PROSPECTUS

FOR TREASURY BILL ISSUES
FOR THE PERIOD
DECEMBER 2018 – NOVEMBER 2019

BY THE GOVERNMENT OF
ST. VINCENT AND THE GRENADINES

Ministry of Finance
Administrative Centre
P.O. Box 608
Kingstown
ST. VINCENT AND THE GRENADINES

e-mail: office.finance@gov.vc
Tel: (784) 456-1111 Ext.368
Fax: (784) 457-2943

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

Date Submitted:

October 2018

TABLE OF CONTENTS

LIST OF TABLES

LIST OF APPENDICES

ABSTRACT

During December 2018 to November 2019, the Government of St. Vincent and the Grenadines is seeking to issue the following government securities on the Regional Government Securities Market.

91 Day Treasury Bills

Twenty eight million dollars (EC$28.0m) in each of twelve (12) issues.

I. GENERAL INFORMATION

Issuer: The Government of St. Vincent and the Grenadines

Address: The Ministry of Finance, Economic Planning, Sustainable Development and Information Technology
Administrative Centre
P.O. Box 608
Bay Street
Kingstown
St. Vincent and the Grenadines

E-mail: office.finance@gov.vc
Telephone No.: (784) 456-1111 Ext. 368 and 457-2775 Ext 374
Facsimile No.: (784) 457-2943

Contact Persons: Hon. Camillo Gonsalves, Minister of Finance etc
Mr. Edmond Jackson, Director General, Ministry of Finance etc
Ms. Debbie Antoine, Accountant General
Mr. Harold Lewis, Debt Manager

Date of Publication: October 2018

Purpose of Issue: To refinance the existing issues of Treasury Bills issued on the Primary Market via the Regional Government Securities Market (RGSM)

Amount of Issue: Twelve issues of XCD 28.0 million each

Legislative Authority: The Finance Administration Act (FAA) Cap 252 governs and authorises borrowing and the Treasury Bills Act Cap 444 governs the Issuance.

This Prospectus is issued for the purpose of giving information to the public. The Government of St. Vincent and the Grenadines accepts full responsibility for the accuracy of the information given, and confirms having made all reasonable enquiries, 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. All analyses and references made to currency, unless otherwise stated, refers to the Eastern Caribbean Dollar.

II. INFORMATION ON THE TREASURY BILL ISSUE

a. The Government of St. Vincent and the Grenadines (GOSVG) proposes to auction twelve XCD 28,000,000.00 91-day Treasury Bills during the period December 2018 to November 2019. The treasury bills will be issued on the Regional Government Securities Market and made available for trading as they will be listed on the ECSE:

Table 1: Calendar of Issues

Trading Symbol	Instrument ID	Issue	Amount (EC)	Interest Rate Ceiling	Tenor	Auction Date	Settlement Date	Maturity Date
VCB	VCB120319	Treasury Bill	$28 M	4.82%	91 Days	December 10, 2018	December 11, 2018	March 12, 2019
VCB	VCB120419	Treasury Bill	$28 M	4.82%	91 Days	January 10, 2019	January 11, 2019	April 12, 2019
VCB	VCB090519	Treasury Bill	$28 M	4.82%	91 Days	February 6, 2019	February 7, 2019	May 9, 2019
VCB	VCB130619	Treasury Bill	$28 M	4.82%	91 Days	March 13, 2019	March 14, 2019	June 13, 2019
VCB	VCB160719	Treasury Bill	$28 M	4.82%	91 Days	April 15, 2019	April 16, 2019	July 16, 2019
VCB	VCB120819	Treasury Bill	$28 M	4.82%	91 Days	May 10, 2019	May 13, 2019	August 12, 2019
VCB	VCB160919	Treasury Bill	$28 M	4.82%	91 Days	June 14, 2019	June 17, 2019	September 16, 2019
VCB	VCB171019	Treasury Bill	$28 M	4.82%	91 Days	July 17, 2019	July 18, 2019	October 17, 2019
VCB	VCB131119	Treasury Bill	$28 M	4.82%	91 Days	August 13, 2019	August 14, 2019	November 13, 2019
VCB	VCB181219	Treasury Bill	$28 M	4.82%	91 Days	September 17, 2019	September 18, 2019	December 18, 2019
VCB	VCB200120	Treasury Bill	$28 M	4.82%	91 Days	October 18, 2019	October 21, 2019	January 20, 2020
VCB	VCB140220	Treasury Bill	$28 M	4.82%	91 Days	November 14, 2019	November 15, 2019	February 14, 2020

Source: CDIMU, Ministry of Finance and Economic Planning etc

b. The price of the issue will be determined by a competitive Uniform Price Auction with open bidding.

c. The bidding period(s) will start at 9:00 am and end at 12:00 noon on auction days.

d. Each investor is allowed one (1) bid with the option of increasing the amount being tendered for until the close of the bidding period or reducing the interest rate.

e. The minimum bid quantity is $5,000.00.

f. The bid multiplier will be set at $1,000.

g. The date of issue for each auction is equivalent to the stated settlement date of that auction

h. The instruments would be issued at a discount with face value repaid on maturity

i. Yields will not be subject to any tax, duty or levy of the participating Governments of the Eastern Caribbean Currency Union (ECCU).

j. Investors can participate in the issue through the services of any of the Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange.

k. The Government of St. Vincent and the Grenadines has maintained a rating of B3 stable by Moody's Investor Services on 18^{th} May, 2018[1].

l. The Treasury Bills will be issued on the Regional Government Securities Market (RGSM) and made available for trading as they will be listed on the Eastern Caribbean Securities Exchange (ECSE).

The Current List of Licensed Intermediaries are:

- Bank of Nevis Limited
- Bank of St. Vincent and the Grenadines Ltd.
- Bank of St. Lucia Ltd.
- St. Kitts Nevis Anguilla National Bank Limited
- First Citizens Investment Services Ltd. – Located in Saint Lucia
- Grenada Co-operative Bank Limited

III EXECUTIVE SUMMARY

The Government of St. Vincent and the Grenadines is proposing to raise $28.0 million monthly during the period December 2018 to November 2019 through the issuance of 91-day Treasury Bills to be auctioned on the Regional Government Securities Market. During the bidding periods, which will be opened at 9:00 a.m. on the auction days and closed at 12:00 noon on the same days, bids of amounts not less than $5,000 and in multiples of $1,000 will be processed through ECSE member intermediaries licensed by the Eastern Caribbean Securities Regulatory Commission. The proceeds of these issues will be used to refinance maturing Treasury Bills.

The Central Government fiscal operations for the year ended December 31, 2017 contracted markedly when compared to 2016. Primary balance fell from a surplus of $66.3 million in 2016 to $5.2 million in 2017. This was on account of a 56.8 percent increase in capital expenditure and an increase in recurrent expenditure of 9.0 percent. As a consequence, an overall deficit of $44.6 million was recorded in 2017 compared to a surplus of $23.5 million in 2016.

[1] Moody's Investor Services' Annual Credit Analysis of Government of St. Vincent and the Grenadines (at www.gov.vc)

Preliminary economic data for 2017 indicates a marginal growth in real output of 0.7 percent. The growth was influenced mainly by developments in the agriculture, fishing, manufacturing and construction sectors while the tourism and wholesale & retail sectors had a dampening effect on growth. Additionally, the wholesale & retail trade sector contributed 14.5 percent to overall gross value added as well. However, the sector declined by 3.5 percent on account of limited domestic activity evidenced by the 1.4 percent fall-off in merchandise imports during the period.

As at December 31, 2017 the total disbursed outstanding public debt stood at $1.6 billion (74.7 percent of GDP[2]), a decrease of 5.9 percent from $1.7 billion (81.5 percent of GDP) as at December 31, 2016. Of this amount, Central Government debt accounted for $1.3 billion, or 62.3 percent of GDP, a decrease of 7.1 percent when compared with the amount of $1.4 billion as at December 31, 2016. The remaining $264.4 million, or 12.5 percent of GDP, is attributable to the Public Corporations. The decrease in the total public debt was driven primarily by debt forgiveness received from Alba Bank and Petro Caribe arrangement.

IV. HISTORY

Known by the Caribs as "Hairoun" (Land of the Blessed), St. Vincent and the Grenadines was first inhabited by the Ciboney, a group of Meso-Indians. The economy of these hunter-gatherers depended heavily on marine resources as well as the land. Another indigenous group, the Arawaks, who entered the West Indies from Venezuela, gradually displaced the Ciboney. Then less than 100 years before the European settlers, the Caribs arrived in the islands and conquered the Arawaks.

The first permanent settlers arrived on the shores of the islands in 1635. These new inhabitants were African slaves who escaped the sinking of the Dutch slave ship on which they were being transported. The escaped Africans intermarried with the Caribs and became known as "black Caribs". After several skirmishes, the black Caribs and the original Carib Indians agreed in 1700 to subdivide the islands between themselves; the original Carib Indians occupying the Leeward and the Black Caribs, the Windward.

[2] Preliminary GDP of $2123.7 million sourced from ERPU'S in house Medium Term Economic and Fiscal Outlook

In 1763, St. Vincent and the Grenadines was ceded to Britain. Restored to French rule in 1779, St. Vincent and the Grenadines was regained by the British under the Treaty of Versailles in 1783. Conflict between the British and the black Caribs continued until 1796, when General Abercrombie crushed a revolt fomented by the French radical Victor Hughes. More than 5,000 black Caribs were eventually deported to Roatan, an island off the coast of Honduras.

From 1763 until independence, St. Vincent and the Grenadines passed through various stages of colonial status under the British. A representative assembly was authorized in 1776, Crown Colony government installed in 1877, a legislative council created in 1925, and universal adult suffrage granted in 1951. During this period, the British made several unsuccessful attempts to affiliate St. Vincent and the Grenadines with other Windward Islands in order to govern the region through a unified administration. The most notable was the West Indies Federation, which collapsed in 1962. St. Vincent and the Grenadines was granted associate statehood status in 1969, giving it complete control over its internal affairs. Following a referendum in 1979, St. Vincent and the Grenadines became the last of the Windward Islands to gain independence and became a member of the Commonwealth of Nations.

V. DEMOGRAPHICS

Preliminary results of the population census for St. Vincent and the Grenadines which was conducted in 2012 estimates the population at one hundred and nine thousand nine hundred and ninety one (109,991). Males account for 51.3 percent of the population while females account for 48.7 percent. This represents a change from the 2001 census when the sex ratio of the population was 50.9 percent males and 49.1 percent females. St. Vincent and the Grenadines has an area of 388 sq. km and population density per sq. km of 732. Life expectancy at birth is 72.3 years for males and 76.1 for females. The infant mortality rate, per thousand live births is 21.8. Table 2 shows the population size and growth over the period 1871-2012.

Table 2 Population Size and Growth 1871-2012

Date of Census	Male	Female	Population	Sex Ratio	Average Annual Increase
1871	16,865	18,823	35,688	0.9	-
1881	19,047	21,501	40,548	0.89	486
1891	18,780	22,274	41,054	0.84	51
2-Apr-11	18,345	23,532	41,877	0.78	82
24-Apr-21	19,155	25,292	44,447	0.76	257
24-Apr-31	21,208	26,753	47,961	0.79	351
9-Apr-46	27,901	33,746	61,647	0.83	912
7-Apr-60	37,561	42,387	79,948	0.89	1307
7-Apr-70	41,150	45,794	86,944	0.9	700
12-May-80	47,409	50,436	97,845	0.94	1090
12-May-91	53,165	53,334	106,499	1	787
12-Jun-01	55,456	53,566	109,022	1.04	252
12-Jun-12	56,419	53,572	109,991	1.05	88

Source:Statistical Office, Ministry of Finance and Economic Planning etc

VI. FINANCIAL ADMINISTRATION AND MANAGEMENT

The Ministry of Finance, Economic Planning, Sustainable Development and Information Technology is headed by the Minister of Finance and comprises several departments over which the Director General has administrative control. Debt management functions have been centralized in the Cash, Debt and Investment Management Unit (CDIMU) of the Ministry of Finance. The CDIMU performs all debt management activities and provides policy advice on the overall debt management strategy of St. Vincent and the Grenadines. The main debt management objective of the CDIMU is to satisfy the financing needs of the public sector at minimum cost over the medium to long term, in a prudent and sustainable manner.

The Ministry of Finance, Economic Planning, Sustainable Development and Information Technology seeks to establish a client-oriented environment conducive to the attainment of sustainable economic development and improvement of the quality of life of all citizens of St. Vincent and the Grenadines through sound economic management and the promotion of good governance. The main objective of the government is to maintain a stable and productive economy, with a focus on education and training; sharpened business competitiveness; and sensible debt management and fiscal consolidation. The government aims to build a modern, competitive, post-colonial economy with the following central elements:

i) maintaining macro-economic fundamentals of a stable currency: low inflation, fiscal prudence, enhanced competitiveness, and increased productivity;

ii) placing social equity at the center of the considerations in the fashioning of economic policy;
iii) pursuing a policy of balanced economic growth which is sustainable and which generates quality employment;
iv) establishing partnerships with the Private Sector for creating wealth and to boost economic activity;
v) implementing a Public Sector Investment Programme to create, among other things, a fiscal stimulus to the economy; and
vi) Providing an appropriate balance between the conflicting objectives of injecting a fiscal stimulus and maintaining a sustainable debt path.

Transparency and Accountability

The government has adopted a system for strengthening the institutional framework for democratic accountability and monitoring of fiscal matters. As a result, the fiscal position of the government is reported monthly to the Cabinet and then reported to the media. Additionally, on a quarterly basis, the central government fiscal position is also published in the newspapers. Furthermore, the fiscal and debt position are reported annually in the government Estimates of Revenue and Expenditure, which is available to the public from the Ministry of Finance. Information on the government's fiscal and debt operations is also published via the local media and the government's website. The government's Medium-Term Debt Management Strategy (MTDS) 2018-2020 [3] has been published on the government's website and will be updated annually.

The Eastern Caribbean Central Bank (ECCB) conducts Annual and Quarterly Economic and Financial Reviews that are published on the Bank's website (www.eccb-centralbank.org). Article IV Country Reviews conducted by the International Monetary Fund (IMF) are also published and available on the Fund's Website (www.imf.org). Further, efforts are being made to have the Audited Reports of the government available on a more timely basis.[4] Additionally, our sovereign credit ratings report (2018-2019) prepared by Moody's Investors' Services is available on the government's website as well.

[3] http://www.gov.vc/images/pdf_documents/SVGMediumTermDebtStrategy2015To2018.pdf
[4] The latest Audited Report was for fiscal year 2010 and was laid before the Parliament on April 2, 2014.

VII. MACRO-ECONOMIC PERFORMANCE

I. Overview of Economic Growth

Preliminary economic data for 2017 indicates a marginal growth in real output of 0.7 percent. The growth was influenced mainly by developments in the agriculture, fishing, manufacturing and construction sectors while the wholesale & retail and tourism sectors had a dampening effect on growth.

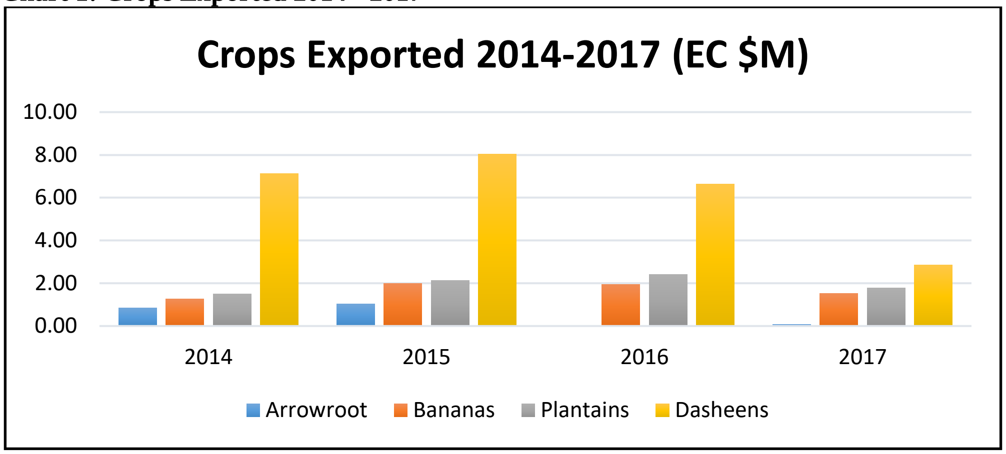
The agriculture sector recorded a 3.8 percent increase in gross value added. The improvement resulted from growth in livestock and the production of other crops which benefited from improved weather conditions and greater support from the Ministry of Agriculture. The fishing sector also improved significantly partly on account of an increase in fish landings attributed to changes in the 'fish cycle' along with new markets for fish as a result of the opening of the Argyle International Airport. Greater demand, in regional markets, for galvanise was mainly responsible for the 3.2 percent growth in the manufacturing sector. The construction sector rebounded on account of higher spending on various projects such as road works and rehabilitation and the modern medical complex. The contribution of the real estate renting and business services sectors increased marginally in 2016 to 1.7 percent indicative of the limited activity in the domestic economy.

Meanwhile, the second largest contributor to gross value added (of 14.5 percent) was the wholesale & retail trade sector. This sector declined by 3.5 percent on account of limited domestic activity evidenced by the 1.4 percent fall-off in merchandise imports during the period. Value added in the hotels and restaurants sector, proxied by visitor arrivals, declined due to the closure of a major resort and accounted for a significant decline in the tourism sector.

Agriculture and Fisheries

Real output in the agriculture sector increased, growing at a rate of 3.8 percent in 2017. The growth in the agriculture sector's performance resulted mainly from a 5.1 percent increase in livestock due to the continued trend of increased pork production. The "other crops" subsector grew by 4.2 percent as farmers intensified the production of root crops, consequent on the continued decline of the Banana Industry and support from the Ministry of Agriculture contributing to the overall growth in the sector (see Chart 1). Contrastingly, banana production continued to decline (at a rate of 22.2 percent) as exports remained limited to the CARICOM region. Output from the forestry sub-sector also fell by 4.9 percent during the period. The fishing sector increased significantly (by 12.5 percent) as a result of increased fish landings partly attributed to changes in the ‘fish cycle’ along with new markets for fish due to the opening of the Argyle International Airport.

Chart 1: Crops Exported 2014 - 2017



Source: Statistical Office, Ministry Finance and Economic Planning etc

Manufacturing

The manufacturing sector in St. Vincent and the Grenadines is relatively small with production concentrated in brewery products, flour, animal feeds and construction material. The sector’s contribution to gross value added stood at 4.5 percent. Real output in the sector is estimated to have grown by 3.2 percent in 2017, relative to growth of 1.9 percent in 2016. The increase in economic activity in the manufacturing sector was mainly on account of increased production of galvanise reflecting an increase in regional demand for construction material in the aftermath of Hurricanes Maria and Irma in 2017. Meanwhile, output from brewery products, flour and feeds declined during the year attributed to lower demand for brewery products and increased competition in the markets for flour and feeds.

Tourism

Value added in the tourism sector, as proxied by hotels and restaurants, decreased markedly by 18.2 percent in 2017 after expanding by 0.2 percent in 2016. This resulted from a 22.0 percent fall in visitor arrivals from Europe due to the closure of a major resort, while arrivals from the United States, Canada and the Caribbean increased by 2.1 percent, 8.5 percent and 2.3 percent respectively. United States, United Kingdom and some Caribbean islands are among countries which remained the destination’s three major source markets.

Table 3: Visitor Arrivals by visitor type

Visitor Type	Jan-Dec 2017	Jan-Dec 2016	Actual Change	% Change
By Air				
Stay-Over	75,972	78,751	(2,779)	(3.5)
Same-Day	1,485	1,362	123	9.0
Sub Total	77,457	80,113	(2,656)	(3.3)
By Sea				
Yacht	51,351	47,575	3,776	7.9
Cruise Ship	174,236	99,542	74,694	75.0
Sub Total	225,587	147,117	78,470	53.3
Total	**303,044**	**227,230**	**75,814**	**33.4**

Source: Ministry of Tourism

Visitors travelling by air registered a decrease of 3.3 percent while those arriving by sea recorded an increase of 53.3 percent as shown in Table 3. Total visitor expenditure was estimated to have decreased by approximately 5.0 percent, reaching EC$256.8 million in 2017 from EC$270.3 million in 2016.

Total visitor arrivals increased by 33.4 percent to 303,044, reflecting significant growth in cruise passengers, while the stay-over visitors' category declined slightly by 3.5 percent. Same-day arrivals registered an increase of 9.0 percent (see table 3). Key CARICOM source markets such as, Barbados and Trinidad &Tobago, had mixed arrival rates with Barbados recording an increase of 9.4 percent and Trinidad & Tobago recording a decline of 8.5 percent.

Cruise arrivals grew by 75.0 percent following a 21.3 percent increase in 2016. The number of cruise ships calls increased from 259 calls in 2016 to 280 calls in 2017. The yachting sub-category, a small but growing segment, improved by 7.9 percent relative to 2016 (see table 3). The Grenadine island of Bequia continues to be the main port of entry for yachts; accounting for approximately 57 percent of visitors arriving via yachts.

Construction

Growth in the construction sector strengthened by 6.4 percent in 2017 attributable to several projects such as road works and rehabilitation and the modern medical complex. An increase in expenditure on other projects also contributed to the acceleration in activity. Similarly, the performance of mining and quarrying was positive growing by 2.2 percent in 2017.

Medium -Term Growth Outlook (2018 - 2020)

Over the medium term, real economic activity is projected to grow at an average 2.3 percent per annum. This outlook is expected to be supported by buoyant economic activity in the construction, tourism, fishing, wholesale & retail and transportation sectors despite prospects for slower growth in agriculture, manufacturing, financial intermediation and real estate renting & business services.

The agriculture sector is projected to grow modestly, averaging 1.9 percent over the medium term. Growth in banana production is anticipated to decline in the medium term as the country faces increased competition from regional exporters and currency issues in a key export market. The "other crops and livestock" subsectors are forecasted to grow consistently over the period. Livestock is expected to benefit from a continuation of the trend of increased pork production while some initiatives aimed at specific root crops are expected to favour the production of other crops.

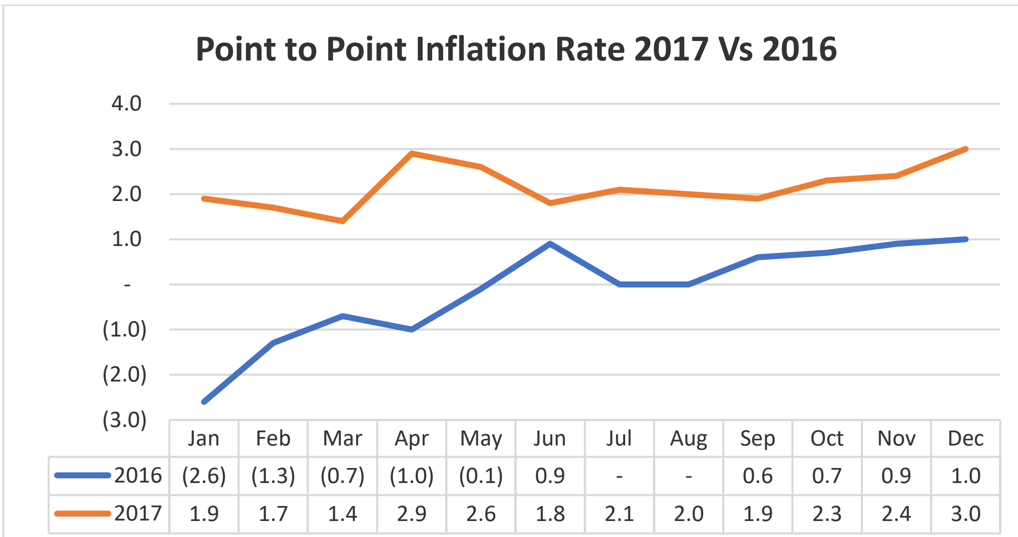
The tourism sector is expected to get a boost in activity over the medium term, with growth averaging 4.3 percent per annum. It is anticipated that stayover visitors will increase substantially with the increase in scheduled international flights over the period. Cruise tourism is also expected to benefit from continued robust growth (15.0 percent) based on robust growth that has materialised over the 2 past years. The Glossy Bay Marina is expected to spur growth in the yachting subsector. Value added in the construction sector is forecasted to increase throughout the medium term at 5.0 percent yearly with the expected investment in tourism and related developments. In addition, a number of other projects in the PSIP pipeline, including the Regional Disaster Vulnerability Reduction Project, the Geothermal Project and the Port Modernisation Project, are expected to contribute to growth in the sector.

Growth in the wholesale and retail trade sector is expected to improve steadily at an average of 2.3 percent per annum based on the anticipated improvement in domestic economic activity. The manufacturing sector is expected to grow marginally at an average of 0.75 percent over the medium term mainly as exports to hurricane-affected islands contract.

Inflation

The annual average point-to-point inflation rate, as measured by the change in the consumer price index, averaged 2.2 percent in 2017 compared with the recorded average of negative 0.1 percent in 2016. The "point-to-point" inflation rate recorded positive values throughout the year, which was indicative of inflationary pressure in the domestic economy. The accumulated inflation rate for the year 2017 was recorded at 3.0 percent in contrast to 1.0 percent for the year 2016 (see Chart 2).

Chart 2: **Point to Point Inflation Rates, 2017 and 2016**



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	(2.6)	(1.3)	(0.7)	(1.0)	(0.1)	0.9	-	-	0.6	0.7	0.9	1.0
2017	1.9	1.7	1.4	2.9	2.6	1.8	2.1	2.0	1.9	2.3	2.4	3.0

Source: Statistical Office, Ministry of Finance and Economic Planning etc

The "All Items" index registered an average of 107.9 for the year, with the highest level (109.3) recorded in the month of December and the lowest level (106.3) recorded in the month of March. During the year all twelve (12) groups recorded increases. The "furnishings, household equipment and household maintenance" index recorded the highest increase (7.7 percent) in the price level on account of the 41.0 percent increase in the price of mattresses, the 18.0 percent increase in wages paid to domestic workers and smaller increases in household equipment furniture and supplies. The 4.8 percent increase in the "communication" index is as a result of increases in the mobile phone call rates, domestic, Caribbean and international. Similarly, the "restaurants and hotels" index recorded an increase of 4.7 percent on account of higher prices for school meals, beverages and other lunches. The group "food and non-alcoholic beverages" grew by 3.9 percent due to the increase in prices of several food items.

Other groups experienced modest increases in the price level, including “housing, water, electricity, gas and other fuels” (2.2 percent) “health” (1.6 percent), “alcoholic beverages, tobacco & narcotics” (1.5 percent), “miscellaneous goods & services” (1.5 percent) “recreation and culture” (0.9 percent), “education” (0.7 percent) and “clothing and footwear” (0.3 percent).

II. BALANCE OF PAYMENTS[5]

The Current Account

Available data from the Eastern Caribbean Central Bank (ECCB) on the external account points to a deterioration in the current account deficit which increased to $365.03 million (or 17.2 percent of GDP) in 2017 from $316 million (or 15.2 percent of GDP) in 2016 influenced mainly by developments in the goods and services account. The merchandise trade deficit increased by 0.4 percent to $683.8 million on account of lower merchandise exports. On the services account, net inflows decreased by 4.7 percent to $296.5 million largely attributed to decreased inflows from travel services.

A 29.8 percent increase in the deficit in primary income which moved from $58.1 million in 2016 to $75.5 million in 2017 along with 12.5 percent drop in the surplus on secondary income which moved from $111.7 million in 2016 to $97.7 million in 2017 also contributed to the worsening of the current account balance. The deterioration in receipt on the primary income account was mainly due to a net outflow for investment income, while the decline in the secondary income account was primarily due to a reduction in income from financial corporations, nonfinancial corporations, households, and non-profit institutions serving households (NPISHs).

The Capital and Financial Account

The balance on the capital account increased moving from a surplus of $17.2 million in 2016 to a surplus of $28.9 million in 2017. This was due mainly to the greater amount of capital transfers recorded during the period. The balance on the current account along with the capital account balance yielded a net borrowing position of $336.1 million (15.8 percent of GDP) in 2017. This was $37.3 million more than the net borrowing position of $298.8 million (14.4 percent of GDP) recorded in 2016.

[5] Revised data from the Eastern Caribbean Central Bank

The financial account recorded a net borrowing position of $283.3 million for 2017. This represents a decrease of $2.7 million when compared to the net borrowing position of $286.0 million recorded in 2016. The main drivers of the decrease in the net borrowing position on the financial account were direct investment and other investments particularly currency & deposits and loans. The net borrowing position on the balance from the current and capital account of $336.1 million was partly financed by a net borrowing position on the financial account of $283.3 million. This gave rise to a net errors and omissions item of $52.8 million. Net errors and omissions occur when a surplus/deficit in the current account together with the capital account is not offset by equally large capital inflows in the financial account.

Foreign Trade

Merchandise trade in St. Vincent and the Grenadines consists of a mix of exports and imports, with a heavier weighting on imports. Exports are mainly to countries such as the United Kingdom, United States, Canada and countries within the CARICOM region and consist primarily of exports of agricultural and manufactured products. Items such as food, beverages, machinery and transport equipment, manufactured goods, chemicals, oils and fuels, are imported from countries such as the United Kingdom, United States, CARICOM member countries and Japan.

Total export receipts fell by 1.6 percent to $114.2 million, reflecting a decline in domestic exports primarily due to a decrease in the export of food and live animals by 14.0 percent and beverages and tobacco by 12.4 percent. The fall-off in the export of food and live animals was mainly on account of a decrease in flour exports (14.5 percent), while the beverages and tobacco decline reflects a drop in the export of beer (24.6 percent). Contrastingly, the export of manufactured goods classified chiefly by material increased (63.0 percent) largely based on growth in exports of galvanize and roofing products. Meanwhile, re-exports went up by 47.8 percent attributed to a significant increase in the re-export of machinery and transport equipment (110.4 percent). Import payments (C.I.F) fell by 1.4 percent to $890.9 million, mainly attributable to a 25.1 percent decline in the import value of mineral fuels, lubricants and related materials.

III. GOVERNMENT FISCAL OPERATIONS

The central government fiscal operations for the year ended December 31, 2017 contracted markedly when compared to the previous period in 2016. Primary balance fell from a surplus of $66.3 million in 2016 to $5.2 million in 2017 as seen in Table 4. This was on account of a 56.8 percent increase in capital expenditure and an increase in recurrent expenditure of 9.0 percent. As a consequence, an overall deficit of $44.6 million was realised in 2017 compared to a surplus of $23.5 million in 2016.

Total revenue including grants amounted to $642.7 million, in 2017. Revenue collected from direct taxes decreased by 3.1 percent to $151.1 million while indirect taxes grew by 5.7 percent to $361.7 million[6]. Non-tax revenue declined, moving from $94.4 million to $79.5 million, largely as a result of lower dividends from St. Vincent Electricity Services Limited amounting to $3.1 million in 2017 compared to $14.1 million in 2016. Capital revenue and grants accounted for $50.5 million of total revenue in 2017, compared with $27.2 million in 2016, an increase of $19.1 million (or 73.5 percent) in grant revenue accounted for the majority of the difference. Spending on recurrent expenditure items went up by 9.0 percent in 2017 on account of increases in spending on all major categories of expenditure, while capital expenditure increased by 56.8 percent. The net effect is a 15.3 percent growth in total expenditure (see Table 4 below).

Table 4: Summary of fiscal operations for the year ended December 31, 2017

Details	Budget 2017	Actual Dec 31 2017	Actual Dec 31 2016	percent Change '17
	$m	$m	$m	
CURRENT REVENUE	**590.7**	**592.2**	**592.6**	**(0.1)**
Taxes on Income & Profits	145.0	151.1	155.8	(3.1)
Taxes on Property	42.9	56.1	45.1	24.4
Taxes on Goods & Services	165.3	158.3	152.1	(4.0)
Taxes on Int'l Trade	149.7	147.3	145.1	1.5
Sale of Good & Services	66.5	62.2	60.9	2.2
Property Income	7.8	7.9	16.9	(52.9)
Other Revenue	13.5	9.3	16.7	(44.1)
TOTAL EXPENDITURE	**831.3**	**687.3**	**596.2**	**15.3**
RECURRENT EXPENDITURE	**601.8**	**564.7**	**518.1**	**9.0**
Compensation of Employees	297.9	280.8	275.1	2.1
Use of Goods & Services	78.6	78.1	67.7	15.4
Interest Payments	55.8	49.8	42.7	16.4
Transfers	169.5	156.0	132.5	17.8
CAPITAL EXPENDITURE	**229.6**	**122.6**	**78.2**	**56.8**
CAPITAL REVENUE AND GRANTS	**65.3**	**50.5**	**27.2**	**85.6**

[6] Direct taxes comprise taxes on income & profits and indirect tax is made up of taxes on property, taxes on goods & services and taxes on international trade.

CURRENT BALANCE	**(11.0)**	**27.5**	**74.5**	**(63.1)**
PRIMARY BALANCE	**(119.5)**	**5.2**	**66.3**	**(92.2)**
OVERALL BALANCE	**(175.3)**	**(44.6)**	**23.5**	**(289.6)**

Source: ERPU, Ministry of Finance and Economic Planning etc,

Revenue

Current revenue which is generated from a mix of direct and indirect taxes amounted to $592.2 million in 2017, representing a 0.1 percent decrease when compared with the $592.6 million realised in the previous year (see Table 4). Tax receipts in all categories were higher in 2017 when compared to the previous year except for receipts from taxes on income and profits which declined by 3.1 percent. Under this category, the fall-off in revenue was due to lower collections from corporation tax which declined by 13.6 percent owing to the fact that the amount collected in 2016 included a significant amount of arrears, while there was no similar windfall for the year 2017. On the contrary, non-resident (withholding) tax revenue went up 5.3 percent when compared to 2016 along with an increase in taxes on individuals of 4.3 percent. These performances were aided by forensic audits of several large taxpayers undertaken by the Inland Revenue Department (IRD).

Taxes on goods and services which totalled $158.3 million, increased by 4.0 percent during the period. This was largely due to an increase of 3.7 percent in value added tax, which benefited from a one percentage point increase in the rate effective May 1, 2017. Additionally, taxes on goods and services benefited from a $3.1 million dollars collected from telecommunications broadcast licence. Higher receipts from excise duty on domestic transactions (up 10.3 percent); insurance premium tax (up 1.1 percent); motor vehicle licence (up 4.3 percent) and interest levy (up 2.5 percent) contributed to the growth in revenue for this tax type.

Revenue from international trade taxes which amounted to $147.3 million was 1.5 percent higher than the amount collected for the corresponding period in 2016. Under this rubric, revenue from VAT and vehicle surtax increased by 5.0 and 1.8 percent, respectively, accounting for the majority of the increase in revenue. The growth in VAT revenue was mainly on account of the one percentage point increase in the rate. However, collections from import duty fell by 3.9 percent.

Revenue from sale of goods and services grossed $62.2 million, which represents a 2.2 percent improvement over the amount collected in 2016. This was mainly due to a 17.9 percent increase in Commercial Intellectual Property Office (CIPO) business registration fees and an 11.8 percent increase in revenue from drivers licences. Revenue from property income decreased significantly (by 52.9 percent) to $7.9 million as dividends from St. Vincent Electricity Services Limited (VINLEC) dropped from $14.1 million in 2016 to $3.1 million in 2017.

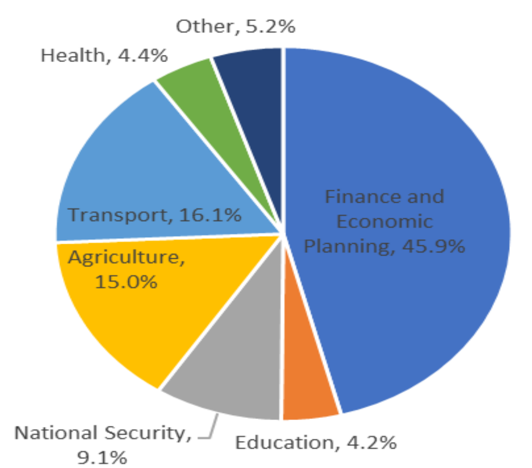
Capital inflows as at December 31, 2017 amounted to $50.5 million, up 85.6 percent from the amount collected in 2016 due mainly to higher receipts of capital grants during the period and land sales in the Grenadines.

Expenditure

As at December 31 2017, current expenditure amounted to $564.7 million. This figure represents an increase of 9.0 percent when compared to the amount spent during the same period in 2016 (see Table 4). Payment of wages and salaries amounted to $268.3 million and the employer's social security contribution to $12.5 million, these were responsible for the overall 2.1 percent increase in compensation of employees. The 2.1 percent increase in spending on wages and salaries was mainly due to increments and allowances during the period. Outlays on transfers increased by 17.8 percent to $156.0 million mainly based on higher amounts expended on contributions to foreign organisations. Employment related social benefits (pensions) and grants to other agencies also went up, by 8.8 percent and 18.2 percent, respectively, due to greater spending on pension payments and transfers to the Tourism Authority and the Argyle International Airport. Capital expenditure for the year 2017 amounted to $122.6 million, up 56.8 percent from the $78.2 million recorded for the same period in 2016.

Chart 3 reflects Capital Expenditure by Ministry. A significant share of capital spending (45.9 percent) associated with the Ministry of Finance & Economic Planning, etc. Much of the spending on the transportation sector was related to road rehabilitation projects across the country. The 15.0 percent expenditure in the agriculture sector was largely related to rural development projects and the agriculture modernisation and development programme.

Chart 3: Public Sector Capital Expenditure 2017



Source: ERPU, Ministry of Finance and Economic Planning.

Financing

Below in table 5 is a summary of the central government financing for the year ended December 31, 2017 with comparative figure for the same period in 2016.

Table 5: Central Government Financing 2017

	Actual 2017	Actual 2016
OVERALL BALANCE	**(44.6)**	**23.5**
FINANCING		
NET EXTERNAL	**(36.5)**	**15.4**
Loan Disbursement	28.2	65.6
Loan Amortisation	(64.7)	(50.1)
NET DOMESTIC	**81.1**	**(39.0)**
Loan Disbursement	163.1	50.7
Loan Amortisation	(51.6)	(55.8)
Sinking Fund Contribution	(14.0)	(12.1)
Change in Cash	(21.1)	(58.5)
Other Domestic	4.7	36.7

Source: ERPU, Ministry of Finance and Economic Planning etc.

Fiscal Outturn as at June 30, 2018

The central government overall fiscal operations for the first half of 2018 improved when compared to the same period in 2017. Current revenue decreased by 0.6 percent to $268.9 million, while current expenditure increased by 1.9 percent to $276.6 million (see Table 6). Consequently, the current balance recorded a deficit of $7.7 million in 2018 compared to $1.0 million in 2017. During the period under review, the overall deficit improved, moving from $10.7 million in 2017 to $4.3 million in 2018.

Table 6: Summary of Fiscal Outturn June 2018 compared with June 2017

	Budget to	Actual		
	June '18	June'18	June '17	Percentage
Details	**$M**	**$M**	**$M**	**Change**
CURRENT REVENUE	**291.8**	**268.9**	**270.5**	(0.6)
Taxes on Income & Profits	72.3	64.7	72.5	(10.8)
Taxes on property	22.6	9.3	17.5	(46.8)
Taxes of Goods & Services	87.2	81.0	79.3	2.1
Taxes on International Trade	71.1	76.1	66.8	14.0
PROPERTY INCOME	1.7	1.3	1.7	(25.8)
SALES OF GOODS & SERVICES	30.9	32.3	28.8	12.3

OTHER REVENUE	6.0	4.2	3.9	7.9
CAPITAL REVENUE & GRANTS	**15.4**	**15.4**	**7.4**	106.6
CURRENT EXPENDITURE	**296.6**	**276.6**	**271.5**	1.9
Compensation of Employees	148.7	142.7	138.7	2.9
Use of Goods & Services	34.2	29.6	30.1	(1.5)
Interest	29.5	25.6	22.7	12.7
Transfers	84.2	78.6	80.0	(1.7)
CAPITAL EXPENDITURE	**66.7**	**12.0**	**17.1**	(30.2)
CURRENT BALANCE	**(4.8)**	**(7.7)**	**(1.0)**	(644.9)
PRIMARY BALANCE	**(26.6)**	**21.3**	**12.0**	77.8
OVERALL BALANCE	**(56.1)**	**(4.3)**	**(10.7)**	60.1

Source: ERPU, Ministry of Finance and Economic Planning etc,

The major categories of tax revenue turned in mixed performances during the first half of 2018. Revenue from taxes on income and profits fell by 10.8 percent to $64.7 million, mainly due to lower collections recorded in all of the sub-categories. Taxes on individuals, corporations and non-residents (withholding) fell by 3.7 percent, 13.9 percent and 35.2 percent respectively when compared to 2017. Intake from taxes on property fell by 46.8 percent to $9.3 million, reflective of lower receipts from alien land-holding licenses and stamp duty on property for the first half of 2018 compared with 2017. Collections from taxes on goods and services which totalled $81.0 million increased by 2.1 percent. This was mainly as a result of a 5.6 percent increase in receipt from value added tax, which was partially impacted by the 1.0 percentage point increase in rate (effective May 01, 2017) and an uptick in domestic business activities. Revenue from international trade taxes which amounted to $76.1 million was 14.0 percent higher than the amount collected for the corresponding period in 2017. Under this rubric, revenue from all major subcomponents increased including: VAT revenue (5.5 percent); import duty (18.7 percent) and vehicle surtax (93.9 percent). Capital inflows as at June 30, 2018 amounted to $15.4 million, up from the $7.4 million collected during the corresponding period in 2017.

As at June 30, 2018, current expenditure amounted to $276.6 million, an increase of 1.9 percent when compared to the amount spent during the same period in 2017. Payment of wages and salaries amounted to $136.5 million and the employer's social security contribution to $6.3 million, these were responsible for the overall 2.9 percent increase in compensation of employees. The 3.0 percent increase in spending on wages and salaries was mainly due to changes in increments and allowances during the period. Interest payments increased during the period by 12.7 percent to $25.6 million, mainly as a result of higher payments on both the domestic and external components. On the domestic side, interest payment amounted to $16.3 million on account of new loans contracted. Meanwhile, interest on the external component of the debt went up mainly due to increases in the CDB variable interest rate (CDBOR) during the period. Outlays on transfers declined by 1.7 percent to $78.6 million due to a decrease in the amounts expended on pension benefits and social assistance benefits. Expenditure on these items fell by 0.7 percent and 6.0 percent respectively. Investment in capital expenditure stood at $12.0 million, down 30.2 percent from the $17.1 million recorded for the same period in 2017. The low capital spending reflects partly the slow implementation rate on on-going projects and untimely processing of journals to bring to account direct payments made to various contractors by funding agencies.

IV. MONEY AND CREDIT

The total monetary liabilities (M2) of the banking system grew by 1.2 percent to $1,539.2 million during 2017. The expansion in M2 reflected mainly developments in quasi money, which increased by 2.2 percent to $1,063.4 million, reflecting an increase in preference for slightly less liquid deposits. The expansion was largely driven by growth in private sector savings deposits which rose by 3.6 percent to $875.8 million.

The proportion of narrow money (M1) fell from 31.6 percent in 2016 to 30.9 percent in 2017. In 2017 narrow money decreased by 0.8 percent to $475.8 million, on account of a decline in private sector demand deposits (2.2 percent). Domestic credit increased by 4.4 percent to $1,091.0 million during 2017, after falling by 2.2 percent during 2016. This increase reflected higher lending to the central government. However, demand for business credit continued to decrease.

Notwithstanding the above, private sector credit rose by 1.6 percent ($16.9 million) during 2017 driven by the continued expansion in credit to households. Lending to households, which accounts for more than three quarters of private sector credit, grew at a relatively steady rate of 3.7 percent during the period. Conversely, loans extended to businesses declined by 11.2 percent to $186.5.

An analysis of the distribution of bank credit by economic activity revealed that outstanding loans increased by 2.6 percent to $1,231.2 million during 2017, following a 0.5 percent reduction in growth recorded during 2016. The expansion in credit was mainly attributable to a rise of 3.3 percent and 24.9 percent in the personal and government services sectors, respectively. Within the personal sector category, credit extended for house and land purchases increased by 17.7 percent. Credit to other sectors such as the financial institutions, professional & other services and tourism also experienced expansions in credit. Conversely, there was a significant decline in credit for distributive trade (21.8 percent). Credit extended to the construction and land development and transportation & storage sectors, among other sectors also declined.

Net foreign assets of the banking system fell by 5.9 percent to $622.5 million in 2017, significantly reduced from the 24.4 percent growth realised during 2016. This contraction was fuelled by a 5.7 percent fall in the imputed share of reserves of St Vincent and the Grenadines held at the Central Bank, and a 6.9 percent decrease in commercial banks' net foreign assets.

Liquidity in the commercial banking system rose during 2017 as evidenced by an increase in the ratio of liquid assets to total deposits plus liquid liabilities, which fell by 2.8 percentage points to 43.5 percent. The ratio of liquid assets to total assets decreased to 37.7 percent in 2017 from 40.0 percent in 2016, well below the maximum threshold of 75.0 to 85.0 percent.

VIII. PUBLIC DEBT ANALYSIS

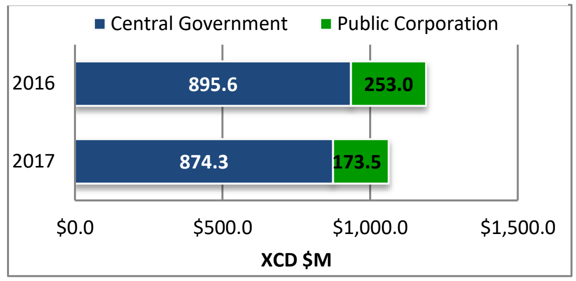
As at December 31, 2017 the total disbursed outstanding public debt stood at $1.6 billion (74.0 percent of GDP[7]), a decrease of 5.9 percent from $1.7 billion (81.3 percent of GDP) as at December 31, 2016. Of this amount, central government debt accounted for $1.3 billion, or 62.3 percent of GDP, a decrease of 7.1 percent when compared with the amount of $1.4 billion as at December 31, 2016. The remaining $249.7 million, or 11.8 percent of GDP, is attributable to the public corporations. The decrease in the total public debt was driven primarily by debt forgiveness received from the Alba Bank and Petro Caribe effective 28th September, 2017.

[7] Preliminary GDP of $2123.7 million sourced from ERPU'S in house Medium Term Economic and Fiscal Outlook

External Debt

As at December 31, 2017, total public external debt stock stood at $1.0 billion compared with $1.1 billion in 2016, representing a decrease of 9.1 percent. The central government's portion of the debt decreased from $895.6 million to $874.3 million while the public corporation's debt decreased from $253.0 million to $173.5 million as illustrated in chart 4.

Chart 4: External Debt by Categories

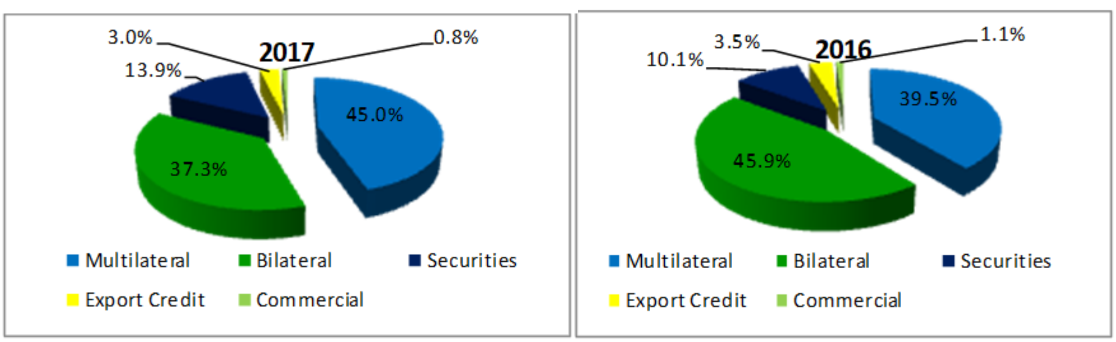


Source: CDIMU, Ministry of Finance and Economic Planning etc

External Debt by Creditor Category and Maturity Profile

The majority of the external public sector debt was contracted on concessional terms from multilateral and bilateral sources. As show in Chart 5 below, multilateral creditors accounted for 45.0 percent while bilateral creditors held 37.3 percent. The remaining 17.7 percent was shared among export credit facilities, securities' holders and commercial creditors. An in depth analysis of the external debt portfolio showed that the maturity profile of the debt continued to be dominated by long-term loans with 67.6 percent of the portfolio maturing in over ten years. Instruments with remaining maturity between 5-10 years accounted for 12.0 percent while instruments with remaining maturity less than 5 years accounted for 20.4 percent, of which 8.6 percent were instruments that were maturing in less than one year.

Chart 5: External Debt by Creditor Category

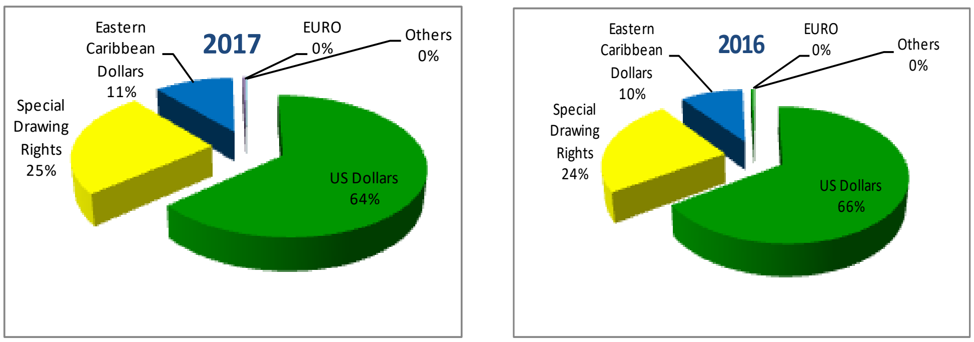


Source: CDIMU, Ministry of Finance and Economic Planning etc

External Debt by Currency

The currency composition continued to weigh heavily in favour of the United States Dollar (USD). The USD accounted for $677.0 million or 63.7 percent of the external debt at the end of 2017. The second largest in the currency category was the share of Special Drawing Rights (XDR) which accounted for 25.0 percent. The Euro, Eastern Caribbean Dollars[8] and currencies grouped as "Other[9]" collectively accounted for the remaining 17.3 percent of the external debt portfolio, as reflected in chart 6 below.

Chart 6: External Debt Outstanding by Currency Composition 2017



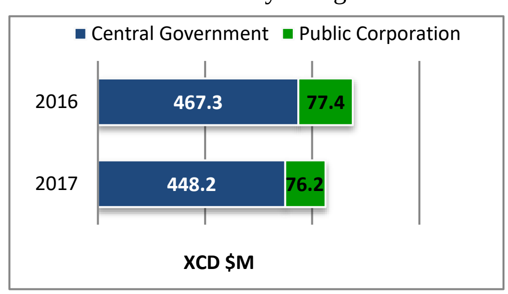
	2017	Percent of total	2016	Percent of Total
US Dollars	677.0	63.7	780.4	65.6
Special Drawing Rights	265.5	25.0	285.0	23.9
Eastern Caribbean Dollars	114.9	10.8	116.8	9.8
Euro	3.7	0.4	5.4	0.5
Other	1.4	0.1	1.4	0.1
Total	**1062.5**	**100.0**	**1189.9**	**100.0**

Source: CDIMU, Ministry of Finance and Economic Planning etc

Domestic Debt

Total domestic debt at December 31, 2017 stood at $524.4 million, a decrease of 3.7 percent when compared to the corresponding period of 2016. Of this amount $448.2 million or 85.5 percent was held by central government, an increase of 4.1 percent when compared to same period 2016. The remaining $76.2 million or 14.5 percent was held by the public corporations, this amount represented a marginal decrease of 1.6 percent for the period (see chart 7).

Chart 7: Domestic Debt by Categories



Source: CDIMU, Ministry of Finance and Economic Planning etc

In terms of the composition of the portfolio, government bonds constituted the largest share of the domestic stock accounting for 46.4 percent, while loans accounted for 35.8 percent an increase of

[8] The currency XCD share of debt increased in 2016 and 2017 on account of the recent move by all member states of the ECCU to classify external debt securities based on investor's residency rather than currency of issue

[9] "Other" consists of Kuwait Dinars and Trinidad, Tobago Dollars and Barbados Dollars

14.0 percent and 20.2 percent respectively on account of the issuance and contraction of new securities and loans, see table 7 below on domestic debt raising activities during 2017.

Table 7: Domestic Debt Raising Activity for the Fiscal Year 2017

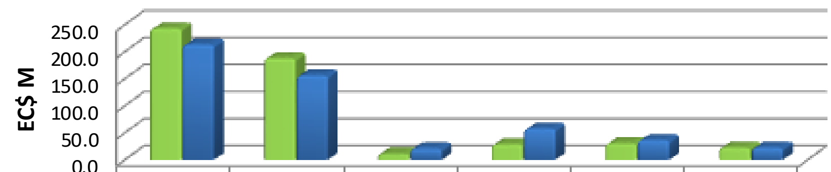
Loans						
Creditor	**Loan Amount (EC $M)**	**Disbursed Amount (EC $M)**	**Tenor**	**Rate (%)**	**Issue Date**	**Maturity Date**
BOSVG	40.0	40.0	15 yrs	7.0	28-Dec-17	30-Nov-27
BOSVG	15.0	15.0	10 yrs	6.5	30-May-17	31-Jul-27
NIS	1.0	1.0	11 yrs	4.5	10-Mar-17	20-Jun-27
NIS	3.0	1.8	12 yrs	4.5	11-Aug-17	30-Oct-27
NIS	17.5	4.0	180 days	4.0	18-Nov-17	17-May-17
ECCB	25.0	25.0	1 yr	6.5	17-Nov-17	30-Nov-18
Total	**101.5**	**86.8**				

Source: CDIMU, Ministry of Finance and Economic Planning etc

All other instruments declined, with the overdraft[10] and treasury bills registering the most significant reductions of 49.7 percent and 47.6 percent compared to same period 2016. The continued reduction in treasury bills reflects the reclassification of treasury bill issues by residency of investors rather than by currency. The decline in domestic treasury bills now more accurately reflects the true picture of the volume of these securities held by local investors. The reduction in the overdraft was based on the revision of the overdraft limit from $50.0 million to $35.0 million effective December 2017. Within the existing domestic debt stock, short- term debt accounted for 26.1 percent of the portfolio.- Debt with remaining maturity between 1-5 years accounted for 34.1 percent, debt with remaining maturity between 5 and 10 years accounted of 26.5 percent while debt with maturity 10 years and over accounted for 13.3 percent.

[10] The Overdraft is a GOSVG facility at the BOSVG

Chart 8: Domestic Debt Outstanding by Instrument Type



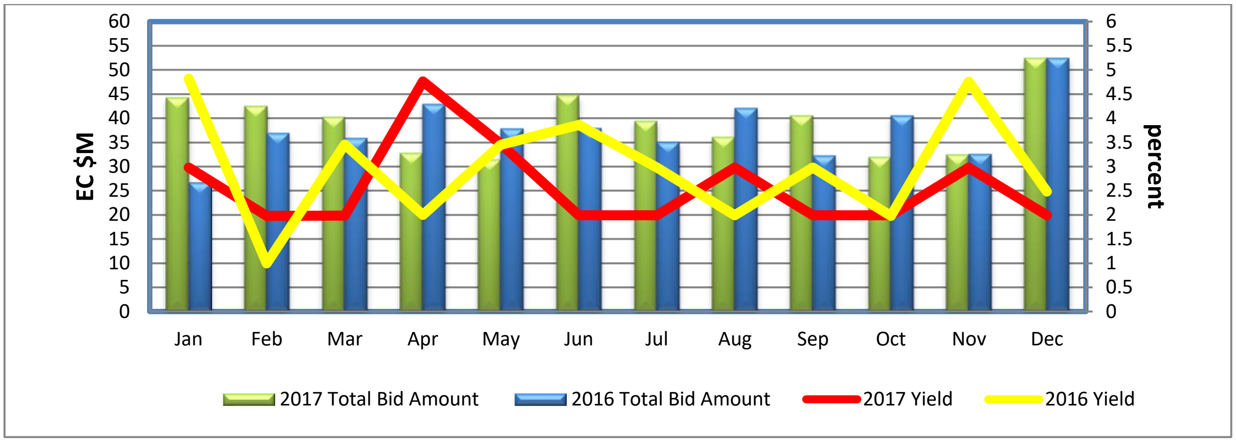
	Bonds	Loans	T.Bills	Overdrafts	Accounts Payable	Other
2017	243.2	187.9	11.1	29.0	30.7	22.5
2016	213.3	156.3	21.2	57.6	36.7	22.7

Source: CDIMU, Ministry of Finance and Economic Planning etc

For the 2017 period, St. Vincent and the Grenadines continued to participate actively on the RGSM. A total of twelve treasury bills were auctioned all of which were fully subscribed. An analysis of the data illustrated in Chart 9 indicated that the weighted average discount rate in 2017 decreased to 2.6 percent (with an average bid amount of $39.1 million) compared with 3.0 percent (with an average bid amount of $37.8 million) in 2016. The increase in bid amounts resulted in decreasing market yields significantly below the reserve price of 4.82 percent. There were also increases in the average number of bids per auction from 15.5 to 19.5 bids; and the average over-subscription per auction from $10.5 million to $11.1 million. However, our bid to cover ratio decreased slightly from 1.5 to 1.4. The data also showed that for each of the twelve auctions there were more non-resident investors participating in the auctions and as such they were allotted a larger portion of treasury bills than resident investors.

As at the December 31, 2017 St. Vincent and the Grenadines had successfully issued 171 treasury bills and 12 bonds on the Regional Government Securities Market (RGSM) for a total of 183 instruments. Chart 8 below depicts a comparison of the treasury bill performance.

Chart 9: Total Bids and Discount Rates for T-Bills 2017 compared with 2016



Source: ecseonline.com

Debt Servicing as at December 2017

A review of the central government's debt servicing cost over the period showed that the cost of servicing the debt increased by 11.7 percent, moving from $148.7 million in 2016 to $166.0 million in 2017 representing 28.0 percent of current revenue. The increase was due to rising levels in both external interest and amortization payments made during the year mainly on account of central government servicing LIAT loan with CDB[11]; contraction of new debt; increases in the exchange rate associated with XDR's and higher variable interest rate associated with CDB debt; and the commencement of repayment on some loans whose grace period has ended. Additionally, the total deferred debt service cost associated with the Sinking Fund contributions amounted to $14.0 million (see Table 9).

Table 8: Central Government Debt Servicing

CENTRAL GOVT DEBT SERVICING	2017	2016	Change
	XCD $M		%
External			
Interest	18.6	14.9	24.7
Amortization	64.7	50.1	29.0
Total External Debt Servicing	83.3	65.1	28.0
Domestic			
Interest	31.1	27.8	12.0
Amortization	51.6	55.8	(7.5)
Total Domestic Debt Servicing	82.7	83.6	(1.0)

[11] LIAT's debt is classified as Public Corporation's debt

Total Central Govt Debt Servicing	166.0	148.7	11.7
Sinking Fund Contributions	14.0	12.1	15.9
Current Revenue	592.2	592.6	(0.1)
Total debt servicing/Current Revenue	28.0	25.1	11.7

Source: CDIMU, Ministry of Finance and Economic Planning etc

Summary of Public Debt as at June 30, 2018

Preliminary total public debt outstanding as at the June 30, 2018 stood at $1.6 billion. Of this amount, central government debt accounted for $1.4 billion or 84.5 percent. The remaining $254.8 million is attributable to the public corporations which accounted for 15.5 percent of the total debt stock. The increase in the total public debt was driven by its domestic central government component mainly through the contraction of new loans, increases in treasury bills held by residents and accounts payables (refer to Table 10).

Of the total external debt, preliminary data in table 10 below showed that central government registered a decrease of 5.6 percent while public corporation debt declined by 33.2 percent. Additionally, the data revealed that central government debt accounted for 83.6 percent of the total external debt and the remaining 16.4 percent being allocated to public corporations. The large decrease in public corporation's debt is attributed to a 50.0 percent write-off on the basis of net present value of the Petro Caribe[12] on the unexpired long term debt effective September 28, 2017.

Table 9: Comparative Summary of Total Public debt as at June 2018

	Jun-18	Jun-17	Jun-18/ Jun-17	Dec-17	Jun-18/ Dec-17
Domestic Debt	**$M**	**$M**	**% Change**	**$M**	**% Change**
Central Government					
Bonds	230.9	234.1	(1.4)	243.2	(5.0)
Loans	105.6	54.6	93.3	113.0	(6.6)
Overdraft	48.9	69.1	(29.2)	27.7	76.6
Accounts Payable	45.1	27.8	62.2	30.7	47.0
Insurance Deposits	22.7	22.7	0.0	22.5	0.9
Treasury Bills	12.8	9.1	40.5	11.1	15.5

[12] The remaining Petro Caribe debt is now owned by the Alba Bank

Total Central Government	466.1	417.5	11.7	448.2	4.0
Domestic Public Corporation	73.8	77.9	(5.2)	76.2	(3.1)
Total Domestic Debt	539.9	495.4	9.0	524.4	3.0
External Debt					
Central Government					
Bonds	77.3	79.3	(2.5)	74.6	3.6
Treasury Bills	71.2	74.9	(4.9)	72.9	(2.4)
Loans	774.6	823.4	(5.9)	726.8	6.6
Total Central Government	923.1	977.5	(5.6)	874.3	5.6
External Public Corporation	181.0	271.1	(33.2)	173.5	4.3
Total External Debt	1104.1	1248.7	(11.6)	1047.8	5.4
Total Public Debt	1644.0	1744.0	(5.7)	1572.2	4.6

Source: CDIMU, Ministry of Finance and Economic Planning etc

Domestic Debt Raising Activities as at June 30, 2018

During the first half of the year a total of $46.0 million was raised through a mixture of instruments. Loans totalling $10.0 million were contracted from the National Insurance Services at an interest rate of 3.5 percent. The interest rate on the note issued by the government was 4.0 percent with an average interest rate of 7.0 percent on longer term government bonds. All long-term securities were issued via private placement, with the most significant $25.0 million,[13] being listed on the Eastern Caribbean Securities Exchange (ECSE) to facilitate potential liquidity needs of investors (see Table 11).

[13] Done by First Citizens Investment Services

Table 10: Domestic Debt Raising Activities Jan 1 - June 30, 2018

Instrument Type	Creditor	Instrument Amt	Amt disbursed	Tenor	Rate (%)	Date Issued	Maturity Date
Loan	NIS	2,500,000.00	2,500,000.00	5 yrs	3.5	9th May 2018	30th Nov 2024
Loan	NIS	7,500,000.00	7,500,000.00	91 days	3.5	29th March 2018	29th June 2018
Note	Port Authority	3,500,000.00	3,500,000.00	3 yrs	4.0	30th April 2018	30th April 2021
Bond	BOSVG	7,500,000.00	7,500,000.00	10 yrs	7.0	1st June 2018	1st June 2028
Bond	Various Investors	25,000,000.00	25,000,000.00	7 yrs	7.0	15th June 2018	15th June 2025
	Total	**46,000,000.00**	**46,000,000.00**				

Source: CDIMU, Ministry of Finance and Economic Planning etc

External Disbursements as at June 30, 2018

Table 11: External disbursement Jan 1 - June 30, 2018

CREDITOR	Education	Road & Bridge	Energy	Air Transport	Disaster Management	Multi Sector	Total
ALBA BANK							-
Caribbean Development Bank	2,215,927	387,290	15,122,700	390,023	447,305	3,975,750	22,538,995
Caribbean Development Fund			945,000				945,000
World Bank							-
UK Export Finance				14,326,309			14,326,309
OPEC		13,500,000					13,500,000
Total	2,215,927	13,887,290	16,067,700	14,716,332	447,305	3,975,750	51,310,304

Source: CDIMU, Ministry of Finance and Economic Planning etc

External debt disbursement for the first half of 2018 stood at $51.3 million dollars (see Table 12 above). The funding was used to finance a number of on-going projects including the disaster management and education development projects. Most of the disbursements were concentrated on physical infrastructural development and in transformative energy areas. These projects include geothermal energy and photovoltaic systems as the government expands activities in renewable energy supply. Additionally, works continued on roads, bridges and the international airport.

Debt Servicing as at June 30, 2018

Total debt service for the first half of the year ended June 30, 2018 amounted to $78.5 million. Of this amount, external debt service totalled $35.9 million, representing a decrease of 6.8 percent over the corresponding figure in June 2017 of $38.5 million. The decrease was driven mainly by amortization which decreased by 11.9 percent. This was due to the timing of January 2018 debt servicing obligations which was paid in December 2017. Conversely, interest payments increased by 11.9 percent due mostly to increases in the floating rates of CDBOR, Libor and exchange rate movements in the XDR which caused a higher outlay in debt servicing obligations (see Table 13 below).

Total domestic debt service for the period under review amounted to $42.6 million, representing an increase of 9.9 percent over the corresponding figure recorded in June 2017 of $38.8 million. Increases were recorded in both amortization and interest payments which were positively correlated with the issuance of new bonds and notes totalling $90.0 million in 2017 and increased loan borrowings from our major domestic creditors including:- Bank of St. Vincent and the Grenadines, Eastern Caribbean Central Bank and the National Insurance Services. Contributions to the Sinking Fund increased by 86.7 percent to $11.2 million as the government continues to make provision for the timely servicing of its future debt obligations during the fiscal year 2018 (see Table 13).

Table 12: Summary of Central Government Debt Servicing as at June 30, 2018

	Jun-18	**Jun-17**	**Jun-18/ Jun-17**	**Dec-17**	**Jun-18/ Dec-17**
	$M	$M	% Change	$M	% Change
External	35.9	38.5	(6.8)	83.3	(56.9)
Interest	9.3	8.3	11.9	18.6	(50.1)
Amortization	26.6	30.2	(11.9)	64.7	(58.9)
Domestic	42.6	38.8	9.9	82.7	(48.4)
Interest	16.3	14.4	13.3	31.1	(47.5)
Amortization	26.3	24.4	7.9	51.6	(49.0)
Sinking Fund Contributions	11.2	6.0	86.7	14.0	(20.0)
Current Revenue	268.9	270.5	(0.6)	592.2	(54.6)

Total Debt Servicing/Revenue (%)	29.2	28.6	2.2	28.0	4.2

Source: CDIMU, Ministry of Finance and Economic Planning etc

IX. RECENT DEVELOPMENTS AND PROSPECTS

Following a period of weakened fiscal performance in the aftermath of the global economic and financial crisis, coupled with recent natural disasters, St. Vincent and the Grenadines has made considerable progress towards stabilizing its public finances. Over the medium term, 2018-2020, real economic activity is projected to improve, to an average of 2.3 percent per annum. The country is expected to benefit from the opening of the international airport at Argyle; continued initiatives in the agricultural sector; the construction of a state-of-the-art marina on the island of Canouan; and other large capital projects, including the construction of a new port facility in Kingstown and the commencement of works on a new hotel development project at Peters' Hope. On the fiscal front, sustained primary surpluses are also projected over the medium-term due to enhanced revenue measures along with efficiencies in tax administration. The rebound in growth and fiscal surpluses are expected to bring about a gradual decline in public debt over the medium term.

In May 2018 Moody's Rating Services maintained St. Vincent and the Grenadines' B3 rating and stable outlook. The Government is committed to the objective of restoring the public finances to good health and stimulating the economy to its full potential. In this regard, developing a Medium Term Fiscal Framework together with strengthening its Medium Term Debt Management strategy will continue to be of utmost importance to the government.

X. MEDIUM TERM DEBT MANAGEMENT STRATEGY

In 2017 the Cash, Debt and Investment Management Unit (CDIMU) updated the MTDS to cover the period 2018-2020. This MTDS was an update on the 2017-2019 MTDS published on the Government's website. The strategy would be monitored continuously and reviewed annually for adjustments in line with the global and domestic economic environment. Efforts would be made to have future updates published on the Government's website in demonstration of the Government's commitment in carrying out the debt management objectives, by implementing best practices aimed at achieving the Monetary Council's target of a debt to GDP ratio of 60 percent by the year 2030.

Further, its publication and dissemination seeks to promote transparency and democratic accountability of matters relating to the Central Government's debt.

The review of the central government debt portfolio as at December 31, 2017 indicates continued exposure to interest rate risk and refinancing risks as measured by the ATR and ATM risk indicator respectively, whilst its level of exposure to foreign exchange risk remained relatively low.

.

Table 13: Summary of the Government risk indicators as at December 2017

Central Government Existing Debt Portfolio and Risk Indicators		External debt	Domestic debt	Total debt
Amount (in millions of XCD)		874.3	448.2	1,322.5
Amount (in millions of USD)		323.7	166.0	489.7
Nominal debt as % GDP		35.2	27.1	62.3
PV as % of GDP		29.1	27.4	56.5
Cost of debt	Interest payment as % GDP	0.8	1.6	2.4
	Weighted Av. IR (%)	2.3	5.7	3.8
Refinancing risk	ATM (years)	7.8	2.6	5.5
	Debt maturing in 1yr (% of total)	8.7	38.9	21.9
	Debt maturing in 1yr (% of GDP)	3.1	10.7	13.7
Interest rate risk	ATR (years)	5.1	2.6	4.0
	Debt refixing in 1yr (% of total)	49.2	38.9	44.7
	Fixed rate debt (% of total)	55.5	100.0	75.0
FX risk	Non-USD debt (% of total debt)			19.8
	ST FX debt (% of reserves)			4.9

Source: CDIMU, Ministry of Finance and Economic Planning etc,

The table 14 above shows that current total average time to maturity was 5.5 years while average time to re- fixing was 4.0 years. In order to increase the ATR, the government will as far as possible reduce the contraction of floating rate debt, and minimize bunching of loan payments through replacing short-term instruments with longer-term instruments. The Sinking Fund will also be used as a means of managing refinancing risk by setting aside funds over time to repay bullet bonds. To lengthen the ATM, efforts will be made to obtain fixed rate financing from existing multilateral sources to sufficiently reduce high cost short term domestic debt.

Debt Management Objectives

The main debt management objectives of the government is to satisfy the financing needs of the public sector at minimum cost over the medium to long term, in a prudent and sustainable manner by:

- Limiting the exchange rate risk by minimizing the non – US dollar denominated foreign debt.

- Promoting the development of an efficient functioning money and capital markets within the ECCU.
- Actively seeking to expand the investor base for government's securities through the development of an Investor Relations Programme.

One of the main concerns in applying the debt management objectives involves the trade-offs between reducing cost and minimizing risks. This is why emphasis is placed on long term cost, thus preventing the government from seeking short-term gains by for example issuing low interest rate non – US dollar debt.

Another important aspect of cost minimization is maintenance of the relatively "risk-free" status of government securities. This will be anchored by prudent fiscal discipline and the establishment of a reasonable limit on the public debt. In addition, the government will continue with its core principles of managing its debt as it seeks to achieve the public debt to GDP target of 60 percent by 2030, as proposed by the Monetary Council of the ECCB.

Medium Term Debt Management Strategy 2018-2020

The analysis of the output from the MTDS exercise revealed that the strategy of replacing high cost debt with multilateral financing would be the most favorable option for attaining the debt objectives. Additionally, where domestic bonds are issued, the target is for longer maturities to be used.

Table 15 below shows the medium-term central government debt service projections. On average it is expected that debt servicing will trend downwards.

Table 14: Central Government Debt Service Projections 2018-2020

	2018^{P}	**2019^{P}**	**2020^{P}**
Central Government Debt Servicing	197.5	159.7	148.6
Interest Payments	60.1	50.8	43.1
External	28.2	26.2	25.9
Domestic	31.9	24.6	17.2
Amortization	137.4	108.9	105.5
External	70.3	78.6	81.5
Domestic	67.1	30.3	24

Sinking Fund	22.0	22.0	22.0

Source: CDIMU, Ministry of Finance and Economic Planning etc,

MTDS:- Investor Relations Plan

As part of the government's thrust to expand its investor base to facilitate a stable source of financing and to minimize continuous reduction in the cost of debt financing. The CDIMU within the Ministry of Finance, Economic Planning, Sustainable Development and Information Technology in collaboration with the Eastern Caribbean Central Bank (ECCB) and the International Monetary Fund (IMF) embarked on an Investor Relations Programme (IRP Guide) in August 2018. The objective of the IRP is to ensure that the GoSVG issuing on the RGSM have a large and stable investor base which is critical in meeting the objectives of the Debt Management Strategy (2018-20) of a stable source of financing. To this end, the CDIMU is in the process of preparing an internal investor guide for the purpose of streamlining the various activities involved in investor relations functions of the Government of St. Vincent and the Grenadines. The broad strategies outlined in the guide will serve to assist the staff of the CDIMU and other relevant entities involved in the development, implementation and monitoring of an Investor Relations Plan over the medium-term.

XI. LEGISLATIVE AUTHORITY

The primary legislation which governs and explicitly authorizes the Government to borrow is the Finance Administration Act (FAA) Cap 252. The Act stipulates that no money shall be raised on the credit of the Government except under the authority of the Finance Administration Act or another Act of Parliament or a resolution of the House of Assembly[14]. The Minister of Finance when authorized by resolution of the House of Assembly may borrow money in a financial year "to meet current requirements from a bank or other financial institution by means of advances to an amount not exceeding in the aggregate the sum specified in the resolution."

The Treasury Bills Act Cap 444 governs the issuance of the T-bills within St. Vincent and the Grenadines. The Act authorizes the Minister of Finance to borrow money by the issue of Treasury Bills. Further the Minister may direct that the Treasury Bills be issued by the Accountant General or by a financial institution outside St. Vincent and the Grenadines. Section 3 (4) of the Treasury Bills

[14] Sec 44, Finance Administration Act Cap 252

Act provides that the principal sum of T-bills outstanding at any one time, shall not exceed 15.0 percent of the estimated annual current revenue of St. Vincent and the Grenadines for the current financial year.

In relation to the authority to borrow from multilateral institutions, the Caribbean Development Bank Loans Act Cap 89 covers all loans from the CDB and the International Financial Organizations Act Cap 100 authorizes the Minister of Finance to sign agreements with the World Bank and the International Monetary Fund. Similar acts authorizing borrowing from other multilaterals also exist including OPEC Fund for International Development. There is no Act that limits the amount that can be borrowed by the government.

The Government Guarantee of Loans Act Cap 255 gives government the authority to guarantee loans by lending agencies to corporations. The current limit specified for all guarantees issued by government is $300.0 million.

XII. CURRENT ISSUES OF GOVERNMENT SECURITIES

1. Treasury Bills General Information

- Issues Outstanding 3
- Amount offered $84.0 m
- Maturity in days 91 days
- Date of Issues Every 91 days
- Redemption Date Every 91 days
- Discount rate N/A
- Yields Weighted Avg. 2.17 percent
- Discount Price $99.38 - $99.50

As at the August 30, 2018, the government's outstanding securities auctioned on the Regional Government Securities Market and traded on the ECSE are listed hereunder:

Table 15: Outstanding Treasury Bills listed on the RGSM as at 10 October, 2018

Date of Issue	Redemption Date	Issue Amount	Value of Bids	Amount Accepted	No. of Bids		Interest Rate percent
					Total	Successful	
		$M	$M				
06-Jun-18	05-Sept-18	28.0	39.2	28.0	19	12	2.49
09-Jul-18	08-Oct-18	28.0	37.0	28.0	16	9	1.99
03-Aug-18	02-Nov-18	28.0	39.4	28.0	15	10	1.99
06-Sep-18	07-Dec-18	28.0	32.3	28.0	16	11	1.99
09-Oct-18	09-Jan-19	28.0	37.4	28.0	13	11	1.98

Source: CDIMU, Ministry of Finance and Economic Planning etc,

Table 16: Outstanding Notes on the RGSM

Trading Symbol	Date of Issue	Redemption Date	Amount	Value of Bids	Amount Accepted	No. of Bids		Interest Rate percent
						Total	Successful	
			$M	$M				
VCN110919	11-Sep-14	11-Sep-19	15.2	15.2	15.2	12	12	6.0
VCN061118	6-Nov-15	6-Nov-18	20.0	18.5	18.5	30	30	6.5

Source: CDIMU, Ministry of Finance and Economic Planning etc.

Table 17: Outstanding Bonds on the RGSM and traded on the ECSE

Trading Symbol	Issue amount	Amount Outstanding	Original Maturity	Remaining Maturity	Date of Issue	Final Redemption	Coupon rate
	$M	$M	(years)	(years)	Date	Date	percent
VCG100422	40.0	16.0	10	4	Apr-12	Apr-22	7.5
VCG100323	25.9	12.9	10	5	Mar-13	Mar-23	7.0
VCG070821	16.0	16.0	7	3	Aug-14	Aug-21	7.0
VCG070623	11.2	8.8	7	5	Jun-16	Jun-23	7.0
FVG100826	16.6	14.5	10	8	Aug-16	Aug-26	7.0
VCG100826	0.3	0.27	10	8	Aug-16	Aug-26	7.0
VCG080225	15.0	13.1	8	7	Feb-17	Feb-25	7.5
VCG0724AA	15.0	12.9	7	6	May-05	May-24	7.5
VCG030720	35.0	35.0	3	2	Jul-17	Jul-20	6.0
VCG070524	25.0	21.4	7	6	May-15	May-24	7.5

Source: CDIMU, Ministry of Finance and Economic Planning etc,

Most of the Bonds in the portfolio are amortized with allocations for payments provided annually from the Consolidated Fund. Where the Bonds are not amortized, a Sinking Fund is established for redemption at maturity. The Sinking Fund is funded by annual contributions allocated from the Consolidated Fund to achieve the targeted level at maturity. As at June 30, 2018 the overall sinking fund balance was $18.9 million. An amount of $22.0 million has been committed to the sinking fund for fiscal year 2018, with total contribution as at June 30, 2018 being $11.2 million.

All government securities issued on the RGSM are listed on the Eastern Caribbean Securities Exchange with provision for trading on the secondary market. Number of trades for the Government of St. Vincent and the Grenadines securities from 2003 - 2018 totaled 58 at a value of $43.0 million. The following table 18 summarizes the performance of the Government's treasury bills issued on the RGSM in 2017.

Table 18: Performance of Treasury bill traded on the RGSM during 2017

Issue Date	Maturity Date	Issue Amount ($M)	Value of Bids ($M)	Amount Accepted	No of Bids Total	Successfu	Interest Rate	No. Of Brokers
17-Jan-17	18-Apr-17	28.0	44.30	28.0	17	12	2.98	4
22-Feb-17	24-May-17	28.0	42.49	28.0	17	10	1.98	4
23-Mar-17	22-Jun-17	28.0	40.27	28.0	28	13	1.99	5
20-Apr-17	20-Jul-17	28.0	32.84	28.0	18	15	4.76	3
26-May-17	25-Aug-17	28.0	31.45	28.0	22	15	3.47	5
26-Jun-17	25-Sep-17	28.0	44.75	28.0	24	10	1.99	3
24-Jul-17	23-Oct-17	28.0	39.47	28.0	20	11	1.99	4
29-Aug-17	28-Nov-17	28.0	36.08	28.0	20	14	2.98	3
27-Sep-17	27-Dec-17	28.0	40.53	28.0	16	11	1.99	4
25-Oct-17	24-Jan-18	28.0	$31.91	28.0	15	10	1.99	3
30-Nov-17	01-Mar-18	28.0	32.51	28.0	15	14	2.98	3
29-Dec-17	30-Mar-18	28.0	52.45	28.0	22	11	1.99	4

Source: CDIMU, Ministry of Finance and Economic Planning etc

Table 19 shows the upcoming issues for the remainder of the issuance calendar for 2017/2018 as reflected in the Addendum 1 which amended the Prospectus for the year 2017/2018.

Table 19: Remaining Issuance Calendar for 2018

Trading Symbol	Type of Security	Amount	Interest Rate Ceiling	Tenor	Auction Date	Maturity Date
VCB050219	Treasury Bill	$28.0 M	4.82 percent	91 Days	05-Nov-18	04-Feb-2018
VCG081126	Treasury Bonds	$10 (5)M	7.25 percent	08 Years	08-Nov-18	09-Nov-26
VCG101128	Treasury Bonds	$14.0 M	7.50 percent	10 Years	26-Nov-18	27-Nov-28

Source: CDIMU, Ministry of Finance and Economic Planning etc

XIII. BANKING AND FINANCIAL INSTITUTIONS

Overview

The financial sector in St. Vincent and the Grenadines consists of four banks: the Bank of St. Vincent and the Grenadines, as well as branches of three foreign banks including First Caribbean International, RBTT Bank and Bank of Nova Scotia; two non-bank financial institutions, several credit unions; a Building and Loan Society (BLS) and 23 active insurance companies. The banks are regulated by the ECCB while the non-banking institutions, including the credit unions, BLS, the insurance companies and Money Services Business are regulated by the Financial Services Authority.

Foreign Exchange and International Reserves

The ECCU of which St Vincent and the Grenadines is a member, has adopted a fixed exchange rate regime whereby exchange rates for the sale of EC dollars into other currencies are determined by the ECCB. Since 1976, the EC dollar has been pegged to the U.S. dollar at a rate of EC$2.70 to U.S.$1.00.

Money Transfer Companies

The Money Transfer business is governed by the Money Services Business Act Cap 260 of the 2009 Revised Laws of St. Vincent and the Grenadines. The Financial Services Authority (FSA) is responsible for the general administration of this Act and the supervision of these operations.

"Money services business" includes (a) the business of providing (i) transmission of money or monetary value in any form, (ii) check cashing, (iii) currency exchange, (iv) issuance or sale of money orders or traveler's checks; and (v) any other services that may be specified by notice published in the Gazette; or (b) the business of operating as agents for money transfer business and their principals.

The following companies currently act as agents for money transfer businesses and their principals:

- Grace Kennedy Money Transfer - Western Union.
- Going Places Money Transfer – MoneyGram.
- Postal Corporation – MoneyGram.
- St Vincent Building and Loan Association Money Transfer - Jamaica National Money Transfer Services.

XIV. INSURANCE SECTOR

The Insurance sector is mainly made up of branches/agencies of CARICOM based insurance companies. The sector is governed by the Insurance Act CAP 306 and the Motor Vehicle Insurance (Third Party Risk) Act Cap 309 of the 2009 Revised Laws of St. Vincent and the Grenadines. The Financial Services Authority (FSA) established by Act #33 of 2011 is responsible for the regulatory and supervisory frameworks of the sector. The Insurance laws and Regulations apply equally to both domestic and foreign companies.

As at December 31, 2017 there were twenty-three (23) companies registered under Section 8 of the Insurance Act, to conduct insurance business. There were fourteen (14) insurance companies registered to conduct short-term insurance business, while nine (9) companies were registered to undertake long-term insurance business, of which, British American Insurance Company and CLICO International Life Insurance Company remained under Judicial Management. Of the 14 short term companies, four (4) were locally incorporated while the other ten (10) were branches of CARICOM based/ foreign owned companies. One of the long term companies was registered to conduct life business only while the other 8 are composite companies.

There were also eight (8) insurance brokers, seventeen (17) insurance agents, one hundred and nineteen (119) insurance sales representatives, one (1) insurance adjuster and one (1) association of underwriters registered at the end of the reporting period.

Table 20: Insurers by License Class 2017

Short –Term(only)	**Long-Term(only)**	**Long & Short-Term/ Composite**
Locally Incorporated • Metrocint General Insurance Company Ltd. • St. Hill Insurance Company Ltd. • St. Vincent Insurances Ltd. • West Indian Insurances Ltd. ***Foreign Incorporated*** • Beacon Insurance Company Limited • Caribbean Alliance Insurance Company Ltd. • Sun General Insurance Inc. • G.T.M Fire Insurance Company Ltd. • Guardian General Insurance Limited • Gulf Insurance Limited	• Demerara Mutual Life Assurance Society Ltd.	• British American Insurance Company Ltd. • CLICO Int'l Life Insurance Company • Sagicor Life Inc. • Guardian Life of the Caribbean • Pan American Life of the Eastern Caribbean • G.T.M Life Insurance Company Ltd. • Scotia Insurance Eastern Caribbean Ltd. • Sagicor Life (EC) Inc.

• Island Heritage Insurance Company Ltd. • Massy United Insurance • M & C General Insurance Company Ltd. • GK Insurance (Eastern Caribbean) Limited		

Source: Financial Service Authority, Insurance Unit

As at December 31, 2017, total industry liabilities and contingency reserves (excluding companies under judicial management) amounted to approximately EC$$152.7 million. Total assets pledged or identified by those companies for inclusion in their Insurance Fund as at December 31, 2017 was approximately 110.9 percent of insurance liabilities. In addition, total assets pledged to the Authority exceeded the deposit requirement of the insurance industry as a whole as at the end of December 2017. The industry's statutory deposits held by the Authority during the year amounted to $45.5 million which comprised of $17.9 million in Government Securities and $27.6 million in cash.
The total industry assets stood at $232.1 million an increase of 3.8 percent when compared with $223.7 million for the same period in 2016. Total liabilities increased by 4.6 percent while capital grew by 24.8 percent. Gross Premium income in the insurance industry totaled $83.6m. This represented 3.9 percent of Gross Domestic Product at market prices and an increase of 8.8 percent over the gross premium income of $76.9m in 2016.

There was an increase in total claims paid in the short-term insurance sub- sector (29.5 percent). Claims continue to be a significant component of insurance companies' expenditure amounting to 71.8 percent of expenses for the short-term insurance sub- sector.

Policyholder Benefits (which includes claims, annuity payments, policy surrenders etc.) in the long-term insurance sub-sector for the period under review amounted to $12.1 million, which represented 49.0 percent of the total expenses and a decrease of 6.3 percent from the previous year.

Life insurance companies traditionally reinsure only a small portion of their insurance business. The level of retention within this sector remained relatively stable. In 2016, $2.3m was ceded to reinsurers representing a retention ratio of 90.4 percent compared with 90.3 percent in 2016. Meanwhile, the

General Insurance companies collected $59.6 million in gross premium, of this amount $30.6 million was ceded to reinsurers representing 51.3 percent.

The loss ratio (ratio of net claims to gross premium) increased to 21.6 percent in 2017 from 21.4 percent in 2016 for the short-term insurance segment of the industry. With respect to the long-term insurance sector, the loss ratio increased to 15.2 percent in 2017 compared with the 5.4 percent reported in 2016.

Insurance penetration, measured as a percentage of premium to GDP, was 3.9 percent in 2017 compared to 3.7 percent in 2016. Both the long term and short-term segments of the industry recorded an increase of 0.1 percentage point.

XV. MONEY LAUNDERING AND ILLICIT ACTIVITIES

The Financial Intelligence Unit (FIU) was established in May 2002, in accordance with the Financial Intelligence Unit Act of 2001. The functions of the FIU include:

i) receipt and analysis of suspicious transaction reports that are required to be made under the Proceeds of Crime and Money Laundering (Prevention) Act, Act No. 39 of 2001;

ii) collection of information from financial institutions and other relevant bodies for the purpose of investigating relevant offences;

iii) investigation of relevant offences;

iv) dissemination of information;

v) international cooperation in the exchange of financial information;

vi) awareness raising and education of financial and business institutions on their obligations to detect, prevent and deter money laundering and associated offences.

The FIU works in close partnership with other national and international agencies to ensure that the country has a comprehensive anti-money laundering system that identifies and effectively addresses suspected illegal activity. The Government has used the establishment of the FIU as a means of monitoring money laundering and has made important legislative changes to bring the anti-money laundering laws in line with international best practices.

XVI. SECURITY ISSUANCE PROCEDURES, CLEARING AND SETTLEMENT, REGISTRATION OF OWNERSHIP AND SECONDARY MARKET ACTIVITY

The Treasury bills will be issued and listed on the Regional Government Securities Market (RGSM). This market operates on the Eastern Caribbean Securities Exchange (ECSE) trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be a Competitive Uniform Price 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), is responsible for facilitating clearance and settlement for securities allotted. The ECCSD ensures that funds are deposited to the issuing government's account. The ECSE, through the Eastern Caribbean Central Securities Registry (ECCSR), records and maintains ownership of government securities in electronic book-entry form. The ECCSR mails 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 are 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. A list of licensed intermediaries is provided in Appendix 1. 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 St Vincent and the Grenadines will be subject to the rules, guidelines and procedures developed by the Regional Debt Co-ordinating Committee (RDCC) for the operation of the market including ongoing reporting and disclosure requirements.

APPENDIX 1: LIST OF LICENSED ECSE MEMBER BROKER DEALERS

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Grenada		
Grenada Co-operative Bank Limited	No. 8 Church Street St. George's **Tel: 473 440 2111** Fax: 473 440 6600 Email: brokerage@grenadaco-opbank.com	**Principals** Aaron Logie alogie@grenadaco-opbank.com Allana Joseph ajoseph@grenadaco-opbank.com **Representatives** Carla Sylvester csylvester@grenadaco-opbank.com Kishel Francis kfrancis@grenadaco-opbank.com
St. Kitts and Nevis		
St. Kitts and Nevis Anguilla National Bank Limited	P.O. Box 343 Central Street Basseterre **Tel: 869 465 2204** Fax: 869 465 1050 Email: national_bank@sknanb.com	**Principals** Winston Hutchinson winstonh@sknanb.com Anthony Galloway **Representatives** Petronella Edmeade-Crooke petronellac@sknanb.com Angelica Lewis angelical@sknanb.com Marlene Nisbett marlenen@sknanb.com
The Bank of Nevis Limited	P.O. Box 450 Main Street, Charlestown **Tel: 869 469 5564/5796** Fax: 869 469 5798 Email: info@thebankofnevis.com	**Principals** Brian Carey bcarey@thebankofnevis.com Monique Williams **Representatives** Judy Claxton
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 medford.francis@bankofsaintlucia.com Lawrence Jean lawrence.jean@bankofsaintlucia.com **Representatives**

		Deesha Lewis deesha.lewis@bankofsainlucia.com Cedric Charles
First Citizens Investment Services Limited	P.O. Box 1294 John Compton Highway Sans Souci, Castries **Tel: 758 450 2662** Fax: 758 451 7984 E-mail: invest@firstcitizensslu.com	**Principals** Arletta Huntley-Wells Omar Burch-Smith **Representatives** Samuel Agiste Samuel.agiste@firstcitizensslu.com Shaka St. Ange shaka.stange@firstcitizensslu.com
St. Vincent and the Grenadines		
Bank of St. Vincent and the Grenadines	P.O. Box 880 Cnr. Bedford and Grenville Streets Kingstown Tel: 784-457-1844 Fax: 784 456 2612/ 451 2589 Email: info@bosvg.com	**Principals** Monifa Latham mlatham@bosvg.com **Representatives** Patricia John pjohn@bosvg.com Laurent Hadley

Source: http://www.ecseonline.com/contact_details.php

APPENDIX 2: CENTRAL GOVERNMENT FISCAL OPERATIONS

Details	Budget 2017 $m	Actual Dec 31 2017 $m	Actual Dec 31 2016 $m	Percent Change '17
CURRENT REVENUE	**590.7**	**592.2**	**592.6**	**-0.1**
Taxes on Income & Profits	145.0	151.1	155.8	-3.1
Taxes On Property	42.9	56.1	45.1	24.4
Taxes on Goods & Services	165.3	158.3	152.1	4.0
Taxes on Int'l Trade	149.7	147.3	145.1	1.5
Sale of Good & Services	66.5	62.2	60.9	2.2
Property Income	7.8	7.9	16.9	-52.9
Other Revenue	13.5	9.3	16.7	-44.1
TOTAL EXPENDITURE	**831.3**	**687.3**	**596.2**	**15.3**
RECURRENT EXPENDITURE	**576.5**	**530.2**	**512.9**	**3.4**
Wages & Salaries	281.9	262.6	257.2	2.1
Use of Goods & Services	75.9	67.0	73.3	-8.5
Interest Payments	51.8	42.4	44.8	-5.4
Transfers	154.9	145.7	125.9	15.7
CAPITAL EXPENDITURE	**229.6**	**122.6**	**78.2**	**-21.2**
CAPITAL REVENUE AND GRANTS	**65.3**	**50.5**	**27.2**	**-49.7**
CURRENT BALANCE	**-11.0**	**27.5**	**74.5**	**-21.2**
PRIMARY BALANCE	**-115.0**	**66.3**	**6.0**	**999.9**
OVERALL BALANCE	**-166.9**	**23.5**	**-38.8**	**-160.6**

Source: ERPU, Ministry of Finance and Economic Planning etc

APPENDIX 3: CENTRAL GOVERNMENT FISCAL OPERATIONS

Details	Budget to June '18 $ m	Actual June '18 $ m	Actual June '17 $ m	*% Change*
Current Revenue	**291.81**	**268.88**	**270.46**	(0.6)
Taxes on Income & Profits	72.33	64.68	72.53	(10.8)
Taxes on property	22.57	9.31	17.47	(46.8)
Taxes on Goods & Services	87.22	80.98	79.29	2.1
Taxes on International Trade	71.10	76.11	66.76	14.0
Property Income	1.68	1.29	1.73	(25.8)
Sale of Goods & Services	30.86	32.31	28.77	12.3
Other Revenue	6.04	4.20	3.90	7.9
Capital Revenue & Grants	**15.43**	**15.36**	**7.44**	106.6
Current Expenditure	**296.57**	**276.56**	**271.49**	1.9
Compensation Employees	148.71	142.75	138.72	2.9
Use of Goods & Services	34.22	29.63	30.08	(1.5)
Interest Payments	29.45	25.62	22.74	12.7
Transfers	84.19	78.57	79.96	(1.7)
Capital Expenditure	**66.75**	**11.97**	**17.14**	(30.2)
Current Balance	**(4.77)**	**(7.68)**	**(1.03)**	(644.9)
Primary Balance	**(26.63)**	**21.33**	**12.00**	77.8
Overall Balance	**(56.08)**	**(4.29)**	**(10.74)**	60.1

Source: ERPU, Ministry of Finance and Economic Planning etc

APPENDIX 4: BALANCE OF PAYMENTS

St. Vincent & the Grenadines
Balance of Payments Transactions
BPM6 (F16) in EC$M 2015-2016

Description	2015 Rev			2016 Prelim			2017 Est		
	Credit	*Debit*	*Net*	*Credit*	*Debit*	*Net*	*Credit*	*Debit*	*Net*
1. Current Account	**909.89**	**1,206.40**	**(296.51)**	**960.40**	**1,276.40**	**(316.00)**	**913.18**	**1,278.21**	**(365.03)**
1.A Goods and Services	***762.54***	***1,111.08***	***(348.54)***	***789.76***	***1,159.29***	***(369.53)***	***763.77***	***1,151.00***	***(387.24)***
1.Aa Goods	124.96	795.85	(670.89)	116.17	796.90	(680.73)	100.18	783.96	(683.78)
1.Ab Services	637.58	315.23	322.35	673.59	362.40	311.19	663.58	367.04	296.54
1.Ab.12 Government good and Services	0.92	5.75	(4.83)	1.07	5.29	(4.22)	1.09	5.37	(4.28)
1.B Primary Income	***15.69***	***58.09***	***(42.40)***	***13.94***	***72.08***	***(58.14)***	***14.16***	***89.64***	***(75.48)***
1.B.1 Compensation of Employees	4.31	9.52	(5.21)	2.29	11.40	(9.10)	2.33	11.57	(9.24)
1.B.2 Investment Income	11.38	48.42	(37.04)	11.65	60.68	(49.03)	11.83	78.07	(66.24)
1.B.2.1 Direct Investment	0.35	22.70	(22.36)	0.03	25.60	(25.57)	0.03	42.45	(42.42)
1.B.2.2 Portfolio Investment	8.76	0.11	8.65	7.29	1.05	6.24	7.40	1.07	6.33
1.B.2.3 Other Investment	2.27	25.61	(23.34)	4.33	34.03	(29.70)	4.40	34.55	(30.15)
1.B.2.4 Reserve Assets (Credit)	-			-			-		
1.B.3 Other Primary Income	-	0.15	(0.15)	-	-	-	-	-	-
1.C Secondary Income	***131.66***	***37.23***	***94.43***	***156.70***	***45.02***	***111.67***	***135.26***	***37.57***	***97.69***
1.C.1 General Government	17.40	8.65	8.76	33.43	11.49	21.93	33.94	11.67	22.27
1.C.2 Financial Corportations, Nonfinancial Corporations, households and NPISHs	114.26	28.34	85.92	123.44	33.53	89.91	101.50	25.90	75.60
1.C.2.1 Personal Transfers (Current transfers between resident and nonresident households)	108.20	17.62	90.58	117.17	22.09	95.08	119.87	22.43	97.44
1.C.2.2 Other Current Transfers	6.06	10.72	(4.66)	6.27	11.44	(5.17)	4.23	3.47	0.76
2. Capital Account	**31.07**	**-**	**31.07**	**17.18**	**-**	**17.18**	**28.92**	**-**	**28.92**
2.1 Gross Acquisitions (DR.)/ Disposals (CR.) of nonproduced nonfinancial assets	-	-	-	-	-	-	-	-	-
2.2 Capital Transfers	**31.07**	**-**	**31.07**	**17.18**	**-**	**17.18**	**28.92**	**-**	**28.92**
2.2.1 General Government	30.82	-	30.82	16.94	-	16.94	28.67	-	28.67
2.2.1.1. Debt Forgiveness	-	-	-	-	-	-			
2.2.1.2. Other Capital Transfers	30.82	-	30.82	16.94	-	16.94	28.67	-	28.67
2.2.2 Financial Corportations, Nonfinancial Corporations, households and NPISHs	0.24	-	0.24	0.24	-	0.24	0.25	-	0.25
Net Lending (+)/Net Borrowing (-) (Balance from current and capital account)			-265.45			-298.82			-336.11

	Net Acquisition of Financial Assets			Net Incurrence of Financial Liabilities			Net Lending(+)/ Net Borrowing (-)		
	2015	*2016*	*2017*	*2015*	*2016*	*2017*	*2015*	*2016*	*2017*
3. Financial Account									
Net Lending (+)/Net Borrowing (-) (Balance from financial account)							(179.95)	(286.04)	(283.34)
3.1 Direct Investment	**21.87**	**(25.24)**	**(12.55)**	**155.64**	**413.31**	**264.98**	**(133.76)**	**(438.55)**	**(277.52)**
3.1.A.1. Equity and Investment fund shares	4.29	(11.33)	1.57	144.76	417.59	269.33	(140.46)	(428.92)	(267.75)
3.1.A.2 Debt Instruments	17.58	(13.91)	(14.12)	10.88	(4.28)	(4.35)	6.70	(9.62)	(9.77)
3.2 Portfolio Investment	**(9.95)**	**5.49**	**9.13**	**(1.15)**	**(2.24)**	**(2.28)**	**(8.80)**	**7.74**	**11.41**
3.2.A.1. Equity and Investment fund shares	(14.86)	3.72	7.45	(1.15)	(2.24)	(2.28)	(13.71)	5.97	9.73
3.2.A.2 Debt Instruments	4.91	1.77	1.68	-	-	-	4.91	1.77	1.68
3.3 Financial Derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-	-
3.3.1 Central Bank	-	-	-	-	-	-	-	-	-
3.3.2 Deposit-taking corporations, except Central Bank	-	-	-	-	-	-	-	-	-
3.3.3 General Government	-	-	-	-	-	-	-	-	-
3.3.4 Other Sectors	-	-	-	-	-	-	-	-	-
3.4 Other Investment	**(10.21)**	**47.51**	**(63.52)**	**68.70**	**(43.38)**	**(74.07)**	**(78.91)**	**90.89**	**10.55**
0 **3.4.1 Other Equity**	-	-	0.43	-	-	-	-	-	0.43
3.4.2 Currency and Deposits	(3.75)	34.22	(65.59)	19.42	(23.95)	(41.83)	(23.17)	58.17	(23.76)
3.4.3 Loans	8.91	(0.57)	(10.79)	40.93	(17.65)	(30.44)	(32.02)	17.08	19.66
3.4.4 Insurance, pension and standardized guarantee schem	3.08	5.19	5.31	0.48	1.65	1.69	2.60	3.54	3.62
3.4.5 Trade credit and advances	(23.03)	2.70	2.17	0.73	(11.24)	(0.94)	(23.76)	13.94	3.11
3.4.6 Other accounts receivable/payable	4.58	5.98	4.96	7.15	7.82	(2.53)	(2.56)	(1.84)	7.49
3.4.7 Special drawing rights(Net incurrence of liabilities)				-	-	-	-	-	-
3.5 Reserve Assets	**41.52**	**53.87**	**(27.78)**	**-**	**-**	**-**	**41.52**	**53.87**	**(27.78)**
Net Errors and Omissions							**85.50**	**12.78**	**52.77**

Source: Eastern Caribbean Central Bank

APPENDIX 5:MONETARY AGGREGATES

St Vincent and the Grenadines Detailed Monetary Survey In Thousands of Eastern Caribbean Dollars	Dec-16	Dec-17	Percent Change
1. NET FOREIGN ASSETS	**661,824**	**622,503**	**(5.9)**
1.1 Central Bank (Imputed Reserves)	516,242	487,004	(5.7)
1.1.1 Imputed Assets	543,869	520,643	(4.3)
1.1.2 Imputed Liabilities	27,627	33,638	21.8
1.2 Commercial Banks (net)	145,582	135,499	(6.9)
1.2.1 External (net)	67,945	42,696	(37.2)
1.2.1.1 Assets	273,523	231,579	(15.3)
1.2.1.2 Liabilities	205,578	188,883	(8.1)
1.2.2 Other ECCB Territories (net)	77,637	92,803	19.5
1.2.2.1 Assets	197,523	200,432	1.5
1.2.2.2 Liabilities	119,886	107,629	(10.2)
2. NET DOMESTIC ASSETS	**858,896**	**916,717**	**6.7**
2.1 Domestic Credit	1,045,431	1,090,999	4.4
2.1.1 Private Sector Credit	1,084,051	1,100,963	1.6
2.1.1.1 Households Credit	846,624	877,959	3.7
2.1.1.2 Business Credit	210,017	186,452	(11.2)
2.1.1.2.1 Loans	210,017	186,452	(11.2)
3. MONETARY LIABILITIES (M2)	**1,520,720**	**1,539,220**	**1.2**
3.1 MONEY SUPPLY (M1)	479,789	475,839	(0.8)
3.1.1 Currency with the Public	91,722	95,872	4.5
3.1.1.1 Currency in Circulation	124,421	129,419	4.0
3.1.1.2 Cash at Commercial Banks	32,699	33,547	2.6
3.1.2 Private Sector Demand Deposits	379,554	371,213	(2.2)
3.1.3 EC$ Cheques and Drafts Issued	8,513	8,754	2.8
3.2 QUASI MONEY	**1,040,931**	**1,063,381**	**2.2**
3.2.1 Private Sector Savings Deposits	845,210	875,794	3.6
3.2.2 Private Sector Time Deposits	114,247	110,103	(3.6)
3.2.3 Private Sector Foreign Currency Deposits	81,474	77,484	(4.9)

Source: Eastern Caribbean Central Bank

APPENDIX 6: SELECTED PUBLIC DEBT INDICATORS

	2008	2009 ($m)	2010	2011	2012	2013	2014	2015	2016	2017
Total Public Debt	993.6	1,104.1	1,188.5	1,233.2	1,336.6	1,445.8	1,562.5	1,594.4	1,693.3	1,572.2
Total Central Gov't	731.3	836.7	986.6	1,040.7	1,140.0	1,229.7	1,348.8	1,379.8	1,362.9	1,322.5
External Debt	518.3	559.0	734.8	764.9	738.1	809.5	887.7	922.5	1,148.6	1,047.8
Central Government	423.6	457.1	623.1	668.0	652.7	728.7	811.2	855.7	895.6	874.3
Public Corporations	94.7	101.9	111.6	96.9	85.4	80.8	76.5	66.8	253.0	173.5
Domestic Debt	475.3	545.1	453.7	468.3	598.5	636.3	674.8	671.8	544.7	524.4
Central Government	307.7	379.6	363.5	372.7	487.3	501.0	537.6	524.0	467.3	448.20
Public Corporations	167.6	165.5	90.2	95.6	111.2	135.3	137.2	147.8	77.4	76.20
Debt Servicing										
External	72.6	79.8	84.4	87.2	87.7	88.3	77.5	83.6	81.7	101.6
Central Government	66.2	70.7	71.7	74.6	72.7	72.7	60.8	62.9	65.1	83.3
Public Corporations	6.4	9.1	12.7	12.6	15.0	15.6	16.7	20.8	16.6	18.3
Domestic Servicing										
Central Government	41.7	52.8	64.8	47.2	48.7	58.1	72.0	72.8	83.3	82.7
(of which sinking fund)	5.2	6.0	12.0	6.0	4.0	5.5	7.6	7.6	12.1	14.0
GDP (at market price)	1,877.6	1,822.1	1,839.3	1,825.5	1,871.0	1,947.3	1,963.5	2,038.9	2,082.7	2,123.7
Current Revenue	489.5	544.8	490.0	462.5	472.6	491.3	535.2	519.1	592.6	592.2
Central Gov'T Debt/GDP	38.95	45.92	53.64	57.01	60.93	63.15	68.69	67.67	65.44	62.27
Total Debt/GDP (%)	52.9	60.6	64.6	67.6	71.4	74.2	79.6	78.2	81.3	74.0
External Debt/GDP (%)	27.6	30.7	39.9	41.9	39.4	41.6	45.2	45.2	55.1	49.3
Domestic Debt/GDP (%)	25.3	29.9	24.7	25.7	32.0	32.7	34.4	32.9	26.2	24.7
Central Government Debt Service/Current Revenue (%)	23.1	23.8	30.3	27.6	26.5	27.7	26.2	27.6	27.1	30.4
External Debt Service/ Current Revenue (%)	14.8	14.6	17.2	18.9	18.6	18.0	14.5	16.1	13.8	17.2
Domestic Debt Service/ Current Revenue (%)	9.6	10.8	15.7	11.5	11.2	12.9	14.9	15.5	16.1	16.3

Source: CDIMU, Ministry of Finance and Economic Planning etc

APPENDIX 7: GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY IN CURRENT PRICES 2013 – 2017 (EC$ Millions)

SECTOR	2013	2014	2015 Rev	2016 Rev	2017 Prel
Agriculture, Hunting & Forestry	**118.26**	**121.78**	**118.10**	**135.27**	**137.64**
Crops	98.10	102.16	99.25	115.72	117.31
Bananas	1.03	0.85	1.09	1.07	1.37
Other Crops	97.07	101.31	98.16	114.65	115.94
Livestock	19.23	18.71	17.97	18.67	19.48
Forestry	0.92	0.91	0.89	0.87	0.85
Fishing	**7.93**	**8.03**	**9.11**	**8.68**	**10.05**
Mining & Quarrying	**2.37**	**3.30**	**3.88**	**3.69**	**3.77**
Manufacturing	**86.19**	**95.87**	**99.47**	**103.24**	**101.74**
Electricity & Water	**65.00**	**62.63**	**72.94**	**66.13**	**69.18**
Electricity	51.30	49.12	57.19	52.48	54.56
Water	13.71	13.50	15.75	13.64	14.62
Construction	**145.05**	**128.18**	**137.99**	**135.74**	**142.39**
Wholesale & Retail Trade	**240.65**	**242.39**	**230.58**	**233.29**	**229.97**
Hotels & Restaurants	**47.21**	**42.92**	**35.95**	**33.00**	**36.92**
Hotels	35.21	31.00	20.69	17.08	20.85
Restaurants	12.00	11.92	15.27	15.92	16.07
Transport, Storage and communications	**224.80**	**221.49**	**233.29**	**241.39**	**250.30**
Transport and Storage	**149.47**	**148.95**	**159.69**	**168.68**	**176.74**
Road	110.53	110.59	113.42	119.36	124.84
Sea	13.47	13.37	13.85	14.58	16.32
Air	8.17	8.69	13.74	14.42	14.71
Supporting and auxiliary transport activities	17.31	16.31	18.68	20.32	20.88
Communications	***75.32***	***72.54***	***73.61***	***72.71***	***73.56***
Financial Intermediation	**98.77**	**101.67**	**123.24**	**120.57**	**122.07**
Banks & Other Financial Institutions	62.79	63.85	77.57	76.03	76.32
Insurance and pension funding	29.74	30.95	36.25	34.58	35.38
Activities auxiliary to financial intermediation	6.24	6.87	9.43	9.95	10.38
Real Estate, Renting and Business Activities	**245.07**	**251.16**	**253.14**	**256.55**	**260.86**
Owner Occupied Dwellings	174.71	176.93	178.53	180.55	182.55
Real estate activities	29.56	29.89	30.13	30.44	30.73
Renting of machinery and equipment	7.04	7.01	6.82	6.26	7.61
Computer and related activities	5.94	5.96	5.93	6.00	6.33
Business Services	27.82	31.36	31.72	33.30	33.63
Public Administration, Defence & Compulsory Social Security	**206.77**	**218.34**	**226.26**	**225.01**	**223.47**
Central	196.82	208.18	215.71	214.23	212.47
Local	3.74	3.81	3.83	3.84	3.92
NIS	6.22	6.35	6.71	6.94	7.09
Education	**98.45**	**95.48**	**102.34**	**103.01**	**103.82**
Public	91.90	89.61	94.87	93.25	93.67
Private	6.56	5.87	7.46	9.76	10.15
Health and Social Work	**55.88**	**53.95**	**55.28**	**56.51**	**56.85**
Public	43.18	41.63	43.74	43.65	43.68
Private	12.70	12.33	11.54	12.86	13.17
Other community, social & personal services	**38.16**	**32.12**	**34.97**	**31.25**	**32.58**
Private Households with Employed Persons	**4.85**	**4.19**	**4.93**	**4.57**	**4.48**
Less FISIM	**17.21**	**17.63**	**19.39**	**20.65**	**19.32**
Gross Value Added at Basic Prices	**1,668.22**	**1,665.85**	**1,722.08**	**1,737.23**	**1,766.78**
GROWTH RATE	**4.75**	**-0.14**	**3.29**	**0.88**	**1.70**
Taxes on products	*280.12*	*298.72*	*318.76*	*344.91*	*358.01*
Less Subsidies	*1.08*	*1.08*	*1.08*	*1.08*	*1.10*
GDP at Market Prices	**1,947.26**	**1,963.49**	**2,039.77**	**2,081.06**	**2,123.69**
GROWTH RATE	**4.08**	**0.83**	**3.88**	**2.02**	**2.05**

Source: Statistical Office \ ECCB

APPENDIX 8: GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY IN CONSTANT (2006) PRICES 2013 – 2017 (EC$ Millions)

SECTOR	2013	2014	2015 Rev	2016 Rev	2017 Prel
Agriculture, Hunting & Forestry	**88.37**	**90.86**	**86.96**	**93.83**	**97.35**
Crops	69.41	72.27	69.28	75.85	78.50
Bananas	1.54	1.26	1.99	1.95	1.52
Other Crops	67.87	71.00	67.29	73.90	76.98
Livestock	18.17	17.80	16.91	17.24	18.13
Forestry	0.78	0.79	0.78	0.74	0.72
Fishing	**5.58**	**5.71**	**6.20**	**5.38**	**6.05**
Mining & Quarrying	**2.03**	**3.30**	**3.06**	**2.88**	**2.95**
Manufacturing	**58.55**	**62.07**	**63.23**	**64.46**	**66.54**
Electricity & Water	**58.46**	**57.80**	**59.70**	**61.84**	**62.08**
Electricity	44.02	43.87	45.62	47.42	46.62
Water	14.43	13.92	14.08	14.43	15.45
Construction	**123.48**	**109.04**	**118.56**	**117.57**	**125.13**
Wholesale & Retail Trade	**225.20**	**226.41**	**219.24**	**222.13**	**214.36**
Hotels & Restaurants	**33.11**	**32.05**	**33.17**	**33.24**	**27.17**
Hotels	22.55	21.58	23.01	23.11	16.95
Restaurants	10.57	10.46	10.16	10.12	10.22
Transport, Storage & Communication	**208.57**	**208.38**	**204.48**	**202.16**	**206.74**
Transport, Storage	155.20	154.81	**153.92**	**154.23**	**159.25**
Road	114.13	114.54	111.42	109.99	112.57
Sea	15.95	15.80	16.37	17.23	19.29
Air	1.63	1.58	1.70	1.77	1.72
Supporting and auxiliary transport activities	23.49	22.89	24.43	25.24	25.68
Communications	**53.37**	**53.57**	**50.57**	**47.93**	**47.49**
Financial Intermediation	**102.00**	**105.19**	**108.45**	**109.88**	**109.77**
Banks & Other Financial Institutions	70.19	72.75	71.88	73.83	73.69
Insurance and pension funding	28.14	28.43	32.87	32.10	32.05
Activities auxiliary to financial intermediation	3.67	4.02	3.70	3.95	4.03
Real Estate, Renting & Business Services	**234.62**	**236.41**	**238.19**	**240.32**	**244.36**
Owner Occupied Dwellings	170.52	172.68	174.25	176.22	178.17
Real estate activities	28.85	29.18	29.41	29.71	30.00
Renting of machinery and equipment	7.50	7.46	7.25	6.66	8.09
Computer and related activities	3.95	3.96	4.00	4.09	4.22
Business services	23.80	23.14	23.27	23.65	23.88
Public Administration, Defence and	**169.59**	**179.57**	**181.35**	**180.56**	**178.93**
Compulsory Social Security					
Central	161.56	170.88	172.41	171.57	169.99
Local	2.88	2.90	2.81	2.86	2.82
NIS	5.15	5.78	6.13	6.13	6.13
Education	**67.94**	**65.61**	**69.38**	**71.11**	**71.10**
Public	62.73	60.39	62.73	63.73	63.54
Private	5.21	5.23	6.65	7.38	7.56
Health and Social Work	**44.50**	**42.91**	**43.75**	**44.03**	**44.85**
Public	35.44	34.17	35.03	34.97	34.99
Private	9.06	8.75	8.72	9.06	9.87
Other community, social & personal services	**32.00**	**33.00**	**34.42**	**33.24**	**34.45**
Private Households with Employed Persons	**3.50**	**3.43**	**3.46**	**3.40**	**3.43**
Less FISIM	**14.47**	**14.94**	**14.90**	**15.20**	**14.35**
Gross Value Added at Basic Prices	**1,443.05**	**1,446.78**	**1,458.71**	**1,470.81**	**1,480.91**
GROWTH RATE	**2.49**	**0.26**	**0.82**	**0.83**	**0.69**

Source: Statistical Office \ ECCB