

Government of Saint Lucia

USD 38 million Debt Issue (Notional)	CariBBB+ (Regional Scale Foreign Currency) CariBBB+ (Regional Scale Local Currency)
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RATIONALE SUMMARY

Caribbean Information and Credit Rating Services Limited (CariCRIS) has re-affirmed its ratings of **CariBBB+** (Foreign Currency Rating) and **CariBBB+** (Local Currency Rating) on its regional rating scale to the USD 38 million debt issue (notional) of the Government of Saint Lucia. These ratings indicate that the level of creditworthiness of this obligation, adjudged in relation to other obligations in the Caribbean¹ is **adequate**.

The ratings on Saint Lucia reflect its monetary and exchange rate stability underpinned by its membership in a quasi currency board arrangement, its relatively diversified economic base and consistent real gross domestic product (GDP) growth. Also supporting the rating is an external sector characterised by moderate balance of payments (BOP) performance, relatively low external debt and comfortable import cover. Tempering these strengths are persistent central government fiscal deficits leading to increased debt levels and limited fiscal flexibility emanating

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¹ *The term Caribbean as used here covers the following countries: Bahamas, Barbados, Belize, Costa Rica, Dominican Republic, Guyana, Haiti, Jamaica, Panama, Suriname, Trinidad and Tobago and the following countries in the OECS: Anguilla, Antigua & Barbuda, Dominica, Grenada, Montserrat, St. Kitts & Nevis, Saint Lucia and St. Vincent & the Grenadines. Refer www.caricris.com for a more detailed explanation on CariCRIS ratings and rating definitions.*

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from its narrow tax base and low compliance levels. Another factor constraining the rating is the delay encountered in receiving budgeted grant funds which have contributed to a slowing of the implementation of the economic programme.

The fixed parity of the Eastern Caribbean dollar (EC \$) with the US dollar at the rate of EC \$2.70 = US \$1.00 has served as a credible policy anchor since 1976 and continues to underpin monetary and price stability. It has fostered a macroeconomic environment conducive to investments and growth. Saint Lucia's inflation rates have historically been benign, averaging 4.9% in the last three years, among the lowest in the region. The financial sector indicators are sound with capitalization levels averaging 18% in the last three years, non-performing loans of 6.6% and provisioning was adequate at 37.5% as at December 2008.

Saint Lucia has the most diversified economic base within the Organisation of Eastern Caribbean States (OECS) with key service sectors driving growth. It had the second largest GDP in the OECS region in 2008 at US \$1,019 million and the economy has grown steadily in the last seven years, though slowing considerably in the last two. Tourism continues to be the mainstay of the economy contributing around 40% (directly and indirectly) to both GDP and employment. In the three years to 2007 FDI inflows directed towards the tourism sector increased significantly as investors took advantage of Cricket World Cup (CWC) incentives. However, 2008 witnessed a considerable decline as the global credit crunch affected funding of some key projects. Saint Lucia's manufacturing base is more diversified than its OECS peers and is concentrated in beverages, paper products and the electrical sub-sectors. This economic diversity enables its capacity to absorb economic shocks compared to some of its peers in the OECS.

In 2008, Saint Lucia recorded a marginal BOP deficit of 0.3%, following two years of surpluses. FDI inflows fell by 25% to EC \$501 million from a high of EC \$669 million in 2007. As the financial crisis deepens CariCRIS expects FDI inflows to decline even further in 2009. The fall in FDI inflows contributed to gross international reserves declining to US \$258 million in 2008, but still representing comfortable import coverage of 5.6 months. External debt remained moderate as it declined marginally to 44.3% in 2008 from 46.2% in 2007.

These rating strengths are tempered by the following factors:

Central government has consistently ran fiscal deficits², averaging 3.6% of GDP in the last three years and among the highest in the OECS region. The main contributor is the government's maintenance of a counter-cyclical fiscal policy even after the resurgence of growth. As such, capital expenditure levels, mainly debt funded, have remained high averaging around 9.3% in the last three years as government seeks to achieve its developmental objectives. As a consequence public debt levels have increased to 65.6% of GDP in 2008. The higher public debt stock has translated into higher interest payments which consumed 11.3% of total revenues in 2008. With the significant decline in grants from EC \$43 million in 2003 to EC \$6.4 million in 2007, there was a greater reliance on commercial financing leading to a higher cost of borrowing.

Saint Lucia's tax base is narrow with a high dependence on international trade taxes which accounted for 34% of total revenues in 2008. Moreover, the existing tax regime is complicated with numerous allowances and various taxes making it difficult to administer and leading to low compliance levels.

The change in government in December 2006 brought about major shifts in economic and foreign policy reflective of fundamental differences between the two main political parties. This contributed to the lack of a smooth transitioning of government in 2007/2008 and a slowdown in economic activity. Some of the key areas of divergence are the identification of core economic drivers, taxation policy and environmental issues. The recent political rumblings among government ministers have now abated. Saint Lucia's political stability is critical to maintaining its creditworthiness, economic activity and international relations.

Crime remains an issue in Saint Lucia and high profile crimes against tourists (in the past) have raised some concerns in its major markets, though no negative travel advisories have been issued.

² Government of Saint Lucia fiscal year runs from April 1st to March 31st.

DETAILED RATIONALE

Monetary and exchange rate stability underpinned by membership in a quasi currency board arrangement

As a quasi currency board, the ECCB has adopted a number of operating parameters which have served to limit exchange rate uncertainty and foster macroeconomic stability. The ECCB maintains external reserves at a level that is at least 60% of its monetary liabilities, and can make temporary advances to member governments amounting to 5% or greater of the government's average annual recurrent revenue. The holdings in any one government's treasury bills cannot exceed 10% of the estimated recurrent revenue of that government, and holdings of other government securities may not exceed 15% of currency in circulation and other demand liabilities. Relative to its Caribbean counterparts, the ECCB enjoys a greater degree of political independence.

The fixed exchange rate peg at EC \$2.70 to US \$1.00, which has been in effect since July 1976, has underpinned price stability, a credible currency and a stable environment conducive to foreign investment and growth. Historically, inflation rates have been low and averaged 3.4% for the period 2005-2007. However, in 2008, increasing inflationary pressures due to steep price increases in international food and fuel prices resulted in an annual average of 7.2%. Notwithstanding, the inflation rates are among the lowest in the OECS. Going forward, CariCRIS expects the underlying inflationary pressures to ease in line with the fall in international crude oil and food prices. The peg to the US dollar resulted in the real effective depreciation of the currency averaging negative 0.2% in the last three years mitigating concerns about the loss of external competitiveness.

The financial sector in Saint Lucia is relatively small with 6 commercial banks, 11 credit unions, 31 insurance companies and 4 offshore banks (it was the last country in the OECS to enter the offshore segment). Licenses for both domestic and offshore banks are issued by the Minister of Finance, with the ECCB having sole responsibility for the supervision of the domestic banking sector, whilst the offshore sector is regulated by the Ministry of Finance. The financial sector remains broadly sound with indicators improving with the acceleration in economic activity. Commercial banks were well capitalized at 15.8% in 2008, well above the regulatory requirement of 8%. Non-performing loans (NPLs) to total loans have steadily declined from a high of 20.6% in 2002 to 6.6% in 2008 attributable both to the economic buoyancy as well as the ECCB directive to reduce this ratio to within 5% by March 2008. Provisioning levels have been adequate averaging around 41% of NPLs in the last three years. There have been no financial sector crises or bank failures in the

recent past and CariCRIS expects the financial system to remain stable in the medium term.

As a member of the Eastern Caribbean Currency Union (ECCU) Saint Lucia has limited monetary policy flexibility. A minimum savings rate is determined by the ECCB whilst the lending rates are market determined contributing to the relatively stable interest rate environment.

The implementation of most of the recommendations in the IMF's FSAP report, dated September 2004, has positively impacted the financial sector and places Saint Lucia ahead of some of its regional peers. A relatively more developed financial and capital market infrastructure exists in the OECS, compared to the other countries in the Caribbean region, and gives the government of Saint Lucia a crucial financing option. This facility is not being adequately utilised. Trading occurs daily, the volumes traded are low and there are only fourteen (14) companies listed on the Eastern Caribbean Securities Exchange. Meanwhile, the Regional Governments Securities Market (RGSM), a regional market for the trading of debt instruments of the member states of the ECCU, operates on a fully electronic platform. There are currently forty-one (41) government securities of which Saint Lucia has seventeen (17) and 1 corporate listed on the exchange.

With respect to preparations for Basel II, the ECCB's plans include assisting member states in drafting financial legislation to address the gaps in their supervisory and regulatory framework. Additionally, it will issue prudential guidelines on the treatment of assets, market, credit and operational risks amongst others.

Relatively diversified economic base and consistent real GDP growth

Saint Lucia's economic base is the most diversified within the OECS region, with the transport and communication (22.3%), financial and business services (15.3%), hotels and restaurants (11.7%), and wholesale and retail (12.1%) sectors propelling growth³. This diversity affords Saint Lucia a greater degree of economic resilience than its OECS peers; this was evident as growth was recorded one year after 9/11. It had the second largest GDP (US \$1,019 million) within the OECS region in 2008, after Antigua & Barbuda (US \$1,217 million). Real GDP grew consistently since 2002, peaking in 2006 at 4.9%, but slowed considerably in 2007 falling to 1.7% as a result of contractions in two key sectors -

³ Figures represent percentage contribution to real GDP in 2008 as received from the Ministry of Finance.

tourism and construction. In 2008, a real growth rate of 2.9% was recorded and the authorities project 1-2% for 2009.

Tourism, the main stay of the economy contributes around 40% to GDP and employment (direct and indirect) and is the largest contributor to foreign exchange earnings. The main markets are the United States of America (USA), United Kingdom (UK) and the Caribbean which accounted for 36.7%, 28.3% and 20.2% of arrivals respectively in 2008. Total tourist arrivals peaked at 947,445 in 2008, surpassing 2007 marginally by 1.8%, driven by cruise arrivals which reached 619,680. Notwithstanding, the global economic turbulence has impacted the tourism sector leading to stoppage or slowdown of some projects, decline of 7.6% in stopover arrivals (January 2009), decline in forward bookings and increasing unemployment. Going forward, CariCRIS expects the deepening of the financial crisis to further impact Saint Lucia's tourism sector.

In the last two years, FDI inflows increased significantly as a large number of private investors took advantage of the CWC incentives proffered for the development of tourism infrastructure. The strategic focus of the tourism authorities is to attract the high end niche market and as such some of the new developments include condominiums and villa type establishments. The credit crunch has impacted financing for some of these projects leading to a slowdown and in some cases stoppage, for example, Le Paradis, Raffles and Ritz Carlton.

The industry continued to face challenges, key ones being, inadequate airlifts, competition from lower costs destinations, changes in US consumer spending patterns, US passport requirements and insufficient marketing in European markets. For example, in September 2008 American Eagle significantly reduced its daily flights from five (5) to one (1) severely affecting the US traffic out of Puerto Rico. In response the authorities have employed certain measures to assuage the effect of these challenges. All airlines operating out of the US are being subsidized. Moreover, the marketing budget was doubled to EC \$50 million which will be used to target the high value niche in its main markets. The government has also concentrated its efforts on improving tourism-related infrastructure, inclusive of the Castries redevelopment and general improvement to the road network.

In light of the slowdown in 2008/2009, the authorities have increased the marketing budget by an additional EC \$5 million and this will be directed towards newer markets such as Mexico, Brazil, China, Russia and Singapore. Additionally, some industry players are discounting by up to 60% to improve their occupancy levels. The authorities hosted the Caribbean Hotel & Tourism Association (CHTA) "Caribbean Marketplace" in mid

January 2009 and rebranded Saint Lucia as a destination. Some 1,515 global industry stakeholders attended the conference. CariCRIS believes the spin off benefits of this venture may be seen in the medium term given the current climate.

The increased number of tourism development projects coupled with CWC projects led to the construction sector's real GDP growth averaging 13% in 2005/2006. However, in 2007, post CWC, the sector's value added contracted by 10.3% and this trend continued into 2008 with a further contraction of 4%. CariCRIS expects construction's value added to continue to fall as many of these construction projects have slowed or stopped.

Saint Lucia's manufacturing base is the most diversified within the OECS region and contributed around 5.7% to real GDP in 2008. The sector is driven mainly by the food and beverage, paper and paperboard and electrical sub sectors which accounted for around 79.7% of the sub-sector's output in 2008.

The outlook for the agriculture sector is not very positive following a secular decline in its contribution to real GDP in the last 7 years to 3.2% (2007) from 6.9% (2001), though there was a marginal improvement in 2008 to 3.8%. Banana, the key sub-sector, faces a bleak future given the proposed Economic Partnership Agreement (EPA) which allows for quota-free and duty-free access into the EU. The implication is that producers will have to compete with larger more efficient producers (particularly from Latin America). To mitigate the decline in this sector, specifically bananas, the authorities have focused their efforts in other areas namely livestock, fisheries and agro-processing. The Taiwanese government is expected to fund development of the infrastructure for these sub-sectors, including a new abattoir and livestock station and greenhouses which focus on high-value crops such as cantaloupe, watermelons, herbs and tomatoes.

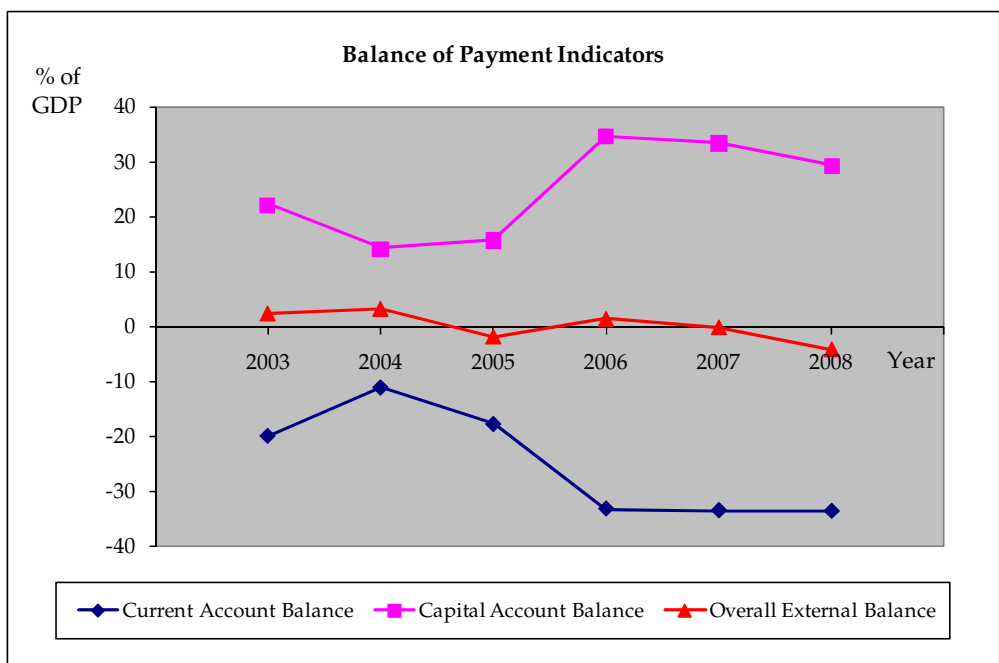
Unemployment declined steadily to a low of 13.9% in the third quarter of 2007, though the rate is significantly higher among the youth and female population. However, in 2008 this trend was reversed and the rate recorded at the end of the year was 16.8%. CariCRIS expects the rate to continue to trend upwards as layoffs were announced in the hotel sector in January 2009 and as the full impact of the financial crisis hits. In response the authorities are directing their efforts towards training in agriculture and other economic activities mainly in the rural areas.

Going forward, CariCRIS anticipates continued pressure on real economic growth given the prevailing downside risks of a fall off in tourist arrivals; slow down in construction and the consequences of the EPA for banana producers.

External sector characterised by moderate BOP performance, relatively low external debt and comfortable import cover

Saint Lucia recorded a BOP deficit in 2008, albeit marginal (0.3% of GDP), after two years of surpluses. Over the last three years the overall external balance has averaged 1% of GDP, attributable largely to higher net inflows on the capital and financial account. The surplus on financial flows declined by 5% to EC \$804 million in 2008 primarily propelled by smaller inflows of FDI associated with a number of hotels and other tourism related projects. Although FDI inflows increased by more than 300% over the last four years to EC \$669 million in 2007 from EC \$219 million in 2004, there was sharp decline in 2008 to EC \$501 million. CariCRIS expects FDI inflows to fall as the global financial crisis deepens and credit condition continues to tighten. The impact has already been felt through the stoppage of key projects such as Raffles, Le Paradis and Ritz Carlton as well as in the delayed commencement of a number of other projects. The slowdown in FDI inflows has contributed to a 15% fall in gross international reserves to US \$258 million, from the prior year’s high of US \$305 million, but still representing comfortable import coverage of 5.6 months. The growth in gross reserves is constrained by high and rising import levels. CariCRIS expects pressure on international reserves to continue into 2009 with the prolongation of the financial crisis and the accompanying retraction in FDI inflows. CariCRIS anticipates an improvement in the current account surplus as FDI inflows decline given its direct correlation with imports.

Chart 1



Source: ECCB Balance of Payments Statistics 2008

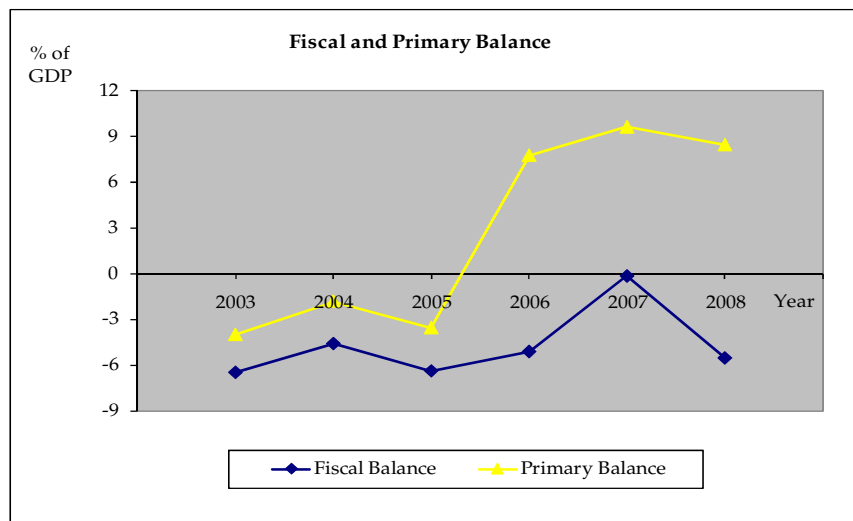
In 2008, Saint Lucia’s external debt position improved marginally to 44.3% of GDP and has averaged 44.6% in the last three years. Saint Lucia has a relatively low debt service ratio compared to its regional peers; averaging 10.5% of exports of goods and non-factor services for the period 2005 to 2007. Remittances are also an important source of foreign exchange earnings and estimated to be around EC \$50-\$60 million per annum, but CariCRIS expects a decline in 2009 as the financial turmoil continues. Gross financing requirement to reserves deteriorated in the last three years averaging 115% compared to an average of 76% in the prior three years. The exchange system is free of restrictions for both current and capital transactions and there have been no instances of default on debt in the recent past.

These rating strengths are tempered by the following factors:

Consistent central government fiscal deficits leading to increasing debt stock

Central government has consistently run fiscal deficits averaging 3.6% of GDP over the last three years. These deficits arise from government’s continued pursuit of a counter-cyclical fiscal policy which began with the downturn in 2001/02, as government maintained its level of expenditure even after the resurgence of growth. Capital expenditure has increased steadily to 11% in 2008 from 7% of GDP in 2004 and averaged 9.3% over the last three years. Capital expenditure has been funded by current account surpluses (averaging 5.3% of GDP) and debt given the significant fall off in grants since 2004. In 2008, there was deterioration in the overall fiscal deficit to 5.5% from 0.1% of GDP in 2007 due to marginal revenue growth and increasing recurrent and capital expenditure.

Chart 2



Source: ECCB Balance of Payments Statistics 2008

The heavy reliance on debt funding has resulted in a more than doubling of the debt stock in the last decade. The public sector debt stock has grown steadily and in 2008 represented 65.6% of GDP. This ratio is above the ECCB's recently stipulated benchmark of less than 60% of GDP to be attained by all OECS countries by the year 2020. CariCRIS believes this would be a challenge for the authorities given that the strategy is to focus on growing GDP rather than decreasing debt.

The increasing debt levels are mirrored in higher interest payments which accounted for 14.4% of recurrent expenditure in 2008 up from 11% in 2002 and consumed 11.3% of total revenues in 2008 up from 10% in 2002. With the significant decline in grant funding from EC \$43 million in 2003 to EC \$6.4 million in 2007, there was a greater reliance on commercial funding. On the domestic side, loans from commercial banks increased to EC \$166 million in 2007 compared to EC \$31 million in 2004 leading to higher funding costs. The central government primary balance recorded a surplus of 5.8% of GDP in 2008.

In the medium term, CariCRIS expects the government to remain in a fiscal deficit position and debt stock levels to continue to rise given government's developmental plans and pressures to stimulate economic growth and maintain employment levels. As such the fiscal situation in Saint Lucia is expected to remain tenuous for some time and CariCRIS believes expenditure pressures would have to be counterbalanced by increases in revenue collection and containment of discretionary expenditure.

Limited fiscal flexibility emanating from a narrow tax base with high dependence on international trade taxes and low compliance levels

Saint Lucia's tax base is narrow with a high dependence on international trade taxes which limits its fiscal flexibility. The main revenue sources are taxes on international trade (34%), income and profit (26%) and domestic goods and services (32%). CariCRIS expects with the slowdown in economic activity, revenue earning capacity will be under pressure, but anticipates an improvement in the medium term with the proposed introduction of a Value Added Tax (VAT) system in April 2010. The personal income tax structure is complicated with around 26 allowances rendering its administration challenging and burdensome leading to low compliance levels. Compliance levels are also low for property taxes which are also fraught with administrative challenges. Also impacting collections in this segment was CWC related tax exemptions offered to households. However, the revaluation of properties exercise should be completed in the first quarter of 2009 after which a new system using market values will be implemented. The current administration plans to review the existing tax regime with the objective of

improving efficiency and simplification of the system. CariCRIS expects greater fiscal flexibility in the medium term with the planned introduction of a broad-based tax which could lead to a simplification of the existing regime and higher compliance levels.

High and rising non-discretionary expenditure also severely limits fiscal flexibility. Wages and salaries and transfers and subsidies accounted for 46% and 13% of recurrent expenditure respectively in 2008. In 2008, public sector wage negotiations yielded an increase of 14.5% for the triennium April 2007 to March 2010, further expanding the wage bill. The overall impact is an increase in government's wage bill by around EC \$24 million in the first year reflecting back payments and the 4% increase for the second year. Going forward, CariCRIS expects further pressures with the implementation of the final increase of 7.5% in April 2009. In January 2008 the government increased the prices of all petroleum products and this resulted in some easing of the fiscal pressures recording surpluses with the fall in petroleum prices.

Delays encountered in receiving budgeted grant funds which contributed to a slowdown in the implementation of the economic programme

The change in government in late 2006 resulted in a slowdown in implementation of the economic programme primarily due to the major differences in foreign policy between the two main political parties. This disparity has impacted the access to grant funding and led to the stoppage of some key projects that were being funded by the People's Republic of China as the United Workers Party (UWP) is more closely aligned with Taiwan. In the last two years the disbursement of funding from the Taiwanese was slower than anticipated and as such a number of the projects did not commence. It was recently announced that some of these projects will resume in 2009. CariCRIS believes that these identifiable differences between the two political parties have contributed to a slowdown in the execution of the public sector investment programme (PSIP) in the last 2 years.

Another area of divergence stems from differences in macroeconomic policy; the main ones are identification of key economic growth drivers, taxation policy (introduction of VAT), environmental issues and subsidization of airlines.

Additionally, political rumblings among ministers in the current government affected the stability of the party. With the resignation of the former National Development and Economic Planning Minister and reshuffling of the cabinet in June 2008 it appears that these rumblings have now been quelled. As such, the government seems more settled and have begun execution of its economic programme. Saint Lucia's rating is hinged on its

political stability, as political volatility could severely impact its creditworthiness. Political instability/uncertainty can have a resounding effect on economic performance impacting growth, investor confidence and international relations with implications for accessing foreign aid.

Whilst the impact of crime levels has been minimal thus far, CariCRIS believes significant increases can have a grave impact on the tourism industry and investor confidence. Although there are no negative travel advisories, high profile crimes against tourists have raised concerns in the major tourist markets. The authorities have moved quickly to curb the crime menace by implementing a number of measures. These include increasing the size of the police force as well as their presence in key areas and providing additional equipment.

Generally the industrial relations climate in Saint Lucia has been peaceful and the trade unions seem to be aligned to the major political parties. The modus operandi of the unions is one of collaborative discussions rather than the use of militant acts. CariCRIS does not anticipate any major labour related disruptions to the social fabric in the near term.

Rating Sensitivity Factors

- Significant changes in the fiscal position
- Significant changes in the debt stock levels
- Significant changes in the external indicators

ABOUT THE SOVEREIGN

Saint Lucia, ‘Helen of the West Indies’, lies roughly between 60 and 61 degrees west longitude and 13 and 14 degrees north latitude. The island is situated in the Eastern Caribbean, at the northern end of the Windward Islands chain, 33.6 km (21 miles) north of Martinique, 40 km (26 miles) south of St Vincent and the Grenadines and 126 km (110 miles) northwest of Barbados. The total area of Saint Lucia is approximately 616 km² (238 square miles).

Total population is estimated at 175,678 persons (2008 mid-year estimates), with the majority of the population living around the capital, Castries. The majority of the population are of African ancestry (90%), with the minority comprising mulattoes (6%), East Indians (3%) and Europeans (1%). The population growth rate is estimated at 2.6% per annum. Average life expectancy is 73.7 years. Infant mortality is estimated at 23.5 deaths per 10,000 live births in 2007. The official language is English but French patois is widely spoken.

Tourism is the main stay of the economy contributing about 11.7% to real GDP in 2008. The main markets are the United States of America (USA), United Kingdom (UK), Caribbean and Canada. Agriculture, specifically bananas, plays a significant role in the economy but has been on the decline. There is a small manufacturing sector, the most diverse in the Eastern Caribbean, producing clothing, beverages, corrugated cardboard boxes, as well as the assembly of electronic components and the processing of lime and coconut. A relatively small financial sector also exists. The unemployment rate is estimated at 16.8% as at December 2008.

SELECTED ECONOMIC & SOCIAL INDICATORS

	2008	2007	2006	2005	2004	2003	2002
Income & Economic Structure							
Nominal GDP (US \$ Mn)	1,018.9	955.2	912.7	850.1	797.8	742.9	701.3
Nominal GDP per capita (US \$)	4,761.9	4,658.5	4,477.8	4,282.2	4,055.2	3,843.3	3,717.0
Real GDP Growth (%)	2.9	1.7	4.9	4.6	3.8	3.5	0.8
Unemployment rate (%)	15.7	14.1	16.6	17.0	22.3	21.0	20.4
Human Development Index	66/179	72/177	71/177	76/177	79/177	71/175	66 /173
	2008	2007	2006	2005	2004	2003	2002
Fiscal Accounts (% of GDP)							
Central Gov't Current Revenue	28.2	28.4	26.2	24.2	24.9	23.0	23.5
Central Gov't Current Expenditure	23.0	22.0	22.0	20.9	22.7	23.1	21.4
Central Gov't Current Balance	5.2	6.5	4.2	3.3	2.2	(0.1)	2.2
Central Gov't Capital Expenditure	11.2	6.8	9.9	9.9	7.2	9.0	7.3
Central Gov't Primary Balance (after grants)	8.5	9.6	7.8	(3.5)	(1.8)	(4.0)	(0.1)
Central Gov't Overall Balance (after grants)	(5.5)	(0.1)	(5.1)	(6.4)	(4.6)	(6.5)	(2.4)
Central Gov't Gross Debt	58.0	61.1	58.6	56.5	55.1	47.8	41.1
General Gov't Gross Debt	65.6	64.5	69.1	68.6	70.0	63.1	55.9
	2008	2007	2006	2005	2004	2003	2002
Monetary, Financial & Exchange Rate Indicators							
Consumer Price Index (end of period)	3.8	6.8	0.7	5.2	3.5	0.5	(0.7)
Consumer Price Index (annual average)	8.2	2.8	3.6	3.9	1.5	1.0	(0.3)
Credit to the private sector & NFPE (% GDP)	130.7	126.1	101.6	83.5	76.6	74.7	82.0
Credit to the private sector & NFPE (YOY change %)	11.3	28.0	22.9	16.2	10.2	-3.6	0.8
Non-Performing Loans/Total Loans (%)	6.6	5.8	8.5	12.6	17.3	17.7	20.6
Provision for NPL (% of NPL)	37.5	45.5	40.1	40.4	36.1	42.2	28.2
Banking Sector Capital Adequacy Ratio (%)	15.8	20.4	18.2	16.2	18.0	16.5	14.7
Real Effective Exchange Rates (YOY change %)	4.5	(3.4)	(1.7)	0.1	(5.0)	(5.1)	(3.1)
	2008	2007	2006	2005	2004	2003	2002
External Sector Indicators							
Current Account Balance (% GDP)	(29.7)	(31.4)	(33.2)	(17.7)	(11.0)	(19.8)	(15.1)
Capital & Financial Account Balance (% GDP)	29.4	33.4	34.6	15.9	14.3	22.3	15.9
Overall External Balance (% GDP)	(0.3)	1.9	1.5	(1.8)	3.4	2.5	0.8
External Public Debt (% GDP)	44.3	46.2	43.2	44.1	45.8	45.1	36.2
Gross International reserves (US\$ Mn)	258.4	304.6	262.6	237.1	238.0	175.5	129.4
Gross International reserves (in months of imports)	5.6	6.7	5.0	3.0	4.0	2.0	2.0
Total Debt Service (% of exports of GNFS)	23.5	41.6	11.7	10.4	8.8	8.4	10.8
Gross Financing Requirements / Reserves (%)	115.6	113.6	116.2	79.0	51.5	98.3	107.9

Source: Eastern Caribbean Central Bank (ECCB) and Government of Saint Lucia