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St. Vincent and the Grenadines: Recent Economic Developments

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ST. VINCENT AND THE GRENADINES

Recent Economic Developments

Prepared by Samuel Itam, Erik Lundback,
Anders Matzen, Dayalini Mendis, and Sukhdev Shah

Approved by Western Hemisphere Department

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St. Vincent and the Grenadines: Basic Data

I. Social and Demographic Indicators

Area, sq. km.	390	Nutrition		
Arable land, percent	10.3	Caloric intake, per day		2,604
Population		Health		
Population (1998, in thousands)	113.2	Population per physician		376
Annual rate of population growth (1997), percent	0.2	Population per hospital bed (		5
Population density (1998), per sq. km.	287	Education		
GDP per capita (US\$), 1999	2,900	Gross enrollment rates, percent		
Population characteristics, 1997		Primary education		107
Life expectancy at birth, years	73	GDP (1999)	millions ECS	887
Crude birth rate, per thousand	21		millions US\$	329
Crude death rate, per thousand	7			
Infant mortality rate, per thousand live births	18			
Under 5 mortality, per thousand live births	21			

II. Economic Indicators, 1996-2000

	1996	1997	1998	Est. 1999	Proj. 2000
(In percent of GDP)					
Origin of GDP					
Agriculture and mining	12.9	10.4	11.1	10.7	10.1
Manufacturing and Construction	18.8	20.5	20.9	19.6	19.2
Services	63.1	63.3	62.3	63.8	64.7
(Annual percentage change, unless otherwise stated)					
Real GDP (at factor costs)	1.2	3.1	5.7	4.0	3.7
Real GDP per capita	1.1	2.7	5.7	3.8	3.5
GDP deflator	4.0	1.8	2.7	-0.9	-0.9
Consumer prices (annual average)	4.4	0.5	2.1	1.0	0.6
Consumer prices (end of period)	3.6	0.8	3.3	-1.8	2.0
(In percent of GDP)					
National account					
Gross domestic investment	28.3	29.7	31.7	28.6	28.0
Of which: public investment	7.1	11.8	13.6	10.3	10.7
Gross national savings	18.3	8.9	8.7	8.4	14.8
External savings	10.0	20.8	23.1	20.2	13.1
Private consumption	61.9	72.4	73.0	71.8	64.5
Public consumption	20.3	18.9	18.3	18.4	19.3
Public finances					
Central government					
Total revenues and grants	29.1	30.1	33.8	29.8	31.0
Total expenditures	28.9	34.5	35.2	31.2	33.1
Of which: interest	1.7	1.6	1.6	2.3	2.6
Savings	4.0	4.3	5.8	4.3	3.0
Primary balance	1.9	-2.8	0.2	0.9	0.5
Overall balance	0.2	-4.4	-1.4	-1.4	-2.1
Consolidated public sector					
Current balance	7.6	8.6	9.6	8.9	7.3
Overall balance	1.5	-1.2	0.8	-0.1	-1.1
(12-month percentage change, unless otherwise indicated)					
Money and credit					
Liabilities to the private sector	4.4	13.7	16.1	12.5	10.1
Of which:					
Money	1.2	35.4	15.4	22.0	10.1
Quasi money	5.6	6.8	16.2	8.7	10.1

St. Vincent and the Grenadines: Basic Data

	1996	1997	1998	1999	Proj 2000
Net domestic assets of the banking system 1/	6.7	7.2	5.2	5.5	4.3
Net credit to the public sector	-8.9	-0.9	-6.5	2.1	0.2
Credit to the private sector	17.7	8.7	8.8	11.5	10.2
Liabilities to the private sector in percent of GDP	52.0	56.1	60.2	65.4	71.1
(in millions of U.S. dollars, unless otherwise stated)					
Balance of payments					
Current account balance 2/	-27.8	-61.1	-73.1	-66.2	-43.7
Merchandise trade balance	-75.3	-105.4	-119.9	-127.4	-115.4
Exports	52.6	47.3	50.1	49.6	55.0
Imports	-127.8	-152.6	-170.0	-177.1	-170.4
Services and transfers (net)	47.4	44.3	46.8	61.2	71.7
Of which: interest	-2.2	-3.7	-4.4	-6.8	-6.9
Capital and financial account	46.7	65.4	90.3	49.8	46.9
Foreign direct investment	42.6	55.1	61.3	44.3	37.5
Portfolio investment	...	...	...	...	...
Errors and omissions	-18.5	-3.3	-9.7	20.3	0.0
Change in net international reserves (increase -)	-0.4	-1.1	-7.5	-3.9	-3.2
Exports of goods and nonfactor services in percent of GDP	53.3	49.4	50.1	54.6	58.5
Imports of goods and nonfactor services in percent of GDP	-63.8	-70.4	-73.2	-73.4	-70.3
Current account in percent of GDP 2/	-10.0	-20.8	-23.1	-20.2	-13.1
Merchandise exports (in U.S. dollars, annual percentage change)	-15.2	-10.0	5.9	-1.0	10.8
Merchandise imports (in U.S. dollars, annual percentage change)	-5.7	19.4	11.4	4.2	-3.8
Terms of trade (annual percentage change)	-1.8	-0.3	2.1	-1.7	-2.8
Real effective exchange rate (e.o.p. percentage change)	2.4	8.5	-2.5	4.7	...
International reserve position and external debt					
Gross official reserves	33.0	35.0	42.0	49.0	52.0
Net reserves of the banking system	39.1	45.2	66.5	79.8	92.2
Outstanding public external debt, in percent of GDP	31.3	29.8	31.3	48.5	50.2
Total public debt service ratio					
(in percent of exports of gds. & serv.)	5.7	6.9	5.9	6.1	6.2
Of which: interest	2.0	2.2	2.0	3.1	3.0
IMF data (as of September 30, 2000)					
Membership status:					Article VIII status
Intervention currency and rate					U.S. dollar/EC\$2.70=US\$1
Quota					SDR 8.3 million
Fund holdings of local currency					SDR 7.8 million
(as percent of quota)					94.0
Outstanding purchases and loans					0.0
Special Drawing Rights Department					
Cumulative SDR allocation					SDR 0.35 million
Holdings of SDRs					SDR 0.06 million

Sources: St. Vincent and the Grenadines authorities; Eastern Caribbean Central Bank; World Bank; and Fund staff estimates and projections.

1/ In relation to banking system liabilities to the private sector at the beginning of the period.

2/ Including official transfers.

I. INTRODUCTION AND SUMMARY

1. **St. Vincent and the Grenadines—with a total population of 110,000—is a small open economy that is traditionally based on agriculture.** Exports and imports of goods and services were equivalent to 128 percent of GDP in 1999, and an offshore sector involving mainly financial services has expanded rapidly in recent years. Exports receipts are mainly from agricultural products, in particular bananas, and tourism and other services.¹ Most consumer goods are imported, the import content of investments is high, and the manufacturing industries—including food processing—import most of their inputs. As a consequence, the economy is vulnerable to external factors such as changes in the prices of bananas, growth in the U.S.A. and the U.K. (the origin of most tourists), and import prices. Moreover, agriculture and tourism are affected by variations in the weather, particularly hurricanes and droughts. Of importance for the whole economy is the cycle of public investment projects, which is largely determined by the implementation capacity and access to concessional lending, even though large private projects have been of significance recently. In addition, banana exports enjoy preferential access to the E.U. market.

2. **In the mid-1990s, the government launched an economic diversification program and strengthened measures to deal with the decline in the banana sector.** This initiative was supported by major public investments in the agriculture, transport, education, and health sectors and the introduction of a wide range of fiscal incentives. Reflecting some success from the efforts, real GDP growth—which averaged 2½ percent a year during 1993–97 with significant volatility—surged to 5 percent a year during 1998–99. Inflation has been between ½ and 2 percent a year in the last three years, in line with that in the major trading partner countries.

3. **The performance of the consolidated public sector improved in recent years, with the overall position moving from a deficit of about 1½ percent of GDP in 1997 to an average of near balance during 1998–99.** At the same time, public sector savings were maintained at about 8½ percent of GDP a year. The improvement reflected mainly some strengthening in central government operations and continued large surpluses of the National Insurance Scheme. The central government deficit (after grants) was reduced from about 4½ percent of GDP in 1997 to slightly more than 1½ percent of GDP a year in 1998–99. This improvement reflected a sharp increase in grants to support capital projects, strengthened tax administration, and completion of some major capital projects in 1999. Grants rose from the equivalent of 1½ percent of GDP in 1997 to about 5 percent of GDP in 1998 before returning to about 1½ percent of GDP in 1999.

4. **St. Vincent and the Grenadines, being a member of a currency union, has no independent monetary policy.** The growth in broad money in the recent period—faster than

¹ In 1999, agriculture products and food processing accounted for three fourths of all merchandise exports and tourism accounted for almost half of all exports of goods and services.

nominal GDP—reflected mainly large increases in deposits held by nationals living abroad, foreign currency deposits of offshore entities, as well as increased monetization of the economy. The public sector—principally the National Insurance Scheme—maintained a large net creditor position with the banking system, while private sector credit has been mainly in connection with projects in the tourism and construction sectors. The offshore sector has grown rapidly in recent years following the revision in the 1996 laws governing these activities. It is estimated that the offshore sector contributed about 3½ percent of GDP in 1999 in fees, employment, rentals, and use of utilities. However, recent reports cited St. Vincent and the Grenadines as a noncooperative jurisdiction, with inadequate legal infrastructure and supervisory practices for offshore activities, as well as being a tax haven. The government has taken measures in the last few months to strengthen the supervisory/regulatory framework for offshore activities, including amendments to laws and increased staffing for the Offshore Finance Authority (the regulatory agency).

5. **The external current account deficit widened in recent years, reaching 23 percent of GDP in 1998 and narrowing only slightly to 20 percent of GDP in 1999.** The widening mainly reflected rapid import growth associated with the implementation of large public and private sector projects. Accordingly, the deficit was financed by inflows of foreign direct investment and concessional borrowing by the government. External public debt, after declining to about 30 percent of GDP in 1997, rose to 48½ percent of GDP in 1999 following the assumption by the government of private sector debt.

II. PRODUCTION, PRICES, AND WAGES

6. **As a reflection of the vulnerability to external shocks and the importance of large projects, GDP growth showed significant variations in the second half of the 1990s.** While the average growth rate was relatively high at 4.5 percent a year during 1995–99, the variations between years were substantial with growth as high as 8.3 percent in 1995 followed by only 1.2 percent in 1996 (Table 1).² GDP per capita grew at an average of 5 percent a year during the last five years—from about US\$2,400 in 1995 to US\$2,900 in 1999. The high real GDP growth rate in 1995 was mainly due to a recovery in agriculture from adverse weather and intensified efforts to improve productivity. However, as weather conditions deteriorated with continued droughts, agricultural productivity and growth fell back to the much lower levels registered in 1996–97, although the start of several large public and private projects (including the Canouan hotel) helped limit the slowdown in overall economic activity. The effects from the projects peaked in 1998–99, which together with a recovery in agriculture and tourism, led to real GDP growth rates of 5.7 and 4 percent in 1998 and 1999, respectively.

7. **The large public sector investments that started in 1997 included the Leeward Highway, a new ferry and cruise ship berth, a banana irrigation project, and**

² Growth rates refer to real GDP at factor prices. There is also a large informal sector in the economy, which is estimated at some 25 percent of measured GDP.

investments in health and education. Together with the Canouan hotel project, investment as a share of GDP rose to a peak of 32 percent in 1998, but declined in 1999 with the completion of these projects (Table 2). With higher investments and income growth, consumer confidence grew stronger and private consumption surged while savings declined. Even though public savings increased, it did not fully offset the drop in private savings, and the higher level of investment had to be financed largely by foreign capital inflows as the external current account deficit widened sharply.

A. Sectoral Developments

8. During the second half of the 1990s agriculture output declined—with output in 1999 about 20 percent lower than in 1995 (Appendix Table 10). Bananas recorded a big drop and output of other crops fell. A major factor affecting banana production was developments concerning the preferential access to the E.U. markets (Box 1), which created uncertainty that caused farmers to be reluctant in making necessary investments. At the same time, as mentioned earlier, unfavorable weather conditions adversely affected production, and the uncertain market prospects led many growers to exit banana farming. During the period 1995–99, the average price realized by the exporters peaked in 1998–99, and fell back to the 1995–96 level in 2000, implying a fall in real terms by 9 percent to a level that was considered unprofitable (Table 3). However, prices to the farmers were held constant in nominal terms during 1998–99.

9. In the second half of the 1990s, significant efforts were made at rehabilitation and replanting of bananas—with financial assistance from the E.U. Furthermore, measures were taken to improve productivity and the quality of bananas in preparation for the end of preferential access to the E.U. market, including an irrigation scheme to cover about one third of the total 7,000 acres under banana cultivation.³ These efforts have been successful with a sharp recovery in banana production in 2000. Productivity and total output increased even as the numbers of growers and the area under cultivation declined. Quality has also improved with the PUWS⁴ index rising from 74 in 1995 to 89 in early 2000.

10. The production of other agricultural crops declined during 1997–99. Production of root crops, vegetables and fruits fell by 7 percent in 1997 and was stagnant in 1998–99. While adverse weather contributed to the poor performance, efforts to increase productivity were limited and insufficient marketing abroad discouraged any production in excess of domestic demands.

³ In a second phase another 2,000 acres are expected to become irrigated within the next couple of years.

⁴ Percentage units within specifications.

Box 1. St. Vincent and the Grenadines: Preferential Access to the E.U. Banana Market

As one of the African, Caribbean and Pacific (ACP) group of countries, St. Vincent and the Grenadines enjoys preferential access to the E.U. banana market under the Lomé conventions.¹

In 1993, the European Commission adopted a Common Market Organization for bananas with an import regime giving separate quotas for traditional ACP banana suppliers, Latin American, and nontraditional ACP banana suppliers. In addition, a duty was imposed on Latin American bananas. However, the arrangement was found to be illegal by the WTO in 1997 and a revision—implemented in January 1999—was also found to be illegal.²

Therefore, the E.U. Commission presented a proposal in November 1999 consisting of a two-phase scheme based on a transitional period up to January 2006, during which a tariff quota system would apply with preferential tariff access for ACP countries, and a flat tariff thereafter.

There is currently a dispute regarding the distribution of licenses within that proposal and the E.U. Commission is now considering a “first come, first served” system, which is described as “Access to Tariff Rate Quota (TRQ) at reduced duties determined at the time of customs declaration.”³ If an acceptable method of allocating licenses is not established, the E.U. Commission will ask for a mandate to negotiate—under Article XXVIII of the GATT—a tariff-only system.⁴

1/ The fourth convention was signed in 1989.

2/ Accordingly, WTO authorized the U.S.A. to impose trade sanctions for an annual value of US\$191 million on imports from the E.U.

3/ “Commission gives new Impetus to Resolve Banana Dispute,” European Commission Directorate-General for Trade, Web-site, July 5, 2000.

4/ Ibid.

11. Tourism is a key sector in the diversification strategy and the creation of employment opportunities. Accordingly, the government has made significant investments to support the development of the sector. These include the construction of a new cruise ship and ferry berth, which came into operation in November 1999.⁵ Another important project recently completed was the refurbishing of the Canouan airport in connection with the large private investment in the Canouan hotel.

12. The decline in cruise ship arrivals following an increase in the per head tax in 1996 worsened in 1998. The decline was exacerbated by St. Vincent and the Grenadines' reputation as an unsafe destination following reports of a murder case in 1998. In 1999, the per head tax was reduced and, as several other Caribbean tourist destinations were harder hit by hurricane Lenny, the number of arrivals increased by about 37 percent (Table 4). Following the finishing of the cruise ship berth and intensified marketing, the first half

⁵ The starting date was delayed by three months as a hurricane destroyed parts of the berth.

of 2000 has shown a large increase in the number of cruise ship arrivals. The Grenadines is reported to be the best area for yachting in the Caribbean and the number of yachting tourists increased significantly during the second half of the 1990s. Stayover tourism remained relatively stagnant during the second half of the 1990s, particularly on the main island, while upscale tourism in the Grenadines was fairly strong.

13. **As mentioned earlier, several public sector investments were undertaken recently.** These projects and the building of the Canouan hotel created a construction boom, with the value added in the sector growing by about 15 percent a year during 1997–98. As the projects were completed the boom subsided—the construction sector contracted by 4 percent in 1999—despite a pick up in private home construction.

14. **The expansions in tourism and construction during 1997–99 had a favorable impact on many other economic sectors.** Wholesale and retail trade grew at an average rate of 9 percent a year, electricity and water sales grew by 7 percent a year, and communications by 12 percent. The financial sector also benefited, as demand for financing and financial services increased, in addition to the growth that stemmed from the offshore financial sector. However, the manufacturing sector—mainly food processing and light consumer goods for the domestic market⁶—contracted during the same period. Increased competition from other Caribbean countries—e.g., Trinidad and Tobago and Guyana—and wage increases that exceeded productivity gains were the main factors for the contraction in the manufacturing sector.

B. Prices and Wages

15. **The end of period inflation during 1997–99 averaged slightly less than 2 percent a year** (Table 5). As a small open economy and a member of a currency board, inflation tended to be broadly in line with international price changes. The consumer price index (CPI) declined by about 2 percent in 1999, despite increases in government fees for vehicular licenses and in the surcharge rates on fuel.⁷ There were three main factors explaining the reduction in the CPI: (i) import prices for chicken dropped due to a glut in the U.S. market; (ii) the supply of “green and yellow vegetables” increased as domestic output and imports increased simultaneously; and (iii) a fish kill virtually wiped out consumer demand for fish and prices had to be lowered sharply to regain consumers’ confidence.⁸

⁶ In addition, flour and rice are milled for export to the other CARICOM countries.

⁷ See Appendix Table 13 for details on domestic fuel prices.

⁸ The fish kill was a disease, which caused fish death and made fish poisonous to eat.

16. In 1999 government employees received a 5 percent general wage increase, which was matched by most other employers of unionized workers.⁹ Under an agreement for three years (starting in 1999), wage increases for unionized labor will be about 3½ percent in both 2000 and 2001. This agreement followed a previous three-year contract for 1996–98 with increases of 5 percent, 5 percent and 3 percent for those years, respectively. With respect to other workers—e.g., mostly in agriculture, retail sales, restaurants and hotels—wages are estimated to have stayed relatively flat in the last few years. The legal minimum wages for certain types of workers—agriculture, domestic, industrial, and shop assistants—which are binding in some cases) have not been changed since 1989, while the share of workers paid the minimum wage is estimated to have declined steadily in recent years.¹⁰

Box 2. St. Vincent and the Grenadines: Minimum Wages

The Wages Regulation Orders adopted in 1989 include a minimum wage schedule for four different types of workers: agriculture, domestic, industrial, and shop assistants. The minimum wage levels have not been changed since 1989, but a gradually decreasing share of the labor force is paid the minimum wage. According to estimates of the Department of Labor, minimum wages are paid to 10–13 percent of the workers in agriculture, industry, and shops. Among domestic workers about 50 percent are paid the minimum wage.

Actual wages paid to workers are in general not much higher than the required minimum. The wage rate in agriculture is about EC\$20 per day, 10 percent more than the required minimum. From a competitive perspective, the minimum wage paid to banana workers is about three times as high as that paid to banana workers in Latin America.

The minimum wage for domestic workers is EC\$200 per month (without accommodation), which is the actual wage for about 50 percent of all domestic workers, but the rest receives significantly higher wages. The minimum wage for domestic workers in practice also serves as the minimum wage for hotel and restaurant personnel.

Industrial workers are in general paid EC\$25 per day, 20 percent above the required minimum. This reflects to some extent the higher rate of unionization among industrial workers compared with others, and a sense of a broader social responsibility some industrial companies claim. A shop assistant is paid about EC\$85 per week, 10½ percent above the required minimum wage.

Wage Councils have been set up to establish new minimum wages for the four categories of workers listed above and for two new categories (hotel and restaurant, and security).

⁹ Unionized workers are in general those working for large employers such as the government and the utilities.

¹⁰ See Box 2 on minimum wages.

III. PUBLIC SECTOR

A. Overall Developments

17. The government's main objective in the public sector¹¹ is to generate adequate savings to finance the public sector investment program (PSIP)¹² that would facilitate economic diversification, growth and employment. At the same time, the government aims to limit the overall deficit to a level that can be financed by concessionary external loans while maintaining a prudent stock of debt. Performance in recent years indicates that these objectives were largely met. The overall balance of the public sector improved from a deficit of about 1½ percent of GDP in 1997 to an average of near balance in 1998–99 (Table 6). The deficit was more than financed mainly by inflows of concessional loans, which allowed the public sector to reduce its domestic debt, including to the banking system. Nonetheless, public sector debt increased from 46 percent of GDP in 1997 to over 60 percent of GDP in 1999, which largely reflected the assumption of private sector debt (about 17½ percent of GDP) in 1999.¹³ Public sector savings (before grants) were maintained at 8½ percent of GDP a year, slightly higher than the 7½ percent of GDP realized during the first half of the 1990s.¹⁴

¹¹The nonfinancial public sector comprises the central government, a local government, the National Insurance Scheme (NIS), and eight public enterprises. The enterprises are the Central Water and Sewerage Authority (CWSA), the St. Vincent Electricity Services Ltd. (VINLEC), the St. Vincent Marketing Corporation, the Port Authority, the Housing and Land Development Corporation, the Arrowroot Industry Corporation, the Development Corporation (DEVCO), and the Philatelic Services. The Diamond Dairy suspended its operations in 1997 and is under liquidation; and the management of Camden Container Park was assumed by the Port Authority in 1998. Public sector operations (expenditures) relative to GDP have remained unchanged at about 45 percent a year in the recent period. This compares with about 40 percent of GDP for Antigua and Barbuda at the low end and 55 percent of GDP for Dominica at the high end in the Caribbean region.

¹² The PSIP is a three-year rolling investment plan in the context of the government's medium-term economic strategy. It channels public investment to priority areas. The last PSIP covering 2000–2002, was presented at the Caribbean Group for Cooperation in Economic Development (CGCED) meeting in June 2000.

¹³ In the early 1990s, the government participated in the negotiations for a US\$50 million loan for a joint venture with the private sector to build a marina at Ottley Hall. However, the project failed and the private sector partners defaulted on the loan. The amount assumed by the government in mid-1999 was US\$57 million to be repaid over 20 years.

¹⁴ High levels of public savings have been encouraged partly by the conditions for disbursements of STABEX grants from the E.U. Grants from STABEX to St. Vincent and the Grenadines averaged about 2 percent of GDP a year during 1997–99.

18. **The overall deficit of the central government was reduced from 4½ percent of GDP in 1997 to 1½ percent of GDP a year in 1998–99 (Table 7).** This improvement reflected a sharp increase in grants to support capital projects, strengthened tax administration, and completion of some major capital projects. Grants rose from the equivalent of 1½ percent of GDP in 1997 to 5 percent of GDP in 1998, before returning to 1½ percent of GDP in 1999. The overall balance of public enterprises deteriorated somewhat, largely reflecting a higher level of capital spending (mainly by the water and electricity companies) and increased amortization payments on external debt. The NIS continued to register large overall surpluses (nearly 2 percent of GDP a year), which helped offset the deficit elsewhere in the public sector.

19. **Public sector finances are expected to weaken slightly in 2000, largely reflecting the performance of the central government.** The overall balance is expected to show a deficit of 1 percent of GDP, compared with the near balance in 1999, as the deficit of the central government will increase to 2 percent of GDP. Public sector savings are projected to decline from 9 percent of GDP in 1999 to 7½ percent of GDP in 2000. However, net foreign financing is expected to increase substantially, part of which will be used to reduce domestic debt. Total public sector debt is estimated to increase to 63 percent of GDP.

B. Central Government Operations

20. **Total revenues (tax and nontax) amounted to about 28 percent of GDP a year during 1997–99, despite a number of changes in the tax system and intensified efforts at collection (Appendix Table 14).** The main tax changes included: (i) a reduction in the maximum external tariff rate by 5 percentage points annually between 1996 and 1998,¹⁵ (ii) an increase in the customs service charge on imports from 2 percent to 2½ percent; (iii) the abolition of the export tax on bananas; (iv) the introduction of a surcharge on the imports of used vehicles; (v) exemption from duty of vehicles imported by tour operators; and (vi) the exemption of small manufactures from consumption tax under the Industrial Incentive Credit Scheme. The standard deduction allowed for individuals was increased, and businesses were also allowed to claim the deduction.¹⁶ The revenue effort of the main components of tax and nontax—international trade, income, and goods and services—did not vary significantly over the period.

21. **Similar to revenues, current expenditures relative to GDP remained at about 24 percent a year during 1997–99.** The wage bill, the largest component, held steady at just

¹⁵ This initiative was part of a regional agreement under the aegis of CARICOM to reduce the external tariff rate to a maximum of 20 percent. Some items—mainly agricultural products and alcoholic beverages—are not covered by this agreement and are subject to tariff rates of 35–40 percent.

¹⁶ A summary of the tax system is presented in Annex I.

over 13 percent of GDP, notwithstanding across-the-board increases¹⁷ and merit awards, mainly because of attrition in the size of the civil service (Appendix Table 15). Among the other components of current expenditures, interest payments was about 1½ percent of GDP a year up to 1999 when it rose to 2¼ percent of GDP with the assumption by central government of the private sector debt mentioned earlier. Transfers to households were increased somewhat (from 2 percent of GDP in 1997 to 2½ percent of GDP in 1999) following an increase in the level of public assistance to the poor (from EC\$50 to EC\$60 per month) and the introduction of a school book loan scheme. Expenditures for goods and services declined during the period, reflecting a closer monitoring of their use, the elimination of nonessential expenses, and the adoption of more efficient procurement practices (including open tendering and bulk procurement of office supplies).

22. Capital expenditure increased sharply to 10–12 percent of GDP a year during 1997–98, before declining to 7 percent of GDP in 1999. A number of large projects were launched—including the Canouan airport, the central highway, the ferry and cruise ship berth, and the vegetable market and banana sector irrigation—accounted for more than half of the total capital spending. The launching of these large projects also helped improve the implementation rate of the PSIP, which increased from about one third of the budgeted amount in 1996 to about one half in 1997 and to three fourths in 1998 (Appendix Table 16). The large projects also facilitated faster disbursements of foreign assistance (grants and loans)¹⁸ which financed 80 percent of the PSIP in 1998, compared with only 40 percent in previous years. Capital spending declined to 7 percent of GDP in 1999, with an implementation rate of 46 percent, because work on several large projects were winding down, while the launching of new projects in the energy, education, and social sectors were delayed. Consequently, disbursements of grants and loans were slower.¹⁹

23. The central government budget for 2000 envisaged substantial increases in revenue and expenditures, while maintaining the savings effort. New revenue measures included the raising of the customs service charge from 2½ percent to 4 percent, and increases in selected excise duties, charges, and fees. Revenue from the offshore sector was

¹⁷ Across-the-board increases are granted in the context of wage agreements with trade unions, usually covering a three-year period. As indicated earlier, the last such agreement for salaried workers, negotiated in 1999, provided for increases of 5 percent in 1999, and 3½ percent each in 2000 and 2001. Of the total 6,000 civil service employees (including health, education, and security service), some 4,000 are salaried workers and the remaining are daily wage workers. Periodic increases for daily-wage workers are negotiated under a different bargaining arrangement.

¹⁸ The main donors are the European Community, the Caribbean Development Bank, and Japan.

¹⁹ Disbursements during 1999 declined to 19 percent of the budgeted amount, compared with the average disbursement rate of 76 percent for the previous two years.

projected to increase from less than ½ percent of GDP in 1999 to about 2 percent of GDP from the sale of honorary citizenships. Current expenditures were projected to increase by about 10 percent, mainly because of expenses associated with repairs and rehabilitation from hurricane damages sustained in late 1999. However, revenue performance is expected to be adversely affected by a decline in imports, as customs duties account for about half of total tax revenue, but capital outlays and expenses on goods and services are projected to be lower than budgeted.

C. Other Public Sector

24. **The performance of the noncentral government public sector (including the NIS) improved steadily in recent years, contributing about half of the total public sector savings and a surplus in its overall operations** (Appendix Table 17). The NIS provides social security benefits to its members—which stood at 67,000 at the end of 1999, of which 42,000 were active members (i.e., those who made at least one contribution during the past year). Participation in the program is mandatory for salaried and wage workers and their employers, with contributions of 2½ and 3½ percent of wages, respectively. Benefits from the scheme include monthly pension, compensation for employment injury, funeral assistance, and survivors' grants. The scheme is relatively new (started in 1986), and the number of beneficiaries is small (about 2,800 or 6–7 percent of contributors), allowing the NIS to accumulate sizeable surplus each year.²⁰

25. **The operations of the public enterprises have been broadly in balance, with the large part of capital expenditures financed from current operating surpluses.** The main public enterprises are the VINLEC, CWSA, the Port Authority, and the St. Vincent Marketing Corporation. VINLEC, the largest public sector enterprise, has maintained a healthy financial profile (with current operating surpluses of about 2 percent of GDP a year). An important factor contributing to the good performance has been the flexible mechanism for rate adjustments. In addition to the basic per unit charge, a fuel surcharge is adjusted monthly to reflect changes in the fuel import cost.²¹ The CWSA's operations amount to about 1 percent of GDP and, because of improvements in operating efficiency is profitable. The Port Authority's operations is also small (less than 1 percent of GDP) and it has maintained a sound financial position, showing a significant current surplus in recent years. Its operations got a boost in 1999 when it started managing the newly built cruise ship berth and ferry. It assumed the management of the Camden Container Park in 1998 on a temporary basis, but has incurred losses in this operation. The St. Vincent Marketing Corporation²² is the only

²⁰ Aside from government bonds and treasury bills, the NIS holds assets in the Eastern Caribbean Home Mortgage Bank bonds, airport and port authorities' bonds, and private sector loans.

²¹ About 80 percent of electricity is diesel-based and remaining is hydro.

²² The corporation is engaged in a number of trading and marketing activities, including the import of some basic consumer items, retailing, and the management of fish and meat

(continued...)

government enterprise operating at a loss. After significant improvements in 1997, its financial position worsened in 1998 when it incurred an operating loss of about ½ percent of GDP because of large spoilage in agricultural produce.

D. Public Service Reform

26. **The government has been making progress over the last several years in moving from the traditional line item budgeting to program and performance budgeting (PPB).** The PPB ties expenditures to the achievement of objectives. To provide a statutory framework for the implementation of the PPB, the government is planning to replace the current Finance and Audit Act with a new Finance Administration Act and a new Audit Act by 2001 that will enhance transparency in financial reporting and the monitoring of revenue and expenditure. The task will be facilitated by the use of a computer software (Standard Integrated Government Financial Information System (SIGFIS)), which has been implemented in some ministries as a pilot project but will eventually cover all ministries. The new system is expected to significantly improve the government's financial planning and management of fiscal accounts and will centralize all aspects of the budget process—accounting, cash management, and reporting.

27. **Another important reform in the civil service is the development of a human resource management system to help catalogue all relevant information on employees and computerize the database.** Access to such information will help improve manpower planning, strengthen the recruitment procedures, and help improve the delivery of public services. Under another reform initiative—the development of a performance management system—merit awards would be tied to performance, which would be assessed through neutral and transparent criteria. Finally, a job reclassification exercise has been launched to help rationalize the salary structure and match more accurately jobs to qualification and skills.

IV. MONETARY AND FINANCIAL SECTOR²³

A. Overall Trends

28. **Broad money grew at an average rate of 4 percent a year over the period 1997–99, much faster than nominal GDP (Table 8).** The growth in broad money reflects mainly the large increases in deposits held by nationals living abroad, foreign currency working balances of offshore entities, as well as increased monetization of the economy. Increases in private sector credit during the period were mainly in connection with key projects in tourism and the construction sectors. The net credit position of the public sector

markets. The corporation has a monopoly on the import of brown sugar and is the major importer of white sugar, rice, and milk.

²³ See Box 3 for details on the institutional framework of the financial sector in St. Vincent and the Grenadines.

with the banking system increased sharply over the period as net claims on the central government declined with improvement in the fiscal position and the National Insurance Scheme continued to hold large deposits with the banks.

29. **Net foreign assets of the banking system—mainly deposits in other commercial banks in the ECCB region—rose from the equivalent of 27 percent of broad money at end-1996 to over 37 percent at end-1999.** This was the main source of growth in the money supply during the period and reflected portfolio management by the commercial banks to match their foreign liabilities stemming from the working balances of offshore entities and foreign currency deposits of nonresidents with foreign assets.

Box 3. St. Vincent and the Grenadines: Institutional Framework of the Financial Sector

St. Vincent and the Grenadines, along with seven other countries and territories¹, is a member of the Eastern Caribbean Central Bank (ECCB), with a common currency. As such, St. Vincent and the Grenadines has no independent monetary policy, with the ECCB regulating the credit activities of the commercial banks. The ECCB issues a common currency, the Eastern Caribbean dollar, which has been pegged to the U.S. dollar since 1976 at EC\$2.70 per US dollar. All ECCB bank notes are coded according to the country to which they are issued. The ECCB is required to maintain foreign exchange cover equivalent to at least 60 percent of its currency in circulation and other demand liabilities, but actual coverage has exceeded 90 percent in recent years.²

The banking system comprises the ECCB, the government-owned National Commercial Bank (NCB), and four branches of foreign-owned commercial banks.³ In addition, the St. Vincent and the Grenadines Development Bank, was established in mid-2000 to undertake long-term lending and is expected to start operations by year-end.

Commercial banks are subject to a 6 percent legal reserve requirement on total deposit liabilities to be held with the ECCB and/or in vault cash; and a minimum capital of EC\$5 million for commercial banks. Except for the NCB, commercial banks pay a government levy of 1 percent a year on their deposit holdings. Commercial banks interest rates are unregulated, except for a required 4 percent minimum annual interest rate on passbook savings in the ECCB region.

Nonbank financial institutions include three savings and loan institutions,⁴ and several credit unions and insurance companies. There is also an offshore business sector of over 11,000 institutions, including 28 banks and 608 trusts.

1/ The eight member countries are Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

2/ See Occasional Paper 195 (July 2000) for more details on the operations of the ECCB.

3/ The foreign banks are Barclays Bank, Bank of Nova Scotia, Caribbean Banking Corporation, and the Canadian Imperial Bank of Commerce.

4/ Savings and loan institutions are Building and Loan Association, First St. Vincent Bank, and the St Vincent and the Grenadines Co-operative Bank.

30. **Preliminary indications are that broad money growth will slow down to about 10 percent in 2000 as the increase in nominal income decelerates and foreign currency deposits with the banking system stabilize.** Net credit to the public sector is projected to

remain at around the 1999 level, with the increased borrowing by the government offset by improvements in the positions of the National Insurance Scheme and the nongovernment public sector. This development is expected to provide ample room for credit to the private sector to increase in line with economic activity.

31. **There was little movement in interest rates during the period 1997–99.** ECCB interest rates for commercial banks deposits remained at 5½–6 percent, while lending rates for commercial banks were maintained at 8–10½ percent (Appendix Table 24). The prime rate²⁴ for commercial banks remained at 10–12½ percent, with minimal movements in other lending and deposit rates.

B. Commercial Banks

32. **Commercial bank deposits increased at an annual rate of 13 percent a year during 1997–99** (Appendix Table 21). With limited avenues for investment, most private savings are held in deposits with the commercial banks. The ECCB stipulation of a 4 percent minimum interest rate contributed to 70 percent of the savings deposits being held as passbook savings. Movements in net domestic assets were largely driven by deposits of the National Insurance Scheme. Until 1998, these deposits were held exclusively with the NCB, but since 1999 the NIS has begun to diversify its portfolio among other commercial banks, with no new deposits being made with the NCB.

33. **Loan activity (loan to deposit ratio) of the commercial banks declined from 85 percent in 1997 to 72½ percent in 1999.** The decline in loan activity was concentrated in the foreign-owned commercial banks as demand for financing of major private sector projects subsided; the decline in the loan activity of the NCB was less because its involvement in these projects was modest. The distribution of loans remained broadly unchanged during 1997–99, with personal housing loans accounting for about one half of all loans by the commercial banks (Appendix Table 25). Loans to the manufacturing sector declined as activity in the sector continued to contract, while loans for professional and other services showed sharp increases with the expansion in the services sector of the economy.

34. **The incidence of nonperforming loans declined significantly in recent years.** At the NCB, the ratio of nonperforming loans to total loans declined from 21 percent in 1998 to approximately 14 percent in 1999. The improvement was a result of strengthened efforts to recover bad loans through the establishment of a loan-recovery section, increased staff training in risk assessment, and strict adherence to the ECCB guidelines on loan provisioning and monitoring. Foreign-owned commercial banks reported nonperforming loan ratios ranging from ½ to 6 percent in 1999, mostly in consumer loans.

²⁴ This is essentially a benchmark rate, as many prime customers are charged at lower interest rates.

C. Offshore Financial Sector

35. **The offshore financial sector expanded significantly in recent years.** At present, 11,400 institutions—including 28 banks and 608 trusts—are registered, up from some 7,000 in 1997. The sector is reported to have contributed importantly to the level of economic activity that reached about 3½ percent of GDP in 1999, and to employment and government revenues (about 1½ percent of total in 1999). During the period 1997–2000, the authorities took several steps to regulate and strengthen supervision of the offshore sector. As a response to the expanding number of entities, a comprehensive package of offshore legislation was passed in an effort to strengthen the legal and regulatory framework governing offshore services (Box 4). In addition to the legislative framework, the authorities established the Offshore Finance Authority (OFA) in 1997 to strengthen supervision. The OFA is headed by an Inspector, with a staff of 15.

36. Recently, the Financial Stability Forum identified St. Vincent and the Grenadines as one of 25 jurisdictions with inadequate legal infrastructure and supervisory practices for offshore activities, and a low level of resources devoted to supervision and cooperation relative to the size of these activities. In addition, the Financial Action Task Force (FATF) listed St. Vincent and the Grenadines as one of 15 noncooperative jurisdictions, while an OECD report cited it as a tax haven. Annex II (prepared by St. Vincent and the Grenadines) presents a summary of these concerns about the offshore sector and the actions that have been taken and planned to address them.

V. EXTERNAL SECTOR

A. Balance of Payments

37. **The overall balance of payments recorded a small surplus each year during 1997–99, despite relatively large external current account deficits.** This reflected the prevalence of investment projects that require substantial imports, which were largely financed by direct investment and concessional foreign loans and grants. The implementation of a range of infrastructure projects and large investments in the hotel and tourist sector led to a significant increase in imports, in turn causing the current account deficit to increase from 10 percent of GDP in 1996 to about 20 percent of GDP a year in 1997–99 (Table 9). With the completion of the infrastructure projects, imports declined in the first half of 2000.

38. **Merchandise exports remained largely unchanged during 1997–99, but the composition changed significantly** (Appendix Tables 26 and 27). Bananas continued to be the most important export, accounting for about 50 percent of domestic exports. However, banana exports dropped drastically in 1997 due to quality problems and fruit disease. The measures to deal with these problems led to a recovery in export volume and prices in 1998 and 1999. The increase in export prices of bananas accounted for a significant part of an improvement in the external terms of trade in 1998. This improvement helped to contain the deficit in the trade balance in the face of declining banana production and increasing imports.

Box 4. St. Vincent and the Grenadines: Offshore Legislation

The first offshore laws were passed in 1976 to market St. Vincent and the Grenadines as an offshore center. In 1996, new and comprehensive legislation was launched governing offshore financial services, namely the International Business Companies Act, the International Banks Act, the International Trusts Act, the Offshore Finance Authority (OFA) Act, the Confidential Relationship Preservation (International Finance) Act, and the Registered Agent and Trustee Licensing Act. These pieces of legislation regulate offshore financial service activities, and provide a degree of confidentiality, asset protection, and tax exemption.

- **The International Business Companies Act** is a self-contained code that allows maximum flexibility in the management and operation of an international business company by the shareholders and board of directors.
- **The International Banks Act** of 1996 allows two types of banks: Class I banks are those institutions who may do business with nonresidents provided the paid up capital is more than US\$500,000; Class II banks are those banks limited to only doing business with an identified group of depositors, provided the paid up capital is equal to or exceeds US\$100,000. Under this Act, amended in Parliament in July 2000, the OFA can communicate with persons within or outside St. Vincent and the Grenadines regarding the affairs of an applicant for a banking license.
- **The International Trusts Act** of 1996 is designed to appeal to clients from civil law countries and common-law jurisdictions. An international trust, by this Act, has a legal requirement to disclose the names of the settlor and beneficiaries.
- **The Offshore Finance Authority Act** establishes the OFA and sets forth its role to manage, direct and control offshore financial services in St. Vincent and the Grenadines. The five-member Board includes senior public officials and representatives of the private sector.
- **Mutual Funds (Amendments) Act** of 1998 ensures that accredited funds of various types—from public funds to family funds—are regulated. It includes licensing and registration requirements by offshore services. The key elements are statutory recognition of private “accredited fund” for professional investors and exemptions for family funds.

All entities pay registration and annual filing fees and must be approved by the OFA. Offshore entities are required to establish a principal branch with office space in St. Vincent and the Grenadines, employ a minimum of two persons, and refrain from conducting business with onshore residents. Also, each offshore business entity is required to have a security deposit of US\$100,000 with an onshore bank.

39. **Manufactured exports declined by 20 percent over the 1997–99 period because of further deterioration in competitiveness.** The deterioration in the external terms of trade in 1999 was largely explained by the decline in the price for milled rice. Businesses closed or moved elsewhere as original tax and import duty concessions expired, and because productivity gains were insufficient to maintain competitiveness vis-à-vis other Caribbean islands or low-cost competitors in Latin America. Re-exports, mainly of surplus materials and machinery, rose significantly, closely tied to the completion of large investment projects.

Geographically, the UK and CARICOM remain the most important export markets, accounting for more than 90 percent of exports during 1997–99 (Appendix Table 28).²⁵

40. **As indicated earlier, import payments rose sharply during 1997–99 with the implementation of large capital projects and the coming into operation of some tourist facilities.** However, the adverse impact on the trade balance was muted because of subdued or declining import prices in the wake of the financial crisis in some emerging markets. During the period, the imports of manufactured goods and machinery and transport equipment (intermediate and capital goods) increased relative to total imports from about 60 percent in 1997 to 64 percent in 1999 (Appendix Tables 29 and 30). The United States remained the most important source of imports, followed by the other CARICOM countries and the UK.

41. **Receipts from tourism grew by 21 percent during the period 1997–99, and tourism was the most important sector for generating foreign exchange earnings.** The sector accounted for 46 percent of all exports of goods and services during the period (Table 4). The growth in tourism receipts have largely come from increases in the volume of yacht tourists and stayover visits in private houses and cottages, as increases in earnings per tourist have been relatively limited.

42. **Private foreign direct investment, connected to large projects—primarily in the tourist industry—increased substantially during 1997–99.** The large hotel project on Canouan island in the period of 1997–99 caused private capital inflows to peak at US\$50 million in 1998. With the completion of the Canouan project in 1999, inflows fell back to the 1996 level. Other private direct investment inflows—such as land sales—were largely stagnant during the period.

43. **Public sector borrowing on concessional terms has been another source of external financing, but the net disbursements were rather modest in 1997–99.** Disbursements of loans to the public sector were primarily tied to the implementation of the PSIP, including the construction of a new ferry/cruise ship terminal and the implementation of a banana irrigation scheme. Similarly, capital grants to the public sector peaked in 1997 and 1998, consisting primarily of disbursements from the EU's STABEX fund.

B. External Public Debt

44. **External public sector debt nearly doubled during 1997–99 to US\$160 million or 49 percent of GDP (Appendix Table 31).** Most of the increase occurred in 1999 when the government assumed the outstanding debt in connection with the Ottley Hall shipyard

²⁵ The drop in banana exports also showed up in the geographical distribution of exports for 1997, where the UK's share of St. Vincent and the Grenadines merchandise exports declined from 40 percent to 31 percent.

project. Nonetheless, total external debt service payments rose only marginally to about 3½ percent of GDP in 1999, or less than 7 percent of exports of goods and services.

45. **The external public debt of St. Vincent and the Grenadines is divided almost equally between multilateral development banks, private banks, and bilateral lenders.** Among the multilateral lenders, the Caribbean Development Bank (US\$37 million) is the main lender, followed by the International Development Association (US\$7 million) and the European Investment Bank (US\$7 million). The U.S. Agency for International Development is the largest bilateral lender with an outstanding amount of US\$8 million. The government's external debt to private banks of US\$57 million is entirely in connection with the rescheduling of the Ottley Hall debt.

C. Foreign Exchange and Trade System²⁶

46. **There is a limit on payments for resident travel outside the ECCB area, and resident purchase of foreign currency securities for private purposes is not permitted.** In addition, a small number of other transactions require prior approval by the ministry of finance, but such approvals are invariably granted without delay.

47. **St. Vincent and the Grenadines maintains a generally open trade regime and completed the transition to the Common External Tariff of CARICOM in January 1998.** The import tariffs range from 0 percent to 20 percent for most items—including inputs for agriculture—and as high as 35–40 percent for a range of other items competing with producers in the CARICOM. In addition to the import tariffs, a customs service charge of 4 percent as of January 1, 2000 is levied on the c.i.f. value of all items. In order to support diversification of the economy, a significant number of import duty concessions—in line with CARICOM agreements—have been granted to investment projects in the tourism sector and for manufacturing.

48. **In accordance with the CARICOM agreement, St. Vincent and the Grenadines maintains quantitative restrictions on five items²⁷ that are locally produced.** The restrictions have been extended through 2005, but a study by the CARICOM Secretariat is underway to evaluate the possible substitution of import licenses by tariffs in order to bring the restrictions in compliance with WTO principles before then. In addition, there are a number of import license requirements for health and security reasons.

²⁶ See the IMF, *Annual Report on Exchange Arrangements and Exchange Restrictions*, 2000 for more details.

²⁷ These are flour and pasta, furniture, aerated beverages, curry powder, and candles. See Annex I for details on import duties.

Table 1. St. Vincent and the Grenadines: Selected Price and Production Indicators

	1996	1997	1998	Est. 1999	Proj 2000
(In millions of Eastern Caribbean dollars)					
Nominal GDP (at market prices)	751.8	793.1	856.6	887.2	898.9
Real GDP (at constant 1990 factor cost)	531.8	548.4	579.9	603.0	625.1
(Annual percentage change)					
Nominal GDP (at market prices)	5.5	5.5	8.0	3.6	1.3
Real GDP (at factor cost)	1.2	3.1	5.7	4.0	3.7
Agriculture, forestry and fishing	-4.0	-15.3	8.3	-5.7	4.8
Manufacturing	4.3	-0.9	-5.6	-1.6	0.0
Electricity and water	4.4	4.1	7.5	8.7	4.5
Construction	-8.0	15.9	13.8	-4.1	2.0
Wholesale and retail trade	2.1	8.6	10.0	8.0	4.0
Hotels and restaurants	-1.3	4.5	-4.2	9.1	10.7
Transport	2.7	10.7	3.7	4.1	4.9
Communications	12.0	2.7	11.6	20.9	10.0
Banks and insurance	6.5	9.9	3.6	10.0	5.0
Government services	1.5	3.1	2.3	4.0	1.0
GDP deflator (at factor cost)	4.0	1.8	2.7	-0.9	-0.9
Consumer prices (end of period)	3.6	0.8	3.3	-1.8	2.0
Consumer prices (period average)	4.4	0.5	2.1	1.0	0.6

Sources: Ministry of Finance and Planning; and Fund staff estimates and projections.

Table 2. St. Vincent and the Grenadines: GDP by Type of Expenditure at Current Prices

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of Eastern Caribbean dollars)					
Consumption expenditure	617.9	724.4	782.3	800.7	753.7
Private sector	465.6	574.2	625.5	637.3	580.1
Public sector	152.4	150.2	156.8	163.3	173.6
Gross capital formation	212.8	235.2	271.7	253.7	251.7
Public sector	53.1	93.2	116.9	91.5	96.2
Private sector	159.7	142.0	154.8	162.2	155.5
Gross domestic expenditure	830.7	959.7	1,054.0	1,054.4	1,005.4
Foreign balance	-78.9	-166.5	-197.4	-167.2	-106.5
Exports of goods and nonfactor services	401.0	391.9	429.3	484.2	525.5
Export of goods	141.9	127.8	135.2	134.0	147.6
Export of nonfactor services	259.1	264.1	294.1	350.2	377.9
Imports of goods and nonfactor services	-479.9	-558.4	-626.7	-651.4	-632.0
Import of goods	-392.2	-468.3	-521.5	-543.2	-522.7
Import of nonfactor services	-87.7	-90.1	-105.2	-108.2	-109.3
Nominal GDP (at market prices)	751.8	793.1	856.6	887.2	898.9
(In percent of nominal GDP)					
Consumption expenditure	82.2	91.3	91.3	90.2	83.8
Private sector	61.9	72.4	73.0	71.8	64.5
Public sector	20.3	18.9	18.3	18.4	19.3
Gross capital formation	28.3	29.7	31.7	28.6	28.0
Public sector	7.1	11.8	13.6	10.3	10.7
Private sector	21.2	17.9	18.1	18.3	17.3
Gross domestic expenditure	110.5	121.0	123.0	118.8	111.8
Foreign balance	-10.5	-21.0	-23.0	-18.8	-11.8
Exports of goods and nonfactor services	53.3	49.4	50.1	54.6	58.6
Imports of goods and nonfactor services	-63.8	-70.4	-73.2	-73.4	-70.3
Nominal GDP (at market prices)	100.0	100.0	100.0	100.0	100.0
(Annual percentage change)					
Consumption expenditure	2.9	17.2	8.0	2.3	-5.9
Private sector	2.1	23.3	8.9	1.9	-9.0
Public sector	5.7	-1.4	4.4	4.2	6.3
Gross fixed capital	-1.2	10.5	15.5	-6.6	-0.8
Public sector	32.4	75.5	25.4	-24.3	6.4
Private sector	-8.9	-11.1	9.0	6.7	-4.7
Gross domestic expenditure	1.8	15.5	9.8	0.0	-4.6
Foreign balance	-23.5	111.1	18.5	-15.3	-36.3
Exports of goods and nonfactor services	9.0	-2.3	9.6	12.8	8.5
Imports of goods and nonfactor services	1.9	16.4	12.2	3.9	-3.0
Nominal GDP (at market prices)	5.5	5.5	8.0	3.6	1.3

Sources: Ministry of Finance and Planning; and Fund staff estimates and projections..

Table 3. St. Vincent and the Grenadines: Selected Data on Banana Prices and Production

	1996	1997	1998	Est. 1999	Proj. 2000
Volume exported (metric tons) 1/	48,850	32,865	40,820	40,211	45,841
Export earnings (thousands EC\$) 1/	55,377	38,912	56,463	55,142	52,012
Export earnings (thousands US\$)	20,510	14,412	20,912	20,423	22,750
Percentage of exports of goods and services	13.8	9.9	13.1	11.4	10.0
Banana Growers Association price (EC\$/lb) 2/	0.54	0.58	0.65	0.64	0.53
Price received by growers (EC\$/lb)	0.34	0.31	0.36	0.36	0.36
Quality (Southampton PUWS) 3/	75.7	82.0	85.0	88.0	88.8
(Annual percentage change)					
Export earnings (EC\$)	-10.1	-29.7	45.1	-2.3	-5.7
Volume exported	-10.4	-32.7	24.2	-1.5	14.0
Export receipts	-6.7	-29.7	45.1	-2.3	-5.7
Banana Growers Association price (EC\$/lb)	0.4	7.8	12.1	-1.5	-17.2

Sources: Banana Growers Association; the Central Statistical Office; and Fund staff estimates and projections.

1/ Volume data according to the Central Statistical Office.

2/ Gross c.i.f. price received by shippers for bananas in the U.K. market.

3/ Percentage units within specification.

Table 4. St. Vincent and the Grenadines: Selected Data on Tourism

	1996	1997	1998	Est. 1999	Proj. 2000
Total number of visitors	222,900	226,900	202,100	223,125	280,700
<i>Of which:</i>					
Stayovers	60,092	62,195	67,227	68,292	72,875
Air	92,492	95,567	88,110	85,761	97,117
Hotels/guest houses	15,184	15,715	14,901	15,137	16,153
Cottages/private houses	44,908	46,480	52,326	53,155	56,722
Excursionists	32,400	33,372	20,882	17,468	24,242
Sea	138,680	144,557	116,849	137,364	179,436
Cruise ships	65,669	67,639	34,903	47,743	81,421
Yachts 1/	73,011	76,918	81,946	89,621	98,015
Average stay (days/visitors) 2/	7.2	7.2	8.9	8.6	8.6
<i>Of which:</i>					
Hotels/guest houses	10.0	10.0	10.0	10.0	10.0
Cottages/private houses	12.0	12.0	12.0	12.0	12.0
Yachts	12.0	12.0	12.0	12.0	12.0
Volume of visitors ('000 days)	1,664.9	1,738.9	1,816.1	1,929.9	2,124.0
Average daily expenditure (U.S. dollars) 2/	40.4	42.1	41.9	42.3	42.1
Hotels/guest houses	118.8	124.0	124.7	127.3	128.0
Cottages/private houses	33.2	34.7	34.9	35.6	35.8
Yachts (in hotel) 3/	33.2	34.7	34.9	35.6	35.8
Excursionists	33.2	34.7	34.9	35.6	35.8
Cruise ship and others	15.7	16.4	16.5	16.9	17.0
Tourism expenditure (in millions of U.S. dollars) 2/	67.2	73.2	76.1	81.7	91.0

Sources: Department of Tourism, Tourism Statistical Report; and Fund staff estimates and projections.

1/ In 1998 a new method of estimating yacht arrivals was introduced, which meant that crews of yachts were also included.

2/ The recording of tourism receipts may be significantly underestimated, as the estimates are based on a survey of tourist expenditures conducted in 1986.

3/ Assumes that visitors arriving by sea for yachting spend on average two nights in hotels and the remainder on boats.

Table 5. St. Vincent and the Grenadines: Prices and Wages

(Annual percentage change)

	1996	1997	1998	Est. 1999	Proj. 2000
I. Consumer Prices					
January	5.3	0.5	0.5	3.6	-0.1
February	4.8	1.5	2.2	1.1	0.0
March	4.4	1.1	2.9	-0.2	0.4
April	4.4	0.6	2.3	2.1	-2.1
May	3.7	0.1	3.1	2.4	0.1
June	5.3	-1.3	3.4	2.0	-0.5
July	5.1	0.4	1.0	2.5	0.1
August	5.2	0.1	1.4	1.5	0.6
September	3.4	0.2	1.2	0.8	...
October	3.7	0.4	2.1	-0.4	...
November	4.0	1.4	1.7	-1.0	...
December	3.6	0.8	3.3	-1.8	2.0
Average	4.4	0.5	2.1	1.0	0.6
II. Wages					
Central government	5.0	5.0	3.0	5.0	3.5
Public enterprises 1/	5.0	4-5	3-4	3-5	3.5
Private sector					
Geest, and Cable and Wireless	5.0	4.0	5.0	4.0	4.0

Sources: Appendix Table 12; Ministry of Finance and Planning; Labor Commission; Ministry of Agriculture, Industry, and Labor; and various public enterprises.

1/ Represents range of wage adjustments in four major public enterprises.

Table 6. St. Vincent and the Grenadines: Summary of Consolidated Public Sector Operations

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of Eastern Caribbean dollars)					
Total revenue and grants	333	364	411	386	407
Current revenue	325	347	363	374	383
Central Government	211	224	241	252	256
National Insurance Scheme	19	22	25	27	28
Rest of the public sector	95	102	97	95	100
Capital revenue	1	2	6	2	3
Grants	7	15	41	11	20
Total expenditure	321	373	404	387	417
Current expenditure	268	280	287	296	321
Central Government	182	192	199	215	232
National Insurance Scheme	6	8	9	11	11
Rest of the public sector	80	80	79	70	78
Capital expenditure	53	93	117	91	96
Central Government	36	82	103	62	66
National Insurance Scheme	3	0	0	0	0
Rest of the public sector	14	11	14	29	30
Current account balance	58	69	82	79	66
Primary balance	33	12	27	26	16
Overall balance	12	-9	7	-1	-10
External (net)	2	16	37	8	21
Drawings	17	33	54	23	38
Amortization	-15	-17	-17	-16	-17
Domestic (net)	-14	-6	-44	-7	-11
Banking system	-22	-3	-29	11	1
Other	8	-3	-15	-18	-12
(In percent of GDP)					
Total revenue and grants	44.3	45.8	47.9	43.5	45.2
Current revenue	43.2	43.7	42.4	42.1	42.7
Central Government	28.0	28.2	28.2	28.4	28.5
National Insurance Scheme	2.5	2.7	2.9	3.0	3.1
Rest of the public sector	12.6	12.8	11.3	10.7	11.1
Capital revenue	0.1	0.3	0.7	0.2	0.4
Capital Grants	1.0	1.8	4.8	1.3	2.2
Total expenditure	42.7	47.0	47.2	43.7	46.4
Current expenditure	35.6	35.2	33.5	33.4	35.7
Central Government	24.1	24.2	23.2	24.3	25.8
National Insurance Scheme	0.7	1.0	1.1	1.2	1.2
Rest of the public sector	10.7	10.1	9.2	7.9	8.7
Capital expenditure	7.1	11.8	13.6	10.3	10.7
Central Government	4.7	10.3	12.1	7.0	7.3
National Insurance Scheme	0.5	0.0	0.0	0.0	0.0
Rest of the public sector	1.8	1.4	1.6	3.3	3.4
Current account balance	7.7	8.7	9.6	8.9	7.4
Primary balance	4.4	1.5	3.2	3.0	1.7
Overall balance	1.6	-1.2	0.8	-0.1	-1.1
External (net)	0.3	2.0	4.3	0.8	2.3
Drawings	2.2	4.1	6.3	2.6	4.2
Amortization	-2.0	-2.2	-2.0	-1.8	-1.9
Domestic (net)	-1.8	-0.8	-5.1	-0.7	-1.2
Banking system	-2.9	-0.4	-3.4	1.2	0.1
Other	1.0	-0.4	-1.8	-2.0	-1.3

Sources: Ministry of Finance and Planning; and Fund staff estimates and projections.

Table 7. St. Vincent and the Grenadines: Summary of Central Government Operations

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of Eastern Caribbean dollars)					
Total revenue and grants	219	238	289	264	279
Current revenue	211	224	241	252	256
Tax revenue	183	193	214	222	224
Income	55	60	72	69	68
Property	2	2	2	2	2
Goods and services	27	26	31	38	42
International trade transactions	87	96	101	105	102
Other	11	9	9	8	11
Nontax revenue	28	31	27	30	32
Capital revenue	1	2	6	2	3
Grants	7	13	41	11	20
Total expenditure	217	274	302	277	298
Current expenditure	182	192	199	215	232
Wages and salaries 1/	99	107	113	118	125
Other goods and services	41	42	37	44	46
Interest payments	13	13	14	20	24
Domestic	8	8	9	10	10
Foreign	5	4	5	10	14
Central government transfers	29	30	35	33	37
Of which:					
Households	14	15	19	20	23
Capital expenditure	36	82	103	62	66
Current balance (before grants)	30	34	49	38	28
Current balance (after grants)	37	47	90	49	47
Primary balance	14	-23	1	8	5
Overall balance	2	-35	-13	-13	-19
External (net)	-5	13	32	5	11
Drawings	8	25	41	16	26
Amortization	-12	-12	-10	-11	-16
Domestic (net)	3	22	-19	7	8
Banking system	-10	-1	-18	9	8
Other 2/	14	23	-1	-1	1
(In percent of GDP)					
Total revenue and grants	29.1	30.1	33.7	29.8	31.1
Current revenue	28.0	28.2	28.2	28.4	28.5
Tax revenue	24.3	24.3	25.0	25.0	25.0
Nontax revenue	3.7	3.9	3.2	3.3	3.5
Capital revenue	0.1	0.3	0.7	0.2	0.4
Grants	1.0	1.6	4.8	1.3	2.2
Total expenditure	28.9	34.5	35.2	31.2	33.1
Current expenditure	24.1	24.2	23.2	24.3	25.8
Wages and salaries 1/	13.1	13.6	13.2	13.3	13.9
Other goods and services	5.5	5.3	4.3	4.9	5.1
Interest payments	1.7	1.6	1.6	2.3	2.7
Transfers	3.8	3.8	4.0	3.8	4.1
Capital expenditure	4.7	10.3	12.1	7.0	7.3
Current balance (before grants)	4.0	4.3	5.7	4.3	3.1
Current balance (after grants)	5.0	5.9	10.5	5.5	5.3
Primary balance	1.9	-2.9	0.1	0.8	0.6
Overall balance	0.2	-4.5	-1.5	-1.4	-2.1
Financing	-0.2	4.5	1.5	1.4	2.1
External (net)	-0.6	1.7	3.7	0.6	1.2
Domestic (net)	0.5	2.8	-2.2	0.8	0.9
Memorandum items:					
Wages and salaries/current revenues (percent)	46.9	48.1	47.0	46.9	48.8
Gross external financing of capital expenditure (percent)	41.6	46.6	80.0	43.7	70.0

Sources: Ministry of Finance and Planning, and Fund staff estimates and projections.

1/ Including employer's contribution to the National Insurance Scheme (NIS).

2/ Including bond issues purchased by the private sector and the change in sinking fund holdings.

Table 8. St. Vincent and the Grenadines: Monetary Survey

	1996	1997	1998	Est. 1999	Proj 2000
(In millions of Eastern Caribbean dollars)					
Net foreign assets	105.6	131.0	179.5	215.4	249.0
ECCB (imputed reserves)	79.3	82.1	102.5	112.9	121.5
Commercial banks	26.3	48.8	77.0	102.5	127.5
Net domestic assets	285.4	313.6	336.5	365.1	390.3
Net credit to public sector	-68.9	-72.3	-101.0	-90.0	-88.7
Net credit to central government	66.0	65.0	47.2	56.0	63.6
ECCB	10.2	9.9	8.6	17.0	14.7
Commercial banks	55.8	55.1	38.6	39.0	48.9
Net credit to NIS	-125.8	-140.5	-150.8	-147.0	-149.5
Net credit to rest of public sector	-9.1	3.2	2.6	1.0	-2.8
Net credit to nonbank financial institutions	-15.9	-13.6	-18.7	-44.7	-35.6
Credit to private sector	413.1	447.2	486.4	545.6	605.3
Other assets (net)	-42.9	-47.7	-30.1	-45.8	-90.7
Broad money	391.0	444.6	516.0	580.5	639.3
Money	96.3	129.2	150.7	182.7	...
Currency outside banks	27.0	33.5	36.4	57.5	...
Demand deposits	69.2	95.8	114.3	125.2	...
Quasi-money	294.8	315.3	365.3	397.7	...
Time deposits	77.1	85.5	101.2	112.4	...
Savings deposits	213.4	221.7	252.0	268.8	...
Foreign currency deposits	4.3	8.1	12.1	16.6	...
(Annual percentage change)					
Net credit to public sector	-45.4	-4.9	-39.8	10.9	1.5
Credit to private sector	14.4	8.2	8.8	12.2	10.9
Broad money	4.4	13.7	16.1	12.5	10.1
(Percent contribution to growth in broad money) 1/					
Net foreign assets	-2.3	6.5	10.9	7.0	5.8
Public sector credit	-5.7	-0.9	-6.5	2.1	0.2
Private sector credit	13.9	8.7	8.8	11.5	10.3
Other items (net)	-1.0	-1.2	4.0	-3.0	-7.7
Memorandum item:					
Income velocity 2/	1.964	1.898	1.783	1.618	1.474

Sources: Appendix Tables 20 and 21; Ministry of Finance and Planning; and Fund staff estimates.

1/ In relation to liabilities to the private sector at the beginning of the period.

2/ Nominal GDP at market prices divided the average stock of broad money during the year.

Table 9. St. Vincent and the Grenadines: Summary Balance of Payments

(In millions of U.S. dollars)

	1996	1997	1998	Est. 1999	Proj. 2000
Current account	-27.8	-61.1	-73.1	-66.2	-43.7
Trade balance	-75.3	-105.4	-119.9	-127.4	-115.4
Exports, f.o.b. 1/	52.6	47.3	50.1	49.6	55.0
Of which:					
Bananas	20.5	14.4	20.9	20.4	19.3
Imports, f.o.b.	127.8	152.6	170.0	177.1	170.4
Service balance	46.1	43.6	46.8	65.5	76.2
Credits	96.0	97.8	108.9	129.7	140.0
Travel	67.2	73.2	76.1	81.7	89.4
Other nonfactor services	28.8	24.6	32.9	48.0	50.5
Debits	49.9	54.2	62.1	64.2	63.7
Travel	7.6	7.3	7.5	9.2	9.7
Other nonfactor services	42.4	46.8	54.6	55.0	54.1
Balance on goods and nonfactor services	-29.2	-61.8	-73.1	-62.0	-39.2
Exports of goods and nonfactor services	148.5	145.0	159.0	179.3	194.9
Imports of goods and nonfactor services	177.7	206.8	232.1	241.3	234.1
Income balance	-10.6	-12.9	-14.1	-19.9	-20.6
Credits	3.8	2.5	2.9	3.0	3.5
Interest	3.0	1.7	1.9	2.2	2.6
Other factor services	0.8	0.8	1.0	0.8	0.8
Debits	14.4	15.4	17.0	22.9	24.1
Interest	5.3	5.4	6.3	9.0	9.5
Of which:					
On public debt	2.8	2.9	3.2	5.5	5.8
Other factor services	9.2	10.0	10.7	13.9	14.6
Current transfers (net)	11.9	13.6	14.1	15.6	16.1
Private	12.8	13.1	13.7	14.1	14.4
Official	-0.9	0.5	0.4	1.5	1.7
Capital and financial account 2/	46.7	65.4	90.3	49.8	46.9
Capital account (net)	3.8	12.8	21.4	7.8	9.2
Official	2.7	11.7	20.1	6.5	8.1
Private	1.1	1.1	1.3	1.3	1.1
Financial account	42.9	52.6	68.9	42.0	37.7
Net official capital	0.7	5.8	13.7	2.8	7.7
Central government	-1.8	4.9	11.7	1.9	4.0
Drawings	2.8	9.4	15.3	5.9	9.8
Repayments	4.6	4.5	3.6	4.0	5.8
Other public sector	2.5	0.9	2.0	0.9	3.7
Drawings	3.3	2.7	4.7	2.7	4.2
Repayments	0.9	1.8	2.6	1.8	0.5
Net private capital	38.3	55.2	65.7	48.6	39.3
Net direct investment	42.6	55.1	61.3	44.3	37.5
Equity capital	0.0	0.0	0.0	0.0	0.0
Retained earnings	7.4	7.8	7.4	10.6	11.0
Land sales	10.5	6.8	3.6	4.0	3.4
Private capital	24.8	40.4	50.2	29.7	23.1
Net other private capital	-4.3	0.1	4.4	4.4	1.9
Commercial banks (net)	3.9	-8.3	-10.4	-9.4	-9.3
Errors and omissions	-18.5	-3.3	-9.7	20.3	0.0
Overall balance	0.4	1.1	7.5	3.9	3.2
Change in imputed official international reserves	-0.4	-1.1	-7.5	-3.8	-3.2
Memorandum item:					
Current account balance (in percent of GDP)	-10.0	-20.8	-23.0	-20.2	-13.1
Merchandise terms of trade (1996 = 100)	100	101	131	123	117

Sources: Data provided by the St. Vincent and the Grenadines authorities; and Fund staff estimates and projections.

1/ Export earnings may be under-reported because of the relatively large informal sector, which may have led to an overestimation of the current account deficit.

2/ There may be inaccurate estimates, particularly with foreign direct investment and other private capital inflows.

Table 10. St. Vincent and the Grenadines: GDP by Economic Activity at Current Prices

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of Eastern Caribbean dollars)					
Primary sector	81.7	69.6	80.5	79.9	77.5
Agriculture	79.7	67.4	78.3	77.7	75.4
Banana	24.0	11.3	20.4	22.5	21.2
Other crops	33.1	32.9	34.0	35.2	34.3
Livestock	5.2	5.3	5.5	5.6	5.5
Forestry	4.7	4.8	4.9	5.0	4.9
Fishing	12.7	13.1	13.5	9.5	9.5
Mining and quarrying	2.0	2.2	2.3	2.2	2.1
Secondary sector	152.6	175.0	192.5	190.1	193.2
Manufacturing	52.7	52.5	49.5	48.8	48.3
Electricity and water 1/ Construction	33.4	38.0	41.1	44.1	46.1
Construction	66.5	84.5	101.9	97.2	98.8
Tertiary sector	400.8	422.0	451.2	476.1	495.4
Wholesale and retail trade	95.9	104.7	117.6	127.7	133.5
Hotels and restaurants	15.5	16.2	15.6	17.0	18.9
Transport	85.0	94.5	98.8	102.9	108.5
Communications	51.8	48.1	51.2	53.0	58.6
Banks and insurance	49.1	51.1	51.1	56.0	59.2
Real estate and housing	15.9	16.3	17.3	18.0	18.4
Government services	109.9	119.3	127.3	132.4	132.5
Other services	10.8	11.9	12.9	13.9	14.4
Less: imputed service charge	33.2	40.0	40.3	44.8	48.6
Nominal GDP at factor cost	635.1	666.6	724.2	746.0	766.1
Change (in percent)	5.2	5.0	8.6	3.0	2.7
Net indirect taxes	113.2	122.8	132.4	141.3	132.8
Nominal GDP at market prices	748.3	789.4	856.6	887.2	898.9
Change (in percent)	5.5	5.5	8.0	3.6	1.3
(In percent of nominal GDP at market prices)					
Primary sector	10.9	8.8	9.4	9.0	8.6
Agriculture	10.6	8.5	9.1	8.8	8.4
Banana	3.2	1.4	2.4	2.5	2.4
Other crops	4.4	4.2	4.0	4.0	3.8
Livestock	0.7	0.7	0.6	0.6	0.6
Forestry	0.6	0.6	0.6	0.6	0.5
Fishing	1.7	1.7	1.6	1.1	1.1
Mining and quarrying	0.3	0.3	0.3	0.2	0.2
Secondary sector	20.4	22.2	22.5	21.4	21.5
Manufacturing	7.0	6.6	5.8	5.5	5.4
Electricity and water 1/ Construction	4.5	4.8	4.8	5.0	5.1
Construction	8.9	10.7	11.9	11.0	11.0
Tertiary sector	53.6	53.5	52.7	53.7	55.1
Wholesale and retail trade	12.8	13.3	13.7	14.4	14.9
Hotels and restaurants	2.1	2.1	1.8	1.9	2.1
Transport	11.4	12.0	11.5	11.6	12.1
Communications	6.9	6.1	6.0	6.0	6.5
Banks and insurance	6.6	6.5	6.0	6.3	6.6
Real estate and housing	2.1	2.1	2.0	2.0	2.1
Government services	14.7	15.1	14.9	14.9	14.7
Other services	1.4	1.5	1.5	1.6	1.6
Less: imputed service charge	4.4	5.1	4.7	5.1	5.4
Plus: net indirect taxes	15.1	15.6	15.5	15.9	14.8
Nominal GDP at market prices	100.0	100.0	100.0	100.0	100.0

Sources: Ministry of Finance and Planning; and Fund staff estimates and projections.

1/ See Appendix Table 11 on the generation and consumption of electricity.

Table 11. St. Vincent and the Grenadines: Electricity Consumption

	1996	1997	1998	Est. 1999
(In thousands of kwh)				
Total generated and consumed	75,993	78,464	85,207	89,542
Commercial	26,168	27,724	35,497	32,061
Domestic	30,423	32,044	30,714	37,811
Industrial	7,197	7,023	6,311	5,860
Street lighting	1,839	1,922	2,075	2,168
Other	2,149	2,224	2,235	2,311
Transmission loss	8,218	7,527	8,375	9,331
Number of consumers	25,814	26,577	27,687	28,615
Electricity consumption per consumer	2.6	2.9	3.08	3.13
(In percent of total)				
Total generated and consumed	100.0	100.0	100.0	100.0
Commercial	34.4	35.3	41.7	35.8
Domestic	40.0	40.8	36.0	42.2
Industrial	9.5	9.0	7.4	6.5
Street lighting	2.4	2.4	2.4	2.4
Other	2.8	2.8	2.6	2.6
Transmission loss	10.8	9.6	9.8	10.4

Source: St. Vincent Electricity Services Limited (VINLEC).

Table 12. St. Vincent and the Grenadines: Consumer Price Index

	Weights	1996	1997	1998	1999	2000 1/
(January 1981=100)						
End of period	100.0	180.6	182.1	188.1	184.7	185.9
Food and beverages	59.8	174.9	173.2	170.7	165.7	165.0
Tobacco and alcohol	2.8	188.7	188.2	192.5	193.4	191.5
Clothing and footwear	7.7	163.1	174.4	185.2	169.5	176.3
Housing	6.3	260.6	260.7	358.4	358.3	358.4
Fuel and light	6.2	147.1	148.0	146.0	149.0	151.6
Furniture and domestic appliances	3.2	143.7	149.1	134.1	128.8	132.1
Household supplies	3.4	152.5	159.3	167.8	160.1	162.5
Transport and communication	3.7	220.4	215.3	214.9	245.6	248.2
Other 2/	6.9	214.0	233.0	243.8	243.1	252.8
(Percentage change)						
End of period		3.6	0.8	3.3	-1.8	0.6
Food and beverages		7.3	-1.0	-1.4	-2.9	-0.4
Tobacco and alcohol		4.1	-0.3	2.3	0.5	-1.0
Clothing and footwear		-5.6	6.9	6.2	-8.5	4.0
Housing		0.0	0.0	37.5	0.0	0.0
Fuel and light		0.0	0.6	-1.4	2.1	1.7
Furniture and domestic appliances		-0.3	3.8	-10.1	-4.0	2.6
Household supplies		-3.6	4.5	5.3	-4.6	1.5
Transport and communication		0.0	-2.3	-0.2	14.3	1.1
Other 2/		-0.4	8.9	4.6	-0.3	4.0

Source: Data provided by the St. Vincent and the Grenadines.

1/ As of August 2000.

2/ Including medical, education, recreation, personal, and miscellaneous.

Table 13. St Vincent and the Grenadines: Petroleum Consumption and Retail Prices 1/

	1996	1997	1998	Est. 1999
(Quantities in cubic meter and retail prices in Eastern Caribbean dollars per imperial gallon)				
Gasoline				
Consumption	20,843	19,490	25,813	26,158
Retail price	6.1	6.1	6.1	6.1
Diesel				
Consumption	28,572	27,849	35,941	36,021
Retail price	5.0	5.0	5.0	5.0
Kerosene				
Consumption	499	435	531	570
Retail price	4.6	4.6	4.6	4.6
Natural gas				
Consumption, 1000 kg	3,167	3,601	3,181	3,693
(Annual percentage change in consumption)				
Gasoline	11.7	-6.5	34.1	...
Diesel	10.3	-2.5	30.1	...
Kerosene	-16.5	-12.8	176.9	...
Natural gas	16.4	13.7	-11.7	-11.7

Source: Ministry of Finance and Planning.

1/ Prices at end of period.

Table 14. St. Vincent and the Grenadines: Central Government Revenues and Grants

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of Eastern Caribbean dollars)					
Total revenue and grants	219	238	289	264	279
Current revenue	211	224	241	252	256
Tax revenue	183	193	214	222	224
Income	55	60	72	69	68
Individual	25	26	29	31	32
Corporate	27	27	39	32	32
Withholding	4	7	4	6	4
Property	2	2	2	2	2
Goods and services	27	26	31	38	42
Consumption tax (local)	6	7	6	6	6
Excise duties	2	2	2	2	2
Commercial bank interest levy	3	3	4	6	7
Licenses	8	8	6	9	11
Other	8	8	13	16	17
International trade and transactions	87	96	101	105	102
Import duties	21	24	23	24	20
Consumption duties (imports)	55	62	66	69	65
Export duties	1	0	1	0	0
Travel tax	1	1	1	1	1
Customs service charge		9	10	11	16
Other 1/	11	9	9	8	11
Nontax revenue	28	31	27	30	32
Departmental enterprises	2	2	0	1	0
Dividends	0	1	0	3	3
ECCB profits	2	2	3	0	1
Interest and rent	7	6	3	2	4
Fees, fines, and sales	16	18	18	18	22
Other	1	2	2	6	2
Capital revenue 2/	1	2	6	2	3
Grants	7	13	41	11	20
(In percent of GDP)					
Total revenue and grants	29.1	30.1	33.7	29.8	31.1
Current revenue	28.0	28.2	28.2	28.4	28.5
Tax revenue	24.3	24.3	25.0	25.0	25.0
Income	7.4	7.5	8.3	7.8	7.5
Property	0.3	0.2	0.2	0.3	0.2
Goods and services	3.5	3.3	3.6	4.3	4.7
International trade transactions	11.6	12.1	11.8	11.8	11.3
Other 1/	1.5	1.2	1.1	0.9	1.2
Nontax revenue	3.7	3.9	3.2	3.3	3.5
Capital revenue 2/	0.1	0.3	0.7	0.2	0.4
Grants	1.0	1.6	4.8	1.3	2.2

Sources: Ministry of Finance and Planning; and Fund staff estimates and projections.

1/ Including revenues from the offshore sector.

2/ Land sales.

Table 15. St. Vincent and the Grenadines: Central Government Expenditures

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of Eastern Caribbean dollars)					
Total expenditure	217	274	302	277	298
Current expenditure	182	192	199	215	232
Wages and salaries	99	107	113	118	125
Salaries	84	89	95	100	106
Wages	13	14	15	15	16
NIS contribution	2	4	4	3	3
Other goods and services	41	42	37	44	46
Interest payments	13	13	14	20	24
Domestic	8	8	9	10	10
Foreign	5	4	5	10	14
Central government transfers	29	30	35	33	37
<i>Of which:</i>					
Households	14	15	19	20	23
Capital expenditure	36	82	103	62	66
(In percent of GDP)					
Total expenditure	28.9	34.5	35.2	31.2	33.1
Current expenditure	24.1	24.2	23.2	24.3	25.8
Wages and salaries	13.1	13.6	13.2	13.3	13.9
Other goods and services	5.5	5.3	4.3	4.9	5.1
Interest payments	1.7	1.6	1.6	2.3	2.7
Domestic	1.1	1.0	1.0	1.1	1.1
Foreign	0.6	0.5	0.6	1.2	1.5
Central government transfers	3.8	3.8	4.0	3.8	4.1
<i>Of which:</i>					
Households	1.9	1.9	2.2	0.7	2.5
Capital expenditure	4.7	10.3	12.1	7.0	7.3
Memorandum items:					
Wages and salaries/current revenues (percent)	46.9	48.1	47.0	46.9	48.8
Gross external financing of capital spending (percent)	41.6	46.6	80.0	43.7	70.0

Sources: Ministry of Finance and Planning; and Fund staff estimates and projections.

Table 16. St. Vincent and the Grenadines: Public Sector Investment Program (PSIP)
of the Central Government

(In millions of Eastern Caribbean dollars)

	1996			1997			1998			Est. 1999			Proj. 2000
	Budget	Actual	Rate 1/	Budget	Actual	Rate 1/	Budget	Actual	Rate 1/	Budget	Actual	Rate 1/	Budget
Total investment	104.6	35.7	34.1	169.8	82.0	48.3	144.3	103.1	71.5	135.6	61.8	45.6	137.6
Agriculture, forestry, and fisheries	...	...	...	23.3	11.9	51.4	9.0	30.0	334.9	31.9	7.8	24.4	12.8
Manufacturing, quarrying, and construction	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy	...	...	...	1.3	0.2	18.7	4.0	0.7	17.5	10.5	0.3	2.4	0.0
Tourism	...	...	...	1.1	0.2	13.8	0.6	0.6	100.0	0.0	0.7	0.0	2.7
Transport and communications	...	...	...	85.5	49.2	57.6	45.2	42.1	93.1	23.4	22.6	96.5	40.9
Education and training	...	...	...	12.9	5.5	42.8	17.4	7.8	44.7	16.7	2.0	12.1	19.4
Health and sanitation	...	...	...	4.8	2.7	57.3	5.9	3.8	63.5	5.1	3.8	74.0	5.7
Water and sewerage	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Housing	...	...	...	0.8	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Social development	...	...	...	11.7	1.7	14.5	13.2	3.8	28.8	17.2	4.1	23.6	19.0
Other	...	...	...	...	...	...	...	...	...	...	...	...	...
Total financing	104.6	35.7	34.1	169.8	82.0	48.3	144.3	103.1	71.5	135.6	61.8	45.6	137.6
External 2/	65.0	14.9	22.9	78.1	38.2	48.9	76.7	82.6	107.7	84.4	27.0	32.0	86.1
Grants	21.6	7.3	33.8	30.2	13.4	44.2	26.0	41.4	159.2	57.1	11.1	19.4	37.5
Loans	43.4	7.6	17.5	47.8	24.8	51.9	50.7	41.2	81.2	27.3	15.9	58.2	48.6
Local (Residual)	39.6	20.8	52.5	91.7	43.8	47.7	67.6	20.5	30.4	51.2	34.8	68.0	51.5
Memorandum items:													
PSIP/GDP (percent)	13.9	4.7		21.4	10.3		16.8	12.0		15.3	7.0		15.3
External financing/PSIP (percent)	62.1	41.7		46.0	46.6		53.2	80.1		62.2	43.7		62.6

Source: Ministry of Finance and Planning.

1/ Rate of implementation (in percent).

2/ Consistent with the central government budget financing data

Table 17. St. Vincent and the Grenadines: Public Enterprise Operations (Including Kingstown Board)

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of Eastern Caribbean dollars)					
Total receipts	95.2	103.5	96.9	95.0	99.8
Current	95.1	101.7	96.9	94.9	99.7
Grants	0.1	1.9	0.0	0.1	0.1
Total expenditure	94.4	91.2	92.6	99.4	108.3
Current expenditure	80.5	80.1	79.0	70.0	78.0
<i>Of which: Interest</i>	8.6	8.2	7.2	7.3	2.1
Capital expenditure	13.9	11.1	13.6	29.4	30.3
Fixed assets	11.0	9.5	12.3	16.0	16.6
Change in stocks	2.9	1.6	1.2	13.4	13.6
Current balance	14.6	21.6	17.9	24.9	21.7
Primary balance	9.4	20.6	11.5	2.8	-6.4
Overall balance	0.8	12.4	4.4	-4.4	-8.5
External (net)	6.7	2.5	5.5	2.5	9.9
Drawings	9.0	7.4	12.6	7.4	11.3
Amortization	-2.3	-4.9	-7.1	-4.9	-1.4
Domestic (net)	-7.5	-14.9	-9.9	1.9	-1.4
Banking system	-0.3	12.3	-0.6	-1.6	-3.7
Other	-7.2	-27.2	-9.3	3.5	2.3
(In percent of GDP)					
Total receipts	12.7	13.1	11.3	10.7	11.1
Current	12.6	12.8	11.3	10.7	11.1
Grants	0.0	0.2	0.0	0.0	0.0
Total expenditure	12.6	11.5	10.8	11.2	12.1
Current expenditure	10.7	10.1	9.2	7.9	8.7
<i>Of which: Interest</i>	1.1	1.0	0.8	0.8	0.2
Transfer to central government	0.1	0.1	0.1	0.1	0.0
Capital expenditure	1.8	1.4	1.6	3.3	3.4
Fixed assets	1.5	1.2	1.4	1.8	1.8
Change in stocks	0.4	0.2	0.1	1.5	1.5
Current balance	1.9	2.7	2.1	2.8	2.4
Primary balance	1.3	2.6	1.3	0.3	-0.7
Overall balance	0.1	1.6	0.5	-0.5	-0.9
External (net)	0.9	0.3	0.6	0.3	1.1
Drawings	1.2	0.9	1.5	0.8	1.3
Amortization	-0.3	-0.6	-0.8	-0.6	-0.2
Domestic (net)	-1.0	-1.9	-1.2	0.2	-0.2
Banking system	0.0	1.6	-0.1	-0.2	-0.4
Other	-1.0	-3.4	-1.1	0.4	0.3

Sources: Appendix Tables 18 and 19; Ministry of Finance and Planning; and Fund staff estimates and projections.

Table 18. St. Vincent and the Grenadines: National Insurance Scheme

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of Eastern Caribbean dollars)					
Total current receipts	18.7	21.6	24.6	27.0	27.7
Contribution receipts	11.6	13.7	15.4	16.0	16.3
Investment income	7.1	7.9	9.2	10.9	11.5
Total expenditure	9.1	7.7	9.4	10.9	10.9
Benefits and refunds	3.9	5.3	7.1	8.2	8.2
Operating expenditure	1.7	2.3	2.3	2.7	2.7
Capital expenditure	3.5	0.1	0.0	0.0	0.0
Current account balance	13.1	14.0	15.2	16.1	16.8
Overall balance	9.6	13.9	15.2	16.0	16.8
Central government	0.0	0.0	2.9	0.0	-7.5
Commercial banks	-10.9	-14.7	-10.3	-10.0	-2.5
Other	1.3	0.8	-7.8	-6.0	-6.0
(In percent of GDP)					
Total current receipts	2.5	2.7	2.9	3.0	3.1
Contribution receipts	1.5	1.7	1.8	1.8	1.8
Investment income	0.9	1.0	1.1	1.2	1.3
Total expenditure	1.2	1.0	1.1	1.2	1.2
Benefits and refunds	0.5	0.7	0.8	0.9	0.9
Operating expenditure	0.2	0.3	0.3	0.3	0.3
Capital expenditure	0.5	0.0	0.0	0.0	0.0
Current account balance	1.7	1.8	1.8	1.8	1.9
Overall balance	1.3	1.7	1.8	1.8	1.9
Central government	0.0	0.0	0.3	0.0	-0.8
Commercial banks	-1.4	-1.9	-1.2	-1.1	-0.3
Other	0.2	0.1	-0.9	-0.7	-0.7
Memorandum item:					
Operating expenses/contributions (percent)	14.5	16.6	14.8	17.0	16.7

Sources: Ministry of Finance and Planning; and Fund staff estimates and projections.

Table 19. St. Vincent and the Grenadines: Operations of Selected Public Enterprise

(In millions of Eastern Caribbean dollars)

	1996	1997	1998	Est. 1999	Proj. 2000
A. Kingstown Board					
Total revenue and grants	2.2	2.2	2.1	2.1	2.2
Current revenue	2.2	2.2	2.1	2.1	2.2
<i>Of which:</i>					
Transfers from central government	1.2	1.2	1.2	1.3	1.3
Total expenditure	2.2	2.2	2.3	2.3	2.2
Current expenditure	2.1	2.2	2.2	2.2	2.1
Capital expenditure	0.1	0	0.1	0.1	0.1
Current account balance	0.0	0.0	-0.1	-0.1	0.1
Overall balance	0.0	0.0	-0.2	-0.2	0.1
B. Central Water and Sewerage Authority					
Total receipts	8.5	8.9	8.5	9.1	9.5
Total expenditure	9.7	8.2	8	10	10.3
Current expenditure	5.9	6.6	7.1	7.1	7.4
<i>Of which:</i>					
Interest	0.3	0.2	0.2	0.2	0.2
Capital expenditure	3.9	1.6	0.8	2.8	2.9
Fixed assets	3.2	1.5	0.8	2.8	2.9
Change in stocks	0.7	0.1	0	0	0
Current account balance	2.7	2.3	1.3	2	2.1
Overall balance	-1.2	0.7	0.5	-0.8	-0.8
C. St. Vincent Marketing Corporation					
Total receipts	25.6	30.2	27.3	19	20.6
Current receipts	25.6	28.7	27.3	18.9	20.5
Capital revenue and grants	0	1.5	0	0.1	0.1
Total expenditure	28.2	25.7	31.3	22	25.7
Current expenditure	27.7	25.2	30.8	20.4	24
Capital expenditure	0.5	0.4	0.5	1.6	1.7
Fixed assets	0.4	0.4	0.2	0.1	0.2
Change in stocks	0.1	0	0.4	1.5	1.5
Current account balance	-2.0	3.4	-3.5	-1.5	-3.5
Overall balance	-2.6	4.5	-4	-3	-5.1
D. Port Authority					
Total receipts	6.7	7	7.5	9.8	10.6
Current receipts	6.6	7	7.5	9.8	10.6
<i>Of which:</i>					
Cruise ship service and ferry charges	0.0	0.0	0.0	1.2	1.5
Capital revenue and grants	0.1	0	0	0	0
Total expenditure	5.3	4.7	5.6	7.3	10.2
Current expenditure	3.6	4.1	5.3	5.5	8.5
<i>Of which</i>					
Interest	0.2	0.1	0.1	0.4	1.5
Transfer to central government	0.2	0	0.5	0.5	0.3
Capital expenditure	1.7	0.6	0.3	1.8	1.7
Fixed assets	1.4	0.5	0.4	1.7	1.7
Change in stocks	0.3	0.1	-0.1	0.1	0
Current account balance	3.1	2.8	2.2	4.3	2.1
Overall balance	1.4	2.3	1.9	2.5	0.4

Table 19. St. Vincent and the Grenadines: Operations of Selected Public Enterprise

(In millions of Eastern Caribbean dollars)

	1996	1997	1998	Est. 1999	Proj. 2000
E. St. Vincent Electricity Services Ltd. (VINLEC)					
Total receipts	42	45.2	47.5	51.4	53.2
Current receipts	42	44.8	47.5	51.4	53.2
Capital revenue and grants	0.0	0.3	0.0	0.0	0.0
Total expenditure	34.2	36.3	41	53.5	55.5
Current expenditure	27.9	29.5	29.7	31.4	32.5
<i>Of which:</i>					
Interest	3.8	4.3	3.5	3.3	3.4
Capital expenditure	6.2	6.8	11.3	22.2	23
Fixed assets additions	4.5	5.6	10.5	12.4	12.9
Change in stocks	1.7	1.2	0.9	9.7	10.1
Current account balance	14.1	15.4	17.9	20	20.7
Overall balance	7.9	8.9	6.5	-2.1	-2.2
F. Other Public Enterprises 1/					
Total receipts	10.1	10.1	4	3.5	3.7
Current receipts	10.1	10.1	4	3.5	3.7
Total expenditure	14.8	14.1	4.4	4.3	4.5
Current expenditure	13.3	12.5	3.9	3.4	3.5
<i>Of which:</i>					
Interest	3	2.1	0.8	0.8	0.9
Transfers to central government	0.6	0.6	0	0	0
Capital expenditure	1.4	1.6	0.5	0.9	1
Fixed assets additions	1.4	1.5	0.4	0.9	0.9
Change in stocks	0.1	0.2	0.1	0	0
Current account balance	-3.2	-2.4	0.1	0.1	0.1
Overall balance	-4.6	-4	-0.4	-0.8	-0.8

Sources: Ministry of Finance and Planning; and Fund staff estimates and projections.

1/ Comprising Housing and Land Development Corporation, Diamond Dairy (until 1997), Development Corporation, Philatelic Services, Arrowroot Industry Association, and the Camden Cotainer Port (until 1998).

Table 20. St. Vincent and Grenadines: Eastern Caribbean Central Bank Operations

(In millions of Eastern Caribbean dollars at end-period)

	1996	1997	1998	1999	May 2000
Net (imputed) international reserves	79.3	82.1	102.5	112.9	135.1
Net domestic assets	-63.6	-46.8	-66.1	-55.4	-92.0
Net credit to central government	5.1	9.9	8.6	17.0	13.0
Treasury bills	0.0	0.0	0.0	0.0	0
Debentures	6.9	6.9	6.9	6.9	6.9
Temporary advances	0.7	1.0	0.4	9.4	5.4
Other claims 1/	3.6	3.2	2.5	1.9	1.9
Central government deposits (-)	-6.0	-1.2	-1.1	-1.2	-1.2
Net credit to rest of public sector	-0.6	-0.5	-0.1	0.0	0.0
Credit to private sector	0.0	0.0	0.0	0.0	0
Net unclassified assets	-11.3	1.9	0.0	0.0	0
Net claims on commercial banks	-56.8	-58.0	-74.7	-72.4	-105.0
Claims	0.0	0.0	0.0	0.0	0.0
Loans to commercial banks	0.0	0.0	0.0	0.0	0.0
Deposits with commercial banks	0.0	0.0	0.0	0.0	0.0
Liabilities	-56.8	-58.1	-74.7	-72.4	-105.0
Currency (cash in vault)	-18.8	-19.9	-19.3	-27.5	-14.1
Statutory reserves	37.8	-38.2	-52.4	-44.9	-91.0
Statutory deposits	0.0	0.0	0.0	0.0	0
Current deposits	-10.2	0.0	0.0	0.0	0
Fixed deposits	1.2	0.0	-2.9	0.0	0
Other 2/	3.0	0.0	0.0	0.0	0.0
Liabilities to the private sector	27.0	33.5	36.4	57.5	43.1
Currency in circulation	27.0	33.5	36.4	57.5	43.1
Currency issued	45.8	53.3	55.7	85.0	57.2
Currency held by banks (-)	-18.8	-19.9	-19.3	-27.5	-14.1

Source: ECCB.

1/ Includes advances to government, plus assets due from participating governments.

2/ From 1998, includes Bankers' Reserves and Bankers' Call Accounts

Table 21. St. Vincent and Grenadines: Consolidated Balance Sheet of Commercial Banks

(In millions of Eastern Caribbean dollars at end-period)

	1996	1997	1998	1999	May 2000
Net foreign assets	26.3	48.8	77.0	102.5	143.0
Foreign assets	121.7	129.1	144.4	242.8	265.5
Foreign currency holdings	4.7	3.4	2.5	3.3	1.9
Claims on ECCB area banks	39.3	65.2	54.1	77.3	124.3
Claims on other banks abroad	22.9	22.8	40.6	74.7	54.9
Other 1/	54.8	37.7	47.2	87.5	84.5
Foreign liabilities	95.4	80.3	67.4	140.3	122.5
Balances due to ECCB area banks	12.9	2.3	1.5	14.0	6.0
Balances due to other banks abroad	6.4	4.6	1.3	29.4	28.1
Nonresident deposits	75.7	73.2	64.4	96.9	88.2
Other	0.5	0.2	0.2	0.1	0.1
Net position with ECCB	50.7	60.1	86.8	73.1	102.1
Claims on ECCB	50.7	60.7	87.3	73.1	102.6
Currency holdings	18.8	19.9	19.3	27.5	14.1
Statutory reserves	37.8	41.7	47.4	45.6	88.5
Statutory deposits	0.0	0.0	0.0	0.0	0.0
Current deposits	-10.2	-9.7	17.6	0.0	0.0
Fixed deposits	1.2	7.4	2.9	0.0	0.0
Other	3.0	1.5	0.0	0.0	0.0
Liabilities to ECCB	0.0	0.6	0.5	0.0	0.0
Net domestic assets	287.1	302.2	315.9	347.4	325.9
Net credit to government	55.8	80.1	67.6	39.0	56.0
Treasury bills	0.0	6.0	6.9	11.8	16.7
Other securities	17.3	19.0	22.0	26.9	26.9
Loans and advances	54.1	79.4	84.4	57.2	64.6
Deposits	-15.5	-24.2	-45.7	-56.9	-52.2
Net credit to National Insurance Scheme	-125.8	-141.0	-150.9	-147.0	-151.7
Net credit to nonfinancial public enterprises	-8.5	3.8	2.7	1.0	8.0
Loans, advances, and investments 2/	10.6	21.0	18.7	20.0	27.1
Deposits 2/	-19.2	-17.3	-16.0	-19.0	-19.1
Net credit to nonbank financial institutions	-15.9	-13.6	-18.8	-44.7	-35.6
Loans, advances, and investments	13.5	14.4	14.8	14.7	8.0
Deposits	-29.4	-28.0	-33.6	-59.4	-43.6
Credit to private sector 2/	413.1	447.2	486.4	545.6	566.5
Interbank float (net)	1.3	6.2	0.0	5.6	14.2
Net unclassified assets	-32.9	-80.5	-71.1	-52.2	-131.7
Other Items (net)					
Assets=liabilities	364.0	411.1	479.6	523.0	570.9
Demand deposits	69.2	95.8	114.3	125.2	139.7
Time deposits	77.1	85.5	101.2	112.4	134.2
Savings deposits 2/	213.4	221.7	252.0	268.8	282.1
Foreign currency deposits	4.3	8.1	12.1	16.6	15.0
Memorandum item:					
Loan/deposit ratio (in percent) 3/	89.5	89.9	86.1	70.8	72.0

Sources: Appendix Tables 22 and 23.

1/ Includes loans to non residents.

2/ Banana Growers Association's loans and deposits with the banking system are included in private sector credit and deposits, respectively, rather than as part of the public enterprises account.

3/ Numerator includes investments and denominator includes deposits of nonresidents.

Table 22. St. Vincent and Grenadines: Balance Sheet of the National Commercial Bank

(In millions of Eastern Caribbean dollars at end-period)

	1996	1997	1998	1999	May 2000
Net foreign assets	29.2	17.3	10.6	19.5	3.7
Foreign assets	40.0	29.1	19.8	58.7	37.4
Foreign currency holdings	1.7	1.8	1.2	1.6	1.5
Claims on ECCB area banks	2.9	6.9	1.9	7.6	4.9
Claims on other banks abroad	12.6	12.9	7.4	25.9	9.7
Investments and other assets 1/	22.8	7.6	9.4	23.6	21.4
Foreign liabilities	10.8	11.8	9.3	39.2	33.8
Balances due to ECCB area banks	1.3	0.7	0.1	0.5	0.4
Balances due to other banks abroad	0.0	0.1	0.0	0.0	0.1
Nonresident deposits	9.5	11.1	9.1	38.6	33.3
Other	0.0	0.0	0.0	0.0	0.0
Net position with ECCB	17.8	18.8	37.7	22.5	21.6
Claims on ECCB	17.8	18.8	37.2	22.5	21.6
Currency holdings	7.1	8.3	8.6	12.4	7.3
Statutory reserves	15.2	16.3	18.1	0.0	0.0
Statutory deposits	0.0	0.0	0.0	0.0	0.0
Current deposits	-8.7	-5.9	0.5	10.1	14.3
Fixed deposits	1.2	0.0	0.0	0.0	0.0
Other	3.0	0.0	10.0	0.0	0.0
Liabilities to ECCB	0.0	0.0	0.5	0.0	0.0
Net domestic assets	37.2	55.3	59.6	100.9	113.9
Net credit to government	36.0	34.8	19.6	16.6	29.3
Treasury bills	0.0	6.0	6.9	11.8	11.8
Other securities	10.0	10.0	13.0	13.0	13.0
Loans and advances	41.5	43.1	45.4	48.7	56.6
Deposits	-15.5	-24.2	-45.7	-56.9	-52.2
Net credit to NIS	-117.5	-125.1	-119.3	-97.8	-97.4
Net credit to nonfinancial public enterprises	-8.2	6.6	2.7	1.0	8.0
Loans, advances, and investments 2/	10.6	21.0	18.7	20.0	27.1
Deposits 2/	-18.8	-14.4	-16.0	-18.9	-19.1
Net credit to nonbank financial institutions	2.7	5.0	5.8	-11.4	11.3
Loans, advances, and investments	9.7	10.8	9.1	9.3	3.2
Deposits	-7.0	-5.9	-3.3	-20.7	8.1
Credit to private sector 2/	142.8	148.5	158.4	187.8	191.3
Interbank float	1.4	10.0	10.0	5.4	0.8
Net unclassified assets	-20.0	-24.6	-17.6	-23.3	-34.6
Assets=liabilities	84.2	91.4	107.8	111.2	114.4
Demand deposits	13.9	15.1	19.4	18.6	21.5
Time deposits	20.7	23.0	23.5	19.2	18.8
Savings deposits 2/	48.4	50.2	57.4	62.7	64.2
Foreign currency deposits	1.2	3.1	7.5	10.8	9.9
Memorandum item:					
Loan/deposit ratio (in percent) 3/	94.0	90.8	86.6	86.5	95.5

Sources: ECCB; National Commercial Bank; and Fund staff estimates.

1/ Includes loans to non residents.

2/ Banana Growers Association's loans and deposits with the banking system are included in private sector credit and deposit respectively, rather than as part of the public enterprises account.

3/ Numerator includes investments and denominator includes deposits of nonresidents.

Table 23. St. Vincent and the Grenadines: Consolidated Balance Sheet of the Foreign-Owned Commercial Banks

(In millions of Eastern Caribbean dollars at end-period)

	1996	1997	1998	1999	May 2000
Net foreign assets	-2.8	31.5	66.4	83.0	139.4
Foreign assets	81.8	100.0	124.6	184.0	228.1
Foreign currency holdings	2.9	1.7	1.4	1.7	0.5
Claims on ECCB area banks	36.4	58.3	52.3	69.6	119.4
Claims on other banks abroad	10.4	9.8	33.2	48.8	45.1
Investments and other assets 1/	18.4	30.2	37.8	63.9	63.1
Foreign liabilities	84.6	68.5	58.2	101.1	88.7
Balance due to ECCB area banks	11.6	1.6	1.4	13.4	5.6
Balance due to other banks abroad	6.3	4.5	1.3	29.3	28.1
Nonresident deposits	66.2	62.2	55.3	58.2	54.8
Other	0.5	0.2	0.2	0.1	0.1
Net position with ECCB	32.9	42.6	50.1	50.6	80.5
Claims on ECCB	32.9	42.0	50.1	50.6	81.0
Currency holdings	11.7	11.6	10.8	15.1	6.7
Statutory reserves	22.6	25.4	29.3	0.0	0.0
Statutory deposits	0.0	0.0	0.0	0.0	0.0
Current deposits	-1.5	-3.9	17.1	35.5	74.3
Fixed deposits	0.0	7.4	2.9	0.0	0.0
Other	0.0	1.5	-10.0	0.0	0.0
Liabilities to ECCB	0.0	0.6	0.0	0.0	0.5
Net domestic assets	249.9	245.6	255.3	334.3	322.0
Credit to government	19.8	45.3	48.0	22.5	26.8
Treasury bills	0.0	0.0	0.0	0.0	4.9
Other securities	7.3	9.0	9.0	13.9	13.9
Loans and advances	12.5	36.3	39.0	8.5	7.9
Deposits	0.0	0.0	0.0	0.0	0.0
Credit to NIS	-8.2	-15.9	-31.6	-49.2	-54.2
Credit to nonfinancial public enterprises	-0.4	-2.9	0.0	0.0	0.0
Loans, advances, and investments	0.0	0.0	0.0	0.0	0.0
Deposits	-0.4	-2.9	0.0	0.0	0.0
Credit to nonbank financial institutions	-18.6	-18.5	-24.5	-33.3	-30.6
Loans, advances, and investments	3.8	3.6	5.7	5.4	4.9
Deposits	-22.4	-22.1	-30.2	-38.7	-35.4
Credit to private sector	270.3	298.6	328.0	372.5	383.2
Interbank float	-0.1	-3.8	-10.0	0.2	13.4
Net unclassified assets	-12.9	-57.2	-54.5	-28.9	-97.1
Assets=liabilities	279.9	319.7	371.8	447.7	489.1
Demand deposits	55.4	80.6	95.0	110.1	123.0
Time deposits	56.4	62.5	77.7	125.3	142.7
Savings deposits	165.0	171.6	194.6	206.5	218.3
Foreign currency deposits	3.1	5.0	4.6	5.8	5.1
Memorandum item:					
Loan/deposit ratio (percent) 2/	80.1	84.8	79.5	72.5	73.3

Sources: ECCB, commercial banks, and Fund staff estimates.

1/ Includes loans to non residents.

2/ Numerator includes investments and denominator includes deposits of nonresidents.

Table 24. St. Vincent and the Grenadines: Interest Rate Structure of the Banking System
(In percent per annum at end-period)

	1996	1997	1998	1999	June 2000
Prevailing Rates					
Deposit rates for commercial banks					
Call	5.4	5.5	5.5	5.4	6.4
1 month	5.4	5.5	5.5	6.1	6.4
3 months	5.4	5.5	5.5	5.9	6.5
Lending rates					
Overdrafts	10.5	10.5	10.5	10.5	10.5
Temporary advances	8.0	8.0	8.0	8.0	8.0
LIBOR					
Three-month U.S. dollar deposits	5.4	5.6	5.5	6.1	6.8
Minimum and Maximum Rates					
Deposits					
Savings	4.0-5.5	4.0-5.5	4.0-5.5	4.0-5.0	4.0-5.0
Time					
Up to 3 months	1.5-5.5	1.5-5.5	1.5-5.5	1.5-5.5	1.5-5.5
Between 3 and 6 months	1.5-5.0	1.5-5.0	1.5-5.0	1.5-5.0	1.5-5.75
Between 6 and 12 months	2.0-7.0	2.0-7.0	2.0-7.8	2.0-7.8	2.0-7.0
Lending					
Prime rate	10.0-11.0	10.0-12.5	10.0-12.5	10.0-12.5	10.0-12.5
Other lending rates 1/	8.0-16.5	6.0-16.5	5.0-16.5	5.0-16.5	5.0-16.5
Average Rates					
Weighted lending rates 2/	11.8	11.9	11.8	11.6	11.5
Weighted deposit rates 2/	4.7	4.9	4.9	4.6	4.6
Spread	7.1	7.0	6.8	7.0	6.9

Sources: ECCB; and International Monetary Fund, *International Finance Statistics*.

1/ The low end of the range relates to the lowest mortgage lending rates offered by banks.

2/ Based on period averages.

Table 25. St. Vincent and the Grenadines: Distribution of Commercial Bank Loans and Advances 1/

	1996	1997	1998	1999
(In millions of Eastern Caribbean dollars)				
Total	491.3	542.3	576.7	638.3
Agriculture and fisheries	19.6	20.7	19.3	19.6
Mining and quarrying	0.3	0.3	1.4	0.4
Manufacturing	33.4	24.8	23.4	17.8
Distributive trades	59.3	66.0	74.6	77.8
Tourism	27.3	27.5	26.7	30.3
Entertainment and catering	4.9	5.6	6.6	5.5
Transport and storage	18.8	21.8	19.6	24.8
Public utilities	1.9	1.6	3.4	4.6
Construction and land development	30.2	29.7	21.1	25.9
Government and statutory bodies	54.0	54.3	55.3	57.2
Professional and other services	12.7	20.3	18.4	37.1
Financial institutions	6.1	7.0	9.8	10.4
Personal	222.7	262.8	297.1	326.8
House and land purchases	139.0	162.2	172.5	183.1
Durable consumer goods	18.3	22.5	44.3	23.5
Other personal	65.4	78.2	80.2	120.3
(In percent of total loans and advances)				
Total	100.0	100.0	100.0	100.0
Agriculture and fisheries	4.0	3.8	3.3	3.1
Mining and quarrying	0.1	0.1	0.2	0.1
Manufacturing	6.8	4.6	4.1	2.8
Distributive trades	12.1	12.2	12.9	12.2
Tourism	5.6	5.1	4.6	4.7
Entertainment and catering	1.0	1.0	1.1	0.9
Transport and storage	3.8	4.0	3.4	3.9
Public utilities	0.4	0.3	0.6	0.7
Construction and land development	6.2	5.5	3.7	4.1
Government and statutory bodies	11.0	10.0	9.6	9.0
Professional and other services	2.6	3.7	3.2	5.8
Financial institutions	1.2	1.3	1.7	1.6
Personal	45.3	48.5	51.5	51.2
House and land purchases	28.3	29.9	29.9	28.7
Durable consumer goods	3.7	4.1	7.7	3.7
Other personal	13.3	14.4	13.9	18.8

Source: ECCB.

1/ Includes loans to nonresidents and nonbank financial institutions.

Table 26. St. Vincent and the Grenadines: Major Exports

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of U.S. dollars)					
Total merchandise exports	51.6	46.1	49.6	49.4	54.8
Re-exports	3.5	3.6	2.9	4.6	6.7
Domestic exports	48.1	42.4	46.7	44.8	48.1
Agricultural	25.6	18.4	25.6	25.0	25.5
Bananas	20.5	14.4	20.9	20.4	19.3
Sweet potatoes	0.8	0.5	0.7	0.7	0.8
Eddoes	1.1	0.9	1.0	0.9	1.0
Dasheens	0.6	0.7	0.9	1.0	1.5
Plantains	0.5	0.2	0.3	0.4	0.6
Other agricultural crops 1/	2.1	1.6	1.8	1.6	2.0
Manufactured 2/	22.5	22.4	20.3	18.6	20.9
Flour	6.3	8.7	6.9	6.7	7.4
Rice	5.4	5.9	6.4	5.0	5.8
Other	10.8	7.8	7.1	6.8	7.7
Other	0.0	1.6	0.8	1.2	1.7
(In percent of total exports)					
Re-exports	6.8	7.9	5.9	9.4	12.2
Domestic exports	93.2	92.1	94.1	90.6	87.8
Agricultural	49.6	39.9	51.6	50.6	46.5
Bananas	39.7	31.3	42.1	41.3	35.2
Sweet potatoes	1.5	1.0	1.4	1.4	1.5
Eddoes	2.0	2.1	2.1	1.7	1.8
Dasheens	1.2	1.6	1.8	2.0	2.8
Plantains	1.0	0.5	0.6	0.8	1.1
Other agricultural crops 1/	4.3	3.7	3.9	3.6	4.1
Manufactured 2/	43.7	48.7	41.0	37.5	38.2
Flour	12.3	18.8	13.9	13.6	13.5
Rice	10.4	12.9	12.8	10.2	10.6
Other	20.9	17.0	14.3	13.8	14.1
Other	0.0	3.4	1.5	2.5	3.1

Sources: Ministry of Finance and Planning; ECCB; and Fund staff estimates and projections.

1/ Includes arrowroot starch, coconuts, plantains, tannias, yams, ginger, tobacco, and nutmeg.

2/ Standard International Trade Classification 6, 7, and 8, flour and rice.

Table 27. St. Vincent and the Grenadines: Value, Volume, and Unit Value of Major Agricultural Exports

(Value in millions of U.S. dollars, volume in thousands of metric tons, and unit price in U.S. dollars per metric ton)

	1996	1997	1998	Est. 1999	Proj. 2000
Total merchandise exports	51.6	46.1	49.6	49.4	54.8
Re-exports	3.5	3.6	2.9	4.6	6.7
Domestic exports	48.1	42.4	46.7	44.8	48.1
Agricultural exports	25.6	18.4	25.6	25.0	25.5
Bananas					
Value	20.5	14.4	20.9	20.4	19.3
Volume	48.9	32.9	40.8	40.2	45.8
Unit price	0.4	0.4	0.5	0.5	0.4
Sweet potatoes					
Value	0.8	0.5	0.7	0.7	0.8
Volume	1.7	1.0	1.5	1.6	1.4
Unit price	0.5	0.5	0.5	0.5	0.5
Plantains					
Value	0.5	0.2	0.3	0.4	0.6
Volume	1.3	0.6	0.7	1.0	1.4
Unit price	0.4	0.4	0.4	0.4	0.4
Eddoes					
Value	1.1	0.9	1.0	0.9	1.0
Volume	1.7	1.5	1.6	1.4	1.6
Unit price	0.6	0.6	0.6	0.6	0.6
Dasheens					
Value	0.6	0.7	0.9	1.0	1.5
Volume	1.1	1.2	1.5	1.6	2.6
Unit price	0.6	0.6	0.6	0.6	0.6
Other agricultural exports	2.1	1.6	1.8	1.6	2.0

Sources: Ministry of Finance and Planning; Banana Growers Association; and Fund staff estimates and projections.

Table 28. St. Vincent and the Grenadines: Exports by Country of Destination

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of U.S. dollars)					
Total exports	49.8	46.1	49.6	49.4	54.7
United Kingdom	20.0	14.4	21.0	19.9	22.0
United States	4.0	3.3	2.6	1.6	1.8
Canada	0.1	0.1	0.1	0.1	0.1
CARICOM countries	25.2	26.6	24.4	25.5	28.2
Antigua	3.7	4.2	3.1	3.3	3.6
Barbados	3.6	2.9	3.1	4.3	4.7
Dominica	2.3	2.1	2.1	1.7	1.9
Guyana	0.6	0.7	0.5	0.5	0.6
Jamaica	1.0	1.6	1.5	1.5	1.7
St. Lucia	5.6	6.3	5.2	4.3	4.8
Trinidad and Tobago	5.3	4.6	5.5	5.1	5.6
Other	3.2	4.2	3.5	4.8	5.3
Other	2.6	1.7	1.6	2.3	2.5
(In percent of total)					
Total exports	100.0	100.0	100.0	100.0	100.0
United Kingdom	40.1	31.2	42.2	40.3	40.3
United States	8.0	7.1	5.2	3.3	3.3
Canada	0.2	0.2	0.2	0.2	0.2
CARICOM countries	50.5	57.8	49.1	51.6	51.6
Antigua	7.4	9.1	6.3	6.7	6.7
Barbados	7.1	6.3	6.3	8.6	8.6
Dominica	4.5	4.6	4.2	3.5	3.5
Guyana	1.1	1.5	0.9	1.0	1.0
Jamaica	2.0	3.4	3.0	3.0	3.0
St. Lucia	11.2	13.7	10.4	8.7	8.7
Trinidad and Tobago	10.6	10.0	11.0	10.3	10.3
Other	6.5	9.2	7.0	9.7	9.7
Other	5.1	3.7	3.2	4.6	4.6

Sources: Ministry of Finance and Planning; and Fund staff estimates and projections.

Table 29. St. Vincent and the Grenadines: Merchandise Imports

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of U.S. dollars)					
Total merchandise imports, c.i.f.	144.2	172.1	192.2	200.8	193.2
Food	33.7	42.5	44.4	41.3	45.3
Beverages and tobacco	2.8	3.0	3.0	4.0	3.9
Crude materials	5.1	5.6	7.2	6.1	6.0
Fuels and lubricants	10.4	10.7	10.8	11.1	20.2
Oils and fats	0.4	0.5	0.7	0.7	0.8
Chemicals	17.0	16.9	18.6	20.1	19.7
Manufactured goods	47.0	55.2	64.7	68.6	62.8
Machinery and transport equipment	27.9	37.7	42.7	48.8	34.6
End-use classification					
Consumer goods	55.4	67.6	73.4	72.8	74.3
Intermediate goods	42.3	44.8	50.2	51.8	59.2
Capital goods	46.6	59.7	68.6	76.1	59.7
(In percent of total imports)					
Total merchandise imports	100.0	100.0	100.0	100.0	100.0
Food	23.4	24.7	23.1	20.6	23.4
Beverages and tobacco	1.9	1.7	1.6	2.0	2.0
Crude materials	3.6	3.3	3.7	3.1	3.1
Fuels and lubricants	7.2	6.2	5.6	5.5	10.4
Oils and fats	0.3	0.3	0.4	0.4	0.4
Chemicals	11.8	9.8	9.7	10.0	10.2
Manufactured goods	32.6	32.1	33.7	34.1	32.5
Machinery and transport equipment	19.3	21.9	22.2	24.4	17.9
End-use classification					
Consumer goods	38.4	39.2	38.2	36.3	38.4
Intermediate goods	29.3	26.0	26.1	25.8	30.6
Capital goods	32.3	34.7	35.7	37.9	30.9
Memorandum item:					
Total merchandise imports, f.o.b. (US\$ millions)	126.9	151.5	169.1	176.7	170.0

Sources: Ministry of Finance and Planning; ECCB; and Fund staff estimates and projections.

Table 30. St. Vincent and the Grenadines: Imports by Country of Origin

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of U.S. dollars)					
Total imports, f.o.b.	144.2	172.1	192.2	200.8	193.2
United Kingdom	15.0	16.3	24.0	24.3	23.4
United States	55.7	69.6	75.7	75.8	72.9
Canada	4.0	5.2	4.9	5.0	4.8
Japan	4.6	8.5	5.4	9.2	8.9
Netherlands	2.5	2.2	1.8	2.1	2.0
West Germany	3.3	2.2	3.4	1.8	1.7
CARICOM countries	38.3	44.4	47.2	46.9	45.2
Antigua and Barbuda	0.4	1.3	0.2	0.2	0.2
Barbados	6.2	7.3	8.3	7.6	7.3
Dominica	1.3	0.8	1.2	1.0	1.0
Guyana	1.4	1.0	2.3	2.9	2.8
Jamaica	1.6	1.5	1.3	1.5	1.5
St. Lucia	0.7	1.0	0.9	0.7	0.7
Trinidad and Tobago	25.8	28.2	32.2	31.8	30.6
Other	1.0	3.2	0.7	1.2	1.2
Other	20.9	23.7	29.8	35.7	34.3
(In percent of total)					
Total imports, f.o.b.	100.0	100.0	100.0	100.0	100.0
United Kingdom	10.4	9.5	12.5	12.1	12.1
United States	38.6	40.4	39.4	37.7	37.7
Canada	2.8	3.0	2.5	2.5	2.5
Japan	3.2	4.9	2.8	4.6	4.6
Netherlands	1.7	1.3	0.9	1.0	1.0
West Germany	2.3	1.3	1.8	0.9	0.9
CARICOM countries	26.6	25.8	24.5	23.4	23.4
Antigua and Barbuda	0.3	0.8	0.1	0.1	0.1
Barbados	4.3	4.2	4.3	3.8	3.8
Dominica	0.9	0.5	0.6	0.5	0.5
Guyana	0.9	0.6	1.2	1.4	1.4
Jamaica	1.1	0.9	0.7	0.8	0.8
St. Lucia	0.5	0.6	0.5	0.4	0.4
Trinidad and Tobago	17.9	16.4	16.8	15.8	15.8
Other	0.7	1.9	0.4	0.6	0.6
Other	14.5	13.8	15.5	17.8	17.8

Sources: Ministry of Finance and Planning; and Fund staff estimates and projections.

Table 31. St. Vincent and the Grenadines: Summary of External Debt Operations 1/

	1996	1997	1998	Est. 1999	Proj. 2000
(In millions of U.S. dollars)					
Total debt at end of period	87.0	87.7	105.4	159.5	167.2
Central government	74.8	79.9	99.2	152.2	156.2
<i>Of which:</i>					
Ottley Hall	...	...	...	57.0	57.0
Rest of public sector	12.2	7.7	6.2	7.3	10.9
Drawings	6.1	12.1	19.9	8.6	14.0
Central government	2.8	9.4	15.3	5.9	9.8
Rest of public sector	3.3	2.7	4.7	2.7	4.2
Valuation adjustment	-1.2	-5.2	-1.8	57.2	0.0
Amortization	5.4	6.3	6.2	5.8	6.3
Central government	4.6	4.5	3.6	4.0	5.8
Rest of public sector	0.9	1.8	2.6	1.8	0.5
Debt service on total debt	8.3	9.2	9.4	11.3	12.1
Amortization	5.4	6.3	6.2	5.8	6.3
Interest	2.8	2.9	3.2	5.5	5.8
Central government debt	1.7	1.6	1.8	3.9	5.1
<i>Of which:</i>					
Ottley Hall	...	...	...	1.2	2.5
Rest of public sector debt	1.1	1.3	1.4	1.6	0.7
(In percent)					
Average interest rate 2/	3.2	3.3	3.7	4.0	3.6
(In percent of GDP)					
Total debt at end of period	31.3	29.8	31.3	48.5	50.2
Debt service	3.1	3.0	3.4	3.6	3.6
<i>Of which:</i>					
Interest payments	1.0	1.1	1.7	1.8	1.9
(In percent of exports of goods and nonfactor services)					
Total debt service	6.3	6.5	7.1	6.7	6.5
Amortization	4.3	4.3	3.7	3.5	3.3
Interest	2.0	2.2	3.4	3.2	3.2

Sources: Ministry of Finance and Planning; and Fund staff estimates and projections.

1/ Figures include obligations from the Ottley Hall project (under central government).

2/ Ratio of total interest payments to debt at beginning of period.

St. Vincent and the Grenadines: Summary of the Tax System

(As of June 30, 2000)

Tax	Nature of Tax (Base)	Rates	Exemption and Deductions
<p>1. Tax on net income, profits and capital gains</p> <p>1.1 Personal income tax</p> <p>1.2 Corporate income tax</p> <p>1.3 Withholding tax</p>	<p>Levied on the chargeable income of resident individuals at rates of:</p> <p>Income less than \$11,000</p> <p>One chargeable income under \$5,000</p> <p>\$5,000 \$10,000</p> <p>\$10,000 \$30,000</p> <p>Over \$30,000</p> <p>On the net income of resident companies from all sources and the income of nonresident companies earned from carrying on business in St. Vincent and the Grenadines.</p> <p>On payments to nonresidents in the form of royalties. Management fees.</p>	<p>0 percent</p> <p>10 percent</p> <p>20 percent</p> <p>30 percent</p> <p>40 percent</p> <p>40 percent</p> <p>Rent – 10 percent Inter-corporate dividends exempt</p> <p>Other – 20 percent</p>	<p>Exemption include income of diplomats and ministers of religion.</p> <p>All pension income including social security payments whether earned locally or abroad: war pensions, scholarships, interest on certain government's debt, interest on deposits in banks and building societies in St. Vincent. In calculating chargeable income, the following allowances are granted:</p> <p>Earned income allowance – 10 percent of earned income to a maximum of \$500.00</p> <p>Personal allowance - \$1,200</p> <p>Spouse allowance - \$700</p> <p>Child allowance - \$400</p> <p>Dependent relative allowance - \$200</p> <p>Limited allowances are also granted for mortgage payments and insurance:</p> <p>Insurance – a limit of \$3,600 per annum (including NIS payments)</p> <p>Mortgage – a limit of \$10,000 per annum.</p> <p>Companies that export to the OECS are charged rates of 35 percent; non-OECS CARICOM markets – 30 percent and extra CARICOM</p> <p>25 percent</p> <p>Re-insurance premiums</p>
<p>2. Payroll and work force tax</p>	<p>None</p>	<p>None</p>	<p>None</p>
<p>3. Taxes on property</p> <p>3.1 Property tax</p> <p>3.2 Land tax</p> <p>3.3 Alien land holding tax</p>	<p>Levied on the annual rental value of property.</p> <p>Levied on land at various rates per acre depending on location of the holding.</p> <p>On the holdings and transfer of land in St. Vincent by aliens. On the sale of land.</p> <p>On the annual rental value of leased land</p> <p>An annual license fee to hold land</p>	<p>5 percent</p> <p>Varies with size of plot but subject to a minimum tax of \$10.00</p> <p>10 percent</p> <p>\$500</p>	<p>Lower rates are applied to the following:</p> <p>Agricultural property – 2.5 percent</p> <p>Hotel and apartments – 2.5 percent</p> <p>Tourism related developments greater than \$20,000 – 1.5 percent</p> <p>10 percent</p>

Tax	Nature of Tax (Base)	Rates	Exemption and Deductions
<p>4. Taxes on domestic goods and services</p> <p>4.1 Excise duties</p> <p>4.2 Hotel turnover tax</p> <p>4.3 Interest levy commercial banks</p> <p>4.4 Insurance premium tax</p> <p>4.5 International telecom – communications charges</p> <p>4.6 Entertainment tax</p> <p>4.7 Licences yachts</p>	<p>Duty on the domestic production of rum.</p> <p>Levied on the room and food bills of guest at the hotel.</p> <p>On the balances in all interest bearing accounts of all banks operating in St. Vincent. The tax is based on the average balance in the proceeding calender year.</p> <p>On the insurance premium received by companies for liabilities in St. Vincent.</p> <p>Non-life</p> <p>Life</p> <p>On the cost of outgoing traffic by way of telephones, telexes, and telegrams</p> <p>Levied on the receipts from entertainment</p> <p>To upgrade yachts in St. Vincent and the Grenadines</p> <p>Foreign owned</p> <p>Locally owned</p>	<p>\$9.00 per over prof gallon on \$15.00 under prof gallon</p> <p>7 percent</p> <p>1 percent</p> <p>5 percent</p> <p>10 percent</p> <p>10 percent</p> <p>10 percent</p> <p>\$2,000 per annum</p> <p>\$100 per annum</p>	
<p>Bank licence</p> <p>Professional licence</p>	<p>Licence fee for commercial banks</p> <p>To practice a profession as: Doctor, lawyer, or accountant Druggies Optician Motor vehicle insurance agent Fire insurance agent Brokers General insurance Travel agency Traders</p>	<p>Domestic banks: \$15,000 per annum Domestic branches: \$1,500 per annum Foreign banks: \$20,000 per annum Foreign branches: \$2,000 per annum</p> <p>\$400.00 per annum \$100.00 per annum \$200.00 per annum \$300.00 pr annum \$300.00 per annum \$300.00 per annum \$1,000.00 per annum \$500.00 per annum \$500.00 per annum</p>	

Tax	Nature of Tax (Base)	Rates	Exemption and Deductions
Liquor	To sell liquor as follows: <ol style="list-style-type: none"> 1. Wholesale 2. Retail (town) 3. Retail (country) 4. Retail (Grenadines) 5. Hotel 6. Refreshment house 7. Occasional 8. Bottle 9. Proprietary dues 	\$200 per quarter \$120.00 per quarter \$85.00 per quarter \$85.00 per quarter \$250.00 per quarter \$250.00 per quarter \$100.00 per day \$200.00 per quarter \$250.00 per quarter	
Dealers in television	To sell televisions	\$500.00 per annum	
Post board	To operate a pool board	\$300.00 per annum	
Entertainment license	Paid by persons holding entertainment functions – for one specific occasion <ul style="list-style-type: none"> • For a period exceeding one day but less than six months • For a period not exceeding 12 months 	\$5.00 per annum	
Television license (tax)	Paid by the importer of a new television	\$100.00 per annum	
Motor vehicle	All annual registration fee for motor vehicles as follows: <ul style="list-style-type: none"> Private motor cars not exceeding 2,000 pounds tare Private motor cars exceeding 2,000 pounds but not exceeding 3,000 pounds tare Private motor cars exceeding 3,000 pounds tare Private motor tricycle not exceeding 2,000 pounds tare Private motor tricycle exceeding 2,000 pounds tare Private motor cycles without side car Private motor cycles with side car Goods vehicles less than 2 tons tare Goods vehicles more than 2 tons but less than 3 tons tare Goods vehicle more than 3 tons tare Trailers not exceeding ½ ton tare 	\$250.00 per annum \$325.00 per annum \$400.00 per annum \$125.00 per annum \$150.00 per annum \$150.00 per annum \$200.00 per annum \$550.00 per annum \$700.00 per annum \$800.00 per annum \$150.00 per annum	

Tax	Nature of Tax (Base)	Rates	Exemption and Deductions
	Trailers exceeding ¼ tons tare but less than ¾ tons tare	\$1,500.00 per annum	
	Trailers exceeding ¾ tons tar but not exceeding 1 ton tare	\$150.00 per annum	
	Trailers exceeding 1 ton tax tare but less than 1½ ton tare	\$200.00 per annum	
	Trailers exceeding 1½ tone tax tare but less than 1½ ton tare	\$225.00 per annum	
	Tractors less than 2,600 pounds tare	\$150.00 per annum	
	Tractors more than 2,600 pounds tare	\$175.00 per annum	
	Hearses	\$500.00 per annum	
	Passengers' motor vehicle:		
	1) Carrying no more than four passengers excluding the driver	\$275.00 per annum	
	2) Carrying no more than six passengers excluding the driver	\$325.00 per annum	
	3) Motor buses less than 2 tons tare licensed to carry passengers only	\$375.00 per annum	
	4) Motor buses of 2 tons but less than 3 tons licensed to carry passengers only	\$400.00 per annum	
	5) Motor buses more than 3 tons tare licensed to carry passengers only	\$425.00 per annum	
	Rental motor cycles	\$175.00 per annum	
	• Drivers' permit	\$60.00	
	• Tutors' permit	\$100.00	
	• Learners' permit	\$50.00	
	• Duplicate license or permit	\$50.00	
	• Temporary drivers permit	\$50.00	
	• International driving permit	\$75.00	
	• Registration of change of ownership	\$75.00	
	• Examination of driver	\$50.00	
	• Examination of motor vehicle	\$50.00	
	• Dealers' license	\$2,000.00	
	Fee for personalized number plate payable on registration	\$1,500.00	

Tax	Nature of Tax (Base)	Rates	Exemption and Deductions
<p>5. Taxes on international trade and Transactions</p>			
<p>5.1 Consumption duties</p>	<p>Varying specific or and valorem rates are applied or a wide range of goods:</p>	<p>The general rate is 4.5 percent</p>	<p>Some basic food items are exempt. These include:</p> <ol style="list-style-type: none"> 1) Poultry and turkey (back, neck, and wing), 2) Milk, 3) Cheese and curd, and 4) Rice.
<p>5.2 Import duties</p>	<p>Basic food Meat, milk, and milk products, cereals.</p> <p>Alcoholic drinks Beer Stout Brandy Whiskeys Rum Malt Footwear Precious metals Metals and steel Raw materials for construction Motor vehicles Imports are subject to the common External Tariff of the Eastern Caribbean Common Market:</p> <ul style="list-style-type: none"> • Live animals • Meat and edible meat offal • Dairy products • Edible vegetables, roots, and tubers • Edible fruits and nuts • Coffee, tea mate, and spices • Cereals • Animal or vegetable fats and oils • Textile • Clothing • Precious and semi precious stones • Machinery and machine appliances • Medical instruments • Clocks and watches • Musical instruments • Arms and ammunitions 	<p>Exempt of 2.5- 40 percent</p> <p>35 percent 35 percent \$12 per gallon \$16 per gallon 20 percent 20 percent 25 percent 5-15 percent 5-20 percent 10-65 percent</p> <p>5-20 percent</p> <p>0 or 40 percent 5 or 35 percent 5-40 percent 5-40 percent 5-40 percent 5-40 percent 5 and 30 percent 5-40 percent 5 percent 20 percent 5-25 percent 5-35 percent 5-25 percent 30 percent 10 percent 2.5 percent</p>	<p>Member countries may be exempt from import duties, machinery, equipment, building materials used in approved industry, agriculture, forestry, mining, and tourism.</p> <p>Goods for:</p> <ol style="list-style-type: none"> 1) Educational and cultural purposes 2) Health 3) For governments and government purposes 4) For military forces 5) For diplomatic missions, international organizations, and personnel 6) In the movement of personal effects 7) For approved shipping purposes 8) For use exclusively by an approved airline.

Tax	Nature of Tax (Base)	Rates	Exemption and Deductions
5.3 Customs service charge	Levied on the c.i.f. value on all imports.	4 percent of the c.i.f. value	Diplomats, Mustique Company, Canouan Resorts Development Limited, Organization of Eastern Caribbean States, Otley Hall Development enclive industries; Imports of the St. Vincent Banana Growers. Association are also exempt.
5.4 Travel tax	Tax on tickets issued by a carrier for travel outside St. Vincent and the Grenadines for travel originating in the country	5 percent	The following are exempt: Central Government, diplomatic missions, regional and international organizations, the Governor General and his family, all official travels, representatives of the UN, international organizations, judges of the OECS, travel for medical and educational reasons, and children under age of 12 year old.
5.5 Cruise ship Passenger tax	Levied on cruise ship passengers arriving in St. Vincent	\$20.00 per passenger	
5.6 Embarkation tax	Paid by passengers embarking at airport for external flight.	\$30.00	Passengers traveling on government business and diplomats.
5.7 Other Stamp duties	Payable on a number of transactions including bill of sale, bonds, copartnership documents, customs forms, leases, legacy documents, and mortgages		

**St. Vincent and the Grenadines: Summary of Recent Concerns and
Actions with Respect to the Offshore Sector ^{1/}**

Concerns		Actions	
OECD	FATF	Already Taken	To be Taken
1. No legal mechanism for the exchange of tax information with other countries	1. No anti money laundering regulations or guidelines in place with respect to offshore financial institutions	1. Taxation treaties have been in place for some time now between St. Vincent and the Grenadines and CARICOM countries.	1. Anti-money laundering guidelines are to be issued to all offshore financial institutions by the end of October 2000.
2. Existence of bearer shares for nonbank international business companies (IBC)	2. No customer identification or record keeping requirements or procedures with regard to international banks.	2. Section 13, subsection 4 of the International Banks Act of 1996 was amended on September 16, 2000 to require international banks to maintain records bearing the names and addresses of customers.	2a. Registered agents will be legally required to be the custodians of all bearer shares and to maintain a register bearing the identities of owners of bearer shares. 2b. It is proposed that the International Banks Act be amended to provide that banks should maintain records of the identities of all account holders.
3. No requirement for nonfinancial institutions to report beneficial ownership information to authorities	3. Resources allocated to supervision are very limited.	3. The Offshore Finance Authority (OFA) increased its staff from 10 to 15 during August-September 2000.	3. It is proposed that nonfinancial institutions will be required to submit to the OFA upon request, the identity of the beneficial owners.
4. Nonfinancial institutions are not required to file accounts nor have their accounts audited.	4. Licensing and registration requirements for financial institutions are rudimentary.	4. Licensing and registration requirements are in place under the International Banks Act and regulations, The Mutual Funds Act and regulations, and The International Insurance Act and Regulations.	

**St. Vincent and the Grenadines: Summary of Recent Concerns and
Actions with Respect to the Offshore Sector ^{1/}**

<p>5. The Trustee need not register or otherwise disclose the settler and beneficiaries to the authorities.</p>	<p>5. There is no system in place for the reporting of suspicious transactions.</p>	<p>5. Under the International Trust Act of 1996, an international trust has a legal requirement to disclose the names of settler and beneficiary.</p>	<p>5. It is being proposed that the Proceeds of Crime Act be amended by end October 2000, to include a clearly defined and effective system of reporting suspicious transactions.</p>
<p>6. There is no need for Class II banks to engage in substantial activities in this country.</p>	<p>6. OFA is prohibited by law from cooperating with international agencies and bodies with respect to an application for a license, or the identity or information of the customer of a license.</p>	<p>6a. Every international bank in the offshore sector is required to establish a principal office in St. Vincent and Grenadines and employ a minimum of two local employees.</p> <p>6b. The International Banks Act 1996, amended in Parliament, July 19, 2000, removes the prohibition indicated under the FATF concerns. Under this Act the OFA can communicate with persons within or without St. Vincent and the Grenadines the affairs of the applicant for a banking license.</p>	
	<p>7. International judicial assistance is limited to situations where proceedings are commenced against a named defendant in a foreign jurisdiction.</p>	<p>7. The Confidential Relationship Preservation (International Finance) Act 1996 was amended on July 19, 2000 to enable information to be disclosed if such disclosure will result in a charge being brought against a named individual.</p>	

Source: Offshore Finance Authority (OFA).

^{1/} Based on the understanding of the OFA of the concerns expressed by the OECD in "Report on Progress in Identifying and Eliminating Harmful Tax Practices," (Paris, June 2000) and by the FATF in "Annual Report 1999-2000, Financial Action Task Force on Money Laundering," (Paris, June 2000).