

Government of Antigua and Barbuda

Government of Antigua and Barbuda

Prospectus

EC\$20 Million, 180-Day Treasury Bill

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PROSPECTUS DATE: December 2011

The Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market. The Regional Debt Coordinating Committee and Eastern Caribbean Central Bank accept no responsibility for the content of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus. This prospectus is issued for the purpose of giving information to the public. The Government of Antigua and Barbuda accepts full responsibility for the accuracy of the information given and confirms, having made all reasonable inquiries, that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in the Prospectus misleading. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified person who specialises in advising on the acquisition of government instruments or other securities.



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NOTICE TO INVESTORS

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

This prospectus contains excerpts from the International Monetary Fund's Memorandum of Economic and Financial Policies 2010-2013. Statements contained in this Prospectus describing documents are provided in summary form only, and such documents are qualified in their entirety by reference to such documents. The ultimate decision and responsibility to proceed with any transaction with respect to this offering rests solely with you. Therefore, prior to entering into the proposed investment, you should determine the economic risks and merits, as well as the legal, tax and accounting characteristics and consequences of this Security offering, and that you are able to assume those risks.

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

ABSTRACT

The Government of Antigua and Barbuda (hereafter referred to as GoAB) proposes to raise Twenty Million Eastern Caribbean Dollars (EC\$20 million) through the issue of a Treasury Bill.

In the event there is an oversubscription of the Security the GoAB is willing to accept up to an additional EC\$5 million of the amount. The Security is being issued to refinance maturing liabilities and finance a portion of the Central Government's 2011/2012 Annual Budget.

The Security will be issued under the authority of the *Treasury Bills Act (2005)* and will be governed under the laws of Antigua and Barbuda.

The Security will be issued on the Regional Government Securities Market (RGSM) in the month of December 2011 and will be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE) under the trading symbol AGB130612.

The EC\$20 million RGSM Treasury Bill will be opened for bidding at 9:00 a.m. on 15th December 2011 and will close at 12:00 noon. Settlement for successful bids will take place on 16 December 2011.

GENERAL INFORMATION

Issuer.....	The Government of Antigua and Barbuda (GoAB)
Address.....	Ministry of Finance, the Economy and Public Administration Government Office Complex Parliament Drive St. John's Antigua and Barbuda
Email.....	Antigua.tbills@gmail.com or atgdebt@gmail.com
Telephone No.....	1 (268) 462-4860/1 or 1 (268) 462-5002
Facsimile No.....	1 (268) 462-5093/1622
	Contact Officials: Mr. Whitfield Harris, Financial Secretary Ms. Rasona Davis, Deputy Financial Secretary Mrs. Nadia Spencer-Henry, Debt Manager Dr. Cleopatra Gittens, Accountant General
Arrangers.....	Antigua Commercial Bank (ACB)
Address.....	ACB Financial Centre High and Temple Streets, St. Johns, Antigua, W.I.
Telephone No.....	1-268-481-4311/481-4195
Facsimile No.....	Fax: 1-268-481-4158/481-4313
Contact Persons.....	Mr. Peter N. Ashe Ms. Sharon E. Nathaniel Mr. Adrian A. Bass
Date of Publication.....	December 2011
Purpose of Issue.....	The Treasury Bill is being issued to refinance maturing liabilities and finance a portion of the Central Government's 2011/2012 Annual Budget
Amount of Issue.....	EC\$ 20,000,000
Tenor	180 days
Maturity Date.....	13 June 2012

Interest Rate.....	6.50%
Interest Date.....	13 June 2012
Principal Repayment.....	Bullet at maturity (13 June 2012)
Legislative Authority.....	Finance Administration Act (2006), Treasury Bills Act (2005), copies of which are available on the Government of Antigua and Barbuda's official website (www.antigua.gov.ag)
Intermediaries.....	A complete list of Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange (ECSE) is available in Appendix I.
Reference Currency.....	Eastern Caribbean Dollars (EC\$) unless otherwise specified
Listing and Admission to Trading...	The Treasury bill will be listed on the ECSE. The instruments will be traded on the Regional Government Securities Market (RGSM) using the platform of the ECSE.
Fiscal and Paying Agent.....	Eastern Caribbean Central Bank (ECCB)
Governing Law.....	The security will be governed by the laws of Antigua and Barbuda

INFORMATION ABOUT THE SECURITY

1. GoAB proposes to auction a EC\$20 million Treasury Bill (T-Bill) to be traded on the ECSE.
2. The auction date is 15 December 2011
3. The Security will settle on 16 December 2011.
4. The Security will mature on the 13 June 2012
5. The interest rate is to be 6.50%
6. The interest payments will be made at maturity.
7. Principal repayments will be made at maturity.
8. The bill will be identified by the trading symbol AGB130612
9. Each investor is allowed one (1) bid with the option of increasing the amount being tendered until the close of the bidding period.
10. The minimum bid amount should be EC\$5,000.
11. The Bid Multiplier will be set at EC\$1,000.
12. The bidding period will be opened from 9 a.m. to 12 noon on 15 December 2011.
13. The method of issue will be determined by Competitive Uniform Open Price Auction.
14. The Investors may participate in the auction through the services of a licensed intermediary. The current list of licensed intermediaries is as follows:

ABI Bank Ltd.
Antigua Commercial Bank Limited
St. Kitts Nevis Anguilla National Bank Limited
Bank of Nevis Limited
ECFH Global Investment Solutions Limited
Bank of St. Vincent and the Grenadines Limited
National Mortgage Financial Company of Dominica Limited
First Citizens Investment Services Limited – Trinidad and Tobago
First Citizens Investment Services Limited – St. Lucia
Financial Investment and Consultancy Services Limited
National Bank of Anguilla Limited

All currency references are in Eastern Caribbean Dollars (ECD) unless otherwise stated.

FINANCIAL ADMINISTRATION AND MANAGEMENT

1. Debt Management Objectives

The debt management objectives of GoAB are to ensure that the proceeds of debt are used in the most effective manner and that the terms and conditions of all existing and newly contracted debt, including maturity and interest rate, result in the most efficient overall debt repayment profile, which is consistent with the periodic cash flows of the GoAB.

2. Debt Management Strategy

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

- i. Maintaining a satisfactory and prudent debt structure consistent with the Government's payment capacity;
- ii. Refinancing high cost loans and credit 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;
- iii. Supporting the development of a well functioning domestic and regional market; and
- iv. Providing funds for the government at the lowest possible interest cost.

3. Transparency and Accountability

The GoAB is continuously seeking ways to improve 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 GoAB intends to borrow using a variety of instruments. As a consequence, information on the cash flow and debt stock will be made available periodically to all investors, consistent with the rules of the Regional Debt Coordinating Committee (RDCC).

4. Institutional Framework

The Debt Management Unit of the Ministry of Finance, the Economy and Public Administration administers the Government's debt portfolio on a day-to-day basis and implements the Government's borrowing strategy. The unit is directly accountable to the Financial Secretary and the Minister of Finance, the Economy and Public Administration.

5. Risk Management Framework

An effective and efficient debt management system as a major element of economic management is of paramount importance to the GoAB in an effort to identify and mitigate risk. The mandates of the Debt Management Unit include:

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

MACROECONOMIC PERFORMANCE

Economic Overview

Antigua and Barbuda has a service-based economy, with tourism and government services representing the largest sources of employment and income. Tourism and tourism-related economic activities account for over two-thirds of gross domestic product (GDP).

After expanding robustly during the 1980s (with annual growth rates averaging 13.6 per cent), the economy of Antigua and Barbuda began to slow in the 1990s with growth averaging 5.7 per cent. For the past two decades tourism and tourism-related activities have been the main drivers of economic growth, contributing to over two-thirds of GDP. Inflation has declined over time, remaining fairly consistent with the inflation rate of the United States (US). In 1995 hurricane Luis devastated the island's economy, leading to a 1.4 per cent economic contraction, but activity recovered fairly quickly. Efforts to diversify economic activity were impacted by US-imposed restrictions on Internet-based gaming in 2003, which negatively affected a growing sector in Antigua and Barbuda. The sector has since failed to recover to the level of performance attained before the imposition of the US restriction. In 2007 Antigua and Barbuda co-hosted the Cricket World Cup, for which related infrastructural development contributed to the 12.88 per cent growth rate recorded in 2006.

Table 1. Selected Economic Indicators

Real Economy	2006	2007	2008	2009	2010P
Real GDP Growth (decline).....	12.9%	6.5%	1.8%	(8.9%)	(4.1%)
Population Estimates.....	84,330	85,901	87,506	89,138	90,801
GDP per Capita (EC\$).....	33,164	37,492	38,622	35,506	34,691
Annualised Inflation Rate	1.8%	1.4%	5.3	(0.6%)	3.4%
Real Effective Exchange Rate	(11.1%)	(15.3%)	-13.0	(9.28%)	(9.15%)
Balance of Payments (in EC\$ million)					
Exports.....	199.8	204.1	211.1	193.1	109.1
Gross Tourist Receipts.....	882.1	912.1	901.8	760.1	784.4
Imports.....	1,511.2	1,752.0	1,812.0	1,591.4	1,339.2
Current Account (% of GDP).....	(31.4%)	(33.0%)	(29.5%)	(25.4%)	(14.8%)
Capital and Financial Account (net).....	871.3	1,088.6	871.6	713.6	330.2
ECCB Foreign Assets.....	385.1	388.3	372.6	292.3	436.1
Public Finance (in EC\$ million)					
Overall Fiscal Balance (% of GDP).....	(8.5%)	(6.4%)	(6.1%)	(19.6%)	(1.9%)
Primary Surplus (% of GDP).....	(4.3%)	(2.9%)	(3.0%)	(11.8%)	(2.6%)
Interest / Revenues (as %).....	16.9%	14.7%	13.2%	38.4%	18.1%
Public Debt (in EC\$ million)					
Gross Domestic Debt.....	1,233.7	1,399.3	1,614.0	1,991.1	1,595.6
Gross External Debt.....	1,370.6	1,331.0	950.0	1,316.88	1,188.3
Public Debt (% of GDP)					
Gross Public Debt	95.4%	86.9%	78.9%	109.5%	93.8%
Gross Domestic Debt.....	45.2%	44.9%	49.7%	65.9%	53.8%
Gross External Debt.....	50.2%	42.7%	29.2%	43.6%	40.0%

Sources: Ministry of Finance, IMF, Eastern Caribbean Central Bank

Antigua and Barbuda is a member of the Eastern Caribbean Currency Union (ECCU). The Eastern Caribbean Central Bank (ECCB) issues a common currency (the Eastern Caribbean dollar) for all members of the ECCU, which has been pegged to the US dollar at an exchange rate of 2.7 since 1976. The currency arrangement has effectively created macroeconomic stability among the ECCU member states by managing inflationary pressures and expectations. The ECCB also manages monetary policy, and regulates and supervises domestic commercial banking institutions in its member countries.

Macroeconomic Structure

Antigua and Barbuda may be classified as a service based economy, with tourism and tourism-related industries as the dominant service sectors. The construction, communications, transport, and banking and insurance sectors also make significant contributions to GDP. During the late 1990's and early millennium period, activity in the internet-based gaming industry contributed significantly to growth and employment in Antigua and Barbuda, but the ban on internet-based gaming imposed by the US has led to a contraction in this sector.

Over the period 1980 to 2010 the service sectors expanded significantly. The contribution of banking and insurance to GDP almost doubled from 6.1 per cent in 1980 to 11.3 per cent in 2010. Similarly, the communications sector moved from accounting for 4.7 per cent of GDP in 1980 to accounting for approximately 7.9 per cent in 2010. Conversely, the agriculture sector has diminished in importance, moving from a contribution of 7.1 per cent in 1980 to one of 3.8 per cent in 2010.

Though the share of the aforementioned and other service sectors has increased over time, tourism has remained the dominant economic sector. Its contribution to economic growth as reflected in the Hotels and Restaurants component of the GDP statistics averaged 12.4 per cent between the 1980s and 2010.

Global and Regional Outlook

During 2010 the global economic recovery failed to materialise as originally expected. A number of risks, including high debt levels and growing fiscal imbalances in several advanced economies, as well as unforeseen commodity price rises, have restrained growth. On the other hand, many developing economies have performed more favourably than advanced economies due to their implementation of prudent economic policies as well as earlier efforts to manage fiscal imbalances. Notwithstanding their performance in 2010, the continued economic viability of developing economies is likely to depend on demand for their commodities from advanced economies and from China.

Overall, global economic activity expanded by approximately 4.8 per cent in 2010. For developing economies the estimated growth in output for 2010 was 7.1 per cent, while for advanced economies the estimate was 2.7 per cent. The estimated output for the advanced economies in 2010 signifies a partial recovery from the economic recession of 2009. However, this recovery is widely characterised as fragile and uneven. Table 2 below highlights growth in some of Antigua and Barbuda's main trading partners and countries of visitor origin.

Table 2. Economic Performance – Main Trading Partners

COUNTRY	GDP Decline 2009	GDP Growth 2010E	GDP Growth 2011P	GDP Growth 2012P
United States	(2.6%)	2.8%	2.8%	2.9%
Germany	(4.7%)	3.5%	2.5%	2.1%
Japan	(5.2%)	3.9%	1.4%	2.1%
United Kingdom	(4.9%)	1.3%	1.7%	2.3%
Canada	(2.5%)	3.1%	2.8%	2.6%

Source: IMF, World Economic Outlook April 2011

All five countries listed above experienced economic declines in 2009, but are estimated to have recorded some economic growth in 2010. The lowest level of growth, at 1.3 per cent, was estimated for the U.K., which is the largest source market for Antigua and Barbuda. The highest level of economic activity, at 3.3 per cent, was estimated for Germany. Despite the increased output in the U.S., consumption – the main component of U.S. economic activity – was still much lower. This has serious implications for Small Island Developing States (SIDS) in general, and Antigua and Barbuda in particular. Economic activity for 2011 and 2012 is expected to decelerate for most of these economies, which will likely continue to negatively affect the tourism sector in Antigua and Barbuda, and the region as a whole.

For the Caribbean (CARICOM and the Dominican Republic) real GDP growth was 0.4 per cent in 2009, and is estimated by the International Monetary Fund (IMF) to have been 2.4 per cent in 2010; with some countries still recording a contraction in economic output. Notwithstanding this estimate, economic recovery in the advanced economies remains fragile, and SIDS cannot escape their vulnerability to external shocks, natural disasters and weather-related events. The impact of recent hurricanes Earl and Tomas on several Caribbean nations is a clear demonstration of this vulnerability.

The general lack of growth in the Caribbean can be attributed to the negative effects of the world economic crisis, which has magnified declines in foreign direct investment (FDI), remittances, and tourism receipts. Furthermore, the high levels of public debt severely limit the space for fiscal stimulus, while low private sector investment has also hindered growth.

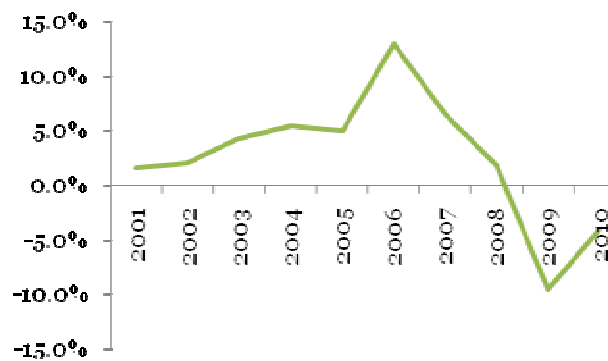
The rebound of the advanced economies is therefore critical to the continued recovery of small island states like Antigua and Barbuda, given that the advanced economies are the main source market for tourists and foreign direct investment flows. Additionally, according to the IMF, there is a 12 to 18 month lag between growth in advanced economies, and the impact of this growth in developing economies. In addition to slow economic rebound, fiscal initiatives in source markets, such as increases in the Air Passenger Duty implemented by the UK in 2010, have negatively impacted the price competitiveness of the region.

The ECCB estimated a 2.1 per cent decrease in economic activity for OECS countries in 2010; compared to a decrease of 7.3 per cent in 2009. Within the currency union, five of the eight economies experienced economic contraction in 2010. Growth projections for 2011 are modest.

General Economic Performance

During 2010 real GDP in Antigua and Barbuda contracted by 4.1 per cent, compared to an 8.9 per cent decline in 2009. This was the result of a 10.0 per cent decline in Construction; a 5.0 per cent decline in Wholesale and Retail trade; a 4.0 per cent decline in Government Services; a 3.5 per cent decline in Hotels and Restaurants; and a 3.2 per cent decline in Transportation. Notwithstanding these declines several sectors expanded, including Agriculture by 3.6 per cent; Electricity and water by 2.3 per cent; Communication by 2.0 per cent; Real Estate and Housing by 1.0 per cent, and Banks and Insurance by 1.0 per cent.

Chart 1: Real GDP Growth



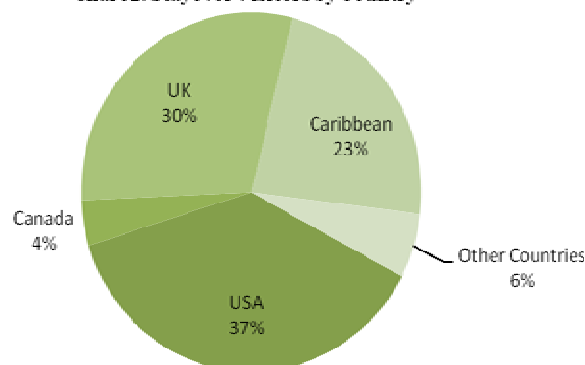
Additionally, the ongoing implementation of the National Economic and Social Transformation (NEST) Plan, as well as debt restructuring, has positively impacted the Government of Antigua and Barbuda's fiscal sustainability and creditworthiness over the medium to long term.

According to the International Monetary Fund's *Memorandum on Economic and Financial Policies 2010-2013*, published on 18 March 2011, the outlook for 2011 is positive, with moderate growth projected at 3.01 per cent.

Tourism

Tourism grew by an annual average of about 5 per cent from 2002 to 2008 until the world financial crisis set in, impairing the economies of Antigua and Barbuda's major tourist markets – the United States and some European countries. While total visitor arrivals have remained relatively constant, varying between 969,000 in 2007 to 965,000 in 2009, more of these visitors were cruise ship passengers. While cruise ship passengers increased from 672,788 in 2007 to 709,795 in 2009, they spend considerably less than more lucrative stay-over passengers. As a result, total visitor expenditure decreased from EC\$912m in 2007 to EC\$902m in 2008 and EC\$824m in 2009. In 2010, visitor arrivals totalled 813,464, of which cruise ship passengers accounted for 583,521.

Chart 2: Stayover Visitors by Country



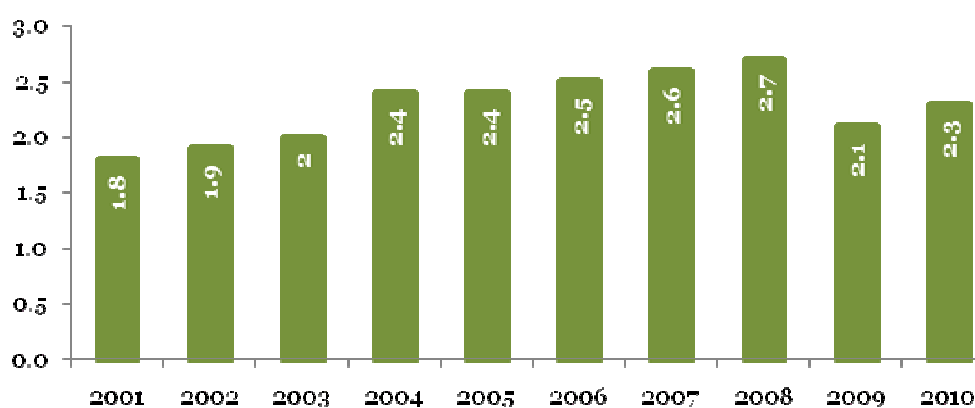
The GoAB has implemented a strategy to increase tourism by focussing on those attributes of the country that match the passions of potential travellers. As an integral part of the country's global tourism strategy, the government will continue to enhance and promote traditional tourism experiences – beach tourism, residential tourism, weddings and honeymoons, meetings and conventions, soft adventure, sports tourism and festivals while developing new experiences to include nature excursions, domestic travel or "staycations" and medical tourism.

The development of medical tourism is viewed from two main angles: (1) It will serve to diversify Antigua and Barbuda's current tourism activities, with this niche being less volatile to changes in the global environment, and (2) It will provide a stream of revenue that can be used to subsidise the cost of health care in Antigua and Barbuda, an important element in efforts to strengthen the country's social safety net. The most critical component for developing this niche market is an internationally accredited health care facility. International accreditation could potentially allow medical tourists the option of using their private medical insurance to pay for medical services. This is an important factor in designing any marketing and promotion initiative in this area. In this regard, the government is engaging all industry stakeholders, including the board and management of the Mount Saint John's Medical Centre (MSJMC) to discuss and outline a road map for transforming the state-of-the-art MSJMC into an internationally accredited facility.

The cruise sub-sector continues to be a vital component of the country's tourism product, contributing significant revenue to the government and being the source of livelihood for a number of persons, in spite of the reduced spending by cruise passengers. The Government continues to explore opportunities to form partnerships with potential investors that would improve and enhance the appropriate infrastructure, including visitor attractions.

The yachting sector also contributes significantly to the development of the national economy.

Chart 3: Stay-over Visitors (2001-2010)



The Government is reviewing the national strategy for the yachting sector to capitalise on the growth potential of the sector. The national yachting strategy will be underpinned by the appropriate legislative and administrative framework.

In 2008, the GoAB signed a Memorandum of Agreement with the Antigua Hotel and Tourist Association. Under the terms of the Agreement, hotels were given concessions on capital items, operating equipment and security apparatus. This initiative to stimulate major stakeholders is likely to be renewed for the 2011/12 tourist season. In addition to current incentives to upgrade and refurbish hotel plants, new initiatives will be formulated to invigorate this important sector of the economy.

It is of note that the GoAB is finalising plans to complete the refurbishment of the VC Bird International Airport with a view to increasing its appeal as an international and regional hub. A new passenger terminal will be built in 2011/12 with financial assistance from the People's Republic of China. These efforts are aimed at creating a state-of-the-art airport facility in Antigua and Barbuda.

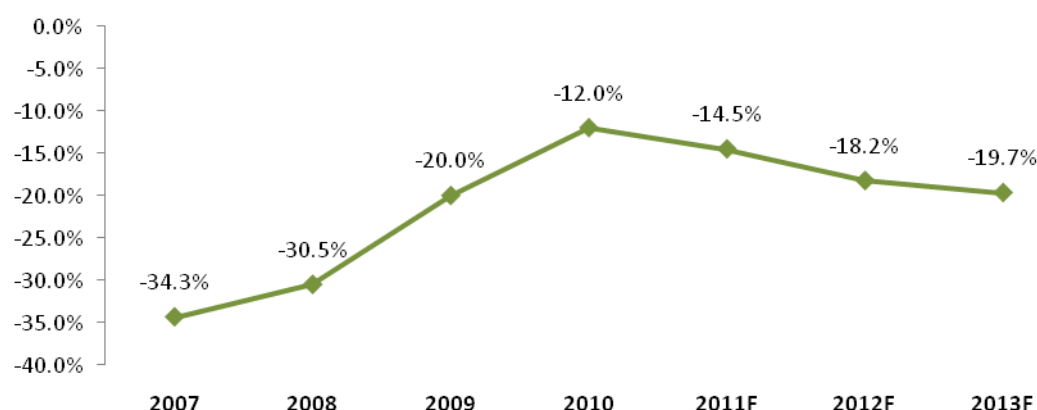
Finally, economic performance in 2011 and into the medium term will be achieved through a number of public and private sector projects. Financing for a number of these initiatives is still being negotiated. Once work on these projects commences, it is expected that economic output and employment will be significantly impacted. Among these projects are construction

of modern office buildings and conference facilities by the State Insurance Corporation and the Antigua Department of Marine Services at a combined cost of US\$30 million; a 20-room training hotel at the Antigua Barbuda Hospitality Training Institute with EUR 4.4 million in funding from the European Union; and several hotels including the Half Moon Bay development and the Crystal Bay development which, combined, amount to investment of over EC\$2 billion.

Balance of Payments

From 2007 to 2010 the current account deficit narrowed from 34.3 per cent of GDP to approximately 13.9 per cent, reflecting lower imports and reduced interest payments due to comprehensive external debt restructuring. Tourism receipts, which account for about one-half of exports of goods and services, declined by more than 15 per cent in 2009. The external current account deficit narrowed to 25 per cent of GDP in 2009, reflecting a decline in foreign direct investment (FDI) inflows.

Chart 4: Current Account Balance (% of GDP)



Over the short-term, the IMF projects that a pickup in economic activity and imports, together with higher interest payments in 2011 relative to 2010, should lead to a modest widening of the current account deficit this year to about 14.5 per cent. According to the *World Economic Outlook* (April 2011), the IMF projects that the current account deficit will stabilise at around 19 per cent over the medium term.

According to the IMF's *Memorandum on Economic and Financial Policies*, Antigua and Barbuda's share of international reserves at the ECCB rose by US\$35 million to US\$136.1 million during the final quarter of 2010.

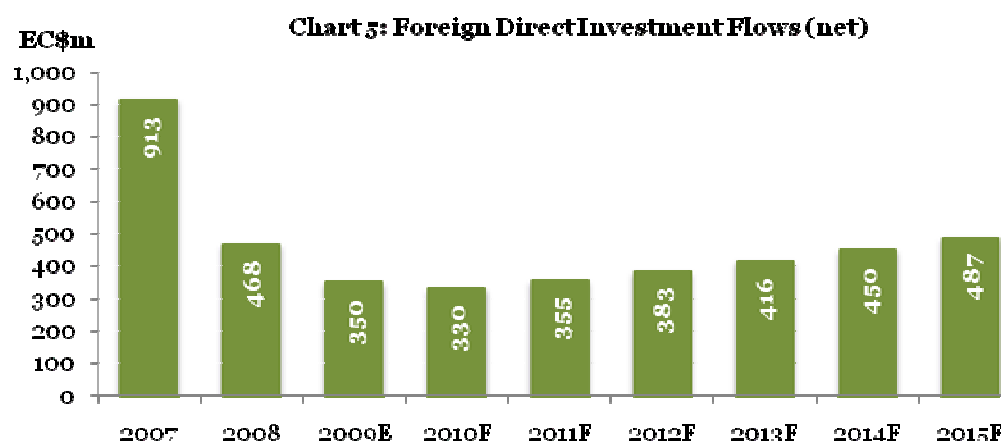
Capital and Financial Account

Antigua and Barbuda has primarily funded its current account through foreign direct investment. Net FDI decreased from its peak of EC\$913 million in 2007 to EC\$330 million in 2010. The IMF is projecting the level of net FDI to increase to EC\$487m by 2015.

During the first six months of the Antigua and Barbuda Investment Authority's (ABIA) operation in 2007, some 66 projects valued at \$148.0 million were approved. During 2008 the number of approvals rose to 103 projects valued at \$1,672.0 million. In 2009, only 28 projects were approved valued at \$933.0 million, while during 2010 67 projects valued at \$267.0 million were given the green light.

However, not all the approved projects were implemented. Some investors experienced significant challenges securing financing for major projects from late 2008 onwards, when international financial markets began to collapse. Financial institutions reduced their risk appetite for these types of projects given the depth of the global recession, the fragility of the

recovery, and the sharp decline in demand for tourism. Nevertheless, the ABIA continues to engage global investors and international financial institutions to secure investment opportunities and projects in Antigua and Barbuda.



Inflation and Monetary Policy

Following a spike in 2008, inflation has remained in the low single digits. In 2010 the inflation rate was 2.9 per cent (see Appendix VII). With recent increases in international oil and food prices, this rate can be expected to be somewhat higher in 2011, should these trends continue throughout the year. Antigua and Barbuda is a member of the ECCB, which manages monetary policy and the exchange system for its eight members. The common currency, the Eastern Caribbean dollar, has been pegged to the U.S. dollar at the rate of EC\$2.70 to U.S.\$1.00 since July 1976.

The Bank's ability to execute its responsibility "to regulate the availability of money and credit" is constrained by the underdeveloped nature of the financial markets. This inhibits the ability of the Central Bank to influence the level of interest rates and thereby the availability of money and credit through market means. In principle, interest rates in the currency union are set at the discretion of the commercial banks, except that the ECCB regulates the minimum rate payable on savings deposits.

Financial Sector

Antigua and Barbuda's financial sector is dominated by both domestic "indigenous" banks (financial institutions innate to the country – see Table 3 below) and international banks, principally headquartered in Canada and the Caribbean. Deposits in Antigua and Barbuda's domestic banks have held steady since the first half of 2009 when there was a run on the Bank of Antigua as a result of the events surrounding the collapse of the Stanford Financial Group.

In July 2009 a partnership of commercial banks, with assistance from the GoAB, assumed certain assets of the collapsed Bank of Antigua and incorporated the bank's operations into the Eastern Caribbean Amalgamated Bank (ECAB). ECAB commenced business operations in October 2010 and is now one of eight commercial banks operating competitively in Antigua and Barbuda. The shareholders of ECAB are Antigua Commercial Bank, Eastern Caribbean Financial Holding Company Limited, National Bank of Dominica, St Kitts Nevis Anguilla National Bank, Bank of St. Vincent and the Grenadines and the GoAB.

On Friday 22nd July 2011 the ECCB assumed control of ABI, pursuant to the ECCB Agreement Act, 1983. The intervention followed extensive discussions between the Government, the ABI Board of Directors, the ECCB Monetary Council, and other stakeholders. At the time of this intervention, ABI's ability to meet its statutory obligations and to carry out normal banking business had been challenged due to insufficient liquid assets. Under the management of the ECCB the bank has been stabilized and normal operations insofar as customers and clients of the bank are concerned were never interrupted. A resolution strategy is being finalised to transition the bank from a regulator controlled entity to a viable, private sector operated institution. This strategy is being developed with support from the Resolution Trust Company Ltd. (RTC). The RTC was incorporated on 2nd June 2011 in St. Kitts and Nevis and registered in Antigua and Barbuda on 12th July 2011.

The RTC has already engaged specialists with the expertise and skills to ensure an acceptable outcome of a restructured and revitalised institution. Also, this effort is being supported by the IMF, the World Bank and the CDB, which together with the ECCB and representatives from ECCU Ministries of Finance comprise a Task Force that is charged with crafting a resolution strategy.

Table 3. Domestic Banks

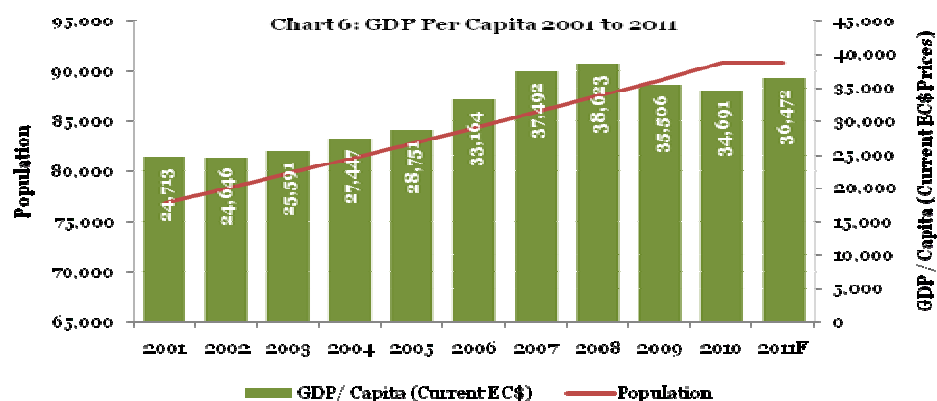
Antigua and Barbuda's Domestic Banks
Antigua and Barbuda Investment Bank
Antigua Commercial Bank
Caribbean Union Bank
Eastern Caribbean Amalgamated Bank

With respect to the non-bank financial sector, Antigua and Barbuda is pursuing legislative and institutional reforms to strengthen the regulatory framework and enhance the capacity of the Financial Services Regulatory Commission (FSRC) to execute its mandate as the single regulatory authority for all non-bank financial institutions. The Government of Antigua and Barbuda continues to participate actively in regional initiatives to resolve the British American Insurance Company (BAICO) and Colonial Life Insurance Company (CLICO) matters. In May 2011 the ECCU governments launched a Medical Trust Fund for policyholders who have been impacted by the BAICO collapse. Further, Antigua and Barbuda and the other ECCU countries are pursuing a number of options to address BAICO's traditional life insurance portfolio. A Caricom Regional Technical Committee chaired by the Caribbean Development Bank has been established to create a regional fund to offer relief to the annuitants.

Demographics

At the end of 2010 Antigua and Barbuda's population was estimated at 90,801, as seen in Chart 7 below. Most of the country's residents are of African descent. The country is characterised by a relatively large immigrant segment, estimated at 18 per cent of current population estimates. The official language is English, and the principal religion is Christianity, of which Anglicanism and Roman Catholicism are the primary denominations.

From 2001 to 2008 GDP per capita increased from EC\$24,713 in current prices to EC\$38,623. In 2010 GDP per capita fell to below EC\$35,000 as a result of the recession, but is expected to rise in 2011 to EC\$36,472, according to the International Monetary Fund's *World Economic Outlook*.



Since 2006 the *United Nations Human Development Index* has ranked Antigua and Barbuda among the top sixty countries of the world. Antigua and Barbuda has relatively high levels of human development with low infant mortality rates (less than 10 per 1,000 births) and high adult literacy (99 per cent for both sexes aged 15 and above). Average life expectancy increased from 71.2 in 2001 to 72.6 in 2010.

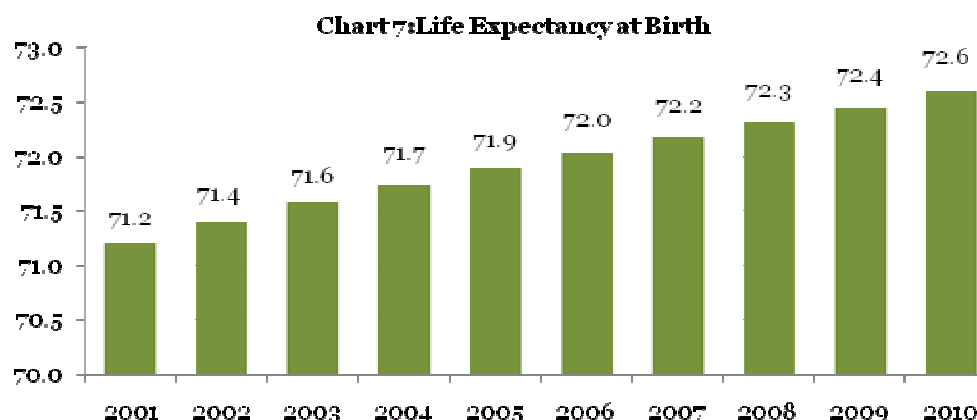


Table 4a. Selected Demographic Statistics

Key Indicators	2001	2002	2003	2004	2005
Population Estimates	76,886	78,320	79,781	81,266	82,786

No. of Live births	1,381	1,223	1,252	1,288	1,243
No. of Deaths	462	444	454	517	497
Teen Births (10 to 19yrs)	229	170	209	158	143
Infant Deaths under 1 year	21	20	18	28	16
Crude birth rate	18.0	15.6	15.7	15.8	15.0
Crude death rate	6.0	5.7	5.7	6.4	6.0
Infant mortality rate	15.2	16.4	14.4	21.7	12.9
General fertility rate	60.5	52.6	52.8	53.4	50.5
Life expectancy at Birth (males)	71.4	73.2	72.2	71.5	72.5
Life expectancy at Birth (females)	78.2	79.1	78.7	76.5	78.1

Table 4b. Selected Demographic Statistics

Key Indicators	2006	2007	2008	2009	2010
Population Estimates	84,330	85,901	87,506	89,138	90,801
No. of Live births	1,207	1,295	1,452	1,418	1,255
No. of Deaths	465	471	531	507	491
Teen Births (10 to 19yrs) ^p	151	169	215	180	146
Infant Deaths under 1 year ^p	0	0	14	7	11
Crude birth rate	14.3	15.1	16.6	15.9	13.8
Crude death rate	5.5	5.5	6.1	5.7	5.4
Infant mortality rate	0.0	0.0	9.6	4.9	8.8
General fertility rate	48.2	50.7	55.9	53.6	46.5
Life expectancy at Birth (males)	73.6	71.8	71.6	72.9	74.0
Life expectancy at Birth (females)	78.5	80.6	78.1	78.7	79.7

Source: Statistics Division - Ministry of Finance, the Economy and Public Administration

Fiscal Performance

The global recession, along with the collapse of the Trinidadian based CL Financial and the Stanford Financial Group, has continued to depress economic activity in Antigua and Barbuda, further constraining tax revenues in 2010 and for the first five months of 2011. In light of lower revenue receipts, the Government has instituted procedures to contain and lower expenditure in line with the revised revenue outcomes.

Current revenue generated from tax and non-tax sources was not sufficient to cover current expenditure in 2009. Consequently, a current deficit amounting to \$307.9 million or 10 per cent of GDP was recorded in 2009. A significant contributor to this figure was an estimated \$234 million in interest payments on the debt, which included considerable penalties on arrears and past due interest.

Fiscal Consolidation Programme

In response to the impact of the global financing crisis on the economy, the Government of Antigua and Barbuda implemented a series of revenue enhancing and expenditure management measures in mid-2009. These included a flexible fuel pricing mechanism to better align retail prices with import costs, and an increase in consumption taxes. These measures, totalling almost 3.5 per cent of GDP, helped offset some of the decline in revenue, however expenditure in 2009 remained well above revenue intake, despite efforts to contain spending.

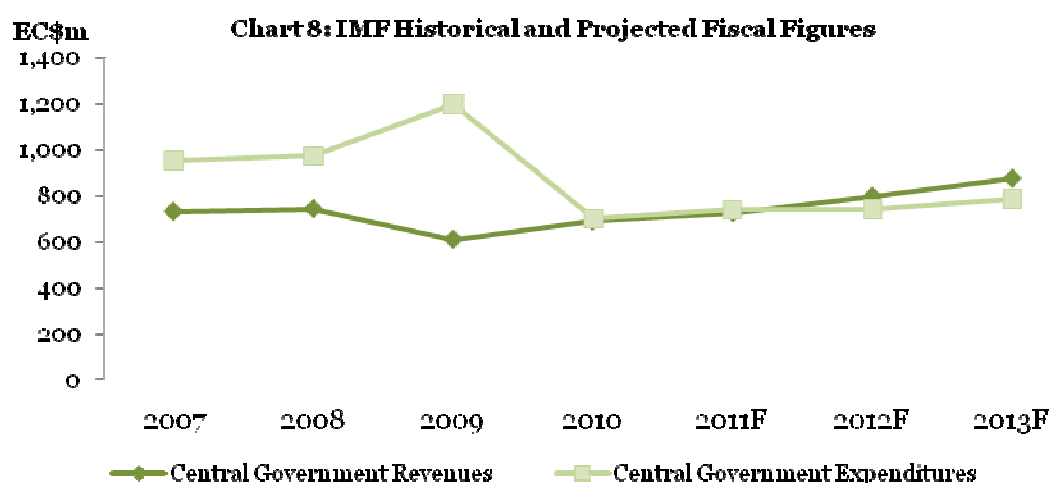
In the 2010 budget, the Government took decisive steps to address the growing imbalances. In addition to the emergency measures implemented in 2009, the 2010 budget sought to transform the primary balance to a 3 per cent surplus (gradually rising to 4 per cent by 2012 and beyond) through further revenue enhancing and expenditure streamlining measures amounting to almost 14 per cent of GDP (see Table below). On the revenue side, the main objective was to return the tax-to-GDP ratio to 24.5 per cent by 2011 by broadening the VAT base, increasing import duties and introducing an excise tax on alcoholic beverages and tobacco. On the expenditure side, the principal objective was to lower the ratio of expenditure to GDP to below 19 per cent by 2011.

Table 5. Fiscal Consolidation Measures

Measures	Yield % GDP
Revenue Enhancements	5
Increase in consumption tax on oil products	
Broaden VAT base and increase enforcement	
Introduction of revenue recovery charge	
Increase in import duties	
Increase in airport embarkation tax	
Expenditure Streamlining	8.5
Reduction in current transfers and capital expenditure	
Reduction in goods and services	
Reduction in wages and salaries	
Total Amount of Savings	13.5

Under the Fiscal Consolidation Programme a primary balance of EC\$53.3 million or 2.7 per cent of GDP was recorded in 2010, despite lower than anticipated revenue performance.

The improvements in the current account and primary balances were partly due to a projected 13 per cent increase in current revenue in 2010 over current revenue raised in 2009. This revenue outturn was made possible by the Government's decision to implement difficult but necessary measures to curb the downward trend in revenue and help stabilise very challenging fiscal circumstances. The EC\$578 million in tax revenue for 2010 was at least EC\$40 million more than would have been collected had the measures not been implemented. Direct taxes, which yielded about EC\$106.4 million in revenue, accounted for about 18 per cent of tax revenue in 2010.



With the revenue outturn for 2010 about EC\$178 million less than originally budgeted, it was important to put in place measures to keep expenditure in line with actual revenue. One such measure was the introduction of procurement policies requiring ministries and departments to secure approval from the Office of the Financial Secretary before concluding a contract with a merchant or contractor. These efforts facilitated greater control of expenditure to achieve fiscal targets and break the cycle of accumulating arrears. Other efforts to curtail expenditure included continuing measures such as a freeze on non-essential hiring, limiting expenditure

on overtime, postponing the expansion of existing programmes and delaying implementation of new programmes.

In 2010 interest payments were approximately EC\$170 million less than the interest payable in 2009. This substantial reduction in the interest rate bill was attributable to the Government's debt management strategy.

Table 6. Fiscal Performance
All figures in millions of Eastern Caribbean Dollars

	Actual 2009	Budget 2010	Estimated 2010
Total Revenue and Grants	608.8	866.7	688.9
Current revenue	608.8	836.3	641.0
<i>Of which tax revenue</i>	<i>583.4</i>	<i>787.3</i>	<i>577.8</i>
<i>Capital revenue</i>	<i>-</i>	<i>-</i>	<i>3.0</i>
Capital grants	-	30.4	44.9
Total Expenditure	(1,200.9)	(849.2)	(700.2)
Current expenditure	(914.1)	(759.0)	(635.6)
Wages and salaries	(298.8)	(297.5)	(266.6)
Contributions to statutory bodies	(36.4)	(43.5)	(17.7)
Goods and services	(161.6)	(149.9)	(117.1)
Interest payments	(234.1)	(87.1)	(64.6)
Capital Expenditure and Net Lending	(286.7)	(90.2)	(65.4)
Current Account balance	(305.3)	77.2	10
Primary balance	(358.0)	104.6	53.3
Overall Balance	(592.0)	17.5	(11.3)

According to the IMF *Memorandum on Economic and Financial Policies*, the 2011 budget secures and extends the gains achieved in 2010. The MEFP projects a primary surplus of almost EC\$59 million or 3 per cent of GDP and an overall fiscal deficit of EC\$44 million (2 per cent of projected GDP) – See Appendix V for details.

The NEST Plan

To complement the fiscal consolidation initiatives, long-term policy responses and wide ranging structural reforms were formulated in consultation with international financial institutions, regional bodies and domestic stakeholders. These were detailed in the Government's National Economic and Social Transformation (NEST) Plan, which underpins the fiscal and economic reform programme. Policy actions, which will take time to fully implement, include:

- Improving revenue collection at the Customs Division and Inland Revenue Department
- Strengthening public financial management by centralising activities, and
- Reforming the country's social security system

The NEST plan seeks to extend policy actions to advance social transformation by improving access to and the quality of education and healthcare as well as capacity building initiatives. The plan also incorporates policies to strengthen financial sector stability by enhancing the regulatory infrastructure.

All the measures outlined in the fiscal and economic reform programme are being supported with financial and technical assistance from both the IMF and the Caribbean Development

Bank (CDB). In June 2010 the IMF Executive Board approved a Stand-By Arrangement (SBA) for 81 million Special Drawing Rights (US\$ 118 million) over 36 months. Similarly, the Board of Governors of the CDB approved a Policy-Based Loan (PBL) for US\$30 million to be disbursed over the same period as the SBA. Both arrangements will be monitored through periodic reviews on the basis of quantitative performance criteria and structural benchmarks.

As part of the Government's efforts to improve its operations, technical assistance has been forthcoming from a number of multilateral agencies. The IMF's Caribbean Regional Technical Assistance Centre (CARTAC) is providing assistance to implement a reform programme financed by the UK Department for International Development to strengthen capacity at Customs and Inland Revenue as well as to develop measures to fortify the Financial Services Regulatory Commission (FSRC). The World Bank is assisting with the design and implementation of a plan to reform the civil service, focusing primarily on streamlining operations and managing expenditure.

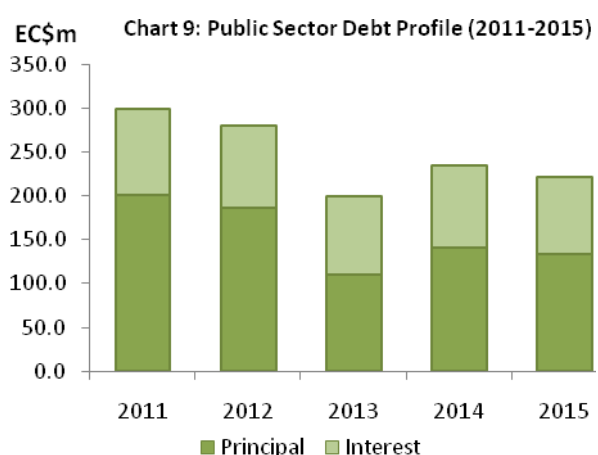
Antigua and Barbuda has successfully completed the first year of its Fiscal Consolidation Programme; realising a more than 19 per cent turn around in the overall fiscal deficit from 19.6 per cent of GDP in 2009 to 0.4 per cent of GDP in 2010. Based on the strength of its fiscal consolidation initiatives, Antigua and Barbuda was able to access about EC\$30 million in grant funding from the European Union under its Vulnerability Flex programme. The Government has already received US\$42.5 million in disbursements under the IMF SBA and US\$10 million under the CDB PBL.

Debt Overview and Analysis

By the end of 2009 Antigua and Barbuda's public sector debt stood at approximately 111 per cent of GDP, a 23-percentage point deterioration from where that ratio stood at the third quarter of 2008. The decline in Government revenues compounded the deterioration of the Government's fiscal position, wiping out previous efforts to deal with the level of debt arrears. By the end of 2009 the level of arrears, that is debts that were no longer being serviced, more than doubled to over 56 per cent of the debt stock, or 53 per cent of GDP.

Recognising the risks that the public sector's formidable debt position posed for the country's economic and fiscal sustainability, the Government has acted decisively to implement a comprehensive strategy to address the high level of arrears and complement the fiscal consolidation programme designed to stabilise public finances.

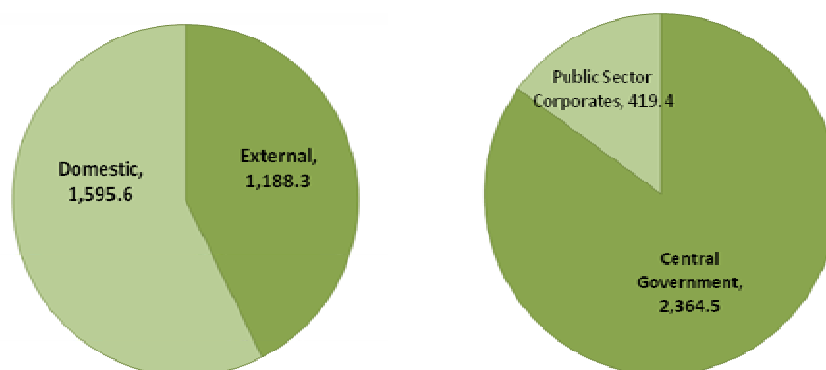
The overall objective of this ongoing debt strategy is to place the public sector debt on a downward trend over the medium term, by eliminating arrears and normalising relations with all public sector creditors. This is imperative to restoring fiscal sustainability, reviving private sector investment and improving the country's credit profile. Over the long term, the Government's objective is to reach the overall debt targets set forth by the Monetary Council of the ECCB for all ECCU members by 2020 – a debt to GDP ratio of 60 per cent and a maximum interest rate burden, which is defined as interest due on debt to Government revenues, of 15 per cent.



Antigua and Barbuda's public sector debt stock totalled \$3.2 billion by the end of 2009, but by the end of 2010, the debt stock had fallen to \$2.8 billion, a decrease of almost \$500 million,

bringing the overall debt to GDP ratio to 94 per cent. Furthermore, the overall stock of debt is likely to fall further as a number of additional agreements are currently being finalised. In terms of the level of arrears, almost \$1 billion has been normalised and, by the end of 2011, virtually all-remaining arrears are expected to be eliminated.

Chart 10: Composition of Public Sector Debt



In September and October of 2010 the government signed agreements with the boards of the Medical Benefits Scheme and the Social Security System in respect of arrears owed from 1979 to 2009. These agreements regularised arrears totalling almost \$800 million. Approximately 52 per cent of the amounts owed are to be regularised by providing assets that can generate capital infusions over the short-term, while the balance is to be repaid over the long-term on the basis of the Government's payment capacity.

A landmark agreement was reached with Antigua and Barbuda's Paris Club creditors in September of 2010 to normalise relations and all arrears. Pursuant to the agreement, the GoAB will be current with Brazil, France, the Netherlands, Japan, the United States and the United Kingdom on US\$133 million or \$360 million of outstanding debt, some of which has been in default since 1967.

Table 7. Debt Stock as of 31 Dec 2010 and Projected Debt Service

EC millions	Stock	2011P	2012P	2013P
Total Public Sector	2,783.9	298.8	279.0	199.2
<i>of which Central Government</i>	<i>2,364.5</i>	<i>250.5</i>	<i>246.4</i>	<i>165.2</i>
<i>of which Public Sector Bodies</i>	<i>419.4</i>	<i>48.3</i>	<i>32.7</i>	<i>34.0</i>
Total External Debt	1,188.3	44.2	50.7	99.5
<i>of which Central Government</i>	<i>1,068.4</i>	<i>42.4</i>	<i>49.6</i>	<i>95.7</i>
<i>of which Public Sector Bodies</i>	<i>119.8</i>	<i>1.8</i>	<i>1.1</i>	<i>3.8</i>
Total Domestic Debt	1,595.6	254.6	228.3	99.7
<i>of which Central Government</i>	<i>1,296.0</i>	<i>208.1</i>	<i>196.7</i>	<i>69.4</i>
<i>of which Public Sector Bodies</i>	<i>299.6</i>	<i>46.5</i>	<i>31.6</i>	<i>30.2</i>

CURRENT ISSUES OF GOVERNMENT SECURITY

A. EC\$ RGSM

SERIES A

Issue Date:	28 July 2011
Original Amount Issued:	EC\$20,000,000
Outstanding Amount:	EC\$20,000,000
Type of Issue:	RGSM ECD 5-Year Bond
Maturity Date:	28 July 2016

SERIES B

Issue Date:	29 July 2011
Original Amount Issued:	EC\$5,530,000
Outstanding Amount:	US\$5,571,428.54
Type of Issue:	RGSM ECD 10-Year Bond
Maturity Date:	29 July 2021

B. USD RGSM

Issue Date:	26 July 2006
Original Amount Issued:	US\$26,000,000 (EC\$70,200,000)
Outstanding Amount:	US\$5,571,428.54
Type of Issue:	RGSM USD Bond
Maturity Date:	26 July 2013

C. USD Private Placement

SERIES C

Issue Date:	30 June 2011
Original Amount Issued:	US\$5,000,000 (EC\$13,500,000)
Outstanding Amount:	US\$5,000,000
Type of Issue:	USD Bond
Maturity Date:	30 June 2026

SECURITY ISSUANCE PROCEDURES, CLEARANCE AND SETTLEMENT

The Treasury Bill will be listed on the RGSM. This market operates on the ECSE trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the security will be a Competitive Uniform Open Price Auction. The ECSE is responsible for disseminating market information, providing intermediaries with market access, administering the auction process and monitoring and surveilling the auction.

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

The ECCSR will also process corporate action on behalf of issuing governments. Intermediaries will be responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE platform. Investors must provide the intermediaries with funds to cover the cost of the transaction. For this particular offering, investors will pay the applicable brokerage fees to the intermediaries. A list of licensed intermediaries who are members of the ECSE is provided (see Appendix I). Successful clients will be informed of their payment obligations and funds will be deducted from their respective accounts with the intermediary.

As an issuer in the RGSM, the GoAB 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

LICENSED INTERMEDIARIES

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Anguilla		
National Bank of Anguilla Ltd	<p>P O Box 44 The Valley</p> <p>Tel: 264-497 2101 Fax: 264-497 3870 / 3310 Email: nbabankl@anguillanet.com</p>	<p>Principal Selwyn Horsford</p> <p>Representative Idona Reid Shernika P. Connor</p>
Antigua and Barbuda		
ABI Bank Ltd.	<p>ABI Financial Centre Redcliffe Street St John's</p> <p>Tel: 268 480 2837 / 2824 Fax: 268 480 2765 Email: abibsec@candw.ag</p>	<p>Principal Casroy James Carolyn Philip</p>
Antigua Commercial Bank Ltd.	<p>ACB Financial Centre P O Box 95 St John's</p> <p>Tel: 268 481 4200 FAX: 268 481 4158/ 4313</p> <p>EMAIL: ACB@CANDW.AG</p>	<p>Principal Peter N Ashe</p> <p>Representative Sharon Nathaniel Alban Bass</p>
Dominica		
National Mortgage Finance Company of Dominica Ltd. (NMFC)	<p>64 Hillsborough Street ROSEAU</p> <p>Tel: 767 448 4401 / 4405 Fax: 767 448 3982 Email: customersupport@nbd.dm</p>	<p>Principals Caryl phillip-williams Linda Toussaint-Peter</p> <p>Representatives Joel Denis Curtis Clarendon</p>
St Kitts and Nevis		
St Kitts Nevis Anguilla National Bank Ltd.	<p>P O Box 343 Central Street Basseterre</p>	<p>Principals Winston Hutchinson Anthony Galloway</p>

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
	Tel: 869 465 2204 Fax: 869 465 1050 Email: national_bank@sknanb.com	Representatives Marlene Nisbett Petronella Edmeade-Crooke
The Bank of Nevis Ltd.	P O Box 450 Main Street Charlestown Tel: 869 469 5564 / 5796 Fax: 869 469 5798 E mail: info@thebankofnevis.com	Principal Kevin Huggins Brian Carey Representatives Vernesia Walters Kelve Merchant Lisa Jones
St Lucia		
ECFH Global Investment Solutions Limited	5 th Floor, Financial Centre Building 1 Bridge Street Castries Tel: 758 456 6826 / 457 7233 Fax: 758 456 6733 E-mail : capitalmarkets@ecfhglobalinvestments.com	Principals Beverly Henry Donna Matthew Representatives Dianne Augustin Lawrence Jean
First Citizens Investment Services Limited	9 Brazil Street Castries Tel: 758 450 2662 Fax: 758 451 7984	Principals Carole Eleuthere-Jn Marie Representative Samuel Agiste
Financial Investment and Consultancy Services Limited	#15 Bridge Street Castries Tel: 758 453 0225 Fax: 758 453 2303	Principals Sharmaine Francois Representative Anderson Soomer
St Vincent and The Grenadines		
Bank of St Vincent and the Grenadines Ltd	P O Box 880 Cnr. Bedford and Grenville Streets Kingstown Tel: 784 457 1844 Fax: 784 456 2612/ 451 2589 Email: natbank@svgnb.com	Principals Monifa Latham Keith Inniss Representatives Patricia John

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Trinidad and Tobago		
First Citizens Investment Services Limited	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	Representative Vishwatee Jagroop

APPENDIX II

ISSUER INFORMATION

History

The Nation of Antigua and Barbuda is located in the Eastern Caribbean. It is comprised of the islands of Antigua (108 sq. ml. /280 sq. km), Barbuda (67 sq. ml. /161 sq. km.) and Redonda (1/2 sq. ml. /1.3 sq. km). The written history of the country can be traced back to 1493 when Christopher Columbus first visited the island of Antigua during his second voyage to the new continent. History records that Christopher Columbus first met the Arawak Indians living on Antigua and that before Columbus' arrival the island was known as Wadadli. Columbus renamed the island Santa Maria de la Antigua after a church in the city of Seville, Spain. The island of Antigua was colonised by the British in 1632 and fast became a part of the chain of sugar colonies. Barbuda was colonised from Antigua in 1661 and was used mainly to raise livestock, provide wood, charcoal and other provisions to the sugar plantations operating in Antigua.

Antigua was administered as a part of the British Leeward Islands Administration until 1967 when it gained associated statehood status with internal self-government. Barbuda was leased by the British Government to the Codrington Family from 1685 through 1870. On becoming a Crown Colony, Barbuda's affairs were administered from Antigua with the exception of land ownership. The British Government granted Antigua and Barbuda full independence within the Commonwealth on 1 November 1981.

After obtaining independence, Antigua and Barbuda adopted a modified Westminster parliamentary system based on the British model. A Governor General is appointed by, and represents, the British Monarch (the country's head of state), and a Prime Minister is both leader of the majority party and the head of Government. The Right Hon. Sir Vere Cornwall Bird, now deceased, was the Nation's first Prime Minister and led the country until 1994, when he retired from active politics. His party, the Antigua Labour Party (ALP) remained in Government led by the Hon. Lester Bird until March 23, 2004 when the United Progressive Party (UPP), under the leadership of Hon. Baldwin Spencer, was elected. Since the elections of 2004, the UPP has pursued anti-corruption measures through a trio of government legislation: the *Prevention of Corruption Act*, the *Freedom of Information Act* and the *Integrity in Public Life Act*.

Political Environment

The *Constitutional Order of 1981* prescribes Antigua and Barbuda's form of government and guarantees fundamental rights and individual freedoms. Enshrined in the Constitution is the establishment of the Barbuda Council, which is vested with the authority to administer the affairs of Barbuda. Constitutional amendments require the affirmative vote of a two-thirds majority of each house of Parliament and the approval of a majority of the voters in Antigua and Barbuda by referendum. Legislation requires passage by both Houses of Parliament and assent by the Governor General. The constitutional functions of the Governor General are largely of a formal or ceremonial nature.

The Parliament is a bicameral legislature, consisting of an elected House of Representatives and an appointed Senate. The House of Representatives has 17 members elected in accordance with the provisions of the Constitution. The Governor General appoints the Senate's 17 members, eleven on the advice of the Prime Minister, one on advice of the Barbuda Council, one from the business community, and four on the advice of the Leader of the Opposition. The Parliament, unless dissolved earlier, continues to serve for five years from the date of the most recent general election. Shortly after the dissolution of Parliament, General Elections must be held to elect the members of the House of Representatives and to

facilitate the appointment of a Government to administer the affairs of the country for the next five years.

Antigua and Barbuda has a history of political stability. In March 2009 the country held general elections where the United Progressive Party, under the leadership of Prime Minister, Honourable Baldwin Spencer, retained leadership of the Government. Following the 2009 elections, the opposition party, ALP, challenged three of the seats won by the UPP on the grounds of breach of electoral law. However, all three seats were eventually upheld by the Eastern Caribbean Supreme Court in October 2010.

Judicial and Legislative Environment

Antigua and Barbuda's judicial system is based on the English system, including the principles and practice of English common law. The member states of the Organisation of Eastern Caribbean States (OECS) share a single supreme court, the Eastern Caribbean Supreme Court. The Supreme Court is headed by the Chief Justice, and administers the laws of each OECS member state. It has two divisions, the High Court of Justice and the Court of Appeal. The High Court of Justice meets in Antigua bi-annually and the Court of Appeal is headquartered in St. Lucia. Appeals from the Court of Appeal go to the Judicial Committee of the Privy Council in London, England, which is currently the country's court of last resort.

Antigua and Barbuda is a signatory to the Caribbean Court of Justice, which is currently the court of original jurisdiction in respect of matters pertaining to the interpretation and application of the CARICOM Treaty.

Appendix III

Gross Domestic Product by Economic Activity

Constant Prices – 1990

All figures in millions of Eastern Caribbean Dollars

	2009	Projected					
		2010	2011	2012	2013	2014	2015
Nominal GDP in constant market prices	2,047.2	1,963.0	2,023.4	2,074.3	2,152.4	2,242.4	2,341.3
Indirect taxes (product taxes less subsidies)	381.7	366.0	77.3	386.8	401.4	418.1	436.6
Real GDP (Gross value added in constant basic prices)	1,665.4	1,597.0	1,646.1	1,687.5	1,751.1	1,824.2	1,904.7
Agriculture	53.6	55.5	57.4	59.9	62.4	65.1	67.8
Crops	15.3	16.0	16.6	17.6	18.5	19.6	20.6
Livestock	12.5	12.9	13.4	14.2	14.9	15.6	16.4
Forestry	0.8	0.8	0.9	0.9	0.9	0.9	0.9
Fisheries	25.0	25.7	26.5	27.3	28.1	28.9	29.8
Mining and quarrying	40.7	39.3	40.1	40.9	41.7	2.5	43.4
Manufacturing	35.5	34.2	34.9	35.6	36.0	36.3	36.7
Electricity and water	70.1	71.7	74.2	76.8	79.7	83.1	86.9
Electricity	55.0	56.4	58.3	60.4	62.5	65.0	67.9
Water	15.1	15.4	15.9	16.4	17.2	18.1	19.0
Construction	265.4	238.9	248.4	253.4	263.5	275.4	289.1
Wholesale and retail trade	140.4	133.4	137.4	141.5	147.2	153.8	160.7
Hotels and restaurants	161.7	156.1	160.7	165.6	173.0	181.7	190.7
Transportation	201.0	194.5	200.4	206.4	212.6	220.0	228.5
Road transport	110.6	106.7	109.9	113.2	116.0	119.5	123.7
Sea transport	41.5	40.6	41.9	43.1	44.2	45.5	47.1
Air transport	48.9	47.2	48.6	50.1	52.3	54.9	57.7
Communication	187.5	191.2	196.9	202.8	209.9	218.3	228.2
Banks and insurance	236.1	238.4	242.0	247.0	255.7	264.6	274.0
Banks	215.0	217.2	220.4	224.9	232.7	240.9	249.3
Insurance	21.0	21.2	21.5	22.2	23.0	23.8	24.7
Real estate and Housing	127.1	128.4	130.3	132.9	138.2	143.8	149.5
Government services	274.8	263.8	258.5	263.7	269.0	275.7	282.6
Other services	102.2	101.7	102.2	103.2	106.8	111.1	116.1
less: imputed banking services	230.4	233.9	237.4	242.1	244.6	247.0	249.5

Sources: Statistics Division, Ministry of Finance, Eastern Caribbean Central Bank

Appendix IV

BALANCE OF PAYMENTS: Standard Presentation 2009-2015

All figures in millions of Eastern Caribbean Dollars

	2009	2010P	2011P	2012P	2013P	2014P	2015P
1. CURRENT ACCOUNT	(508.3)	(837.6)	(1070.8)	(990.9)	(679.4)	(512.8)	(568.5)
A. GOODS AND SERVICES	(371.1)	(720.8)	(938.9)	(869.8)	(588.1)	(505.4)	(561.6)
1. Goods	(1,006.1)	(1,311.3)	(1,591.8)	(1,653.1)	(1,330.0)	(1,265.7)	(1,348.3)
a. Merchandise	(1,104.0)	(1,416.3)	(1,659.3)	(1,685.8)	(1,333.7)	(1,268.5)	(1,350.6)
b. Repair on goods	0.2	0.1	0.2	0.2	0.2	0.2	0.2
c. Goods procured in ports by carriers	97.8	104.9	67.3	32.5	3.5	2.7	2.1
2. Services	634.9	590.6	652.9	783.3	741.9	760.3	786.7
a. Transportation	17.8	(20.8)	(17.0)	114.2	156.2	155.9	154.3
i. Sea Transport	(106.3)	(123.8)	(143.7)	(124.9)	(127.3)	(118.6)	(127.2)
ii. Air Transport	124.2	103.0	126.6	239.1	283.5	274.5	281.5
b. Travel	727.4	759.8	772.3	744.1	676.8	687.0	725.1
c. Insurance Services	(56.6)	(91.6)	(94.7)	(102.0)	(105.4)	(99.3)	(102.4)
i. Freight Insurance	(27.3)	(33.5)	(39.3)	(35.2)	(31.7)	(30.2)	(32.0)
ii. Life Insurance	(6.9)	(3.6)	(6.7)	(7.3)	(2.4)	(2.3)	(2.3)
iii. General Insurance	0.6	0.4	0.2	(1.8)	(2.2)	(2.5)	(2.6)
iv. Re-Insurance	(30.0)	(62.4)	(62.9)	(73.7)	(80.4)	(74.8)	(76.1)
v. Insurance Agents Commissions	7.0	7.6	13.9	16.0	11.3	10.5	10.7
d. Other Business Services	(52.3)	(63.8)	(6.7)	26.5	10.8	11.1	4.0
i. Construction & Engineering Services	(48.1)	(67.7)	(62.2)	(28.8)	(20.8)	(17.9)	(25.5)
ii. Legal and Accounting Services	9.9	10.9	10.9	11.0	9.9	10.1	10.4
iii. Management and Consultant	(11.8)	(9.6)	(8.9)	(5.6)	(9.4)	(8.8)	(8.9)
iv. Computer and Information Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
v. Royalties, Licences and Fees	(1.6)	(2.1)	(2.2)	(5.1)	(2.9)	(2.7)	(2.8)
vi. Other Business Services	(0.6)	4.7	55.6	55.0	34.1	30.4	30.9
f. Government Services	(1.4)	6.9	(0.9)	0.5	3.5	5.5	5.7
i. Resident Government	2.4	13.0	8.8	9.2	9.9	12.0	12.4

	2009	2010P	2011P	2012P	2013P	2014P	2015P
ii. Foreign Government	1.7	1.5	1.6	2.0	1.6	1.6	1.6
iii. Other	(5.4)	(7.6)	(11.3)	(10.8)	(7.9)	(8.1)	(8.3)
B. INCOME	(158.8)	(176.1)	(172.0)	(188.2)	(163.4)	(84.7)	(86.3)
1. Compensation of Employees	17.7	19.5	22.6	25.1	23.1	23.6	24.2
2. Investment Income	(176.5)	(195.6)	(194.6)	(213.3)	(186.5)	(108.3)	(110.4)
a. Direct Investment	(82.9)	(112.2)	(118.3)	(109.7)	(95.9)	(89.3)	(90.8)
i. Income on equity	(76.8)	(103.4)	(107.6)	(100.4)	(83.1)	(77.3)	(78.7)
a. Distributed branch profits	(42.0)	(80.2)	(74.8)	(68.9)	(69.8)	(65.0)	(66.1)
b. Reinvested Earnings	(34.7)	(23.2)	(32.8)	(31.5)	(13.3)	(12.4)	(12.6)
ii. Income on debt (interest)	(6.1)	(8.8)	(10.7)	(9.3)	(12.8)	(12.0)	(12.2)
b. Portfolio Investment	0.2	(3.1)	5.9	2.2	1.4	1.5	1.6
i. ECCB Investment Income	-	0.0	7.3	4.8	3.6	3.7	3.8
ii. Other 1/	0.2	(3.1)	(1.4)	(2.6)	(2.2)	(2.2)	(2.2)
c. Other Investment	(93.9)	(80.3)	(82.3)	(105.8)	(92.0)	(20.5)	(21.2)
i. Interest on Government Transactions	(102.2)	(107.1)	(99.7)	(103.0)	(84.5)	(13.6)	(14.1)
ii. Other	8.3	26.8	17.4	(2.7)	(7.5)	(6.9)	(7.1)
C. CURRENT TRANSFERS	21.6	59.2	40.1	67.1	72.2	77.3	79.3
1. General Government	2.1	5.3	(12.3)	7.3	9.7	10.5	10.8
2. Other Sectors	19.5	53.9	52.4	59.8	62.4	66.7	68.5
2. CAPITAL AND FINANCIAL ACCOUNT	512.4	840.6	1048.0	945.8	638.3	464.4	568.5
A. CAPITAL ACCOUNT	578.7	85.3	30.0	40.0	11.3	10.0	9.9
1. Capital Transfers	578.7	85.3	30.0	40.0	11.3	10.0	9.9
a. General Government	568.7	75.3	20.0	30.0	1.2	0.6	0.3
b. Other Sectors	10.0	10.0	10.0	10.0	10.1	9.4	9.6
i. Migrant's Transfers	10.0	10.0	10.0	10.0	10.1	9.4	9.6
ii. Other	-	-	-	-	-	-	-
2. Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. FINANCIAL ACCOUNT	(66.2)	755.4	1018.0	905.8	626.9	454.4	558.7

	2009	2010P	2011P	2012P	2013P	2014P	2015P
1. Direct Investment	596.6	968.8	913.2	470.3	318.7	283.6	359.0
a. Abroad (outward)	-	-	-	-	-	-	-
b. In Reporting Economy (inward)	596.6	968.8	913.2	470.3	318.7	283.6	359.0
i. Equity	481.2	735.4	687.3	286.9	201.0	178.9	255.0
ii. Reinvested Earnings	34.7	23.2	32.8	31.5	13.3	12.4	12.6
iii. Land Sales	114.7	168.9	198.5	156.7	110.6	99.5	98.5
iv. Other	(34.0)	41.3	(5.4)	(4.8)	(6.1)	(7.1)	(7.1)
2. Portfolio Investment	28.4	66.9	(3.3)	29.2	(16.5)	3.5	3.6
a. Assets	1.3	-	-	-	-	-	-
b. Liabilities ^{2/}	27.2	66.9	(3.3)	29.2	(16.5)	3.5	3.6
3. Other Investment	(691.3)	(280.4)	108.1	406.3	324.7	167.3	196.1
a. Public Sector Long Term Loans	(441.4)	(69.0)	(18.3)	4.8	104.8	95.9	100.1
b. Other Public Sector Capital	-	-	-	-	-	-	-
c. Commercial Banks	(49.3)	(174.2)	41.6	321.4	90.5	(53.2)	-
d. Other Assets	(152.5)	(193.9)	(121.8)	(114.4)	6.7	(17.6)	(17.9)
e. Other Liabilities	(48.1)	156.7	206.6	194.4	122.7	142.2	113.9
3. NET ERRORS AND OMISSIONS	15.4	38.2	25.1	29.4	13.7	5.9	-
4. OVERALL BALANCE	19.5	41.2	2.2	(15.7)	(27.4)	(42.5)	-
5. FINANCING	(19.5)	(41.2)	(2.2)	15.7	27.4	42.5	0.0
Change in SDR Holdings	-	-	-	-	(52.9)	-	-
Change in Reserve Position with the IMF	-	-	-	-	-	-	-
Change in Government Foreign Assets	(0.1)	0.1	1.0	-	-	-	-
Change in Imputed Reserves	(19.4)	(41.3)	(3.3)	15.7	80.3	42.5	-

Source: Eastern Caribbean Central Bank

^{1/} The debit figure includes interest payments on bonds by the central government

^{2/} The debit figure includes principal payments on bonds by the central government

Appendix V

Summary of Central Government Fiscal Operations

All figures in millions of Eastern Caribbean Dollars

	Actual 2010	Projected				
		2011	2012	2013	2014	2015
Total revenue and grants	688.9	702.3	771.3	848.9	920.1	989.6
Current revenue	641.0	681.3	769.0	846.4	917.4	986.8
<i>Of which: tax revenue</i>	<i>577.8</i>	<i>641.3</i>	<i>723.9</i>	<i>796.7</i>	<i>863.5</i>	<i>928.8</i>
Capital revenue	3.0	2.0	2.3	2.5	2.7	2.9
Total grants	44.9	19.0	-	-	-	-
Total expenditure	700.2	746.4	772.8	858.1	927.4	996.1
Total primary expenditure	635.6	643.4	669.8	758.0	827.9	903.3
Primary current expenditure	570.2	598.4	599.8	658.0	697.9	743.3
<i>Wages and salaries</i>	<i>266.6</i>	<i>270.0</i>	<i>270.0</i>	<i>316.8</i>	<i>335.0</i>	<i>356.5</i>
<i>Employment contributions 1/</i>	<i>17.7</i>	<i>29.8</i>	<i>31.8</i>	<i>32.2</i>	<i>34.3</i>	<i>36.5</i>
<i>Goods and services, incl. utilities</i>	<i>117.1</i>	<i>120.0</i>	<i>120.0</i>	<i>123.7</i>	<i>131.6</i>	<i>140.2</i>
<i>Pensions</i>	<i>66.0</i>	<i>60.6</i>	<i>60.0</i>	<i>63.7</i>	<i>67.7</i>	<i>72.2</i>
<i>Other transfers</i>	<i>102.8</i>	<i>118.0</i>	<i>118.0</i>	<i>121.6</i>	<i>129.4</i>	<i>137.9</i>
Capital expenditure and net lending	65.4	45.0	70.0	100.0	130.0	160.0
Current account balance	10.0	82.9	169.2	188.4	219.5	243.5
Interest payments 2/	64.6	103.0	103.1	100.1	99.5	92.8
<i>External</i>	<i>15.2</i>	<i>15.3</i>	<i>56.1</i>	<i>56.8</i>	<i>54.3</i>	<i>50.4</i>
<i>Domestic</i>	<i>49.4</i>	<i>87.7</i>	<i>47.0</i>	<i>43.3</i>	<i>45.1</i>	<i>42.4</i>
Primary balance	53.3	58.9	101.5	90.9	92.2	86.4
<i>Percent of GDP</i>	<i>2.7%</i>	<i>2.9%</i>	<i>4.9%</i>	<i>4.2%</i>	<i>4.1%</i>	<i>3.7%</i>
Overall balance	(11.3)	(44.1)	(1.6)	(9.2)	(7.3)	(6.4)
<i>Percent of GDP</i>	<i>-0.6%</i>	<i>-2.2%</i>	<i>-0.1%</i>	<i>-0.4%</i>	<i>-0.3%</i>	<i>-0.3%</i>

Source: Ministry of Finance, the Economy and Public Administration

1/ The projections are based on debt restructuring agreements that have already been completed

2/ Includes contributions to Social Security, Medical Benefits, and Education

Appendix VI

Public Sector Debt Stock and Projected Debt Service (2011-2015)

All figures in millions of Eastern Caribbean Dollars

	Stock	2011			2012			2013			2014			2015		
		P	I	Total	P	I	Total	P	I	Total	P	I	Total	P	I	Total
Total Public Sector	2,783.9	201.4	97.4	298.8	186.1	92.9	279.0	110.0	89.1	199.2	140.7	93.1	233.8	133.0	88.2	221.2
<i>of which Central Government</i>	<i>2,364.5</i>	<i>179.4</i>	<i>71.1</i>	<i>250.5</i>	<i>177.6</i>	<i>68.7</i>	<i>246.4</i>	<i>99.6</i>	<i>65.6</i>	<i>165.2</i>	<i>130.9</i>	<i>70.2</i>	<i>201.1</i>	<i>122.5</i>	<i>66.1</i>	<i>188.6</i>
<i>of which Public Sector</i>	<i>419.4</i>	<i>22.0</i>	<i>26.3</i>	<i>48.3</i>	<i>8.5</i>	<i>24.2</i>	<i>32.7</i>	<i>10.4</i>	<i>23.6</i>	<i>34.0</i>	<i>9.8</i>	<i>22.8</i>	<i>32.7</i>	<i>10.5</i>	<i>22.0</i>	<i>32.6</i>
External	1,188.3	20.8	23.4	44.2	24.7	26.0	50.7	70.1	29.4	99.5	109.3	32.2	141.5	104.7	30.0	134.7
Central Government	1,068.4	19.8	22.6	42.4	24.5	25.2	49.6	67.4	28.3	95.7	106.9	31.2	138.1	102.2	29.1	131.3
Multilateral	204.8	9.9	6.7	16.6	9.9	9.1	19.1	43.6	11.3	54.9	76.7	10.5	87.2	76.5	9.3	85.8
Bilateral	748.9	9.9	15.9	25.8	14.5	16.1	30.6	23.8	17.0	40.8	30.2	20.7	50.9	25.8	19.8	45.6
<i>of which Paris Club</i>	<i>309.9</i>	<i>4.6</i>	<i>8.8</i>	<i>13.4</i>	<i>9.9</i>	<i>9.1</i>	<i>19.0</i>	<i>15.3</i>	<i>10.1</i>	<i>25.4</i>	<i>9.1</i>	<i>10.3</i>	<i>19.4</i>	<i>5.2</i>	<i>10.1</i>	<i>15.3</i>
<i>of which non-Paris Club</i>	<i>439.0</i>	<i>5.3</i>	<i>7.0</i>	<i>12.4</i>	<i>4.6</i>	<i>7.0</i>	<i>11.6</i>	<i>8.6</i>	<i>6.9</i>	<i>15.4</i>	<i>21.1</i>	<i>10.4</i>	<i>31.5</i>	<i>20.5</i>	<i>9.7</i>	<i>30.3</i>
Commercial	114.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Sector Corporations	119.8	1.0	0.8	1.8	0.3	0.8	1.1	2.7	1.1	3.8	2.5	1.0	3.5	2.5	0.9	3.4
Multilateral	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bilateral	30.4	1.0	0.8	1.8	0.3	0.8	1.0	2.7	1.1	3.7	2.5	1.0	3.4	2.5	0.9	3.4
<i>of which Paris Club</i>	<i>15.3</i>	<i>0.1</i>	<i>0.2</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.5</i>	<i>0.9</i>	<i>0.5</i>	<i>1.4</i>	<i>0.7</i>	<i>0.5</i>	<i>1.2</i>	<i>0.7</i>	<i>0.5</i>	<i>1.2</i>
<i>of which non-Paris Club</i>	<i>15.2</i>	<i>0.9</i>	<i>0.5</i>	<i>1.4</i>	<i>0.0</i>	<i>0.5</i>	<i>0.5</i>	<i>1.8</i>	<i>0.5</i>	<i>2.3</i>	<i>1.8</i>	<i>0.5</i>	<i>2.3</i>	<i>1.8</i>	<i>0.4</i>	<i>2.2</i>
Commercial	89.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	1,595.6	180.6	74.0	254.6	161.4	66.9	228.3	39.9	59.8	99.7	31.4	60.9	92.2	28.3	58.1	86.4
Central Government	1,296.0	159.6	48.5	208.1	153.2	43.6	196.7	32.2	37.2	69.4	24.0	39.0	63.0	20.2	37.0	57.2
ECCB	91.0	0.0	0.0	0.0	91.0	3.2	94.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial Loans	453.9	20.0	35.3	55.3	23.2	34.2	57.3	22.2	32.0	54.2	24.0	29.9	53.9	20.2	27.9	48.1
Overdrafts	30.5	30.5	3.3	33.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tradeable Debt Instruments	115.9	75.3	5.3	80.6	10.0	1.6	11.6	10.0	0.7	10.7	0.0	0.0	0.0	0.0	0.0	0.0
<i>of which RGSMs</i>	<i>60.1</i>	<i>40.0</i>	<i>4.8</i>	<i>44.8</i>	<i>10.0</i>	<i>1.6</i>	<i>11.6</i>	<i>10.0</i>	<i>0.7</i>	<i>10.7</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Unpaid Invoices	142.6	33.8	0.0	33.8	29.0	0.0	29.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Obligations to Statutory Bodies	462.3	0.0	4.6	4.6	0.0	4.6	4.6	0.0	4.6	4.6	0.0	9.1	9.1	0.0	9.1	9.1
Public Sector Corporations	299.6	21.0	25.5	46.5	8.2	23.4	31.6	7.7	22.5	30.2	7.4	21.8	29.2	8.0	21.1	29.2
Commercial Loans	286.9	8.3	24.1	32.4	8.2	23.4	31.6	7.7	22.5	30.2	7.4	21.8	29.2	8.0	21.1	29.2
Overdrafts	12.7	12.7	1.4	14.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Ministry of Finance, the Economy and Public Administration

Appendix VII

CPI AND INFLATION

Expenditure Categories	Jan 2001 weights	Consumer Price Indices			Year- on-Year % Change	Month- to- Month % Change
		Dec-10	Nov-10	Dec-09	Dec 10 / Dec-09	Dec 10 / Nov-10
All Items	1000	123.88	123.26	120.36	2.9	0.5
Food	214.2	141.65	138.83	131.24	7.9	2.0
Alcoholic Drink and Tobacco	1.6	134.26	133.65	135.24	(0.7)	0.5
Clothing and Footwear	110.6	99.1	99.1	104.46	(5.1)	-
Accommodation	218.3	109.68	109.68	109.68	-	-
Furnishings, Supplies and Operations	126	120.54	120.32	113.24	6.4	0.2
Fuel and Light	63.9	135.62	135.62	127.78	6.1	-
Transportation and Communication	153.5	122.81	122.84	120.27	2.1	-
Medical Expenses	27.6	116.56	116.56	113.51	2.7	-
Education	23.4	160.44	160.44	160.96	(0.3)	-
Personal Services	43	153.35	153.35	154.48	(0.7)	-
Other (Misc)	17.9	120.07	120.31	117.45	2.2	(0.2)
<i>All Items LESS Food</i>		<i>119.04</i>	<i>119.01</i>	<i>117.51</i>	<i>1.3</i>	<i>-</i>
<i>All Items LESS Energy</i>		<i>122.2</i>	<i>121.52</i>	<i>118.96</i>	<i>2.7</i>	<i>0.6</i>
<i>All Items LESS Food and Energy</i>		<i>116.31</i>	<i>116.28</i>	<i>115.24</i>	<i>0.9</i>	<i>-</i>
<i>Energy includes: Fuel & Light (Electricity ; LPG/Cooking Gas)</i>		<i>- means zero</i>		<i>0.0 means negligible</i>		

Source: Statistics Division – Ministry of Finance, the Economy and Public Administration

ADDENDUM

This addendum provides updated information on the macroeconomic accounts. Economic activity in Antigua and Barbuda has remained weak as our main trading partners, the US and the UK, continued to struggle with high unemployment, volatile financial markets, growing debt problems, and low levels of consumption in 2011.

This weak economic performance resulted in lower than expected revenues and required us to maintain tight control on expenditure to ensure that we met the fiscal targets outlined in our Fiscal Consolidation Programme. It is expected that actual revenue for 2011 will amount to \$646 million, which is 7 percent below the \$697.4 million than was budgeted for the year. We project a current account deficit of \$71 million for 2011. This is the result of lower than expected revenue, \$50 million less than budgeted, and the Government's financial support to ABI Bank to the tune of more than \$40 million.

Actual current expenditure for 2011 is projected to be \$689.8 million. This is about 9 percent more than the actual current expenditure of \$635 million recorded for 2010, and about \$11 million less than the \$700.5 million estimated in Budget 2011. The Government's ability to maintain expenditure below budgeted levels is the result of ongoing efforts to curtail spending, particularly in light of lower than expected revenue. It should be noted that but for our financial support to ABI Bank, current expenditure would have been contained at 2010 levels.

The ECCB projects the ECCU will grow by 2.7 percent in 2012. Real growth rates for ECCU member countries range from about 1 percent to 3.5 percent. In Anguilla, growth is expected to be 3.3 percent; in Dominica, 1.5 percent; in Grenada, 2.7 percent; in Montserrat, 1 percent; in St. Vincent and the Grenadines, 3.1 percent; in St. Kitts and Nevis, 2.1 percent; in St. Lucia, 3.5 percent, and in Antigua and Barbuda growth is projected to be 2.3 percent. The outturn for the economies in the ECCU region will ultimately be determined by developments in the region's main trading partners. In Antigua and Barbuda the Government will continue to focus on implementing policies and programmes to mitigate the impact of the continued global economic turmoil and position the economy to maximise opportunities once the global economy rebounds.

APPENDIX I**BALANCE OF PAYMENTS: Standard Presentation 2009-2015**

All figures in millions of Eastern Caribbean Dollars

	2009	2010	2011	2012	2013
1. CURRENT ACCOUNT	(456.37)	(449.49)	(328.84)	(364.92)	(376.42)
A. GOODS AND SERVICES	(391.10)	(421.91)	(303.52)	(325.81)	(330.24)
1. Goods	(1,155.86)	(1,103.10)	(1,046.34)	(1,080.44)	(1,099.37)
a. Merchandise	(1,159.52)	(1,096.88)	(1,047.76)	(1,081.18)	(1,099.37)
b. Repair on goods	0.19	-	-	-	-
c. Goods procured in ports by carriers	3.48	(6.22)	1.42	0.73	(0.01)
2. Services	764.76	681.19	742.82	754.64	769.13
a. Transportation	183.18	135.22	144.56	144.18	147.47
i. Sea Transport	(112.24)	(105.18)	(100.56)	(103.92)	(105.77)
ii. Air Transport	295.42	240.40	245.12	248.09	253.24
b. Travel	679.18	664.37	713.42	732.22	750.84
c. Insurance Services	(102.53)	(74.97)	(74.14)	(77.11)	(80.07)
i. Freight Insurance	(28.74)	(25.81)	(24.82)	(25.59)	(26.05)
ii. Life Insurance	(2.45)	(1.03)	(1.03)	(1.08)	(1.14)
iii. General Insurance	(2.15)	(3.84)	(3.99)	(3.96)	(3.91)
iv. Re-Insurance	(80.39)	(57.19)	(57.20)	(60.02)	(63.23)
v. Insurance Agents Commissions	11.20	12.91	12.91	13.54	14.27
d. Other Business Services	1.56	(46.44)	(44.50)	(47.41)	(51.19)
i. Construction & Engineering Services	(10.99)	(8.66)	(6.87)	(7.90)	(9.48)
ii. Legal and Accounting Services	9.83	9.33	9.59	9.84	10.09
iii. Management and Consultant	(9.44)	(19.51)	(19.52)	(20.48)	(21.57)
iv. Computer and Information Services	-	-	-	-	-

	2009	2010	2011	2012	2013
v. Royalties, Licences and Fees	(3.21)	(3.24)	(3.24)	(3.40)	(3.58)
vi. Other Business Services	(11.58)	(37.01)	(37.02)	(38.84)	(40.91)
f. Government Services	3.36	3.01	3.48	2.75	2.08
i. Resident Government	9.73	4.28	4.76	4.05	3.43
ii. Foreign Government	1.56	1.57	1.60	1.63	1.66
iii. Other	(7.93)	(2.83)	(2.88)	(2.93)	(3.01)
B. INCOME	(137.21)	(86.15)	(85.55)	(99.12)	(106.55)
1. Compensation of Employees	23.09	20.78	21.11	21.51	22.09
2. Investment Income	(160.30)	(106.93)	(106.66)	(120.63)	(128.64)
a. Direct Investment	(95.92)	(89.73)	(89.87)	(94.29)	(99.33)
i. Income on equity	(83.08)	(76.13)	(76.15)	(79.90)	(84.17)
a. Distributed branch profits	(69.78)	(63.04)	(63.05)	(66.16)	(69.69)
b. Reinvested Earnings	(13.30)	(13.09)	(13.09)	(13.74)	(14.47)
ii. Income on debt (interest)	(12.84)	(13.60)	(13.72)	(14.39)	(15.16)
b. Portfolio Investment	1.40	0.93	2.05	2.09	2.14
i. ECCB Investment Income	3.62	1.56	1.59	1.62	1.66
ii. Other 1/	(2.22)	(0.63)	0.46	0.47	0.48
c. Other Investment	(65.78)	(18.13)	(18.84)	(28.43)	(31.46)
i. Interest on Government Transactions	(58.32)	(19.26)	(19.97)	(29.61)	(32.70)
ii. Other	(7.46)	1.12	1.13	1.18	1.24
C. CURRENT TRANSFERS	71.95	58.58	60.22	60.01	60.38
1. General Government	9.72	12.07	12.39	12.38	12.48
2. Other Sectors	62.23	46.51	47.83	47.63	47.89
2. CAPITAL AND FINANCIAL ACCOUNT	441.40	528.57	322.62	364.92	376.42
A. CAPITAL ACCOUNT	10.24	54.94	32.57	21.89	16.87

	2009	2010	2011	2012	2013
1. Capital Transfers	10.24	54.94	32.57	21.89	16.87
a. General Government	1.24	44.74	22.37	11.18	5.59
b. Other Sectors	9.00	10.20	10.20	10.71	11.28
i. Migrant's Transfers	9.00	10.20	10.20	10.71	11.28
ii. Other	-	-	-	-	-
2. Acquisition & Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
B. FINANCIAL ACCOUNT	431.16	473.63	290.04	343.03	359.55
1. Direct Investment	217.75	261.03	160.36	173.18	203.42
a. Abroad (outward)	-	-	-	-	-
b. In Reporting Economy (inward)	217.75	261.03	160.36	173.18	203.42
i. Equity	102.95	80.83	68.70	79.01	94.81
ii. Reinvested Earnings	13.30	13.09	13.09	13.74	14.47
iii. Land Sales	107.56	177.48	88.92	90.70	104.31
iv. Other	(6.07)	(10.37)	(10.36)	(10.27)	(10.17)
2. Portfolio Investment	(19.05)	4.45	4.96	5.20	5.48
a. Assets	-	(0.45)	-	-	-
b. Liabilities 2/	(19.05)	4.90	4.96	5.20	5.48
3. Other Investment	232.46	208.15	124.72	164.65	150.65
a. Public Sector Long Term Loans	104.53	423.49	101.13	86.72	18.51
b. Other Public Sector Capital	-	-	-	-	-
c. Commercial Banks	90.55	18.83	(52.49)	-	-
d. Other Assets	(57.34)	29.55	29.53	31.00	32.69
e. Other Liabilities	94.73	(263.72)	46.55	46.92	99.45
3. NET ERRORS AND OMISSIONS	(12.47)	(46.52)	(11.88)	(0.00)	0.00
4. OVERALL BALANCE		32.56	(18.11)	-	-

	2009	2010	2011	2012	2013
	(27.44)				
5. FINANCING	27.44	(32.56)	18.11	-	-
Change in SDR Holdings	(52.91)	51.12	-	-	-
Change in Reserve Position with the IMF	-	-	-	-	-
Change in Government Foreign Assets	-	(8.53)	-	-	-
Change in Imputed Reserves	80.35	(75.16)	18.11	-	-
Source: Eastern Caribbean Central Bank					
1/ The debit figure includes interest payments on bonds by the central government					
2/ The debit figure includes principal payments on bonds by the central government					

APPENDIX II

Gross Domestic Product by Economic Activity

Constant Prices – 2006

All figures in millions of Eastern Caribbean Dollars

	2007	2008	2009	2010	2011
Agriculture, Livestock and Forestry	19.75	20.34	20.09	22.24	24.60
Crops	12.06	12.05	12.93	13.16	15.14
Livestock	6.79	7.36	6.24	8.15	8.52
Forestry	0.90	0.92	0.92	0.92	0.94
Fishing	36.02	29.99	17.54	25.45	26.34
Mining & Quarrying	39.18	39.29	29.32	21.91	19.28
Manufacturing	62.01	56.35	62.33	54.63	51.35
Electricity & Water Supply	90.79	95.93	97.30	98.37	104.38
Electricity	65.13	68.40	69.93	74.75	78.49
Water Supply	25.66	27.53	27.37	23.62	25.88
Construction	431.49	434.09	412.35	349.14	307.24
Wholesale & Retail Trade	498.61	523.16	382.45	307.83	270.89
Hotels & Restaurants	366.08	374.58	344.40	339.97	355.26
Hotels	303.72	308.15	273.41	264.62	276.52
Restaurants	62.37	66.42	70.99	75.35	78.74
Transport, Storage and Communications	347.29	345.92	294.11	265.75	255.69
Road Transport	150.46	143.33	110.02	96.05	86.44
Sea Transport	1.93	1.98	1.98	1.75	1.63
Air Transport	42.22	41.57	36.52	35.31	36.01
Supporting and Auxiliary Transport Activities	29.78	29.53	25.50	21.62	19.45

	2007	2008	2009	2010	2011
Communications	122.90	129.51	120.09	111.03	112.14
Financial Intermediation	258.84	272.98	243.87	234.67	229.73
Banks	208.75	220.21	188.98	188.02	182.38
Insurance	50.08	52.77	54.88	46.65	47.35
Activities Auxiliary to Financial Intermediation	-	-	-	-	-
Real Estate, Renting and Business Activities	273.85	270.93	272.89	273.30	276.82
Owner Occupied Dwellings	176.73	180.02	183.39	186.82	190.31
Real Estate Activities	35.78	36.61	28.89	30.56	31.48
Renting of Machinery & Equipment	11.45	9.47	5.53	7.06	6.91
Computer & Related Services	1.95	2.21	1.68	1.68	1.64
Business Services	47.94	42.61	53.40	47.18	46.47
Public Administration, Defence & Compulsory Social Security	214.96	225.09	214.60	191.54	193.45
Education	143.54	135.76	133.59	117.53	121.12
Public	62.91	58.97	59.46	52.93	53.46
Private	80.63	76.79	74.13	64.60	67.66
Health and Social Work	73.54	69.42	70.81	63.88	64.65
Public	60.45	56.50	56.92	51.26	51.77
Private	13.09	12.93	13.89	12.62	12.88
Other Community, Social & Personal Services	39.55	37.55	40.15	39.22	38.89
Activities of Private Households as Employers	12.63	11.34	13.94	12.44	12.07
Less: FISIM	69.66	62.48	67.49	64.96	73.49

	2007	2008	2009	2010	2011
GVA in Basic Prices	2,838.47	2,880.24	2,582.26	2,352.90	2,278.29
Growth Rate	7.24	1.47	(10.35)	(8.88)	(3.17)

APPENDIX III

Fiscal Performance

All figures in millions of Eastern Caribbean Dollars

	Actual 2010	Budgeted 2011	Prelim Estimate 2011	Budgeted 2012
Total Revenue and Grants	688.9	697.4	646.0	734.9
Current revenue	672.9	674.7	619.9	705.9
<i>of which: Tax revenue</i>	577.9	619.2	574.0	656.2
Capital revenue	3.0	2.4	3.0	4.0
Capital grants	13.0	20.2	23.0	24.9
Total Expenditure	700.6	750.2	734.0	755.0
Current expenditure	634.8	700.5	691.0	680.4
Wages and salaries	266.6	280.6	262.0	270.7
Contribution to SSB, MBS,BOE	17.7	20.6	20.0	20.6
Goods and services	117.0	126.2	110.0	122.4
Interest payments	64.6	95.1	86.0	85.5
Pensions, other transfers	168.9	177.9	147.0	181.2
Capital Expenditure & Net Lending	65.7	49.7	43.0	74.5
Current Account Balance	38.1	(25.8)	(71.1)	25.5
Primary Balance	52.9	42.3	(2.0)	65.4
Overall balance	(11.7)	(52.8)	(88.0)	(20.1)

APPENDIX IV

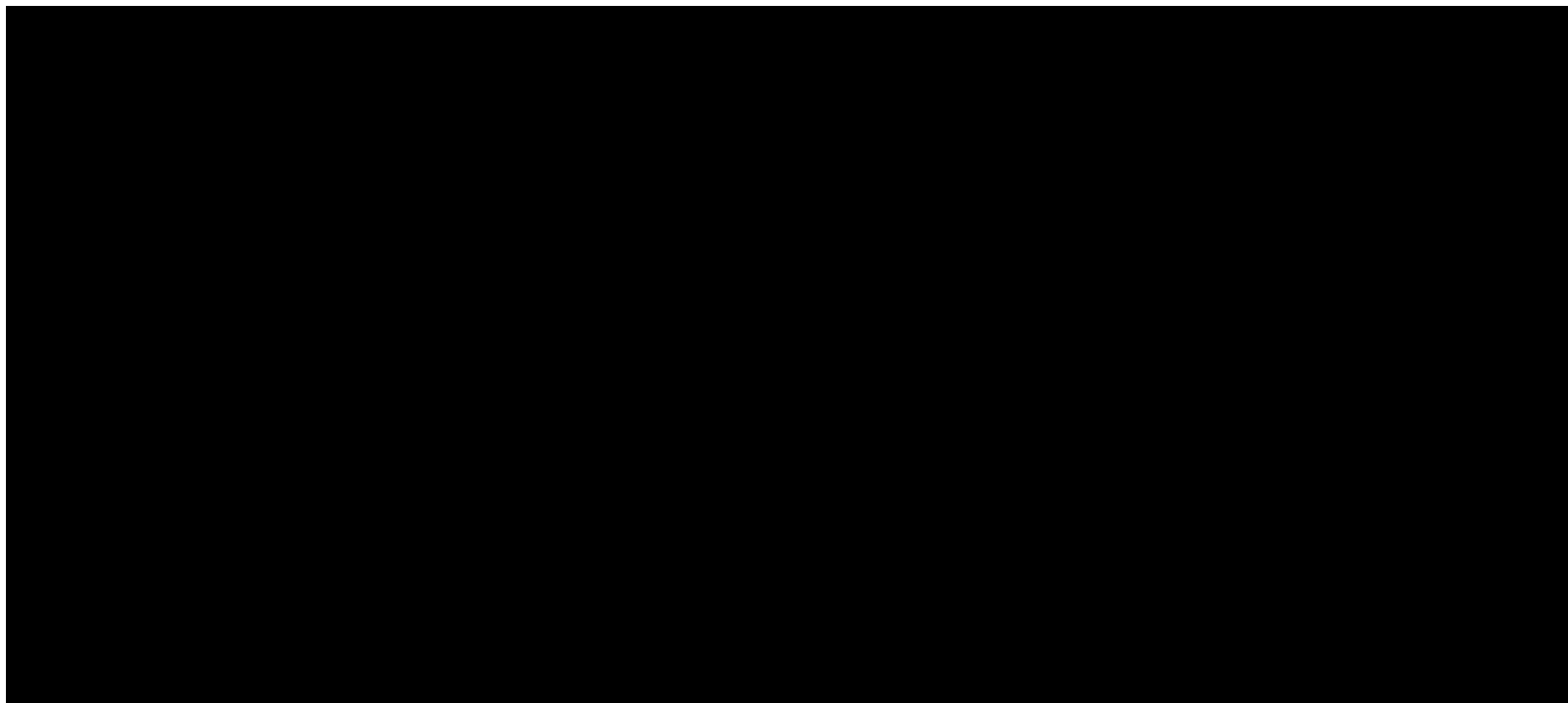
CPI AND INFLATION

Expenditure Categories	Jan 2001 weights	Consumer Price Indices			Year-on-Year % Change	Month-to-Month % Change
		Nov-11	Oct-10	Nov-10	Nov-2011	Nov-2011
					Nov-2010	Oct-2011
All Items	1000	128.11	128.40	123.26	<i>3.9</i>	<i>(0.2)</i>
Food	214.2	144.38	143.91	138.83	<i>4.0</i>	0.3
Alcoholic Drink and Tobacco	1.6	134.79	134.68	133.65	<i>0.9</i>	0.1
Clothing and Footwear	110.6	97.78	97.78	99.1	<i>(1.3)</i>	-
Accommodation	218.3	109.68	109.68	109.68	-	-
Furnishings, Supplies and Operations	126	128.96	128.74	120.32	<i>7.2</i>	0.2
Fuel and Light	63.9	148.73	152.65	135.62	<i>9.7</i>	<i>(2.6)</i>
Transportation and Communication	153.5	130.31	131.50	122.84	<i>6.1</i>	<i>(0.9)</i>
Medical Expenses	27.6	121.71	121.71	116.56	<i>4.4</i>	-
Education	23.4	179.52	179.52	160.44	<i>11.9</i>	-
Personal Services	43	155.38	155.38	153.35	<i>1.3</i>	-
Other (Misc)	17.9	123.53	122.60	120.31	2.7	0.8
<i>All Items LESS Food</i>		<i>123.67</i>	<i>124.17</i>	<i>119.01</i>	<i>3.9</i>	<i>(0.4)</i>
<i>All Items LESS Energy</i>		<i>125.19</i>	<i>125.04</i>	<i>121.52</i>	<i>3.0</i>	<i>0.1</i>
<i>All Items LESS Food and Energy</i>		<i>119.38</i>	<i>119.32</i>	<i>116.28</i>	<i>2.7</i>	<i>0.1</i>
<i>Energy includes: Fuel & Light (Electricity ; LPG/Cooking Gas), gas at the pump</i>				- means zero	0.0 means negligible	

APPENDIX V

Public Sector Debt Stock and Projected Debt Service (2011-2015)

All figures in millions of Eastern Caribbean Dollars



Source: Ministry of Finance, the Economy and Public Administration