GOVERNMENT OF SAINT LUCIA

P R O S P E C T U S

91-day Treasury bills

EC$97.0 M: Series A: Four issues EC$16.0 M each

Series B: Three issues EC$11.0 M each

180-day Treasury bills

EC$172.0 M: Series A: One issue EC$25.0 M

Series B: One issue EC$20.0 M

Series C: Two issues EC$25.0M each

Series D: Two issues of EC$16.0M each

5-Year Bond – EC$15.0M (2)

6- Year Bond – EC$11.0M (9)

7-Year Bonds – Three issues: EC$15.0M (2-5) each

8-Year Bond – EC$35.0M (15)

10-Year Bond - EC$10.0M (5)

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

Telephone: 1 758 468 5500/1
Fax: 1 758 452 6700
Email: debt.investment@govt.lc

PROSPECTUS DATE: August 2019

The Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market. The Regional Debt Coordinating Committee and Eastern Caribbean Central Bank accept no responsibility for the content of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus. If you are in doubt about the

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NOTICE TO INVESTORS

This Prospectus is issued for the purpose of giving information to the public. The Government of Saint Lucia (GOSL) accepts full responsibility for the accuracy of the information given and confirms having made all reasonable inquiries that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in this Prospectus misleading.

This prospectus contains excerpts from the GOSL Review of the Economy 2018. Statements contained in this Prospectus describing documents are provided in summary form only, and such documents are qualified in their entirety by reference to such documents. The ultimate decision and responsibility to proceed with any transaction with respect to this offering rests solely with you. Therefore, prior to entering into the proposed investment, you should determine the economic risks and merits, as well as the legal, tax and accounting characteristics and consequences of these security offerings, and that you are able to assume those risks.

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

ABSTRACT

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

Auction Date	Issue Date	Instrument Type	Issue Amount	Maximum Rate (%)	Maturity Date	Trading Symbol
1st October 2019	2nd October 2019	91-dy T-Bill	EC$16.0M	3.50%	1st January 2020	LCB010120
11th October 2019	14th October 2019	91-dy T-Bill	EC$11.0M	3.50%	13th January 2020	LCB130120
15th October 2019	16th October 2019	180-dy T-Bill	EC$16.0M(5)	4.00%	13th April 2020	LCB130420
27th December 2019	30th December 2019	180-dy T-Bill	EC25.0M	4.00%	27th June 2020	LCB270620
3rd January 2020	6th January 2020	91-dy T-Bill	EC$16.0M	3.50%	6th April 2020	LCB060420
14th January 2020	15th January 2020	91-dy T-Bill	EC$11.0M	3.50%	15th April 2020	LCB150420
21st January 2020	22nd January 2020	180-dy T-Bill	EC$25.0M	4.00%	20th July 2020	LCB200720
6th February 2020	7th February 2020	180-dy T-Bill	EC$20.0M (5)	4.00%	5th August 2020	LCB050820
7th April 2020	8th April 2020	91-dy T-Bill	EC$16.0M	3.50%	8th July 2020	LCB080720
14th April 2020	15th April 2020	180-day T-Bill	EC$16.0M (5)	4.00%	12th October 2020	LCB121020
16th April 2020	17th April 2020	91-day T-Bill	EC$11.0M	3.50%	17th July 2020	LCB170720
29th June 2020	30th June 2020	180-day T-Bill	EC$25.0M	4.00%	27th December 2020	LCB271220
9th July 2020	10th July 2020	91-day T-Bill	EC$16.0M	3.50%	9th October 2020	LCB091020

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

Auction Date	Issue Date	Instrument Type	Issue Amount	Maximum Rate (%)	Maturity Date	Trading Symbol
28th August 2019	29th August 2019	5-year Bond	EC$15.0M (2)	5.75%	29th August 2024	LCG050824
25th September 2019	26th September 2019	7-year Bond	EC$15.0M (5)	6.50%	26th September 2026	LCG070926
3rd October 2019	4th October 2019	7-year Bond	EC$15.0M (5)	6.50%	4th October 2026	LCG071026
22nd October 2019	23rd October 2019	6-year Bond	EC$11.0M (9)	6.25%	23rd October 2025	LCG061025
19th November 2019	20th November 2019	10-year Bond	EC$10.0M (5)	7.25%	20th November 2029	LCG101129
10th March 2020	11th March 2020	8-Year Bond	EC$35.0M (15)	7.00%	11th March 2028	LCG080328
30th March 2020	31st March 2020	7-Year Bond	EC$15.0M (2)	6.50%	31st March 2027	LCG070327

The Bonds and Notes will be issued under the authority of the National Savings Development Bonds Act (Amendment) Section 3, Cap. 15.25, and by a resolution of Parliament No 45 of May 2019. The Minister for finance considers it necessary to raise on the Regional Government Securities Market or through private placement at a maximum rate of 7.50% the amount of EC$215.0 Million for financing the 2019/2020 budget and the amount of EC$380.0 Million for refinancing existing debt.

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

I. GENERAL INFORMATION

Issuer:	The Government of the Saint Lucia (GOSL)
Address:	The Ministry of Finance, Economic Development, Growth Job Creation, Public Service and External Affairs Finance Administrative Centre Pointe Seraphine, Castries Saint Lucia (West Indies)
Email:	debt.investment@govt.lc
Telephone No.:	1-758-468-5500/1
Facsimile No.:	1-758-452-6700
	Contact persons: Ms. Cointha Thomas, Director of Finance Ms. Adria Sonson, Accountant General
Arrangers/Brokers	First Citizens Investment Services Ltd. (FCIS) John Compton Highway, San Souci, Castries, St. Lucia Telephone: 1-758-458-6375 Fax: 1- 758-451-7984 Bank of Saint Lucia 2nd Floor, Financial Center Building #1 Bridge Street, P.O. Box 1860 Castries Saint Lucia Telephone: 1-758-456-6826 Fax: 1 -758-456-6733
Date of Publication:	August 2019
Purpose of Issues:	The Securities will be issued to finance the 2019/2020 budget and the re-issuance of maturing Instruments.
Amount of Issues:	**Treasury Bills** **91-day Treasury bills:** EC$97.0 M (Series A: Four issues EC$16.0 M each, Series B: Three issues EC$11.0 M each) **180-day Treasury bills:** EC$127.0 M (Series A: One issue EC$25.0 M, Series B: One issue EC$20.0 M, Series C: Two issues EC$25.0M each, Series D: Two issues EC$16.0M each)

	Treasury Bonds
	5-Year Bond – EC$15.0M (2) 6- Year Bond – EC$11.0M (9) 7-Year Bonds – Three issues: EC$15.0M (2-5) each 8-Year Bond – EC$35.0M (15) 10-Year Bond _ EC$10.0M (5)
Legislative Authority:	The Revised Treasury bill Amendment Act 2003, Chapter 15.33 Sub-section 3(1). The Bonds and Notes are being issued under the authority of the National Savings and Development Bonds (Amendment Act), Chapter 15.25 of 2005 and by resolution of Parliament No 45 of May 2019.
Intermediaries:	A complete list of Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange is available in Appendix I.
Taxation:	Yields will not be subject to any tax, duty or levy by the Participating Governments of the Eastern Caribbean Currency Union (ECCU). The countries are Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Lucia, St Kitts and Nevis and St Vincent and the Grenadines.
Reference Currency:	Eastern Caribbean Dollars (EC$), unless otherwise stated.
Bidding Period:	9:00 am to 12 noon on the respective auction days.
Method of Issue:	The price of the issue will be determined by a Competitive Uniform Price Auction with open bidding.
Placement of Bids**:**	Investors will participate in the auction through the services of current licensed intermediaries who are members of the Eastern Caribbean Securities Exchange.
Minimum Bid:	EC$5,000
Bid Multiplier**:**	EC$1,000
Bids per Investor:	Each investor is allowed one (1) bid with the option of increasing the amount being tendered for until the close of the bidding period.
Licensed Intermediaries:	The current list of licensed intermediaries is as follows: • St. Kitts Nevis Anguilla National Bank Ltd.

- Bank of Nevis Ltd.
- Bank of Saint Lucia.
- Bank of St Vincent and the Grenadines Ltd.
- First Citizens Investment Services Ltd - Saint Lucia.
- Grenada Co-operative Bank Limited.

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

II) INFORMATION ABOUT THE ISSUES

91-Day Treasury Bills

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

GOSL proposes to auction an EC$16.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and would be listed on the Eastern Caribbean Securities Exchange Ltd (ECSE).

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

Maximum bid price: 3.50 percent

Tenor: 91-days

Trading Symbols: **LCB010120, LCB060420, LCB080720, LCB091020**

Auction Dates:

1st October 2019
3rd January 2020
7th April 2020
9th July 2020

Settlement Dates:

2nd October 2019
6th January 2020
8th April 2020
10th July 2020

Maturity Dates:

1st January 2020
6th April 2020
8th July 2020

9th October 2020

SERIES B: EC$11.0 Million each 91-day Treasury Bills in 3 Issues

GOSL proposes to auction an EC$11.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and would be listed on the Eastern Caribbean Securities Exchange Ltd (ECSE).

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

Maximum bid price: 3.50 percent

Tenor: 91-days

Trading Symbols: **LCB130120, LCB150420, LCB170720**

Auction Dates:

11th October 2019
14th January 2020
16th April 2020

Settlement Dates:

14th October 2019
15th January 2020
17th April 2020

Maturity Dates:

13th January 2020
15th April 2020
17th July 2020

180-Day Treasury Bills

SERIES A: EC$25.0 Million 180-day Treasury Bills in 1 Issue

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

Amount of Issues: One issue – EC$25.0 million

Maximum bid price: 4.00 percent

Tenor: 180-days

Trading Symbols: **LCB200720**

Auction Dates: 21st January 2020

Settlement Dates: 22nd January 2020

Maturity Dates: 20th July 2020

<u>SERIES B: EC$20.0 Million 180-day Treasury Bills in 1 Issues</u>

GOSL proposes to auction EC$20.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and would be listed on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right to increase the issue size by an additional EC$5.0 million**.

Amount of Issues: One issues – EC$20.0 million

Maximum bid price: 4.00 percent

Tenor: 180-days

Trading Symbols: **LCB050820**

Auction Dates: 6th February 2020

Settlement Dates: 77h February 2020

Maturity Dates: 5th August 2020

<u>SERIES C: EC$25.0 Million 180-day Treasury Bills in 2 Issues</u>

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

Amount of Issues: Two issues – EC$25.0 million

Maximum bid price: 4.00 percent

Tenor: 180-days

Trading Symbols: **LCB270620, LCB271220**

Auction Dates: 27th December 2019 and 29th June 2020

Settlement Dates: 30th December 2019 and 30th June 2020

Maturity Dates: 27th June 2020 and 27th December 2020

SERIES D: EC$16.0 Million 180-day Treasury Bills in 2 Issues

GOSL proposes to auction an EC$16.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and would be listed on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right to increase the issue size by an additional EC$5.0 million**.

Amount of Issues: Two issues – EC16.0 million Eastern Caribbean Dollars

Maximum bid price: 4.00 percent

Tenor: 180-days

Trading Symbols: **LCB130420, LCB121020**

Auction Dates: 15th October 2019 and 14th April 2020

Settlement Dates: 16th October 2019 and 15th April 2020

Maturity Dates: 13th April 2020 and 12th October 2020

Government of Saint Lucia 5-year Bond

EC$15.0M 5-year Bond

GOSL proposes to auction EC$15.0 million in Government Bonds on the Regional Government Securities Market (RGSM) and would be listed on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right to increase the issue size by an additional EC$2.0 million**.

Size of Issue: 15.0 million Eastern Caribbean Dollars

Maximum bid price: 5.75 percent

Tenor: 5 years

Trading Symbol: **LCG050824**

Auction Date: 28th August 2019

Settlement Date: 29th August 2019

Maturity Date: 29th August 2024

Interest payment: Interest payments will be paid semi-annually every 29th February and 29th August, beginning 29th February 2020

Principal Payment: Principal will be repaid at maturity

Government of Saint Lucia 6-year Bond

EC$11.0M 6-year Bond

GOSL proposes to auction EC$11.0 million in Government Bonds on the Regional Government Securities Market (RGSM) and would be listed on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right to increase the issue size by an additional EC$9.0 million**.

Size of Issue: 11.0 million Eastern Caribbean Dollars

Maximum bid price: 6.25 percent

Tenor: 6 years

Trading Symbol: **LCG061025**

Auction Date: 22nd October 2019

Settlement Date: 23rd October 2019

Maturity Date: 23rd October 2025

Interest payment: Interest payments will be paid semi-annually every 23rd April and 23rd October, beginning 23rd April 2020

Principal Payment: Principal will be partially amortized (60%) on the corresponding interest payments dates and a bullet repayment (40%) payment paid on maturity.

Government of Saint Lucia 7-year Bond

EC$15.0M 7-year Bond

GOSL proposes to auction EC$15.0 million in Government Bonds on the Regional Government Securities Market (RGSM) and would be listed on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right to increase the issue size by an additional EC$5.0 million**.

Size of Issue: 15.0 million Eastern Caribbean Dollars

Maximum bid price: 6.50 percent

Tenor: 7 years

Trading Symbol: **LCG070926**

Auction Date: 25th September 2019

Settlement Date: 26th September 2019

Maturity Date: 26th September 2026

Interest payment: Interest payments will be paid semi-annually every 26th March and 26th September, beginning 26th March, 2020

Principal Payment: Principal will be repaid at maturity

Government of Saint Lucia 7-year Bond

EC$15.0M 7-year Bond

GOSL proposes to auction EC$15.0 million in Government Bonds on the Regional Government Securities Market (RGSM) and would be listed on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right to increase the issue size by an additional EC$5.0 million**.

Size of Issue: 15.0 million Eastern Caribbean Dollars

Maximum bid price: 6.50 percent

Tenor: 7 years

Trading Symbol: **LCG071026**

Auction Date: 3rd October 2019

Settlement Date: 4th October 2019

Maturity Date: 4th October 2026

Interest payment: Interest payments will be paid semi-annually every 4th April and 4th October, beginning 4th April 2020

Principal Payment: Principal will be partially amortized (50%) on the corresponding interest payments dates and a bullet repayment (50%) paid on maturity.

Government of Saint Lucia 7-year Bond

EC$15.0M 7-year Bond

GOSL proposes to auction EC$15.0 million in Government Bonds on the Regional Government Securities Market (RGSM) and would be listed on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right to increase the issue size by an additional EC$2.0 million**.

Size of Issue:	15.0 million Eastern Caribbean Dollars
Maximum bid price:	6.50 percent
Tenor:	7 years
Trading Symbol:	**LCG070327**
Auction Date:	30th March 2020
Settlement Date:	31st March 2020
Maturity Date:	31st March 2027
Interest payment:	Interest payments will be paid semi-annually every 1st October and 31st March, beginning 1st October 2020
Principal Payment:	Principal will be repaid at maturity

Government of Saint Lucia 8-year Bond

EC$35.0M 8-year Bond

GOSL proposes to auction EC$35.0 million in Government Bonds on the Regional Government Securities Market (RGSM) and would be listed on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right to increase the issue size by an additional EC$15.0 million**.

Size of Issue:	35.0 million Eastern Caribbean Dollars
Maximum bid price:	7.0 percent
Tenor:	8 years
Trading Symbol:	**LCG080328**
Auction Date:	10th March 2020

Settlement Date: 11th March 2020

Maturity Date: 11th March 2028

Interest payment: Interest payments will be paid semi-annually every 11th September and 11th March, beginning 11th September 2020

Principal Payment: Principal will be repaid at maturity

Government of Saint Lucia 10-year Bond

EC$10.0M 10-year Bond

GOSL proposes to auction EC$10.0 million in Government Bonds on the Regional Government Securities Market (RGSM) and would be listed on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right to increase the issue size by an additional EC$5.0 million**.

Size of Issue: 10.0 million Eastern Caribbean Dollars

Maximum bid price: 7.25 percent

Tenor: 10 years

Trading Symbol: **LCG101129**

Auction Date: 19th November 2019

Settlement Date: 20th November 2019

Maturity Date: 20th November 2029

Interest payment: Interest payments will be paid semi-annually every 20th May and 20th November, beginning 20th May, 2020

Principal Payment: Principal will be fully amortized on the corresponding interest payment dates.

III) FINANCIAL ADMINISTRATION AND MANAGEMENT

1. **Debt Management Objectives**

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

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

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

2. **Debt Management Strategy**

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

1. Maintaining a satisfactory and prudent debt structure;
2. Refinancing high cost loans and facilities to reduce debt servicing and to adjust the maturity profile of Central Government Debt in a way that balances lower financing cost and risk;
3. To support the development of a well-functioning market for government securities.
4. To provide funds for the government at the lowest possible cost.

3. Transparency and Accountability

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

4. Institutional Framework

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

5. Risk Management Framework

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

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

IV. MACRO-ECONOMIC PERFORMANCE

A. General Economic Performance

Preliminary estimates indicate that real GDP growth slowed to 1.5 percent in 2018, following revised growth of 3.3 percent in 2017. Notwithstanding expansions in most other sectors including tourism, agriculture and manufacturing, a downturn in the construction sector dampened overall GDP growth.

Supported by favorable economic conditions in key source markets, the tourism sector remained a dominant source of economic activity, growing by 4.3 percent in 2018. Total visitor arrivals rose by 10.2 percent to a new record high of 1,228,662 tourists in 2018, following the growth of 10.3 percent in 2017. Increases were recorded in all visitor categories, led by a 13.6 percent growth in cruise arrivals to a record high of 760, 306 visitors in 2018. Stay-over arrivals continued to trend upward, rising by 2.2 percent in 2018, recording the highest number of visitors to date. This outturn was largely influenced by improved airlift and marketing efforts, buoyed by positive performances in most key source markets, as evidenced by US and UK arrivals growing by 4.1 percent and 4.9 percent respectively. Consequently, the number of bed nights increased by 4.6 percent. In addition, activity in the yachting sub-sector expanded with a rebound in arrivals by 26.7 percent in 2018.

The agriculture sector recovered from a contraction of 5.2 percent in 2017 with estimated real growth of 5.8 percent in 2018, contributing to overall GDP growth. Expansions are estimated for all sub-sectors, although tempered by the adverse effects of tropical storm Kirk in September which lowered fourth quarter production. As a result, total banana export growth, was restrained to 3.2 percent to 13,734.1 tonnes for the full year 2018. Of the total, banana exports to the UK expanded by 5.8 percent to 9,413.4 tonnes while exports to the region fell by 7.4 percent to 4,078.7 tonnes. Banana export earnings were $1.9 million higher in 2018, totaling $20.3 million in 2018. Non-banana crop production grew 5.3 percent, reflecting recovery in both supermarket and hotel sales. In the livestock sub-sector, egg production rebounded by 30.7 percent to a peak of 1.7 million dozens in 2018 while chicken and pork production together rose marginally by 0.8 percent in 2018.

Continuing on a downward trend, fish landings decreased by 2.1 percent to 1,632.9 tonnes in 2018, reflecting to fewer fishing trips. Value added in the manufacturing sector is estimated to have increased by 1.5 percent in 2018, led by growth in the production of food items. In addition, there were expansions in the production of chemicals and metal (roofing) products, owing to higher exports primarily to Dominica, related to its rebuilding efforts.

These positive developments were moderated by a 21.2 percent contraction in the construction sector in 2018, evidenced by a similar fall in construction imports. This outturn reflected the completion of major public infrastructural works and hotel developments in 2017. Notwithstanding, during 2018, private sector works included expansions and upgrades at a number of hotels as well as on the DSH race track in Vieux Fort. Public sector construction involved works by WASCO on various water projects including the desilting of the John Compton Dam.

Despite the expansion in economic activity, the unemployment rate remained unchanged relative to 2017, at an average of 20.2 percent in 2018. Youth unemployment dipped but remained high at 36.3 percent in 2018 compared to an average of 38.5 percent in 2017.

The rise in international oil prices by 26.9 percent in 2018 exerted inflationary pressures in the domestic economy. Higher energy (utilities and fuel), food and beverage prices pushed up the consumer price index (CPI)2 to 2.6 percent in 2018, compared to marginal inflation of 0.1 percent in 2017.

Significantly higher Citizen by Investment Program receipts contributed to a projected 6.4 percent increase in total revenue and grants to $1,205.1 million in 2018/19.

Growth in total expenditure by the central government is expected to slow down to 2.6 percent to $1,274.9 million as a reduction in capital spending was overshadowed by the 7.1 percent increase in current spending. Higher revenue growth than expenditure led to an overall improvement in the fiscal performance of the central government. The fiscal current account surplus increased from $76.7 million to $97.9 million in 2018/19. The primary surplus also improved notably from $52.3 million to $101.5 million. The overall fiscal deficit is expected to narrow from $110.1 million (2.2 percent of GDP) in 2017/18 to $69.7 million (1.3 percent of GDP) in 2018/19.

Consequently, as at December 2018, the stock of official public debt rose by 4.1 percent to $3,306.3 million or 64.9 percent of GDP. Of this, the stock of government guaranteed debt grew by 4.8 percent to $184.0 million while non-guaranteed debt fell by 22.1 percent. The central government debt stock increased by 4.1 percent to $3,108.1 million over December 2017. In keeping with the debt management strategy to reduce refinancing risks, the stock of the central government's treasury bills fell by $134.9 million in 2018 to $362.4 million, accounting for 11.7 percent of central government debt, compared to 16.7 percent at the end of 2017. Corresponding, the stock of treasury notes and bonds rose by 47.9 percent and 5.6 percent respectively while loans dipped slightly.

Monetary sector developments were characterized by a 10.6 percent decline in Saint Lucia's reserves at the ECCB to $742.1 million and a sharp increase in net foreign assets of commercial banks. Despite falling interest rates, commercial bank lending continued to contract, falling by 0.5 percent in 2018, reflecting declines in both business and household credit. However, deposits continued to grow, up by 2.9 percent in 2018 compared to December 2017. As a result, there was increased liquidity in the commercial banking system, evidenced by a further drop in the loans to deposit ratio by 2.8 percentage points to 80.7 percent at the end of 2018. The ratio of nonperforming loans continued to fall from 12.5 percent in December 2017 to 10.0 percent at the end of 2018, still above the prudential benchmark of 5.0 percent. Steady improvements were posted in the financial performance of commercial banks with higher returns on assets and on equity during the review period. Capital adequacy increased to levels well above the prudential floor of 8.0 percent.

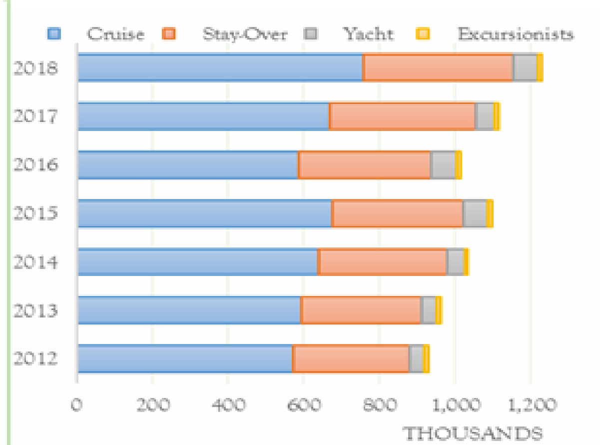
In the external sector*, the merchandise trade balance (f.o.b) deteriorated by 5.3 percent in 2018 to $1,396.3 million, despite higher exports. Imports increased by 5.7 percent to a c.i.f value of $1,777.5 million, occasioned by the sharp increase in oil prices and to a lesser extent also associated with increased tourist arrivals. Total exports also rose by 9.6 percent to $167.9 million. Of this, domestic exports grew by 19.9 percent to $109.6 million while re-exports fell by 5.6 percent to $58.4 million.

B. *REAL SECTOR DEVELOPMENTS*

1. *TOURISM*

Saint Lucia's tourism sector continued to be a major source of economic growth in 2018, benefitting from a propitious external economic environment and an upswing in global tourism. Key tourism indicators point to sustained momentum in tourism activity in 2018, in line with improvements to port infrastructure and several hotel plants. Targeted marketing initiatives and improved airlift also contributed to the sector's expansion.

Figure 1 Tourism Arrivals by Sector



The tourism sector registered its best performance to date with a record high of over 1.2 million visitors in 2018. This represented growth of 10.2 percent or 113,906 in total visitor arrivals, following a 10.3 percent increase in 2017. This strong performance was driven by growth in all visitor sub-categories, particularly cruise and stay- over arrivals.

This positive growth in arrivals was also attributed to increased awareness and demand for Saint Lucia's tourism product which was driven in part by a greater social media presence and enhanced marketing in the major source markets. Specific marketing initiatives undertaken by the Saint Lucia Tourism Authority (SLTA) included the launching of the new branding and logo "Let Her Inspire You" in 2017 and the "Find Your Rhythm" campaign during 2018.

Stay-over Arrivals

Saint Lucia recorded its sixth consecutive year of growth and highest ever level of stay-over arrivals of 394,780 in 2018. This represented an increase of 2.2 percent compared to double-digit growth in 2017 when the sector benefited from diverted traffic due to hurricanes in other regional countries. Rising global demand for travel, a larger hotel room stock with modern upgrades and focused marketing impacted positively on the performance of the stay-over segment of the tourism sector. The growth in stay-overs was also supported by improved airlift with a 1.3 percent increase in total air seating capacity in 2018. Higher load factors were reported by US, UK and Caribbean air carriers.

The US remained the dominant source market, accounting for 44.3 percent of total stay-over arrivals to Saint Lucia in 2018. US arrivals continued to trend upward, growing by 4.1 percent in 2018 to a new record of 175,073. This outturn was buoyed by notably enhanced airlift from American Airlines and Delta Airlines, despite less air seats from Jet Blue and United Airlines.

Stay-over arrivals from the European market grew by 3.6 percent in 2018 to 95,988, the highest since 2008. This increase was largely attributed to the strong performance of the UK market which accounted for 79.3 percent of total European visitors.

Arrivals from the Caribbean which has been the second largest source market in the past three years, continued to trend upward in 2018. Following growth of 13.6 percent in 2017, stay- over arrivals from the Caribbean increased by at a slower rate of 1.6 percent to 77,548 visitors in 2018.

Cruise Ship Arrivals
Saint Lucia registered another year of upsurge in cruise ship activity, facilitated by the re-opening of the upgraded Berth One at Point Seraphine in January 2018. Following growth of 13.9 percent in 2017, cruise arrivals rose by 13.6 percent to a record high of 760,306 visitors in 2018.

Despite a decline in port calls by 53 to 370, this strong performance of the cruise sub-sector was realized with port calls from larger vessels, particularly quantum-class vessels. These visiting mega vessels included Royal Caribbean's Anthem of the Seas and MS Freedom of the Seas, each with significantly higher carrying capacity of over 4,000 passengers. In addition, repeated port calls from other large ships coupled with inaugural port calls by Zuiderman, MSC Preziosa, Norwegian Jade and Norwegian Escape also contributed to the increase in cruise arrivals.

Yacht Arrivals
Following a 20.6 percent decline in 2017, the yachting sub-sector recovered in 2018 with arrivals growing by 26.7 percent to 63,596. This outturn was attributed to calmer waters, improved fees and conditions at marinas. The increase reflected an upturn in mega yachts visiting the island, despite an 8.0 percent reduction in yacht calls. Consequently, all three ports registered significant increases in arrivals with Marigot Bay Marina recording growth of 31.9 percent, Rodney Bay Marina 36.3 percent and Soufriere 10.7 percent in the review period.

2. CONSTRUCTION
Preliminary estimates show that the construction sector contracted by 21.2 percent in 2018, following real growth of 11.5 percent in the previous year. Consequently, the sector's share of real GDP in the review period decreased to 5.1 percent from 6.6 percent in 2017. This downturn was driven by significantly lower levels of construction activity in both the public and private sectors.

Public sector construction works were notably below that undertaken in previous years, both by the central government and statutory bodies. Furthermore, the completion of major projects in 2017 and the delayed commencement of major new private sector projects contributed to the contraction in construction in 2018. As a result of these developments, imports of construction materials fell noticeably. Total commercial bank lending for construction and land development purposes fell by 2.2 percent in 2018. Similarly, the number of persons employed in the sector is estimated to have declined by 10.4 percent in 2018.

Imports of Construction Materials

As a key indicator of construction activity, the value of total imports of construction materials declined by 20.5 percent to $159.9 million in 2018. This drop was largely reflective of lower importation of hydraulic cement, which was used extensively for works at the Pointe Seraphine berth in 2017, and “other” building materials.

Table 1: Value of Construction Materials ($M)

Source: Central Statistics Office

Materials	2014	2015	2016	2017r	2018
Wood and	22.9	26.3	27.0	27.5	26.4
Sand	1.6	5.9	3.1	1.5	5.2
Cement	22.4	22.5	20.4	27.9	17.3
Prefabricate	3.3	12.7	4.4	2.5	2.6
Steel	14.0	2.6	12.9	11.0	13.5
Other	78.0	175.5	126.8	130.8	94.8
Total	**142.1**	**245.6**	**179.1**	**201.2**	**159.9**

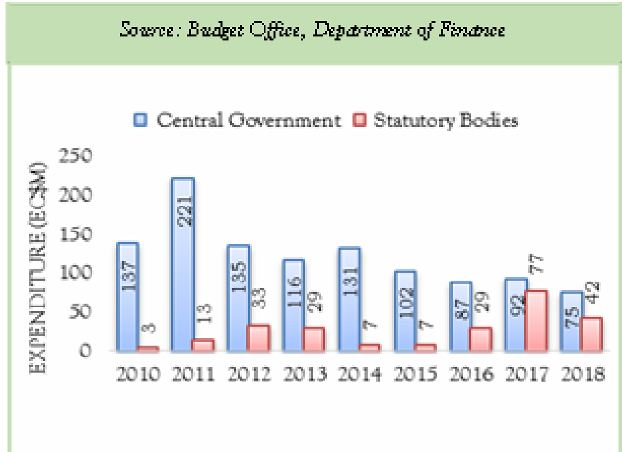
Private Sector Construction

Consistent with lower foreign direct investments, construction activity in the private sector decreased during the review period relative to 2017. Hotel and commercial construction contracted in 2018 while the level of residential construction remained flat as evidenced by a marginal decrease of 0.2 percent in commercial bank lending for home construction & renovations. Notwithstanding, construction works continued at a few hotels including eight condominium units in 2018 at the Landings Resort & Spa. Windjammer Landing Villa Beach Resort also built three additional villas in the review period.

Public Sector Construction

Total construction expenditure by the public sector is estimated to have contracted by 30.8 percent to $116.8 million in 2018. This downturn reflected lower expenditure by both the central government and statutory bodies in 2018. Of this total, central government expenditure accounted for 64.5 percent.

Figure 2 Public Sector Construction Expenditure by Category (Millions)



Preliminary data show that after increasing by 4.9 percent in 2017, central government construction expenditure fell by 17.9 percent to $75.3 million in 2018. Central government expenditure on economic infrastructure contracted by 60.0 percent to $22.5 million while expenditure on social infrastructure increased by 49.8 percent to $52.7 million. Outlays in 2018 were largely concentrated on building resilience to natural disasters, enhancing road network, improving water, education and community infrastructure.

Following a sharp increase in 2017, construction expenditure by statutory bodies declined by 46.2 percent to $41.5 million. This was primarily due to a drop in construction-related capital spending by SLASPA from $77.1 million to $5.7 million, mostly comprising completion of upgrade works at the Pointe Seraphine Berth in early 2018. Other activity by SLASPA included minor construction, upgrade and refurbishment works at the Castries and Vieux-Fort seaport, Hewanorra International Airport and George F.L Charles. However, statutory body construction activity in 2018 was predominantly undertaken by WASCO which spent $34.7 million. These infrastructural works were led by continued activity on Phase 2 of the Dennery Water Supply Improvement Project which amounted to $18.4 million. In addition, works commenced on the John Compton Dam Rehabilitation Project totaling $12.3 million in 2018 while spending amounted to $3.0 million and $1.1 million on the Ti Rocher (Micoud) and Dennery Water Supply Improvement projects respectively. Construction works by Invest St Lucia and NIPRO together amounted to $1.1 million in the review period.

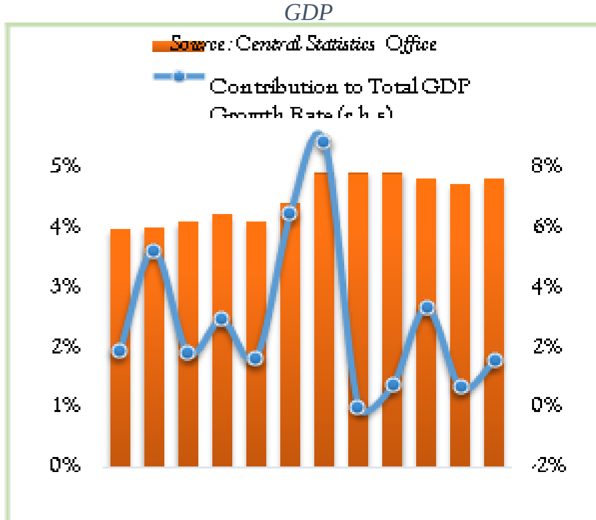
Table 2: Central Government Expenditure ($M)

Major Projects	2016	2017	2018
Central Government, *of which:*	87.3	91.6	75.3
Disaster Recovery Programme	15.2	8.6	12.6
Disaster Vulnerability Reduction Project	16.2	11.6	11.3
Constituency Development Program	5.7	9.6	8.2
Repairs/Rehabilitation of School Plants	-	0.04	8.1
Secondary and Tertiary Roads	-	-	6.9
Dennery Water Supply Redevelopment	-	7.4	5.4
Desilting of Rivers and Drains	1.6	2.0	4.5
Reconstruction and Rehabilitation of Roads	7.3	4.0	2.4
Bridges and Culverts	0.2	0.01	2.0

3. *MANUFACTURING*

Activity in the manufacturing sector continued to expand during the review period, with real growth in the sector estimated at 1.5 percent in 2018, up from of 0.6 percent in 2017. The performance of the sector was mainly attributed to increased production particularly of food products and in sub- sectors which benefited from increased exports associated with the rebuilding efforts in regional countries affected by hurricanes in 2017. Limiting this overall growth in manufacturing output were declines recorded in sub-sectors facing increasing competition from cheaper imports and reduced demand in export markets.

Figure 3 Manufacturing Real Growth and Contributions to GDP



Production

Preliminary data indicate that the total value of manufacturing output increased by 3.2 percent in 2018 to $325.9 million, growing for the fourth consecutive year. This outturn was primarily driven by the performance of the food sub-sector, the second largest sub- sector which contributes on average 28.0 percent of total manufacturing output. Food production continued to trend upward, increasing by 7.9 percent in 2018 to an estimated value of $95.1 million. There were notable increases in the sales revenue from bakery products and condiments. During the review period, increased output of chemicals and metal products also contributed to the expansion in the manufacturing sector. Production of chemicals rose by 16.5 percent in 2018, owing to an expansion in the manufacturing of paints. Fabricated metal products rose by 24.9 percent, partly due to the continuation of extra-ordinary exports associated with the rebuilding efforts in Dominica, following the devastation caused by hurricane Maria. Production of rubber products inched up in the review period, reflecting the resumption of operations by a key establishment.

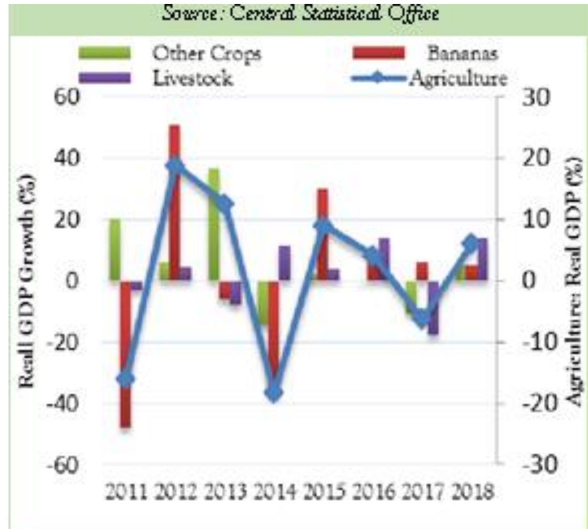
Production in the largest sub-sector, beverages, increased marginally by 0.2 percent to $125.2 million during the review period. Positive growth in alcoholic beverages and water were almost fully offset by declines in the production of other beverages. The rise in the value of water produced in 2018 was attributed to enhanced production capacity due to investments in plant and equipment in prior years. However, the expansion in these sub-sectors were tempered by declines in the value of some other manufacturing output. There was another decline in the value of furniture produced, by 26.4 percent in 2018, reflecting increasing competition from cheaper imports. Output of printed material also declined by 1.1 percent, stemming from structural changes in demand. The value of production of paper products fell for the third consecutive year, by 0.3 percent to $17.9 million. Despite increased production of toilet paper, this outturn reflected decline in the production of commercial boxes.

During the review period, there was little movement in the value of production of electrical products, machinery and equipment as well as plastic products.

4. AGRICULTURE

On a recovery path, the agriculture sector is estimated to have expanded by 5.8 percent in 2018 with growth in most sub-sectors. The positive performance of the sector reflected higher levels of production of bananas, non-banana crops, eggs, chicken and pork while output in the fisheries sub-sector decreased. Notwithstanding these gains, output in the sector remains vulnerable to adverse weather conditions, as evidenced by the tempering of agricultural output due to Tropical Storm Kirk in September 2018. Furthermore, the sector continues to grapple with several challenges including high production costs amidst increasingly competitive markets in a liberalized international trade environment.

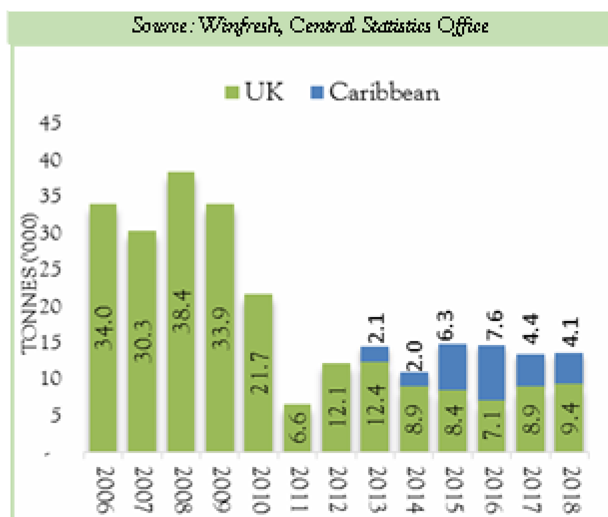
Figure 4: Agriculture Real GDP Growth (2011-2018)



Banana

Total banana exports grew by 3.2 percent in 2018 to 13,734.1 tonnes. This outturn was driven by increased exports to the UK (by 515.3 tonnes) and to non-traditional markets outside of CARICOM. The 3.2 percent growth outcome however fell short of expectations due to Tropical Storm Kirk significantly lowering production (by 47.5 percent) in the fourth quarter and consequently partly reversing the higher production levels recorded in the first nine months of the year relative to the comparable period in 2017.

Figure 5: Banana Exports (UK & Caribbean)



Favorable weather conditions contributed to the 29.5 percent growth in banana exports in the first nine months of 2018. Abstracting from the adverse effects of Tropical Storm Kirk, increased banana exports were also consistent with the control of black sigatoka, provision of a ready supply of heavily subsidized inputs to farmers at accessible locations and increased farm rehabilitation and expansion initiatives under the Banana Productivity Improvement Project (BPIP). Banana exports to the UK grew by 5.8 percent to 9,413.4 tonnes, accounted for 68.5 percent of total banana exports in 2018. The associated revenue generated was $15.7 million, representing growth of 7.6 percent. The level of growth and related revenue could have been higher had UK exports continued on the 33.5 percent growth trajectory observed during the period January to September. UK exports contracted by 50.9 percent in the fourth quarter of 2018, largely due to crop destruction by Tropical Storm Kirk.

Increased exports of bananas to non-traditional markets including USA and Canada were observed during 2018. These exports which are typically volatile grew significantly from 7.3 tonnes in 2017 to 242.0 tonnes in 2018.

Other Crops

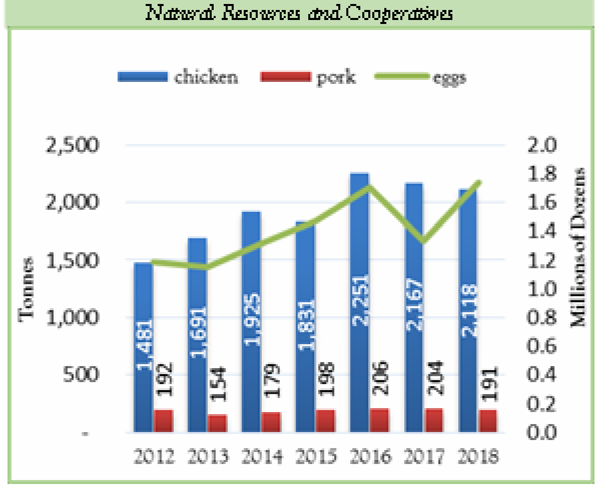
After decreasing by 7.3 percent in 2017, the production of other crops, as measured by the combined volume of produce purchased by supermarkets and hotels, increased by 5.3 percent to 5,072 tonnes in 2018. Increases were recorded in all crop categories, led by purchases of traditional, nontraditional crops and root & tubers. This performance was mostly influenced by favorable weather conditions and the intensification of planting by farmers.

Livestock

Real growth in the livestock sub-sector is estimated at 14.1 percent in 2018, recovering from the 17.7 percent contraction in 2017. This expansion was driven by higher levels of egg, chicken and pork production. Following a sharp contraction of 22.1 percent in 2017, egg production is estimated to have expanded by 30.7 percent in 2018 to a peak of 1.7 million dozens. This strong increase in volume was due to a resumption of operations by a key producer, replacement of flock in 2017 and improved production planning due to continuous consultation with the main purchasers. Consequently, revenue from egg sales rose from $8.0 million in 2017 to $10.4 million in 2018.

Figure 6: Livestock Production

Source: Department of Agriculture, Fisheries, Physical Planning, Natural Resources and Cooperatives

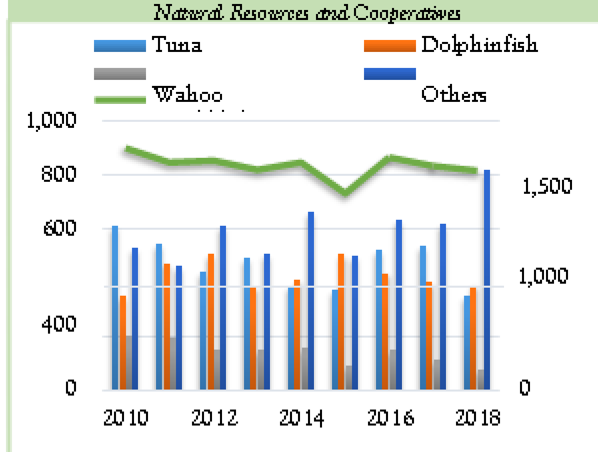


Fisheries

Estimated wild marine capture declined further in 2018, by 2.1 percent to 1,632.9 tonnes. This outturn was due to an 8.5 percent reduction in the number of fishing trips, possibly influenced by the influx of Sargassum seaweed which entangles in fisher boat engines. Overall, wild marine capture landings in 2018 decreased for most of species including species namely tuna, dolphin fish and kingfish. These declines outweighed the increase in landings of other species particularly Almaco jack fish (Kawang) which the catchability was boosted by the presence of the Sargassum seaweed. Despite a reduction in the total wild marine

Figure 7: Fish Landing by Species (Tonnes)

Source: Department of Agriculture, Fisheries, Physical Planning, Natural Resources and Cooperatives



capture landed, the estimated value remained unchanged at $27.7 million. Although Castries recorded the highest increase in fishing effort, Vieux Fort remained the largest fish landing site in addition to recording the most fishing trips.

5. CONSUMER PRICES

Consumer prices in Saint Lucia continued to be influenced by external economic developments, mirroring considerably higher global oil prices. The inflation rate, measured by the percentage change in the average of the consumer price index (CPI), rose from 0.1 percent in 2017 to 2.6 percent in 2018. This upturn largely reflected increases in the two most heavily weighted components of the CPI8, food & non-alcoholic beverages and housing, utilities, gas & fuel. Increased inflationary pressures within the domestic economy were transmitted through "imported" inflation. Saint Lucia's major trading partners, namely the United States and the United Kingdom recorded inflation rates of 2.4 percent and 2.5 percent respectively. During 2018, elevated oil prices adversely impacted the cost of freight of most imported goods.

The housing, utilities, gas and fuel index which increased by 9.8 percent, contributed most significantly to the uptick in inflation. This movement was due primarily to higher domestic fuel and electricity prices, driven by a 27.7 percent rise in international oil prices to an average of $64.90 per barrel. As a result, notwithstanding fiscal policy to support price stability with lower than targeted excise tax rates, domestic gasoline and diesel prices increased by an average of 11.2 percent and 18.8 percent respectively, both to $13.95 per imperial gallon from June 2018. Liquid propane gas (LPG) prices increased on average by 7.4 percent for the 22-pound cylinder and by 8.2 percent for the 20-pound cylinder. Similarly, the cost of electricity increased by 11.7 percent in 2018.

Relatedly, higher prices for passenger transport by air as well as fuel and lubricants for personal transport contributed to a rise in the transport index by 3.8 percent.

In addition, after declining in 2016 and 2017, the food & non-alcoholic beverages index moved up by 4.1 percent in 2018. As the most heavily weighted sub-index in the CPI basket, this exerted upward pressure on the overall price level. Notable increases were registered in the price of meat, fish and seafood, vegetables and fruit while declines were registered for rice, bakery products, cheese, milk and mineral water.

The alcoholic beverages, tobacco and narcotics index increased by 3.6 percent, attributed mainly to the rise in the price of spirits and beer. The health index inched up by 0.2 percent due to marginally higher cost of paramedical and dental services.

Offsetting the upward movement in the CPI were decreases in the sub-indices for clothing & footwear, recreation & culture, hotels & restaurants and household, utilities, supplies & maintenance while the education index remained unchanged. The index for clothing & footwear continued to trend downward, falling by 10.7 percent mainly due to decreases in the price of men, women and children's and articles of clothing & clothing accessories.

Moreover, the recreation and culture index continued on a downward path, declining by 7.8 percent, mostly on account of lower prices of personal computers and peripherals, as well as of equipment for the reception, recording and reproduction of sound and pictures. The hotels and restaurants index fell by 3.0 percent, owing to lower prices for restaurant and catering services. The index for household utilities, supplies & maintenance declined by 2.4 percent as a result of lower prices for furniture & furnishings and household appliances.

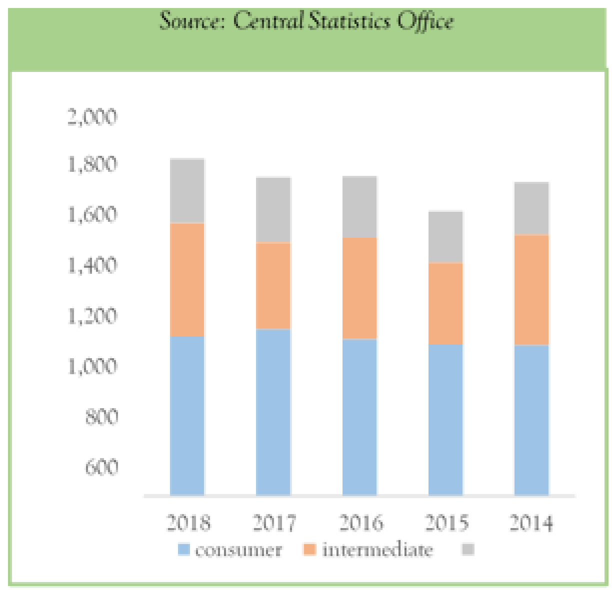
C. *BALANCE OF PAYMENTS*

6. Current Account

Preliminary data indicate that the merchandise trade deficit widened by 5.3 percent to $1,396.314 million in 2018 from $1,326.0 million in 2017. The deterioration in the trade balance was due to a larger increase in the value of imports than in exports over the review period.

7. Imports

Figure 8: Imports by SITC ($Millions)

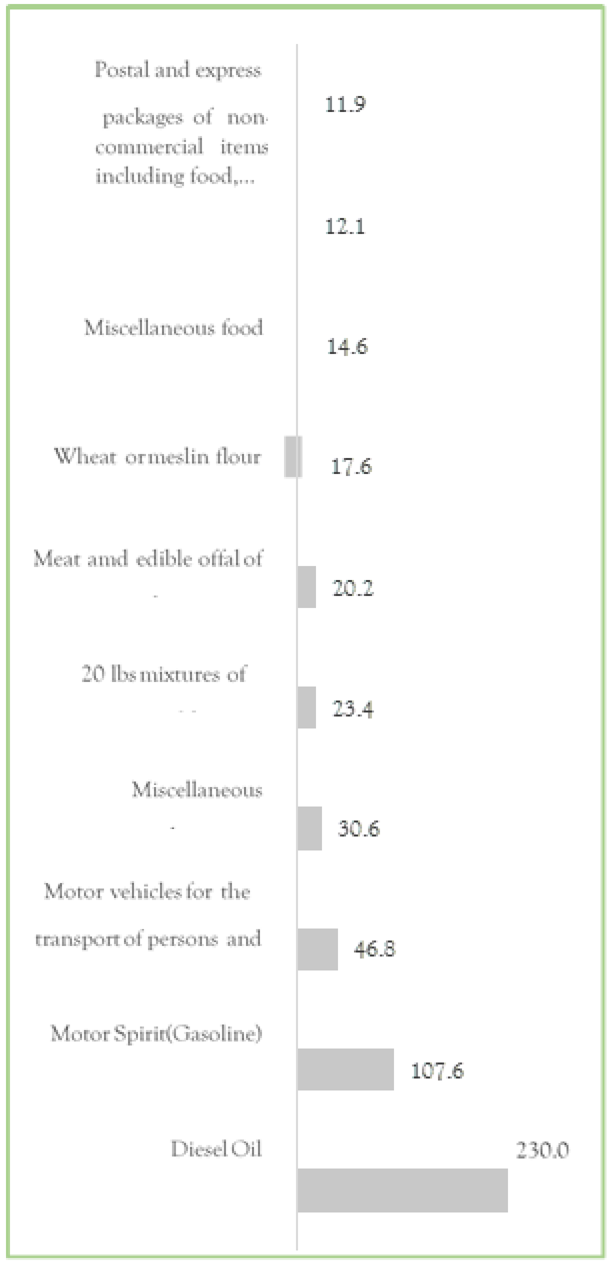


The c.i.f value of imports rose by 5.7 percent to $1,777.5 million in 2018. This outturn mostly reflected the substantially higher value of intermediate goods imports over the review period. Notwithstanding, a value reduction in the sub- categories of pharmaceuticals, fertilizers, non- edible essential oils, soaps and miscellaneous chemical products, the value of intermediate goods rose by 31.1 percent to $597.1 million. This was driven primarily by increases in the value of imported fuel products associated with the marked increase in oil prices in 2018. These imports including gasoline, diesel and cooking gas accounted for approximately 22.5 percent of the value of all border inflows.

Collectively, the value of imported items classified as consumer goods dropped by 4.5 percent to $834.6 million. This outcome was driven by declines in manufactured goods classed chiefly by material (14.3 percent) and miscellaneous manufactured articles (7.0 percent). These declines reflected lower construction imports, consistent with the decline in construction activity in 2018. There was also a decline in the value of instruments and appliances for medical purposes, meters, counters and office stationery supplies.

The decline in consumer goods was tapered by increases in the value of the imports of food and live animals (3.2 percent) and beverages and tobacco (7.9 percent). This movement was in keeping with the double-digit growth in tourist arrivals in 2018. Increases were recorded in the value of imported food items such as frozen meats of various animals, cream and milk products, butter and cheese, fish, crustaceans, mollusks and other aquatic invertebrates, cereal preparations and preparations of flour or starch of fruits or vegetables. The value of entries of capital goods declined by 1.6 percent to $336.8 million in 2018, primarily to a drop in the value of imports of transport, transport equipment and machinery. This was partly due to a decline in the number of both new and used motor vehicles. Additionally, decreases were registered in the import value of ships and boats as well as parts of engines, civil and mechanical engineering handling equipment, pumps and food processing machines.

Figure 9: Top 10 Imports by Value ($Millions)



8. Exports

Total exports, comprising domestic exports and re- exports, increased by 9.6 percent to $167.9 million in 2018. This result was attributed to growth in domestic exports which offset the decline in re-exports.

Figure 10: Top 10 Domestic Exports by Value

Domestic Exports

The value of domestic exports grew by 19.9 percent to $109.6 million in 2018. Growth in domestic exports was driven by increases in all major categories namely, consumer goods, intermediate goods and capital goods. Consumer goods exports were valued at $88.8 million, 16.3 percent higher than in 2017. This uptick was due to increases in sale of agricultural produce abroad, such as bananas, breadfruit, cucumbers, pumpkin, sweet potato, yam, dasheen, tannia, coconuts, plantains and avocadoes. Exports of beverages also rose, by $2.4 million to $46.2 million, owing to increases in alcoholic beverages by Saint Lucia Distillers in Europe.

The $5.3 million increase in the value of intermediate goods exports to $17.8 million was influenced by growth in the exports of fertilizers, stone, sand and gravel, non-ferrous base metal waste and scrap and paints, and varnishes. Exports of capital goods inched up marginally to $2.9 million, on account of increase in the value of exports of telecommunications equipment and parts.

Re- Exports

Re-exports contracted by 5.6 percent to $58.4 million in 2018. This was affected by a drop in the intermediate goods by 42.3 percent, notwithstanding a rise of re-exports of consumer and capital goods by 24.5 and 14.3 percent respectively. Consumer goods re-exports were driven by gold and silver jewelry, pearls, precious and semi-precious stones, watches, clocks and certain categories of textiles. Capital goods re- exports were influenced largely by items such as internal combustion piston engines and parts, ships and boats, telecommunications equipment and parts, mechanical handling equipment and parts and various instruments. The biggest contributors to the decline in intermediate goods re-exports to $13.6 million was a drop in ferrous waste and scrap; and petroleum oils of which kerosene and jet fuel recorded the largest decline.

D. GOVERNMENT FISCAL OPERATIONS

9. OVERALL PERFORMANCE

Year-end projections suggest an improvement in the central government's fiscal performance in 2018/19, owing to a strong increase in revenue collections coupled with a slowdown in expenditure growth due to considerably lower capital spending.

The central government's overall fiscal deficit is expected to narrow from $110.1 million or 2.2 percent of GDP in 2017/18 to $69.7 million or 1.3 percent of GDP in 2018/19. This turnaround reflects a higher current account surplus, which is expected to increase from $76.7 million in 2017/18 to $97.9 million in 2018/19 and an almost doubling of the primary surplus to $101.5 million or 2.0 percent of GDP.

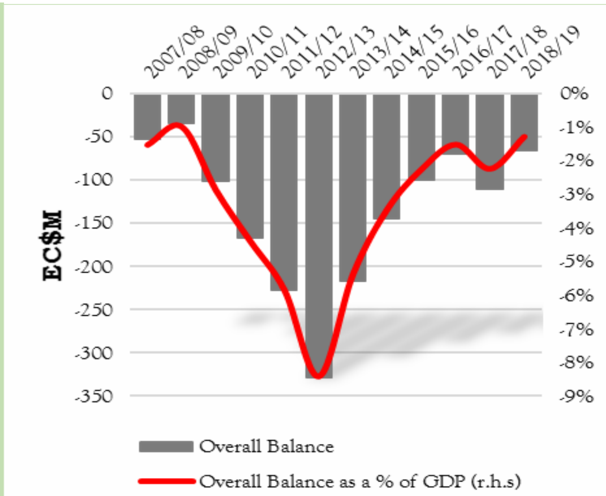
Revenue Performance

Total revenue and grants continued to trend upward and are projected to increase by 6.4 percent to $1,205.1 million in 2018/19, equivalent to 23.3 percent of GDP. An upturn in CIP receipts coupled with recent policy adjustments, the expansion in economic activity and enhanced administrative efforts contributed to this positive revenue outturn. However, grant receipts is estimated to contract by 30.6 percent to $45.1 million by the end of 2018/19.

10. Current Revenue

Following growth of 3.3 percent in 2017/18, current revenue is expected to rise by 8.6 percent to $1,159.4 million. This favorable performance reflected higher levels of both tax and non-tax revenue collections.

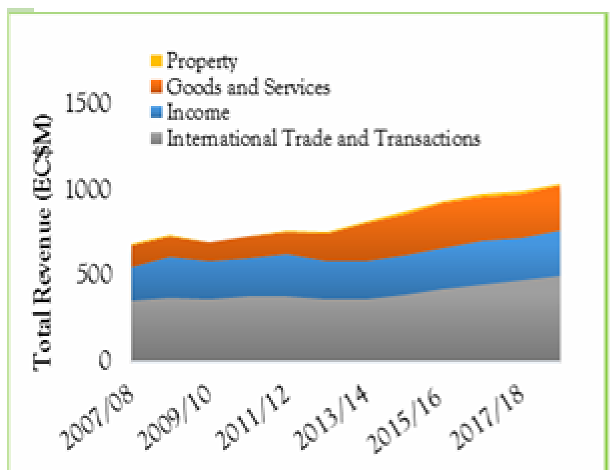
Figure 11: Central Government Fiscal Operations Indicators



11. Tax Revenue

Reflecting increases in most sub-categories in fiscal year 2018/19, tax revenue is projected to expand by 5.1 percent to $1,043.1 million. Of this, net VAT revenue is estimated to total $330.5 million, 4.0 percent higher than in 2017/18. Receipts from taxes on international trade and transactions grew by 4.8 percent to$503.4 million in 2018/19, contributing most significantly to the growth in tax revenue. Increased c.i.f values of imports impacted positively on collections of various taxes on trade. Net revenue from VAT on imports rose by $7.4 million to $149.2 million in 2018/19.

Figure 12: Major Components of Revenue (% of GDP)



Excise tax revenue from imports expanded by $6.0 million to $108.7 million in

2018/19. This was primarily due to a 23.6 percent improvement in net excise tax collections on fuel products to $64.0 million, associated with the comparatively higher average excise tax rates on gasoline and diesel. However, this increase was partially offset by a 12.2 percent decline in excise tax receipts from motor vehicles. This was on account of the drop in the numbers of motor vehicles imported which also dampened the growth in collections from other taxes on imports. Collections from airport service charge increased by $5.7 million to $34.7 million, owing to the growth in stay-over tourist arrivals. Revenue from customs service charge and import duty grew by $2.9 million and $2.3 million respectively in 2018/19. However, mitigating these increases were declines in revenue from thruput charge by $1.1 million and travel tax by $0.2 million.

Similarly, receipts from taxes on goods and services increased by $8.8 million in 2018/19 to an estimated $261.8 million. This outturn was mainly occasioned by higher revenue from VAT on goods and services by $5.2 million, reflecting the expansion in economic activity. In addition, revenue from licenses increased by $2.2 million due to increased collections from both motor vehicle and drivers' licenses, in keeping with the rising stock of vehicles on the island. Furthermore, the sale of high valued commercial and residential properties in 2018/19 led to an additional $2.4 million in stamp duty collections.

Property tax collections fell by 21.5 percent to $9.4 million, in keeping with the three-year relief granted to residential owners which was effected in January 2017. Nonetheless, collections were higher than anticipated due to larger payments by commercial properties including three major hotels, a revised commercial property Open Market Value (OMV) system and the payment of outstanding arrears by some properties.

Expenditure Performance

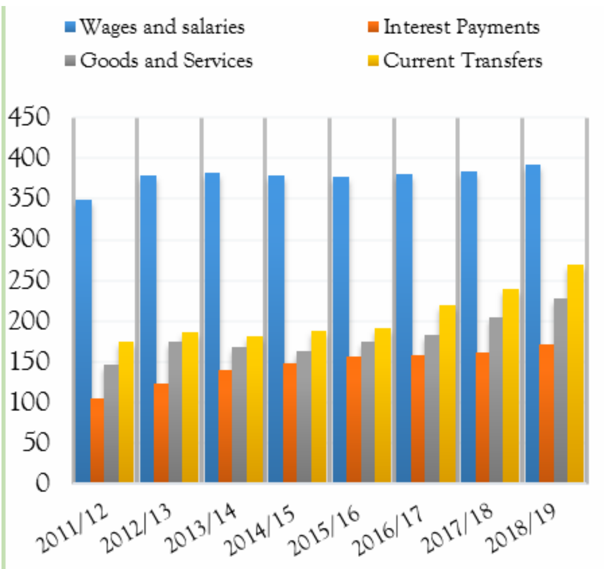
Total expenditure in 2018/19 is expected to increase, albeit at a decelerated pace of 2.6 percent to $1,274.9 million, equivalent to 24.7 percent of GDP.

This outturn reflected a further elevation in current spending which was partially offset by a notable drop in capital spending to $213.4 million.

12. Current Expenditure

Current spending rose further by 7.1 percent to $1,061.4 million in 2018/19, after three consecutive years of increases which averaged 4.1 percent. While there was higher spending in all sub-categories, the increase in current expenditure was primarily driven by growth in spending on current transfers and on goods and services. Current transfers continued to trend upward, with a projected rise of 13.1 percent to $270.7 million in 2018/19. Of this, grants and contributions to government agencies grew by $16.8 million, partly due to expenditure associated with the gradual move to the new OK-EU hospital. Additional financial support was also provided to the Saint Lucia Fish Marketing Corporation, the Sir Arthur Lewis Community College and the Castries City Council to address emerging operational issues. Moreover, the sharp increase in spending on rewards and compensation to $20.1 million also contributed to the growth in current transfers. This was occasioned by a payment to settle a legal matter with a CIP developer. The continued increase in retiring benefits due to the rising number of pensioners as well as the ongoing reclassification of capital spending as current spending were other contributory factors to the growth in current spending.

Figure 13: Major Components of Current Expenditure ($Millions)



Spending on goods and services is projected to record another year of double-digit growth, increasing by $23.0 million to $227.8 million in 2018/19. There was increased spending in most sub-categories, led by outlays on "other" goods and services which rose by $14.9 million. This outcome partly reflected additional spending for legal services on some cases, work related to the Castries Redevelopment project and a review of the Development Control Authority.

The growing stock of central government debt and marginally higher interest rates led to a 5.5 percent increase in interest expenses to $171.3 million in 2018/19. This represented 13.4 percent of total expenditure and 14.7 percent of current revenue. In an attempt to reduce re-financing risks of the debt portfolio, maturities were lengthened as some treasury bills were replaced with treasury notes with a corresponding increase in interest payments.

Wages and salaries, which accounts for the largest share (36.9 percent) of current spending, rose by 1.8 percent to $391.7 million. This was partly attributed to a $1.9 million one-off bonus payment made to workers represented by the National Workers Union as part of the ongoing wage negotiations for the triennium 2016/17 to 2018/19.

13. Capital Spending

Capital spending by the central government is projected to contract by 15.3 percent to $213.4 million in 2018/19, the lowest since 2008/09. This outturn reflects delays in the commencement of major grant-financed projects.

Table 3: Major Capital Spending (2018/19) ($Millions)

Tourism Marketing Promotion	$26.9
Disaster Vulnerability	$14.3
Constituency Development	$13.5
Land Acquisition	$11.6
Major Repairs of School Plant	$10.0
Dennery Water Supply	$6.8
Disaster Recovery	$6.8
New National Hospital	$6.7
Homecare Programme	$6.5
National Sporting	$4.5
Agriculture Transformation	$4.4
St.Jude Hospital	$4.2
Banana Productivity	$4.1
Rehab of Roads	$3.7
Vieux Fort Water Supply	$3.0
National Apprenticeship	$3.0
CARCIP	$3.0
Communications Equipment	$2.6
Shared Services Platform	$2.3
Stimulus Programme	$2.1

The most significant share of capital spending in 2018/19 went to tourism marketing ($26.9 million). Of total capital spending incurred, 12.2 percent ($26.1 million) was for Design/Finance/Construct payments for construction works, mainly on roads, undertaken in prior years. A significant share of capital spending was allocated to projects aimed at building resilience against natural disasters and enhancements to the country's infrastructure, particularly on roads, the water supply and health care. Resources were also geared towards community development, sports and support for agriculture.

Capital outlays in 2018/19 were financed largely through bonds (45.8 percent), followed by grants (21.2 percent) and loans (20.9 percent). The remaining 12.2 percent was sourced from local revenue.

14. Financing

Table 4: 2018/19 Financing ($Millions)

Debt Instrument	Approved Budget	Actual (Pre)	Variance
NEW	300.9	253.7	-47.2
Bonds/T-Notes	200.0	118.7	-81.3
Treasury Bills	33.0	0.0	-33.0
Loans	67.9	135.0	67.1
ROLLOVERS	812.0	802.0	-10.0
Bonds/T-Notes	517.0	507.0	-10.0
Treasury Bills	295.0	295.0	0.0
GRAND TOTAL	1,112.9	1,055.7	-57.2

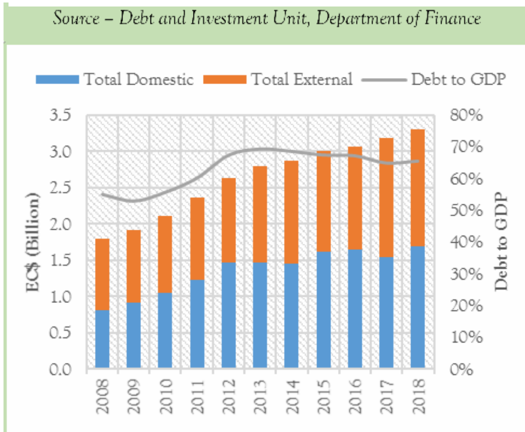
The actual financing requirements of the central government were lower than the amounts approved in the 2018/19 budget estimates. This was attributed to higher than approved revenue alongside lower than budgeted expenditure, resulting in a smaller overall fiscal deficit and reduced financing pressures.

Furthermore, market conditions favored the rolling over of existing debt instruments by the central government during 2018/19. Marginally lower interest rates were secured for treasury bills and bonds while some issuances were over-subscribed, particularly on the RGSM. In order to limit refinancing risks, no new financing was raised through treasury bills. Comparatively more attractive available terms led to the swapping of planned bond issuances with commercial bank loans. As a result, the amount raised in new bonds fell below that approved in the 2018/19 budget while new loan financing exceeded approved amounts.

V. Public Debt Analysis

The official stock of public debt, comprising central government, government guaranteed and public non- guaranteed debt, increased by 4.1 percent to $3,306.3 million at the end of 2018. Public debt accumulation has been growing at an average annual rate of 3.5 percent for the period 2014- 2018, lower than the rate of 9.3 percent for the preceding 5-years, 2009 -2013. These developments coupled with positive estimated economic growth for 2018 have resulted in the public debt to GDP ratio falling to 64.9 percent from 65.2 percent in 2017.

Figure 14: Official Public Debt



There were marginal changes in the composition of the stock of outstanding public debt during the review period. Central government debt accounted for 94.0 percent of the official public debt while the share of government guaranteed debt and non-guaranteed debt stood at 5.6 percent and 0.4 percent respectively at the end of 2018. Led by movements in central government debt, domestic public debt accounted for 51.1 percent of the total public debt and the remaining 48.9 percent was categorized as external debt.

The stock of public corporations' debt guaranteed by the central government grew by 4.8 percent to $184.0 million in 2018. This outturn was partly due to higher domestic guaranteed debt by $13.7 million, including $6.1 million from Bank of Saint Lucia by SLASPA and WASCO.

However, externally guaranteed debt fell by 12.6 percent to $37.1 million, reflecting reduced outstanding balances by various statutory bodies, despite a $2.6 million increase in borrowing for the UWI Open Campus Development project from CDB. Non-guaranteed public debt continued to trend downward, falling by 22.1 percent relative to 2017 to $14.2 million.

Central Government Debt

After increasing by $81.3 million in 2017, central government debt grew by 4.2 percent or by $124.7 million to $3,108.1 million at the end of 2018. Total central government debt thus grew by an average of 4.1 percent over the four-year period 2014 -2018, albeit significantly slower than the 9.8 percent average growth in the period 2009 - 2013. The increase in central government debt in 2018 was driven by growth in domestic debt.

During the review period, the Government of Saint Lucia continued to be an active participant on the Regional Government Securities Market (RGSM). As a result, the outstanding central government debt issued on the RGSM increased marginally by 1.2 percent to $866.5 million. This represented a 27.9 percent of the central government debt in 2018 compared to 28.7 in 2017 and 51.9 percent in 2011. The combined stock of non-RGSM issued debt rose by 10.6 percent to $1,354.2 million, commanding a share of 43.6 percent of total central government debt.

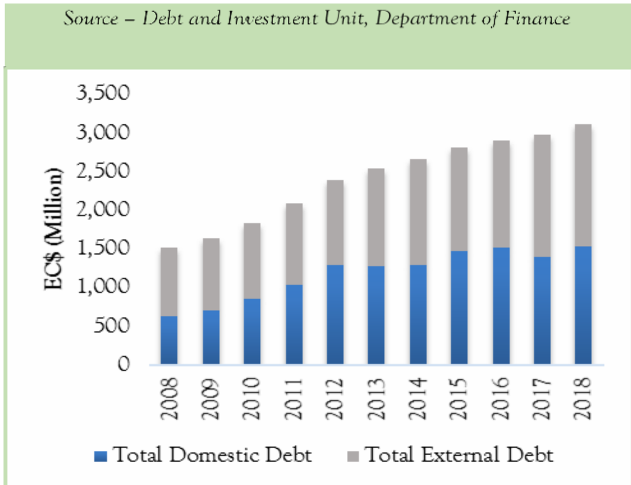
Overall, the total stock of treasury bills dropped by 27.1 percent to $362.4 million to a share of 11.7 percent while treasury notes increased notably by $201.8 to $619.8 million or 19.9 percent of the portfolio. This outcome reflected the implementation of the ongoing debt management strategy to lengthen the maturity profile of the debt portfolio. The stock of bonds expanded by 5.6 percent to $1,238.5 million, remaining the most dominant source of debt (39.8 percent), surpassing loans which dipped to $887.5 million (28.6 percent).

The stock of the central government's other liabilities as at December 2018 totaled $34.3 million in domestic payables. This outturn compares with $43.9 million as at end December 2017, comprising outstanding domestic payables of $21.6 million and ECCB advances of $22.3 million at the end of 2017. There were no outstanding balances on ECCB advances and commercial bank overdraft at the end of 2018.

15. Domestic Debt

The central government's stock of domestic debt increased by 9.7 percent ($135.1 million) to $1,527.7 million, partly reflecting a shift away from external financing. This increase was driven primarily by higher outstanding balances of both treasury notes (by $119.4 million) and treasury bonds (by $93.5 million). The increase in treasury notes and bonds mainly reflected higher utilization of non-RGSM instruments by $99.0 million and $87.2 million respectively. In addition to the increased use of treasury notes and bonds were higher domestic loan balances by $23.8 million. Mitigating these developments was a decline in treasury bills by $100.6 million in 2018.

Figure 15: Central Government Debt by Creditor Residence



16. External Debt

Central government debt held by external creditors at the end of 2018 contracted by 0.7 percent to $1,580.5 million, following a $203.0 million increase in 2017. This decline was led by reductions in the stock of treasury bills (12.2 percent), loans (4.6 percent) and bonds (6.4 percent), notwithstanding a 40.0 percent increase ($82.4 million) in treasury notes.

Notwithstanding an overall decline in external debt, particularly in treasury bills in 2018, the GOSL kept a reasonable presence on the RGSM. An additional $16.9 million was raised on the RGSM while non-RGSM treasury bills contracted by $51.2 million. RGSM bond financing also fell by 7.5 percent to $229.5 million. By contrast, there was a noticeable shift towards RGSM and non-RGSM treasury notes which increased by $4.7 million and $77.7 million respectively. This outturn was consistent with the government's maturity objectives amidst stronger appetite by external creditors for the GOSL's short-term to medium-term instruments viz-a vis long-term debt instruments.

Despite external loan balances declining by $31.0 million to $640.8 million, it remained the leading source of external funds. The outstanding balances on multi-lateral and bi-lateral debt fell by 3.8 percent to $556.1 million and by 9.8 percent to $84.6 million compared to December 2017. Of the multi-lateral debt owed, the Caribbean Development Bank and the World Bank remained the largest creditors with marginally lower amounts of $302.8 million and $241.0 million respectively in 2018.

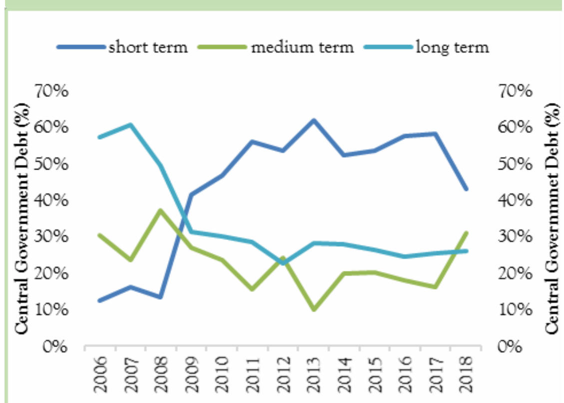
The share of medium-term debt with maturities of 6-10 years rose from 16.9 percent in 2017 to 31.0 percent of central government debt or $962.3 million at the end of 2018. Long-term instruments with maturities of over 10 years amounted to $810.6 million, accounting for 26.1 percent of central government debt, up from 25.6 percent in 2017. This increase was attributed to a 6.5 percent or $49.4 million rise in the stock of long-term debt.

17. Maturity Profile

The debt management objective entails minimizing cost with a prudent degree of risk. The approved strategy is leaning towards minimizing roll-over risk; therefore, the government sought to lengthen the portfolio's maturity profile by issuing more medium to long-term instruments. As a result, the central government's stock of medium-term and long-term debt increased by 90.4 percent and 6.1 respectively, while the stock of short-term debt contracted by 22.1 percent.

Figure 16: Maturity Profile of Central Gov't Debt

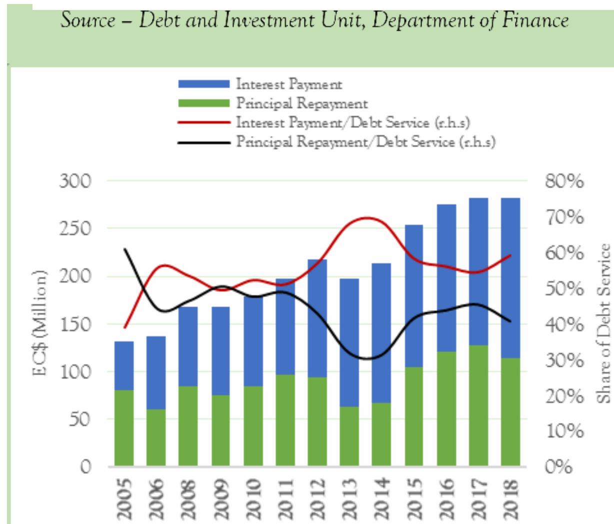
Source – Debt and Investment Unit, Department of Finance



Short-term debt with maturities of 1-5 years accounted for 43.0 percent or $1,335.3 million of central government debt compared to 57.5 percent or $1,714.3 million in 2017. This contraction in short-term debt largely reflected the significant reduction in treasury bills (domestic and external) to $362.4 million in 2018 from $497.3 million in 2017. The share of medium-term debt with maturities of 6-10 years rose from 16.9 percent in 2017 to 31.0 percent of central government debt or $962.3 million at the end of 2018. Long-term instruments with maturities of over 10 years amounted to $810.6 million, accounting for 26.1 percent of central government debt, up from 25.6 percent in 2017. This increase was attributed to a 6.5 percent or $49.4 million rise in the stock of long-term debt.

18. Debt Servicing

Figure 17: Central Government Debt Servicing



Total debt service payments dipped by 0.4 percent to $281.6 million in the calendar year 2018, accounting for 24.4 percent of current revenue compared to 27.0 percent in 2017. The marginal decline in debt servicing was largely attributed to the ongoing debt management strategy. By adjusting its debt portfolio to include lower-cost debt instruments with longer maturity dates, the GOSL was able to reduce its roll-over risk. Notwithstanding higher amounts on loans, total principal repayments contracted by 10.6 percent to $114.7 million. However, the extended maturity resulted in an 8.1 percent increase in interest payments to $166.9 million, equivalent to 14.6 percent of current revenue.

Cost and Risk Indicators

19. Weighted Average Cost of Debt (WACD)

The weighted average cost of debt for the central government rose by six basis points to 5.32 percent at the end of 2018. The higher WACD was principally due to the increase in the share of bonds and notes (the most expensive sources of financing) in the central government's portfolio, despite drops in their respective cost. The share of bonds and notes together rose from 53.3 percent in 2017 to 59.8 percent in 2018. This was consistent with the government's strategy to lengthen the average maturity of its debt portfolio in order to reduce roll-over risks. In addition, an increase in the cost of loans by 24 basis points contributed to the higher WACD. The increase in the cost of loans was due to the larger stock of commercial bank loans with comparatively higher rates than on concessional multi-lateral debt. In addition, rising global interest rates resulted in upward movements in multi-lateral and bilateral external debt.

The decline in the share of the treasury bills in the central government's stock of debt also contributed to the increase in the WACD as treasury bills attract lower rates than notes and bonds. Treasury bills accounted for 11.7 percent of the central government's debt stock, down from 16.7 percent in 2017. Moreover, there was also a reduction in the rates on treasury bills by 17 basis points in 2018, associated with increased liquidity at commercial banks.

Table 5: Weighted Average Cost by Instrument

	2014	2015	2016	2017	2018
Bonds	7.07	7.08	7.16	7.12	7.07
Notes	5.93	5.84	5.86	5.65	5.30
Loans	3.16	3.18	2.97	3.09	3.33
Treasury Bills	4.93	4.39	4.29	4.42	4.25
WACD	**5.52**	**5.26**	**5.31**	**5.26**	**5.32**

20. Refinancing Risk Indicators

Average Time to Maturity (ATM), which is a key indicator of refinancing risk, is a measure of the weighted average time to maturity of all principal payments in the debt portfolio. The ATM of Saint Lucia's total central government debt at the end of 2018 improved from 5.0 years in 2017 to 5.4 years, albeit still below the target of 8 years by 2020. This increased ATM reflects the 56.9 percent share of the GOSL's debt portfolio held in medium and long-term instruments. The proportion of debt maturing in one year, another refinancing risk indicator, decreased to 18.3 percent at the end of 2018 from 24.7 percent in December 2017. This was mainly as a result of the decline in the stock of short-term debt.

21. Interest Rate Risk Indicators

Average time to refixing (ATR), another key indicator, is a measure of the weighted average time until all principal payments in the debt portfolio become subject to a new interest rate. The ATR showed marginally reduced risks, extending to 4.9 years from 4.4 years in 2017, below the target of 7 years. Additionally, at the end of 2018, 5.5 percent of total central government's debt are subject to interest rate re- fixing within the next year, a significant drop from 2017. Interest rate risks remained low as fixed-rate debt accounted for 94.5 percent of total public debt. The remaining debt with variable interest rates comprised mainly concessional external loans contracted from CDB, World Bank's IBRD and EIB.

22. Investor Relations Program

On October 29th, 2018 the Debt and Investment Unit of the Department of Finance in collaboration with the ECCB and the International Monetary Fund undertook a week-long technical assistance mission on Investor Relations. This technical assistance mission was the first phase in the Debt Unit's thrust in increasing its outreach to investors and stakeholders with the ultimate aim of increasing and diversifying its investor base. An increased and varied investor base is integral to achieving the unit's stated debt management objective of raising stable and consistent levels of financing for the budget at a minimum cost subject to prudent levels of risk. The outcome of the intensive week of training for staff of the Debt Unit, Research and Policy Unit, Office of the Budget, Department of External Affairs and the Government Information Services was the drafting of an Investor Relations Programme (IRP) which is a strategic management tool that articulates and incorporates communications, economics, finance and marketing disciplines to foster the most productive two-way dialogue between the Government, its creditors and other stakeholders. Stakeholders refer to all interested parties who follow the country's economic, fiscal and debt management developments such as current and potential investors, brokers, members of the public, the general media, the ECCB, IMF, World Bank and rating agencies such as CariCRIS. The IRP's greatest strength lays in providing a clear direction to successive government officials including debt managers and debt staff as to how they must maintain consistent, predictable and transparent communications with all internal and external stakeholders.

The distribution of the investor kits is one of the most powerful avenues of information dissemination that the Debt Unit will use. Other avenues will be explored such as conference calls, partnering with broker-dealers in financial education seminars, news releases (GIS, Prime Minister's Office), a dedicated, regularly updated, user-friendly DIU Website or portal and roadshows (ECCU, OECS & Diaspora). An Investor Relations Program must be continually monitored and evaluated in order to ensure that it is achieving its objectives and to evaluate where improvements can be made. The DIU will develop strategic, calendar-driven targets and determine whether those targets have been met quarterly. A semi-annual review framework will also be developed and adjustments to the program will be made after review by senior officials. The IRP will be evaluated based on a few vital criteria such as an increased number and range (geography, type) of investors, an increased number of broker-dealers competing, an increased number and range of bids in auctions and ultimately the evolution in borrowing costs over time.

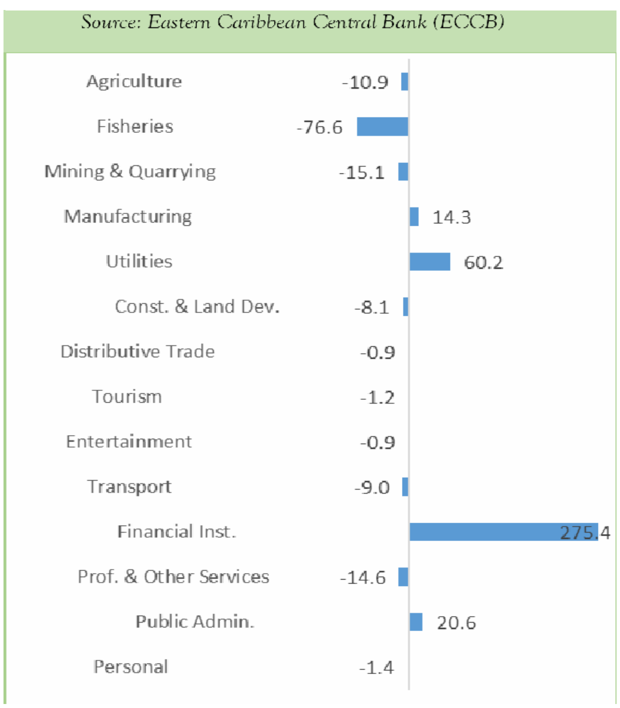
VI. MONETARY AND FINANCIAL SECTOR

Commercial Bank Credit by Economic Activity

Notwithstanding the continuous increase in deposits and liquidity, the total stock of commercial bank credit by sector declined for the sixth consecutive year, albeit at a decelerated and marginal rate of 0.5 percent in 2018. This was driven by a continued contraction in loans for professional & other services which fell by 14.6 percent. Personal loans decreased by 1.4 percent, after expanding by 8.8 percent in 2017. Additionally, the stock of loans for construction and land development and tourism continued to trend downward since 2012, declining by 8.1 percent and 1.2 percent respectively relative to 2017. Declines were also recorded in credit to the transport and distributive trades sectors. These developments are consistent with the ongoing efforts of commercial banks to clean up their balance sheets and enhance their risk management as it relates to exposure to certain sectors.

These declines in commercial bank lending were partly offset by a further increase of 20.6 percent in credit to the government and public administration. Loans to financial institutions almost quadrupled while that to the utility sector expanded considerably by $16.0 million or 60.2 percent. There was also growth of 14.3 percent in lending to the manufacturing sector in 2018.

Figure 18: Credit by Economic Activity (% Change)



Money Supply

Monetary liabilities (M2) continued on an upward path, growing by 3.4 percent to $3,238.9 million in 2018. This outturn predominantly reflected an 11.2 percent rise in the narrow money supply (M1) to $1,016.1 million, on account of the growth in private sector demand deposits. However, quasi money remained broadly unchanged as a 3.1 percent increase in savings deposits were fully offset by the declines in foreign currency and time deposits.

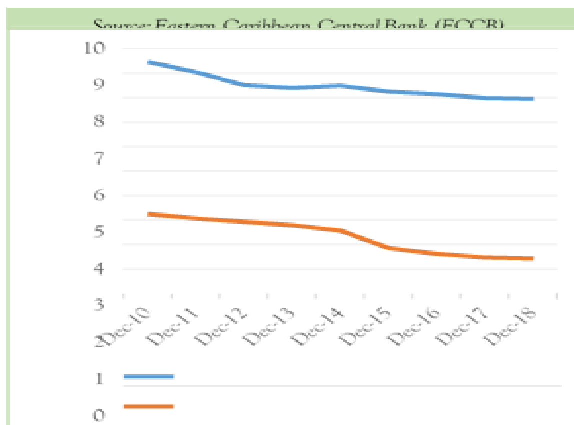
23. Liquidity

Figure 19: Total Loans to Deposits as at December

Rising deposits and a continued decline in the stock of credit resulted in additional liquidity in the commercial banking system in 2018. The total loans to total deposits ratio fell further by 2.8 percentage points to 80.7 percent, within the ECCB's stipulated range of 75.0 to 85.0 percent. Similarly, as other indicators of liquidity, the ratio of liquid assets to total deposits increased by 5.0 percentage points to 53.3 percent while liquid assets to total deposits plus liquid liabilities rose by 3.5 percentage to 44.1 percent.

24. Interest Rates

Figure 20: Weighted Average Interest rate as at December

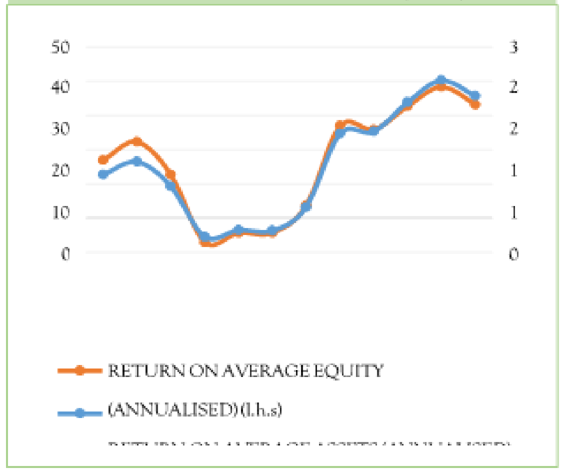


The weighted average interest rate on loans continued to drop to 7.95 percent at the end of 2018, four (4) basis points lower than a year ago. This reflected ongoing competition by banks in efforts to stimulate loan growth, particularly on mortgages. During the review period, banks also continued efforts to prudently manage the rising levels of liquidity in order to minimize their interest expenses. As a result, the weighted average interest rate on deposits fell for the eighth consecutive year, by four (4) basis points to 1.44 percent in 2018. Consequently, the spread between loan and deposit rates remained unchanged at 6.51 percentage points.

25. *Commercial Bank Performance*

Figure 21: Commercial Bank Profitability

Source: Eastern Caribbean Central Bank (ECCB)

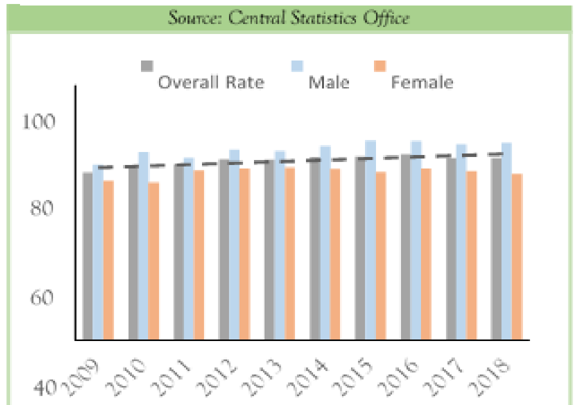


Notwithstanding ongoing challenges faced by the banking sector, leading indicators suggest continued improvements in the performance of commercial banks in 2018. The ratio of NPLs to total loans continued to fall, moving from 12.5 percent at the end of 2017 to 10.0 percent at the end of 2018 as banks continued to write-off bad debt and restructure their balance sheets. Bank efforts including to manage cost of funds resulted in a higher ratio of interest margin to gross income despite a tightened loan portfolio. Non-interest expenses to gross income fell during the review period, suggesting enhanced operational efficiencies. As a result, commercial bank profitability improved, evidenced by a higher average return on assets to 1.8 percent at the end of 2018 from 1.2 percent at the end of 2017. Additionally, the average return on equity rose from 27.1 percent in December 2017 to 38.3 percent in December 2018. There was an improvement in the capital adequacy ratio from 18.2 percent of risk weighted assets in December 2017 to 19.1 percent in December 2018, well above the 8.0 percent minimum regulatory requirement.

VII. LABOUR FORCE AND EMPLOYMENT

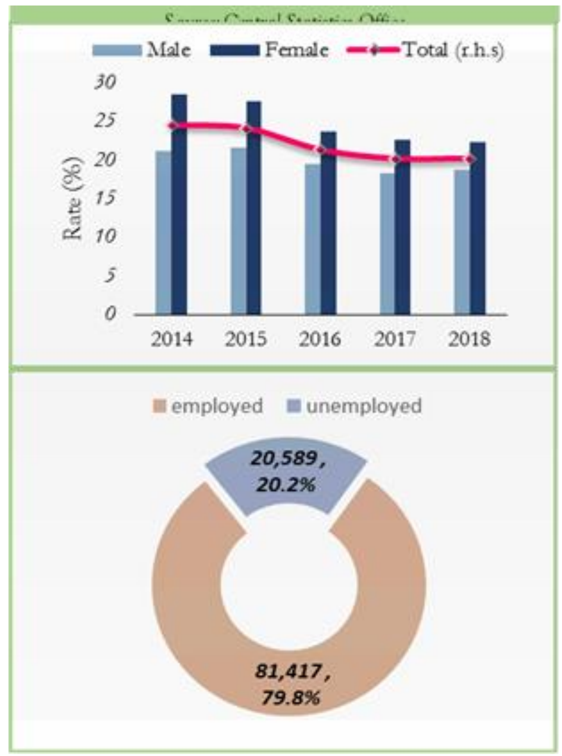
Figure 22: Labour Force Participation Rate (%)

Source: Central Statistics Office



Notwithstanding some improvements, labor market outcomes remained broadly unchanged in 2018 with marginal movements in key indicators. Available data show that labor force participation rate and unemployment remained unchanged over the review period. Similarly, youth unemployment persisted notably above overall unemployment and females remained more likely to be unemployed than males, albeit with a marginally narrower gender gap. The working age population and the labor force both decreased by 0.4 percent to an estimated 142,800 and 102,005 persons respectively in 2018. As a result, the labor force participation rate9 remained unchanged at 71.4 percent in 2018.

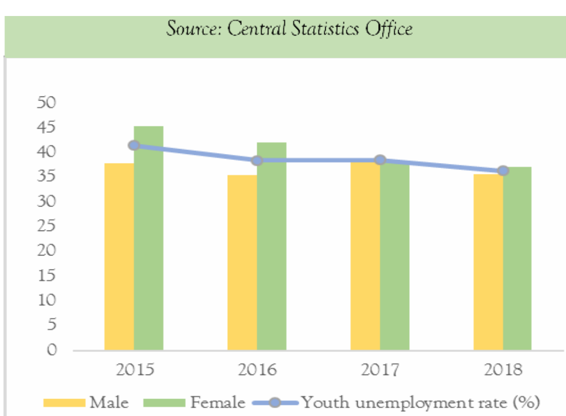
Figure 23: National Unemployment



Females were estimated to account for 47,076 of the labor force while males made up the estimated balance of 54,929. Female participation, which has historically been lower than male participation, fell from 66.5 percent to 66.2 percent. The drop in female participation rate was offset by an increase in the male participation rate from 76.9 to 77.5 percent. Of the labor force, the number of unemployed persons decreased to an average of 20,589 in 2018 compared to 20,646 in 2017. Notwithstanding, the overall unemployment rate remained the same as in 2017 at 20.2 percent on account of the decrease in the size of labor force.

Although the female unemployment rate remained higher than the male unemployment rate, labor market outcomes were marginally better for females than for males in the review period. Male unemployment increased from 18.1 to 18.5 percent while female unemployment dipped from 22.4 percent in 2017 to 22.1 percent in 2018.

Figure 24: Youth Unemployment (%)



Youth unemployment though high, fell to an average of 36.3 percent in 2018, compared to 38.5 percent in 2017. Youth unemployment remained at 16.1 percentage points above the total unemployment rate.

The sectoral distribution of employment show that lower employment was recorded in the construction sector in keeping with the contraction in construction activity in 2018. It was estimated that accommodation and food services employed less persons on average in 2018 as a result of a drop in time related under-employment in the sector with employees working for longer hours. However, increases were estimated for employment in public administration, wholesale and retail, agriculture, financial services and ICT.

VIII. CURRENT ISSUES OF GOVERNMENT SECURITIES

Trading Symbol	Date of Issue	Tenor	Issue Amount EC$	Amount Raised EC$	Total Subscriptions	Coupon Rate
Treasury Bills						
LCB200120	23/7/2019	180 days	25,000,000	25,000,000	34,376,000	2.000
LCB251219	27/6/2019	180 days	25,000,000	25,000,000	46,961,000	2.000
LCB300919	28/6/2019	91 days	16,000,000	21,000,000	28,079,000	2.000
LCB101019	10/07/2019	91 days	11,000,000	16,000,000	20,959,000	1.990
LCB070919	27/3/2019	91 days	11,000,000	16,000,000	16,000,000	4.500
LCB141019	17/04/2019	180 days	20,000,000	25,000,000	25,000,000	4.500
LCB070819	07/02/2019	180 days	30,000,000	30,000,000	30,000,000	3.000
Treasury Bonds						
LCN240622	21/6/2019	3 years	10,000,000	10,000,000	10,000,000	5.000
LCN190721	23/7/2019	2 years	16,000,000	16,100,000	16,100,000	4.500
FLG070726	24/7/2019	7 years	5,000,000	7,000,000	9,152,000	6.400
FLN031220	12/02/2015	5 years	10,800,000	10,800,000	10,800,000	6.800
LCN041220	12/03/2015	5 years	25,000,000	33,783,000	33,783,000	6.789
LCN250819	08/25/2014	5 years	15,000,000	17,885,000	17,885,000	6.000
FLG061221	12/22/2015	6 years	24,300,000	19,380,600	19,380,600	7.250
LCG061019	10/18/2013	6 years	40,000,000	40,000,000	40,020,000	7.000
FLC060222	18/2/2016	6 years	10,000,000	15,526,000	15,526,000	7.000
LCG071019	10/01/2012	7 years	40,000,000	40,000,000	40,000,000	7.000
LCG070320	03/28/2013	7 years	12,000,000	17,000,000	17,861,000	7.000
LCG080320	03/05/2012	8 years	50,000,000	50,000,000	54,583,000	7.100
LCG080721	07/11/2013	8 years	30,000,000	30,000,000	30,011,000	7.100
LCN301020	10/30/2015	5 years	15,000,000	15,785,000	15,785,000	6.500
LCG100226	02/01/2016	10 years	25,000,000	25,000,000	25,000,000	7.500
LCG100322	03/19/2012	10 years	20,000,000	20,000,000	25,381,000	7.400
LCG101222	12/17/2012	10 years	25,000,000	25,000,000	25,000,000	7.500
LCG100223	02/07/2013	10 years	15,000,000	15,000,000	15,022,000	7.500
LCG100524	05/20/2014	10 years	28,000,000	29,000,000	29,000,000	7.500
LCG101124	11/19/2014	10 years	30,000,000	35,000,000	35,018,000	7.500
LCG100128	01/22/2018	10 years	8,000,000	13,000,000	15,795,000	7.250
LCG070425	04/03/2018	7 years	15,000,000	20,000,000	21,004,000	6.250
LCG150729	07/23/2014	15 Years	50,000,000	50,000,000	50,000,000	7.950
FLG071024	10/11/2017	7 years	10,800,000	19,537,200	19,537,200	6.500
LCG101027	10/13/2017	10 years	15,000,000	16,037,000	16,037,000	7.250
LCG071124	11/22/2017	7 years	15,000,000	16,549,000	16,549,000	6.250
LCG100828	08/03/2018	10 years	80,000,000	80,000,000	80,000,000	7.250
LCG080826	08/01/2018	8 years	50,000,000	50,000,000	50,000,000	6.950
LCG060325	03/02/2019	6 years	25,000,000	25,000,000	25,000,000	6.250
FLG060322	03/24/2016	6 years	3,888,000	3,888,000	3,888,000	7.000
GOSLPP140819	14/02/2018	1 year	25,000,000	25,000,000	25,000,000	4.750

Debt Rating and Debt Servicing

The instruments in this prospectus 1 have not been rated, however the Government of Saint Lucia has been by the Caribbean Information and Credit Rating Services Ltd (CariCRIS). On 5th July 2017 the regional rating agency reaffirmed its ratings of CariBBB (Foreign Currency and Local Currency Ratings) on its regional rating scale on the debt issues (US $38 million, US $50 million, EC $140 million, EC $404.5 million, EC $404.4 million and EC $189 million) of the Government of Saint Lucia with a stable outlook. These ratings indicate that the level of creditworthiness of these obligations, adjudged in relation to other obligations in the Caribbean is adequate.

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

IX. SECURITY ISSUANCE PROCEDURES, CLEARANCE AND SETTLEMENT

The treasury bills will be issued on the Regional Government Securities Market (RGSM) and listed on the Eastern Caribbean Securities Exchange (ECSE) where it will be available for trading on the secondary market. The pricing methodology to be used for selling the securities will be a competitive uniform auction with open bidding. The ECSE is responsible for dissemination of market information, providing intermediaries with market access, administering the auction process and monitoring and surveillance of the auctions.

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

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

A list of licensed intermediaries who are members of the ECSE is provided in Appendix I. Clients that are successful will be informed of their payment obligations and funds deducted from their respective accounts with the intermediary. As an issuer in the RGSM, the Government of Saint Lucia will be subject to the rules, guidelines and procedures developed by the Regional Debt Coordinating Committee (RDCC) for the operation of the market including ongoing reporting and disclosure requirements.

X. LIST OF APPENDICIES

I. List of Licensed Intermediaries
II. GDP Economic Activity at Factor Cost – Constant Prices
III. Balance of Payments
IV. Central Government Fiscal Operations as ratio of GDP
V. Summary of Central Government Fiscal Operations- Economic Classification
VI. Public Sector Outstanding Debt
VII. Central Government Outstanding Liabilities by Class of Holder and Term of Instrument
VIII. Population and Demographic Indicators
IX. Budget Information 2018/2019

APPENDIX 1: LIST OF LICENSED INTERMEDIARIES

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Grenada		
Grenada Co-Operative Bank Ltd.	No.8 Church Street St. George's Tel: 473 440 2111 Fax: 473 440 6600 Email: info@grenadaco-opbank.com	**Principal** Aaron Logie Allana Joseph **Representatives** Carla Sylvester Keisha Greenidge Kishel Francis
St Kitts and Nevis		
St Kitts Nevis Anguilla National Bank Ltd	P O Box 343 Central Street Basseterre Tel: 869 465 2204 Fax: 869 465 1050 Email: national_bank@skanb.com	**Principals** Anthony Galloway **Representatives** Petronella Edmeade-Crooke Angelica Lewis Marlene Nisbett
The Bank of Nevis Ltd	P O Box 450 Main Street Charlestown Tel: 869 469 5564/5796 Fax: 869 469 5798 Email: info@thebankofnevis.com	**Principals** Brian Carey Monique Williams **Representatives** Judy Claxton Denicia Small
St. Lucia		
Bank of St. Lucia	5th Floor, Financial Centre Building 1 Bridge Street Castries Tel" 758 456 6826/ 457 7233 Fax: 758 456 6733	**Principals** Medford Francis Lawrence Jean **Representatives** Deesha Lewis Cedric Charles
First Citizens Investment Services Limited	P.O. Box 1294 John Compton Highway Sans Souci Castries Tel: 758 450 2662 Fax: 758 451 7984	**Principals** Omar Burch-Smith Temelia Providence **Representative** Samuel Agiste Shaka St. Ange

	Website: www.firstcitizenstt.com/fcis Email: invest@firstcitizensslu.com	
St. Vincent and the Grenadines		
Bank of St. Vincent and the Grenadines Ltd	P O Box 880 Cnr. Bedford and Grenville Streets Kingstown Tel: 784 457 1844 Fax: 784 456 2612/ 451 2589 Email: info@bosvg.com	**Principal** Monifa Latham Laurent Hadley **Representatives** Patricia John Chez Quow

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

TABLE 2
GROSS DOMESTIC PRODUCT*
IN CONSTANT PRICES, 2006 = 100
(EC$ MILLIONS)

INDUSTRIES	2006r	2007	2008r	2009r	2010r	2011r	2012r	2013r	2014r	2015r	2016r	2017r	2018pre
Agriculture, Livestock and Forestry	75.9	75.3	92.4	87.9	60.2	54.4	71.9	72.4	64.3	67.2	67.7	64.2	68.0
Crops	65.6	64.6	81.2	76.5	50.4	44.4	61.6	62.7	53.8	56.4	55.7	53.8	56.4
Bananas	47.7	44.0	53.7	50.2	30.8	21.0	36.7	28.8	24.8	26.9	26.2	27.4	28.8
Other Crops	17.9	20.6	27.5	26.3	19.6	23.5	24.9	33.9	29.0	29.6	29.5	26.4	27.6
Livestock	7.0	6.9	7.3	7.4	7.7	7.5	7.8	7.2	8.0	8.2	9.4	7.7	8.8
Forestry	3.3	3.8	3.9	4.0	2.1	2.5	2.5	2.5	2.6	2.6	2.6	2.7	2.7
Fishing	15.1	16.4	19.2	20.1	20.4	20.7	20.3	19.3	19.7	19.1	20.7	26.0	26.1
Mining & Quarrying	6.8	10.9	8.3	6.9	7.6	7.3	12.9	24.5	25.5	25.6	22.6	25.9	24.6
Manufacturing	121.3	123.5	129.9	132.3	136.1	138.3	147.2	160.2	160.2	161.4	166.7	167.8	170.4
Electricity & Water	92.7	97.0	99.8	102.6	107.8	106.7	106.1	107.3	106.2	108.2	111.3	112.2	113.4
Electricity	81.6	85.5	87.8	90.4	96.8	95.7	94.5	96.0	95.3	96.9	99.9	100.5	101.3
Water	11.1	11.5	12.1	12.2	11.0	11.0	11.6	11.3	11.0	11.3	11.4	11.7	12.2
Construction	300.8	215.8	273.5	272.2	246.6	250.7	239.2	209.0	177.6	202.3	210.3	234.6	184.9
Wholesale & Retail Trade	185.2	193.1	198.7	183.5	177.6	206.9	194.6	178.9	177.7	161.2	187.2	191.9	195.2
Hotels & Restaurants	252.5	252.0	252.1	249.7	283.9	263.9	280.6	272.5	304.5	299.4	287.8	317.3	331.0
Hotels	202.9	185.8	198.3	193.2	225.3	207.5	229.3	220.7	252.0	243.1	234.1	260.2	272.0
Restaurants	49.6	66.2	53.7	56.5	58.7	56.5	51.4	51.8	52.4	56.3	53.7	57.1	58.9
Transport, Storage and Communications	431.2	494.9	511.3	518.2	539.9	531.9	542.4	537.0	560.0	590.9	567.2	600.8	648.7
Transport and Storage	274.1	321.6	328.8	327.7	325.4	307.9	302.5	295.5	329.0	339.5	329.9	365.5	380.4
Road	147.4	182.0	185.9	191.6	184.2	177.1	170.8	173.7	187.1	192.9	186.2	204.9	210.5
Sea	40.6	49.2	50.5	51.3	50.6	49.0	46.3	48.4	51.9	54.3	54.2	62.1	64.0
Air	19.8	18.3	18.8	17.8	19.8	16.8	16.9	17.1	17.5	17.8	18.1	19.7	20.0
Supporting and auxiliary transport activities	66.4	72.1	73.7	67.0	70.9	65.0	68.5	56.2	72.5	74.4	71.4	78.8	85.9
Communications	157.1	173.3	182.5	190.5	214.5	223.9	239.9	241.6	231.0	251.4	237.4	235.3	268.3
Financial Intermediation	235.2	262.7	271.6	270.7	240.8	241.8	236.2	235.5	206.8	215.9	255.0	256.1	254.4
Banks & Other Financial Institutions	190.3	215.0	222.9	215.2	195.8	199.4	194.8	192.4	168.2	167.2	203.7	203.7	201.7
Insurance and pension funding	44.9	47.7	48.7	55.5	45.0	42.4	41.3	43.1	38.5	48.7	51.2	52.4	52.8
Real Estate, Renting and Business Activities	577.5	582.9	598.5	605.5	612.2	625.6	628.6	652.0	664.5	674.8	688.3	672.8	677.5
Real estate activities	499.1	505.8	512.9	520.9	528.0	529.8	533.7	542.2	554.2	556.5	562.9	569.8	576.7
Renting of machinery and equipment	17.0	24.4	27.2	24.5	23.0	23.3	21.2	18.4	17.2	19.8	19.1	17.5	22.8
Computer and related activities	2.7	3.3	3.3	3.2	3.4	3.6	3.6	3.5	3.5	3.4	3.5	3.7	3.9
Business Services	58.7	49.3	55.0	56.9	57.8	68.9	70.2	87.9	89.6	95.2	102.8	82.0	74.1
Public Administration, Defence & Compulsory Social Security	147.0	147.0	149.9	153.6	157.9	161.9	164.4	168.0	168.0	166.6	166.8	168.5	171.0
Education	111.2	112.3	115.6	119.5	122.2	125.2	127.4	129.3	129.0	127.3	128.2	130.3	130.9
Public	91.1	92.9	94.7	97.1	99.7	101.9	103.6	105.9	105.9	105.0	104.9	105.9	107.4
Private	20.1	19.5	20.9	22.5	22.5	23.3	23.9	23.4	23.1	22.3	23.3	24.4	23.5
Health and Social Work	76.8	82.2	86.6	91.0	96.2	101.2	103.3	102.4	105.9	107.4	109.3	113.3	116.8
Public	42.7	43.5	44.4	45.5	46.7	47.8	48.5	49.6	49.6	49.2	49.2	49.6	50.3
Private	34.1	38.6	42.2	45.5	49.4	53.4	54.8	52.7	56.3	58.2	60.2	63.7	66.4
Other Community, Social & Personal Services	70.4	97.4	102.7	105.3	105.8	119.6	114.5	101.5	97.8	97.0	99.8	99.0	104.3
Private Households with Employed Persons	3.3	3.3	3.5	3.4	3.7	3.7	3.6	3.6	3.3	3.4	3.3	3.3	3.5
Less FISIM	68.2	79.8	87.3	89.6	85.4	85.0	88.9	95.1	94.6	93.2	96.4	90.1	87.1
Gross Value Added at Basic Prices	2,634.7	2,686.8	2,826.3	2,832.8	2,833.5	2,874.8	2,904.5	2,878.3	2,876.5	2,934.7	2,995.9	3,093.9	3,133.6
GROWTH RATE		2.0%	5.2%	0.2%	0.0%	1.5%	1.0%	-0.9%	-0.1%	2.0%	2.1%	3.3%	1.3%
Add: Taxes on products	429.8	441.1	457.2	402.8	411.9	505.2	464.8	423.6	425.6	376.2	444.0	459.1	473.6
Less: Subsidies on products	1.1	1.1	1.2	1.0	1.0	1.3	1.2	1.0	1.0	0.9	1.1	1.1	1.1
GDP at Market Prices	3,063.4	3,126.7	3,282.3	3,234.6	3,244.4	3,378.7	3,368.1	3,300.9	3,301.1	3,310.1	3,438.8	3,551.9	3,606.0
GROWTH RATE		2.1%	5.0%	-1.5%	0.3%	4.1%	-0.3%	-2.0%	0.0%	0.3%	3.9%	3.3%	1.5%

**These numbers reflect the Central Statistical Office's GDP series based on its new quarterly GDP methodology*
Source: Central Statistical Office

r= revised, pre= preliminary

APPENDIX IV: Central Government Fiscal Operations as ratio of GDP

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

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18r	2018/19 YEO
TOTAL REVENUE AND GRANTS	21.8%	23.9%	23.4%	23.0%	23.5%	22.5%	22.8%	22.9%	23.2%	23.5%	23.0%	23.3%
of which:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants	0.3%	0.5%	1.9%	2.3%	2.0%	1.6%	1.4%	1.3%	1.2%	1.2%	1.3%	0.9%
Capital revenue	0.0%	0.2%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Revenue	21.4%	23.2%	21.5%	20.7%	21.5%	20.7%	21.5%	21.6%	22.0%	22.3%	21.7%	22.4%
Tax Revenue	19.9%	21.3%	19.8%	19.3%	19.6%	19.4%	20.3%	20.6%	20.9%	21.1%	20.1%	20.2%
of which:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taxes on Income	5.7%	6.7%	6.2%	5.9%	6.2%	5.7%	5.4%	5.3%	5.4%	5.6%	5.0%	5.2%
Taxes on Property	3.7%	3.6%	3.1%	3.4%	3.4%	4.2%	5.5%	5.8%	5.7%	5.6%	5.1%	5.1%
Taxes on Goods & Services	10.4%	10.9%	10.5%	10.0%	9.9%	9.3%	9.1%	9.3%	9.6%	9.7%	9.7%	9.7%
Taxes on International Trade	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%
Non Tax Revenue	1.5%	1.9%	1.7%	1.3%	1.8%	1.3%	1.2%	1.0%	1.1%	1.2%	1.5%	2.2%
TOTAL EXPENDITURE	23.3%	24.9%	26.3%	27.3%	29.3%	30.9%	28.2%	26.3%	25.4%	25.0%	25.2%	24.7%
Capital Expenditure	6.7%	6.0%	6.8%	7.8%	9.4%	8.8%	6.6%	5.5%	5.2%	4.7%	5.1%	4.1%
Current Expenditure	16.6%	18.9%	19.4%	19.5%	19.9%	22.1%	21.5%	20.8%	20.2%	20.3%	20.1%	20.5%
of which:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Wages & Salaries	7.7%	8.7%	8.9%	9.0%	9.0%	9.7%	9.4%	8.9%	8.5%	8.2%	7.8%	7.6%
Interest Payments	2.3%	2.7%	2.5%	2.7%	2.7%	3.1%	3.5%	3.5%	3.5%	3.4%	3.3%	3.3%
Goods & Services	3.3%	3.8%	3.7%	3.6%	3.7%	4.5%	4.1%	3.9%	3.9%	3.9%	4.2%	4.4%
Current Transfers	3.3%	3.7%	4.2%	4.2%	4.5%	4.8%	4.5%	4.5%	4.3%	4.7%	4.9%	5.2%
Current Balance	4.8%	4.3%	2.1%	1.2%	1.5%	-1.3%	-0.1%	0.9%	1.9%	2.0%	1.6%	1.9%
Primary Balance	0.8%	1.7%	-0.3%	-1.7%	-3.1%	-5.3%	-1.9%	0.1%	1.3%	1.9%	1.1%	2.0%
Overall Balance	-1.5%	-1.0%	-2.9%	-4.4%	-5.8%	-8.4%	-5.4%	-3.4%	-2.2%	-1.5%	-2.2%	-1.3%
GDP at market prices*	3,459.4	3,468.8	3,533.9	3,808.3	3,895.2	3,911.5	4,040.4	4,231.0	4,462.4	4,637.4	4,929.8	5,171.2

Source: Department of Finance

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

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

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 r	2018/19 YEO	% Change
TOTAL REVENUE AND GRANTS	753.1	829.0	826.8	874.5	915.1	879.3	922.6	968.9	1,034.9	1,091.6	1,132.9	1,205.1	6.4%
of which:													
Grants	11.9	17.4	67.1	85.7	78.4	63.2	55.6	53.3	51.6	57.9	65.0	45.1	-30.6%
Capital revenue	0.0	6.7	0.0	1.0	0.7	5.6	0.1	0.2	0.1	0.3	0.1	0.6	380.0%
Current Revenue	741.2	804.9	759.6	787.8	836.0	810.5	866.9	915.4	983.2	1,033.5	1,067.8	1,159.4	8.6%
Tax Revenue	687.8	737.7	700.8	736.7	764.6	758.0	820.1	872.8	934.4	977.8	992.9	1,043.1	5.1%
of which:													
Taxes on Income	195.8	231.9	217.6	224.1	240.9	224.4	219.9	224.1	241.5	258.5	247.3	268.4	8.5%
Taxes on Goods & Services	128.6	123.4	107.8	128.7	132.6	164.3	222.9	245.4	255.2	258.1	253.1	261.8	3.5%
Taxes on International Trade	358.2	379.7	371.4	380.7	386.6	364.4	369.1	393.8	427.0	449.3	480.5	503.4	4.8%
Other	5.2	2.7	3.9	3.3	4.4	4.9	8.2	9.4	10.7	12.0	12.0	9.4	-21.5%
Non Tax Revenue	53.5	67.1	58.9	51.1	71.4	52.5	46.9	42.7	48.8	55.6	75.0	116.3	55.2%
TOTAL EXPENDITURE	805.5	862.8	928.1	1,041.3	1,142.8	1,208.1	1,139.1	1,113.8	1,134.7	1,161.3	1,243.0	1,274.9	2.6%
Capital Expenditure	230.7	208.2	241.3	298.6	366.1	344.8	268.5	234.6	234.2	219.8	251.9	213.4	-15.3%
Current Expenditure	574.8	654.6	686.8	742.7	776.6	863.3	870.6	879.2	900.5	941.5	991.1	1,061.4	7.1%
of which:													
Wages & Salaries	267.0	301.1	316.2	342.3	349.5	379.0	381.6	378.6	377.9	380.4	384.6	391.7	1.8%
Interest Payments	78.7	94.5	89.8	102.0	105.8	123.1	140.0	148.6	156.6	158.7	162.4	171.3	5.5%
Goods & Services	114.5	131.7	131.3	137.8	146.0	174.4	167.6	163.7	174.6	182.7	204.8	227.8	11.2%
Current Transfers	114.6	127.4	149.6	160.6	175.3	186.9	181.4	188.3	191.4	219.6	239.3	270.7	13.1%
Current Balance	166.4	150.2	72.8	45.1	59.3	-52.8	-3.7	36.2	82.7	92.0	76.7	97.9	27.6%
Primary Balance	26.3	60.7	-11.5	-64.8	-121.9	-205.7	-76.5	3.7	56.7	89.0	52.3	101.5	94.1%
Overall Balance	-52.4	-33.8	-101.3	-166.8	-227.7	-328.8	-216.5	-144.9	-99.8	-69.7	-110.1	-69.7	-36.6%

Source: Department of Finance
**Fiscal year refers to April to March*
YEO= *year end outlook*

APPENDIX VI: Public Sector Outstanding Debt

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018pre	2018/2017 Change
1. TOTAL OUTSTANDING LIABILITIES	1,876,039	1,891,570	1,937,355	2,135,762	2,378,592	2,663,819	2,825,629	2,892,269	3,020,340	3,094,322	3,199,017	3,340,597	*4.4%*
2. OFFICIAL PUBLIC DEBT	1,860,525	1,872,287	1,922,814	2,115,822	2,358,140	2,638,338	2,789,346	2,869,043	3,001,482	3,071,409	3,177,279	3,306,329	*4.1%*
A. Central Government													
Outstanding Debt	1,575,725	1,595,768	1,639,212	1,832,139	2,082,875	2,385,663	2,540,052	2,664,897	2,808,242	2,902,221	2,983,472	3,108,136	*4.2%*
- Domestic	594,503	706,886	708,286	858,502	1,035,947	1,285,644	1,282,626	1,298,634	1,477,792	1,514,364	1,392,581	1,527,652	9.7%
- External	981,222	888,882	930,925	973,636	1,046,928	1,100,019	1,257,426	1,366,264	1,330,450	1,387,857	1,590,891	1,580,484	-0.7%
- Treasury Bills/Notes	22,551	13,077	19,504	58,201	42,679	104,274	226,418	303,078	350,223	438,611	486,313	534,387	9.9%
- Bonds	329,304	299,339	274,261	253,659	341,053	341,313	373,877	366,086	289,499	287,302	432,849	405,345	-6.4%
- Loans	629,366	576,466	637,161	661,776	663,195	654,431	657,132	697,100	690,728	661,944	671,729	640,753	-4.6%
- Bilateral	83,170	78,705	69,706	57,251	48,876	61,265	59,492	92,552	108,500	99,867	93,776	84,625	-9.8%
- Multilateral	546,196	497,761	567,454	604,525	614,319	593,166	597,640	604,547	582,228	562,078	577,953	556,128	-3.8%
B. Government Guaranteed													
Outstanding Debt	231,988	233,187	238,754	212,221	205,479	194,352	186,834	154,281	153,305	146,537	175,617	184,018	*4.8%*
- Domestic	146,647	143,020	163,043	122,438	127,990	127,060	126,745	100,199	103,625	105,560	133,168	146,903	10.3%
- External	85,341	90,167	75,711	89,784	77,489	67,291	60,089	54,082	49,680	40,977	42,449	37,115	-12.6%
C. Public Non-Guaranteed													
Outstanding Debt	52,813	43,333	44,848	71,462	69,787	58,324	62,460	49,865	39,935	22,650	18,190	14,176	*-22.1%*
- Domestic	19,525	39,536	43,679	71,462	69,787	58,324	62,460	49,865	39,935	22,650	18,190	14,176	-22.1%
- External	33,288	3,797	1,168	0	0	0	0		0	0	0	0	
3. Outstanding Payables	15,514	19,283	14,541	19,940	20,453	25,481	36,283	23,227	18,858	22,913	21,738	34,268	*57.6%*
TOTAL (Domestic)	760,674	889,442	915,009	1,052,402	1,233,723	1,471,029	1,471,830	1,448,697	1,621,352	1,642,574	1,543,939	1,688,731	*9.4%*
TOTAL (External)	1,099,851	982,845	1,007,805	1,063,420	1,124,416	1,167,310	1,317,515	1,420,345	1,380,130	1,428,835	1,633,340	1,617,599	*-1.0%*
Memo Item: Official Public Debt/GDP*	53.9%	53.9%	55.7%	56.0%	60.5%	68.0%	69.8%	68.9%	67.7%	67.4%	65.2%	64.9%	

Source: Debt & Investment Unit and Department of Finance

**These numbers reflect the Central Statistical Office's GDP series based on its quarterly GDP methodology.*

pre = preliminary

APPENDIX VII: Public Sector Outstanding Liabilities by Class of Holder and Term of Instrument

DISTRIBUTION OF OUTSTANDING LIABILITIES
BY CLASS OF HOLDER & TYPE OF LIABILITY
AS AT DECEMBER 31, 2018

	Central Government TOTAL	Government Guaranteed TOTAL	Non-Guaranteed TOTAL	GRAND TOTAL
I DOMESTIC				
A. Monetary Authorities	**0.0**	**0.0**	**0.0**	**0.0**
1. ECCB	0.0	0.0	0.0	0.0
B. Financial Institutions	**1,371,227.6**	**146,903.1**	**14,175.6**	**1,532,306.3**
1. Commercial Banks	455,886.0	26,352.4	14,175.6	496,414.0
2. Insurance Companies	150,061.0	0.0	0.0	150,061.0
3. Other	765,280.6	120,550.7	0.0	885,831.3
				0.0
C. Non-Financial Private Sector	**28,785.1**	**0.0**	**0.0**	**28,785.1**
D. Non-Financial Public Sector	**25,254.7**	**0.0**	**0.0**	**25,254.7**
E. Other (Private Individuals & Agencies included)	**102,384.4**	**0.0**	**0.0**	**102,384.4**
F. Short term credits	**0.0**	**0.0**	**0.0**	**0.0**
Sub-Total	1,527,651.8	146,903.1	14,175.6	1,688,730.5
II EXTERNAL				
A. Monetary Authorities	**41,352.6**	**0.0**	**0.0**	**41,352.6**
1. ECCB	28,986.9	0.0	0.0	28,986.9
2. IMF	12,365.7	0.0	0.0	12,365.7
B. Int'l Development Institutions	**543,761.9**	**30,704.4**	**0.0**	**574,466.3**
1. C.D.B.	302,751.9	30,704.4	0.0	333,456.2
2. E.I.B.	0.0	0.0	0.0	0.0
3. I.F.A.D.	0.0	0.0	0.0	0.0
4. OPEC	0.0	0.0	0.0	0.0
5. IDA	229,127.7	0.0	0.0	229,127.7
6. IBRD	11,882.4	0.0	0.0	11,882.4
C. Foreign Governments	**28,719.4**	**0.0**	**0.0**	**28,719.4**
1. France	9,205.4	0.0	0.0	9,205.4
2. Kuwait	19,514.0	0.0	0.0	19,514.0
D. Other Foreign Institutions	**0.0**	**0.0**	**0.0**	0.0
1. Regional	0.0	0.0	0.0	0.0
2. Other Regional	0.0	0.0	0.0	0.0
3. Extra Regional	0.0	0.0	0.0	0.0
E. OTHER	**966,650.4**	**6,410.2**	**0.0**	**973,060.6**
1. Royal Merchant Bank	0.0	0.0	0.0	0.0
2.Government of Trinidad & Tobago	29,700.0	0.0	0.0	29,700.0
3. Citibank	0.0	0.0	0.0	0.0
4. Government of St. Kitts	3,240.0	0.0	0.0	3,240.0
5. Other	855,433.1	0.0	0.0	855,433.1
6. T & T Stock Exchange	52,071.4	0.0	0.0	52,071.4
7. The EXIM of the Republic of China	26,205.9	0.0	0.0	26,205.9
8. CDF	0.0	6,410.2	0.0	6,410.2
Sub-Total	1,580,484.2	37,114.6	0.0	1,617,598.8
GRAND TOTAL	3,108,136.0	184,017.6	14,175.6	3,306,329.3

Source: Debt & Investment Unit

APPENDIX VIII: Population and Demographic Indicators

LABOUR FORCE INDICATORS SUMMARY

Main Labour Force Indicators	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Working Age Population (15years+)	126,048	129,705	125,717	130,480	133,205	137,535	136,791	140,680	143,636	143,334	142,800
Labour Force	82,603	85,230	85,306	90,114	94,606	97,618	98,286	101,608	104,625	102,364	102,005
Employed Labour Force	69,644	69,789	67,702	71,016	74,339	74,844	74,325	77,131	82,379	81,718	81,417
Persons who want work											
The Unemployed	12,958	15,448	17,604	19,098	20,267	22,775	23,961	24,477	22,562	20,646	20,589
Non-Seekers	4,183	5,192	n.a.	5,349	5,017	4,701	5,175	5,555	4,062	3,717	3,184
Unemployment Rate %	15.7%	18.1%	20.6%	21.2%	21.4%	23.3%	24.4%	24.1%	21.3%	20.2%	20.2%
of which- Male	12.6%	16.8%	19.5%	19.2%	19.6%	21.3%	20.9%	21.3%	19.4%	18.1%	18.5%
Female	17.8%	19.6%	22.0%	23.3%	23.7%	25.5%	28.4%	27.4%	24.0%	22.4%	22.1%
Youth Unemployment Rate	n.a.	n.a.	33.6%	n.a.	33.2%	36.8%	41.8%	41.0%	38.4%	38.5%	36.3%
Relaxed Unemployment Rate %	20.8%	24.2%	n.a.	27.1%	26.7%	22.0%	24.4%	29.6%	25.4%	23.8%	23.4%
Non-Job Seeking Rate %	5.1%	6.1%	n.a.	5.9%	5.3%	4.8%	5.3%	5.5%	3.9%	3.6%	3.1%
Population under 15 years (%)	23.1%	21.3%	24.1%	22.4%	21.2%	20.4%	20.7%	18.6%	17.3%	17.3%	17.1%
Labour Force as a Percentage of Total Population	50.4%	51.7%	51.5%	53.6%	55.9%	56.5%	57.0%	58.8%	60.1%	58.7%	58.9%
Labour Force as a Percentage of Population 15 years and over OR Labour Force Participation Rate	76.9%	78.7%	67.9%	69.1%	71.0%	71.0%	71.9%	72.2%	73.4%	71.4%	71.4%

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

APPENDIX IX: Current Budget Information 2019/2020[2]

The preliminary budget was in the sum of **ECD1, 591.5 Billion** for the fiscal year 2019/2020.

Total Receipts which includes Recurrent Revenue and Other Revenues represented by Capital revenue, Grants, are estimated to be **ECD1,207.4 Million** and **ECD51.7 Million** respectively.

Payments represented by Recurrent Expenditure and Capital Expenditure are estimated to be **ECD1, 344.8 Million** and **ECD246.7 Million** respectively

[2] More information on the 2019/2020 Estimates of Expenditure can be found at: http://www.govt.lc/news/saint-lucia-budget-2018