GOVERNMENT OF SAINT LUCIA
P R O S P E C T U S

91-day Treasury bills

EC$108.0 M: Series A: Four issues EC$16.0 M each

Series B: Four issues EC$11.0 M each

180-day Treasury bills

EC$190.0 M: Series A: Two issues EC$25.0 M each

Series B: Two issues EC$20.0 M each

Series C: Two issues EC$25.0M each

Series D: Two issues of EC$25.0M each

Ministry of Finance
Finance Administrative Center
Pointe Seraphine,
Castries
SAINT LUCIA

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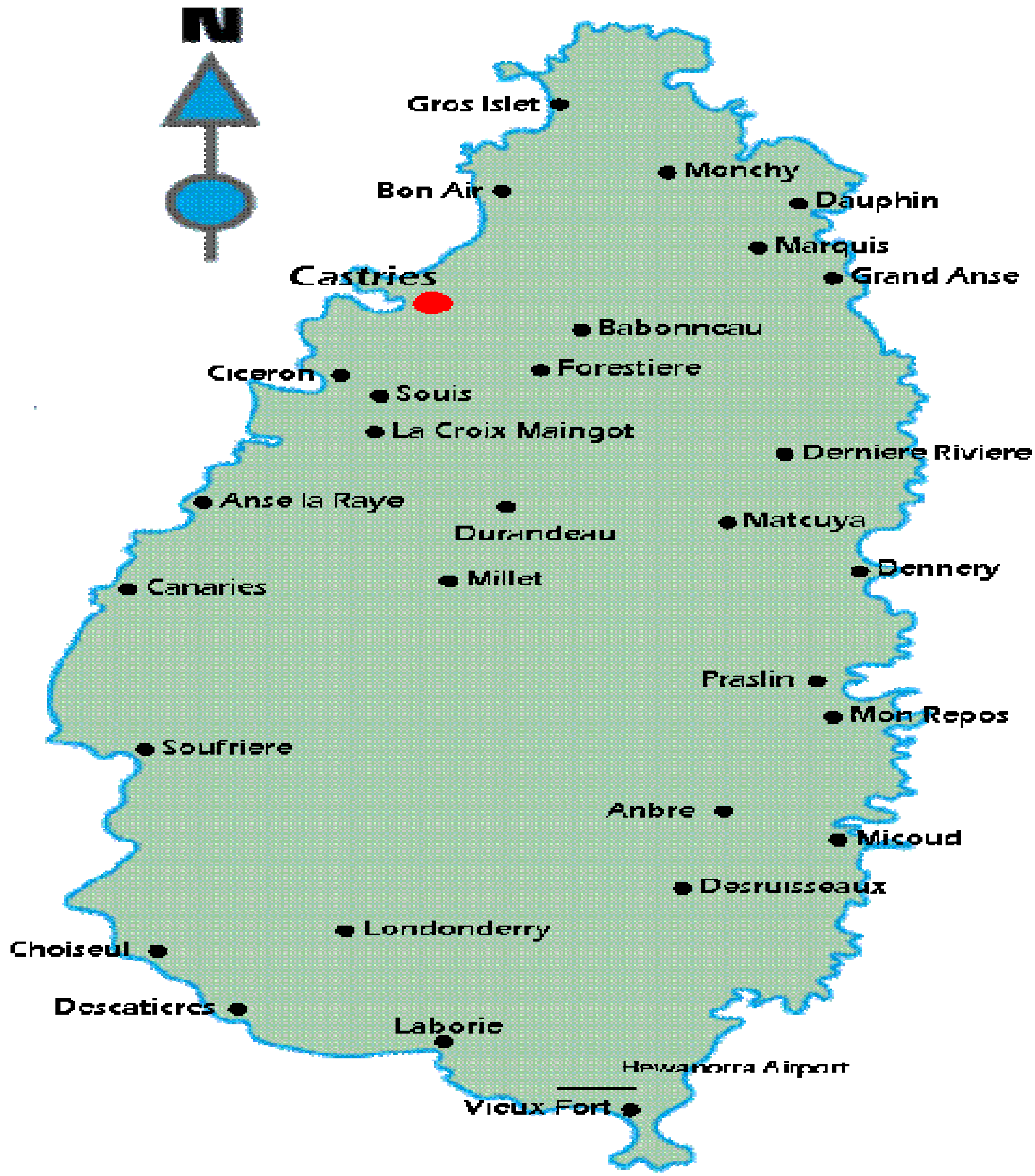
PROSPECTUS DATE: June 2018

The Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market. The Regional Debt Coordinating 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.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Gros Islet
Monchy
Bon Air
Dauphin
Marquis
Castries
Grand Anse
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
Descatieres
Laborie
Hewanorra Airport
Vieux Fort

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NOTICE TO INVESTORS

This Prospectus is issued for the purpose of giving information to the public. The Government of Saint Lucia (GOSL) 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 excerpts from the GOSL Review of the Economy 2017. 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 security offerings, and that you are able to assume those risks.

This Prospectus and its content are issued for the specific government issues 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.

ABSTRACT

The Government of Saint Lucia proposes to auction the following securities on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange (ECSE) as scheduled below:

Auction Date	Issue Date	Instrument Type	Issue Amount	Maximum Rate (%)	Maturity Date	Trading Symbol
18th July 2018	19th July 2018	180-dy T-Bill	EC$25.0M	4.50%	15th January 2019	LCB150119
8th August 2018	9th August 2018	180-dy T-Bill	EC$25.0M(5)	4.50%	5th February 2019	LCB050219
18th September 2018	20th September 2018	91-day T-Bill	EC$16.0M(5)	4.50%	20th December 2018	LCB201218
28th September 2018	2nd October 2018	91-dy T-Bill	EC$11.0M(5)	4.50%	1st January 2019	LCB010119
16th October 2018	17th October 2018	180-dy T-Bill	EC$20.0M(5)	4.50%	15th April 2019	LCB150419
21th December 2018	24th December 2018	91-dy T-bill	EC$16.0M(5)	4.50%	25th March 2019	LCB250319
27th December 2018	28th December 2018	180-dy T-Bill	EC$25.0M	4.50%	26th June 2019	LCB260619
3rd January 2019	4th January 2019	91-dy T-Bill	EC$11.0M(5)	4.50%	5th April 2019	LCB050419
22nd January 2019	23rd January 2019	180-dy T-Bill	EC$25.0M	4.50%	22nd July 2019	LCB220719
6th February 2019	7th February 2019	180-dy T-Bill	EC$25.0M(5)	4.50%	6th August 2019	LCB060819
26th March 2019	27th March 2019	91-dy T-Bill	EC16.0M(5)	4.50%	26th June 2019	LCB260619
8th April 2019	9th April 2019	91-dy T-Bill	EC$11.0M(5)	4.50%	9th July 2019	LCB090719
16th April 2019	17th April 2019	180-dy T-Bill	EC$20.0M(5)	4.50%	14th October 2019	LCB141019
27th June 2019	28th June 2019	180-dy T-Bill	EC$25.0M	4.50%	25th December 2019	LCB251219
28th June 2019	1st July 2019	91-dy T-Bill	EC$16.0M (5)	4.50%	30th September 2019	LCB300919
10th July 2019	11th July 2019	91-dy T-Bill	EC$11.0M	4.50%	10th October 2019	LCB101019

The Revised Treasury Bill Amendment Act 2003, Chapter 15.33, Sub-section 3(1), authorizes the Minister for Finance to borrow monies for public uses of the state by the issue of treasury bills. The authority also extends to bills which may require pay off at maturity and the reissuance of the same. The principal sums of treasury bills outstanding at any one time shall not exceed 50 percent of the estimated annual revenue of the state for the preceding financial year as shown in the annual estimates of revenue and expenditure laid before the House of Assembly with respect to that year.

Bidding for each issue will commence at 9:00 a.m. and will close at 12:00 noon on each auction day, subsequent to which a competitive uniform price auction will be run at 12:00 noon.

I. GENERAL INFORMATION

Issuer:	The Government of the Saint Lucia (GOSL)
Address:	The Ministry of Finance, Economic Development, Growth Job Creation, Public Service and External Affairs Finance Administrative Center Pointe Seraphine, Castries Saint Lucia (WI)
Email:	debt.investment@govt.lc
Telephone No.:	1-758-468-5500/1
Facsimile No.:	1-758-452-6700
	Contact persons: Ms. Cointha Thomas, Director of Finance Ms. Adria Sonson, Accountant General
Arrangers/Brokers	First Citizens Investment Services Ltd. (FCIS) John Compton Highway, San Souci, Castries, St. Lucia Telephone: 1-758-458-6375 Fax: 1- 758-451-7984 Bank of Saint Lucia 2nd Floor, Financial Center Building #1 Bridge Street, P.O. Box 1860 Castries Saint Lucia Telephone: 1-758-456-6826 Fax: 1 -758-456-6733
Date of Publication:	July 2018
Purpose of Issues:	The Securities will be issued to finance the re-issuance of maturing Treasury Bills.
Amount of Issues:	**Treasury Bills** 91-day Treasury bills: EC$108.0 M (Series A: Four issues EC$16.0 M each, Series B: Four issues EC$11.0 M each) 180-day Treasury bills: EC$190.0 M (Series A: Two issues EC$25.0 M each, Series B: Two issues EC$20.0 M each, Series C: Two issues EC$25.0M each, Series D: Two issues EC$25.0M each)
Legislative Authority:	The Revised Treasury bill Amendment Act 2003, Chapter 15.33 Sub-section 3(1).

Intermediaries:	A complete list of Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange is available in Appendix I
Taxation:	Yields will not be subject to any tax, duty or levy by the Participating Governments of the Eastern Caribbean Currency Union (ECCU). The countries are Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Lucia, St Kitts and Nevis and St Vincent and the Grenadines.
Reference Currency:	Eastern Caribbean Dollars (EC$), unless otherwise stated.
Bidding Period:	9:00 am to 12 noon on the respective auction days
Method of Issue:	The price of the issue will be determined by a Competitive Uniform Price Auction with open bidding.
Placement of Bids**:**	Investors will participate in the auction through the services of current licensed intermediaries who are members of the Eastern Caribbean Securities Exchange.
Minimum Bid:	EC$5,000
Bid Multiplier**:**	EC$1,000
Bids per Investor:	Each investor is allowed one (1) bid with the option of increasing the amount being tendered for until the close of the bidding period.
Licensed Intermediaries:	The current list of licensed intermediaries is as follows: • St. Kitts Nevis Anguilla National Bank Ltd. • Bank of Nevis Ltd. • Bank of Saint Lucia • Bank of St Vincent and the Grenadines Ltd. • First Citizens Investment Services Ltd - Saint Lucia • Grenada Co-operative Bank Limited
Currency:	All currency references are in Eastern Caribbean Dollars unless otherwise stated.

II) INFORMATION ABOUT THE ISSUES

91-Day Treasury Bills

SERIES A: EC$16.0 Million each 91-day Treasury Bills in 4 Issues

GOSL proposes to auction an EC$16.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right without the consent of investors to increase the issue size by an additional EC$5.0 million**.

Amount of Issues: Four issues – EC$16.0 million each

Maximum bid price: 4.50 percent

Tenor: 91-days

Trading Symbols: **LCB201218, LCB250319, LCB260619, LCB300919**

Auction Dates:
18th September 2018
21th December 2018
26th March 2019
28th June 2019

Settlement Dates:
20th September 2018
24th December 2018
27th March 2019
1st July 2019

Maturity Dates:
20th December 2018
25th March 2019
26th June 2019
30th September 2019

SERIES B: EC$11.0 Million each 91-day Treasury Bills in 4 Issues

GOSL proposes to auction an EC$11.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right without the consent of investors to increase the issue size by an additional EC$5.0 million**.

Amount of Issues: Four issues – EC$11.0 million each

Maximum bid price: 4.50 percent

Tenor: 91-days

Trading Symbols: **LCB010119, LCB050419, LCB090719, LCB101019**

Auction Dates:
28th September 2018
3rd January 2019
8th April 2019
10th July 2019

Settlement Dates:
2nd October 2018
4th January 2019
9th April 2019
11th July 2019

Maturity Dates:
1st January 2019
5th April 2019
9th July 2019
10th October 2019

180-Day Treasury Bills

SERIES A: EC$25.0 Million each 180-day Treasury Bills in 2 Issues

GOSL proposes to auction an EC$25.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE).

Amount of Issues: Two issues – EC$25.0 million each

Maximum bid price: 4.50 percent

Tenor: 180-days

Trading Symbols: **LCB150119, LCB220719**

Auction Dates: 18th July 2018 and 22nd January 2019

Settlement Dates: 19th July 2018 and 23rd January 2019

Maturity Dates: 15th January 2019 and 22nd July 2019

SERIES B: EC$20.0 Million each 180-day Treasury Bills in 2 Issues

GOSL proposes to auction an EC$20.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right without the consent of investors to increase the issue size by an additional EC$5.0 million**.

Amount of Issues: Two issues – EC$20.0 million each

Maximum bid price: 4.50 percent

Tenor: 180-days

Trading Symbols: **LCB150419, LCB141019**

Auction Dates: 16th October 2018 and 16th April 2019

Settlement Dates: 17th October 2018 and 17th April 2019

Maturity Dates: 15th April 2019 and 14th October 2019

SERIES C: EC$25.0 Million 180-day Treasury Bills in 2 Issues

GOSL proposes to auction an EC$25.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE).

Amount of Issues: Two issues – EC$25.0 million

Maximum bid price: 4.50 percent

Tenor: 180-days

Trading Symbols: **LCB260619, LCB251219**

Auction Dates: 27th December 2018 and 27th June 2019

Settlement Dates: 28th December 2018 and 28th June 2019

Maturity Dates: 26th June 2019 and 25th December 2019

SERIES D: EC$25.0 Million 180-day Treasury Bills in 2 Issues

GOSL proposes to auction an EC$25.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right without the consent of investors to increase the issue size by an additional EC$5.0 million**.

Amount of Issues: Two issues – EC25.0 million Eastern Caribbean Dollars

Maximum bid price: 4.50 percent

Tenor: 180-days

Trading Symbols: **LCB050219, LCB060819**

Auction Dates: 8th August 2018 and 6th February 2019

Settlement Dates: 9th August 2018 and 7Th February 2019

Maturity Dates: 5th February 2019 and 6th August 2019

III) FINANCIAL ADMINISTRATION AND MANAGEMENT

1. Debt Management Objectives

The objective of Saint Lucia's debt management policy is to raise stable and consistent levels of financing for the budget at minimum costs subject to prudent levels of risk.

The overall objective will require the Government to take several steps:

- Diversify the debt portfolio in an effort to reduce inherent risks.
- Develop and implement strategies to support the long term sustainability of the public debt.
- Maintain a prudent debt structure.
- Increase transparency and predictability in the management of government debt.
- Ensure that government borrowings and guarantees are consistent with the legal and regulatory framework established by Parliament.
- Consult regularly with the stakeholders in the international and regional debt market.

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:

1. Maintaining a satisfactory and prudent debt structure;
2. 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;
3. To support the development of a well-functioning market for government securities.
4. 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)

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.

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. MACRO-ECONOMIC PERFORMANCE

A. General Economic Performance

Preliminary indicators suggest that growth in Saint Lucia's economy strengthened in 2017, supported by favourable external economic conditions. Real GDP growth is estimated to have increased by 2.5 percent in 2017 compared with growth of 1.7 percent in 2016. A solid expansion in the tourism industry provided much of the impetus for this positive outturn, alongside continued growth in the construction, wholesale and retail and manufacturing sectors with positive spill-over effects on other sectors. However, influenced by the passage of tropical storm Matthew in late 2016, agricultural output contracted during the year, partially tempering the pace of economic expansion.

Against the backdrop of improved source market economic conditions, the tourism industry rebounded from a weak performance in 2016, with a 10.3 percent increase in total arrivals to a record high of 1.1 million visitors. This favourable outcome was led by an appreciable increase in cruise passenger arrivals coupled with strong growth in stay-over arrivals. Despite the closure of the larger berth at point Seraphine, more cruise ship calls and larger vessel spurred a 13.9 percent increase in cruise passenger arrivals to 669,217. Additional airlift and an expansion in the hotel room stock contributed to growth of 11.0 percent in stay-over arrivals to 386,127, the highest to date. Consequently, total bednights increased by 11.2 percent to 2.6 million in 2017, notwithstanding a dip in the average length of stay.

The construction sector is estimated to have expanded by 10.8 percent in 2017, reflecting continued activity in both the public and private sectors. Construction works by statutory bodies were among the drivers of activity in the construction sector. Capital works done by SLASPA, led by the upgrading of the Pointe Seraphine Berth to accommodate quantum class cruise vessels, totaled $68.3 million. Central government construction expenditure also increased by 4.9 percent in 2017. Private sector construction activity during the year was dominated by the completion of the Royalton Saint Lucia Resort & Spa in the first quarter and near finalization of works at the Harbour Club. Furthermore, expansion and renovation works were undertaken by several hotels including Coconut Bay Beach Resort & Spa which added 36 new villas,

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Tides Sugar Beach and Windjammer Landing Villa Beach Resort.

The manufacturing sector is estimated to have expanded by 3.0 percent in 2017, owing mainly to increased output of beverages, fabricated metals and food items. Additional production of beverages, particularly water, were attributed to plant expansion as well as higher external and domestic demand. In contrast, declines were recorded in the production of electrical and paper-based products in 2017.

Negative spillovers associated with the impact of tropical storm Matthew and lower banana exports contributed to a contraction in agricultural production in 2017. Activity in the sector is estimated to have declined by 6.3 percent following growth of 4.1 percent in 2016. The performance of the agriculture sector continued to be volatile given its vulnerability to adverse weather conditions. Despite a 25.5 percent increase in exports to the traditional UK market to 8,898.1 tonnes, total banana exports fell by 6.1 percent to 13,744.4 tonnes in 2017. This fall was driven by a substantial decline in exports to Trinidad and Tobago, which recently emerged as a growing market. In addition, declines were recorded in purchases of other crops by both hotels and supermarkets particularly in the first half of 2017, partly reflecting the damages caused by the storm in late 2016. Output across the livestock sub-sector also declined during the review period.

The expansion in most productive sectors resulted in improved labour market conditions. Notwithstanding a fall in the labour force participation rate, employment growth in tourism and construction activities contributed to a lower unemployment rate which averaged 20.2 percent in 2017 compared to 21.3 percent in 2016. Nevertheless, youth unemployment remained high at a relatively unchanged annual average rate of 38.5 percent.

Inflationary pressures stemming from rising global oil prices were dampened by lower food prices, resulting in a minimal increase in the average price level. Following deflation in 2015 and 2016 of 1.0 percent and 3.1 percent respectively, the consumer price index (CPI) moved up by 0.1 percent in 2017. While prices were influenced by higher inflation in Saint Lucia's trading partners through import prices, these were partly offset by domestic factors such as the reduction in the VAT rate. Despite an improvement in revenue by 1.7 percent to $1,110.7 million, the central government's fiscal position is deteriorated in 2017/18, with smaller current and primary surpluses. The overall deficit rose to $116.9 million in 2017/18, representing 2.5 percent of GDP compared to $69.7 million or 1.6 percent of GDP in 2016/17. This performance was mainly due to elevated current spending and to a lesser extent higher capital expenditure. As a result, total expenditure increased by 5.7 percent to $1,227.5 million. Notwithstanding increases in all sub-components of current expenditure, this upturn was primarily driven by higher spending on goods and services and on current transfers which grew by 12.1 percent and 9.0 percent respectively. Lower VAT and income tax receipts were offset by growth in non-VAT trade taxes, particularly excise tax on fuel, increased fees from the

Citizenship by Investment Programme (CIP) and revenue from airport tax. The overall deficit was financed mainly by bonds and loans.

Consistent with the higher fiscal deficit, total official public debt rose at a faster pace in 2017. The stock of public debt stood at $3,177.3 million at the end of 2017, representing a 3.4 percent increase over the previous year. However, the ratio of debt to GDP decreased to 68.5 percent in 2017 compared to 69.5 percent in 2016. There was a shift towards external debt while the reliance on short term debt instruments continued in 2017 with a higher stock of treasury bills. Short term instruments accounted for 57.5 percent of the debt while medium and long term instruments accounted for 16.9 percent and 25.6 percent respectively. During the latter part of the year, reductions were recorded in interest rates on some debt issuances.

While some challenges lingered in the financial sector, commercial banks and credit unions registered improved performances in 2017. Financial institutions continued to face threats of potential loss and increased compliance costs of international correspondence banking relationships as well as the associated effects of the EU's blacklisting of Saint Lucia in December. Despite an uptick in economic activity and falling lending rates, private sector bank credit remained weak, declining by 1.9 percent. Of this, credit to businesses declined further in 2017 overshadowing growth in household credit. Rising deposits resulted in increasing liquidity, as evidenced by the lower loans to deposit ratio of 83.5 percent from 87.8 percent in December 2016. Banks experienced improved asset quality with lower levels of non-performing loans (NPLs) to 12.5 percent at the end of 2017, still above prudential benchmarks. Higher income coupled with reduced provisioning and operating costs led to increased but low bank profitability. Commercial banks reported a capital adequacy ratio of 17.2 percent, above the prudential minimum of 8.0 percent. By contrast, credit union lending continued to grow, by 9.0 percent in 2017 while their NPL ratio rose by 1.0 percentage point to 11.0 percent. Preliminary data suggest that the merchandise trade deficit widened in 2017 as the total value of imports rose by 8.1 percent to $1,770.6 million, partly due to higher oil prices. While total exports including re-exports grew by 6.1 percent, earnings from domestic exports fell by 2.9 percent to $209.4 million. Available statistics[2] suggest that there was an improvement in Saint Lucia's external position in 2017. Imputed reserves at the Eastern Caribbean Central Bank (ECCB) grew markedly from $780.4 million to $829.9 million, representing 5.6 months of cover, above the 3-month requirement.

Box 1: An Explanation of the Quarterly GDP (QGDP) Series

The Gross Domestic Product (GDP) series, which are presented throughout this publication, comprise of statistically regressed quarterly estimates of economic performance over the period 2006 to 2017. Accordingly, the annual GDP aggregates that are provided constitute the sum of estimates for the four (4) corresponding quarters of each year presented in the series. The regression results herein presented diverge only in procedure, and not in principle, from the regular annual GDP statistics and strictly observe the same internationally prescribed standards of measurement, which have long been associated with the compilation of value added estimates for domestic industries in Saint Lucia.

The publication of a regressed statistical series at this time, as opposed to the regular Annual National Accounts (ANA) tables, is primarily released to facilitate the relatively earlier parliamentary presentation of the Estimates of Revenue and Expenditure, for the 2018/19 fiscal cycle. Therefore, the annual GDP estimates that are presented in this current publication of the Economic and Social Review will be replaced with the statistics generated by the normal ANA compilation exercise, which will be undertaken in the second quarter of 2018, when all the relevant input data sets become available. This ANA series is completed

by the CSO in June and subsequently published on the official website of the Eastern Caribbean Central Bank.

In September 2016, the Central Statistical Office of Saint Lucia (CSO), in consultation with the International Monetary Fund's Caribbean Regional Technical Assistance Center (CARTAC), complemented an enhanced ANA series with the introduction of a Quarterly National Accounts (QNA) statistical model, in response to the increased demand for a more current and standardized set of economic indicators that were consistent with the rules of the System of National Accounts (SNA), approved by the Statistical Commission of the United Nations. As with any other statistical model, the capacity of the new QNA compilation procedure, to reliably measure short-term market fluctuations in the domestic economy, is limited to the quality (in respect of coverage, consistency and length) of the respective administrative and other data sets that comprise it. The CSO remains absolutely committed to working with all its stakeholders to proactively enhance the quality of all our data sources, in the relentless effort to preserve and improve the integrity of the official statistics that we produce on behalf of the citizenry of Saint Lucia.

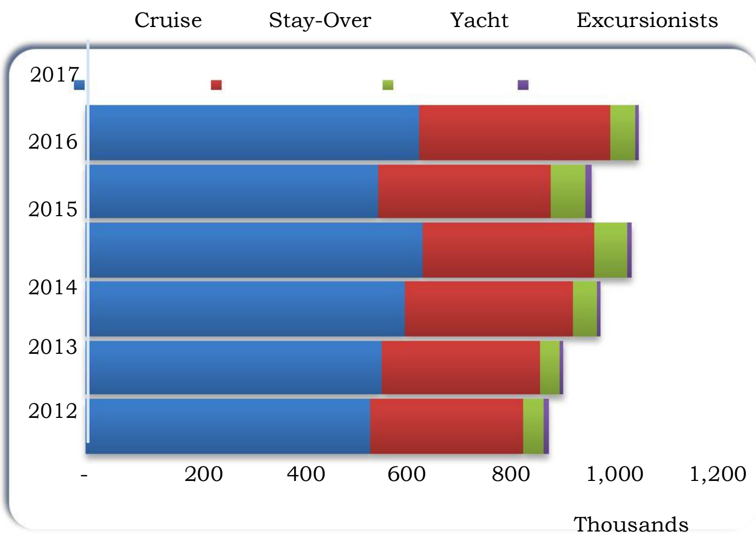
B. *REAL SECTOR DEVELOPMENTS*

TOURISM

During 2017, the tourism sector benefitted from positive developments in the external environment coupled with domestic factors which resulted in improved key performance indicators. The strengthening global economy generated improved economic conditions in the major source markets, contributing to increased external demand for Saint Lucia's tourism product. Expanded hotel plant and targeted marketing efforts facilitated improved airlift which led to increased bednights. As a result, growth in the hotels and restaurants sector is estimated to have expanded by 10.1 percent in 2017, after contracting by 2.9 percent in 2016.

Total visitor arrivals rebounded by 10.3 percent to a record high of 1.1 million visitors in 2017. This increase of 103,737 visitors, follows a decline of 7.9 percent in 2016 and represents growth of 1.6 percent over 2015. This strong performance was driven primarily by higher cruise arrivals alongside increased stay-over arrivals. However, declines were recorded in yacht arrivals and excursionists.

Figure 1: Visitor Arrivals by Category



Cruise Ship Arrivals

Despite the closure of the larger berth at Pointe Seraphine from April to December, the number of cruise ship passengers rose substantially by 13.9 percent to 669,217, almost fully reversing the notable decline in 2016. This recovery in 2017 was supported by larger vessels and 40 additional cruise calls including from Celebrity Summit, Adventure of the Seas, Jewel of the Seas and Celebrity Eclipse.

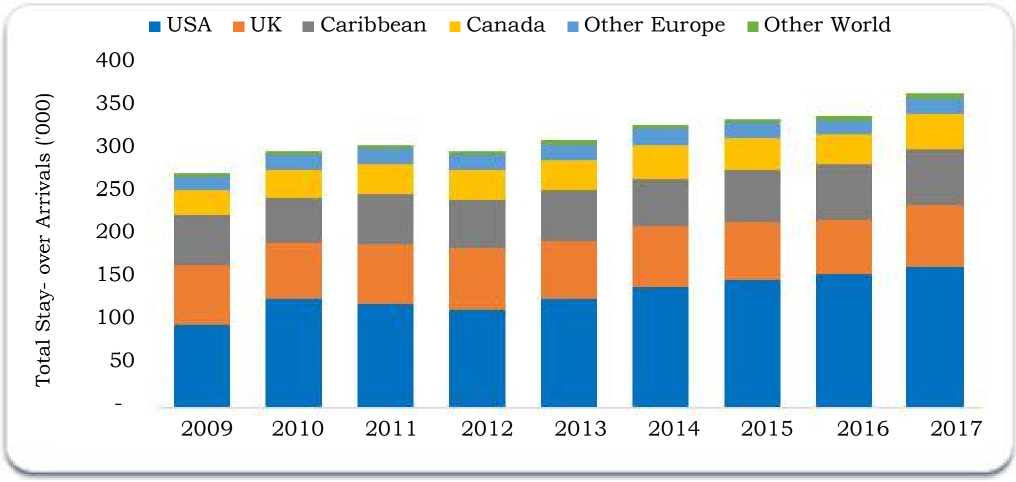
Stay-over Arrivals

Following four consecutive years of positive growth, there was an upsurge in stay-over arrivals by 11.0 percent to 386,127 visitors, the highest recorded to date. This peak performance was largely accredited to a 5.7 percent expansion in airlift, with increased air seats from all major source markets. Additionally, the opening of the Royalton Saint Lucia Resort & Spa in February attracted additional tourists in 2017. Consequently, there were broad- based increases in the number of stay-over arrivals from all source markets, led by robust growth from the United States market. Furthermore, year on year increases were recorded in every month in 2017.

[1] Bed nights is a function of stay-over arrivals less persons staying in private accommodations and the average length of stay.

The US remained the dominant source market, contributing almost half (43.4 percent) of total stay-overs arrivals in 2017. US arrivals continued to trend upward since 2013, reaching a record of 168,223 visitors. This represented growth of 6.8 percent over 2016, compared to an average growth rate of 8.2 percent annually over the previous four years.

Figure 2: Stay-over Arrivals by Origin



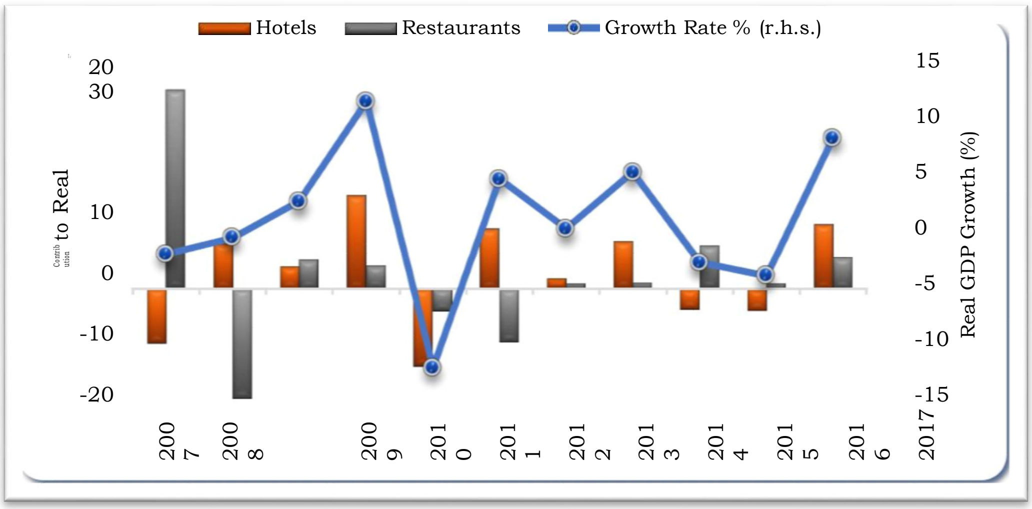
Higher US stay-over arrivals were recorded throughout the year with a solid growth of 10.3 percent in the third quarter of 2017. This positive performance was primarily attributed to improved economic conditions in the US. Additionally, airlift and load factors increased on some carriers including JetBlue and United Airways.

Stay-over arrivals from Europe rebounded by 15.5 percent in 2017 to 92,611, reflecting growth from the UK, France and Germany. Of this, UK visitors picked-up by 12.5 percent and accounted for 74.4 percent. Following the Brexit-related decline in 2016, this was driven largely by increased airlift with the introduction in May of a weekly service from Thomson Airways. Following two consecutive years of contraction, Canadian arrivals recovered with growth of 12.7 percent to a record high of 42,578. This reflected strong growth in the first half of 16.7 percent over 2016, owing to the resumption of services from Sunwing Airlines associated with the recently opened 455 room Royalton Saint Lucia Resort and Spa. Additionally, there was increased seating capacity from Air Canada out of Toronto, offsetting declines from West Jet and Air Transat. Arrivals from the Caribbean, the second largest source market, continued to increase in 2017, growing by 13.6 percent to 76,349 arrivals. This outturn was mainly due to higher CARICOM arrivals of 21.2 percent and to a lesser extent by growth of 5.6 percent in arrivals from the French West Indies. More consistent services from LIAT and the introduction of a small charter service contributed to this improved performance.

Hotel and Restaurants Performance

The strong growth in stay-over arrivals despite a marginal decrease of 2.1 percent in the average length of stay, resulted in an 11.0 percent rise in bednights. Accordingly, preliminary estimates indicate that real growth in the hotel and restaurants sub-sector, expanded by 10.1 percent in 2017 relative to 2016.

Figure 3: Real GDP Growth: Hotels and Restaurants



CONSTRUCTION

Preliminary data indicate that the construction sector grew for the third consecutive year, expanding by an estimated 10.8 percent in 2017. The sector's share of total GDP increased marginally to 5.6 percent from 5.5 percent in 2016. The performance of the sector reflected continued activity in both the public and private sectors. Public sector capital works undertaken by statutory bodies contributed significantly to growth in the sector, led by port expansion and rehabilitation. Central government construction activity increased during the review period with a focus on disaster recovery, climate resilience building and road development. Private sector investments were mainly concentrated on hotel development while an expansion was recorded in home construction and renovations. Reflective of the level of construction activity, employment in the sector increased by 3.8 percent in 2017.

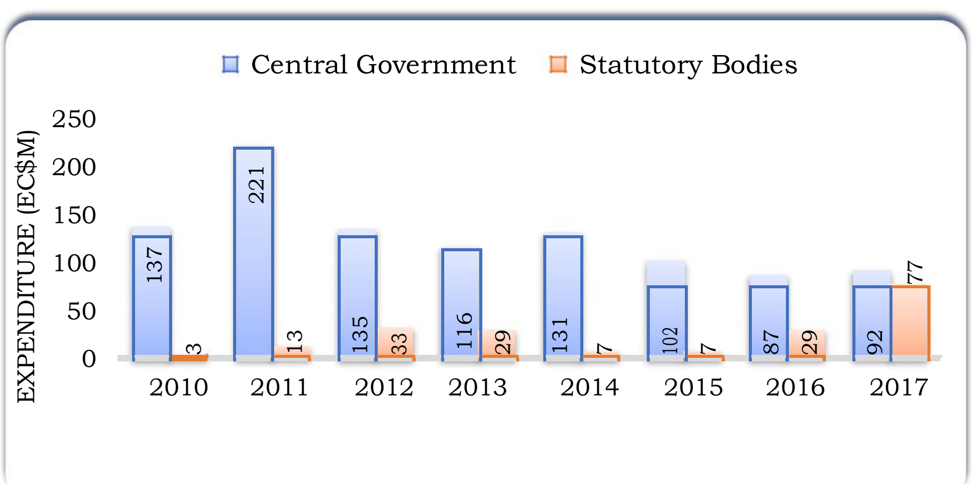
Private Sector Construction

Construction activity in the private sector centered mainly on hotel room stock expansion, particularly at two new properties. Completion works of phase 1 intensified at the 435-room Royalton Saint Lucia Resort & Spa in the first quarter of the year. Construction work on the 115-room Harbour Club hotel, which was temporarily halted in the last quarter of 2016, resumed with significant progress made towards completion in 2017. Additionally, significant construction work was also carried out at the Coconut Bay Beach Resort & Spa with the addition of 36 villas. Additionally, works on the Sandals Grande over-the-water suits which commenced in 2016 was also completed in 2017. Two of the seven villas to be fitted at the Landings Resort & Spa were also completed in 2017. Windjammer Landing Villa Beach Resort also constructed additional villas in 2017 while 11 villas were completed at Sugar Tides Beach. Renovations, refurbishments and upgrades were undertaken at a number of hotels during the off-peak tourism season, including at Sandals Halcyon, Sandals La Toc and Le Sport. Furthermore, commercial construction projects during 2017 primarily comprised ongoing projects. Work that had begun in 2016 intensified in the review year on three commercial buildings in Castries, at the William Peter Boulevard, at the intersection of High Street and Coral Street and on the John Compton Highway. In addition, construction of the GTM building at Choc-Estate commenced in 2017.

Public Sector Construction

Public sector construction, which comprises expenditure by the central government and statutory bodies, increased appreciably by 45.1 percent in 2017 to $168.7 million.

Figure 4: Public Sector Construction Expenditure by Category (EC$M)



This outturn was primarily attributed to construction work undertaken by statutory bodies and a moderate increase in central government expenditure.

Construction expenditure by statutory bodies namely SLASPA, WASCO, NIC, Invest Saint Lucia and NIPRO, increased considerably in 2017 from $26.9 million to $77.1 million. This mainly reflects construction works by SLASPA which totaled $68.3 million in 2017. Of this, upgrade work done on Port Castries on the Pointe Seraphine Berth accounted for $52.5 million. Other major works by SLASPA included the rehabilitation and extension of the turning bay and the rehabilitation of the container storage area at Port Castries. Construction expenditure for all other statutory bodies totaled $8.8 million, of which WASCO accounted for $2.9 million for work done on the replacement of mains and other infrastructural works to improve the water supply in some communities. Invest Saint Lucia spent $3.9 million for the retrofitting a factory shell located in the Free Zone in Vieux Fort. NIC's outlay was $1.7 million for extraordinary construction activity inclusive of cladding works undertaken on several buildings at the Waterfront and High Street in Castries.

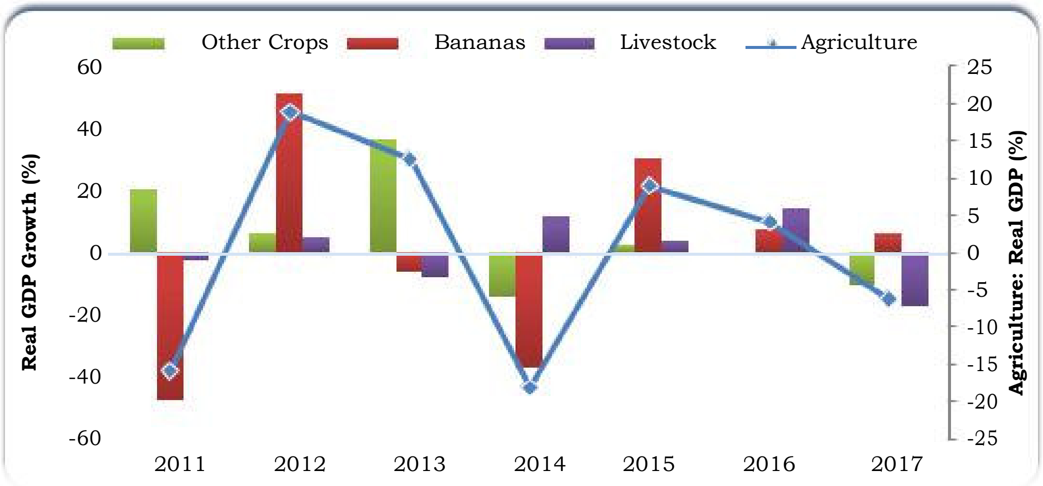
Central government expenditure on construction for 2017 rose by 4.9 percent to $91.6 million. This reflected increased spending on roads, bridges, community works, agriculture and health.

In 2017, construction work continued on the Owen King EU-funded hospital, with the completion of the kitchen and laundry rooms. There was increased spending on community development projects in 2017, following a recorded decline in 2016.

AGRICULTURE

Following signs of recovery in 2015 and 2016, real growth in the agriculture sector is estimated to have contracted by 6.3 percent in 2017. Declines were recorded in most sub-sectors, with notably lower livestock production. Output in the sector continued to be impacted by adverse weather conditions which occurred in the latter part of 2016.

Figure 5: Agriculture: Real GDP Growth (2011-2017)



Banana

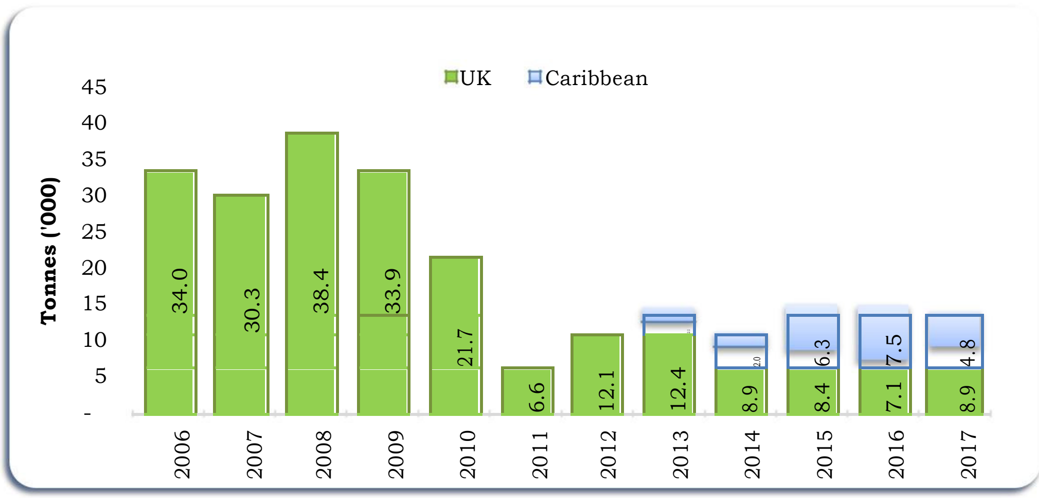
The effects of tropical storm Matthew continued to negatively affect banana production, particularly in the first quarter of 2017. However, there were signs of recovery in subsequent quarters, reflective of the efforts by the government to enhance production. Under the Banana Productivity Improvement Project, support was provided to farmers in the form of subsidized inputs and for the continued containment of the black sigotoka disease. Furthermore, post-Matthew rehabilitation works on farm roads and drainage were completed by the end of the first quarter of 2017. Generally, favourable weather conditions boosted banana production although windy conditions from hurricane Maria in September tempered the recovery in banana output, particularly in Roseau.

After a decline of 1.1 percent in 2016, total banana exports further decreased by 6.1 percent to 13,744.4 tonnes in 2017. This downturn was primarily due to a significant fall of 35.7 percent (2,691.5 tonnes) in banana exports to the Caribbean, which overshadowed the growth in exports to the UK. Notwithstanding increased exports to Barbados and Antigua, this decline mainly reflected a dramatic fall in exports to

Trinidad & Tobago from 3,878.9 tonnes in 2016 to 408.6 tonnes, reversing the gains made in the previous two years. As a result of Saint Lucia's inability to supply in the aftermath of tropical storm Matthew, Trinidad sourced bananas from other regional countries. Weak economic conditions in Trinidad & Tobago, particularly associated with foreign exchange shortages also contributed to the recorded decline.

Banana exports to the UK increased appreciably by 25.5 percent (1,806.2 tonnes) to 8,898.1 tonnes in 2017. As a result, the UK has re-emerged as Saint Lucia's largest banana export market, since exports to the Caribbean surpassed UK exports in 2016. In addition to the positive supply-side factors, marketing efforts by Winfresh contributed to the increase in banana exports to the UK.

Figure 6: Banana Exports (UK & Caribbean)



Consistent with the lower volumes, total earnings from banana exports fell to $18.8 million in 2017 from $19.9 million in the previous year. Of this, earnings from the regional market amounted to $4.2 million, declining by $2.9 million compared to 2016. Conversely, earnings from the UK market increased by $1.7 million to $14.6 million in 2017. The average price of bananas exported to the UK continued to be higher than that of regional exports in 2017.

Other Crops

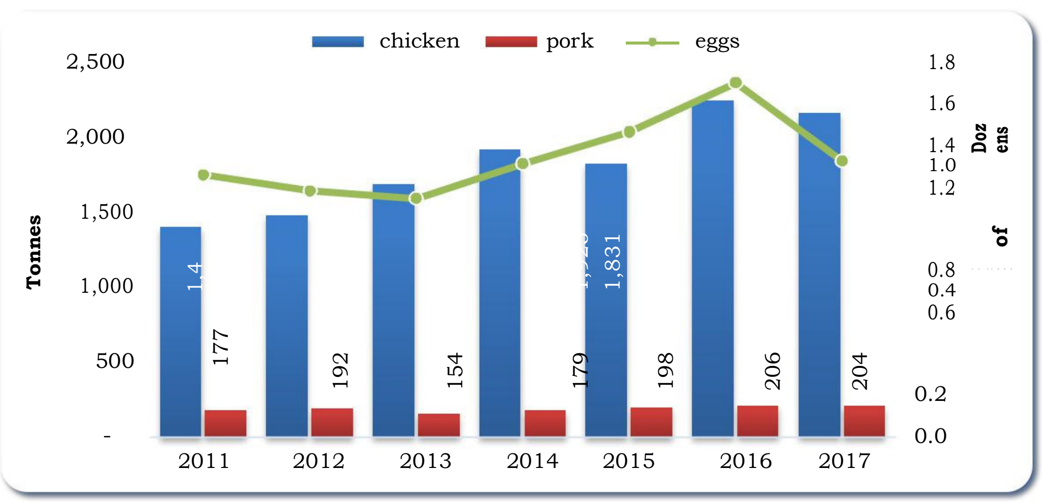
The production of non-banana crops, as measured by the combined volume of produce purchased by hotels and supermarkets, declined further by 4.1 percent in 2017. This largely reflected a double-digit decline in the first half of 2017. The volume of crops purchased by supermarkets fell by 3.4 percent to 3,692 tonnes resulting in a 1.8 percent decline in associated revenue to $13.0 million. Similarly, hotel purchases further declined by 6.3 percent to 1,123 tonnes, generating $6.3 million in revenue compared to $6.6 million in 2016.

The most significant decline in both hotel and supermarket purchases were in the categories of fruits and traditional vegetables, followed by musa. The drop in purchases of traditional vegetables was primarily due to the inconsistent availability of produce due to unfavourable weather conditions.

Livestock

Subsequent to a strong performance in 2016, output across the livestock sub-sector contracted in 2017, reflecting lower production of chicken, egg and pork. Chicken production declined by 3.7 percent to 2,167.5 tonnes in 2017, primarily due to concerns regarding the quality of feed. Producers' annual earnings from chicken sales totaled $26.0 million, $1.4 million less than in the previous year.

Figure 7: Livestock Production



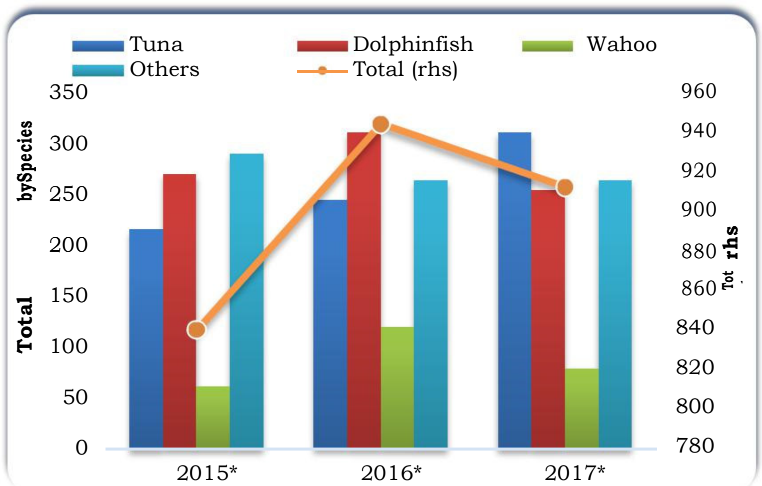
In 2017, the volume and value of egg production fell substantially by 22.1 percent to 1.3 million dozen as the majority of layers reached maturity with a time lag of approximately five months before the replacement flock began laying. Additionally, during the year, production by a producer was temporarily halted. As a result, egg production in the first half of the year dropped by 39.3 percent compared to the same period in the previous year when a 15.9 percent increase was recorded. However, there were incipient signs of recovery in the last two quarters of 2017.

Following three successive years of growth, pork production dipped by 1.1 percent to 204 tonnes in 2017. Growth in pork production of over 40 percent in the first quarter was tempered by declines in the remaining quarters of the year. The lower level of production generated 2.9 percent less in revenue to $2.7 million in 2017.

Fisheries[3]

Estimated fish landings for the first half of 2017 declined by 3.4 percent to 913 tonnes, despite a 3.2 percent increase in the estimated number of fishing trips to 18, 299. In the first six months, double-digit increases were recorded in landings of tuna fish species and conch which are of high economic value. However, declines were recorded for dolphinfish, lobster and wahoo.

Figure 8: Fish Landing by Species (Tonnes)



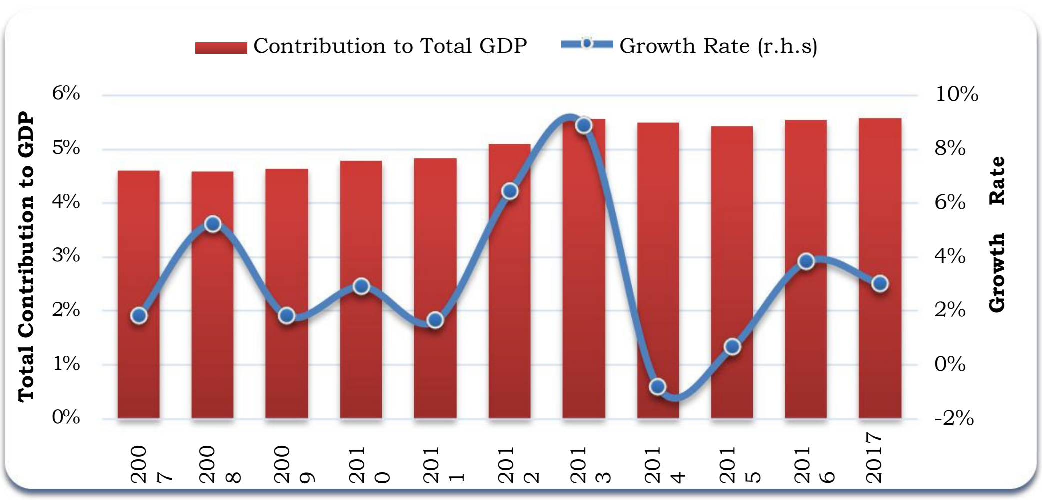
**Fish landing data is from January to June 2017*

Dennery and Micoud registered increased fish landings while lower volumes of fish landings were recorded at other sites including Vieux-Fort, the largest landing site. Notwithstanding the decline in total fish landed, the estimated value of fish landed inched up to $14.1 million in the first half of 2017, suggesting higher unit prices.

MANUFACTURING

Overall, the manufacturing sector registered an expansion in 2017 with scaled up operations by some establishments. However, mixed performances were observed across the various sub-sectors with contractions in paper and electrical products as well as furniture. Increased activity in the sector was driven by developments in the food, beverage and fabricated metal sub-sectors which together accounted for an estimated 73.0 percent of total value of output in 2017. Overall, the sector continued to be impacted by high cost of inputs, cash flow pressures and logistical delays from suppliers. Despite those challenges, real growth in the manufacturing sector is estimated to have increased by 3.0 percent compared to 3.8 percent in 2016. The sector's growth was supported by a general improvement in domestic economic activity, benefiting from the expansion in tourism as well as increased exports of some manufactured goods.

Figure 9: Manufacturing Real Growth and Contribution to GDP



Production

The total value of manufacturing output in 2017 is estimated at $310.3 million, up from $300.3 million estimated for 2016. Manufacturing output in the food sub-sector is estimated to have increased by 2.4 percent to $84.9 million in 2017. This outturn was due to increased demand of a broad range of items, most notably for meat products associated with the opening of a new major hotel. The higher demand for fabricated metals reflected the level of activity within the construction sector.

The improved performance of the beverage sub-sector was attributed to growth in production of both alcoholic and non-alcoholic beverages. Increased alcoholic beverage output was partially driven by the activities of a major producer which increased its plant operations in the third quarter of the year to 7 days per week from 5 days previously. The increase in the production of non-alcoholic beverages was primarily as result of water production, reflecting expanded plant operations including for exports to the OECS markets.

Tempering the expansion in the total value of manufacturing output was lower output of paper and paper products which fell to $12.1 million from $19.1 million in 2016. This fall is in line with lower exports of bananas to the regional market. This led to a reduction in the demand for banana boxes which is a major driver of production in this sub-sector. Lower output was also recorded in the electrical products sub-sector as the emergence of new technologies in the form of Internet Protocol television (IPTV), have softened the demand from the United States. This development has dampened the competitiveness of this sub-sector. There were also notable declines in the plastic and machinery and equipment sub-sectors in 2017.

C. *BALANCE OF PAYMENTS*

Current Account

Preliminary data suggests that the merchandise trade deficit deteriorated by 8.6 percent to $1,427.7 million in 2017, representing 30.8 percent of GDP compared to 29.8 percent of GDP in 2016. The widening of the deficit was principally on account of a continued increase in the value of imports over the review period.

Imports

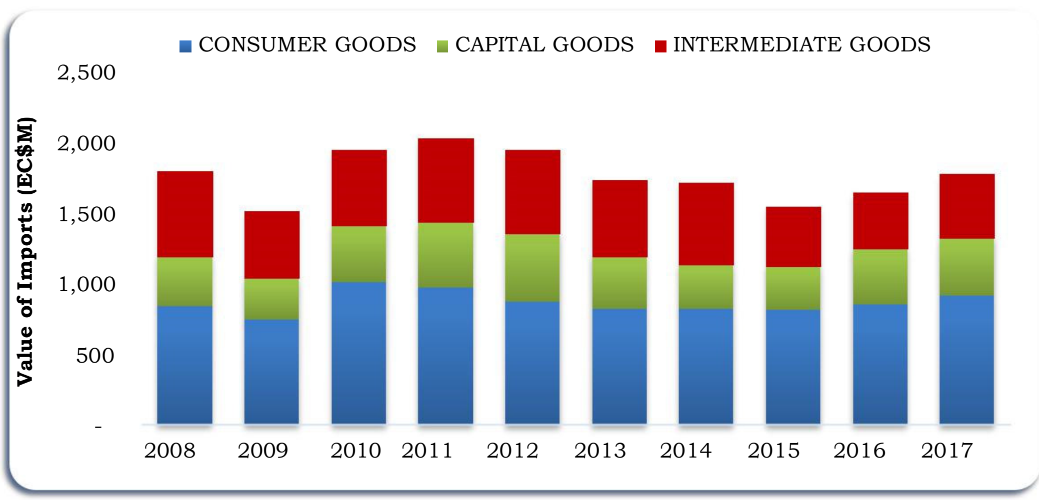
Consistent with the economic expansion and higher oil prices, the total value of imports rose further by 8.1 percent to $1,770.6 million in 2017. The rise in imports reflected increases in all major sub-categories, particularly consumer goods and intermediate goods.

The value of imports of consumer goods rose by 7.8 percent in 2017 to $911.2 million. This increase was led by higher imports of manufactured goods which were 13.6 percent higher than in 2016. These included items such as iron and steel based materials, hydraulic cement, pipe fittings, fencing material and tyres. Additionally, the cost of food imports went up by $22.3 million due to items such as meat, vegetables, sweeteners, cereal, fish, cheese and butter. This outturn was partly influenced by the growth in tourism activity in 2017.

Following a decline of 6.6 percent in 2016, the value of imports of intermediate goods increased by 14.6 percent to $452.4 million. This outturn largely mirrored the $64.0 million increase in the imported cost of mineral fuel, lubricants and related materials. This was mainly driven by the rise in the cost and volume of imported petroleum products, associated with the upturn in world oil prices. In addition, the value of imports of medicaments rose by 7.7 percent.

The value of imports of capital goods rose by 2.3 percent to $406.9 million. This largely reflected increased imports of motor vehicles for the transport of persons as well as spare parts and accessories which offset declines in specialized machinery and equipment.

Figure 10: Value of Imports of Commodity Goods (EC$M)



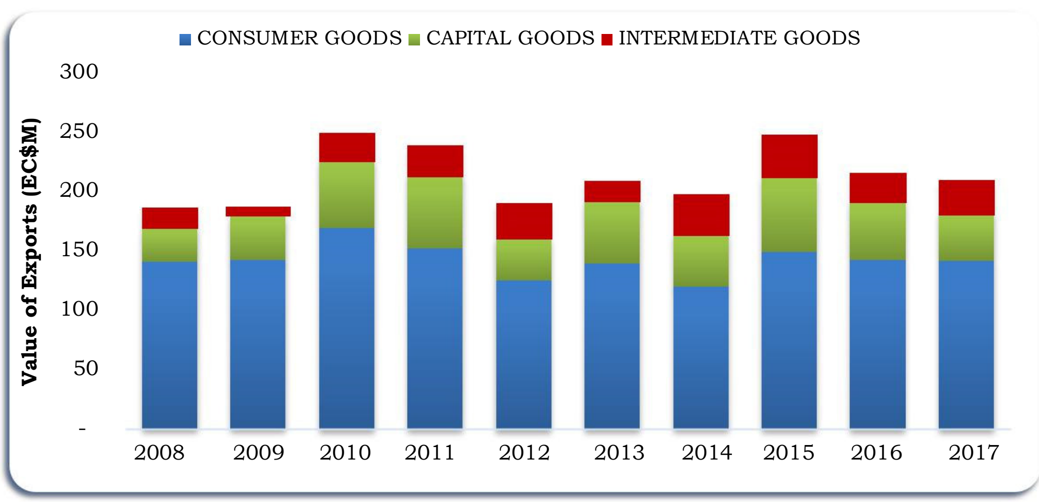
Source: Central Statistics Office, Trade Data by SITC Revision 4

Exports

Total exports, comprising domestic exports and re-exports, increased by 6.1 percent to $342.9 million. This outcome was mainly due to a 24.3 percent increase in re-exports. The value of total re-exports grew by24.3 percent, primarily reflecting increased trans-shipments of crude oil from the storage facility at Cul-De-Sac and various (electrical, engineering and telecommunications) equipment.

However, of this, total domestic exports fell by 2.9 percent to $209.4 million in 2017, accounting for 61.1 percent of total exports. This was chiefly the result of declines in the value of capital goods and consumer goods which offset the increase in the value of intermediate goods. Capital goods declined by $9.5 million, mirroring the drop in the value of exports of electrical conduits and fittings and telecommunications apparatus. The value of domestic exports of consumer goods decreased by 0.7 percent to $141.3 million in 2017. Increases in miscellaneous manufactured articles, including plastic and furniture items, were offset by lower export earnings from certain categories of beverages. There was also a drop in the value of food items principally due to the contraction in banana exports. By contrast, the export value of intermediate goods rose by $4.2 million, owing to gravel and scrap material.

Figure 11: Value of Commodity Exports (EC$M)



Source: Central Statistics Office, Trade Data by SITC Revision

D. *GOVERNMENT FISCAL OPERATIONS*

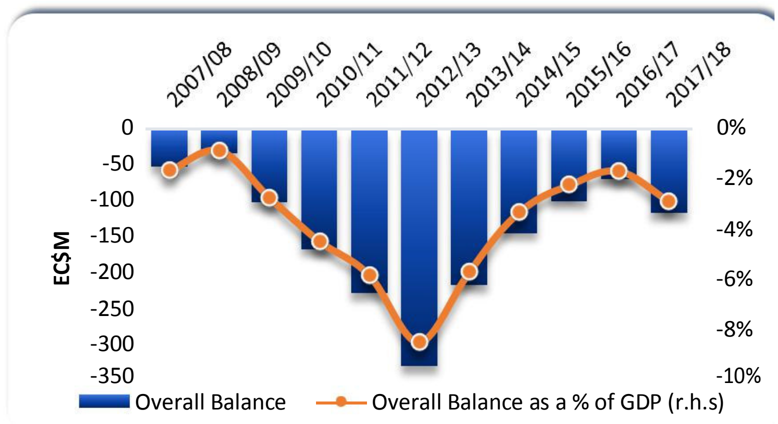
OVERALL PERFORMANCE

The central government's fiscal position is estimated to have deteriorated during the fiscal year 2017/18. Preliminary estimates indicate a widening of the overall fiscal deficit to $116.9 million or 2.5 percent of GDP in 2017/18 from $69.7 million or 1.6 percent of GDP in 2016/17. This performance was driven by elevated current expenditure and to a lesser extent higher capital spending which were partly offset by an improvement in revenue receipts. Consequently, there was a reduction in the current surplus from $92.0 million in 2016/17 to $63.0 million. Similarly, the primary surplus fell from $89.0 million in 2016/17 to $45.5 million in 2017/18.

Revenue Performance

Notwithstanding a $2.5 million decline in grant receipts, total revenue and grants increased by 1.7 percent to $1,110.7 million or 23.7 percent of GDP in 2017/18. This outturn reflected the combined impact of increased economic activity and the implementation of the following revenue measures:

Figure 12: Central Government Fiscal Operations Indicators

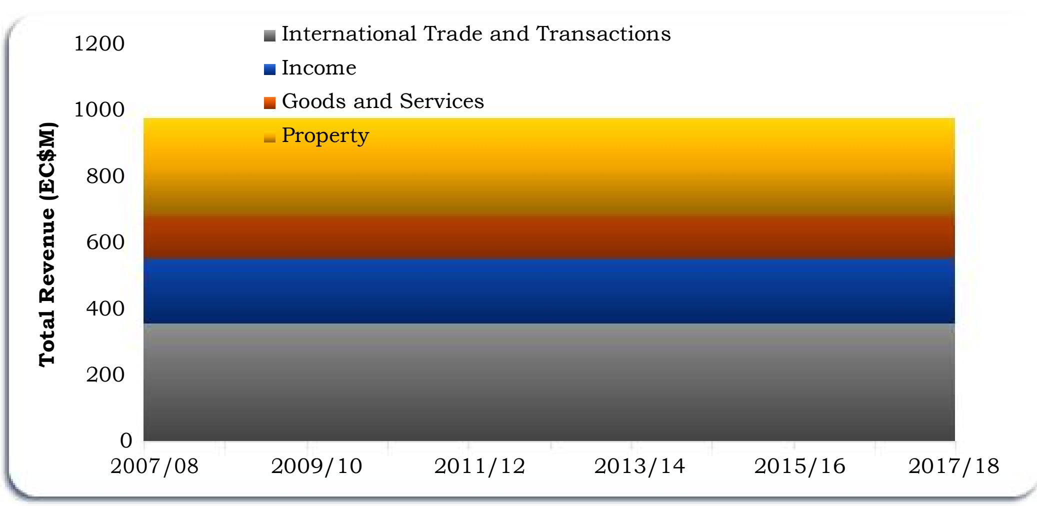


- A reduction in the VAT rate from 15.0 percent to 12.5 percent, effective February 2017;
- An increase in the airport tax for non-CARICOM travel from US$25.00 to US$63.00, effective June 2017, followed by a reduction to US$53.00 in January 2018;
- An amendment to the policy on excise tax rates on gasoline and diesel, subject to a ceiling of $4.00 per gallon (inclusive of a guaranteed portion of $1.50 earmarked for road maintenance) and domestic retail price caps of $12.75, effective July 3 2017.

Current Revenue

Current revenue is projected to rise at a decelerated rate of 2.0 percent to $1,054.1 in 2017/18, owing to strong growth in non-tax revenue, mainly from the Citizenship by Investment Programme (CIP). This upturn in current revenue also reflected a continued increase in tax revenue, attributable to the expansion in economic activity coupled with tax policy adjustments. Declines in other tax revenue categories were overshadowed by larger receipts from taxes on international trade and transactions. Following the rate reduction in February 2017, total net VAT collections fell by $27.0 million in 2017/18 to $308.5 million.

Figure 13: Major Components of Revenue (% of GDP)



Tax Revenue

Receipts from taxes on international trade and transactions grew by 5.5 percent to $474.1 million. Reflective of higher imports, all revenue sub-categories from border taxes, with the exception of VAT, contributed to this outturn. Most notably, there was a 21.8 percent improvement in excise tax collections on imports. This was largely on account of an increase of $16.6 million in receipts from petroleum product, occasioned by the excise rate increases which took effect from July. In addition, receipts from airport tax rose by $11.8 million to $22.3 million due to increases in both the airport tax rate and stay-over arrivals. These increases were however moderated by lower VAT revenue on imports to $138.6 million in 2017/18 compared to $158.7 million in 2016/17. After three consecutive years of growth, receipts from income taxes fell by 2.2 percent to $252.8 million in 2017/18. All major sub-categories registered declines in 2017/18 with the exception of collections of arrears which rose by $0.5 million due to the ongoing tax amnesty. Revenue from individual income tax declined by $1.0 million, the first decline in fourteen years. This was occasioned by payment plan arrangements with a major taxpayer. Receipts from corporation tax also fell as a result of a large one-off payment in the previous fiscal year for settlement of outstanding liabilities. Property tax collections were marginally higher at $12.2 million.

Total collections from taxes on domestic goods and services fell by $10.7 million to $247.4 million, the first decline since 2009/10. Of this, VAT revenue on goods and services declined by $6.9 million in 2017/18, reflecting the rate reduction. Revenue intake from licenses, fuel surcharge and stamp duty also fell by a combined total of $5.0 million. Receipts from licenses contracted by 11.7 percent as 2016/17 represented a peak collection year for drivers' licenses. In addition, motor vehicle license fees were reduced in September 2016. Marginally higher collections from domestic excise tax and insurance premium tax were insufficient to offset other declines.

Non-Tax Revenue

Non-tax revenue rose by 21.5 percent to $67.6 million in 2017/18 driven by a $21.6 million increase in overall receipts from fees, fines and sales. This was primarily due to further gains from the Citizenship by Investment Program which generated an estimated $21.4 million in fees compared to $5.9 million in 2016/17. Additionally, receipts from in-transit fees increased by 12.6 percent associated with increased cruise passenger visitors. However, the other non-tax revenue sub-category declined by $10.3 million. This reflected a one-off payment of $10.8 million received from the

Caribbean Catastrophe Risk Insurance Facility (CCRIF) for Tropical Storm Matthew in 2016/17.

Expenditure Performance

Total expenditure is projected to rise by 5.7 percent to $1,227.5 million in 2017/18 or 26.2 percent of GDP, stemming from increases in all major current spending sub-categories as well as in capital expenditure.

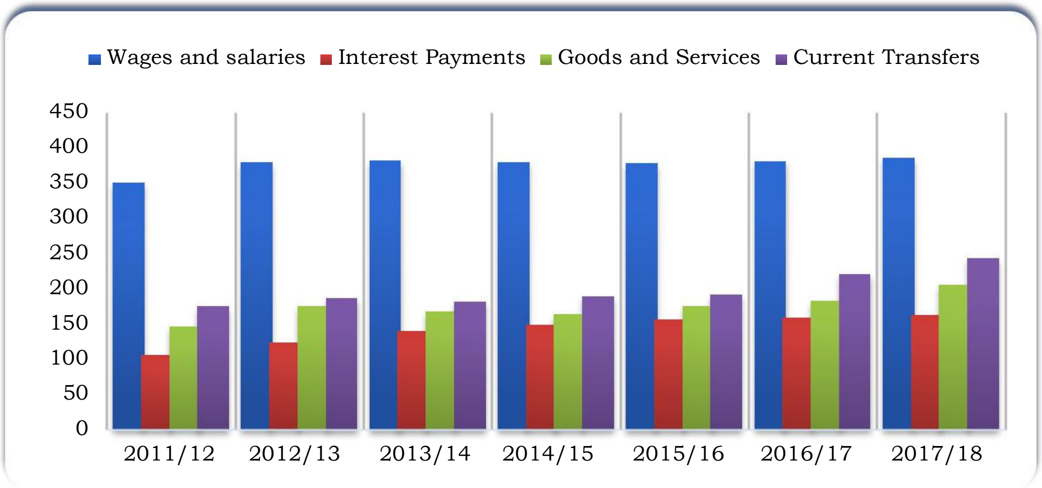
Current Expenditure

Current expenditure continued on an upward path, expanding by 5.3 percent to $991.1 million. This outturn was largely influenced by increased spending on goods and services as well as on current transfers.

Outlays on goods and services grew further by 12.1 percent in 2017/18 to $204.8 million. This increase was led by an additional $9.3 million for operating and maintenance, largely reflecting higher spending on roads associated with the increased excise tax rate on fuel. There were also notable increases in rental expenses and utilities, which together accounted for $9.1 million of the additional spending on goods and services. Current transfers rose by $19.7 million, mainly on account of larger transfers to statutory bodies which grew by 13.0 percent to $121.3 million. This was occasioned by the subvention to a newly established body and increased contributions to another organization for clearance of outstanding payables. Additionally, rewards and compensation were $6.9 million higher than in 2016/17, due to court judgements In keeping with a rising stock of central government debt, interest payments are estimated to have increased by 2.3 percent to $162.4 million in 2017/18. Notwithstanding, lower interest rates on maturing securities, particularly on private placement treasury bills, limited the growth in interest payments.

Wages and salaries, which accounted for the largest share (31.6 percent) of total central government expenditure, is estimated to have increased by 1.1 percent to $384.6 million. This uptick reflected a marginal increase in the number of persons employed.

Figure 14: Major Components of Current Expenditure ($ECM)



Capital Spending

Central government capital expenditure is estimated to have increased by 7.6 percent to $236.4 million in fiscal year 2017/18. Resources and efforts were focused on disaster recovery and mitigation, improving the country's road, health and water infrastructure while providing support to the agriculture sector and social safety nets.

Table 1: Selected Major Capital Spending (FY) 2017/18 ($Million)

Tourism Marketing Promotion	$28.9
Disaster Vulnerability Reduction Project (DVRP)	$12.5
Disaster Recovery Programme	$12.5
EC Student Loan Guarantee Fund	$9.4
Agricultural Transformation Programme	$8.8
BNTF 7th Programme	$8.7
Constituency Development Programme	$8.5
Dennery Water Supply Redevelopment	$7.7
SRRP Banse La Haut & Laborie Main Village	$7.1
Home Care Programme	$6.7
Stimulus Package - Summer and Christmas	$6.0
New National Hospital	$5.2
New National Hospital Commissioning	$5.0
Choiseul Road Rehabilitation	$3.8
Rehabilitation of Farms Post Tropical Storm Matthew	$3.8
SEMCAR Budget Revenue and Systems	$3.7
New National Hospital Equipment	$3.2
BNTF 8th Programme	$2.9
Caribbean Regional Communication Infrastructure Programme	$2.8

Bond-financed capital spending amounted to $114.5 million or 48.4 percent in 2017/18. Donor grants provided $55.4 million, representing 23.5 percent of total capital spending. Loan financing remained low at $30.6 million, accounting for 13.0 percent of capital spending while the remaining 15.2 percent was covered by local revenue.

Financing

During 2017/18, the central government experienced favourable market conditions for the financing of its fiscal operations, particularly in the second half of the fiscal year. There were signs of improved confidence with increased investor appetite for long term instruments and some issuances with over-subscriptions. Roll-overs totaled $661.9 million, all at reduced interest rates. The Regional Government Securities Market continued to be an important source of financing for the central government through the issuance of treasury bills, notes and bonds. It is estimated that $214.1 million was raised in new financing with treasury bills providing an additional $36.0 million. Delays in implementation of loan-funded capital expenditure led to lower than budgeted disbursement of loans of $82.9 million in 2017/18.

Table 2: 2017/18 Financing in EC$M

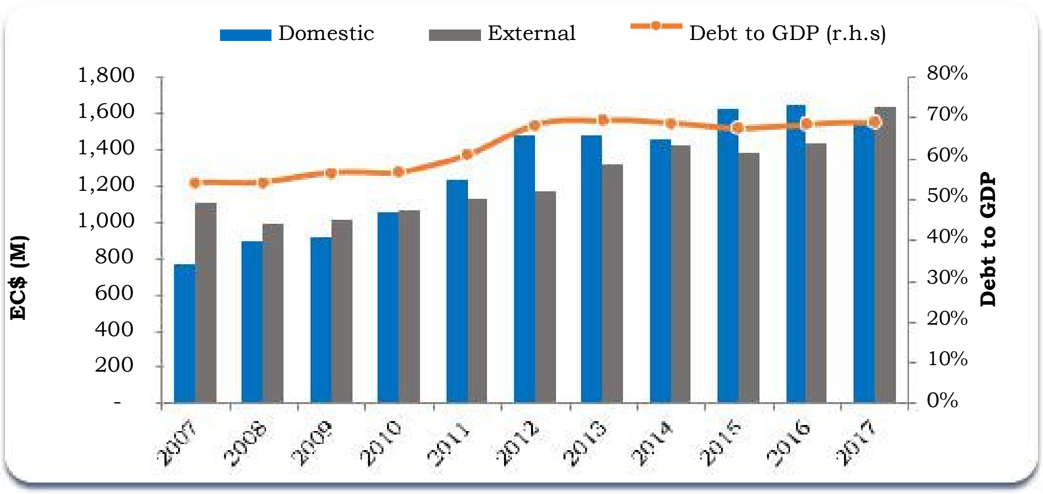
	Approved Budget	Actual (preliminary)	Variance
NEW			
Bonds	207.8	95.2	-112.6
Treasury Bills	50.0	36.0	-14.0
Loans	124.8	82.9*	-41.9
Sub-Total	**382.6**	**214.1**	**-168.5**
ROLLOVERS			
Bonds	261.9	209.6	-52.3
Treasury Bills	447.8	447.8	-0.0
Sub-Total	**709.7**	**657.4**	**-52.3**
Grand Total	**1,092.3**	**871.5**	**-220.8**

**EC$40 million represents commercial bank loans which replaced bond funding.*

V. Debt Analysis

The official stock of public debt, which includes central government liabilities, government guaranteed and public non-guaranteed debt, rose by 3.4 percent to $3,177.3 million at the end of 2017. This was equivalent to an estimated debt to GDP ratio of 68.5 percent, down from 69.5 percent in 2016. The rate of debt accumulation picked up in 2017, marginally above the average of 3.3 percent over the preceding 3 years.

Figure 15: Official Public Debt



At the end of 2017, central government debt accounted for 93.9 percent of the official public debt. Public corporations' debt guaranteed by the central government[7] increased by 19.8 percent to $175.6 million, accounting for 5.5 percent of official public debt. This was due to additional guaranteed domestic debt for the Saint Lucia Air and Seaport Authority while UWI Open Campus accounted for the increase in guaranteed external debt. By contrast, non-guaranteed public debt continued to decline to $18.2 million from $22.7 million in 2016.

Central Government Debt

Following an average increase of 4.5 percent over the previous three years, growth in the central government debt continued to decelerate in 2017 to 2.8 percent to $2,983.5 million. This largely reflected increased external borrowing which offset the decline in domestic debt. In keeping with 2015 amendments to the Treasury Bill Act, the stock of treasury bills rose by 10.4 percent to $497.3 million. This represented 47.7 percent of current revenue, below the legislated Treasury bill limit of 50.0 percent of the previous fiscal year's budgeted revenue.

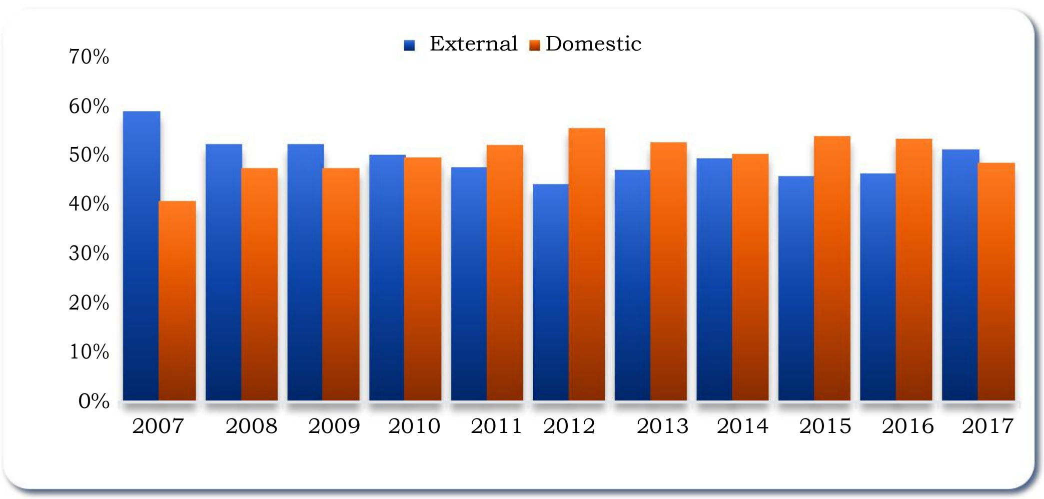
While the Government of Saint Lucia has remained active on the Regional Government Securities Market (RGSM), the central government's outstanding debt issued on the RGSM fell further to $856.1 million. This represented 28.7 percent of the central government debt in 2017 compared to 40.2 percent in 2014.

Total other central government liabilities which include commercial bank overdrafts, outstanding domestic payables and ECCB advances stood at $88.8 million at the end of 2017 compared to $22.9 million in December 2016.

Domestic Debt

The central government's stock of domestic debt fell by 8.0 percent to $1,392.6 million. This outturn reflected a shift towards external financing, both for RGSM and non-RGSM issued bonds as well as treasury bills. The stock of domestic bonds declined by $172.8 million, predominantly on the RGSM. While outstanding treasury notes increased by $28.6 million, domestic treasury bills decreased by $13.4 million in 2017.

Figure 16: Central Government Debt by Creditor Residence



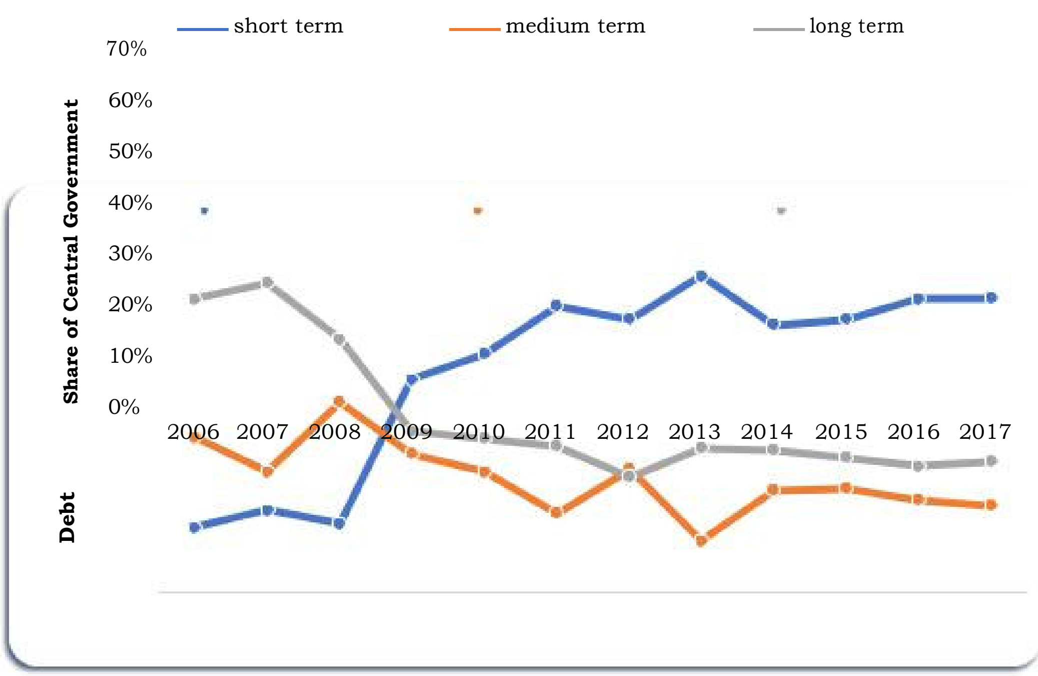
External Debt

External debt grew by 14.6 percent to $1,590.9 million at the end of December 2017, accounting for 51.5 percent of central government debt. This was largely due to net increases of $145.5 million in bonds and $60.2 million in treasury bills held by external creditors. Bilateral and multilateral loans together increased by 1.5 percent to $671.7 million, accounting for 22.5 percent of central government debt. Of this, the Caribbean Development Bank (CDB) remained the largest creditor albeit with a marginally lower total of $316.2 million.

Maturity Profile

The central government's reliance on short term debt continued in 2017 while there was a reduced stock of medium term debt. Short term debt with maturities of up to 5 years accounted for an increasing share of 57.5 percent or $1,714.3 million of central government debt. This primarily reflected an increase in the stock of treasury bills to $497.3 million largely externally held. Of the remaining amount, bonds totaled $ 1,131.9 million while loans and advances comprised $85.1 million.

Figure 17: Maturity Profile of Central Government Debt (Shares)

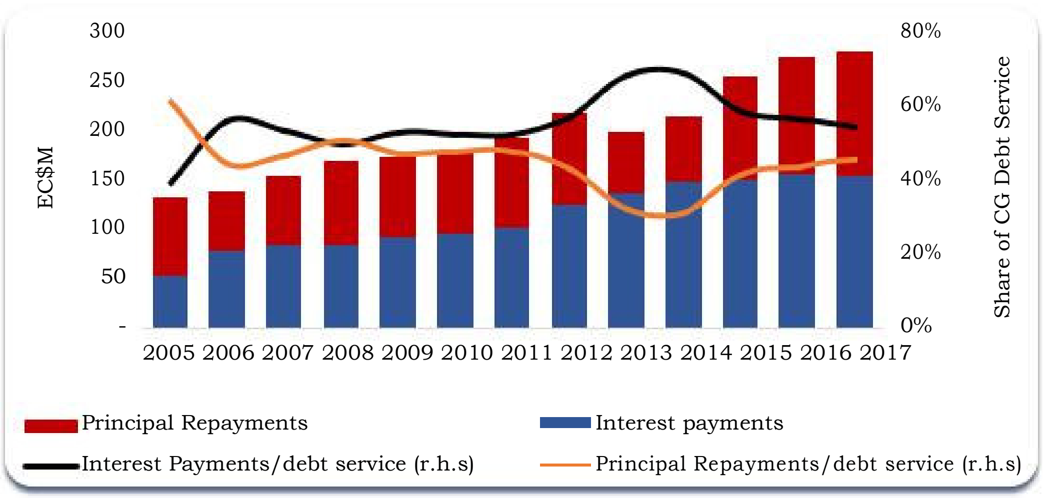


The share of long term instruments with maturity of over 10 years inched up to 25.6 percent, amounting to $763.8 million at the end of 2017. The stock of medium term debt, maturing within the next 5 to 10 years, fell from $524.9 million in 2016 to $505.4 million or 16.9 percent.

Debt Servicing

Net total debt service payments rose at a decelerated pace of 2.1 percent to $280.5 million in the calendar year 2017. This reflected the larger stock of central government debt and a heavy reliance on short term debt. Total debt service payments represented 26.9 percent of current revenue from 27.1 percent in 2016 while interest payments amounted to 14.6 percent in 2017. Lower domestic interest payments resulted in a 1.8 percent decline in total interest payments to $152.2 million, equivalent to 14.6 percent of current revenue. However, net principal repayments rose by 7.1 percent to $128.3 million, double the amount paid in 2013.

Figure 18: Central Government Debt Servicing



In 2017, matured and rolled over debt comprised $434.3 million in treasury bills, $107.6 million in treasury notes and $127.7 million in bullet bonds. Most instruments were rolled over at comparatively lower rates. Principal repayments on amortized bonds and loans rose from EC$109.0 million to $113.0 million in the calendar year 2017.

Cost and Risk Indicators

Weighted Average Cost of Debt (WACD)

The weighted average cost of the central government's debt at the end of 2017 decreased by 5 basis points to 5.26 percent. This was driven by a combination of lower rates and a smaller share of bonds and notes (the highest interest-bearing debt instruments) in the portfolio to 53.3 percent from 55.2 percent in 2016. However, the share of treasury bills at the end of

2017 increased to 16.7 percent of central government debt, contributing to its higher weighted average cost. The average rates on RGSM issued T-Bills at the end of period 2017 increased from 2.9 percent to 4.0 percent while rates on private placement were reduced from 4.7 percent to 4.5 percent. Despite increased concessional multi-lateral debt, the cost of loans also rose due to increased domestic commercial bank lending.

Table 3 Weighted Average Cost of Debt (In Percentage)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Bonds & Notes	7.25	7.17	7.26	7.20	7.26	7.00	7.03	7.07	6.81	6.82	6.73
Loans	4.85	4.24	3.86	3.49	2.79	3.46	3.12	3.16	3.18	3.01	3.09
Treasury Bills	4.30	5.73	5.04	5.48	5.45	5.05	4.80	4.93	4.39	4.29	4.42
WACD	**5.74**	**5.77**	**5.55**	**5.54**	**5.48**	**5.50**	**5.49**	**5.52**	**5.26**	**5.31**	**5.26**

Refinancing Risk Indicators

Average Time to Maturity (ATM), as a key indicator, is a measure of the weighted average time to maturity of all principal payments in the debt portfolio. The ATM of Saint Lucia's total official public debt portfolio at the end of 2017 inched up to 5.0 years from 4.9 years in 2016, still below the 2020 target of 8 years. This marginal improvement in the ATM reflects the longer maturities of new debt contracted in the latter part of the year. The proportion of public debt maturing in one year, another indicator of refinancing risks, increased from 26.5 percent in 2016 to 28.4 percent at the end of 2017. This was mainly as a result of the higher stock of treasury bills.

Interest Rate Risk Indicators

Average time to refixing (ATR), a key interest rate risk indicator, is a measure of the weighted average time until all principal payments in the debt portfolio become subject to a new interest rate. The ATR showed marginally increased risks, lengthening from 4.10 years in 2016 to 4.54 years in 2017, below the target of 7 years. In addition, at the end of 2017, 28.5 percent of total public debt are subject to interest rate re-fixing within the next year. Interest rate risks remained low as fixed-rate debt accounted for 93.7 percent of total public debt. The remaining debt with variable interest rates comprised mainly concessional external loans contracted from CDB, World Banks' IBRD and EIB.

Table 4: Cost/Risk Indicators of Central Government Debt as at March 2017

Cost and Risk Indicators	17-Mar	17-Jun	17-Sep	17-Dec	18-Mar
Weighted Average Time to Maturity (in years)	4.93	4.61	4.33	5.00	5.03
% Maturing in 1 year	25.7	25.85	26.05	24.66	23.18
Weighted Avg. Time to Refixing (in years)	4.10	4.11	4.00	4.35	4.54
Weighted Average Cost of Debt (WACD) (%)	5.33	5.31	5.29	5.26	5.21

Table 5: Debt Indicator Series

Debt Indicators	2012r	2013 r	2014 r	2015 r	2016r	2017
CG/GDP	61.0%	62.0%	63.6%	62.9%	64.5%	64.3%
Total Debt/GDP	65.2%	66.0%	66.5%	65.4%	66.4%	68.5%
Debt Service/Current Revenue	26.8%	22.8%	23.3%	25.9%	26.4%	26.7%
Domestic Debt Service/Current Revenue	12.2%	11.3%	12.4%	12.9%	14.4%	13.0%
External Debt Service /Current Revenue	14.6%	11.4%	10.9%	13.0%	12.1%	13.7%
Debt Service/Exports	115.0%	95.0%	102.4%	103.0%	127.4%	82.1%
Domestic Debt Service/Exports	52.4%	47.2%	54.5%	51.3%	69.3%	40.0%
External Debt Service/Exports	62.5%	47.7%	47.9%	51.7%	58.2%	42.1%
Millions of EC Dollars						
Debt Service (Calendar Year)	218	198	214	255	275	282
Domestic Debt Service	99	98	114	127	149	149
External Debt Service	119	99	100	128	125	125
GDP(MKT PRICES)	3879	4023	4190	4453	4501	4502

Legal Limits

The legal borrowing limit for treasury bills at any point in time shall not exceed 50 percent of the estimated annual revenue of the state for the preceding financial year as shown in the annual estimates of revenue and expenditure laid before the House of Assembly with respect to that year. For overdraft facilities the legal limit of the government is up to EC$55.0 million from domestic commercial banks.

VI. COMMERCIAL BANK CREDIT ACTIVIES

Liquidity

Liquidity in the commercial banking system continued to increase in 2017. The total loans to total deposit ratio fell to 83.5 percent from 87.8 percent in December 2016, on account of accelerated growth in deposits coupled with a decrease in the stock of outstanding loans. In addition, net liquid assets to total deposits grew to 27.4 percent from 19.4 percent while liquid assets to total assets rose from 33.2 percent to 36.8 percent at the end of 2017.

Interest Rates

Interest rates continued to trend downward since the decision by ECCB's Monetary Council to reduce the minimum savings deposit rate to 2.0 percent in May 2015. Commercial banks' weighted average lending rates fell further by 16 basis points to 7.99 in December 2017. The minimum residential mortgage rate was relatively unchanged at 6.00 percent in 2017 while there was a lowering of the maximum commercial mortgage rate from 17.0 to 15.5 percent in December 2017. Consistent with increased liquidity in the banking system, the weighted average deposit rate fell from 1.62 percent in 2016 to 1.48 percent in December 2017. Deposit rates dipped from 2.40 percent to 2.37 percent on savings and from 1.82 percent to 1.63 percent on time deposits.

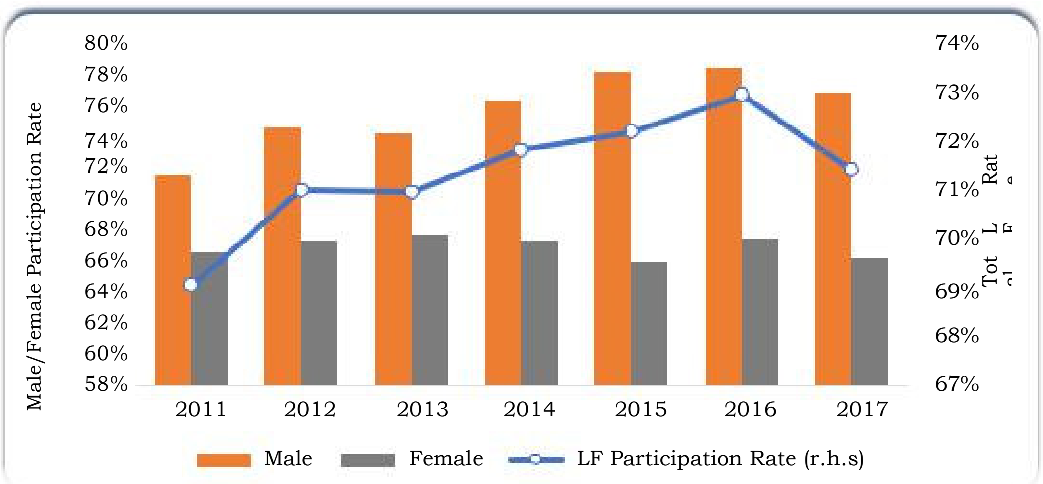
Commercial Bank Performance

Preliminary indicators show a continued improvement in the performance of commercial banks in 2017 with continued attempts at repairing balance sheets. Ongoing efforts by commercial banks to restructure and write-off bad loans, resulted in improved asset quality which impacted positively on bank profitability. The ratio of NPLs to total loans continued on a downward path, dipping to 12.5 percent in December 2017 from 13.1 percent in December 2016. Notwithstanding weak credit growth, net interest income rose due to lower interest expenses. Bank profitability was also boosted by higher non-interest income coupled with lower non-interest costs. As a result, bank profitability turned positive with a low return on average assets (ROAA) of 0.4 percent in December 2017, despite increased liquidity. Similarly, the return on average equity (ROAE) moved from -24.8 percent in December 2016 to 2.5 percent in December 2017. Capital adequacy remained above the 8.0 percent regulatory minimum with a reported ratio of 17.2 percent of risk weighted assets as at December 2017.

VII. LABOUR FORCE AND EMPLOYMENT

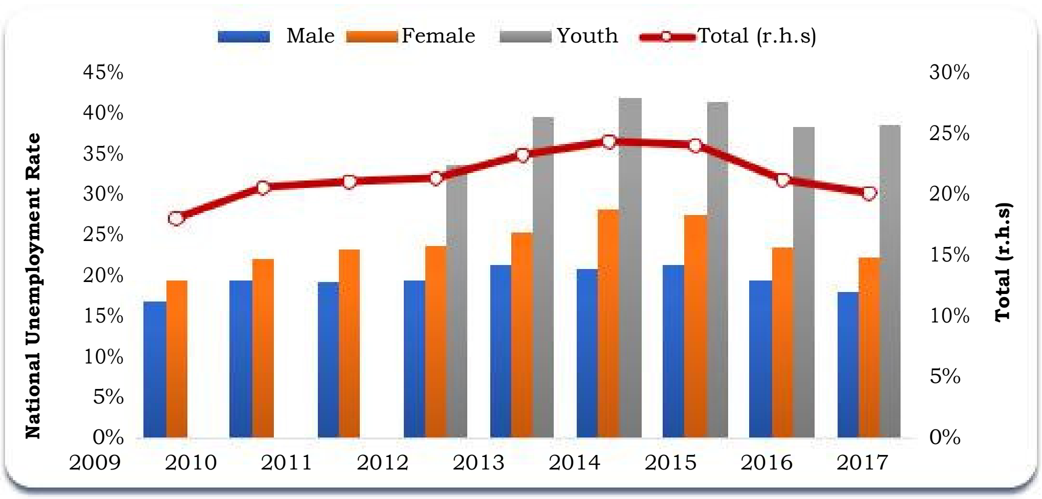
There were mixed labour market outcomes in 2017. In line with the economic expansion, employment is estimated to have increased while unemployment fell. However, these developments occurred in an environment of falling participation rates and a reduction in the size of the labour force. Available statistics show that the size of the labour force declined for the first time, by 2.3 percent in 2017 to 102,300. Similarly, the labour force participation rate is estimated to have fallen to 71.4 percent in 2017 from a rate of 73.0 percent in 2016. In both cases, the declines are associated with lower participation of males.

Figure 19: Labour Force Participation Rate (% Annual Average)



Notwithstanding lower participation rates, the rate of unemployment continued to fall, dropping to 20.2 percent in 2017 from 21.3 percent in 2016. The 2017 decline represents the third consecutive decline from a peak rate of 24.5 percent in 2014. Preliminary statistics indicate that the 2017 decline in the unemployment rate was driven by increased levels of employment in the accommodation, food services and construction sectors. Increased employment in construction reflected continued works towards completion of new hotels including the Royalton and Harbour Club properties, expansion of existing hotels and on new commercial buildings. There was also notable employment creation from public sector projects such as the upgrading of the berth at Point Seraphine and road works. Additional employment opportunities were generated in the accommodation sector from the operationalization of the new hotel room stock coupled with strong growth in stay-over arrivals with spill-over expansion in other activities.

Figure 20: National Unemployment Rate (Annual Average)



The youth unemployment rate remained relatively unchanged in 2017 at 38.5 percent compared with 38.4 percent in 2016. As a result, the divergence between the overall unemployment and youth unemployment rates continued to widen in 2017 to 18.3 percentage points from 17.1 percentage points in 2016. Moreover, there exists a disparity between male and female unemployment and labour force participation rates. In 2017, the male unemployment rate declined from 19.4 percent to 18.1 percent while the female rate fell to 22.4 percent from 23.5 percent. These developments have resulted in the male-female gap widening to 4.3 percent, similar to that reported in the labour force participation rates.

Table 6: CURRENT ISSUES OF GOVERNMENT SECURITIES (RGSM)

Trading Symbol	Date of Issue	Tenor	Issue Amount EC$	Amount Raised EC$	Total Subscriptions	No. of Bids made	No. of Bids accepted	Coupon Rate
Treasury Bills								
LCB070818	02/07/2018	180 Days	25,000,000	30,000,000	50,808,000	31	21	3.5
LCB140618	03/14/2018	91 days	16,000,000	21,000,000	37,543,000	18	10	2.5
LCB260618	03/23/2018	91 days	11,000,000	16,000,000	18,483,000	21	10	3
LCB151018	04/17/2018	180 DAYS	20,000,000	19,209,000	19,209,000	26	26	5
LCB170918	06/15/2018	91 DAYS	16,000,000	21,000,000	28,743,000	16	10	2.5
Treasury Bonds								
FLN031220	12/02/2015	5 years	10,800,000	10,800,000	10,800,000	5	5	6.800
LCN041220	12/03/2015	5 years	25,000,000	33,783,000	33,783,000	28	28	6.789
LCN250819	08/25/2014	5 years	15,000,000	17,885,000	17,885,000	19	19	6.000
FLG061221	12/22/2015	6 years	24,300,000	19,380,600	19,380,600	10	10	7.250
LCG060219	02/28/2013	6 years	25,000,000	25,000,000	25,000,000	17	17	6.750
LCG061019	10/18/2013	6 years	40,000,000	40,000,000	40,020,000	27	27	7.000
FLC060222	18/2/2016	6 years	10,000,000	15,526,000	15,526,000	32	32	7.000
LCG071019	10/01/2012	7 years	40,000,000	40,000,000	40,000,000	26	26	7.000
LCG070320	03/28/2013	7 years	12,000,000	17,000,000	17,861,000	21	15	7.000
LCG080320	03/05/2012	8 years	50,000,000	50,000,000	54,583,000	12	12	7.100
LCG080721	07/11/2013	8 years	30,000,000	30,000,000	30,011,000	17	17	7.100
LCN301020	10/30/2015	5 years	15,000,000	15,785,000	15,785,000	10	10	6.500
LCG100226	02/01/2016	10 years	25,000,000	25,000,000	25,000,000	20	20	7.500
LCG100322	03/19/2012	10 years	20,000,000	20,000,000	25,381,000	23	23	7.400
LCG101222	12/17/2012	10 years	25,000,000	25,000,000	25,000,000	7	7	7.500
LCG100223	02/07/2013	10 years	15,000,000	15,000,000	15,022,000	9	9	7.500
LCG100524	05/20/2014	10 years	28,000,000	29,000,000	29,000,000	5	5	7.500
LCG101124	11/19/2014	10 years	30,000,000	35,000,000	35,018,000	7	7	7.500
LCG100226	02/02/2016	10 years	18,286,000	18,286,000	18,286,000	20	20	7.500
LCG100128	01/22/2018	10 years	8,000,000	13,000,000	15,795,000	25	25	7.250
LCG070425	04/03/2018	7 years	15,000,000	20,000,000	21,004,000	14	14	6.250
LCG100226	02/02/2016	10 years	17,000,000	18,300,000	18,300,000	20	20	7.500
LCG150729	07/23/2014	15 Years	50,000,000	50,000,000	50,000,000	4	4	7.950
FLG071024	10/11/2017	7 years	10,800,000	19,537,200	19,537,200	5	5	6.5
LCG101027	10/13/2017	10 years	15,000,000	16,037,000	16,037,000	4	4	7.25
LCG071124	11/22/2017	7 years	15,000,000	16,549,000	16,549,000	6	6	6.25

Debt Rating and Debt Servicing

The instruments in this prospectus1 have not been rated, however the Government of Saint Lucia has been by the Caribbean Information and Credit Rating Services Ltd (CariCRIS). On 5th July 2017 the regional rating agency reaffirmed its ratings of Cari**BBB** (Foreign Currency and Local Currency Ratings) on its regional rating scale on the debt issues (US $38 million, US $50 million, EC $140 million, EC $404.5 million, EC $404.4 million and EC $189 million) of the Government of Saint Lucia with a **stable outlook**. These ratings indicate that the level of creditworthiness of these obligations, adjudged in relation to other obligations in the Caribbean is **adequate**.

Section 42(1) of the Finance (Administration) Act makes provision for the Government's debt to be charged upon and paid out of the Consolidated Fund. The Government of Saint Lucia makes its debt servicing a first priority out of the said fund.

IX. SECURITY ISSUANCE PROCEDURES, CLEARANCE AND SETTLEMENT

The treasury bills will be issued on the Regional Government Securities Market (RGSM) and listed on the Eastern Caribbean Securities Exchange (ECSE) where it will be available for trading on the secondary market. 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 who are members of the ECSE 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.

X. LIST OF APPENDICIES

I. List of Licensed Intermediaries
II. GDP Economic Activity at Factor Cost – Constant Prices
III. Balance of Payments
IV. Central Government Fiscal Operations as ratio of GDP
V. Summary of Central Government Fiscal Operations- Economic Classification
VI. Public Sector Outstanding Debt
VII. Central Government Outstanding Liabilities by Class of Holder and Term of Instrument
VIII. Population and Demographic Indicators
IX. Budget Information 2017/2018

APPENDIX 1: LIST OF LICENSED INTERMEDIARIES

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Grenada		
Grenada Co-Operative Bank Ltd.	No.8 Church Street St. George's Tel: 473 440 2111 Fax: 473 440 6600 Email: info@grenadaco-opbank.com	**Principal** Aaron Logie Allana Joseph **Representatives** Carla Sylvester Keisha Greenidge Kishel Francis
St Kitts and Nevis		
St Kitts Nevis Anguilla National Bank Ltd	P O Box 343 Central Street Basseterre Tel: 869 465 2204 Fax: 869 465 1050 Email: national_bank@skanb.com	Principals Anthony Galloway Representatives Petronella Edmeade-Crooke Angelica Lewis Marlene Nisbett
The Bank of Nevis Ltd	P O Box 450 Main Street Charlestown Tel: 869 469 5564/5796 Fax: 869 469 5798 Email: info@thebankofnevis.com	Principals Brian Carey Monique Williams Representatives Judy Claxton Denicia Small
St. Lucia		
Bank of St. Lucia	5th Floor, Financial Centre Building 1 Bridge Street Castries Tel" 758 456 6826/ 457 7233 Fax: 758 456 6733	Principals Medford Francis Lawrence Jean Representatives Deesha Lewis Cedric Charles
First Citizens Investment Services Limited	P.O. Box 1294 John Compton Highway Sans Souci	Principals Arletta Huntley-wells Omar Burch-Smith

	Castries Tel: 758 450 2662 Fax: 758 451 7984 Website: www.firstcitizenstt.com/fcis Email: invest@firstcitizensslu.com	Temelia Providence Representative Samuel Agiste Shaka St. Ange
St. Vincent and the Grenadines		
Bank of St. Vincent and the Grenadines Ltd	P O Box 880 Cnr. Bedford and Grenville Streets Kingstown Tel: 784 457 1844 Fax: 784 456 2612/ 451 2589 Email: info@bosvg.com	Principal Monifa Latham Laurent Hadley Representatives Patricia John Chez Quow

APPENDIX II: Saint Lucia GDP Economic Activity at Factor Cost – Constant Prices

INDUSTRIES	2011	2012	2013	2014	2015	2016	2017pre
Agriculture, Livestock and Forestry	**54.3**	**64.7**	**74.3**	**65.6**	**71.6**	**72.7**	**64.2**
Crops	**43.2**	**52.5**	**62.3**	**52.4**	**57.6**	**57.4**	**50.7**
Bananas	15.3	22.7	21.1	13.3	17.2	19.1	16.5
Other Crops	27.9	29.8	41.3	39.1	40.4	38.3	34.3
Livestock	9.0	10.1	9.8	11.1	11.9	13.1	11.3
Forestry	2.1	2.1	2.1	2.1	2.1	2.2	2.2
Fishing	**19.3**	**19.4**	**20.5**	**19.8**	**19.9**	**20.7**	**18.8**
Mining & Quarrying	**7.0**	**7.2**	**14.7**	**18.4**	**19.5**	**17.1**	**21.4**
Manufacturing	**110.9**	**107.5**	**94.4**	**89.2**	**91.7**	**99.8**	**102.3**
Electricity & Water	**113.4**	**120.5**	**140.5**	**144.5**	**150.4**	**146.5**	**141.9**
Electricity	101.9	107.2	108.8	109.2	112.3	105.6	99.9
Water	11.5	13.3	31.7	35.3	38.0	40.9	42.0
Construction	**238.3**	**228.7**	**197.0**	**173.7**	**200.4**	**209.5**	**233.2**
Wholesale & Retail Trade	**200.0**	**198.6**	**177.0**	**123.4**	**116.8**	**135.5**	**125.9**
Hotels & Restaurants	**659.2**	**669.4**	**709.7**	**848.9**	**956.0**	**934.3**	**1,045.2**
Hotels	597.8	616.1	659.2	808.8	903.2	868.0	973.3
Restaurants	61.4	53.3	50.5	40.1	52.8	66.2	71.9
Transport, Storage and Communications	**579.8**	**561.4**	**564.4**	**574.3**	**556.5**	**531.3**	**557.0**
Transport and Storage	**378.2**	**371.3**	**392.5**	**409.5**	**411.5**	**391.8**	**399.6**
Road	247.4	247.9	268.9	275.0	280.6	266.5	278.4
Sea	44.3	44.9	46.0	47.9	45.8	43.1	46.3
Air	21.0	22.4	24.5	26.1	27.7	28.1	31.8
Supporting and auxiliary transport activities	65.4	56.0	53.0	60.5	57.4	54.2	43.1
Communications	**201.6**	**190.1**	**171.9**	**164.8**	**145.1**	**139.5**	**157.4**
Financial Intermediation	**206.1**	**208.7**	**220.9**	**212.2**	**228.7**	**205.2**	**188.1**
Banks & Other Financial Institutions	157.7	160.9	170.7	165.1	181.2	156.1	138.0
Insurance and pension funding	48.4	47.9	50.2	47.1	47.4	49.1	50.1
Real Estate, Renting and Business Activities	**666.8**	**668.3**	**659.9**	**668.3**	**765.5**	**783.3**	**843.5**
Real estate activities	554.5	555.4	525.7	532.5	619.6	630.4	713.8
Renting of machinery and equipment	30.0	28.1	23.7	23.2	25.8	23.5	22.4
Computer and related activities	4.1	4.1	4.2	4.2	4.2	4.3	4.6
Business Services	78.1	80.7	106.4	108.4	116.0	125.1	102.7
Public Administration, Defence & Compulsory Social Security	**203.7**	**220.0**	**219.7**	**229.7**	**227.7**	**229.0**	**236.3**
Education	**156.5**	**154.1**	**157.6**	**154.8**	**165.1**	**169.7**	**173.4**
Public	123.9	121.5	125.3	121.0	129.6	131.7	135.5
Private	32.7	32.6	32.3	33.8	35.6	38.0	37.9
Health and Social Work	**119.9**	**125.2**	**131.3**	**134.0**	**135.6**	**140.6**	**137.0**
Public	55.7	56.8	62.2	60.1	61.3	62.7	64.7
Private	64.1	68.5	69.1	73.9	74.3	77.9	72.2
Other community, social & personal services	**134.5**	**130.5**	**122.0**	**117.9**	**118.5**	**122.8**	**124.1**
Private Households with Employed Persons	**3.4**	**3.5**	**4.7**	**4.3**	**4.5**	**4.4**	**4.4**
Less FISIM	**68.8**	**71.2**	**75.1**	**79.3**	**82.2**	**70.1**	**62.1**
Gross Value Added at Basic Prices	**3,404.2**	**3,416.6**	**3,433.5**	**3,499.7**	**3,746.3**	**3,752.2**	**3,954.4**
GROWTH RATE	**4.1%**	**0.4%**	**0.5%**	**1.9%**	**7.0%**	**0.2%**	**5.4%**
Add: Taxes on products	491.9	489.9	554.8	609.7	649.4	670.6	690.0
Less: Subsidies	13.5	28.1	19.9	14.7	15.2	6.5	5.4
GDP at Market Prices	**3,882.6**	**3,878.4**	**3,968.4**	**4,094.8**	**4,380.6**	**4,416.3**	**4,639.0**
GROWTH RATE	**4.0%**	**-0.1%**	**2.3%**	**3.2%**	**7.0%**	**0.8%**	**5.0%**

**These numbers reflect the Central Statistical Office's GDP series based on its new quarterly GDP methodology. Please refer to Box 1.*
Source: Central Statistical Office
pre= preliminary

APPENDIX IV: Central Government Fiscal Operations as ratio of GDP

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

	2011/12	2012/13	2013/14	2014/15r	2015/16r	2016/17r	2017/18pre
TOTAL REVENUE AND GRANTS	**23.6%**	**22.5%**	**23.1%**	**23.3%**	**23.6%**	**24.4%**	**23.7%**
of which:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants	2.0%	1.6%	1.4%	1.3%	1.2%	1.3%	1.2%
Capital revenue	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Revenue	**21.5%**	**20.8%**	**21.7%**	**22.0%**	**22.4%**	**23.1%**	**22.5%**
Tax Revenue	**19.7%**	**19.4%**	**20.5%**	**20.9%**	**21.3%**	**21.9%**	**21.0%**
of which:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taxes on Income	6.2%	5.8%	5.5%	5.4%	5.5%	5.8%	5.4%
Taxes on Property	3.4%	4.2%	5.6%	5.9%	5.8%	5.8%	5.3%
Taxes on Goods & Services	10.0%	9.3%	9.2%	9.5%	9.7%	10.0%	10.1%
Taxes on International Trade	0.1%	0.1%	0.2%	0.2%	0.2%	0.3%	0.3%
Non Tax Revenue	**1.8%**	**1.3%**	**1.2%**	**1.0%**	**1.1%**	**1.2%**	**1.4%**
TOTAL EXPENDITURE	**29.4%**	**31.0%**	**28.5%**	**26.7%**	**25.9%**	**26.0%**	**26.2%**
Capital Expenditure	**9.4%**	**8.8%**	**6.7%**	**5.6%**	**5.3%**	**4.9%**	**5.0%**
Current Expenditure	**20.0%**	**22.1%**	**21.8%**	**21.1%**	**20.5%**	**21.1%**	**21.1%**
of which:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Wages & Salaries	9.0%	9.7%	9.5%	9.1%	8.6%	8.5%	8.2%
Interest Payments	2.7%	3.2%	3.5%	3.6%	3.6%	3.5%	3.5%
Goods & Services	3.8%	4.5%	4.2%	3.9%	4.0%	4.1%	4.4%
Current Transfers	4.5%	4.8%	4.5%	4.5%	4.4%	4.9%	5.1%
Current Balance	**1.5%**	**-1.4%**	**-0.1%**	**0.9%**	**1.9%**	**2.1%**	**1.3%**
Primary Balance	**-3.1%**	**-5.3%**	**-1.9%**	**0.1%**	**1.3%**	**2.0%**	**1.0%**
Overall Balance	**-5.9%**	**-8.4%**	**-5.4%**	**-3.5%**	**-2.3%**	**-1.6%**	**-2.5%**
GDP at market prices*	**3,881.6**	**3,900.9**	**4,000.0**	**4,166.2**	**4,389.5**	**4,472.0**	**4,689.0**

Source: Department of Finance

**Computed for the fiscal years based on the latest available calendar years GDP series of the Central Statistical Office.*

pre = preliminary

r = revised

APPENDIX V: Summary of Central Government Fiscal Operations- Economic Classification

CENTRAL GOVERNMENT
SUMMARY OF FISCAL OPERATIONS [Fiscal Year]*
ECONOMIC CLASSIFICATION
(EC$ MILLIONS)

	2011/12	2012/13	2013/14	2014/15	2015/16r	2016/17r	2017/18pre	% Change
TOTAL REVENUE AND GRANTS	**915.1**	**879.3**	**922.6**	**968.9**	**1034.9**	**1,091.6**	**1,110.7**	**1.7%**
of which:								
Grants	78.4	63.2	55.6	53.3	51.6	57.9	55.4	-4.3%
Capital revenue	0.7	5.6	0.1	0.2	0.1	0.3	1.2	358.5%
Current Revenue	**836.0**	**810.5**	**866.9**	**915.4**	**983.2**	**1,033.5**	**1,054.1**	**2.0%**
Tax Revenue	**764.6**	**758.0**	**820.1**	**872.8**	**934.4**	**977.8**	**986.5**	**0.9%**
of which:								
Taxes on Income	240.9	224.4	219.9	224.1	241.5	258.5	252.8	-2.2%
Taxes on Goods & Services	132.6	164.3	222.9	245.4	255.2	258.1	247.4	-4.1%
Taxes on International Trade	386.6	364.4	369.1	393.8	427.0	449.3	474.1	5.5%
Other	4.4	4.9	8.2	9.4	10.7	12.0	12.2	1.7%
Non Tax Revenue	**71.4**	**52.5**	**46.9**	**42.7**	**48.8**	**55.6**	**67.6**	**21.5%**
TOTAL EXPENDITURE	**1142.8**	**1208.1**	**1139.1**	**1113.8**	**1134.7**	**1,161.3**	**1,227.5**	**5.7%**
Capital Expenditure	**366.1**	**344.8**	**268.5**	**234.6**	**234.2**	**219.8**	**236.4**	**7.6%**
Current Expenditure	**776.6**	**863.3**	**870.6**	**879.2**	**900.5**	**941.5**	**991.1**	**5.3%**
of which:								
Wages & Salaries	349.5	379.0	381.6	378.6	377.9	380.4	384.6	1.1%
Interest Payments	105.8	123.1	140.0	148.6	156.6	158.7	162.4	2.3%
Goods & Services	146.0	174.4	167.6	163.7	174.6	182.7	204.8	12.1%
Current Transfers	175.3	186.9	181.4	188.3	191.4	219.6	239.3	9.0%
Current Balance	**59.3**	**-52.8**	**-3.7**	**36.2**	**82.7**	**92.0**	**63.0**	**-31.5%**
Primary Balance	**-121.9**	**-205.7**	**-76.5**	**3.7**	**56.7**	**89.0**	**45.5**	**-48.8%**
Overall Balance	**-227.7**	**-328.8**	**-216.5**	**-144.9**	**-99.8**	**-69.7**	**-116.9**	**67.7%**

Source: Department of Finance

**Fiscal year refers to April to March*

APPENDIX VI: Public Sector Outstanding Debt

TOTAL PUBLIC SECTOR OUTSTANDING LIABILITIES
AS AT DECEMBER 31
(in EC$000's)

	2011r	2012r	2013r	2014r	2015r	2016r	2017pre	2017/2016 Change
1. TOTAL OUTSTANDING LIABILITIES	**2,378,592**	**2,663,819**	**2,825,629**	**2,892,269**	**3,020,340**	**3,094,322**	**3,199,017**	***3.4%***
2. OFFICIAL PUBLIC DEBT	**2,358,140**	**2,638,338**	**2,789,346**	**2,869,043**	**3,001,482**	**3,071,409**	**3,177,279**	***3.4%***
A. Central Government								
Outstanding Debt	**2,082,875**	**2,385,663**	**2,540,052**	**2,664,897**	**2,808,242**	**2,902,221**	**2,983,472**	**2.8%**
- Domestic	1,035,947	1,285,644	1,282,626	1,298,634	1,477,792	1,514,364	1,392,581	-8.0%
- External	1,046,928	1,100,019	1,257,426	1,366,264	1,330,450	1,387,857	1,590,891	14.6%
- Treasury Bills/Notes	42,679	104,274	226,418	303,078	350,223	438,611	486,313	10.9%
- Bonds	341,053	341,313	373,877	366,086	289,499	287,302	432,849	50.7%
- Loans	663,195	654,431	657,132	697,100	690,728	661,944	671,729	1.5%
- Bilateral	48,876	61,265	59,492	92,552	108,500	99,867	93,776	-6.1%
- Multilateral	614,319	593,166	597,640	604,547	582,228	562,078	577,953	2.8%
B. Government Guaranteed								
Outstanding Debt	**205,479**	**194,352**	**186,834**	**154,281**	**153,305**	**146,537**	**175,617**	**19.8%**
- Domestic	127,990	127,060	126,745	100,199	103,625	105,560	133,168	26.2%
- External	77,489	67,291	60,089	54,082	49,680	40,977	42,449	3.6%
C. Public Non-Guaranteed								
Outstanding Debt	**69,787**	**58,324**	**62,460**	**49,865**	**39,935**	**22,650**	**18,190**	**-19.7%**
- Domestic	69,787	58,324	62,460	49,865	39,935	22,650	18,190	-19.7%
- External	0	0	0		0	0	0	
3. Outstanding Payables	**20,453**	**25,481**	**36,283**	**23,227**	**18,858**	**22,913**	**21,738**	**-5.1%**
TOTAL (Domestic)	**1,233,723**	**1,471,029**	**1,471,830**	**1,448,697**	**1,621,352**	**1,642,574**	**1,543,939**	**-6.0%**
TOTAL (External)	**1,124,416**	**1,167,310**	**1,317,515**	**1,420,345**	**1,380,130**	**1,428,835**	**1,633,340**	**14.3%**
Memo Item: Official Public Debt/GDP*	**60.7%**	**68.0%**	**70.3%**	**70.1%**	**68.5%**	**69.5%**	**68.5%**	

Source: Debt & Investment Unit and Department of Finance

**These numbers reflect the Central Statistical Office's GDP series based on its new quarterly GDP methodology. Please refer to Box 1.*

pre = preliminary

r = revised. The domestic government guaranteed debt series has been revised to include the debt of the SLDB, SLASPA and SLNHC owed to NIC.

APPENDIX VII: Central Government Outstanding Liabilities by Class of Holder and Term of Instrument

DISTRIBUTION OF OUTSTANDING LIABILITIES
BY CLASS OF HOLDER & TYPE OF LIABILITY
AS AT DECEMBER 31, 2017

	Central Government TOTAL	Government Guaranteed TOTAL	Non- Guaranteed TOTAL	GRAND TOTAL
I DOMESTIC				
A. Monetary Authorities	**0.0**	**0.0**	**0.0**	**0.0**
1. ECCB	0.0	0.0	0.0	0.0
B. Financial Institutions	**760,498.8**	**14,259.7**	**18,190.0**	**792,948.5**
1. Commercial Banks	389,622.0	12,875.8	18,190.0	420,687.8
2. Insurance Companies	139,825.8	0.0	0.0	139,825.8
3. Other	231,051.0	1,383.9	0.0	232,435.0
				0.0
C. Non-Financial Private Sector	**56,130.2**	**0.0**	**0.0**	**56,130.2**
D. Non-Financial Public Sector	**464,449.5**	**118,908.6**	**0.0**	**583,358.1**
E. Other (Private Individuals & Agencies included)	**111,501.8**	**0.0**	**0.0**	**111,501.8**
F. Short term credits	**0.0**	**0.0**	**0.0**	**0.0**
Sub-Total	**1,392,580.4**	**133,168.4**	**18,190.0**	**1,543,938.7**
II EXTERNAL				
A. Monetary Authorities	**20,906.1**	**0.0**	**0.0**	**20,906.1**
1. ECCB	0.0	0.0	0.0	0.0
2. IMF	20,906.1	0.0	0.0	20,906.1
B. Int'l Development Institutions	**557,046.5**	**34,987.0**	**0.0**	**592,033.5**
1. C.D.B.	316,166.4	34,987.0	0.0	351,153.5
2. E.I.B.	0.0	0.0	0.0	0.0
3. I.F.A.D.	0.0	0.0	0.0	0.0
4. OPEC	0.0	0.0	0.0	0.0
5. IDA	225,630.6	0.0	0.0	225,630.6
6. IBRD	15,249.5	0.0	0.0	15,249.5
C. Foreign Governments	**34,376.4**	**0.0**	**0.0**	**34,376.4**
1. France	12,024.9	0.0	0.0	12,024.9
2. Kuwait	22,351.5	0.0	0.0	22,351.5
D. Other Foreign Institutions	**0.0**	**0.0**	**0.0**	0.0
1. Regional	0.0	0.0	0.0	0.0
2. Other Regional	0.0	0.0	0.0	0.0
3. Extra Regional	0.0	0.0	0.0	0.0
E. OTHER	**978,562.4**	**7,461.7**	**0.0**	**986,024.0**
1. Royal Merchant Bank	0.0	0.0	0.0	0.0
2.Government of Trinidad & Tobago	32,400.0	0.0	0.0	32,400.0
3. Citibank	0.0	0.0	0.0	0.0
4. Government of St. Kitts	3,780.0	0.0	0.0	3,780.0
5. Other	845,953.8	0.0	0.0	845,953.8
6. T & T Stock Exchange	69,428.6	0.0	0.0	69,428.6
7. The EXIM of the Republic of China	27,000.0	0.0	0.0	27,000.0
8. CDF	0.0	7,461.7	0.0	7,461.7
Sub-Total	**1,590,891.4**	**42,448.7**	**0.0**	**1,633,340.0**
GRAND TOTAL	**2,983,471.7**	**175,617.0**	**18,190.0**	**3,177,278.7**

Source: Debt & Investment Unit

APPENDIX VIII: Population and Demographic Indicators

LABOUR FORCE INDICATORS SUMMARY

Main Labour Force Indicators	2010	2011	2012	2013	2014	2015	2016	2017
Working Age Population (15 -64 years)	125,717	130,480	133,205	137,535	136,791	140,680	143,636	143,334
Labour Force	85,306	90,114	94,606	97,618	98,286	101,608	104,625	102,364
Employed Labour Force	67,702	71,016	74,339	74,844	74,325	77,131	82,379	81,718
Persons who want work								
(i) The Unemployed	17,604	19,098	20,267	22,775	23,961	24,477	22,562	20,646
(ii) Non-Seekers	n.a.	5,349	5,017	4,701	5,175	5,555	4,062	3,717
Unemployment Rate %	20.6%	21.2%	21.4%	23.3%	24.4%	24.1%	21.3%	20.2%
of which- Male	19.5%	19.2%	19.6%	21.3%	20.9%	21.3%	19.4%	18.1%
Female	22.0%	23.3%	23.7%	25.5%	28.4%	27.4%	24.0%	22.4%
Youth Unemployment Rate	33.6%	n.a.	33.2%	36.8%	41.8%	41.0%	38.4%	38.5%
Relaxed Unemployment Rate %	n.a.	27.1%	26.7%	22.0%	24.4%	29.6%	25.4%	23.8%
Non-Job Seeking Rate %	n.a.	5.9%	5.3%	4.8%	5.3%	5.5%	3.9%	3.6%
Population under 15 years (%)	24.1%	22.4%	21.2%	20.4%	20.7%	18.6%	18.4%	17.8%
Labour Force as a Percentage of Total Population	51.5%	53.6%	55.9%	56.5%	57.0%	58.8%	59.9%	59.0%
Labour Force as a Percentage of Population 15 years and over OR Labour Force Participation Rate	67.9%	69.1%	71.0%	71.0%	71.9%	72.2%	73.4%	71.4%

Source: Central Statistical Office
n.a.- not available

APPENDIX IX: Current Budget Information 2018/2019[2]

The preliminary budget was in the sum of **ECD1, 487.6 Billion** for the fiscal year 2018/2019.

Total Receipts which includes Recurrent Revenue and Other Revenues represented by Capital revenue, Grants, are estimated to be **ECD1,772 Million** and **ECD69.69 Million** respectively.

Payments represented by Recurrent Expenditure and Capital Expenditure are estimated to be **ECD1, 202.9 Million** and **ECD284.63 Million** respectively.

[2] More information on the 2017/2018 Estimates of Expenditure can be found at: http://www.govt.lc/news/saint-lucia-budget-2018