GOVERNMENT OF SAINT LUCIA

P R O S P E C T U S

EC$50 Million

10 YEAR FIXED RATE BOND ISSUE

Ministry of Finance,
International Financial Services & Economic Affairs
Financial Centre
Bridge Street
Castries
SAINT LUCIA

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

PROSPECTUS DATE: JULY 2006

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Saint Lucia
61°
Saint Lucia Channel
Caribbean
Sea
Saint Lucia
Gros Islet
Bon Air
Monchy
Dauphin
Marquis
Grand Anse
Castries
Babonneau
14°
Ciceron
Forestière
Sans Soucis
La Croix
Maingot
Dernière
Rivière
Anse la Raye
Matcuya
Durandeau
Dennery
Atlantic
Ocean
Millet
Canaries
Praslin
Mon
Repos
Soufrière
Caribbean
Sea
Anbre
Micoud
Desruisseaux
Londonderry
Choiseul
Descaticres
Laborie
Hewanorra Airport
Vieux Fort
N
0
9 km
0
6 mi
Saint Vincent Passage
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(805) 685-3100 www.maps.com

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NOTICE TO INVESTORS

This Prospectus is issued for the purpose of giving information to the public.

Caribbean Money Market Brokers Limited (CMMB) has prepared this Prospectus from information obtained from the issuer, the Government of Saint Lucia, the International Monetary Fund (IMF) and the Eastern Caribbean Central Bank (ECCB). This prospectus contains extensive excerpts from Saint. Lucia Economic Review 2005, the IMF Consultation Report February 2006 and the Budget Address 2006-2007 by The Honorable Dr. Kenny D. Anthony, Prime Minister and Minister for Finance, Economic Affairs, International Financial Services and Information.

Although the information contained in this prospectus is considered reliable, CMMB makes no representation as to the accuracy or completeness of any information contained herein or otherwise provided with respect to this Bond offering. 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 the investor. Therefore, prior to entering into the proposed investment, the investor should determine, without reliance upon CMMB or any affiliates, the economic risks and merits, as well as the legal, tax and accounting characteristics and consequences of this Bond offering, and that you are able to assume those risks.

This Prospectus and its content are issued for the specific Bond issue described herein. Should you need advice, consult a licensed intermediary 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 (hereafter referred to as GOSL) proposes to raise **Fifty Million Eastern Caribbean Dollars - EC$50 Million** through the issue of a fixed rate bond with a tenor of 10 years. The bond is being issued to fund a portion of GOSL's 2006/2007 annual budgeted current and capital expenditures.

The Bond is being raised under the authority of the National Savings and Development Bond Act No. 7 of 1982 as amended by the National Savings and Development Bonds (Amendment) Act No. 15 of 2005 and through a Parliamentary resolution Statutory Instrument No. 109 of 2005 passed in the House of Assembly on 7th June 2005 and in the Senate on 30th August 2005. Under the Constitution of Saint Lucia, the interest and principal repayments are a direct charge on the Consolidated Fund.

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

The 10-year bond will be issued on the Regional Government Securities Market (RGSM) and will be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE) under the trading symbol LCG100816.

The Bond will be opened for bidding by way of a fixed price auction commencing at 9:00 a.m. on 28 August, 2006 and close at 4:00 p.m. and recommence at 9:00 a.m. on 30 August, 2006 and close at 12:00 noon. Settlement for the bond issue will take place on 31 August 2006.

I. GENERAL INFORMATION ON THE BOND ISSUE

Issuer:	**The Government of Saint Lucia (GOSL)**
Address:	The Ministry of Finance, International Financial Services & Economics Affairs, Financial Centre Bridge Street, Castries Saint Lucia (WI)
Email:	**minfin@gosl.gov.lc**
Telephone No.:	1-758-468-5500/1
Facsimile No.:	1-758-453-1648
Contact persons:	Mr. Philip Dalsou, Permanent Secretary (Ag) Mr. Isaac Anthony, Director of Finance Mr. Francis Fontenelle, Deputy Director of Finance
Arranger/Underwriter:	**Caribbean Money Market Brokers Limited**
Address:	# 9 Brazil Street Castries Saint Lucia
Email:	**stlucia@mycmmb.com**
Telephone No.:	1-758-450-2662
Facsimile No.:	1-758-451-7984
Contact Persons:	Mrs. Carole Eleuthere Jn-Marie, Country Manager Mr. Ramcharan Kalicharan, Head Capital Market Services Mrs. Sharmaine Francois, Business Development Manager Mr. Anderson Soomer, Business Development Officer
Date of Publication:	July 2006
Purpose of Issue:	The Bond will be issued to fund a portion of GOSL's 2006/2007 annual budgeted current and capital expenditures.
Amount of Issue:	Fifty Million Eastern Caribbean Dollars - EC$50 Million
Legislative Authority:	National Savings and Development Bond Act No. 7 of 1982 as amended by the National Savings and Development Bonds (Amendment) Act No. 15 of 2005 and through a Parliamentary resolution Statutory Instrument No. 109 of 2005 passed in the House of Assembly on 7th June 2005 and in the Senate on 30th August 2005

II. INFORMATION ABOUT THE BOND ISSUE

a) TERMS AND CONDITIONS

Issuer	:	The Government of Saint. Lucia ("GOSL").
Underwriter and Arranger	:	Caribbean Money Market Brokers Limited ("CMMB").
Instrument Type	:	Fixed Rate Bond
Issue Amount	:	Fifty Million Eastern Caribbean Dollars – EC$50 Million
Over-Allotment Option	:	The issuer, in consultation with the Arranger, will have the option to increase the size of the issue by up to a maximum of EC$25 million (to a maximum issue size of EC$75M)
Use of Proceeds	:	To fund a portion of GOSL's 2006/2007 annual budget.
Method of Issue	:	Fixed Price Auction with closed bidding.
Trading Platform	:	Bond will be issued on the Regional Government Securities Market (RGSM) and will be traded on the Eastern Caribbean Securities Exchange (ECSE).
Currency of Issue	:	Eastern Caribbean Dollars (XCD)
Minimum bid and Bid Multiplier	:	The bonds will be issued in multiples of EC$1,000 and the minimum bid amount is EC$5,000.
Term	:	10 years.
Issue Date	:	31 August 2006
Principal Repayment	:	Bullet payment on 31 August 2016
Coupon Rate	:	7.40%; priced at par
Bidding Period	:	The Bond will be opened for bidding by way of a fixed price auction commencing at 9:00 a.m. on 28 & 29 August, 2006 and close at 4:00 p.m. and recommence at 9:00 a.m. on 30 August, 2006 and close at 12:00 noon
Settlement Date	:	31 August 2006.

Trading Symbol	:	LCG100816
Bidding Limits	:	Each investor is allowed one (1) bid with the option of increasing the amount being tendered for up until the close of the bidding period.
Interest Payment	:	Semi- annually on 28 February and 31 August, commencing six (6) months after the Issue Date, for the duration of the Bond. Should the due dates fall on a public holiday or a weekend, the payments shall be made on the last working day before the holiday or weekend.
Security	:	Charge on the Consolidated Fund of GOSL.
Broker fees	:	Broker fees borne by investors.
Secondary Trading	:	The bond will be listed on the Eastern Caribbean Securities Exchange (ECSE) for secondary trading by the bondholders.
Registrar and Paying Agent	:	Eastern Caribbean Central Securities Registry. (ECCSR)
Tax Status	:	All payments of principal, interest (and fees) under this issue are exempt of any taxes, levies, duties or charges otherwise payable under the laws of Saint. Lucia.
Legislative Authority	:	National Savings and Development Bond Act No. 7 of 1982 as amended by the National Savings and Development Bonds (Amendment) Act No. 15 of 2005 and through a Parliamentary resolution Statutory Instrument No. 109 of 2005 passed in the House of Assembly on 7th June 2005 and in the Senate on 30th August 2005
Governing Law	:	The issue will be governed according to the laws of Saint Lucia.

b) CURRENT LIST OF LICENSED INTERMEDIARIES

Investors can participate in the auction through any of the following licensed intermediaries:

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

III. FINANCIAL ADMINISTRATION AND MANAGEMENT

1. Debt Management Objectives

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

2. Debt Management Strategy

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

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

3. Transparency and Accountability

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

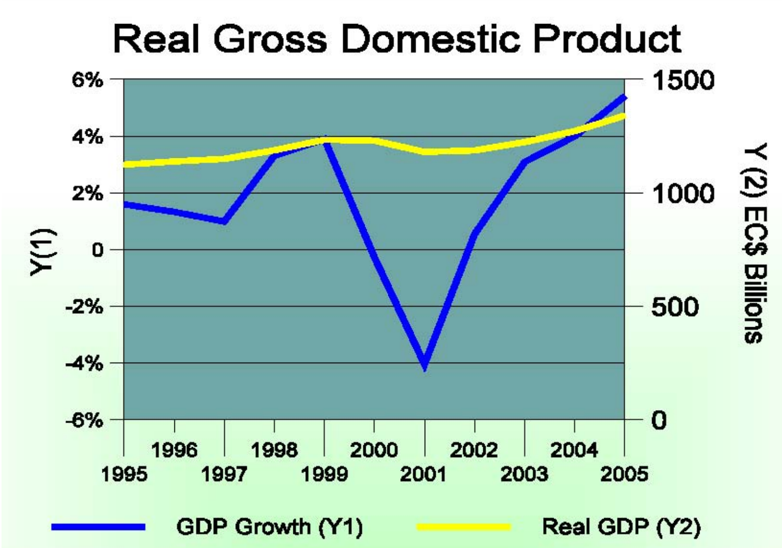
5. Risk Management Framework

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. ECONOMIC PERFORMANCE AND EVALUATION

1. MACRO-ECONOMIC OVERVIEW



The Saint Lucia economy continued to grow in 2005 with Real Gross Domestic Product (GDP) registering an increase of 5.4 percent following growth of 3.6 percent in 2004. Responsible for this growth were increases in output in the construction sector 10.4 percent, distributive trades 9.2 percent, banking and insurance 8.7 percent, communications 7.3 percent and 6.3 per cent in the hotel and restaurant sub-sector. The growth in the tourism sector was achieved despite a decrease in visitor arrivals while growth in manufacturing continues to be led by increased output in the food and beverages sub-sector. Growth in construction resulted from both private and public sector activity with private sector tourism construction projects and public sector infrastructure projects leading the growth in these areas.

The general price level in the economy as measured by the Consumer Price Index (CPI) increased by 3.9 per cent during 2005 as compared to 1.5 per cent in 2004, the upward movement in prices reflects the significant rise in global oil prices during 2005. Accordingly movements in the CPI were largely influenced bythe increase in food, fuel, light, transport and communications costs.

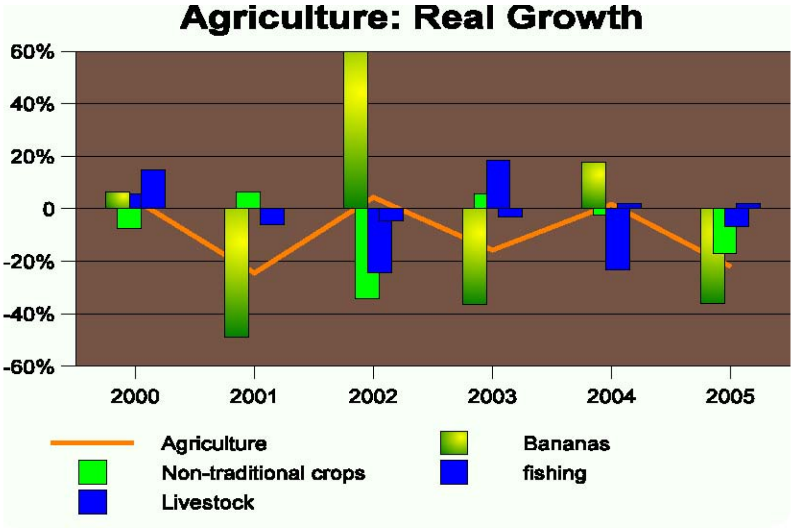
Central government fiscal operations improved in 2005/2006 reflecting increased revenues accompanied by moderate growth in expenditure. The current surplus increased to 3.5% of GDP up from 3.3%. The overall deficit narrowed to 2.98% of GDP down from a deficit of 4.07% in the previous fiscal year.

The net imputed reserves declined by $48.9 million or 2.1 percent of GDP. This arose due to a widening deficit associated with the current account of the Balance of Payments by 51.4% to $406.8 million. The merchandise trade deficit grew by 29.26% to $906m.2, reflecting a rising import bill and declining export earnings. On the services side the surplus grew by 9.5% to $640.24m. The surplus on the capital and financial account was $448.90m, an increase of 28.2% as compared to a decline of 14.9% in 2004.

2. SECTORAL DEVELOPMENTS

a. Agriculture

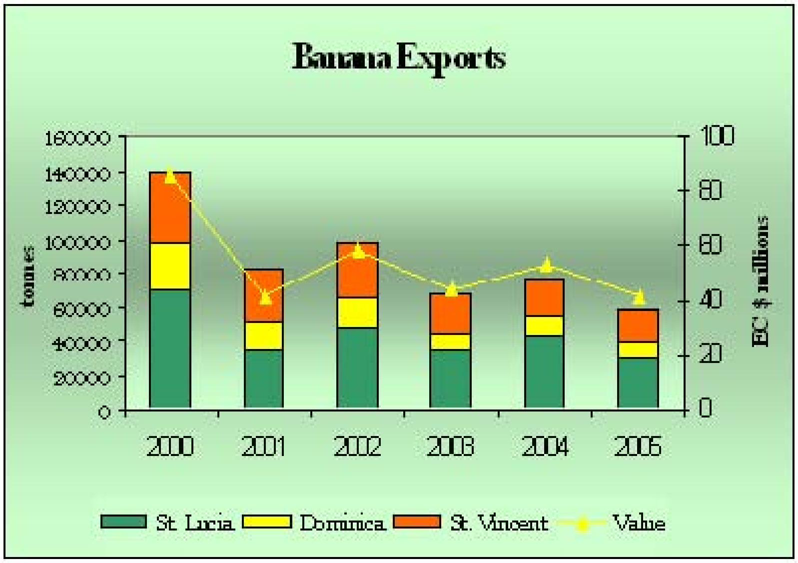
The performance of the agriculture sector continued to display great volatility during 2005. Real growth in the sector fell by 22 percent in 2005, following marginal growth of 1.8 percent in the previous year. The largest contraction, 36.2 percent, was seen in the banana sub-sector. However, there were also significant declines in value added in the non-traditional crops sub-sector of 16.9 percent and the fisheries sub-sector of 6.8 percent. By contrast, the livestock sector expanded for the second year, growing by 2.2 percent. In keeping with its recent struggles, the agriculture sector’s contribution to real GDP fell to 3.4 percent with banana contributing a mere 1.3 percent.



Growth in the sector continued to be retarded by a number of factors. The historically high credit risk associated with financing agriculture has made credit largely inaccessible to farmers. This has hindered medium to long term investment leaving many farmers unable to provide for working capital needs. This trend continued during the review period, with commercial bank credit to the sector declining for the fifth consecutive year and accounting for a mere 1.2 percent of total commercial bank credit. As a result of the limited access to finance, the sector finds it increasingly difficult to contend with other factors adversely impacting production, particularly the rising cost of agricultural inputs.

Bananas

During 2005, major developments within the international banana market were centered on the conversion of the EU banana import regime from a multi quota and tariff regime to a single tariff structure. This was in keeping with a 2001 agreement between the EU, the US and Ecuador to reform the banana regime by January 2006. Therefore in January 2005, the EU proposed an increase in the bound duty on bananas imported from non ACP countries from €75 per tonne to €230 per tonne as part of a new tariff only regime.



This initial proposal was below the tariff of €275 per tonne that ACP countries had requested but far above the tariff of €75 per tonne that Latin American countries had advocated. Consequently, the EU proposal was challenged by Latin American countries before the WTO and arbitration was initiated in March 2005. This process ended in a ruling in favour of the Latin countries, with the arbitrators citing the inability of the proposed system to maintain market access for Latin American suppliers.
Subsequently, a proposed tariff of €187 per tonne and a quota of 775,000 tonnes on ACP banana imports was also rejected as failing to rectify the issues. Therefore, in November of the review period, the EU adopted Council Regulation 1964/2005 which established a tariff level of €176 per tonne payable by non ACP countries along with a zero duty quota of 775 000 tonnes for ACP countries. Notwithstanding this, Panama and Honduras have signaled their intention to challenge this regime.

Production

Banana production by the Windward Islands fell by 25.7 percent to 57,969 tonnes. Exports from Saint. Lucia accounted for 52 percent of total Windward Island exports and fell by 29.1 percent to 30,007 tonnes while export revenue fell by 23 percent to $41.5 million. The reasons for the decline in production during 2005 were threefold.

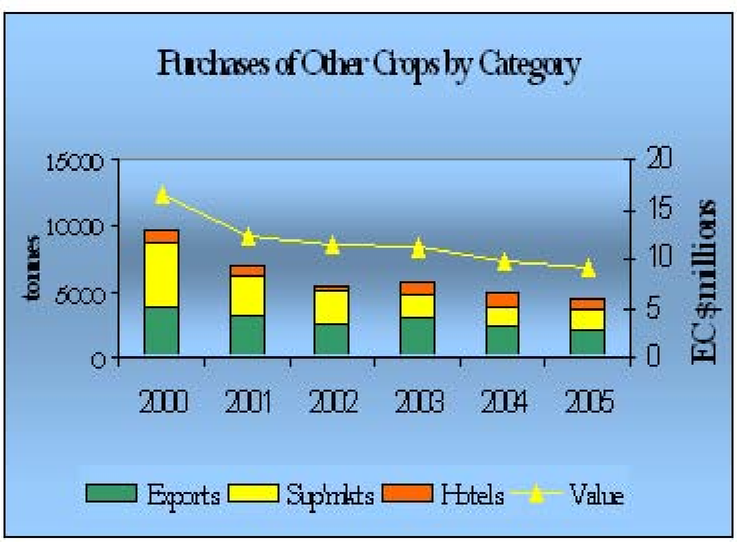
1. The destruction of an estimated 1,400 acres of banana fields during the passage of Hurricane Ivan in September 2004 affected production, particularly in the first quarter. Moreover, the effect of this hurricane was magnified because the majority of acreage destroyed was in the productive Roseau Valley.

2. Difficulties in the management of yellow sigatoka or leaf spot disease continued, particularly during the first quarter, because insufficient funds inhibited the purchase of materials used to control the disease. Consequently, there was a decline of 5,900 tonnes during the first quarter of the review period. Subsequently, WIBDECO provided a grant of $1.3 million which led to an improvement in disease management.

3. Higher input prices and a loss in income to farmers who had sustained crop damage during the hurricane led to general deterioration in field maintenance/crop husbandry. The overall result of these factors was the abandonment of a further 500 acres of land under banana cultivation. Notwithstanding the decline in production, there continued to be investment into the banana sector. To date the Banana Emergency Recovery Unit (BERU) has expended $11.6 million, which was financed through the Banana Emergency Recovery Plan and the Banana Rehabilitation Program. Approximately one third of this amount was spent during the review period on land preparation activities, the tissue culture program and leaf spot monitoring.

Non-Traditional Crops

Estimates of production of non-traditional crops indicate a 7.8 percent fall in production to 4,435 tonnes, valued at $9.2 million. Exports of such crops fell by 2.9 percent to an estimated 2,208.3 tonnes, valued at $2.6 million.



For the fifth consecutive year, preliminary data indicate that domestic purchases of non-traditional crops declined. Purchases by both supermarkets and hotels fell by 13.1 percent to 2,226.7 tonnes which were valued at $6.6 million, this follows an 8.0 percent decline in the previous review period. The primary source of the decline was an 11.4 percent fall in purchases by supermarkets which account for approximately two thirds of all domestic purchases. Purchases by supermarkets fell by 187 tonnes to 1,457.3 tonnes with fruit and tree crops (28.0 percent of purchases) declining by 17.6 percent. The purchase of vegetables (31 percent of purchases) also fell by 4.1 percent. Notwithstanding the decline, favourable prices led to an 8.4 percent increase in revenue from supermarkets of $4.0 million, indicative of efforts to encourage higher quality produce.

Hotel purchases also fell by 16.0 percent to 769.4 tonnes, despite an increase in stay-over arrivals. This highlights the weak linkage between the two sectors, which was exacerbated by the poorly organised marketing structures that exist in the non-traditional sector.

Fisheries

In contrast with developments in the previous year, fish landings in 2005 fell by 8.8 percent in 2005 to 1,386.2 tonnes, valued at $15.8 million. The magnitude of the catch continued to be heavily influenced by variability in weather conditions that impacted on the migratory pattern of pelagic species. The adverse impact of weather is exacerbated by the lack of long liner fishing capacity and other technologies that would develop mid water fishing. Of the 680 registered vessels in 2005, only 5 were long liners. The majority (67 percent or 456) were pirogues while 20 percent or 134 were canoes. An analysis of landings by species indicates a decline in all major categories with the exception of tuna and flying fish. Tuna accounted for 34 percent of all landings and grew by 11.4 percent to 465.7 tonnes while landings of flying fish, which display a large degree of natural variability, rose from 10.6 tonnes to 71.5 tonnes. After expanding significantly in 2004, the landings of dolphin and that of wahoo and kingfish fell by 47.2 and 29.7 percent respectively.

During the review period, Vieux Fort and Dennery continued to be the largest landing sites with 22 and 20 percent of total catch, respectively. Landings at all major sites declined with the exception of Choiseul, Soufriere and Gros Islet which increased by 4.2, 21.5 and 12.5 percent respectively. At the end of the review period, there were 2,109 registered fishers, a decline of 45. The largest share of fishers, 18.0 percent, was recorded in Vieux Fort, followed by Castries and Dennery with 12.0 percent each of registered fishers respectively.

Livestock

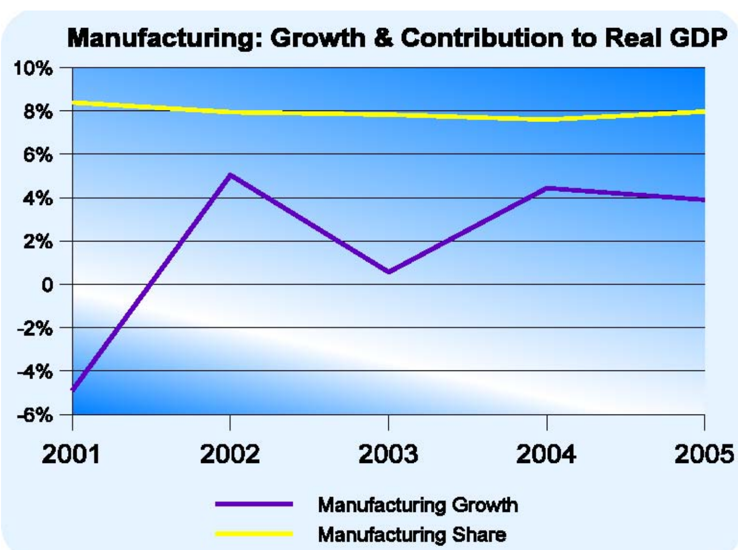
Production by the livestock sector continues to be hindered by the lack of an abattoir on the island which would allow for the application of standards and stronger linkages with the tourism sector. Despite this however, available data indicate an improvement in output from the sector.

The island continued to be self sufficient in egg production and during 2005, 1,113 dozen eggs valued at $6.8 million were produced. This represents an increase of 21.2 percent over the previous year. Nonetheless, there were problems with both the quantity and quality of feed which caused shortages at the peak demand period in December. After a dismal performance for the last four years it is estimated that broiler production rose by 46 percent to 976.6 tonnes which was valued at $8.1 million. This is in line with strong domestic demand.

Pork production is also estimated to have increased significantly during the review period. Production increased by 34 percent to 131.6 tonnes and generated revenue of $1.5 million. However, there are indications that this underestimates the level of production since the purchase of pork outside of the formal wholesale and retail trade sectors has risen in the past three years.

b. Manufacturing

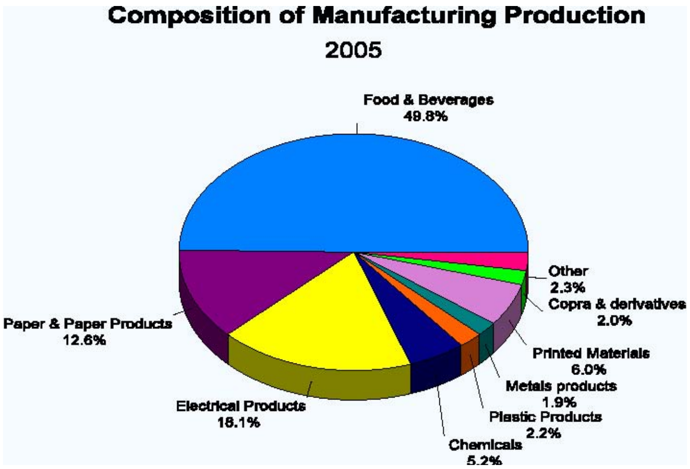
The manufacturing sector entered its fourth consecutive year of expansion amidst stiff international competition and higher input costs associated with increased oil prices.



Growth in the manufacturing sector was influenced by strong domestic demand, as activity in the tourism sector and the wider economy increased. The impact of this was particularly felt in the beverage sub-sector, leading to an expansion in value added of 3.9 percent. Thus the manufacturing sector contributed 5.6 percent to real GDP. In keeping with the increase in value added in manufacturing, credit to the sector grew by 18.5 percent to $59.9 in 2005. However, estimated manufacturing exports fell by 10.7 percent to 52.9 million

Production

The value of output in the manufacturing sector increased by 10.2 percent to $156.7 million in 2005, compared to 3.0 percent growth in the previous year. This performance was dominated by activity in the food and beverage, paper and paperboard and electrical sub-sectors, which together accounted for 80.0 percent of production in the manufacturing sector.



Food and Beverages

Buoyant demand conditions in the domestic market, led to a 13 percent increase in the production of food and beverages to $78 million. Production of alcoholic and non-alcoholic beverages grew by 8.8 percent and 16.7 percent to $49.6 million and $16.1 million respectively as domestic demand was boosted by increased stay-over visitors. Overall, beverages grew by 10.6 percent to $65.7 million over the 2004 review period and food products grew by 26.8 percent to $12.3 million. There was positive growth in food exports of 13.3 percent to $1.7 million in 2005 compared to negative growth of 7.7 percent in 2004. Export of beverages decreased by 1.6 percent on account of a leading alcoholic beverage manufacturer losing 40 percent of its share of the UK market. The export of beers grew by 2 percent in 2005 with one-half of all production being exported to Trinidad and Tobago and Barbados.

Commodity	2005		2004		% Change	
	Production	Export	Production	Export	Production	Export
Food Products	12.3	1.7	9.7	1.5	26.8	13.3
Non-Alcoholic Beverages	16.1	2.9	13.8	2.8	16.7	4
Alcoholic Beverages	49.6	27.9	45.6	28.6	8.8	-2
Food and Beverages	78	32.5	69.1	2.8	12.9	0.9

Paper and Paperboard

During the review period, the manufacture of items of paper and paperboard fell by 4.6 percent to $19.7 million, compared to a 6.5 percent growth in the same period of 2004. This decrease in the production of paper and paperboard was reflected in a 13 percent decline in the export of banana boxes. However, the manufacture of commercial boxes grew by 3 percent reflective of an increase in activities within the wholesale and retail trade sector.

Production of Electrical Items

Production of electrical items grew by 15.3 percent to $28.3 million in 2005 a decline of over 50 percent compared to the growth of 2004. This sub-sector continues to perform favourably due to Saint Lucia's proximity to the US market relative to its main competitor, China. However, the relatively slow recovery in the telecommunications manufacturing sector in the US has militated against faster growth in the industry. Despite these challenges, the export of electrical items grew by 8 percent compared to a 6.5 percent increase in 2004.

Copra & Copra Derivatives

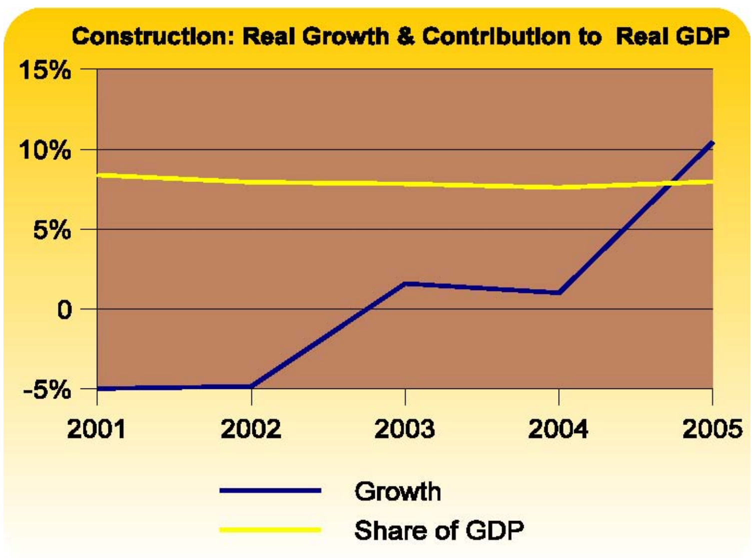
Production of copra and copra derivatives declined by 36.1 percent to $3.1 million in the review period compared to positive growth of 3.3 percent in 2004. This mirrored the decline in banana production since the production of copra is done mainly by banana farmers. Another major difficulty facing the copra industry is that most farmers prefer selling jelly coconuts since the returns are higher and involves less effort than the production of copra.

Manufacture of Other Items

The production of other items continued to experience positive growth contributing to 15.3 percent of overall production. Basic industrial items grew by 54 percent ($1.29 million), along with other chemicals which grew by 43.4 percent to $6.9 million. Production of plastic materials grew by 4.5 percent to $3.4 million and printed material decreased by 3.7 percent to $2.9 million. There was a marginal decline in the production of plastic material while the manufacturing of wood and wood products, despite import restrictions, fell by 14.6 percent to $0.069 million in the review period.

c. Construction

Despite significant increases in the cost of building materials and periodic shortages in cement, the construction sector recorded substantial growth of 10.4 percent in 2005 following a growth of 1.0 percent in the previous year. Consequently, construction's share of real GDP increased from 7.6 percent in 2004 to 8.0 percent. This performance was influenced by significant private sector investment, especially in the tourism sector, housing construction and Government investment in infrastructure.



During 2005, the level of tourism investment within the domestic economy was unprecedented. This high level of investment can be associated with the International Cricket World Cup which will be partly hosted by Saint Lucia in 2007. Many existing hotels and new developments have invested in an effort to benefit from the package of incentives that were specifically designed to increase capacity for the event.

Public Sector Construction

Public sector construction expenditure more than doubled to $134.5 million, after recording a decline of 9.2 percent in 2004. This was attributed mainly to a 91.7 percent increase in Central Government expenditure to $104.5 million. This reflects significant expenditure on major road rehabilitation projects such as the completion of the Roads Development Program, the Tertiary Roads Programme and the East Coast Road Rehabilitation Project.

Statutory corporations also increased their expenditure on capital projects to $30.3 million, primarily reflecting the rehabilitation of the Northern Wharf of the Castries port. The increased expenditure by the Saint Lucia Air and Sea Ports Authority (SLASPA) led to an increase in the share of the statutory bodies' construction to total public expenditure to 22.5 percent despite a reduction in construction expenditure by the other statutory bodies. For analysis purposes public sector construction activity is divided into economic and social infrastructure. Economic infrastructure refers to the basic facilities that foster or enable growth, while social infrastructure involves physical structures that are necessary to develop and maintain the human resource base of the country in conjunction with various social programmes.

Economic Infrastructure

As in previous years, the majority of Central Government construction expenditure was on economic infrastructure, in particular, the road network. Expenditure on roads more than doubled to $80.4 million as its share of Central Government's expenditure increased to 77.0 percent in 2005. The Tertiary Roads Programme (TRP) and the RDP accounted for 82.4 percent of the expenditure on roads by Central Government. The RDP project involves rehabilitation works on 91.1km of primary roads and 25.6km of secondary roads. The TRP is an effort by Government to repair and rehabilitate major portions of the tertiary network which is of vital importance to the commercial and other sectors. Additionally, expenditure on drainage increased significantly to $7.9 million in 2005. Central Government expenditure in other areas such as agriculture and the upkeep of Government property fell, the former due to the completion of the Banana Commercialisation Project.

Construction expenditure by SLASPA was recorded at $26.7 million and accounted for the largest share of economic infrastructure by statutory bodies. This expenditure by SLASPA was undertaken primarily on the Rehabilitation of the Northern Wharf, the Resurfacing of the George F.L Charles (GFLC) Airport runway and the extension of the GFLC Airport. Capital expenditure by the Water and Sewerage Company (WASCO), the sole provider of potable and sewage facilities island wide, declined marginally by 1.6 percent to $1.5 million. The main projects undertaken by WASCO were the replacement and upgrade of water mains and the Scada project which included the installation of telemetry systems at various water plants.

Social Infrastructure

Central Government construction expenditure on social infrastructure fell in 2005 by 2.1 percent to $10.0 million. The decline in social infrastructure was partly due to delays in receiving grant funds associated with changes in EU procedures. A decline in expenditure was recorded in the area of housing, education and community development. Expenditure on housing declined by 52.9 percent to $1.4 million. Expenditure on education also declined by 59.1 percent to $0.84 million. However, expenditure on health almost doubled to $1.3 million in 2005, as it was an area of priority for the Government in 2005. The two major health sector projects accounting for this increase were the Clinics Refurbishment Project, Emergency Recovery Programme and preliminary works on the New Psychiatric Facility. Expenditure on disaster mitigation also recorded a significant increase to $4.1 million as Government attempt to ensure infrastructural stability in the event of natural disasters. There was an increase in construction expenditure in the area of law enforcement to $0.26 million.
Construction expenditure on social infrastructure by statutory bodies declined. The National Housing Corporation (NHC) recorded a decline of 52.04 percent to $1.4 million. The main construction project undertaken by NHC was phase three of the Black Bay housing Project and Phase two of the Beausejour housing project. Construction expenditure by the National Insurance Property Development & Management Company (NIPRO) also fell by 35.9 percent to $0.83 million in 2005. Due to the decrease in expenditure on new police and fire stations by NIPRO, the share of law enforcement to total public expenditure decreased to less than 1.0 percent to $1.09 million in 2005.

Private Sector Construction

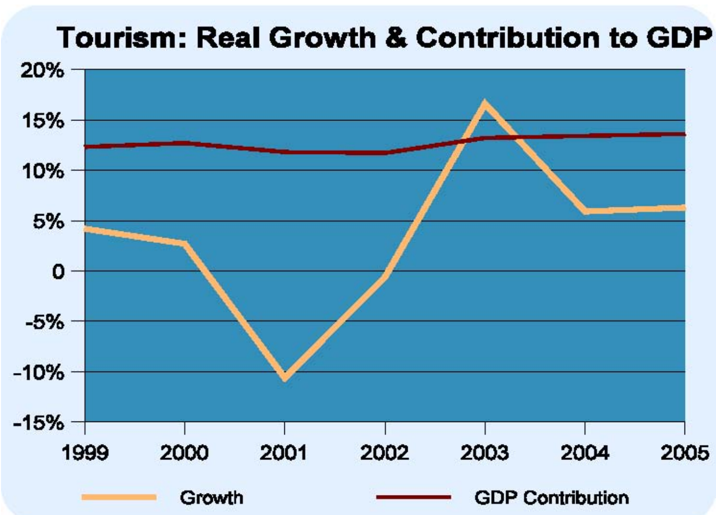
Data on imports of construction material, building applications and credit to the private sector reflected buoyancy in both residential and commercial construction for the review period.

Imports of Construction Materials

Despite increases in the prices of some components, sample data indicate that construction imports grew by 21 percent to $93.6 million in 2005 compared to a 15 percent increase in 2004. The price of cement increased from $14.70 per bag and $15.0 to $15.0 and $16.1 for cement from Caricom and non-Caricom countries respectively. Notwithstanding the increase in the price and the supply problems experienced by importers, the import value of cement increased by 33.1 percent to $16.1 million in 2005 in keeping with increased construction in both private and public sectors. Correspondingly, the value of wood imports increased by 42.1 percent in 2005 to $22.8 million.

d. Tourism

The tourism sector continued along its path of steady growth in 2005, despite the emergence of several factors that hindered growth prospects for the sector. Tourism accounted for 13.6 percent of real GDP in 2005. Moreover, real growth in the sector, reflected by the value added in the hotel and restaurant sub-sectors, expanded by 6.3 percent.



Total visitor arrivals were 747,375 in the review period, which represented an 8.1 percent decrease compared to 2004. Increases of 6.5 percent and 21.9 percent respectively were noted in the high value added categories of stay-over and yachting visitors. The number of excursionists fell by 34.1 percent to 7, 541, and cruise arrivals decreased by 18 percent over 2004.

Several factors emerged which adversely impacted on the sector's performance in 2005. These factors include rising petroleum prices, the impact of an active hurricane season, and persistent threats of international terrorism. Petroleum is a major input into the provision of air transportation and therefore any significant increase in prices would have impacted on air travel. International petroleum prices increased by 27.2 percent to reach an average of US $59.4 per barrel by December 2005. This resulted in significant increases in airline tickets as fuel surcharges were added to the base price of such tickets. Consequently, the developments in the international petroleum market may have dampened the growth in long haul visitors. The year 2005 was marked as the most active hurricane season experienced in the Atlantic region. Press coverage of hurricane activity may have caused potential visitors to reconsider their vacation decisions.

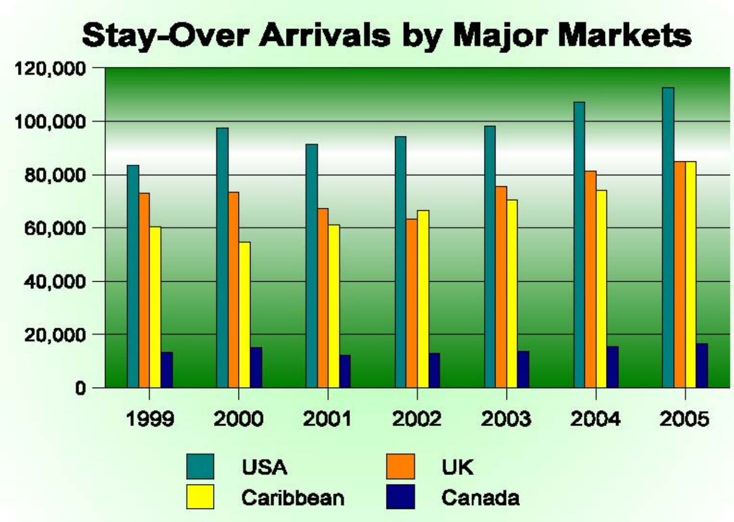
The major contributors to the increase in the stay-over and yachting arrivals are Saint Lucia Jazz commencing in April, Saint Lucia’s strong weddings and honeymoons niche market and the increased airlift capacity from the US market. The number of direct airline flights increased from twice per week to five times per week by Delta Airlines. Moreover, special events such as the Atlantic Rally for Cruisers (ARC), Carnival and the hosting of various cricket matches in Saint Lucia also played a significant role in influencing the observed increase in these categories.

The increase in stay-over arrivals was mirrored by a 9.3 percent rise in visitor expenditure to $961.2 million. The Caribbean market saw the highest boost in expenditure of 30.2 percent to approximately $137.9 million over 2004. Visitors from the UK market recorded the highest rise in average daily expenditure of 6.7 percent or $19.0 million to $304.5 million, this closely followed by expenditure by visitors from the US market who increased average daily spending by $16.5 million to $373.9 million.

Stay-Over Arrivals

Stay-over visitor arrivals grew by 6.5 percent in 2005 to 317,939. This was the first time that the number of stay-over arrivals in Saint Lucia exceeded 300,000. This increase was achieved despite the moderate decline in tourist arrivals during the months of June to September. The decrease in arrivals during the summer period was also recorded in other Caribbean destinations, namely Barbados and Bermuda.

Saint Lucia’s four major markets namely the US, UK, Caribbean and Canada collectively grew by an average of 8.0 percent. The Saint Lucia Tourist Board continued to employ several marketing strategies in these markets during 2005.



There were major fluctuations in stay-over arrivals from the US market in 2005. This leading market for Saint Lucia recorded moderate growth of 5.1 percent in arrivals. However, there was a considerable decline of 15.6 percent in US stay-over arrivals figures in September. This reflects the fact that September is the height of the hurricane season and has traditionally been a slow month for tourist arrivals. The peak month for US arrivals was April, with the highest percentage increase of 42.3. Total visitor expenditure associated with the US market stood at $340.9 million, representing a 7.3 percent increase over 2004.

The UK market performed similarly, where in-bound travel to Saint Lucia recorded modest growth in stay-over arrivals with a 4.1 percent increase over 2004. The most substantial increase in arrivals from the UK was 33.4 percent and this was recorded in January. In tandem with the US market, the lowest level of stay-over arrivals was recorded in September. Visitor expenditure related to the UK market rose by 6.3 percent to $288.9 million.

A sustained upward trend was observed in the Caribbean market, with a significant 14.0 percent growth over 2004. This market achieved the largest growth as compared to the performance of Saint Lucia's other major source markets. The Caribbean market was largely driven by various events such as Saint Lucia Jazz and the hosting of cricket matches. Special travel packages from Caribbean airlines such as LIAT and the Saint Lucia Tourist Board's 'Simply Shocking' promotion which ran from October to December, contributed heavily to the high percentage increase during the last quarter of 2005. The Caribbean which historically is a relatively small market, registered stay-over arrivals that were comparable in number to stay-over arrivals from the UK market; the second largest source market.

The Canadian market continued to remain a winter market, with arrivals between the months of January and March accounting for 48.5 percent of total Canadian arrivals into Saint Lucia. Significant growth was recorded in the Canadian market with a 7.8 percent increase over the prior year.

Occupancy

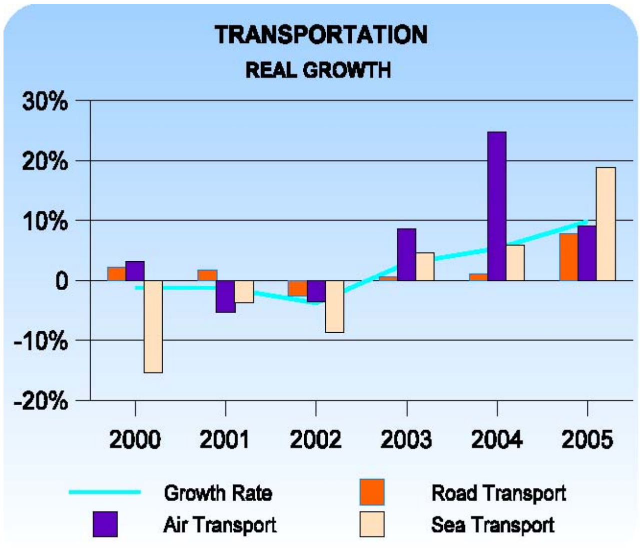
There was a 6.8 percentage points increase in the average occupancy rate in 2005. This trend mirrors the growth observed in the number of stay-over arrivals. The all-inclusive category recorded moderate growth in hotel occupancy, while the conventional hotels and small properties showed considerable improvements of 14.2 percent points and 5.8 percent points respectively. The months of February and March recorded the highest occupancy levels, while the lowest level of hotel occupancy occurred in September 2005.

Other Arrivals

In 2005, a significant decline of 18.0 percent to 394,431 was noted in the number of cruise visitors. This is primarily due to the closure of the northern wharf as the Saint Lucia Air and Sea Ports Authority implemented a renovation project in that area. The closure of this wharf adversely impacted cruise arrivals, resulting in a 21.3 percent reduction in the number of cruise ship calls in 2005. The cruise arrivals in 2005 were on par with the 2003 arrival levels of approximately 400,000. In contrast, yachting arrivals into Saint Lucia increased considerably by 21.9 percent to 27,464 in 2005 as compared to 2004. This suggests that Saint Lucia is steadily gaining recognition as a prime yachting destination within the Caribbean. The greatest level of yachting arrivals was recorded in December, mainly due to the hosting of the annual Atlantic Rally for Cruisers.

e. Transportation

The transport sector recorded its third consecutive year of growth in 2005, with value added rising by 12.4 percent. Consequently, all three components of transport (air, road and sea) recorded increases in excess of 8.0 percent. As a result the sector's contribution to real GDP increased slightly to 10.9 percent. This was consistent with growth in the hotel and restaurant and the wholesale and retail trade sectors.

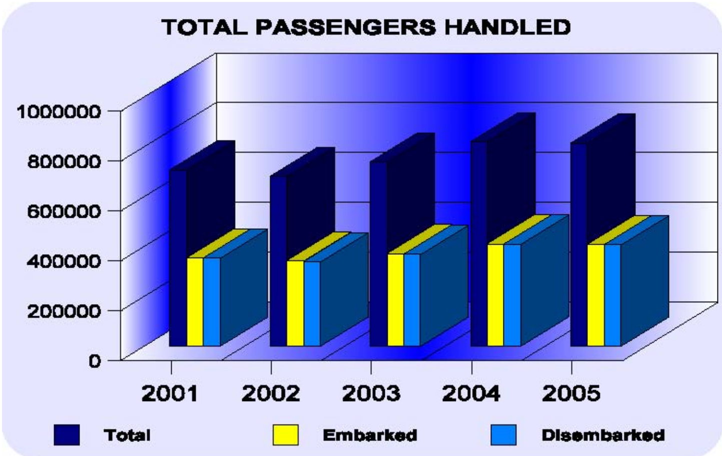


Air Transport

The tourism industry is an important contributor to value added in the air transport sub-sector. Spurred by 6.5 percent increase in stay-over arrivals, the air transport sub-sector's share of real GDP increased to 2.0 percent while its value added expanded by 18.0 percent.

The total number of aircraft movements (arrivals and departures) at Saint Lucia's two airports fell slightly to 44,461. This was attributable to a decline in the number of movements at George F.L. Charles, which more than offset an increase in movements at Hewanorra. Despite, the decline in the number of movements at George F.L. Charles, the airport accounts for about 73.0 percent of movements.

Consequently, the total number of passengers handled decreased slightly to 813,445, as a result of a decline in passengers embarked and disembarked. The George F.L. Charles airport because of its smaller aircraft capacity, handled only 51.5 percent of all passengers.



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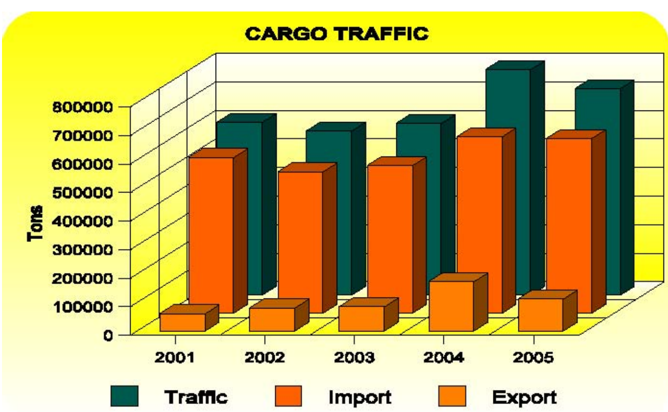
Total scheduled service landings (arrivals and departures) decreased by 9.5 percent to 21, 930. Non-scheduled service landings and other service landings both increased by 11.4 percent and 7.0 percent to 20,048 and 2,483 respectively.

Sea Transport

In keeping with buoyant activity in wholesale and retail trade, this sub-sector grew by almost 24.2 percent and contributed almost 2.0 percent to real GDP in 2005. Total volume of cargo traffic at Castries and Vieux-Fort decreased by 8.4 percent to 723, 701 tons. Port Castries accounted for 77.3 percent of total cargo traffic, as well as 88.8 percent of import volumes while Port Vieux-Fort accounted for 85.9 percent of export volumes, attributable mainly to banana exports.



There were varied movements in the different types of cargo handled by SLASPA. The volume of break bulk cargo landed (including cement, paper rolls, animal feed and lumber) increased by 2.5 percent to 160,526 tons while loaded cargo (including waste paper, aggregate and bananas) decreased by 38.6 percent to 98,358 tons. The volume of dry/liquid landed decreased by 28.8 percent to 129,096 tons while volume loaded increased by 98.8 percent to 1,654 tons. The volume of containers loaded and landed increased by 11.8 percent and 30.0 percent to 23,949 and 10,802 twenty foot equivalent units containers (TEUS) respectively.

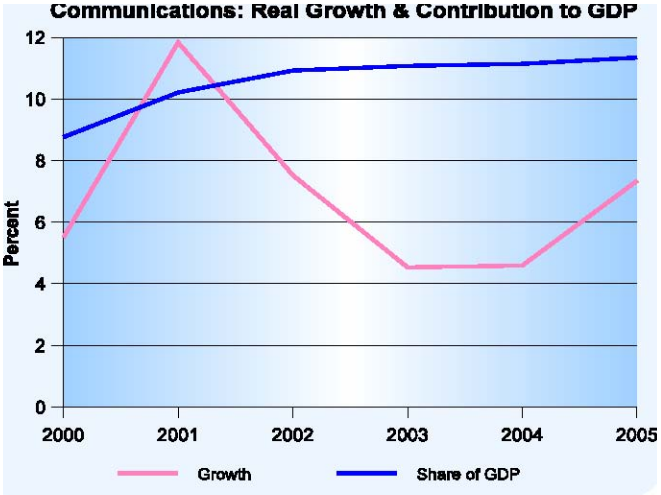
Both ports experienced a decrease in vessel calls. Port Vieux-Fort recorded 411 vessel calls a 4 percent decrease from 2004; there were no cruise ship calls. Vessel calls to Port Castries fell by 3.1 percent to 1,309 with 395 regional cruise ship calls and 258 international cruise ship calls. Yacht throughput at Rodney Bay Marina experienced a decline of 5.3 percent to 4,009.

Road Transport

A steady increase in the stock of commercial vehicles resulted in an estimated 8.2 percent growth in the transport sector while boosting its share of real GDP to almost 7.0 percent. The stock of vehicles registered has continued to grow since 1997, increasing by 5.6 percent to 44,167, following a 4.4 percent increase in 2004. New vehicles account for the majority of the registered fleet; they accounted for 99.3 percent of the 2,131 vehicles added to the stock in 2005. Private vehicles continued to account for the largest share of the total (56.6 percent) and grew by 6.5 percent to 25,013. Goods vehicles, the second largest category grew by 4.1 percent to 10,670. The number of passenger vans decreased slightly by 0.2 percent to 3,485 whilst taxis/hired vehicles grew by 15.1 percent to 2,544.

f. Telecommunications

Value added by the telecommunications sector expanded for the eighth consecutive year with significant growth of 7.3 percent in 2005. This follows growth of 4.6 percent in the previous review period. As a result its contribution to real GDP edged up to 11.3 percent making it the fourth largest contributor to value added in the economy.



During the review period there was some consolidation in the mobile sub-sector which saw the acquisition of Wireless Venture Ltd / Cingular Wireless by Digicel St. Lucia Ltd. Activity in the cellular, internet and cable sub-sectors continued to grow albeit at a slower rate relative to 2004. This was particularly evident in the cellular sub-sector which, though increased in size, saw for the first time an ebb in total activity as demonstrated by the number of mobile minutes. The mobile telecommunication sub-sector continued to expand with a 16.3 percent increase in the number of subscriptions to 112,638. However, this was accompanied by a 9.6 percent decrease in cellular minutes sold. The internet and cable TV sub sectors grew by 39.9 and 24 percent to 10,071 and 24,798 subscribers respectively. However, the land line component continued to decline in both subscriber base and activity, a trend which began with the introduction of the new mobile companies in 2003. Of the 68.1 million minutes sold, local calls accounted for 82.3 percent. These subscriptions fell by 18.1 percent from 48,713 to 39,892 in 2005. Capital investment in telecommunications infrastructure was estimated at $28.7 million for the period under review.

Postal Services

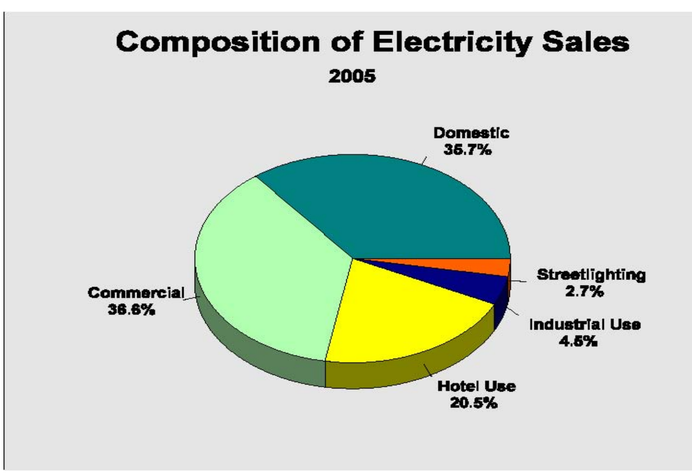
Notwithstanding the increase in electronic communications, the postal service continues to play an important role in the telecommunications sector. During 2005 this was reflected by an increase in the volume of both domestic and international mail handled by the postal service. The volume of domestic mail handled increased by 3.2 percent to 2.4 million items while international mail for the same period increased by 9.0 percent to 0.64 million items. The increased activity in 2005 resulted in a gross profit of $1.2 million. Gross revenue was recorded at $5.1 million, 66.7 percent of which came from the sale of stamps, the highest revenue generating item.

g. Energy

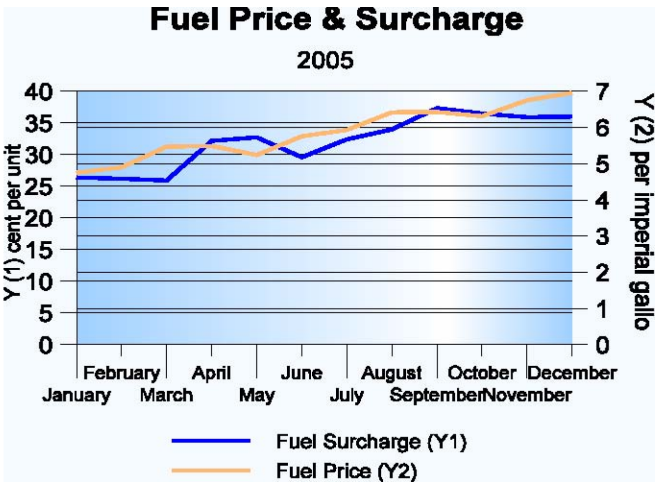
The energy sector in Saint Lucia is influenced significantly by developments in the international petroleum market. Developments in international oil prices have been influenced by a number of factors including, increased supply side pressure and increasing global demand. Supply side pressures in 2005 included political instability in oil producing countries and the impact of hurricane Katrina on refinery capacity. On the demand side, there is growing demand for oil from emerging economies such as China and India, as their economies continue to expand. These supply and demand side factors have placed significant upward pressures on international oil prices. In 2005, the WTI increased from an average of US$46.7 per barrel in January to US$59.4 per barrel in December, representing growth of 27.2 percent.

Electricity

There was a 4.8 percent increase to 323,922 Kilowatt hours (KWh) in electricity generated by Saint Lucia Electricity Services Limited (LUCELEC) during the review period. Increases in electricity consumption were noted in all categories, with the exception of the industrial segment. During 2005 the electricity sub-sector's contribution to real GDP was 4.3 percent. Domestic consumption moved up by 3.2 percent with the average number of domestic consumers increasing by 2.3 percent, reflecting increased use of electricity by domestic users to 98,917 Kilowatt hours. Commercial users registered a 6.2 percent increase in the use of electricity to 101,597 Kilowatt hours, consistent with very intensive use as the number of commercial customers grew by only 3.1 percent over the same period.



At 56,884 Kilowatt hours a moderate increase in hotel usage was experienced (2.6 percent). This reveals a lower rate of consumption than the previous year as the number of hotels increased by 8.3 percent to 52. After an intensive street lighting programme during the 2004 financial year, efforts were reduced significantly for 2005. Nevertheless with 7,480 Kilowatt hours, an increase of 14.9 percent in consumption from street lighting was recorded. LUCELEC's use of electricity increased by a significant 10.5 percent to 13,407 Kilowatt hours and total electricity sales for the period increased by 4.01percent to 277,400 Kilowatt hours. After a 9.9 percent decline in 2004, the line loss rate increased by 8.8 percent to 33,115 Kilowatt hours in 2005. During the review period consumers paid significantly more for fuel compared to prior years. The average price paid to LUCELEC's main supplier increased by 55 percent to $5.87 per gallon. As a result, the fuel surcharge increased by 42.0 percent to 32.1 cents per unit. Fuel price and fuel surcharge continue their movements in line with international oil prices.



Alternative Forms of Energy

The Government of Saint Lucia is currently working on a National Energy Policy. This policy will create the appropriate enabling environment for the growth and development of the local energy sector. The policy will, *inter alia,* encourage diversification in the energy base by facilitating the development of new and renewable forms of energy. This is beneficial to our sustained development as it promotes stability, reliability and security of our energy supply. Alternative forms of energy help to safeguard against external price fluctuations on the world oil market and develop indigenous resources and technological base.

3. TRADE AND THE BALANCE OF PAYMENTS

Provisional estimates indicate that in 2005, an overall deficit of $46.9 million was recorded on the balance of payments accounts relative to a surplus of $72.4 million in the previous year. As a ratio of GDP this outturn represented 2.1 percent compared to 3.5 percent in 2004. This performance was influenced by significant widening of the current account deficit, and modest growth in inflows on the capital and financial account.

The Current Account

During 2005, there was deterioration in the performance on the current account of the Balance of Payments, in contrast to an improvement in 2004. The current account deficit widened by 51.4 percent to $406.8 million (17.9 percent of GDP market prices), mainly reflecting a significant rise in the value of imports and a decline in the value of exports. The value of imports increased by 11.1 percent to $1,107.2 million relative to growth of 4.1 percent in 2004. The growth in imports can be associated with increased activity in the construction sector and higher oil prices during the review period. The value of exports declined by 31.9 percent to $170.6 million, in line with a decline in banana production. Consistent with the increase in imports and fall in exports the merchandise trade deficit grew by 29.3 percent to $ 906.2 million.

In contrast to the outturn in the merchandise account, the surplus on the services account grew by 9.5 percent to $640.3 million building on strong growth of 24.9 percent in 2005. This performance was supported by a 9.3 percent increase of inflows associated with activity in the tourism industry during 2005. The growing surplus on the services account is consistent with the developments on the real side of the economy, where tourism has become the lead economic sector.

The Capital and Financial Account

The surplus on the capital and financial account rose by 28.2 percent to $448.9 million (20.2 percent of GDP), in contrast to a decline of 14.9 percent in 2004. On the capital account, capital grants declined from a low base of $6.0 million to $4.2 million, reflecting the implementation of new and revised procedures by the European Union Parliament for accessing and spending grant funds. As a result of these procedures there has been a significant decline in capital grants over the last two years. It is expected that this trend will be reversed in 2006 as the revised procedures have been formalized and implemented.

The surplus on the financial account grew by 29.5 percent to $441.5 million compared to a decline of 6.7 percent in the previous year. This outturn was driven by a 6.0 percent increase in equity investment to $110.7 million, 10.1 percent increase in reinvested earnings within the economy and significant inflows of capital into the banking system. Net inflows of direct investment increased by 35.3 percent to $290.9 million, reflecting significant capital investment in hotel development across the island.

A decline of 7.5 percent to $40.6 million was registered on the portfolio investment account, consistent with the performance in 2004. Loan disbursements to the public sector declined by 8.9 percent to $83.0 million in contrast to an increase of 23.3 percent in 2004. Commercial banks reduced their net foreign asset position in 2005, by $185.1 million, consistent with the outturn in 2004. This suggests that commercial banks were reducing their foreign asset positions in an effort to finance projects within the domestic economy. This is also consistent with the 21.1 percent increase in domestic credit on the monetary accounts.

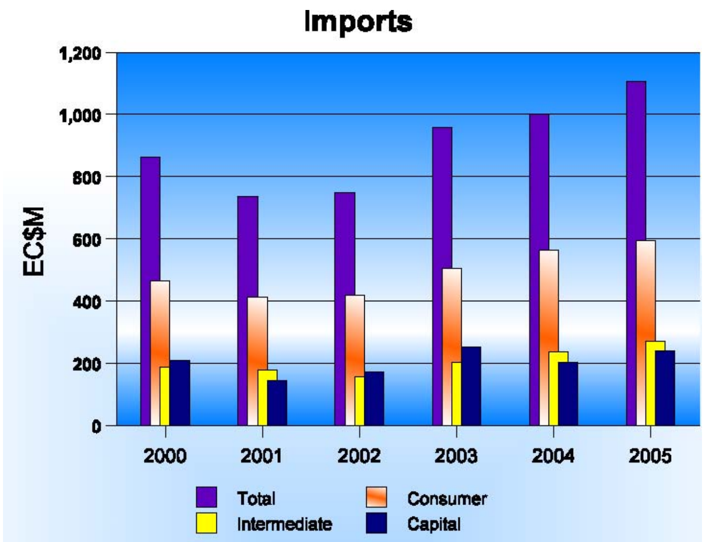
The Overall Balance

An overall deficit of $46.9 million was recorded on the balance of payments accounts in 2005, relative to a surplus of $72.4 million in 2004. The overall deficit was financed by a decrease in Saint Lucia's share of imputed reserves of $48.9 million or 2.1 percent of GDP.

Imports*

Reflective of buoyant economic activity, the value of merchandise imports climbed steadily in 2005 by 10.6 percent to $1,107.23 million, equivalent to about 50 percent of GDP. This outcome was the result of soaring international oil prices and significant upward movements in the import values of intermediate and capital goods. The value of non-oil imports grew by 9.1 percent to $950.4 million compared to the 2.4 percent rise in 2004. Likewise, retained imports grew significantly by nearly 15.0 percent to $1,041.3 million, after a 1.4 percent increase in 2004. The yawning gap between total and retained imports is explained mainly by re-exports of petroleum products.

**Values refer to f.o.b prices unless otherwise stated. Figures for 2004 have been revised.*



Consumer Goods imports, traditionally the highest contributor to the overall value of visible imports, rose by 5.6 percent in 2005 to roughly $600.0 million. This performance was driven by Manufactured Goods and Articles, which increased by 9.3 percent to $354.5 million. This outcome was as a result of the notable upward shift in the import values of construction materials coinciding with the continued expansion in construction sector.

Despite the 6.5 percent upturn in stay-over visitors and the reported rise in the world price of food in 2005, the combined value of imports of Food and Live Animals and Beverages and Tobacco grew by 0.5 percent, compared to the 10.8 percent and 12.5 percent increases in 2004 and 2003, respectively. This outcome was partly a consequence of depressed agricultural output in the CARICOM region over the review period, owing to adverse weather conditions and mechanical problems.

The value of imports of Intermediate Goods grew by 15.4 percent to $271.9 million, albeit at a slower pace than in 2004. However, this outcome was boosted by the impact of global oil prices which increased significantly in 2005. Consequently, this led to a 20.3 percent jump in the import cost of Mineral Fuels, Lubricants and Related Materials to $156.8 million, mirroring the pace of growth in 2004. Other significant increases were noted for the value of imports of Crude Materials, Inedible except Fuels (21.7 percent) and, to a lesser extent, Chemicals and Related Products (4.3 percent).

In keeping with the buoyant trend in economic activity, the value of imports of Capital Goods in 2005 rose by 18.9 percent to $240.6 million, in contrast to the fall of 19.5 percent in 2004. This upswing was predominantly driven by an 18.9 percent growth in the import value of Machinery and Transport Equipment, which amounted to nearly the entire value of capital goods. Sharp upward movements in the import values of the components of machinery and transport equipment, particularly civil engineering and contractors' plant equipment (a twofold increase to $15.2 million), heating and cooling equipment (45.1 percent to nearly $9 million) and motor vehicles were recorded.

The import value of motor vehicles continues to expand, recording a 51.4 percent rise to over $70 million, consistent with the overall growth in the number of new vehicle registrations in the review period. Accordingly, the value of imports of Motor cars/other vehicles designed for the transport of persons leaped by almost 50.0 percent to $40.0 million, and outpaced the 16.7 percent rise in 2004. Additionally, the import value of Motor Vehicles for the Transport of Goods shot up by nearly 37.0 percent to just under $20.0 million. The continued growth in the number and import value of motor vehicles suggests vibrant economic activity, particularly in the wholesale and retail and transport sectors. Conversely, the import value of telecommunications equipment fell by 5.0 percent to $27.6 million, following a 66.7 percent slump in 2004. This reflects a leveling-off of investment activity in the sector after the entry of two new service providers in the industry in 2003.

Caricom

On the regional front, the total value of merchandise imports from CARICOM–equivalent to about 21.0 percent of the overall import bill–inched up by 2.0 percent to $231.5 million in 2005, following a 16.8 percent rise in 2004. This performance reflected a decline in imports of consumer goods from CARICOM and an increase in the value of capital and intermediate imports.

Over the review period, the value of imports of consumer goods from CARICOM fell by 7.6 percent to $120.40 million, led by sharp contractions in the import values of all sub-categories of consumer goods except beverages and tobacco. The value of imports of Beverages and Tobacco grew by 7.9 percent to just under $20.0 million following a near 24.0 percent growth in 2004. Imports of Food and Live Animals declined by 7.3 percent to $53.9 million while the value of imports of Manufactured Goods and Articles shrank by 13.2 percent to a combined total of $46.8 million.

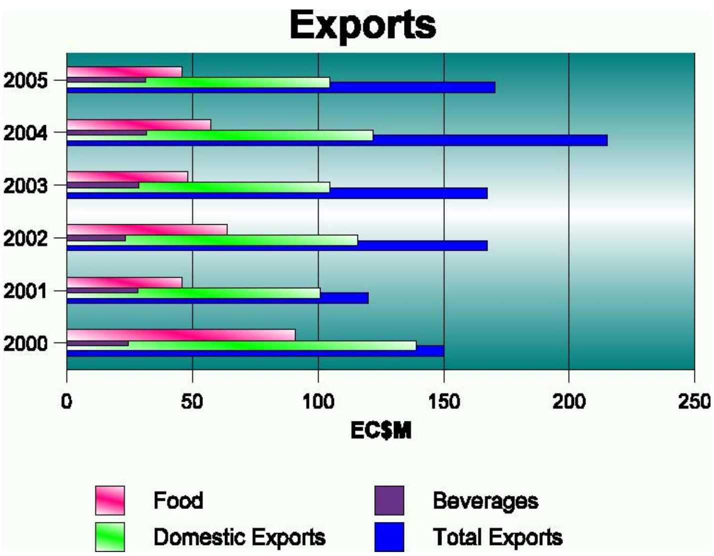
The 12.7 percent rise in the value of imports of Intermediate Goods from the Region in 2005 was driven chiefly by the 9.0 percent increase in the import cost of Mineral Fuels, Lubricants and Related

Materials, which stood at $73.8 million, and accounted for nearly half of the overall import bill classified under this category. The bulk of these imports consisted of refined petroleum oils, residual petroleum products, liquified propane and butane, and natural gases, which are sourced mainly from Trinidad and Tobago.

The value of imports of Capital Goods from CARICOM stood at $10.6 million, up from $7.4 million in the preceding year. Machinery and Transport Equipment maintained its lion's share of the overall import value of capital goods, much of which comprised civil engineering and contractors' equipment, telecommunications equipment, and electrical machinery and apparatus.

Exports

Receipts from total merchandise exports fell by 20.8 percent to $170.6 million in the review period compared to a 28.2 percent growth in 2004. This was due to sluggish performance of domestic exports which recorded a 14.1 percent drop in foreign exchange earnings to $104.7 million, in contrast to the 16.6 percent upturn in 2004.



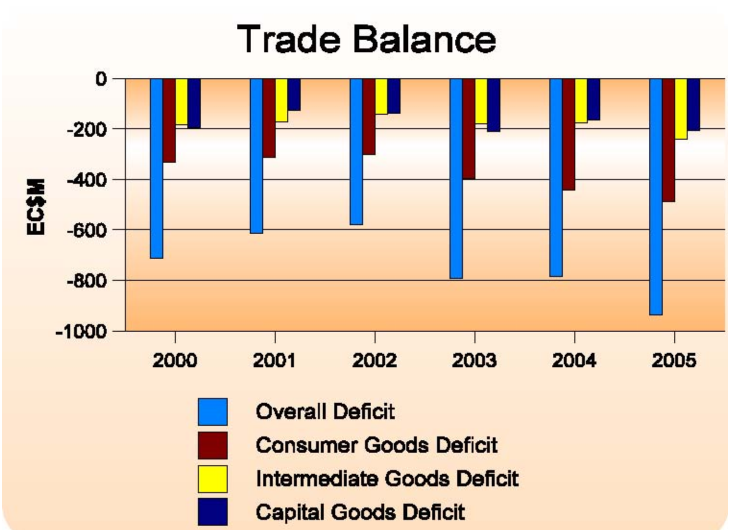
The performance of domestic merchandise exports in 2005 was driven largely by the notable downturn in foreign exchange revenue from Consumer Goods which declined by 13.5 percent to $92.7 million, in contrast to the 13.3 percent increase in 2004. Declines were recorded in the export receipts for all the sub-components of consumer goods. Most notable was Food and Live Animals which recorded a fall in export earnings of 20.2 percent to $45.7 million as a result of a 20.0 percent contraction in banana exports. Foreign exchange earnings from Manufactured Goods and Articles declined by 14.4 percent to $15.6 million partly a result of the decrease in export receipts for articles of paper and paperboard (13.1 percent) and articles of apparel (56.0 percent). The fall in revenue from exports of paper and paperboard is due to the general fall-off in Windward Island banana exports. Export earnings from beverages dipped slightly to $31.8 million, in contrast to the 10.1 percent upturn in 2004. This outcome reflects the continued impact of a highly competitive environment, both regionally and internationally, following the loss of a contract to export bulk rum to Europe by a major local manufacturer.

Caricom

Over the review period, earnings generated from total visible exports to the Region grew by 7.6 percent to $88.9 million, building on growth of 11.2 percent in 2004. However, receipts from non-oil exports to CARICOM declined by 3.8 percent to $65.6 million, a turnaround from the 17.3 percent increase in 2004. Total export receipts for Consumer Goods over the review period remained flat at $49 million, compared to the 7.8 percent rise a year earlier, owing to the fall in receipts from Manufactured Goods (12.6 percent).

Trade Balance

In 2005, the overall trade deficit widened by 19.1 percent to $936.6 million, after remaining flat in the preceding year. The trade deficit for Consumer Goods, which accounted for over 50 percent of the overall trade deficit, deteriorated by 10.3 percent, following a 12.3 percent contraction in 2004.



Over the review period, the trade deficit for Intermediate Goods increased by over 35 percent, in contrast to the 2.4 percent dip in 2004. This was driven by the growth in the value of imports of mineral fuels. Additionally, the price effect of fuel payments and the impact of the construction boom contributed to the worsening of the trade deficit for intermediate goods.

A similar trend was recorded in the trade deficit for Capital Goods, which widened by over 25.0 percent, in contrast to the 21.7 percent improvement in 2004. This downturn was owed to the increase in imports of motor vehicles and machinery equipment.

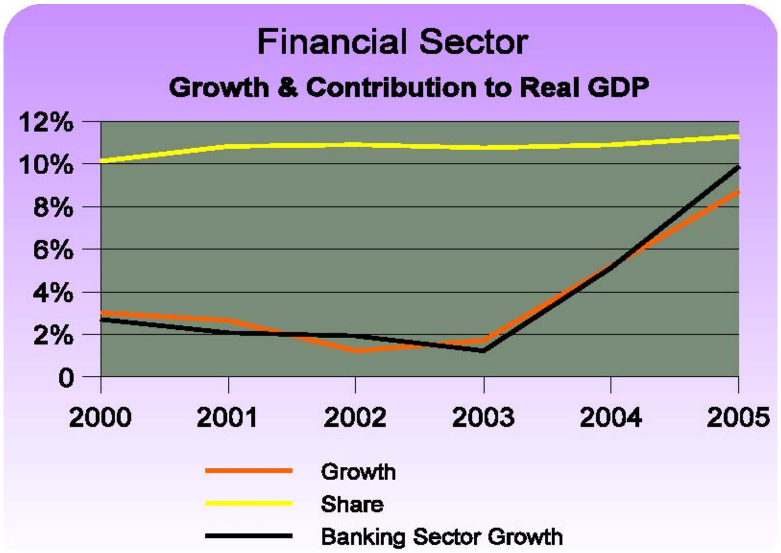
Caricom

In 2005, the growth in the overall value of trade with CARICOM slowed by 3.2 percent to $160.2 million compared to the 15.6 percent upswing in 2004. Accordingly, the trade deficit with the Region narrowed by 1.2 percent to $142.6 million. This was the net result of a 12.2 percent contraction in the trade deficit for Consumer Goods ($71.3 million) and the 8.4 percent growth in the trade deficit for Intermediate Goods ($72.9 million) coupled with the 61.4 percent decline in the trade surplus for Capital Goods ($1.6 million).

The fall in the trade deficit for consumer goods resulted mainly from the decrease in the value of imports of food and manufactured goods and articles. The widening of the trade deficit for intermediate goods was influenced by the increase in the value of imports of chemicals and related products while the drop in the trade surplus for capital goods was due to the rise in the value of imports of civil engineering and contractor's equipment. This outcome was associated primarily with heightened activity in the construction sector.

4. FINANCIAL SECTOR

Developments in the monetary and financial sector mirrored strong growth performance in the real sector during 2005. National accounts data indicate that the sector (banking and insurance) expanded by 8.7 percent during 2005, following growth of 4.9 percent in the previous year. The banking sub-sector grew by 9.9 percent, and was primarily responsible for the strong performance in the monetary and financial sector. As a result, the sector's contribution to real GDP increased to 11.3 percent during 2005.



Activity within the sector was characterized by an expansion in both credit and deposits, with growth in credit outweighing that of deposits leading to a tightening of liquidity. There were varied reductions in commercial bank interest rates. The Monetary Survey featured a reduction in Saint Lucia's net international reserves (NIR) and a strong increase in commercial banks' net liabilities within the ECCB area that led to a reduction in net foreign assets (NFA). However, M2 expanded on the strength of a significant increase in net domestic assets (NDA).

Domestic Credit

For the second consecutive year, domestic credit expanded by double digits reflecting vibrant activity in the real sector. During 2005, there was an increase of 21.3 percent in domestic credit to $1,777.9 million as the main impetus continued to be credit to the private sector, which grew by 16.2 percent to $1,917.3 million. In comparison, private sector credit grew by 10.1 percent in 2004. Of total private sector credit in 2005, household credit expanded by 13.3 percent to $951.0 million while business credit grew by 19.2 percent to $966.3 million.

Despite a 49.0 percent increase in credit to the Central Government to $279.1 million, net credit to the Central Government fell by 33.7 percent to $84.9 million. This resulted from a 14.6 percent expansion in deposits, which maintained the position of the Central Government as a net lender to the banking system. This can be attributed to significant growth in current revenue on the fiscal accounts of the Central Government.

Credit to non-bank financial institutions increased by 19.2 percent to $36.8 million, reflecting a 47.0 percent increase in loans to $18.2 million. Concurrently, deposits grew by 12.6 percent, leading to an expansion of 6.8 percent of the net credit position of these institutions. This represented a turnaround from the previous year when net credit to non-bank financial institutions fell by 10.0 percent as both credit and deposits declined.

Net credit to subsidiaries and affiliates fell by 3.5 percent to $168.5 million, a marked contrast to an expansion of 10.7 percent in 2004. This resulted from a doubling of deposits, while credit registered a smaller increase of 1.3 percent to $182.8 million. Notwithstanding the increase in deposits, subsidiaries and affiliates remained net borrowers from the banking system.

Similarly, net credit to non-financial public enterprises fell by 4.5 percent to $185.2 million, following growth of 4.1 percent in 2004. During the review period, credit to these enterprises increased by 20.1 percent to $120.0 million. Simultaneously, there was a 3.9 percent increase in the substantial amount of deposits held by these enterprises to $305.2 million leading to the decline in net credit.

An analysis of commercial bank credit by economic activity indicates that the largest share of credit, 44.0 percent, continued to be funneled into the acquisition of personal items. For the third consecutive year loans and advances for this purpose expanded, increasing by 10.9 percent to $957.6 million. Approximately one half of personal credit was allocated to the acquisition of property and lending to this sub-sector grew by 12.5 percent to $465.0 million. Of this amount, lending for the purpose of house and land purchases increased by 26.1 percent, while credit for home construction and renovation rose marginally to $220.0 million.

Lending for tourism related activities, the second largest amount of credit, rose by 32.7 percent to $270.9 million, reflecting the expansion in that sector. In line with increased tourism activity, credit to the distributive trades, 11.0 percent of the total, rose by 16.7 percent to $227.7 million. Credit for construction and land development was also spurred by increased activity within the tourism sector, rising by 12.2 percent to $121.8. There was also a 17.2 percent increase in lending to the manufacturing sector contrasting with a 6.8 percent decline in the previous year.

By contrast, credit to the agriculture sector contracted for the fourth consecutive year, falling by 7.0 percent to $26.5 million. This reflects the continued credit risk associated with the sector and is consistent with the large decline in value added of that sector during 2005.

Domestic Liabilities

The impact of economic growth within the domestic economy was also mirrored by the continued robust growth of domestic liabilities across the banking system. Gross liabilities increased by 17.1 percent to $3,433.6 million, following an increase of 12.9 percent in 2004. The momentum for growth continued to come from a substantial rise in deposit liabilities, which accounted for approximately three quarters of all liabilities.

Deposit liabilities grew by 13.3 percent to $2,537.5 million in 2005. Of this amount, 41 percent were savings deposits which grew by 12.8 percent to $1,041.1 million, following moderate growth of 6.9 percent in 2004.

Time deposits grew by 5.8 percent to $797.5 million, following marginal growth of 0.4 percent in 2004. By contrast, demand deposits grew by 20.3 percent to $621.3 million building on growth of 38.7 percent in 2004. Demand deposits as a portion of deposit liabilities rose from 23 to 25 percent, while time deposits as a portion of deposit liabilities fell from 34 to 31 percent. This was because foreign currency deposits were one and a half times more in 2005 than the previous year as there are increasing foreign direct investment in the construction sector.

An examination of deposits by depositor indicates that deposits by residents continue to grow steadily as they increased in 2005 by 13.5 percent to $2,349.9 million. Similarly, deposits by non residents, while less than 10 percent of deposits, increased by 10.7 percent to $187.6 million.

During the review period, one-half of all deposits by residents were held by private individuals, whose deposits increased by 7.1 percent to $1,199.7 million. Deposits of the central and local Government, which accounted for 15.0 percent of all deposits, increased by 18.7 percent to $349.8 million while those deposits held by statutory bodies fell by 3.8 percent to $304.9 million. Of the latter, approximately 80 percent were deposits held by the National Insurance Corporation, an amount which grew by a modest 2.9 percent. Deposits by business firms grew by 37 percent to $343.5 million, expanding by double digits for the third consecutive year. This is consistent with the recovery in the economy since 2003 and resulted in an increase of the share of deposits held by business firms from 12 to 15 percent during 2005.

Money Supply

M2 grew by 13.4 percent to $1,711.8 million in 2005, following an increase of 10.1 percent in the previous year. This was in line with an expansion in the components of M1, as well as the components of quasi-money.

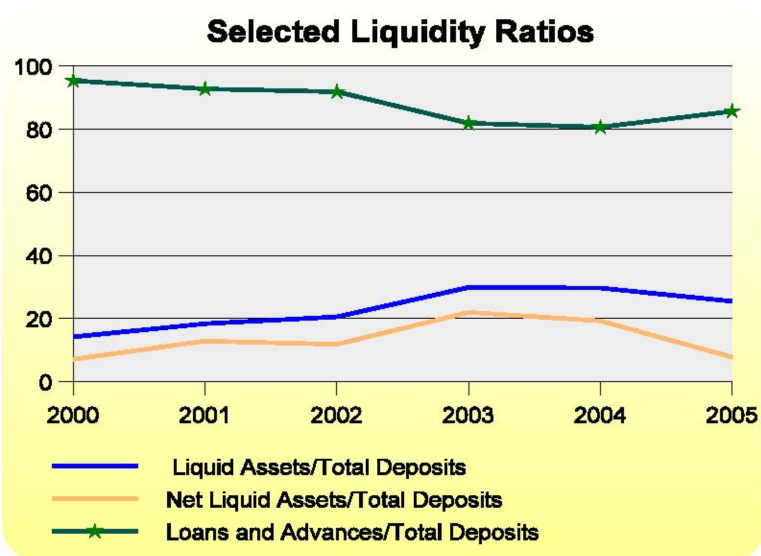
M1, defined as currency held by the public along with private sector demand deposits, grew by 13.7 percent to $547.3 million. This resulted from an increase of 15.4 percent in private sector demand deposits, which accounted for 80 percent of the total. However, this represented a slow down from the previous year, when this component expanded by 50 percent. Nonetheless, the performance reflected continued economic activity as demand deposits are balances held to conduct business transactions by firms and households.

Following a marginal increase in the previous year, quasi-money increased by 13.3 percent to $1,164.5 million in 2005. The sharp increase was due to a 13.1 percent rise in private sector savings deposits, which accounted for over three quarters of quasi-money. In addition, there was a 4 percent increase in the level of private sector time deposits contrasting with a 25 percent decline in 2004.

The increase in M2 reflected contrasting movements of the aggregates on the asset side. Notwithstanding a 73.5 percent decrease in NFA to $84.5 million, NDA expanded by 36.7 percent to $1,627.3 million.

Liquidity

Over the review period there was a tightening of liquidity as measured by the loans and advances to deposits ratio. Since 1999 this ratio has consistently declined, signaling a gradual easing of liquidity. However in 2005, the ratio rose from 80.7 to 85.7 as the growth in loans and advances of 20.3 percent outstripped the 13.3 percent expansion in deposits.



Additionally, the stock of net liquid assets was halved during 2005, following a moderate decline of 2.5 percent during the previous year. This was a result of a doubling in borrowing from banks in other ECCB territories as well as an increase in longer term deposit liabilities to non-ECCB area banks. Consequently, the ratio of net liquid assets to deposit liabilities fell significantly from 19.3 to 7.8.

Interest Rates

During the review period, movements in the interest rates continued in large part, to reflect trends from the previous year. Rates on savings and demand deposits remained unchanged, but there was a decline of 75 basis points on the upper end of the range on special deposits.

Rates on the upper end of the spectrum on time deposits of all maturities continued to decline as in 2004. Time deposits with maturities up to 3 months and maturities between 6 and 12 months saw declines of 150 basis points while those with between 3 months to 6 months moved from 5.5 percent to 3.5 percent. In addition, deposits with maturities between 1 and 2 years saw declines in the spread of 50 basis points, while those over 2 years experienced the smallest contraction in the spread of 25 basis points.

For the third consecutive year, the prime lending rate was maintained, but the spread on other lending rates contracted as the lower end rose by 50 basis points and the upper end of the range fell by the same amount.

The spread on the nominal rates of interest on add on loans also contracted as the rate on the lower end of the range rose by 100 basis points. However, the effective interest rate on add on loans remained unchanged.

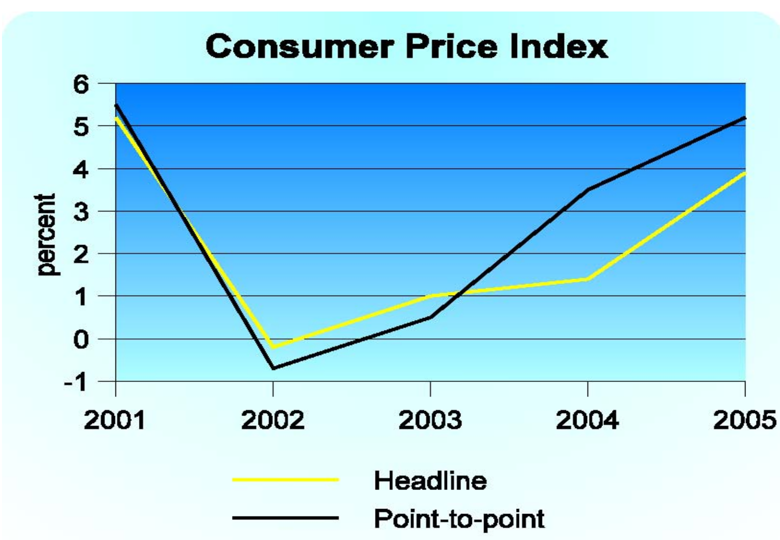
External Sector Developments

In contrast with the outcome in 2004, the NIR declined during the review period, by 13.9 percent to $302.6 million. This was influenced by developments in the real sector and highlighted in the Balance of Payments. In 2005, there was a widening of the current account deficit, despite increased travel receipts from a buoyant tourism sector. As a result, the stock of imputed assets declined by 13.6 percent to $311.8 million.

Additionally, there were substantial investment inflows to commercial banks during the review period. Therefore, at the end of the review period, commercial banks moved from a net liability position of $32.9 million to $218.1 million. Consequently, the stock of NFA declined by $234.1 million to $84.5 million.

5. PRICES

The inflation rate in 2005 was higher than in the previous year, as the persistent rise in international oil prices continued to drive up the Consumer Price Index (CPI). The inflation rate measured by the percentage change in the 12-month average of the CPI, increased to 3.9 percent compared to 1.5 percent in 2004.



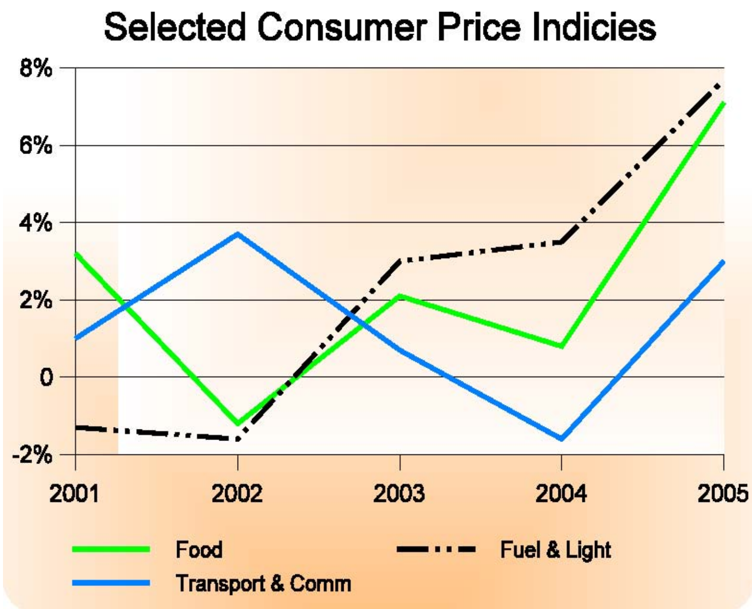
Similarly, the point-to-point measure of the inflation rate as at December 2005 registered at 5.2 percent compared to 3.5 percent in the same period a year earlier.

Inflationary pressures within the domestic economy were influenced by external economic conditions which resulted in a relatively high level of ‘imported' inflation. Annual inflation in major developed countries rose to 2.2 percent in 2005, up from 1.8 percent in 2004. More importantly, in 2005, inflation rates in the main trading partner economies such as the USA and the UK grew by about 70 basis points to 3.4 and 3.8 percent, respectively. With regards to CARICOM, inflation for most of the member states was moderately higher in 2005 than in the previous year. More specifically, the rate of inflation in the Eastern Caribbean Currency Union (ECCU) for 2005 was provisionally estimated at 3.5 percent. Nevertheless, for the most part, the annual inflation rate in 2005 for various CARICOM member states was comparable with those in trading partner countries.

On the domestic front, movements in the CPI were influenced largely by the Food, Fuel and Light and Transport and Communications sub-indices, reflecting the pass-through effects of rising petroleum prices. The Food sub-index, the most heavily weighted in the CPI, rose by 7.1 percent in 2005 compared to a rise of 0.8 percent in 2004. This outcome was influenced by increased prices in various source markets as well as rising freight charges prompted by supply constraints in the domestic and regional agricultural sectors.

Similarly, the sub-index for Fuel and Light jumped by 7.7 percent in 2005 from an increase of 3.5 percent in the previous year. This upturn represented the largest movement among all the sub-indices and was prompted chiefly by the 36.0 percent rise in international oil prices in 2005, relative to 2004. The light component of the sub-index reflects the production cost of electricity services which is based on the prevailing international price of oil.

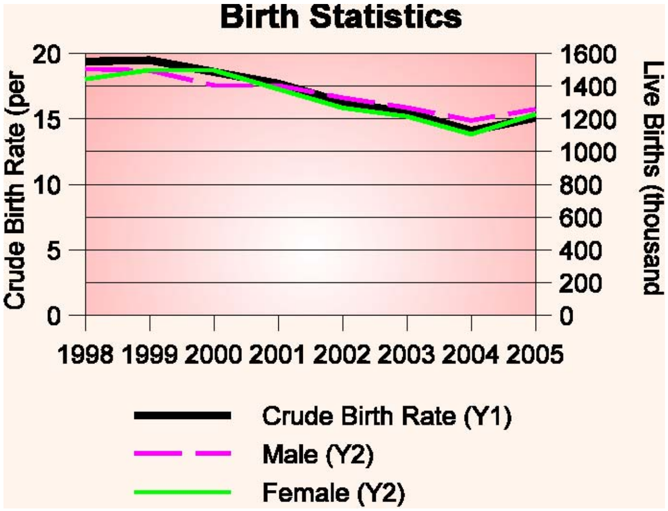
Soaring oil prices also impacted on Transport and Communications, pushing up the year-on-year sub-index by 3.0 percent in 2005. This outcome was led primarily by the transport component which saw increases in prices for petrol, bus fare and air travel, while prices for communications remained flat compared to 2004.



In the twelve months to December 2005, other upward movements in the remaining sub-indices were recorded, though less significant. As a result, core inflation inched up by 0.7 percent in 2005. Accordingly, the sub-indices for the categories namely, Clothing and Footwear, Housing, Furniture and Household Equipment remained unchanged, while increases were recorded for the sub-indices of Beverages and Tobacco (1.5 percent), Medical Care and Health (0.3 percent), Recreation, Education and Culture (0.9 percent) and Miscellaneous Goods and Services (0.9 percent).

6. DEMOGRAPHY

Preliminary estimates indicate that Saint Lucia's population increased by 1.5 percent to 164,791 in 2005. The birth rate increased to 15.1 per thousand, while the death rate increased slightly from 6.9 to 7.2 per thousand. Accordingly, the natural rate of increase of the population was 1,308 or 124 more than 2004. The former continued on its fluctuating trend, while the death rate continued to increase since 2002. Data from the Ministry of Health indicate that the leading causes of death are chronic-non communicable diseases such as heart disease, stroke, diabetes, hypertension and cancer. Land transport accidents and homicides also feature among the top ten leading causes of death.



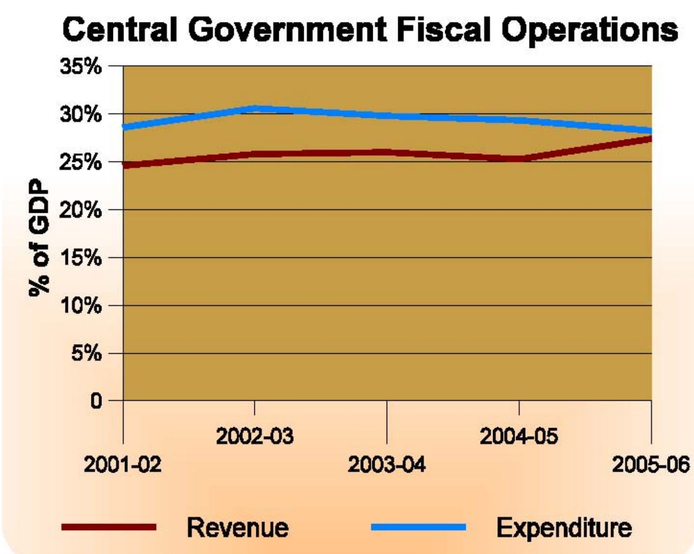
Since 2001 male births and deaths have exceeded that of females, however, the classification of the population by sex reveal that females accounted for 51.1 percent (84,196) of the total. The population distribution by age reveals a "teen-bias" with the cohorts 10-14 years (17,429) and 15-19 years (17,483) being the most populous and accounted for a combined 21.0 percent of the population. This has impacted on the labour force, as there is growing pressure for creation of employment opportunities especially among the youth.

The share of economically active adults (individuals age 15-64) as a proportion of the population increased marginally to 64.6 percent in 2005, while the proportion of the population categorized as dependent (children aged 0-14 and adults aged 65 and over) fell to 28.4 percent and 7.0 percent respectively. As a result, the dependency ratio (ratio of dependent adults and children to economically active adults) remained stable at 1:1.8. Castries continued to be the administrative district that experienced the largest population increase, with Choiseul and Canaries experiencing the lowest. Castries was also the most densely populated with 324 persons per square mile, contrasting with Canaries, the most sparsely populated, with 9 persons per square mile. In keeping with the growth in population, the density increased to 793 persons per square mile in 2005. This is reflective of the internal migration patterns where individuals move from less economically active areas seeking employment opportunities. This also confirms the results of the 2001 census which demonstrate marginal growth since 1960.

Accordingly, Castries had the largest share of economically active adults, followed by Micoud. In addition, Castries had the largest share of dependent children and adults. This was followed by Vieux Fort, with the second largest share of dependent children, while Micoud had the second largest share of dependant adults. It is significant to note that although Gros Islet contributed the second largest share of the population, it did not account for the larger shares of economically active adults or dependents.

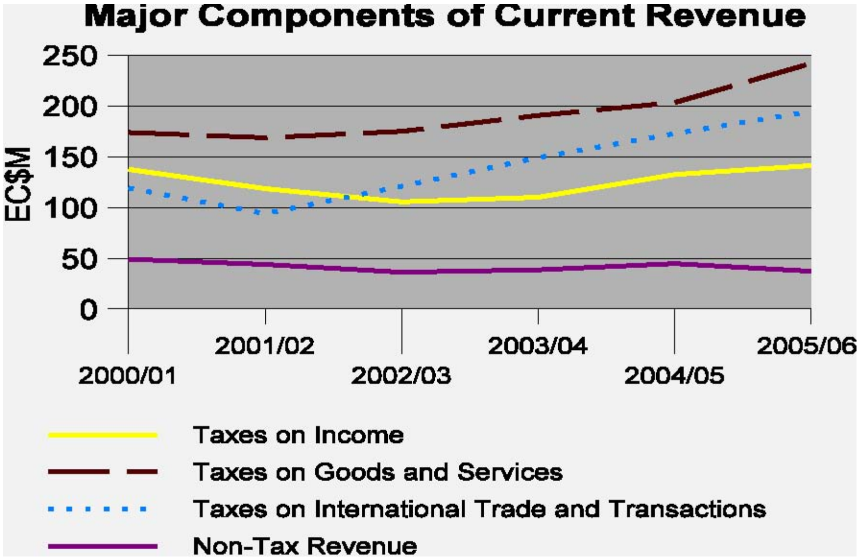
V. CENTRAL GOVERNMENT FISCAL OPERATIONS

Preliminary estimates reveal that Central Government fiscal operations improved significantly in 2005/06. The current surplus increased from 3.3 percent to 3.5 percent of GDP or $83.0 million. Significant growth in receipts from all major tax sources was recorded, while growth of most categories of current expenditure was moderate. Capital expenditure continued to be affected by delays arising from implementation and non-receipt of funds. However, preliminary estimates indicate that capital expenditure declined by 3.8 percent to $158 million. The overall deficit narrowed by 21.5 percent to $70.4 million equivalent to 3.0 percent of GDP.



Revenue Performance

Total revenue and grants increased by 7.7 percent as a result of strong growth in revenue (From $557.3 million in 2004/05 to $600.2 million in 2005/06).. Current revenue increased by 7.0 percent to $595.64 million in 2005/06 or 25.2 percent of GDP, following an increase of 13.2 percent in 2004/05.



Taxes on Income and Property

During the 2005/06 fiscal year direct tax receipts on income and property grew by approximately 13.0 percent to $153.8 million. Despite a reduction in the corporate tax rate from 32.0 percent to 30.0 percent in 2005, revenue collection from corporations increased by 14.2 percent in 2005/06 to $62.4 million consistent with higher levels of economic activity. Taxes on personal income grew by 17.5 percent to $58.4 million reflecting a general increase in employment and increase in incomes resulting from the negotiation of a number of collective wage agreements. Property tax revenue increased by 33.2 percent to $4.86 million following a contraction of 4.6 percent in 2004/05, indicating a higher level of compliance associated with the ongoing valuation exercise being conducted by the Inland Revenue Department.

Revenue from withholding taxes more than doubled during 2005/06 rising from $3.7 million to $7.5 million. This is consistent with the strong performance of the construction sector in 2005.

Taxes on Goods and Services

During the fiscal year 2005/06, receipts from taxes on goods and services fell by 1.7 percent to $199.8 million, after recording growth of 6.7 percent in the previous fiscal year. Revenue yields from consumption tax on imports contracted by 10.7 percent to $104.7 million, mainly reflecting the decline in receipts associated with consumption tax on petroleum products. International petroleum prices increased by an average of 27.2 percent over the period January to December 2005. Given that the

Government did not adjust retail prices in order to minimize consumption tax losses, this resulted in Government subsidizing the supply of LPG and kerosene.

In keeping with growth in stay over arrivals, receipts of hotel accommodation tax grew by 10.6 percent to $29.04 million during the review period. The performance of this tax continued to be affected by compliance issues. Ongoing negotiations between the Saint Lucia Hotel and Tourism Association and the Inland Revenue Department are expected to address this concern.
Revenue from licences contracted by 7.5 percent to $15.7 million. This follows an increase of 1.8 percent in the previous fiscal year. This contraction was attributed to the receipt of arrears during the previous fiscal year. However, there was an increase of 11.4 percent in the collection of stamp duties consistent with vibrant activity in the construction sector.

Revenue from cellular tax increased by 28.7 percent to $7.8 million, reflecting continued growth in the mobile phone subscriptions. Passenger facility fees grew to $1.54 million dollars, in line with increased stay-over arrivals.

Taxes on International Trade and Transactions

Revenue from international trade taxes grew by 17.4 percent, to $202.7 million (representing 8.6 percent of GDP), reflecting growth in all major revenue items. Import duty and service charge collections grew by 15.9 percent to $87.2 million and 16.0 percent to $53.8 million respectively. Environmental levy and excise tax (imports) recorded positive growth of 29.7 percent and 34.8 percent respectively owing mainly to an increase in import values of motor vehicles. Travel and airport tax receipts on average declined by 23 percent to $8.8 million collectively. This decline may be attributable to one-off payments related to arrears made in the previous year.

Non-tax Revenue

Non-tax revenues declined by 11.7 percent to $39.4 million compared to 16.1 percent in the previous year. With the exception of interest and rents, fines, fees and sales, all other revenue items recorded a decline. Earnings from Government departments declined by 36.7 percent to $3.7 million as Government continued its policy of maintaining the prices of controlled products such as rice and sugar, unchanged in light of a 32.0 percent increase in international prices.

Expenditure Performance

Central Government expenditure continued on an upward path in fiscal year 2005/2006 reflecting Government's continued role in providing public services and stimulating growth through the provision of adequate social and economic infrastructure.

During the review period, total Government expenditure increased by 3.7 percent following higher growth of 5.4 percent in the previous year resulting in a decline to 28.3 percent from 29.3 percent of GDP in the previous year. The sharpest increases were recorded in wages and salaries, interest payments, retirement benefits and the provision of goods and services. On the other hand there was a reduction in the capital outlay due to the slow pace of implementation of major capital projects leading to a reduction from 7.5 percent to 6.7 percent of GDP in 2005/06.

Current Expenditure

Current expenditure increased by 6.2 percent, to $512.7 million, maintaining a share of 21.7 percent of GDP reflecting higher wages and salaries, interest commitments on outstanding debt, pension contributions, rental payments, utilities and communications.

Wages and salaries and National Insurance Contributions

Expenditure on wages and salaries grew by 7.3 percent to $237.4 million, representing 10.1 percent of GDP. This was due to a cumulative increase of six percent paid retroactively for the first two years of the triennium 2004/05 to 2006/07. Similarly, wage increases amounting to approximately $2.0 million were paid for the same period. However, in the review period, the shares of both wages and salaries to GDP remained relatively stable at 1.2 and 8.2 percent of GDP, respectively.

Contributions to the National Insurance Corporation (NIC) grew by 8.2 percent to $3.84 million but remained at a constant share of GDP. NIC contributions are paid by recent recruits on permanent establishment, temporary appointees and wage earners.

Retirement Benefits

Following the granting of an increase in pensions in the review period, retirement contributions are estimated to have increased to $38.9 million or 1.7 percent of GDP. This represented an increase of 7.4 percent in absolute terms as compared to 3.9 percent in 2004/2005.

Goods and Services

Expenditure on goods and services, influenced significantly by increased commitments to meet rental and lease payments, utilities, travel and subsistence, communication expenses, operating expenses and supplies, grew modestly by 1.7 percent to $93.5 million. The major categories of expenditure include rental, utilities, communications and supplies.

Rental expenses are estimated to have grown by 24.1 percent to $21.4 million following modest growth of 4.7 percent in the previous fiscal year. Of particular significance was the growth in lease commitments following the completion of the construction of police and fire stations, which are under the Build Own Lease and Transfer (BOLT) agreements. In addition, a number of Government offices, are being renovated resulting in the transfer of offices to rental accommodations.

In line with the surge in petroleum prices and increased office accommodation, utility commitments grew by 55.3 percent to $21.5 million compared with growth of 20.6 percent in the previous year. Communication expenses are estimated to have increased by 6.7 percent to $8.3 million following growth of 11.5 percent in the previous year. The volatility of this item of expenditure is largely in keeping with the payment of accumulated arrears.

Driven primarily by the increasing demands for supplies at the major health institutions, expenditure on supplies and materials grew by 38.1 percent to $16.6 million following a moderate growth of 6.9 percent in the previous year. Operating and maintenance expenses rose by 13.6 percent to $11.0 million after recording a reduction of 9.4 percent last year as a result of the restoration of infrastructure following destruction from natural disasters.

Current Transfers

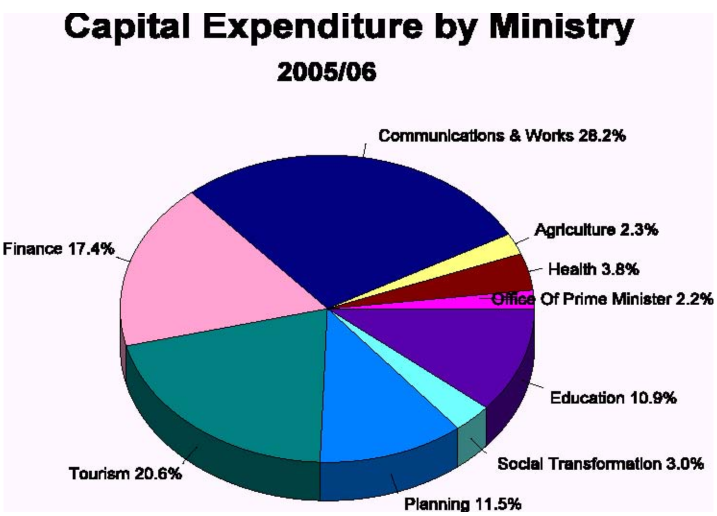
Indicative of its role to provide assistance both to the public sector institutions and to the private sector, Central Government's transfers increased by 6.7 percent to $67.1 million (2.8 percent of GDP). During the fiscal year, private sector contributions increased by 18.6 percent to $4.8 million while growth in public sector contributions edged upwards to 5.9 percent. Of particular significance was the contribution for increases in public assistance ($0.8 million), the contribution to the Cuban Eye Care and the increase in assistance to senior citizens.

Interest Payments

In keeping with Government's policy to refinance high cost loans with cheaper instruments, the growth in interest payments fell to 7.5 percent in contrast to an increase of 19.8 percent in the previous year. Total interest payments were recorded at $72.0 million but maintained a share in the region of 3 percent of GDP over the two-year period. Domestic interest payments were 26.3 percent lower as a result of the reclassification of a significant number of instruments from domestic to external debt and the maturity of some domestic treasury bills. On the other hand interest payments on external debt increased by 24.4 percent.

Capital Expenditure

Central Government capital expenditure fell slightly to $158.0 million, representing 6.7 percent of GDP. This decline was associated with delays in implementation for a number of projects over the review period. In absolute terms, capital expenditure declined by 3.8 percent from a growth of 17.8 percent in the last fiscal year. Some of the major hindrances included the significant changes in project scope and capacity, inadequate implementation plans and untimely disbursements of grant and loan funding.



An examination of the composition of capital expenditure revealed that the largest share (31 percent) of the capital program was held by the Ministry of Communications (MCWT) with the RDP and the

Rehabilitation of the East Coast road accounting for $13.6 million. Ministry of Tourism accounted for 20.6 percent of capital expenditure consisting primarily of expenditure for tourism marketing. The Ministries of Planning, Education and Finance each accounted for 11.5, 10.9 and 17.4 percent of the share of capital expenditure. Investments in housing and emergency disaster recovery estimated at 6.7 million were the main components of capital expenditure by the Ministry of Planning. The major project carried out by the Ministry of Education included the OECS Education Development Project with an estimated expenditure of 8.6 million. Further, in an effort to meet the goal of universal secondary education in 2006 a large part of the capital program entailed expansions to existing secondary schools and the construction of new secondary schools.

Financing of Capital Expenditure

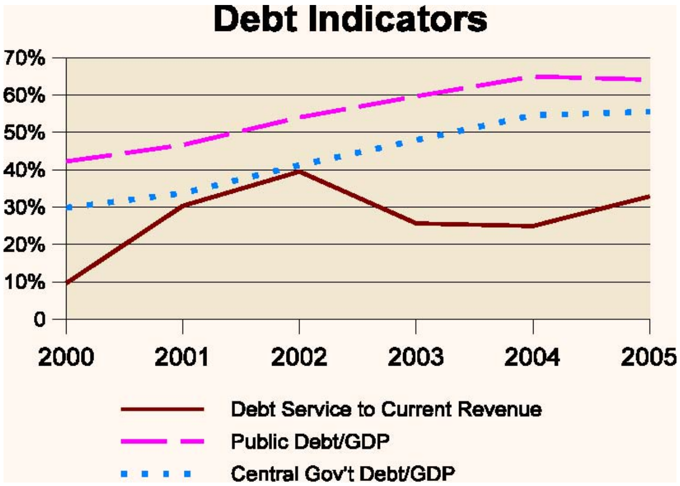
The composition of capital expenditure financing changed slightly during the review period. Loans financed 93 percent of capital expenditure (6.2 percent of GDP) up from 77.0 percent in the previous year. The contribution of grants fell from 22.0 percent to 5.0 percent (0.4 percent of GDP) as the disbursement of grants was delayed substantially. The share of local revenue increased marginally from 1.4 percent to 2.0 percent during the review period.

VI. PUBLIC FINANCES/DEBT

In keeping with continued implementation of the public sector investment programme the stock of public debt increased by 7.6 percent at the end of 2005. Total outstanding public liabilities stood at $1,528.5 million. This represented about 64.1 percent of GDP, down slightly from 64.9 percent in 2004. However, Central Government debt which accounted for 85.8 percent of public sector debt, increased by 10.2 percent to $1,296 million, or equivalent to 55.0 percent of GDP, below the ECCB benchmark of 60.0 percent. This outturn was due largely to the 14.3 percent rise in domestic debt, and to a lesser extent, the 8.6 percent increase in external debt compared to 2004. During the review period the guaranteed and non-guaranteed components of outstanding public debt declined further by 10.9 percent and 2.9 percent, respectively, to a combined total of $202.1 million.

A review of the Central Government's debt portfolio for the review period, reveals that 63.0 percent of debt was denominated in financial instruments (Bonds and Treasury Bills) while the remaining 37.0 per cent was contracted in loans. During the review period, debt disbursements amounted to $248.5 million, of which $143.2 million came from domestic sources.

In 2005, notwithstanding an increase in global interest rates, the average cost of debt declined, leading to a corresponding drop in the WACD to 5.93 percent from 5.96 percent in 2004. This reflected Government's policy of refinancing existing debt at lower costs. The objective of this policy is to ensure that the terms and conditions attached to its debt obligations, including maturity and interest rates, result in the most efficient payment schedules that are compatible with the periodic cash flows of the Government.



Government's ability to service its debt can be measured by a number of indicators. Over the review period, the ratio of external debt service obligations to exports of goods and services remained relatively stable at 7.5 percent. The ratio of Central Government debt service to current revenue stood at 32.9 percent in 2005 compared to 24.9 percent in 2004, due mainly to increased debt service payments on new disbursements during 2005.

Domestic Debt

Over the review period, the stock of Central Government domestic debt moved upwards to $395.3 million primarily as a result of:

1. An increase in bonds by 32.5 percent or $70.1 million to $285.4 million.
2. An increase of 65.4 percent or $20.7 million in commercial bank loans to $52.4 million to finance part of the Government's 2005/2006 annual budget.

At the end of 2005, about 86 percent of Central Government disbursed domestic debt consisted of financial instruments with medium-term maturities. This reflects, in large measure, the debt management objectives of the Government which include refinancing high cost loans by sourcing new funds at the most favorable terms, and thereby reducing debt servicing in a manner that minimizes costs, consistent with a prudent risk profile. Since the launching of the Regional Government Securities Market (RGSM) in late 2002, the Government has participated in a number of bond and Treasury Bill issues in pursuit of the cheapest available non-concessional financing. In 2005, the Central Government raised $152 million on the RGSM through security issues for debt restructuring purposes and the financing of capital expenditure.

External Debt

External debt, which accounted for just under 70 percent of the total Central Government debt stock, advanced by 9.2 percent or $76.2 million to $900.9 million representing 40.7 percent of GDP owing to:

1. An increase of $26.8 million in treasury bills and bonds to foreign institutions.
2. Loan disbursements of $78.5 million of which the RDP ($35.9 million), Rehabilitation of Tertiary Roads ($10.2 million), Flood Mitigation ($8.2 million) and Emergency Recovery ($6.6 million) accounted for some of the largest disbursements.

At the end of the review period, about 45 percent of the Central Government outstanding external debt consisted of financial instruments, while the remaining external debt was composed of loans and advances. Moreover, external debt with long-term maturities account, on average, for about 60 percent of total Central Government debt, much of which originates from multi-lateral sources.

Another integral component of Government's debt management strategy is to hedge its debt against adverse currency shocks. Consequently, the Government has pursued a policy of contracting its debt in currencies with fixed exchange rates such as the US and Barbados dollars. An assessment of external debt by currency indicates that 83 percent of the external public debt stock at the end of 2005 bears no exposure to exchange rate risk, as 60 percent and 21.7 percent was contracted in US and EC dollars, respectively. Debt denominated in Special Drawing Rights (SDRs) represented the third largest share (8.6 percent) of total public external debt, all of which represent concessionary funding from multi-lateral sources.

External Debt by Creditor

The Government continues to rely heavily on traditional concessional sources of credit from various international development institutions. The Caribbean Development Bank (CDB) remains the largest creditor, accounting for 32.0 percent of Central Government external debt and 35.7 percent of total public external debt, while the World Bank Group (IBRD and IDA) contributed 11.2 percent to the Central Government external outstanding debt stock at the end of 2005. Commercial debt held by the Central Government represented 37.6 percent of total Central Government external debt, down from 42.6 percent in 2004.

Debt by Economic Sector

The allocation of external debt among the various economic sectors showed little change from the previous year. The proportion of debt for Communications & Works and Utilities, principally for the financing of the RDP, and other road rehabilitation projects and water supply network improvements, remained broadly flat in the review period. In contrast, however, given the implementation of projects to prepare for Cricket World Cup 2007, new disbursements were allocated to the Finance and Insurance and Hotel and Tourism sectors over the review period.

VII. CURRENT ISSUES OF GOVERNMENT SECURITIES

1. **Treasury Bills**

- **Issues Outstanding** EC$87,796,900
- **Type of Issue** Saint Lucia Government Treasury Bills
- **Maturity in days** 30, 91 and 365 days

- **Bills issued on RGSM** EC$26,200,000 and EC$12,630,000
- **Type of Issue** Saint Lucia Government Treasury Bills
- **Maturity in days** 365 days
- **Maturity dates** May 2007 and July 2007

2. **Bonds**

- **Issues Outstanding** EC$745,318,521
- **Type of Issue** Saint Lucia Government Bonds
- **Maturity in Years** 5, 6 and 10 years

• **Treasury Notes and Bonds issued on RGSM**	8 issues totaling $257,000,000
• **Maturity in Years**	5, 6 and 10 years
• **Redemption Date**	2009, 2010, 2014, 2015, 2016 respectively

3. Debt Rating

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

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

The Bonds will be issued and listed on the Regional Government Securities Market (RGSM). This market will operate on the Eastern Caribbean Securities Exchange (ECSE) trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be a fixed price auction with closed 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 auction.

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.

A list of licensed intermediaries is provided in Appendix III. Successful clients will be informed of their payment obligations and have funds deducted from their respective accounts with the intermediary.

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

APPENDIX I - KEY ECONOMIC INDICATORS

	2005pj	2004p	2003	2002	2001
GDP at factor cost[1] (in millions EC$)	1340	1272	1223	1186	1180
Real GDP growth rate (in per cent)	5.41	3.99	3.09	0.54	-4.05
Nominal GDP by Sector	**In percentage of contribution to GDP**				
Agriculture	3.36	4.54	4.64	5.68	5.47
Manufacturing	5.68	5.76	5.74	5.88	5.63
Construction	7.97	7.60	7.83	7.94	8.39
Mining	0.43	0.45	0.48	0.49	0.48
Wholesale and retail	12.02	11.61	11.14	10.65	10.58
Transport	10.90	10.22	10.09	10.17	10.64
Communications	11.34	11.14	11.07	10.92	10.21
Government services	11.14	11.78	11.77	12.39	12.66
Banking & Insurance	11.22	10.88	10.78	10.90	10.82
Hotel and Restaurant	13.55	13.43	13.19	11.66	11.80
Electricity & Water	4.87	4.79	5.18	5.24	5.41
Real Estate & Owner Dwellings	12.59	12.56	12.64	12.61	12.39
Other	4.15	4.29	4.44	4.58	4.52
Central Government Finances	**In percent of GDP at market prices**				
Current Revenue	25.23	25.24	23.98	22.90	23.04
Current Expenditure	21.71	21.91	23.16	22.81	21.49
Current Account Balance	3.52	3.33	0.82	0.09	1.55
Overall Balance	-2.98	-4.07	-3.96	-4.78	-4.01
Debt Ratios (%)					
Public Debt as a % GDP	64.90	65.90	61.50	57.50	52.60
Debt Service as a % of GDP	3.05	3.04	2.73	2.42	2.24
Debt Service as a % of Current Revenue	12.08	12.03	11.37	10.55	9.72

pj –projected
p - provisional

Source: 2005 Economic and Social Review and Ministry of Finance, GOSL

[1] Constant Prices - 1990

APPENDIX II - CENTRAL GOVERNMENT SUMMARY OF FISCAL OPERATIONS ECONOMIC CLASSIFICATION [Fiscal Year]*
(EC$ Million)

	2001/02	2002/03	2003/04	2004/05 R	2005/06 Pre	% Change
Total Revenue & Grants	**458.18**	**497.66**	**533.03**	**557.33**	**600.20**	**7.7%**
of which:						
Grants	26.30	36.29	32.89	0.00	4.24	
Capital revenue	2.68	19.85	8.64	0.87	0.32	-63.3%
Current Revenue	**429.21**	**441.52**	**491.50**	**556.46**	**595.64**	**7.0%**
Tax Revenue	**385.27**	**405.36**	**453.05**	**511.83**	**556.22**	**8.7%**
of which:						
Taxes on Income	118.37	105.35	109.91	132.38	148.91	12.5%
Taxes on Goods & Services	168.47	174.82	190.43	203.22	199.80	-1.7%
Taxes on International Trade	93.76	120.82	148.89	172.59	202.66	17.4%
Others	4.67	4.37	3.82	3.64	4.85	33.2%
Non Tax Revenue	**43.94**	**36.16**	**38.45**	**44.63**	**39.42**	**-11.7%**
Total Expenditure	**532.84**	**589.82**	**614.14**	**647.01**	**670.64**	**3.7%**
of which, Capital & Net Lending	**132.59**	**150.00**	**139.47**	**164.29**	**158.00**	**-3.8%**
Capital Expenditure	132.59	150.00	139.47	164.29	158.00	-3.8%
Net Lending	0.00	0.00	0.00	0.00	0.00	
Current Expenditure	**400.24**	**439.82**	**474.67**	**483.07**	**512.64**	**6.1%**
of which:						
Wages & Salaries	212.75	211.62	229.94	221.32	237.41	7.3%
Interest Payments	41.73	46.60	55.87	66.87	71.98	7.6%
Goods & Services	72.80	78.00	90.44	91.93	93.46	1.7%
Current Transfers	38.70	68.37	60.20	62.86	67.08	6.7%
Current Balance	**28.96**	**1.70**	**16.83**	**73.39**	**83.00**	**13.1%**
Overall Balance	**-74.65**	**-92.16**	**-81.11**	**-89.68**	**-70.44**	**-21.5%**
Financing	**74.65**	**92.16**	**81.11**	**89.68**	**70.44**	**-21.5%**
External (Net)	**73.87**	**80.64**	**51.25**	**65.90**	**n/a**	**n/a**
Disbursements	92.96	129.00	68.04	79.16	n/a	n/a
Amortization	-19.09	-48.36	-16.79	-13.26	n/a	n/a
Domestic	**0.78**	**11.52**	**29.86**	**23.78**	**n/a**	**n/a**
Banks (net)	-2.00	-22.04	18.49	n/a	n/a	n/a
Change in Loans & Advances (including overdrafts)	-2.22			n/a	n/a	n/a
Change in Deposits	-0.22			n/a	n/a	n/a
Non Banks	2.79	33.56	11.37	n/a	n/a	n/a

R=Revised
Pre – Preliminary
* April to March

APPENDIX III - BALANCE OF PAYMENTS
(EC$ MILLIONS)

	2000r	2001r	2002r	2003r	2004r	2005e
CURRENT ACCOUNT	**-248.78**	**-296.02**	**-296.49**	**-394.04**	**-268.77**	**-406.76**
Goods	**-685.27**	**-596.73**	**-560.81**	**-764.75**	**-701.05**	**-906.19**
Merchandise	-711.22	-623.66	-580.48	-791.00	-745.67	-936.59
Repair on goods	0.03	0.02	0.00	0.02	0.02	0.01
Goods procured in ports by carriers	25.92	26.91	19.67	26.23	44.60	30.39
Services	**506.86**	**383.87**	**327.02**	**469.02**	**584.67**	**640.24**
Transportation	-109.76	-113.77	-107.07	-139.37	-138.25	-152.02
Travel	662.41	543.40	476.05	665.41	779.84	854.01
Insurance Services	-15.98	-11.64	-13.38	-17.75	-20.16	-22.37
Other Business Services	-13.69	-22.07	-18.52	-30.68	-28.55	-30.20
Government Services	-16.12	-12.06	-10.05	-8.59	-8.21	-9.18
Income	**-121.33**	**-121.77**	**-95.35**	**-130.82**	**-189.94**	**-183.67**
Compensation of Employees	0.11	0.17	0.15	0.25	0.36	0.36
Investment Income	-121.44	-121.94	-95.50	-131.07	-190.30	-184.03
Current Transfers	**50.95**	**38.61**	**32.64**	**32.50**	**37.55**	**42.86**
General Government	9.18	-0.87	-2.64	-2.20	-0.50	-0.33
Other Sectors	41.77	39.48	35.28	34.70	38.05	43.19
CAPITAL AND FINANCIAL ACCOUNT	**274.34**	**282.49**	**259.48**	**411.61**	**350.07**	**448.95**
CAPITAL ACCOUNT	**38.33**	**68.75**	**53.32**	**46.13**	**9.32**	**7.50**
Capital Transfers	42.63	68.75	53.32	46.13	9.32	7.50
Acquisition & Disposition of Non-Produced, Non-Financial Assets	-4.30	0.00	0.00	0.00	0.00	0.00
FINANCIAL ACCOUNT	**236.01**	**213.74**	**206.16**	**365.48**	**340.75**	**441.45**
Direct Investment	145.12	158.78	134.74	261.31	215.07	290.89
Portfolio Investment	76.64	31.69	13.14	170.81	43.98	40.56
Other Investments	14.24	23.26	58.28	-66.63	81.70	110.00
Public Sector Loans	19.50	0.22	3.47	43.97	56.57	37.12
Commercial Banks	-23.06	26.56	23.42	-193.79	88.15	185.11
Other	17.81	-3.52	31.39	83.19	16.80	18.10
ERRORS AND OMISSIONS	**10.68**	**40.90**	**50.90**	**18.42**	**-8.92**	**-89.14**
OVERALL BALANCE	**36.23**	**27.37**	**13.89**	**35.99**	**72.38**	**-46.95**
FINANCING	**-36.23**	**-32.46**	**-13.89**	**-35.99**	**-72.38**	**46.95**
Change in SDR Holdings	0.00	0.00	0.00	0.00	0.00	0.00
Change in Reserve Position with IMF	0.00	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	-24.06	-5.09	-0.98	-1.45	-3.49	-2.00
Change in Imputed Reserves	-12.17	-27.37	-12.91	-34.55	-68.89	48.95

r – revised
e - estimated

APPENDIX IV - SINKING FUND PORTFOLIO

DESCRIPTION	REDEMPTION AMOUNT	BALANCES Mar-06	OUTSTANDING BALANCE	MATURITY DATE
. Saint Lucia Government Naional Savings and Development Bond 1996/2006	13,264,800.00	13,626,191.00	(361,391.00)	August 1, 2006
Saint Lucia Government National Savings and Development Bond 1997/2007	44,980,000.00	37,501,239.00	7,478,761.00	November 1, 2007
Saint Lucia Government National Savings and Development Bond 2002/2012	60,000,000.00	17,174,109.00	42,825,891.00	August 1, 2012
Re-draining of Cul-De-Sac River	7,500,000.00	6,689,871.00	810,129.00	April 1, 2007
Construction of Bodelais Correctional Facility	50,000,000.00	35,962,635.00	14,037,365.00	January 1, 2008
Refinaced 16.2 million bond issue 04/09	8,100,000.00	1,453,636.00	6,646,364.00	December 1, 2009
GOSL Fixed Rate Bond*	63,500,000.00	32,539,200.00	30,960,800.00	June 27, 2015
	247,344,800.00	**144,946,881.00**	**102,397,919.00**	

Source: Ministry of Finance

APPENDIX V - LIST OF LICENSED INTERMEDIARIES

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Anguilla		
National Bank of Anguilla Ltd	P O Box 44 The Valley Tel: 264-497-2101 Fax: 264-497-3310 Email: nbabankl@anguillanet.com	**Principal** Selwyn Horsford **Representative** Idona Reid
Antigua and Barbuda		
ABI Bank Ltd.	ABI Financial Centre Redcliffe Street St John’s Tel: 268 480 2824 Fax: 268 480 2765 Email: abibsec@candw.ag	**Principal** Casroy James **Representative** Laura Abraham
Antigua Commercial Bank Ltd.	ACB Financial Centre P O Box 3089 St John’s Tel: 268 481 4200 Fax: 268 481 4158 Email: acb@candw.ag	**Principals** Peter N Ashe Sharon Nathaniel **Representatives** Sharon Nathaniel Barbara Martin
Dominica		
National Mortgage Finance Company of Dominica Ltd.	64 Hillsborough Street Roseau Tel: 767 448 4401/4405 Fax: 767 448 3982 Email: ncbdom@cwdom.dm	**Principal** Caryl Phillip-Williams **Representatives** Dawn Yankey Marilyn Edwards
Grenada		
Republic Finance and Merchant Bank Ltd. (FINCOR)	NCB House Grand Anse St George’s Tel: 473 444 1875 Fax: 473 444 1879 Email: fincorec@caribsurf.com	**Principals** Heather Titus Wilma Williams **Representatives** Tarlie Francis Heather Titus Wilma Williams

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
	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@sknanb.com	**Principals** Winston Hutchinson Anthony Galloway **Representatives** Marlene Nisbett Desilu Smithen Petronella Edmeade-Crooke
The Bank of Nevis Ltd.	P O Box 450 Charlestown Nevis Tel: 869 469 5564 Fax: 869 469 5798 E mail: bon@caribsurf.com	**Principals** Rawlinson Isaac Hanzel Manners **Representatives** Lisa Jones Vernesia Walters
	St Lucia	
Bank of St Lucia Ltd.	P O Box 1862 Bridge Street Castries Tel: 758 456 6000 Fax: 758 456 6190 Email: bankofsaintlucia@candw.lc	**Principals** Donna Matthew Beverley Henry **Representatives** Trevor Lamontagne Lawrence Jean
Caribbean Money Market Brokers Ltd. (CMMB St Lucia)	9 Brazil Street Castries Tel: 758 450 2662 Fax: 758 451 7984 Email: info@mycmmb.com	**Principals** Leslie St Louis Brent Salvary Sharmaine Rosemond **Representatives** Sharmaine Rosemond Leslie St Louis Vishwatee Jagroop
	St Vincent and The Grenadines	
National Commercial Bank (SVG)	P O Box 880 Cnr. Bedford and Grenville Streets Kingstown Tel: 1-784-457-1844 Fax: 784 456 2612 Email: natbank@caribsurf.com	**Principals** Keith Inniss **Representatives** Patricia John

<table>
<tr><th>INSTITUTION</th><th>CONTACT INFORMATION</th><th>ASSOCIATED PERSONS</th></tr>
<tr><td colspan="3" align="center">Trinidad and Tobago</td></tr>
<tr><td>Caribbean Money Market Brokers Ltd.
(CMMB)</td><td>No. 1 Richmond Street,
Ground Floor Furness Court,
Independence Square
Port of Spain

Tel: 868 623 7815/5153
Fax: 868 624 4544/9833 ; 627 2930
Email: info@mycmmb.com</td><td>Principals
Brent Salvary
Leslie St Louis
Sharmaine Rosemond

Representatives
Leslie St Louis
Vishwatee Jagroop
Sharmaine Rosemond</td></tr>
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