



# **P R O S P E C T U S**

## **FOR TREASURY BILL ISSUES FOR THE PERIOD October 2006 – March 2007**

BY THE GOVERNMENT OF  
ST. VINCENT AND THE GRENADINES

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**September 2006**



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## **I GENERAL INFORMATION ON TREASURY BILL ISSUES**

- Issuer:** The Government of St. Vincent and the Grenadines
- Address:** The Ministry of Finance and Planning  
Administrative Centre  
P.O. Box 608  
Bay Street  
Kingstown  
St. Vincent and the Grenadines
- E-Mail:** [office.finance@mail.gov.vc](mailto:office.finance@mail.gov.vc)
- Telephone No.:** (784) 456-1111 Ext 368
- Facsimile No.:** (784) 457-2943
- Contact persons:** Mrs. Ingrid Fitzpatrick, Accountant General  
Ms. Deirdre Anthony, Debt Manager
- Date of Publication:** September 2006
- Registration:** This prospectus will be registered with the Regional Debt Coordinating Committee (RDCC).
- Purpose of Issue:** To refinance the existing issues of Treasury Bills to be issued on the Primary Market via the Regional Government Securities Market (RGSM) and to provide for liquidity in these instruments by virtue of being traded on the Secondary Market via the Eastern Caribbean Securities Exchange (ECSE) platform
- Amount of Issue:** Monthly Issues of XCD16.0 million
- Legislative Authority:** The Treasury Bill Act Chapter 320 as amended

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

## II. INFORMATION ON TREASURY BILL ISSUES

- a. The Government of St. Vincent and the Grenadines (GOVSVG or Government) proposes to auction XCD16,000,000.00 91-day Treasury Bills each month during the period October 2006 to March 2007. The treasury bills will be auctioned on the following dates:

<b>05 October 2006</b>	–	<b>Trading Symbol VCB050107</b>
<b>10 November 2006</b>	-	<b>Trading Symbol VCB120207</b>
<b>08 December 2006</b>	–	<b>Trading Symbol VCB120307</b>
<b>08 January 2007</b>	–	<b>Trading Symbol VCB100407</b>
<b>13 February 2007</b>	–	<b>Trading Symbol VCB160507</b>
<b>13 March 2007</b>	–	<b>Trading Symbol VCB140607</b>

- b. The Treasury-Bills will be settled on the following dates:

<b>06 October 2006</b>	–	<b>Trading Symbol VCB050107</b>
<b>13 November 2006</b>	-	<b>Trading Symbol VCB120207</b>
<b>11 December 2006</b>	–	<b>Trading Symbol VCB120307</b>
<b>09 January 2007</b>	–	<b>Trading Symbol VCB100407</b>
<b>14 February 2007</b>	–	<b>Trading Symbol VCB160507</b>
<b>15 March 2007</b>	–	<b>Trading Symbol VCB140607</b>

- c. The Treasury Bills will be issued with tenors of 91 (ninety one) days
- d. The price of the issue will be determined by a Competitive Uniform Price Auction with open bidding
- e. The Bidding Period(s) will start at 9:00 a.m. and will end at 12:00 noon on auction day
- f. Each investor is allowed one (1) bid with the option of increasing the amount being tendered for until the close of the bidding period.

- g.** The minimum bid quantity is \$5,000.00
- h.** The bid multiplier will be set at \$1,000
- i.** The maximum bid price is \$98.55 or 5.82 per cent
- j.** Yields will not be subject to any tax, duty or levy of the Participating Governments of the Eastern Caribbean Currency Union (ECCU). The countries are Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines
- k.** The Treasury Bills will be issued on the Regional Government Securities Market (RGSM) and traded on the Secondary trading platform of the Eastern Caribbean Securities Exchange (ECSE)
- l.** The Government has entered into an agreement with the Licensed Intermediaries listed in (q) below to bring the treasury bills to the Market. Investors will participate in the auction through the services of any of the Licensed Intermediaries. Commission would be payable by the Government to the Intermediaries for their service.
- m.** The current Licensed Intermediaries are:
  - ABI Bank Limited
  - Antigua Commercial Bank Limited
  - Bank of Nevis Limited
  - Bank of Saint Lucia Limited
  - National Commercial Bank (SVG) Limited
  - National Mortgage Finance Company of Dominica Limited
  - St. Kitts Nevis Anguilla National Bank Limited
  - Republic Finance and Merchant Bank Ltd (FINCOR). – Grenada

- Caribbean Money Market Brokers Limited (CMMB). – Trinidad
- Caribbean Money Market Brokers Limited (CMMB). – St. Lucia
- National Bank of Anguilla Limited

**n.** All currency references will be the Eastern Caribbean Dollar unless stated otherwise.

### **III. FINANCIAL ADMINISTRATION AND MANAGEMENT**

The Ministry is headed by the Minister of Finance and comprises several Departments over which the Director General has administrative control. Debt management functions have been centralized in the Debt Management Unit of the Ministry of Finance, Planning and Development. The Debt Management Unit performs all debt management activities and provides policy advice on the overall debt management strategy of St. Vincent and the Grenadines.

The Eastern Caribbean Central Bank (ECCB) conducts quarterly economic and financial reviews that are published across the region ([www.eccb-centralbank.org](http://www.eccb-centralbank.org)). *Article IV Country Reviews* conducted by the International Monetary Fund (IMF) are also published and available on the Fund's Website ([www.imf.org](http://www.imf.org)).

The Ministry of Finance, Planning and Development seeks to establish a client-oriented environment conducive to the attainment of sustainable economic development and improvement of the quality of life of all citizens of St. Vincent and the Grenadines through sound economic management and the promotion of good governance.

#### **Debt Management Objective**

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

### **IV. MACRO ECONOMIC PERFORMANCE**

#### **ECONOMIC GROWTH**

Preliminary statistics for 2005 indicate that the economy of St. Vincent and the Grenadines recorded an increase in real GDP of 2.2% compared with 6.8% in 2004. Real GDP during the period 2001-2005 averaged approximately 3.0%. Despite several exogenous shocks, St. Vincent and the Grenadines continue to record positive growth.

## **SECTORAL DEVELOPMENTS**

### **Agriculture**

Notwithstanding the declining contribution of this sector to GDP, its contribution to the economic development of St. Vincent and the Grenadines remain significant. The sector contributes significantly to the level of rural employment and the enhancement of the national food supply and is thus an important pillar in the government's poverty alleviation initiatives.

In 2005, agricultural production declined 5.96%, this was as a direct result of contraction in the Banana, and Fishing sub-sectors (*24.88% and 13.11% respectively*). In this regard, the government intends to step up its diversification efforts around bananas through the Agricultural Diversification Unit and other agencies. The Kingstown Fish Market remodeling project has been completed and this in conjunction with the upgrading of the Bequia Fisheries Center, upgrading of the Fisheries Center in Union Island and the construction of new fisheries facilities in Owia is expected to provide a further boost to the Fishing Industry. Government also intends to continue with its revitalization work on the Arrowroot Industry.

### **Manufacturing**

In 2005, the manufacturing sector grew by 2.12%, down from 3.27% in 2004, nevertheless, the sector's contribution to GDP remained constant at 5.6%. Growth in the sector slowed due to declines in the production of Flour and Rice of 3.9% and 6.4% respectively. Of the other manufactured products, output of brewed production improved by 13.2% (*83,759 h/litres in 2005 up from 74,022 h/litre in 2004*).

Government is continuing its effort to make the sector internationally competitive. Firms are encouraged, through fiscal incentives, to lift their productivity and Government is also continuing to integrate manufacturing with other sectors of the economy by:

- Developing the Small and Medium Enterprise (SME) sector through improvement of business and entrepreneurial skills and increasing access to credit;

- Modernizing the manufacturing sector as a whole through the provision of the necessary infrastructure to attract investors.

### **Construction**

Whereas in 2004, this was the leading growth sector in the economy growing by 14.7%, in 2005, growth in this sector slowed to 0.41%. Its contribution to GDP however remained consistently high at approximately 10%, suggesting a tapering off of output in the sector. It is anticipated that the sector will return to strong growth following the implementation of a number of government projects in 2006, including:

- the National Library Project,
- the Arnos Vale Playing Field rehabilitation for Cricket World Cup 2007
- and the continuation of phase II and III of the Windward Highway.

Private sector residential construction activity is also expected to remain high.

### **Tourism**

Despite the impact of external shocks, the tourism industry continues to be resilient and was the lead growth sector in the economy in 2005 growing by 10.57% up from 7.30% in 2004. This is mainly on account of a 5.33% and a 10.75% increase in the Yachting and Stay-Over categories, off-setting the decline of 26.63% in the Cruise category.

The government, recognizing the pivotal importance of this sector has increased its allocation of public expenditure on tourism and physical infrastructural facilities, which will help to boost the tourism product. Government is also fostering economic linkages between tourism and other sectors of the economy. The Government's Tourism Strategic Plan will also be reviewed in 2006.

## **GOVERNMENT FISCAL OPERATIONS**

### **Performance**

The current account operations of the central government weakened somewhat during the year 2005 as reflected in the decline in the recurrent account surplus to \$10.79 million (1% of GDP) from 30.18 million (2.9% of GDP) in 2004. This reduction in the current

surplus is a result of a 9.5% increase in recurrent expenditure to \$322.45 million while recurrent revenue grew modestly by 2.6% to \$333.24 million. The growth in revenue was due primarily to an increase in the receipt of taxes on income and profits (11.6%), licenses (3.4%) and taxes on international trade (3.1%).

There were higher levels of expenditure in most of the major categories of expenditure except for goods and services. The largest increase was recorded for interest payment which was 26.9% higher than that of the previous year. Other major categories such as transfers and subsidies, wages and personal emoluments rose by 15.4%, 15.5% and 8.2% respectively.

### **Policy Objectives**

The economic approach of the Government includes the following central elements:

1. The maintenance of macro-economic fundamentals of a stable currency, low inflation, fiscal prudence, enhanced competitiveness, and increased productivity.
2. The placement of social equity at the center of the considerations in the fashioning of economic policy.
3. The pursuance of a policy of balanced economic growth which is sustainable and which generates more jobs, especially quality employment.
4. Establishing partnerships with the Private Sector for creating wealth and to boost economic activity.
5. Implementation of a Public Sector Investment Programme to create, among other things, a fiscal stimulus to the economy.
6. Provide an appropriate balance between the conflicting objectives of providing fiscal stimulus while maintaining a sustainable debt path.

The achievement of the medium-term fiscal targets will be greatly facilitated in the coming months with the introduction of a Value Added Tax (VAT) from January 2007. A VAT Implementation Unit has been established and is working under the guidance of a Steering Committee comprising representatives from the public and private sectors and civil society.

The Public Sector Investment Program is viewed as key to stimulating economic activity and providing the basis for private sector-led growth. The PSIP is projected to increase sustainability in 2006 when the following major projects will be implemented:

- Arnos Vale Sports Complex Redevelopment,
- E.T. Joshua Airport Improvement,
- Canouan Airport Expansion,
- Priority Road Rehabilitation,
- Basic Education Project II,
- Rehabilitation of the Windward Highway,
- National Library Complex,
- Cross Country Road, Education Support Project,
- Correctional Facility and
- New Customs Building.

## **DEMOGRAPHY**

In 2001, St. Vincent and the Grenadines' population totaled 112,000 with GDP per capita of US\$3,116 compared with a 2000 GDP per capita of US\$3,055. In 2001, males accounted for 50.9% of the population while females accounted for 49.1%, indicating that at the last census the sex ratio of the population was almost equal. This is consistent with the findings of the 1991 census. St. Vincent and the Grenadines has an area of 388 sq. km and population density per sq. km of 288. Life expectancy at birth is 68.8 years and infant mortality rate, per thousand live births is 16.3.

## **V. PUBLIC DEBT**

As at December 31, 2005 the total disbursed outstanding public debt for St. Vincent and the Grenadines was estimated at \$975.17 million, which comprises External Debt of \$636.42 million and Domestic Debt of \$338.75 million (See Appendix VI). This represents an increase of 10.3% over the stock of \$884.12 million recorded at the end of December 2004. This 10.3% increase comes on the heel of a 16.1% increase in 2004, which means that the public debt has increased by 27.4% over the last two years. The

Debt to GDP ratio has increased from 80.2% as at the end of 2004 to 84.3% for the end of 2005 against the IMF's benchmark of 60%. However, the Government of St Vincent and the Grenadines will pursue debt reduction and rescheduling aimed at reducing debt and debt servicing costs. Over the medium to long term, a 75% Debt to GDP ratio is being targeted. Additionally, in order to maintain the Public debt within manageable limits, the Government of St. Vincent and the Grenadines has drafted and will be implementing a Debt Management Strategy.

The main objectives of this Strategy are:

- To satisfy the financing needs of the public sector at minimum cost over the medium to long term, in a prudent and sustainable manner;
- To limit exchange rate risk by minimizing the non-US\$ denominated foreign debt;
- To promote the development of Money and Capital Markets within the ECCU.

## **VI. CURRENT ISSUES OF GOVSVG SECURITIES ON RGSM.**

### **Treasury Bills**

There are currently three (3) 91 day Treasury Bill issues listed on the East Caribbean Securities Exchange of EC\$16 million each.

- **Issues Outstanding** Issue \$48.0M (Three issues of \$16million each)
- **Type of Issue** Government of St Vincent and The Grenadines Treasury Bills
- **Maturity in days** 91 days
- **Date of Issues** Every 91 days
- **Discount rate** N/A
- Yields** Weighted Average for 2006 -5.82%
- Discount Price** \$98.58

## **Bond**

- **Issues Outstanding** \$130M
- **Type of Issue** St Vincent and The Grenadines Development Bonds
- **Maturity in Years** 10 years respectively.
- **Date of subscription** Feb 1997, 16 March 2002, 9 August 2004, 17 August 2006
- **Redemption Date** Jan 2007, 15 March 2012 and 10 August 2014  
16 August 2016

## **Calendar of Events - Upcoming Auctions**

- The Government of St Vincent and the Grenadines will continue to issue its monthly EC \$16 million in Treasury bills on the following dates:
  - 05 October 2006 – Trading Symbol VCB050107
  - 10 November 2006 - Trading Symbol VCB120207
  - 08 December 2006 – Trading Symbol VCB120307
  - 08 January 2007 – Trading Symbol VCB100407
  - 13 February 2007 – Trading Symbol VCB160507
  - 13 March 2007 – Trading Symbol VCB130607

## **VII. SECURITY ISSUANCE PROCEDURES, CLEARING AND SETTLEMENT, REGISTRATION OF OWNERSHIP AND SECONDARY MARKET ACTIVITY**

The treasury bills will be issued and listed on the Regional Government Securities Market (RGSM). This market will operate on the Eastern Caribbean Securities Exchange (ECSE) trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be a competitive uniform price auction with open bidding. The ECSE is responsible for dissemination of market

information, providing intermediaries with market access, administering the auction process and monitoring and surveillance of the auctions.

The ECSE, through the Eastern Caribbean Central Securities Depository (ECCSD), is responsible for facilitating clearance and settlement for securities allotted. The ECCSD ensures that funds are deposited to the issuing government's account. The ECSE, through the Eastern Caribbean Central Securities Registry (ECCSR), records and maintains ownership of government securities in electronic book-entry form. The ECCSR mails confirmation of proof of ownership letters to all investors who were successful in the auction. The ECCSR will also process corporate action on behalf of issuing governments.

Intermediaries are responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE platform. Investors must provide the intermediaries with funds to cover the cost of the transaction. For this particular offering, the government will pay the intermediaries for costs related to the issue.

A list of licensed intermediaries is provided in Appendix 1. Clients that are successful will be informed of their payment obligations and funds deducted from their respective accounts with the intermediary.

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

**APPENDIX I. - LIST OF LICENSED INTERMEDIARIES**

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

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
<b>St Kitts and Nevis</b>		
St Kitts Nevis Anguilla National Bank Ltd.	P O Box 343 Central Street Basseterre  Tel: 869 465 2204 Fax: 869 465 1050 Email: national_bank@sknanb.com	<b>Principals</b> Winston Hutchinson Anthony Galloway  <b>Representatives</b> Marlene Nisbett Desilu Smithen Petronella Edmeade-Crooke
The Bank of Nevis Ltd.	P O Box 450 Charlestown Nevis  Tel: 869 469 5564 Fax: 869 469 5798 E mail: bon@caribsurf.com	<b>Principals</b> Hanzel Manners  <b>Representatives</b> Lisa Jones Vernesia Walters
<b>St Lucia</b>		
Bank of St Lucia Ltd.	P O Box 1862 Bridge Street Castries  Tel: 758 456 6000 Fax: 758 456 6190 Email: bankofsaintlucia@candw.lc	<b>Principals</b> Donna Matthew Beverley Henry  <b>Representatives</b> Trevor Lamontagne Lawrence Jean
Caribbean Money Market Brokers Ltd. (CMMB St Lucia)	9 Brazil Street Castries  Tel: 758 450 2662 Fax: 758 451 7984 Email: info@mycmmmb.com	<b>Principals</b> Leslie St Louis Brent Salvary Sharmaine Rosemond  <b>Representatives</b> Sharmaine Rosemond Leslie St Louis Vishwatee Jagroop
<b>St Vincent and The Grenadines</b>		
National Commercial Bank (SVG) Ltd.	P O Box 880 Cnr. Bedford and Grenville Streets Kingstown  Tel: 784 457 1844 Fax: 784 456 2612	<b>Principal</b> Keith Inniss Jeffrey Ledger  <b>Representative</b> Patricia John

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
	Email: natbank@caribsurf.com	La Fleur Dublin
<b>Trinidad and Tobago</b>		
Caribbean Money Market Brokers Ltd. (CMMB)	No. 1 Richmond Street, Ground Floor Furness Court, Independence Square Port of Spain  Tel: 868 623 7815/5153 Fax: 868 624 4544/9833 ; 627 2930 Email: info@mycmmmb.com	<b>Principals</b> Brent Salvary Leslie St Louis Sharmaine Rosemond  <b>Representatives</b> Leslie St Louis Vishwatee Jagroop Sharmaine Rosemond

## APPENDIX II - ECONOMIC INDICATORS

### St. Vincent and the Grenadines

#### Selected Economic Indicators

	2001	2002	2003	2004	2005
	EC\$M	EC\$M	EC\$M	EC\$M	EC\$M
Nominal GDP at Market Prices (EC\$)	932.1	986.1	1032.4	1120.9	1165.9
Real GDP Growth Rate (%)	(0.1)	3.2	2.8	6.8	2.2
<b>Percentage Contribution of GDP by Selected Sectors (at basic prices, in current prices)</b>					
Agriculture	9.6	9.9	8.8	8.2	8.2
Manufacturing	6.8	6.7	5.8	5.8	5.7
Construction	11.9	11.3	11.9	12.6	12.3
Wholesale and Retail	18.6	18.3	18.4	19.0	19.4
Transportation	13.8	13.7	13.9	14.1	12.5
Government Services	19.3	19.9	19.0	18.5	19.5
Other	17.7	18.1	19.9	19.6	20.0
Hotels and Restaurants	2.3	2.1	2.3	2.2	2.4
<b>Balance of Payments (in percentage of GDP at market prices)</b>					
Merchandise Exports	12.1	10.8	9.9	8.3	9.2
Merchandise Imports	43.8	43.0	46.1	47.8	49.0
Trade Balance	(31.8)	(32.3)	(36.1)	39.0	39.8
Current Account Balance	(10.4)	(11.3)	(20.8)	(24.7)	25.5
<b>Central Government (in percent of GDP at market prices)</b>					
Current Revenue	29.1	30.6	29.9	29.0	28.6
Current Expenditure	27.8	27.9	26.0	26.3	27.7
Current Account Balance	1.3	2.7	3.5	3.1	2.9
Overall Balance	(1.7)	(2.0)	(1.9)	(3.3)	(5.5)
<b>External Debt</b>					
Debt as a % of GDP	49.2	46.5	50.3	53.2	54.6
Debt Service as a % of GDP	3.4	3.1	3.6	3.4	4.0

Source: Ministry of Finance, Statistical Department and ECCB Estimates

## APPENDIX III – GOVERNMENT FISCAL OPERATIONS

(in millions of Eastern Caribbean dollars)

	2001	2002	2003 <sup>R</sup>	2004 <sup>R</sup>	2005
<b>Current Revenue</b>	<b>271.7</b>	<b>302.0</b>	<b>311.5</b>	<b>318.7</b>	<b>324.7</b>
Tax Revenue	230.1	259.8	259.9	272.1	282.9
Taxes on Income & Profits	70.8	87.9	77.0	79.3	89.3
of which:					
Individual	33.8	35.0	35.1	37.4	40.8
Company Tax	33.5	45.2	38.2	37.4	44.3
Taxes on Property	3.5	2.5	2.7	2.5	2.5
Taxes on Domestic Goods & Services	43.9	42.7	47.1	51.8	49.7
of which:					
Stamp Duty	18.6	17.2	19.9	20.9	20.8
Consumption Duties	6.2	5.9	6.0	7.1	5.9
Hotel Turnover Tax	5.4	4.5	4.2	5.1	6.8
Taxes on Int'l Trade & Transaction	111.9	126.7	133.0	138.5	141.3
of which:					
Import Duty	25.4	25.6	29.2	30.7	32.1
Consumption Tax	65.1	77.9	79.1	81.3	78.5
Customs Service Charge	16.6	18.2	19.3	20.6	21.9
Non-Tax Revenue	41.6	42.2	51.6	46.6	41.7
<b>Current Expenditure</b>	<b>259.2</b>	<b>275.2</b>	<b>276.1</b>	<b>288.1</b>	<b>322.0</b>
Personal Emoluments	128.6	138.3	139.1	144.8	158.9
Other Goods & Services	56.2	62.7	61.5	66.6	72.9
Interest Payments	24.6	26.1	27.8	27.6	35.0
Domestic	12.6	15.8	16.4	11.5	15.5
External	12.1	10.3	11.5	16.0	19.5
Transfers & Subsidies	49.7	48.1	47.6	49.1	55.1
of which: Pensions	17.5	19.3	19.7	19.8	23.3
<b>Current Account Balance</b>	<b>12.5</b>	<b>26.7</b>	<b>35.4</b>	<b>30.6</b>	<b>2.7</b>
Capital Revenue	1.0	0.8	1.7	3.9	8.8
Grants	18.7	6.8	6.3	7.8	5.2
of which: Capital Grants	18.7	6.8	6.3	7.8	5.2
<b>Capital Expenditure &amp; Net Lending</b>	<b>48.2</b>	<b>53.8</b>	<b>75.6</b>	<b>75.1</b>	<b>78.8</b>
of which: Capital Expenditure	48.2	57.7	82.0	78.9	83.3
Primary Balance (after grants)	8.7	6.6	(4.5)	(5.2)	(27.2)
Overall Balance (before grants)	(34.7)	(26.3)	(38.6)	(40.6)	(67.3)

<b>Overall Balance (after grants)</b>	<b>(15.9)</b>	<b>(19.5)</b>	<b>(32.3)</b>	<b>(32.8)</b>	<b>(62.2)</b>
<b>Financing</b>	<b>15.9</b>	<b>19.5</b>	<b>32.3</b>	<b>32.8</b>	<b>62.2</b>
Domestic	(7.0)	(0.3)	(14.4)	(83.5)	4.4
ECCB (net)	(2.1)	4.2	12.2	(54.5)	19.8
Commercial Banks (net)	(16.1)	37.9	(51.0)	16.4	47.4
Other	11.2	(42.3)	24.4	(45.5)	(62.8)
External	22.9	19.8	46.7	116.3	57.7
Net Amortisation	30.4	24.3	50.9	120.8	64.6
Disbursements	43.6	40.5	114.4	229.5	191.2
Amortisation	(13.2)	(16.2)	(63.5)	(108.7)	(126.7)
Change in Govt. Foreign Assets	(7.5)	(4.5)	(4.2)	(4.5)	(6.8)

Source: Ministry of Finance, Treasury Department and ECCB Estimates

<sup>P</sup> = Preliminary

<sup>R</sup> = Revised

## APPENDIX IV - BALANCE OF PAYMENTS SUMMARY

	2001	2002	2003	2004 <sup>P</sup>	2005 <sup>E</sup>
<b>CURRENT ACCOUNT</b>	<b>(96.9)</b>	<b>(111.9)</b>	<b>(214.6)</b>	<b>(276.8)</b>	<b>(297.2)</b>
Goods and Services	(86.5)	(97.2)	(185.1)	(236.8)	(256.5)
Goods	(294.9)	(314.6)	(369.1)	(431.2)	(458.3)
Merchandise	(295.9)	(318.1)	(373.1)	(436.6)	(463.8)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	1.0	3.4	4.0	5.5	5.5
Services	208.4	217.5	184.1	194.4	201.8
Transportation	(43.7)	(45.6)	(54.4)	(57.9)	(62.6)
Travel	213.7	218.2	212.1	219.4	244.6
Insurance Services	(9.3)	(11.3)	(12.3)	(13.9)	(14.5)
Other Business Services	51.8	58.6	43.7	52.1	51.1
Government Services	(4.2)	(2.5)	(5.0)	(5.4)	(16.8)
Income	(44.5)	(47.5)	(64.4)	(78.2)	(88.5)
Compensation of Employees	2.3	2.0	1.6	1.8	1.3
Investment Income	(44.8)	(49.5)	(66.0)	(80.0)	(89.7)
Current Transfers	34.1	32.8	34.8	38.1	47.8
Central Government	(1.3)	(2.2)	(2.7)	(1.0)	(2.4)
Other Sectors	35.3	35.0	37.6	39.1	50.2
<b>CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>121.5</b>	<b>94.1</b>	<b>171.0</b>	<b>271.8</b>	<b>213.7</b>
Capital Account	23.7	28.6	38.8	51.1	38.1
Capital Transfers	23.7	28.6	38.8	51.1	38.1
Acquisition & Disposal of Non-produced, Non-financial Assets		0.0	0.0	0.0	0.0
Financial Account	97.8	65.4	132.3	220.6	175.6
Direct Investment	56.8	100.8	148.9	177.4	150.1
Portfolio Investment	9.4	4.7	55.9	89.6	85.8
Other Investments	31.6	(40.1)	(72.6)	(46.3)	(60.3)
Public Sector Long Term other Public Sector Capital	35.1	5.6	(3.2)	6.9	11.7
Commercial Banks	43.3	(41.2)	(46.1)	(49.3)	23.4
Other Assets	(28.9)	(20.9)	(47.3)	(23.4)	(100.5)
Other Liabilities	(17.9)	16.4	24.1	19.5	5.1
<b>OVERALL BALANCE</b>	<b>24.6</b>	<b>17.8</b>	<b>(1.3)</b>	<b>68.6</b>	<b>(9.7)</b>
<b>FINANCING</b>	<b>(24.6)</b>	<b>(17.8)</b>	<b>1.3</b>	<b>(68.6)</b>	<b>9.7</b>
Change in SDR Holdings	0.0	0.0	0.0	0.0	0.0
Change in Reserve Position with the fund	0.0	0.0	0.0	0.0	0.0
Change in Government Foreign Assets	(7.5)	(4.5)	(4.2)	(4.5)	(6.8)
Change in Imputed Reserves	(17.1)	22.3	5.5	(64.2)	16.5

Source: Ministry of Finance, Statistical Department and ECCB Estimates

**APPENDIX V- MEDIUM-TERM PROJECTIONS****ST. VINCENT AND THE GRENADINES**

	<b>2006</b>	<b>2007</b>	<b>2008</b>
Real GDP growth (at factor cost; percent)	3.3	3.3	3.5
Inflation (period average; percent)	2.0	2.0	2.0
<b>(In millions of Eastern Caribbean dollars)</b>			
Nominal GDP	1192.0	1257.4	1320
Current account balance	-281.7	-281.8	-284.1
Exports,f.o.b	114.3	118.7	123.6
Imports, f.o.b.	606.9	630.8	656.1
Services (net)	221.5	239.3	257.1
Income (net)	-65.3	-65.0	-66.1
Current transfers (net)	48.6	49.8	51.1
Capital and financial account	291.3	281.8	284.1
Overall balance	9.6	0.0	0.0
<b>(In percent of GDP, unless otherwise stated)</b>			
External current account balance	-15.7	-18.6	
Exports of goods and services	46.7	48.4	48.6
Imports of goods and services	70.1	69.6	68.9
Total public debt	80.8	80.1	73.8
Public external debt (end –period)	37.3	36.4	33.7
Public sector overall balance	1.1	1.1	1.1
Public sector savings	10.5	10.5	10.5
Overall central government balance	-0.6	-0.6	-0.6
Central government primary balance	2.4	2.3	2.3
Central government savings	5.0	5.0	5.0
National savings	17.6	17.5	17.5
Public	10.5	10.5	10.5
Private	7.1	7.0	7.0
Investment	33.3	36.1	36.1

Source: Ministry of Finance, Statistical Department and ECCB Estimates  
Estimates as at June 2006 subject to revision

## APPENDIX VI – PUBLIC SECTOR DEBT

	2001-2005				
	2001 EC\$M	2002 EC\$M	2003 EC\$M	2004 EC\$M	2005 EC\$M
Total Public Debt	<b>660.2</b>	<b>708.04</b>	<b>761.61</b>	<b>884.12</b>	<b>975.17</b>
External Debt	458.45	458.46	519.61	596.53	636.42
Central Government	440.04	438.01	495.04	563.89	583.92
Public Corporations	18.4	20.45	24.47	32.64	50.50
Domestic Debt	201.75	249.58	242.01	287.59	338.75
Central Government	175.81	217.02	208.99	245.00	272.85
Public Corporations	25.94	32.56	33.02	42.59	65.90
Debt Servicing					
External	27.58	27.91	37.65	37.86	46.27
Central Government	24.74	25.80	35.94	35.53	44.70
Public Corporations	2.84	2.11	1.71	2.33	1.57
Domestic					
Central Government	16.10	20.15	24.58	19.01	18.28
Sinking Fund	7.50	4.50	6.00	6.00	11.83
GDP ( at mkt prices)	940	977	1003	1101	1157
Current Revenue	272.23	305.63	318.48	322.38	333.24
Debt as % of GDP	70.20	72.40	75.90	80.20	84.3
Central Gov't Debt Servicing as % of Current Revenue	17.80	16.50	20.9	18.8	22.4

Source: Ministry of Finance, Statistical Department and ECCB Estimates