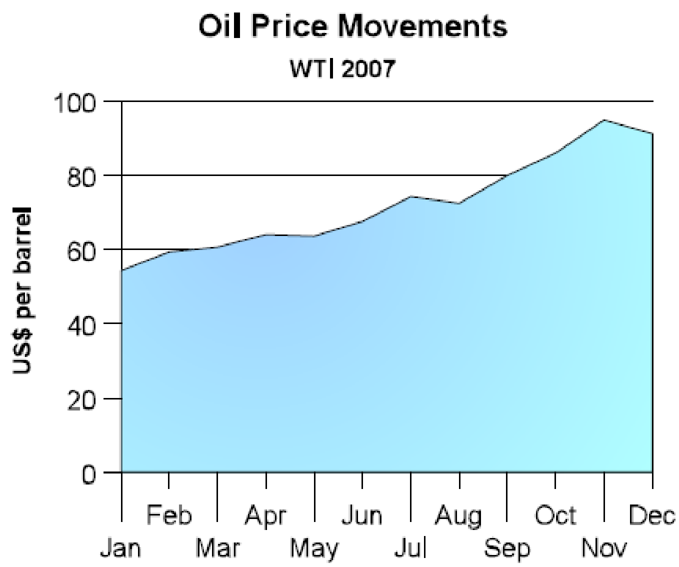
Expenditure on roads by the central government, as in 2006, amounted to roughly $80.0 million. The major road works during the review period were the continuation of both the East Coast Road Rehabilitation and the Castries Gros-Islet Highway Improvement projects. In an attempt to improve the flow of traffic, the latter involved the construction of four footbridges, two roundabouts, a median barrier and the conversion of a portion of the highway into a four lane carriageway. These accounted for a total of $51.9 million. Other road construction activity undertaken during 2007 included the completion of the Tertiary Roads Programme ($8.1 million), the reconstruction & rehabilitation of other roads ($13.2 million) and works on the Urban Renewal Programme ($2.2 million).

The Water Supply and Infrastructure Project continued during 2007. This project comprised the installation of mains and pumps to improve the availability and reliability of potable water supply to the north of the island. Spending on this project amounted to $16.1 million compared to $1.4 million in 2006 when work commenced. The Water Sector Reform project came to a close with $0.9 million expended in 2007.

Construction-related expenditure by statutory bodies dropped to $5.2 million from $24.0 million in 2006. This was as a result of the completion of works on the rehabilitation of the Northern Wharf at Port Castries in early 2007. The St. Lucia Air & Sea Ports Authority undertook other works at Port Castries including the refurbishment of the ferry terminal at a cost of $1.3 million, the reconfiguration of shed number six ($0.5 million) and the construction of a Port Health & Quarantine facility ($0.1 million). Accordingly, spending by SLASPA fell from $22.2 million to $4.0 million in 2007. The Water and Sewage Company (WASCO) spent a total of $2. 4 million on the water treatment system at Dennery, the replacement of various water mains and ongoing works on the Fifth Water Supply project.

ENERGY

As an oil-importing country, developments in the international petroleum market continued to impact on the energy sector in St. Lucia. Movements in world oil prices were driven by a combination of supply, demand, ongoing geo-political and speculative factors which resulted in a further tightening in the market. Supplies were affected by heightening instability in the Middle East, disruptions in Nigeria due to continued violence, weather-related production shutdowns and limited spare refinery capacity. Led by China, India and countries in the Middle East, global oil demand remained robust throughout 2007. Low inventories in the US, the continued deprecation of the US dollar and growing concerns about supply constraints also generated upward pressure on oil prices.



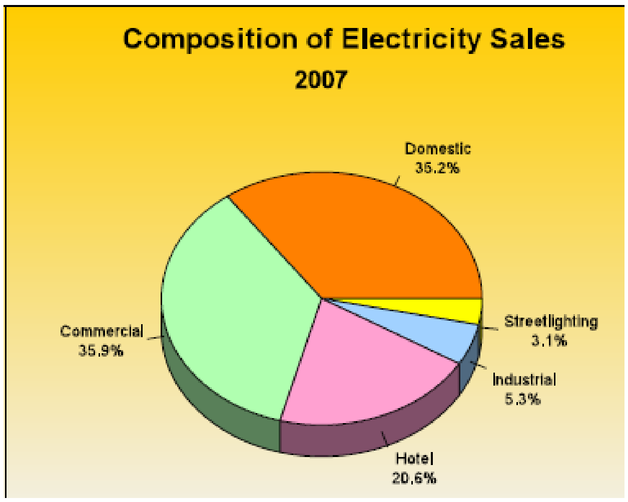
After rising rapidly in the first half of 2007 from US$58.32 a barrel in early January, West Texas Intermediate (WTI) prices soared to a new record high of US$99.00 per barrel in November. WTI prices averaged US$72.14 per barrel in 2007 compared to US$66.10 per barrel in 2006, an increase of 9.2 percent. Despite these persistent increases in oil prices, the retail price of fuel in the domestic market, with the exception of LPG, remained unchanged in 2007. The price of the 20 pound and 100 pound cylinder increased from $28.20 to $30.00 and from $150.00 to $170.00 respectively in May. The local prices of unleaded gas and diesel were last increased in August 2005.

Electricity

Reflective of an expanding consumer base, electricity generated by Saint Lucia Electricity Services Ltd. (LUCELEC) rose by 4.2 percent to 345,698 Kilowatt hours in 2007. Consequently, value-added in the sector is estimated to have grown by 14.2 percent (**See Appendix III**), resulting in a contribution to real GDP of 3.6 percent in the review period.

Led by commercial use, total domestic consumption of electricity continued to trend upward, increasing to 297,841 kilowatt hours from 284,398 kilowatt hours in 2006. Moderate increases in usage were recorded for all categories of consumers.

Consumption by commercial users grew by 3.4 percent to 106, 924 Kilowatt hours, notwithstanding a marginal increase in the number of new customers. Despite rising costs, domestic consumers (households) consumed 3.1 percent more electricity in 2007, amounting to 104,784 Kilowatt hours. This was partly due a larger number of recorded users which grew by 1.0 percent.

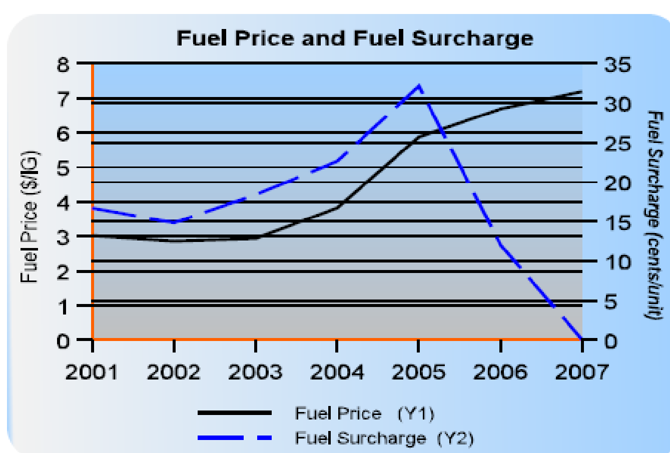


Electricity consumption by hotels were 6.5 percent higher in 2007 compared to the 1.1 percent growth in the previous year. This was due to the expansions of existing hotel plant and the opening of new hotel establishments prompted by the hosting of CWC 2007.

Usage by industrial consumers recorded the highest growth of 21.6 percent to 15,789 Kilowatt hours while the average number of users fell from 112 to 101. The installation of additional poles across the island and the enhancements along the primary road network following the completion of major road works generated a 2.8 percent increase in the electricity consumed for street lighting.

In the review period, LUCELEC's internal use of electricity grew negligibly by under 1.0 percent to 13,185 Kilowatt hours. This was attributed to efforts to maximize the efficiencies largely in the production of electricity. The amount of electricity lost in transmission moved from 34,423 Kilowatt hours in 2006 to 34,672 Kilowatt hours.

In line with movements in international oil prices, the average cost of fuel paid by LUCELEC to its supplier increased by 7.5 percent to $7.18 per imperial gallon. This followed an increase of 13.8 percent in the price of fuel purchased by the company in 2006. However, as a result of changes[7] in the components of consumer



[7] This entailed a reclassification of a large component of the fuel surcharge into the basic tariff, effective April 2006

charges by LUCELEC, effected by the 2006 amendments to the Electricity Supply Act, the average fuel surcharge[8] for 2007 moved from 12.05 cents per unit to 0.05 per unit of electricity sold.

Alternative Forms of Energy

The Government of St. Lucia is in the process of finalizing its National Energy Policy which will outline its plans for the sustainable supply of energy to satisfy the anticipated expansion in demand. This includes the pursuit and promoted use of new and renewable sources of energy in order to reduce the heavy dependence on expensive imported energy.

In light of the escalating costs of oil-based fuel, during the review period, the Government of St. Lucia continued to explore various possibilities of developing alternative and local sources of energy. These efforts were primarily focused on geothermal, bio-fuels and wind energy. Currently, various options and proposals were under review with a view to implementation in the near future. In addition, the Government facilitated the establishment of an oil refinery in St. Lucia through a significant private sector investment to be undertaken by Hess Oils Ltd.

Importation of Commercial Energy

During the review period, importation of commercial energy grew by 3.7 percent to 1,287,587 Barrels of Oil equivalent (BOE). This was largely on account of increased quantity of diesel imported.

Diesel importation grew by 2.2 percent to 669,181 BOE due to an increase in the stock of registered diesel vehicles and the higher production of electricity. The volume of imports of unleaded gas was close to its 2006 level at 349,261 BOE. Imports of liquefied propane gas (LPG) fell to 56,904 BOE in 2007, while the quantity of kerosene / aviation fuel rose by 28.3 percent to 212,241 BOE.

The imported price of all these fuels, as captured by the Mean Caribbean Price (MCP), rose in 2007. The average MCP for unleaded gas and diesel increased by 10.4 percent to US$1.99 per American gallon and 9.9 percent to US$1.90 per American gallon respectively. Similarly, the MCP for LPG rose by 9.8 percent in 2007. However, domestic retail prices did not reflect the increases in these prices as the Government maintained the price-controls on these products with unchanged prices at the pump. As a result, throughout much of 2007, the Government continued to absorb significant revenue losses of consumption tax on petroleum

[8] The fuel surcharge is the difference between the current world market price and the base price (which is equal to the average of the preceding 12 months) expressed over the total sales of a given month in (cents per unit or kilowatt-hour (kwh)

products as well as subsidize the cost of all these petroleum products, most particularly LPG.

TRADE & THE BALANCE OF PAYMENTS

After widening for two consecutive years, preliminary estimates of the current account deficit of the Balance of Payments (BOP) are estimated to have narrowed marginally to $755.0 million in 2007 (**See Appendix XII)**. This is equivalent to 29.0 percent of GDP, down from 31.0 percent of GDP in 2006. This performance was characterized by negligible net movements in the goods account and current transfers alongside a weakening of the income account. There was a moderate improvement in the services account led by higher inflows of travel receipts.

On the capital and financial account, net inflows inched up to $838.6 million, representing 32.0 percent of GDP compared to 34.0 percent in 2006 (**See Appendix XII)**. This outcome reflected mainly the activities of commercial banks. Over the review period, the current account deficit was financed fully by net inflows on the capital & account, leading to an overall surplus of $51.3 million.

Current Account

After deteriorating significantly in 2006, the current account balance improved slightly with a lower deficit of $755.0 million. In keeping with the slowdown in economic activity, net inflows on the goods and services account declined marginally by 1.7 percent to $624.9 million. This was influenced largely by the relatively unchanged merchandise trade deficit, following a marked upturn of 22.6 percent in 2006, as growth in the value of exports outpaced that of imports.

Net inflows on the services account grew modestly by 4.0 percent to $471.0 million, primarily indicative of the 4.0 percent rise in net travel receipts. The latter was partly occasioned by the notable increase in cruise ship arrivals.

Net outflows on the income account increased by 3.5 percent to $162.6 million. This outcome was mainly due to the increase in outflows of income earned on portfolio investments in previous years. Net inflows of current transfers advanced to $32.5 million to benefit other sectors outside general government.

Capital and Financial Account (See Appendix XII)

After more than doubling in 2006, the capital and financial account surplus was close to the 2006 level at $838.6 million, representing 32.0 percent of GDP. This was influenced largely by the marked easing in the rate of growth of the financial account accompanied by the decline in the surplus on the capital account by a half. The latter was driven primarily by a fall in grants receipts of $15.1 million to $12.0

million.

Net inflows on the financial account grew by 2.5 percent to $823.0 million, largely indicative of the 11.2 percent improvement in the net inflows on other investment to $236.6 million. This was led chiefly by the 24.5 percent increase in net inflows by commercial banks as they drew down on their net foreign assets to facilitate domestic credit demand. Loan disbursements to the public sector declined by a quarter to $82.4 million, and in part, resulted in net disbursements falling by 35.6 percent to $41.7 million. This is in keeping with the improvement in the central government's fiscal position and its increased borrowing from domestic sources.

Net inflows of foreign direct investment, which accounts for the bulk of the financial account, stood at $631.5 million, roughly the same level as the previous year. This was consistent with the downturn in investment activity in both the public and private sectors over the review period, following heightened economic activity stimulated by preparations for Cricket World Cup 2007 in the previous year.

Net outflows on the portfolio investment account widened further by 8.8 percent to $45.1 million, owing in part to the increase in net outflows relating to amortization payments on bonds.

Overall Balance

Continuing the trend in the previous year, an overall surplus of $51.2 million was realized in 2007, equivalent to 2.0 percent of GDP. The overall surplus increased by 41.5 percent, spurred by the moderate performance in net travel receipts and in the appreciable increase in net inflows of other investments, as well as the notable net inflows in foreign direct investment. Accordingly, this led to a 14.4 percent rise in imputed reserves, reaching $408.3 million at the end of 2007.

MONETARY & FINANCIAL SECTOR

Monetary Developments

Developments in the monetary and financial sector were characterized by a further tightening of liquidity in the banking system in excess of 110.0 percent, emanating from a vibrant expansion in credit alongside slower growth in deposits. In addition, Saint Lucia moved from a net foreign asset position to a net foreign liability position, as commercial banks increased their foreign borrowing to satisfy the high demand for credit.

Following robust growth in 2006, the sector, which comprise banking and insurance, registered another strong performance, despite the downturns in the real sector. Real growth in the sector is estimated to have increased by 12.9 percent in the review period. Accordingly, the contribution of the sector to GDP, led by brisk activity in the banking sector, increased by 1.5 percentage points to 14.6 percent.

At the end of 2007, monetary liabilities (M2) advanced by 6.0 percent to $2,179.7 million on account of a 14.9 percent increase in net domestic assets to $2,227.3 million. This was driven by considerable growth in demand for credit by the private sector. There was an increase in credit allocated to most economic sectors. This resulted in a further tightening of liquidity, as indicated by the loans to deposit ratio which moved to 113.6 percent. Consequently, as in 1997, there was a shift in the foreign position from net assets of $117.6 million to net liabilities of $47.7 million. St. Lucia's net international reserves increased by 14.4 percent to $408.2 million at the end of 2007. Interest rates were fairly stable given little adjustments in the term structure of the various nominal interest rates during the review period.

Domestic Credit[9]

During the review period, credit to the domestic economy increased by 31.1 percent to $2,990.4 million. This stemmed from the appreciable increase in credit to the private sector to $3,090.8 million which was fuelled most significantly by business credit. Household credit grew by 11.5 percent to $1,191.8 million but was outpaced by the growth in business credit to $1,899.0 million.

The review period marked a shift in the position of the central government from a net lender to the banking system, of $32.0 million in 2006, to a net borrower of $17.2 million at the end of 2007. Unlike previous years, the level of credit granted to the Government exceeded its deposits. Outstanding loans & advances to the Government, largely by commercial banks, increased by $60 million (20.6 percent) to $350.5 million, while government deposits grew at a slower pace of 3.3 percent to $333.3 million. Despite the fall in central government deposits by $10.8 million, the change in government deposits was due to the $21.5 million increase in local government deposits.

By contrast, non-bank financial institutions and non-financial public enterprises continued to be net lenders to the banking system. At the end of 2007, net deposits of non-financial public enterprises grew by 13.3 percent to $243.4 million as their deposits increased by 7.5 percent, while credit to these institutions declined by 3.2 percent. The nominal increase in deposits of non-bank financial institutions

[9] In the Monetary Survey *Domestic Credit* is the total net credit of al the participants in the banking system, except for the Private Sector whose credit is not presented as a net figure. (**See Appendix XII**I)

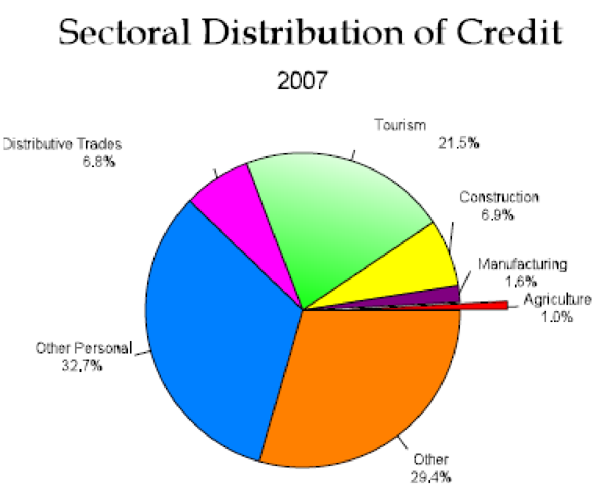
outpaced the 2.5 percent growth in credit to $38.1 million. Accordingly, their net deposits grew to $41.3 million.

On account of a doubling of deposits by subsidiaries & affiliates to $21.4 million, their net credit decreased by 7.6 percent to $167.1 million. Notwithstanding, credit to subsidiaries & affiliates grew modestly by 3.8 percent to $209.6 million.

Credit by Economic Activity

Following growth of 25.7 percent in 2006, commercial bank credit expanded robustly by 28.5 percent to $3,510.8 million. This was led by solid increases in credit to the tourism, professional & other services and personal sectors.

However, personal credit continued to dominate the loan portfolio of commercial banks, growing by 11.8 percent to $1,149.4 million. Credit for durable consumer goods and other personal items increased by 35.3 percent to $187.9 million and 16.2 percent to $448.5 million respectively. This is partly reflective of the commercial banks' willingness to lend for the purchase of (new) motor vehicles, the prices of which have increased. While increasing at a considerably slower pace of 2.0 percent to $513.1 million, credit for the acquisition of property continued to account for roughly half of personal credit. Of this, the decline in lending for house & land purchases to $218.6 million was fully offset by the increase in loans to $294.5 million for home construction & renovation.



Mirroring ongoing investments in this leading economic sector, credit for tourism purposes rose markedly by more than half to $756.0 million. Credit for other construction & land development also grew significantly to $244.0 million in 2007. Many investments, some of which benefited from the fiscal incentives associated with the CWC 2007, continued after the event due to delays and incomplete construction works.

Loans and advances to the agriculture sector, including fisheries, were 17.8 percent higher than in 2006 at $35.9 million. Notwithstanding, this comparatively low share of total credit and limited access to financing by sector participants remain a concern. Credit channeled to the distributive trades increased by a marginal 1.4 percent to $239.4 million while credit to the manufacturing sector declined by 7.0 percent to $54.7 million.

Domestic Liabilities

Gross liabilities of the banking system continued on its steady upward path, increasing by 26.3 percent to 5,247.2 million. In 2007, this was occasioned in large measure by increased borrowing from regional banks to satisfy the considerable increase in demand for credit, as reflected by higher balances due to ECCB area banks.

Deposit liabilities, which account for a dominant share of total domestic liabilities, rose by 6.2 percent to $3,099.2 million, compared to an average growth of 11.8 percent over the past four years. All categories of local currency deposits by type recorded growth, albeit at slower rates when compared to 2006. This may suggest that economic agents have started to shift away from low-bearing interest rate deposits to other higher yielding financial instruments given alternatives in an increasingly more sophisticated financial environment.

An evaluation of the local currency deposits of commercial banks by type reveals that despite their varying growth rates, the distribution remained relatively unchanged in 2007. Savings, the leading sub-category (accounting for 45 percent of the total), increased by 9.0 percent to $1,317.1 million. Demand deposits grew by 14.7 percent to $700.6 million, in contrast to the drop of 1.7 percent in 2006. Time deposits rose by 8.4 percent to $907.4 million while total foreign currency deposits were lower by one third to $174.1 million.

Deposits held at commercial banks by non-residents grew by 10.0 percent to $290.9 million. Commercial bank deposits by residents accounted for 90.6 percent of total deposits and increased by 5.8 percent to $2,808.3 million. Of this, just over one-half was held by private individuals. The aggregate deposits of business firms expanded by 11.0 percent to $438.5 million. Deposits of statutory bodies at commercial banks, largely that of the National Insurance Corporation, increased by 7.7 percent to $354.8 million. By contrast, central and local government drew down on their deposits, reducing it to $276.4 million from $290.1 million, following a substantial decrease of 15.9 percent in 2006.

Money Supply

In line with the increase in domestic credit, total monetary liabilities (M2) grew by 6.0 percent to $2,179.7 million in 2007. This was due to increases in both M1 and quasi-money4. The change in M2 also captured movements in the aggregates of assets, namely the 14.9 percent increase in net domestic assets and the shift from a net foreign asset position to net liabilities of $47.7 million.

The narrow measure of money, (M1), rose by 13.3 percent to $635.4 million, driven by strong growth in private sector demand deposits to $507.4 million. Growth in currency held by the public moderated to $128.0 million at the end of December 2007. Growth in quasi-money, which accounts for approximately 70 percent of M2, decelerated by the end of 2007, increasing by 3.3 percent to $1,544.2 million. Collectively, private sector savings deposits and time deposits accounted for 92.7 percent of quasi-money and increased by 11.4 percent to $1,434.1 million. These offset the decline recorded in private foreign currency deposits.

Liquidity

During 2007, the commercial banks experienced a significantly tightening of liquidity as the demand for credit exceeded the level of deposits in the system. Since 2004, liquidity, as proxied by the loans to deposit ratio, has been tightening. This measure of liquidity moved to 113.3 percent in 2007 from 93.6 percent in 2006. This marked the highest ratio to date and the first over 100.0 percent since 1997 when a ratio of 100.8 was recorded. Loans and advances grew by 28.5 percent to $3,510.8 million while total deposits increased at a slower rate of 6.2 percent to $3,099.2 million. Commercial banks increased their borrowing from banks in the ECCU area from $366.1 million in 2006 to $704.1 million in 2007.

Liquid assets registered another substantial decline of 132.3 percent to a net liability position of $65.4 million. This is attributed to a 60.0 percent increase in liquid liabilities compared to a 17.9 percent increase in liquid assets, as local banks sourced funds from overseas banks to finance the significant expansion in credit.

Interest Rates

In keeping with the slow rate of growth in deposits relative to the demand for credit, the weighted average interest rates on deposits inched up by 16 basis points to 3.07 percent. Slightly higher savings rates were offered by banks to ease the tight liquidity situation. On the other hand, the weighted average loan rate fell by 136 basis points as banks opted to maintain their lending rates in order to support their promotional campaigns. Nonetheless, the minimum and maximum loan and deposit rates remained unchanged for the most part in the period under review.

The maximum rate for demand deposits remained unchanged over the past three years at 3.00 percent. After declining by 75 basis points in 2006, the spread on savings deposits increased by 25 basis, moving the maximum deposit rate to 4.25 percent. The range of rates for special deposits remained unchanged at 1.50 and 8.00 percent respectively. In order to attract funds, banks increased the maximum three-month and six-month short term rates of time deposits by 50 and 75 basis points to 3.50 and 3.75 percent respectively. The minimum and maximum rate for the medium term time deposits remained unchanged at 1.00 and 4.00 percent respectively.

The spread on lending rates remained unchanged over the past three years. Accordingly, the minimum and maximum prime lending rate stood at 9.50 percent and 10.00 percent respectively. The range for other lending rates remained at 11 percent with a maximum rate of 17 percent. In the review period, the difference between both the minimum and maximum nominal and effective interest rates was unchanged at 3.50 percent and 10.50 percent respectively.

Selected Interest Rates

	Dec '05	Dec '06	Dec '07
Demand Deposits	0.0 -3.0	0.0 - 3.0	0.0 - 3.0
Savings Deposits	3.0 - 4.75	3.0 - 4.00	3.0 - 4.25
Time Deposits (3 - 6 months)	1.0 - 3.0	1.0 - 3.0	1.0 - 3.75
Time Deposits (1-2 yrs)	1.0 - 4.0	1.0 - 4.0	1.0 - 4.0
Prime Lending Rates	9.5 - 10.0	9.5 - 10.0	9.5 - 10.0

External Reserves

At the end of 2007, preliminary data shows that Saint Lucia's net foreign assets reflected the significant build-up in commercial banks' liabilities. Given that the increase in domestic deposits was insufficient to finance the continued expansion in domestic credit, net foreign liabilities of $47.7 million were recorded, compared to net foreign assets of $117.6 million. Significant amounts were sourced by commercial banks from other ECCB territories leading to a net liability position to these banks of $163.8 million, up from $14.6 million in 2006. As a result of these large inflows, commercial banks' net foreign liabilities almost doubled to $455.9 million.

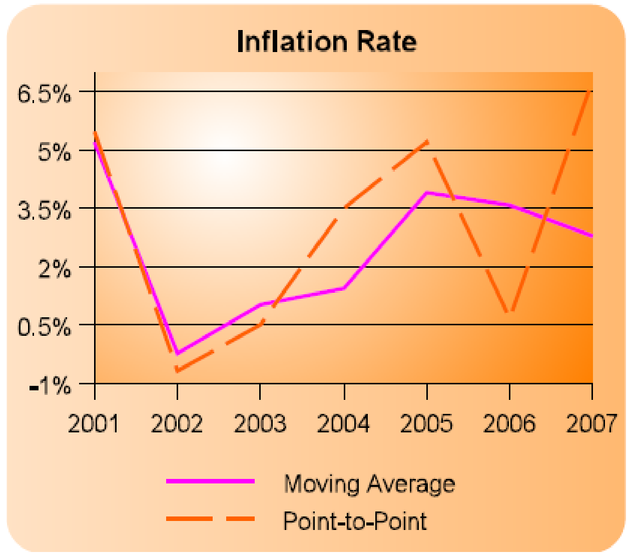
In contrast with the deterioration of the commercial banks net asset position, St. Lucia's imputed reserves at the central bank increased by 14.4 percent to $408.2 million. This was due to a 15.2 percent increase in imputed assets spurred by the narrowing external current account deficit, led by the increase in tourism receipts.

PRICES

Official statistics indicate that inflationary pressures continued within the domestic economy during 2007 given persistent increases in international oil and food prices. The 12-month moving average rate of inflation, as measured by the corresponding percentage change in the Consumer Price Index (CPI), was recorded at 2.8 percent. This follows from inflation rates of 3.9 percent and 3.6

percent reported for 2005 and 2006. However, on a point-to-point basis, prices increased by 6.8 percent at the end of December 2007 when compared to December 2006.

The increase in domestic consumer prices was influenced largely by the unprecedented rise in world oil prices and other commodities, particularly food, which adversely affected prices in the global economy. Average crude oil prices increased by 9.2 percent to US$72.10 per barrel in 2007. Food costs grew by 15.2 percent coupled with strong increases in the world prices of wheat, rice, milk and dairy products. Other exogenous macroeconomic conditions including the depreciation of the US dollar against major currencies led to higher prices in the US. These contributed to the upward movement in the general price level through higher import prices from all of our trading partners.



The only recorded decline in the CPI was the Medical Care & Health sub-index which fell by 1.1 percent, in contrast to the 5.8 percent increase in 2006. This was mainly on account of the fall in the cost of medical products. The Clothing & Footwear sub-index, however, remained unchanged over the review period.

POPULATION AND DEMOGRAPHY

In 2007, preliminary estimates indicate that the population grew by 2.6 percent to 171,226. The natural rate of increase of the population rose marginally from 1,036 to 1,044 persons , after steadily declining between 1999 and 2006. As a result, there was a contraction in the otherwise bottom heavy or youthful population distribution. This was evident the smaller proportion of persons aged 5 to 9 (8 percent of the population) relative to those 15 to 19 and 10 to 14 accounting for 10 percent each.

The labour force as a percentage of total population grew slightly by 0.04 percent to 50.5 percent at the end of December 2007 compared to the previous year.

V. CENTRAL GOVERNMENT FISCAL OPERATIONS

Preliminary estimates indicate that in 2007, the fiscal position of the central government improved markedly. Against the backdrop of a considerable slowdown in economic growth, this was occasioned by a strong revenue performance accompanied by slower growth in expenditures. The current account surplus increased substantially to $156.1 million or 5.9 percent of GDP from 4.2 percent of GDP in 2006. Given the contraction in capital expenditure by approximately 22.0 percent to $218.5, the overall deficit narrowed by to $58.3 million or 2.2 percent of GDP from $167.7 million or 6.7 percent of GDP. In 2007/08, the primary balance moved from a deficit of 3.3 percent of GDP to a surplus of 1.3 percent of GDP. (**See Appendix V**).

Revenue Performance

Following growth of 7.9 percent to $664.4 in 2006, total revenue and grants grew by 10.2 percent to $732.0 million in 2007/08. This was the equivalent of 27.8 percent of GDP, an improvement from the 26.5 percent recorded in the previous year. This was due to strong growth in revenue as grants amounted to $4.1 million. Notwithstanding the relatively flat performance of the overall economy[10] for much of the review period, current revenue rose by 10.8 percent to $727.8 million. This upturn was buoyed by an increase of 10.2 percent in tax revenue to $685.6 million, stemming most significantly from accelerated growth in taxes on income, coupled with positive contributions from other major tax categories.

Over the review period, direct taxes increased by 22.8 percent to $201.9 million while growth in indirect tax collections slowed to 5.7 percent or $483.6 million, representing roughly half the pace of growth recorded in the previous fiscal year.

Taxes on Income & Property

Taxes on income expanded appreciably by 22.7 percent to $196.8 million during the review period, primarily on the continued strength of corporations tax receipts. Reflecting growth in corporate profits, boosted by activity associated with the CWC preparations, these taxes increased by more than half to $92.0 million. Taxes on personal income and arrears also contributed to this favorable performance. Personal income tax collections rose by 11.4 percent to $71.3 million, indicative of an increase in employment, including the public sector, which was partly attributed to hosting of the CWC 2007.

[10] This refers to growth on a calendar year basis in 2007.

Owing, in part, to the tax clearance policy pursued by commercial banks to facilitate financial transactions, collections of arrears rose by 28.4 percent to $34.9 million, reversing the declines of the two previous fiscal years. However, withholding taxes declined further to $5.2 million, which represents less than half of the extra-ordinary amounts reported in 2006/7 and 2005/06. This was in keeping with the downturn in the construction sector, higher level of exemptions and also due to compliance issues.

In the review period, receipts from property tax improved from $3.2 million in the previous fiscal year to $4.7 million. This was chiefly on account of the near completion of efforts to fully convert the property tax base from rental value to market value. In addition, there was an increase in the value and stock of taxable properties.

Taxes on Goods and Services

Influenced in part by moderate expansion in the non-traded sectors, taxes on goods and services increased by 8.5 percent to $237.6 million, having recorded growth of 10.3 percent in 2006/7. Collections from stamp duty, licences and consumption tax, contributed more notably to the higher intake of this category of taxes. Following a 44.1 percent increase in 2006/7, stamp duty collections advanced by 21.3 percent to $31.5 million in line with the growth in financial and real estate transactions. Receipts from licenses rose by just under one third to $22.2 million in 2007/08. This was mainly attributed to increases in telecommunications class licenses and motor licences.

Growth in the value of other imports led to increased consumption tax receipts which offset the substantial loss of revenue on petroleum products. During much of 2007/08, the government controlled retail prices of petroleum products were unchanged amidst high and escalating global oil prices. Consequently, consumption tax grew negligibly to $112.2 million. Consumption tax on domestically produced goods rose by $1.8 million due to an increase in the value of manufactured goods. As a result, total consumption tax on all imports grew by 3.6 percent to $122.1 million. Notwithstanding a decline in occupancy levels at all-inclusive and conventional properties, hotel accommodation tax grew by 11.3 percent to $33.5 million due to collection of outstanding payments. Indicative of increasing usage of mobile phones, revenue from cellular tax continued trend upward steadily, growing by $2.9 million to $12.0 million over the review period.

In line with developments in the property and motor vehicle markets, insurance premium tax yielded an additional $1.3 million. Lower collections of domestic excise taxes of $2.6 million were influenced by the contraction in production of alcoholic beverages. Consistent with the decline in tourist arrivals, revenue from passenger facility fees dipped to $3.1 million while increased production of electricity generated marginal increase in fuel surcharge to $3.6 million.

Taxes on International Trade and Transactions

Revenue from taxes on international trade rose to $246.0 million, albeit at a decelerated pace of 3.2 percent, compared to 15.9 percent in 2006/07. This was mainly attributed to growth in import duty of 8.8 percent to $107.0 million. Similarly, due to a modest increase in the value of imports, excise tax (imports) recorded growth of 9.9 percent to $43.0 million. However, there was little change in collections from service charge on imports due to an increase in its level of concessions. Through put charges more than doubled to $3.1 million, as a result of larger volumes of re-exports of petroleum products from the Hess Oils storage facility.

After growing by 20.0 percent in 2006/07, environmental levy fell by 16.4 percent to $18.0 million. This downturn reflected the impact of the reduction in the statutory rates charged on the importation of used vehicles. Collectively, revenue receipts from airport and travel taxes fell by $1.6 million to $9.2 million in 2007/08. These were affected by the decline in tourist arrivals as well as reduced air travel by locals as a result of high ticket costs. Moreover, lags in remittances to the Central Government by collections agencies continued in the review period.

Non-Tax Revenue

Following the decline of 17.6 percent in 2006/07, collections of non-tax revenue improved by 25 percent to $44.2 million in 2007/08. Fees, fines and sales increased considerably to $23.4 million due to increased intransit fees associated with the significant growth in cruise arrivals. Interest and rents rose appreciably to $12.4 million, owing to higher receipts of dividends and interest earned on the consolidated fund. St.Lucia's share of distributed ECCB's profits amounted to $3.3 million compared to none in the two previous years. Reflective of their financial performance, the surplus from Government's operating departments declined by $1.5 million in 2007/08. This is due to Government's attempt to contain the cost of living by containing increases in the costs of price controlled food items such as flour, fixed, in the face of rising import prices.

Expenditure Performance (Appendix VI)

Over the review period, total expenditure by the central government is estimated to have declined by 5.0 percent to $790.2 million or 30.0 percent of GDP, in contrast to the steady increases reported in the previous fiscal years. This downturn was prompted by the fall in capital spending due to completion of major CWC related infrastructural projects early in the year and the delayed implementation of new projects. Capital expenditure decreased to 8.3 percent of GDP from 11.2 percent in 2006/07. In addition, current expenditure grew at a slower pace in 2007/08.

Current Expenditure
After increasing by 7.4 percent in 2006, growth in current expenditure slowed to 3.7 percent to $571.8 million in the review period. This outcome was attributed to lower current transfers and decelerated increases in all other expenditure categories.

VI. PUBLIC DEBT

At the end of December 2007, total public outstanding liabilities, including payables, advanced by 8.1 percent to $1,774.4 million. Of this, the stock of public debt grew by 8.4 percent to $1,760.5 million, representing 67.9 percent of GDP, above ECCB's prudential guideline of 60.0 percent. This was primarily driven by the 10.8 percent increase in central government debt to $1,582.2 million, on account of higher levels of domestic debt. As a ratio of GDP, total central government debt was equivalent to 61.0 percent, from 57.4 percent in 2006. Guaranteed debt decreased by 12.7 percent to $125.5 million while non-guaranteed debt fell by 1.6 percent to $52.8 million. Total public outstanding payables stood at $13.9 million, a 19.0 percent decrease over 2006. (**See Appendix VII**)

In keeping with the recent downward trend in global interest rates, which is largely reflected in bilateral and multilateral loans, the weighted average cost of debt (WACD) moved to 5.7 percent compared to 5.9 percent in 2006.

Interest rates on loans averaged 4.3 percent, representing the lowest for all debt instruments over the review period. This outcome was partly attributed to the sizeable component of confessional loan funding in the government's debt portfolio and is consistent with the Government's policy of reducing the cost of its debt. Participation in the Regional Government Securities Market (RGSM) has resulted in a continuous reduction in interest rates on treasury bills which represent less than one percent of Central Government debt.

Of the total central government outstanding debt, 60.5 percent ($953.5 million) accounted for long-term liabilities with maturities exceeding ten years, and comprised mainly loans (47.6 percent) and bonds (41.8 percent). The remaining debt stock was represented by short to medium-term liabilities with maturity profiles ranging between one to ten years. External debt with long-term maturities accounted for 57.0 percent of central government disbursed outstanding debt.

Government's ability to meet its debt obligations can be evaluated by a number of key indicators. In 2007, debt service payments grew by nearly 12.0 percent to $153.5 million. This was primarily driven by the 25.3 percent increase in principal repayments to $72.5 million, due to higher sinking fund contributions related to future maturing securities. However, as a result of the strong revenue performance in 2007, the Central Government total debt service to current revenue ratio dropped from 22.1 percent to 21.0 percent.

Domestic Debt

Over the review period, public disbursed domestic debt rose by 22.4 percent to $656.6 million and accounted for 37.3 percent of total public sector official debt. This was occasioned by an upswing in central government domestic debt. Total domestic guaranteed and non-guaranteed debt contracted by 11.6 percent to $40.2 million and by 5.9 percent to $19.5 million respectively.

Owing to increased commercial bank borrowing, Central Government domestic debt increased by 27.0 percent to $596.9 million, following a 19.0 percent increase in 2006. In addition, induced by relatively more attractive rates, the Government issued a total of seven (7) securities on the Regional Government Securities Market (RGSM), amounting to $173.0 million, of which $93.0 million was for the purpose of refinancing maturing treasury bills. Out of the remaining $80.0 million in new government security issues, $56.7 million was subscribed domestically. These additional disbursements were used to finance CWC related capital expenditure and for budgetary financing. **(See Appendix VII)**

External Debt

At the end of 2007, growth in public sector external debt moderated to 1.4 percent, or $1,103.9 million, compared to the 4.1 percent increase in 2006. This is equivalent to 42.6 percent of GDP. This outcome was influenced by the 13.1 percent decline in guaranteed external debt, which was offset by growth of 2.9 percent in central government external debt to $985.3 million (36.9 percent of GDP). The latter was due to respective increases of 9.8 percent to $635.8 million and 8.3 percent to $20.2 million in loans and treasury bills, which was offset by the 8.4 percent fall in the stock of bonds to $329.3 million. **(See Appendix VII).**

The increase in loan disbursements to the central government was led by the 8.6 percent rise in multi-lateral debt to $552.6 million and an 18.3 percent growth to $83.2 million in bi-lateral debt. This upturn reflected the financing for the following projects - Water Supply Infrastructure Improvement; OECS Catastrophe Insurance; Rehabilitation of Tertiary Roads; OECS Education Development; Castries / Choc Bay Junction / Highway Improvement and Disaster Mitigation.

External Debt by Currency

The fall in the value of the US dollar against other currencies contributed to higher non-US denominated external debt balances. In order to limit its exposure to exchange rate risk, the government continued to contract external debt denominated in currencies with a fixed exchange rate to the Eastern Caribbean

Dollar. Debt contracted in United States dollars represented 52.9 percent of overall central government foreign debt, while debt denominated in Eastern Caribbean dollars and Barbados dollars accounted for 19.9 percent and 1.0 percent, respectively. Accordingly, 73.8 percent of central government external debt bears no exchange rate risk. The proportion of debt in other currencies included SDRs (13.7 percent), euros (6.1 percent), Kuwaiti dinars (2.1 percent) and pound sterling (1.5 percent).

External Debt by Creditor

The Caribbean Development Bank (CDB) remained the dominant source of external debt financing to the public sector. Of the total public outstanding external debt, CDB contributed 36.0 percent or $396.8 million, much of which was invested in projects involving emergency recovery and disaster management, water supply infrastructure and road development. The Royal Merchant Bank accounted for 19.2 percent, or $188.7 million, of the total public external debt stock, the bulk of which was denominated in bonds. The World Bank Group, a major source of concessional funding to the government, accounted for 16.2 percent, or $179.3 million, of the total outstanding external debt stock.

External Debt by Economic Sector

Consistent with the government's commitment to economic and social infrastructural development, significant investments were continued in the areas of communications & works, education and training. Over a third of the central government's external loan funds was expended on works largely involving road improvements, water supply and sewerage treatment. As part of its objective of realising the Millennium Development Goals, government's expenditure on education continued to be a priority over the review period. Other significant areas included tourism and utilities. With a view to further promoting St. Lucia as a premier tourist destination, investment in marketing was boosted as evidenced by the rise to 18.1 percent in the ratio of tourism expenditure to total spending.

VII. ECONOMIC PROSPECTS

The combination of recessionary economic conditions in the US, worsening financial market strains in the US, weaker forecasted growth in advanced economies and rising oil prices, have dampened the economic outlook. Accordingly, growth in the domestic economy is clouded by the more widespread fall-out from the sub-prime mortgage crisis and resulting instability in credit markets in the US and Europe.

Despite these prevailing downside risks in the global economy, the prospects for the domestic economy in 2008 and beyond remain positive but cautiously optimistic. Stronger growth is predicated on a recovery in tourism and agriculture, robust growth in construction in the latter half of the year. The construction sector is expected to be the lead driver of economic activity in the near term. Activity is projected to accelerate from the second half of 2008 with the commencement of major new hotel construction. Furthermore, the implementation of Government's programme of economic development, through private / public partnerships, are expected to catalyze growth in each quadrant across the island and initiate the physical and economic transformation of St.Lucia. These will also serve to engender confidence in the economy amongst international and domestic investors alike.

The tourism sector is well placed to experience substantial growth in the next year as the shocks that characterized 2007 are expected to dissipate. The weakening US dollar may divert tourist traffic towards US dollar-pegged destinations such as St.Lucia and the wider Caribbean. The ongoing and upcoming significant investments in tourism, inclusive of golf courses, are set to reposition St.Lucia's tourism industry towards the high end of the market. Increased focus on the Canadian market is expected to result in continued growth in this market. However, the performance of the sector is contingent on further improvements in airlift to engender the growth in arrivals required to sustain the increased capacity in hotel plant. Cruise arrivals are also projected to grow robustly during 2008.

The outturn in the agriculture sector will depend on the fortunes of the banana industry which will be determined by the local adjustments to the new trade regime under the EPA signed recently with the EU. The sector is expected to benefit from added impetus from the livestock sub-sector upon completion of the construction of the national abbatoir.

Inflation is expected to increase against the backdrop of high, sustained and escalating world oil and commodity prices. Industry experts are projecting that oil prices will be approximately 35.0 percent higher than in 2007. In addition to these external pressures, domestic factors are expected to place upward pressures on the general price level in 2008. These are anticipated to originate from the forecasted pick-up in economic activity and increases in public sector wages, negotiations for which are underway. Additionally, the increase in the retail prices of petroleum products in mid-January 2008 is expected to potentially generate inflationary pressures within the economy. The prospective expansions in construction and tourism sectors are expected to result in a decline in unemployment.

VIII. CURRENT ISSUES OF GOVERNMENT SECURITIES

1. Treasury Bills
    - **Issues Outstanding** EC$88,596,900
    - **Type of Issue** Saint Lucia Government Treasury Bills
    - **Maturity in days** 91 and 365 days

Bills issued on RGSM	EC$27 M and EC$12 M
Maturity in Days	91dys and 180dys
Maturity in Dates	01 September 2008 and 23 July 2008
Discount	4.50 and 6.00 %

2. Bonds
    - **Issues Outstanding** EC$918,700.00
    - **Type of Issues** Saint Lucia Government Bonds
    - **Maturity in Yrs** 5, 6 and 10 yrs

    - **Notes and Bonds issued on RGSM** EC$402.9 M
    - **Maturity in Yrs** 5, 6 and 10 yrs
    - **Coupon** 5.79%, 6.0%, 6.5%, 7.4%, 7.5%, 5.50%, 7.00%, 7.55%
    - **Redemption Date** 2009, 2010, 2014, 2015, 2016, 2017, 2018

3. **Debt Rating**

    The GOSL has not been publicly rated by any International or Regional rating agency. The GOSL has never defaulted on its payment of contracted debt. It has maintained a strong relationship with its creditors and has been consistent in its debt servicing both domestically and externally.

IX. SECURITY ISSUANCE PROCEDURES, CLEARANCE AND SETTLEMENT AND SECONDARY MARKET ACTIVITIES

The series of Treasury Bills will be listed on the Regional Government Securities Market (RGSM). This market will operate on the Eastern Caribbean Securities Exchange (ECSE) trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be a competitive uniform auction with open bidding. The ECSE is responsible for dissemination of market information, providing intermediaries with market access, administering the auction process and monitoring and surveillance of the auctions.

The ECSE, through the Eastern Caribbean Central Securities Depository (ECCSD), will be responsible for facilitating clearance and settlement for the securities allotted. The ECCSD will ensure that funds are deposited to the account of the Government of Saint Lucia. The ECSE, through the Eastern Caribbean Central Securities Registry (ECCSR), will record and maintain ownership of the government securities in electronic book-entry form. The ECCSR will mail confirmation of proof of ownership letters to all investors who were successful in the auction. The ECCSR will also process corporate action on behalf of issuing governments.

Intermediaries will be responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE platform. Investors must provide the intermediaries with funds to cover the cost of the transaction. For this particular offering, investors will pay the applicable brokerage fees to the intermediaries.

A list of licensed intermediaries is provided in **Appendix I**. Clients that are successful will be informed of their payment obligations and funds deducted from their respective accounts with the intermediary.

As an issuer in the RGSM, the Government of Saint Lucia will be subject to the rules, guidelines and procedures developed by the Regional Debt Coordinating Committee (RDCC) for the operation of the market including ongoing reporting and disclosure requirements

APPENDIX I **LIST OF LICENSED INTERMEDIARIES**

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Anguilla		
National Bank of Anguilla Ltd	P O Box 44 The Valley Tel: 264-497-2101 Fax : 264-497-3310 Email : nbabankl@anguillanet.com	**Principal** Selwyn Horsford **Representative** Idona Reid
Antigua and Barbuda		
ABI Bank Ltd.	ABI Financial Centre Redcliffe Street St John's Tel: 268 480 2824 Fax : 268 480 2765 Email : abibsec@candw.ag	**Principals** Casroy James Carolyn Philip **Representative** Laura Abraham
Antigua Commercial Bank Ltd.	ACB Financial Centre P O Box 3089 St John's Tel: 268 481 4200 Fax: 268 481 4158 Email: acb@candw.ag	**Principal** Peter N Ashe Representative Sharon Nathaniel
Dominica		
National Mortgage	64 Hillsborough Street	**Principal**

<table>
<tr><th>INSTITUTION</th><th>CONTACT INFORMATION</th><th>ASSOCIATED PERSONS</th></tr>
<tr><td>Finance Company of Dominica Ltd.</td><td>Roseau

Tel: 767 448 4401/4405
Fax: 767 448 3982
Email : ncbdom@cwdom.dm</td><td>Caryl Phillip-Williams

Representatives
Marilyn Edwards
Debra Gordon</td></tr>
<tr><td colspan="3">Grenada</td></tr>
<tr><td>Republic Finance and Merchant Bank Ltd. (FINCOR)</td><td>NCB House
Grand Anse
St George’s

Tel: 473 444 1875
Fax : 473 444 1879
Email : fincorec@caribsurf.com</td><td>Principal
Wilma Williams

Representative
Mark Salina</td></tr>
<tr><td colspan="3">St Kitts and Nevis</td></tr>
<tr><td>St Kitts Nevis Anguilla National Bank Ltd.</td><td>P O Box 343
Central Street
Basseterre

Tel: 869 465 2204
Fax: 869 465 1050
Email: national_bank@sknanb.com</td><td>Principals
Winston Hutchinson
Anthony Galloway

Representatives
Marlene Nisbett
Desilu Smithen
Petronella Edmeade-Crooke</td></tr>
<tr><td>The Bank of Nevis Ltd.</td><td>P O Box 450
Charlestown
Nevis

Tel: 869 469 5564
Fax : 869 469 5798</td><td>Principal
Hanzel Manners
Kevin Huggins
Representatives
Lisa Jones
Vernesia Walters</td></tr>
</table>

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
	E mail : bon@caribsurf.com	
Saint Lucia		
Bank of St Lucia Ltd.	P O Box 1862 Bridge Street Castries Tel: 758 456 6000 Fax : 758 456 6190 Email : bankofsaintlucia@candw.lc	**Principals** Donna Matthew Beverley Henry Carla Morton-Campbell **Representatives** Trevor Lamontagne Lawrence Jean Dianne Augustine
Saint Lucia		
Caribbean Money Market Brokers Ltd. **(CMMB St Lucia**)	9 Brazil Street Castries Tel: 758 450 2662 Fax: 758 451 7984 Email : info@mycmmb.com	**Principals** Carole Eleuthere-Jn Marie Sharmaine Rosemond **Representative** Anderson Soomer
St Vincent and The Grenadines		
National Commercial Bank (SVG) Ltd.	P O Box 880 Cnr. Bedford and Grenville Streets Kingstown Tel: 784 457 1844	**Principals** Keith Inniss Jeffrey Ledger **Representatives**

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
	Fax: 784 456 2612 Email: natbank@caribsurf.com	Patricia John Rashida Stephens
Trinidad and Tobago		
Caribbean Money Market Brokers Ltd. (CMMB)	No. 1 Richmond Street, Ground Floor Furness Court, Independence Square Port of Spain **Tel: 868 623 7815/5153** Fax: 868 624 4544/9833 ; 627 2930 Email: info@mycmmb.com	**Principals** Brent Salvary Leslie St Louis **Representative** Vishwatee Jagroop

APPENDIX II GDP BY ECONOMIC ACTIVITY AT FACTOR COST – CONSTANT PRICES 1990

EC$ Millions

SECTORS	1998r	1999r	2000r	2001	2002r	2003r	2004r	2005r	2006r	2007pj
Agriculture, Livestock, Forestry, Fishing	**97.20**	**82.69**	**85.37**	**64.50**	**67.33**	**56.73**	**55.10**	**41.47**	**45.52**	**45.87**
- Bananas	51.22	41.05	43.68	22.37	35.75	22.78	26.81	16.84	18.76	18.12
- Other Crops	25.56	21.14	19.57	20.48	13.50	14.27	11.30	8.15	8.94	9.62
- Livestock	9.12	6.67	7.67	7.20	6.86	6.64	6.77	6.92	6.25	6.36
- Fishing	9.84	12.48	13.21	13.22	10.02	11.88	9.10	8.48	10.52	10.76
- Forestry	1.46	1.35	1.24	1.23	1.20	1.16	1.12	1.08	1.05	1.01
Mining and Quarrying	**5.83**	**6.72**	**7.45**	**5.71**	**5.82**	**5.83**	**5.72**	**5.50**	**6.59**	**7.45**
Manufacturing	**71.37**	**71.38**	**70.09**	**65.59**	**69.17**	**72.21**	**70.07**	**81.48**	**86.95**	**88.42**
Construction	**96.82**	**109.22**	**104.21**	**99.02**	**94.23**	**95.73**	**96.70**	**108.79**	**123.17**	**110.51**
Electricity and Water	**57.88**	**64.16**	**61.06**	**63.85**	**62.26**	**63.42**	**64.63**	**55.96**	**51.12**	**57.60**
- Electricity	49.73	57.39	53.18	55.59	55.06	56.32	57.44	48.73	43.75	49.95
- Water	8.15	6.77	7.87	8.26	7.20	7.10	7.19	7.23	7.37	7.65
Wholesale and Retail Trade	**151.65**	**156.18**	**146.05**	**124.84**	**126.39**	**136.21**	**147.68**	**156.29**	**170.39**	**178.16**
Hotels and Restaurants	**145.40**	**151.57**	**155.61**	**139.20**	**138.35**	**161.36**	**170.86**	**181.67**	**176.70**	**163.64**
Transport	**122.42**	**128.79**	**127.14**	**125.49**	**120.70**	**125.95**	**135.18**	**136.00**	**149.23**	**149.68**
- Road Transport	83.03	85.04	86.90	87.05	84.73	85.18	86.09	87.46	90.09	100.73
- Air Transport	16.14	17.50	18.03	17.06	16.44	20.34	22.26	21.78	20.22	14.28
- Sea Transport	23.25	26.25	22.21	21.38	19.53	20.43	26.83	26.76	38.92	34.67
Communications	**96.18**	**102.13**	**107.75**	**120.50**	**129.56**	**135.43**	**141.65**	**152.05**	**151.72**	**148.71**
Banking and Insurance	**110.99**	**120.79**	**124.42**	**127.72**	**129.29**	**131.85**	**137.73**	**150.91**	**183.20**	**205.36**
- Banking	96.19	105.14	107.98	110.22	112.35	114.07	119.57	131.37	161.75	176.87
- Insurance	14.80	15.65	16.44	17.50	16.94	17.78	18.16	19.54	21.45	28.49
Real Estate and Owner Occupied Dwellings	**135.13**	**138.36**	**141.39**	**146.16**	**149.63**	**154.62**	**159.68**	**168.78**	**173.18**	**186.36**
Producers of Government Services	**138.57**	**144.74**	**145.89**	**149.43**	**146.97**	**143.93**	**149.82**	**162.34**	**173.65**	**172.06**
Other Services	**53.99**	**55.72**	**57.55**	**53.33**	**54.29**	**54.27**	**54.59**	**55.60**	**57.78**	**66.10**
Less: Imputed Banking Service Charge	(93.77)	(99.45)	(104.13)	(106.21)	(108.24)	(109.95)	(115.20)	(123.67)	(150.83)	(174.75)
TOTAL	**1,189.66**	**1,233.00**	**1,229.85**	**1,179.13**	**1,185.74**	**1,227.59**	**1,274.20**	**1,333.18**	**1,398.37**	**1,405.17**
Growth Rate	**3.81%**	**3.64%**	**-0.26%**	**-4.12%**	**0.56%**	**3.53%**	**3.80%**	**4.63%**	**4.89%**	**0.49%**

Source: Government Statistics Department
P=Provisional.
Pj=Projected
r=Revised

Please note that the data reported is *as at March 2008.*

APPENDIX III GDP BY ECONOMIC ACTIVITY AT FACTOR COST

SAINT LUCIA
GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY AT FACTOR COST
GROWTH RATE IN CONSTANT PRICES - 1990

SECTORS	1998r	1999r	2000r	2001r	2002r	2003r	2004r	2005r	2006r	2007Pj
Agriculture, Livestock, Forestry, Fishing	-1.20%	-14.93%	3.24%	-24.45%	4.38%	-15.74%	-2.87%	-24.74%	9.77%	0.77%
- Bananas	-1.76%	-19.86%	6.41%	-48.79%	59.81%	-36.28%	17.69%	-37.19%	11.40%	-3.41%
- Other Crops	-4.31%	-17.29%	-7.43%	4.65%	-34.08%	5.70%	-20.81%	-27.88%	9.69%	7.61%
- Livestock	8.70%	-26.86%	14.99%	-6.13%	-4.72%	-3.21%	1.96%	2.22%	-9.68%	1.76%
- Fishing	2.82%	26.83%	5.85%	0.08%	-24.21%	18.56%	-23.40%	-6.81%	24.06%	2.28%
- Forestry	-7.02%	-7.42%	-8.01%	-0.73%	-2.92%	-3.01%	-3.36%	-3.57%	-2.78%	-3.81%
Mining and Quarrying	1.75%	15.27%	10.91%	-23.39%	1.87%	0.30%	-2.01%	-3.80%	19.79%	13.08%
Manufacturing	7.32%	0.00%	-1.80%	-6.42%	5.46%	4.39%	-2.96%	16.28%	6.71%	1.69%
Construction	10.47%	12.81%	-4.59%	-4.98%	-4.84%	1.59%	1.01%	12.50%	13.22%	-10.28%
Electricity and Water	20.64%	10.85%	-4.84%	4.57%	-2.49%	1.86%	1.90%	-13.40%	-8.66%	12.67%
- Electricty	29.59%	15.39%	-7.33%	4.52%	-0.95%	2.28%	1.99%	-15.15%	-10.23%	14.17%
- Water	-15.13%	-16.88%	16.26%	4.92%	-12.88%	-1.31%	1.20%	0.60%	1.95%	3.79%
Wholesale and Retail Trade	1.03%	2.99%	-6.49%	-14.52%	1.24%	7.77%	8.42%	5.83%	9.02%	4.56%
Hotels and Restaurants	2.36%	4.24%	2.67%	-10.55%	-0.61%	16.63%	5.89%	6.33%	-2.74%	-7.39%
Transport	2.79%	5.20%	-1.28%	-1.30%	-3.82%	4.35%	7.33%	0.61%	9.73%	0.30%
- Road Transport	2.00%	2.42%	2.19%	0.17%	-2.67%	0.53%	1.07%	1.59%	3.01%	11.81%
- Air Transport	1.96%	8.43%	3.03%	-5.38%	-3.63%	23.72%	9.44%	-2.16%	-7.16%	-29.38%
- Sea Transport	6.31%	12.90%	-15.39%	-3.74%	-8.65%	4.61%	31.33%	-0.26%	45.44%	-10.92%
Communications	2.83%	6.19%	5.50%	11.83%	7.52%	4.53%	4.59%	7.34%	-0.22%	-1.98%
Banking and Insurance	4.97%	8.83%	3.01%	2.65%	1.23%	1.98%	4.46%	9.57%	21.40%	12.09%
- Banking	4.86%	9.31%	2.70%	2.07%	1.93%	1.53%	4.82%	9.87%	23.13%	9.35%
- Insurance	5.71%	5.74%	5.05%	6.45%	-3.18%	4.96%	2.11%	7.60%	9.80%	32.80%
Real Estate and Owner Occupied Dwellings	4.54%	2.39%	2.19%	3.37%	2.37%	3.33%	3.27%	5.70%	2.61%	7.61%
Producers of Government Services	1.49%	4.45%	0.79%	2.43%	-1.65%	-2.07%	4.09%	8.36%	6.97%	-0.92%
Other Services	3.00%	3.20%	3.28%	-7.33%	1.79%	-0.03%	0.59%	1.85%	3.92%	14.40%
Less: Imputed Banking Service Charge	5.43%	6.05%	4.71%	2.00%	1.91%	1.58%	4.77%	7.35%	21.96%	15.86%
Total Growth Rate	3.81%	3.64%	-0.26%	-4.12%	0.56%	3.53%	3.80%	4.63%	4.89%	0.49%

SOURCE: GOVERNMENT STATISTICS DEPARTMENT

P=Provisional

Pj=Projected

r=Revised

Please note that the data reported is *as at March 2008*

APPENDIX IV EXPENDITURE OF GDP IN CURRENT PRICES – In Millions of ECD

SAINT LUCIA
EXPENDITURE ON GROSS DOMESTIC PRODUCT
In Current Prices
EC$ Millions

	1998	1999	2000	2001r	2002r	2003r	2004r	2005r	2006r	2007pj
EXPENDITURE ON GROSS DOMESTIC PRODUCT (M.P.	1,775.33	1,869.37	1,910.28	1,855.03	1,903.51	2,019.29	2,163.04	2,374.13	2,519.84	2,592.59
Government Final Consumption Expenditure	314.65	330.85	353.70	358.51	393.22	414.74	412.18	436.85	414.43	471.76
Private Final Consumption Expenditure	1,135.99	1,208.58	1,257.50	1,241.34	1,312.38	1,451.52	1,463.53	1,557.59	1,555.78	1,601.94
Gross Capital Formation	433.08	500.45	490.70	459.37	415.89	408.40	451.79	551.21	736.21	705.47
Increase in Stocks										
Gross Fixed Capital Formation	433.08	500.45	490.70	459.37	415.89	408.40	451.79	551.21	736.21	705.47
Construction	264.34	325.46	310.84	299.72	282.08	270.71	285.30	343.70	445.40	401.87
- Public Sector	67.16	89.60	60.03	93.10	79.51	73.15	61.17	126.70	-	-
- Private Sector	197.18	235.86	250.81	206.62	202.57	197.56	224.13	217.00	-	-
Transport Equipment	31.32	37.29	40.86	42.48	35.79	46.59	64.89	91.87	168.55	171.30
- Public Sector	0.65	0.35	0.73	0.55	0.28	0.71	0.18	0.16	6.15	-
- Private Sector	30.67	36.94	40.13	41.93	35.51	45.88	64.71	91.71	162.40	-
Other Machinery & Equip.	137.42	137.70	139.00	117.17	98.02	91.10	101.60	115.64	122.26	132.30
- Public Sector	5.22	4.05	5.47	3.23	5.80	4.02	1.14	2.57	5.56	-
- Private Sector	132.20	133.65	133.53	113.95	92.22	87.08	100.46	113.07	116.70	-
Net Exports	(108.39)	(170.51)	(191.62)	(204.19)	(217.98)	(255.37)	(164.46)	(171.52)	(186.58)	(186.58)
Exports of Goods and Services	1,037.30	1,031.40	1,012.44	883.02	860.17	1,033.24	1,081.64	1,119.47	1,150.92	1,150.92
Less: Imports of Goods and Services	1,145.69	1,201.91	1,204.06	1,087.21	1,078.15	1,288.61	1,246.10	1,290.99	1,337.50	1,337.50
GDP AT MARKET PRICES	1,775.33	1,869.37	1,910.28	1,855.03	1,903.51	2,019.29	2,163.04	2,374.13	2,519.84	2,592.59
	(293.65)	(289.63)	(291.59)	(259.90)	(302.18)	(339.10)	(375.51)	(449.81)	(453.61)	(481.19)
Less: Indirect Taxes	296.70	292.73	294.67	263.47	305.30	343.16	379.46	454.60	455.40	482.42
Plus: Subsidies	3.05	3.10	3.08	3.57	3.12	4.06	3.95	4.79	1.79	1.23
GDP AT FACTOR COST	1,481.68	1,579.74	1,618.69	1,595.13	1,601.33	1,680.19	1,787.53	1,924.32	2,066.23	2,111.40
Growth Rate	7.13%	6.62%	2.47%	-1.46%	0.39%	4.92%	6.39%	7.65%	7.37%	2.19%

SOURCE: Government Statistics Department
-/not available

P=Provisional

pj=Projected

r=Revised

Please note that the data reported is *as at March 2008*.

APPENDIX V CENTRAL GOVERNMENT REVEUE TO GDP

CENTRAL GOVERNMENT
SUMMARY OF FISCAL OPERATIONS AS A RATIO OF GDP
ECONOMIC CLASSIFICATION

	2002/03	2003/04	2004/05	2005/06 r	2006/07r	2007/08 pre
Total Revenue & Grants	**27.08%**	**27.40%**	**26.84%**	**26.97%**	**26.45%**	**27.82%**
of which:						
Grants	1.98%	1.69%	0.00%	0.26%	0.26%	0.16%
Capital revenue	1.08%	0.44%	0.04%	0.03%	0.02%	0.00%
Current Revenue	**24.02%**	**25.27%**	**26.80%**	**26.68%**	**26.16%**	**27.66%**
Tax Revenue	**22.05%**	**23.29%**	**24.60%**	**24.81%**	**24.76%**	**25.98%**
of which:						
Taxes on Income	5.72%	5.65%	6.30%	6.86%	6.38%	7.41%
Taxes on Goods & Services	9.52%	9.79%	9.84%	8.69%	8.72%	9.03%
Taxes on International Trade	6.58%	7.66%	8.28%	9.01%	9.49%	9.35%
Others	0.24%	0.20%	0.17%	0.25%	0.17%	0.20%
Non Tax Revenue	**1.97%**	**1.98%**	**2.20%**	**1.87%**	**1.40%**	**1.68%**
Total Expenditure	**31.16%**	**33.64%**	**34.81%**	**33.35%**	**33.13%**	**30.03%**
of which, Capital & Net Lending	**8.17%**	**9.08%**	**10.54%**	**10.88%**	**11.17%**	**8.30%**
Capital Expenditure	8.17%	9.08%	10.54%	10.88%	11.17%	8.30%
Net Lending	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Current Expenditure	**22.99%**	**24.56%**	**24.26%**	**22.47%**	**21.95%**	**21.73%**
of which:						
Wages & Salaries	11.52%	11.66%	10.97%	10.23%	9.99%	9.81%
Interest Payments	2.20%	2.81%	3.21%	3.20%	3.35%	3.53%
Goods & Services	4.25%	4.42%	4.20%	4.21%	4.04%	4.00%
Current Transfers	3.09%	3.57%	3.64%	2.94%	2.73%	2.54%
Current Balance	**1.03%**	**0.71%**	**2.53%**	**4.20%**	**4.21%**	**5.93%**
Primary Balance	**-1.88%**	**-3.42%**	**-4.76%**	**-3.19%**	**-3.32%**	**1.32%**
Overall Balance	**-4.08%**	**-6.23%**	**-7.97%**	**-6.38%**	**-6.68%**	**-2.21%**
Memorandum Items:						
Market Prices (EC$mn)	*1,836.30*	*1,945.03*	*2,085.40*	*2,284.06*	*2,511.77*	*2,631.50*

R=Revised

Pre=Preliminary

Please note that the data reported is *as at March 2008*

APPENDIX VI CENTRAL GOVERNMENT EXPENDITURE TO GDP

CENTRAL GOVERNMENT EXPENDITURE TO GDP
APRIL TO MARCH
ECONOMIC CLASSIFICATION
(% GDP)

	2002/03	2003/04	2004/05r	2005/06	2006/07r	2007pre
Wages and Salaries	**11.52%**	**11.66%**	**10.97%**	**10.23%**	**9.99%**	**9.81%**
wages	1.51%	1.45%	1.41%	1.26%	1.30%	1.30%
salaries	10.01%	9.65%	9.29%	8.42%	8.64%	8.51%
retro-active	0.00%	0.56%	0.27%	0.55%	0.05%	0.00%
N.I.S	**0.16%**	**0.17%**	**0.25%**	**0.18%**	**0.20%**	**0.20%**
Retiring Benefits	**1.75%**	**1.93%**	**2.00%**	**1.72%**	**1.65%**	**1.64%**
Interest Payments	**2.20%**	**3.02%**	**3.22%**	**3.20%**	**3.35%**	**3.53%**
domestic	1.09%	0.92%	1.00%	1.06%	1.10%	1.17%
foreign	1.11%	2.10%	2.22%	2.14%	2.25%	2.37%
Goods and Services	**4.25%**	**4.42%**	**4.20%**	**4.21%**	**4.04%**	**4.00%**
Current Transfers	**3.09%**	**3.57%**	**3.64%**	**2.94%**	**2.73%**	**2.54%**
public sector	2.85%	2.91%	3.18%	2.71%	2.44%	2.30%
private sector	0.24%	0.66%	0.45%	0.23%	0.29%	0.24%
subsidies	0.07%	0.36%	0.19%	0.04%	0.13%	0.10%
other	0.18%	0.30%	0.26%	0.19%	0.16%	0.14%
Current Expenditure	**22.99%**	**24.77%**	**24.27%**	**22.47%**	**21.95%**	**21.73%**
Capital Expenditure	**8.17%**	**9.08%**	**10.54%**	**10.88%**	**11.17%**	**8.30%**
Local Revenue	0.46%	0.36%	1.50%	0.49%	0.48%	2.24%
Grants	1.23%	1.01%	3.43%	0.35%	0.42%	0.17%
Loans	6.49%	4.65%	3.04%	4.83%	4.23%	1.66%
Bonds	0.00%	3.05%	2.57%	5.20%	6.04%	4.23%
TOTAL EXP	**31.16%**	**33.64%**	**34.81%**	**33.35%**	**33.13%**	**30.03%**
GDP at Market Prices (EC$M)	*1,836.30*	*1,945.03*	*2,085.40*	*2,284.06*	*2,511.77*	*2,631.50*

r=Revised
Pj=Projected

Please note that the data reported is *as at March 2008*.

APPENDIX VII TOTAL PUBLIC SECTOR OUTSTANDING LIABILITIES

TOTAL PUBLIC SECTOR OUTSTANDING LIABILITIES
As at December 31, 2007
(in EC$000's)

	2001	2002	2003	2004	2005r	2006	2007	Change
TOTAL OUTSTANDING LIABILITIES	974,330.00	1,092,455.90	1,239,113.36	1,420,152.65	1,528,242.94	1,641,899.85	1,774,398.18	8.07%
1. OFFICIAL DEBT	947,776.30	1,076,637.20	1,213,174.70	1,399,960.15	1,510,938.84	1,624,735.27	1,760,487.18	8.36%
A. Central Gov't.								
Outstanding Debt	695,938.30	826,110.20	968,158.80	1,175,864.31	1,296,263.53	1,427,373.44	1,582,172.36	10.85%
- Domestic	310,579.30	318,480.00	231,197.30	345,882.34	395,340.26	470,080.51	596,867.01	26.97%
- External	385,359.00	507,630.20	736,961.50	829,981.97	900,923.27	957,292.93	985,305.35	2.93%
B. Government Guaranteed								
Outstanding Debt	212,499.10	197,147.80	187,861.00	167,923.96	160,136.77	143,680.87	125,501.82	-12.65%
- Domestic	42,808.40	45,616.10	74,359.70	39,177.32	47,545.20	45,430.42	40,160.88	-11.60%
- External	169,690.70	151,531.70	140,501.30	128,746.64	112,591.57	98,250.45	85,340.95	-13.14%
C. Public Non-Guaranteed								
Outstanding Debt	39,338.90	53,379.20	57,154.90	56,171.97	54,538.53	53,680.96	52,812.99	-1.62%
- Domestic	16,907.30	22,970.50	24,466.30	23,185.60	21,976.76	20,750.89	19,525.02	-5.91%
- External	22,431.60	30,408.70	32,688.60	32,986.37	32,561.77	32,930.07	33,287.97	1.09%
Outstanding payables	26,553.70	15,818.70	25,938.66	20,192.51	17,304.10	17,164.58	13,911.00	-18.96%
Total Domestic	370,295.00	387,066.60	330,023.30	408,245.26	464,862.22	536,261.82	656,552.91	22.43%
Total External	577,481.30	689,570.60	910,151.40	991,714.98	1,046,076.61	1,088,473.45	1,103,934.27	1.42%

Source: Debt & Investment Unit
r=Revised

	2001	2002	2003	2004	2005r	2006	2007
Central Gov't Debt/GDP (%)	37.52	43.40	47.95	54.36	54.60	56.65	61.03
Public Sector Debt/GDP (%)	51.09	56.56	60.08	64.72	63.64	64.48	67.90

Please note that the data reported is *as at March 2008*.

APPENDIX VIII SINKING FUND PORTFOLIO

GOSL SINKING FUND PORTFOLIO

	REDEMPTION AMOUNT	**BALANCES August 07**	**OUTSTANDING BALANCE**	**MATURITY DATE**
Saint Lucia Government Nat. Savings And Development Bond 2002/2012	60,000,000.00	23,441,527	36,558,473	August 1, 2012
NSDB 1997/2007	45,000,000	44,469,455.02	530,544.98	November 16th 2007
Bordelaise Correctional Facility	50,000,000.00	43,475,346	6,524,654	July 4, 2008
Refinanced 16.2 million bond issue 04/09	8,100,000.00	2,861,487	5,238,513	December 1, 2009
GOSL Fixed Rate Bond*	63,500,000.00	23,200,000		June 27, 2015
	181,600,000.00	**92,978,360**	**88,621,640**	

* This amount represents $23.2 M retained by the investor to be placed in a sinking fund to be used to redeem bond at maturity.
The GOSL is not expected to make any further contributions to the fund.
Government's limit to raise funds through Savings and Development Bonds is $600 Million.

APPENDIX IX DEBT SERVICE RATIOS

	2003	**2004**	**2005**	**2006**	**2007**
Debt Service by Calendar year (EC$M)	117.87	111.3	132.03	137.18	153.5
Debt Service/Exports of Goods and Services	43.8%	51.8%	71.7%	54.6%	51.5%
Debt Service/Revenue	22.1%	19.9%	21.4%	20.6%	21.0%

APPENDIX X SUMMARY OF CENTRAL GOVERNMENT FISCAL OPERATIONS

CENTRAL GOVERNMENT REVENUE*
ECONOMIC CLASSIFICATION
(EC$ millions)

	2002/03	2003/04	2004/5	2005/06 R	2006/07 R	2007/08 Pre	Change
Total Revenues and Grants	**497.27**	**533.04**	**559.68**	**615.94**	**664.37**	**731.96**	**10.2%**
Capital Grants	36.29	32.89	0.00	6.00	6.64	4.14	-37.7%
Capital Revenue	19.85	8.64	0.87	0.63	0.63	0.00	-100.0%
CURRENT REVENUE	**441.13**	**491.50**	**558.81**	**609.31**	**657.10**	**727.83**	**10.8%**
Tax Revenue	**404.97**	**453.05**	**512.91**	**566.66**	**621.96**	**683.68**	**9.9%**
Taxes on Income	**104.95**	**109.91**	**131.48**	**156.61**	**160.34**	**194.91**	**21.6%**
Individuals	47.70	43.75	49.69	58.27	64.04	71.33	11.4%
Withholdings	4.89	3.86	3.73	17.00	12.50	5.22	-58.3%
Corporations	42.17	44.80	54.65	59.51	65.24	91.95	40.9%
Arrears	18.79	24.89	31.62	29.98	27.20	34.91	28.4%
LessTax Refunds	-8.60	-7.40	-8.21	-8.15	-8.63	-8.50	-1.5%
Tax on Property	**4.37**	**3.82**	**3.65**	**5.78**	**4.15**	**5.16**	**24.3%**
Property Tax	4.37	3.82	3.65	5.78	4.15	5.16	24.3%
Tax On Goods And Services	**174.83**	**190.43**	**205.11**	**198.57**	**219.11**	**237.64**	**8.5%**
Consumption Tax	112.76	121.00	123.46	112.41	117.87	122.09	3.6%
Consumption tax (imports)	107.76	114.43	117.16	104.20	111.98	112.24	0.2%
Consumption tax (domestic)	4.93	6.57	6.31	8.21	8.05	9.85	22.4%
Excise tax (domestic)	6.31	7.17	7.57	6.42	3.89	2.59	-33.3%
Hotel Occupancy tax	19.49	22.17	26.26	29.35	29.53	33.45	13.3%
Insurance Premium Tax	4.21	4.11	4.52	4.93	5.90	7.17	21.6%
Licences	8.72	16.63	18.82	15.50	16.97	22.20	30.8%
Fuel Surcharge	2.72	3.11	3.21	2.78	3.44	3.57	3.8%
Stamp Duties (Inland Revenue)	19.56	11.48	15.21	18.02	25.96	31.49	21.3%
Cellular Tax	1.13	4.75	6.04	7.63	9.05	11.95	32.0%
Passenger Facility Fee	0.00	0.00	0.00	1.54	4.35	3.14	-28.0%
Taxes on International Trade and Transactions	**120.82**	**148.89**	**172.67**	**205.69**	**238.35**	**245.97**	**3.2%**
Import Duty	57.41	69.45	75.25	90.06	98.35	107.01	8.8%
Thruput Charges	0.96	0.40	0.63	2.01	1.12	3.11	176.5%
Travel Tax	2.52	4.91	5.50	5.17	3.95	3.30	-16.4%
Service Charge (imports)	30.17	39.31	46.34	52.23	65.38	64.77	-0.9%
Environmental Levy	9.63	11.74	13.46	17.96	21.56	18.03	-16.4%
Airport Tax	4.07	4.39	5.98	4.14	6.87	5.90	-14.1%
Security Charge	0.00	0.15	0.82	0.84	2.00	0.88	-56.1%
Excise tax (imports)	16.06	18.53	24.69	33.28	39.12	42.98	9.9%
Non-Tax Revenue	**36.16**	**38.45**	**45.90**	**42.66**	**35.15**	**44.15**	**25.6%**
Earnings From Govt. Depts.	3.60	5.43	5.81	3.76	3.01	1.48	-50.8%
E.C.C.B. Profits	2.28	1.79	1.72	0.00	0.00	3.32	
Interest and rents	10.66	7.39	6.41	14.96	8.95	12.44	39.0%
Fees, Fines and Sales	15.47	20.31	23.00	20.87	19.29	23.40	21.3%
Other Non Tax Revenues	4.15	3.54	8.96	3.07	3.91	3.51	-10.1%

R=Revised

Pre=Preliminary

** April to March*

APPENDIX XI – BALANCE OF PAYMENTS

BALANCE OF PAYMENTS
(EC$Millions)

	2003r	2004r	2005	2006r	2007pre	Change
CURRENT ACCOUNT	-297.00	-231.07	-405.84	-760.48	-754.98	-0.7%
Goods	-663.48	-679.59	-889.24	-1089.78	-1095.82	0.6%
Merchandise	-689.73	-724.23	-955.70	-1155.50	-1164.91	
Repair on goods	0.02	0.02	0.02	0.03	0.03	
Goods procured in ports by carriers	26.23	44.62	66.43	65.69	69.06	
Services	468.17	592.41	644.63	454.08	470.93	3.7%
Transportation	-136.98	-131.82	-140.00	-158.94	-166.64	4.8%
Travel	665.30	779.85	856.07	669.92	696.64	4.0%
Insurance Services	-18.21	-18.87	-20.79	-26.40	-27.19	3.0%
Other Business Services	-34.36	-28.55	-47.98	-25.91	-27.03	4.4%
Government Services	-7.58	-8.21	-2.67	-4.60	-4.86	5.5%
Income	-136.45	-181.44	-196.25	-157.12	-162.55	3.5%
Compensation of Employees	0.25	0.36	0.46	0.30	0.31	2.8%
Investment Income	-136.70	-181.80	-196.71	-157.42	-162.86	3.5%
Current Transfers	34.76	37.55	35.02	32.35	32.47	0.4%
General Government	0.06	-0.50	-3.34	-1.21	-1.48	21.7%
Other Sectors	34.69	38.05	38.36	33.56	33.94	1.1%
CAPITAL AND FINANCIAL ACCOUNT	406.17	306.72	372.07	833.66	838.60	0.6%
CAPITAL ACCOUNT	46.14	9.32	14.41	30.70	15.57	-49.3%
Capital Transfers	46.14	9.32	14.41	30.70	15.57	-49.3%
Acquisition & Disposition of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00	
FINANCIAL ACCOUNT	360.03	297.40	357.66	802.96	823.03	2.5%
Direct Investment	287.35	206.60	211.23	631.62	631.52	0.0%
Portfolio Investment	169.47	43.98	64.92	-41.40	-45.07	8.8%
Other Investments	-96.79	46.81	81.50	212.74	236.58	11.2%
Public Sector Loans	38.28	55.85	46.71	64.76	41.68	-35.6%
Commercial Banks	-196.43	53.97	66.50	174.00	216.60	24.5%
Other	61.36	-63.01	-31.70	-26.03	-21.70	-16.6%
ERRORS AND OMISSIONS	-59.74	3.27	-7.41	-36.91	-32.30	-12.5%
OVERALL BALANCE	49.44	72.37	-41.18	36.27	51.32	41.5%
FINANCING	-49.44	-72.37	41.18	-36.27	-51.32	41.5%
Change in SDR Holdings	0.00	0.00	0.00	0.00	0.00	
Change in Reserve Position with IMF	0.00	0.00	0.00	0.00	0.00	
Change in Government Foreign Assets	-14.89	-3.49	-2.00	12.31	0.00	
Change in Imputed Reserves	-34.55	-68.89	43.18	-48.58	-51.32	5.6%

Source :ECCB & Department of Economic Affaris, MOF

APPENDIX XII SAINT LUCIA MONETARY SURVEY

DETAILED MONETARY SURVEY

(EC$ '000s)

	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	% Change 07/06
1. NET FOREIGN ASSETS	**113,648**	**114,455**	**106,819**	**337,795**	**352,719**	**243,039**	**117,618**	**-47,663**	**-140.52%**
(i) Central Bank (Imputed Reserves)	207,797	235,168	248,083	282,629	351,522	308,342	356,924	408,246	14.38%
Imputed Assets	224,441	246,151	258,883	291,908	360,756	317,585	363,938	419,418	15.24%
Imputed Liabilities	16,644	10,983	10,801	9,279	9,234	9,242	7,014	11,172	59.28%
(ii) Commercial Banks (net)	-94,149	-120,713	-141,264	55,166	1,197	-65,303	-239,306	-455,909	90.51%
External (net)	-86,859	-165,155	-191,182	-143,606	-69,444	-82,707	-224,705	-292,149	30.01%
Assets	80,685	100,068	108,326	199,703	299,884	350,543	427,032	486,217	13.86%
Liabilities	167,544	265,223	299,508	343,309	369,328	433,250	651,737	778,366	19.43%
Other ECCB Territories (net)	-7,290	44,442	49,918	198,772	70,641	17,404	-14,601	-163,760	1021.57%
Assets	55,308	76,003	124,311	229,171	182,947	284,933	388,141	584,426	50.57%
Liabilities	62,598	31,561	74,393	30,399	112,306	267,529	402,742	748,186	85.77%
2. NET DOMESTIC ASSETS	**1,065,739**	**1,119,870**	**1,166,497**	**1,032,611**	**1,156,413**	**1,468,739**	**1,938,584**	**2,227,320**	**14.89%**
2(a) Domestic Credit	**1,196,740**	**1,381,867**	**1,427,960**	**1,323,346**	**1,465,271**	**1,772,092**	**2,280,482**	**2,990,442**	**31.13%**
(i) Private Sector	**1,481,687**	**1,541,820**	**1,553,471**	**1,498,204**	**1,650,447**	**1,917,268**	**2,386,829**	**3,090,804**	**29.49%**
Households Credit	736,164	758,537	730,671	761,999	839,543	950,990	1,068,739	1,191,791	11.51%
Business Credit	745,523	783,283	822,800	736,205	810,904	966,278	1,318,090	1,899,013	44.07%
Loans	725,312	768,869	809,970	723,314	791,396	951,759	1,301,715	1,881,346	44.53%
Investments	20,211	14,414	12,830	12,891	19,508	14,519	16,375	17,667	7.89%
(ii) Non-Bank Financial Institutions (NBFI) (Net)	**-24,912**	**-43,421**	**-32,736**	**-39,363**	**-35,371**	**-37,781**	**-40,385**	**-41,311**	**2.29%**
(iii) Subsidiaries and Affiliates (Net)	**-1,603**	**165,099**	**162,419**	**155,308**	**174,683**	**168,500**	**180,810**	**167,109**	**-7.58%**
(iv) Non-Financial Public Enterprises (Net)	**-172,658**	**-168,563**	**-158,852**	**-186,404**	**-194,215**	**-185,241**	**-214,756**	**-243,409**	**13.34%**
(v) Central Government (Net)	**-85,774**	**-113,068**	**-96,342**	**-104,399**	**-130,273**	**-90,654**	**-32,016**	**17,249**	**-153.88%**
Credit to Central Government	147,288	140,257	153,394	140,261	187,297	279,080	290,567	350,537	20.64%
Central Bank Credit	16,625	10,920	10,751	9,240	9,188	9,200	6,966	11,156	60.16%
Central bank Loans & Advances	6,238	5,104	5,501	3990.193	3,938	4,200	6,966	11,156	60.16%
Central bank Advances	1,912	1,860	3,338	2,909	3,938	4,200	6,966	11,156	60.16%
Advances to Government	-	-	-	-	-	-	-		
Gov'ts Operating Accounts	1,912	1,860	3,338	2,909	3,938	4,200	6,966	11,156	60.16%
Central Bank Loans	4,326	3,244	2,163	1,081	0	0	0	0	
Central Bank Treasury Bills Holdings	5,387	816	250	250	250	0	0	0	
Central Bank Debentures	5,000	5,000	5,000	5,000	5,000	5,000	0	0	
Central Bank Interest due on Securities	-	-		-	-	-	-		
Commercial Bank Credit	130,663	129,337	142,643	131,021	178,109	269,880	283,601	339,381	19.67%
Commercial Bank Loans & Advances	84,537	87,431	69,760	31,551	34,513	58,417	87,367	151,891	73.85%
Commercial Bank Treasury Bills Holdings	10,160	18,320	20,320	18,323	5,450	27,591	23,779	12,823	-46.07%
Commercial Bank Debentures	34,579	23,339	52,183	80,873	137,898	183,856	172,355	174,243	1.10%
Deposits of Central Government (-)	233,062	253,326	249,737	244,660	317,570	369,734	322,582	333,288	3.32%
Commercial Banks Deposits	216,849	248,868	239,199	231,081	292,132	338,542	290,618	252,299	-13.19%
Central Bank Deposits	13,147	38	7,652	9,834	22,935	19,242	26,783	54,350	102.92%
Gov't Deposits, Call Acc & Fixed Deposits	13,146	35	7,649	9,828	22,933	18,959	26,783	54,349	102.93%
Sinking Fund Call Account	1	1	1	5	1	282	0.096	0	
Gov't Operating Accounts	0	1	1	1	1	1	1	1	
Govt Securities Proceeds	0	0	0	0	0	0	0	0	
2(b). Others Items (Net)	**-131,001**	**-261,996**	**-261,462**	**-290,735**	**-308,858**	**-303,353**	**-341,899**	**-763,122**	**123.20%**
3. MONETARY LIABILITES (M2)	**1,179,387**	**1,234,325**	**1,273,316**	**1,370,406**	**1,509,132**	**1,711,779**	**2,056,202**	**2,179,658**	**6.00%**
3(a) MONEY SUPPLY (M1)	286,053	283,828	287,615	343,130	481,288	547,321	560,670	635,412	13.33%
(i) Currency held by the Public	84,598	82,089	83,588	91,297	99,160	106,380	126,580	128,047	1.16%
Currency in Circulation	121,884	119,091	124,392	132,321	140,470	161,720	179,269	187,132	4.39%
Cash at Commercial Banks	37,286	37,002	40,804	41,024	41,310	55,340	52,689	59,085	12.14%
(ii) Private Sector Demand Deposits	201,455	201,739	204,027	251,833	382,128	440,941	434,090	507,365	16.88%
3(b). QUASI-MONEY	893,334	950,497	985,701	1,027,276	1,027,844	1,164,458	1,495,532	1,544,246	3.26%
(iii) Private Sector Savings Deposits	551,119	573,302	652,331	755,214	810,422	916,341	1,064,904	1,150,779	8.06%
(iv) Private Sector Time Deposits	334,661	364,399	309,589	240,191	178,695	185,881	222,691	283,275	27.21%
(v) Private Sector Foreign Currency Deposit	7,554	12,796	23,781	31,871	38,727	62,236	207,937	110,192	-47.01%

Source: Eastern Caribbean Central Bank