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This paper provides background information to the staff report on the 1981 Article IV consultation discussions with St. Vincent and the Grenadines, which was circulated as SM/81/122 on May 21, 1981 and has been proposed for Executive Board discussion on Wednesday, June 17, 1981.

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INTERNATIONAL MONLTARY FUND

ST VINCENT AND THE GRENADINES

Recent Economic Developments

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St. Vincent - Basic Data

Area and population

Area	150 sq. miles (388 sq. kilometers)
Population (end-1980)	122 thousand
Annual rate of population increase (1975-80)	2.0 per cent

GNP per capita (1980)

SDR 384

Origin of GDP at factor cost (1980)

(per cent)

Agriculture and fishing	14
Manufacturing	14
Construction	12
Government	17
Other	43

Ratios to GDP (1980)

Exports of goods and services	71.6
Imports of goods and services	104.4
Central government revenue <u>1/</u>	34.9
Central government expenditure <u>1/</u>	41.5
External public and government-guaranteed debt (June 1980) <u>1/</u>	20.2
Gross domestic savings	-7.8
Investment	25.4
Money and quasi-money (end of year)	48.0

Annual changes in selected economic

<u>indicators</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>Est.</u>
		(per cent)		<u>1980</u>
Real GDP per capita (at factor cost)	0.3	10.4	-2.5	-0.9
Real GDP (at factor cost)	3.5	14.7	-0.6	1.1
GDP at current prices	14.8	30.9	9.2	20.4
Domestic expenditure (at current prices)	27.1	8.9	24.1	18.3
Investment	(55.0)	(4.9)	(22.7)	(21.4)
Consumption	(21.8)	(9.9)	(24.4)	(17.6)
GDP deflator	9.1	15.6	7.4	20.8
Consumer prices (end of period)	7.4	11.1	17.5	18.9
Central government revenue <u>2/</u>	22.7	22.7	25.2	9.6
Central government expenditure <u>2/</u>	6.9	37.1	27.1	5.0
Money and quasi-money	13.8	22.9	13.2	6.4
Money	(18.4)	(28.7)	(15.4)	(-0.8)
Quasi-money	(11.7)	(20.2)	(12.2)	(10.0)
Net commercial bank assets <u>3/</u>	28.2	25.1	3.5	14.6
Credit to public sector (net)	(4.8)	(-6.0)	(--)	(-0.7)
Credit to private sector	(22.8)	(29.7)	(9.6)	(22.6)
Merchandise exports (f.o.b., in U.S. dollars)	2.9	66.4	-12.4	7.1
Merchandise imports (c.i.f., in U.S. dollars)	27.9	19.5	28.2	23.3
Travel receipts (gross, in U.S. dollars)	7.3	88.1	64.0	34.6

<u>Central government finances 2/</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>Proj, 1980</u>
	<u>(millions of East Caribbean dollars)</u>			
Revenue	34.0	41.7	52.2	57.2
Expenditure	-35.6	-48.8	-62.0	-65.1
Current account surplus or deficit (-) (excluding grants)	0.2	-5.4	-0.1	-2.4
Overall surplus or deficit (-)	-1.6	-7.1	-9.8	-7.9
External financing (net)	-2.0	6.0	10.2	6.7
Internal financing (net) and residual	3.6	1.1	-0.4	1.2

<u>Balance of payments</u>	<u>(millions of U.S. dollars)</u>			
Merchandise exports (f.o.b.)	10.7	17.8	15.6	16.7
Merchandise imports (c.i.f.)	-30.3	-36.2	-46.4	-57.2
Travel (net)	4.4	8.9	14.0	21.2
Other services and private transfers (net)	8.8	9.2	6.2	7.4
Balance on current and private transfer accounts	-6.4	-0.3	-10.6	-11.9
Official transfers and capital (net)	3.2	3.8	6.7	7.7
Private capital (net) and errors and omissions	3.7	-3.8	3.8	3.8
SDR allocation	--	--	--	0.2
Change in official net reserves (increase -)	-0.5	0.3	0.1	0.2

IMF data (as of April 30, 1981)

Decision with respect to Article VIII or Article XIV status not yet communicated to Fund	
Intervention currency and rate	U.S. dollar at EC\$2.70 per US\$
Present quota	SDR 2.60 million
Cumulative purchases	SDR 2.05 million
Reserve tranche	SDR 0.32 million
Credit tranches	SDR 0.43 million
Compensatory financing facility	SDR 1.30 million
Cumulative repurchases	--
Fund holdings of East Caribbean dollars under tranche policy	107.7 per cent of quota
Total Fund holdings of East Caribbean dollars	157.7 per cent of quota
Special Drawing Rights Department	
Cumulative SDR allocation	SDR 0.35 million
Net acquisition or utilization (-) of SDRs	-SDR 0.14 million
Holdings of SDRs	SDR 0.21 million

1/ FY 1979/80.

2/ Fiscal year beginning July of the year mentioned.

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

## I. The Domestic Economy

St. Vincent and the Grenadines--a chain of islands in the Eastern Caribbean--has a total area of 150 square miles, an estimated population of 122,000, and a per capita GDP estimated at US\$495 in 1980. The economic development of the country has traditionally been based on agricultural exports, especially bananas, arrowroot, and vegetables. More recently there has been substantial growth in tourism and a small export-oriented manufacturing sector has emerged. A volcanic eruption in 1979 and a hurricane in 1980 did considerable damage to the economy, particularly in agriculture.

### 1. Trends in production and expenditure

The economy of St. Vincent stagnated during the first half of the 1970s due to falling world prices and declining production of its main exports (bananas and arrowroot), together with the effects of the quadrupling of oil prices. However, both private and public expenditures levels were sustained by growing private remittances from abroad, and to a lesser extent, by U.K. budgetary assistance. These external inflows covered large resource gaps and made possible consumption levels considerably in excess of GDP.

In efforts to improve the economic situation, the Government placed strong emphasis on export diversification and on fostering the development of a manufacturing sector. These policies, combined with an improvement in the external situation, resulted in rapid economic growth between 1975 and 1978, with real GDP at factor cost increasing at an average annual rate of 8 per cent (Table 1).<sup>1/</sup> The economy was particularly buoyant in 1978 when GDP rose by an estimated 15 per cent in real terms, boosted by an increase of 65 per cent in manufacturing output, as new factories were completed, and an 84 per cent increase in tourism volume.

Because of the effects of the eruption of the La Soufriere volcano in 1979, agricultural output declined by 25 per cent (Statistical Appendix Table 17). Bananas, which make up almost half of domestic exports, were hit particularly hard. However, further industrial growth, a strong rise in tourism, and the impact of a high level of public investment spending offset most of the drop in agriculture. Thus, real GDP at factor cost declined by only 0.6 per cent in 1979.

The economic recovery which began in late 1979 was aborted by Hurricane Allen in August 1980. The damage caused by the hurricane was especially large in the agricultural sector, where output declined by

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<sup>1/</sup> No official national accounts statistics are compiled in St. Vincent. The Caribbean Community (CARICOM) Secretariat has prepared estimates of GDP at factor cost for the period 1975-79, which have been adopted by the Ministry of Finance of St. Vincent and are used in this report. However, there are indications that these estimates seriously underestimate GDP, particularly in agriculture and tourist-related services.



10 per cent. However, manufacturing output rose by about 19 per cent in real terms with the startup of a dairy plant and an industrial glove factory, and further increases in the production of other items. In the preceding year, a rapid increase in tourism also helped to offset the drop in agriculture. Real GDP at factor cost rose by about 1 per cent in 1980.

Table 1. St. Vincent: Nominal and Real Gross Domestic Product

	1975	1976	1977	1978	1979	1980
(In millions of East Caribbean dollars)						
Nominal GDP at market prices	70.5	82.7	94.9	124.2	135.6	163.2
Nominal GDP at factor cost	60.5	71.0	80.2	106.3	113.5	138.6
Real GDP at factor cost (1976 prices)	66.7	71.0	73.5	84.3	83.8	84.7
(Index 1976=100)						
GDP deflator (at factor cost)	90.7	100.0	109.1	126.1	135.4	163.6
Retail price index (annual average)	89.9	100.0	110.2	119.5	138.1	161.9
(Annual percentage changes)						
Nominal GDP at market prices	17.3	14.8	30.9	9.2	20.4	
Nominal GDP at factor cost	17.4	13.0	32.5	6.8	22.1	
Real GDP at factor cost	6.5	3.5	14.7	-0.6	1.1	
GDP deflator	10.3	9.1	15.6	7.4	20.8	
Retail price index	11.3	10.2	8.4	15.6	17.2	

Sources: Statistical Appendix Tables 15 and 16.

GDP is expected to increase by around 8 per cent in 1981 as agricultural production rebounds and further gains are registered in manufacturing output. It appears that tourism will show only modest gains in 1981, in line with the slowdown of tourism in the Caribbean area.

From 1975 to 1978 gross domestic expenditure increased more slowly than GDP at current market prices and the resource gap (the balance of payments deficit on goods and nonfactor services) declined from 52 per cent of GDP to about 19 per cent of GDP (Table 2 and Statistical Appendix Table 15). However, in 1979 and 1980 the resource gap widened to 36 per cent of GDP and 33 per cent of GDP, respectively, due to the disruption

caused by the natural disasters and the high level of project-related spending. This gap was covered mainly by remittances from abroad, foreign assistance (including U.K. budgetary grants), and project loans from the Caribbean Development Bank (CDB).

Table 2. St. Vincent: GDP by Expenditure  
(Annual percentage changes)

	1976	1977	1978	1979	Est. 1980
<u>Consumption</u>	<u>1.0</u>	<u>21.8</u>	<u>9.9</u>	<u>24.4</u>	<u>17.6</u>
Central Government	4.5	8.5	27.7	23.4	10.2
Private	--	25.4	5.1	24.8	20.0
<u>Gross domestic investment</u>	<u>-7.1</u>	<u>55.0</u>	<u>4.9</u>	<u>22.7</u>	<u>21.4</u>
Central Government	52.6	31.0	13.2	66.3	25.9
Private	-21.2	67.3	1.6	1.0	18.2
<u>Gross domestic expenditure</u>	<u>-0.4</u>	<u>27.1</u>	<u>8.9</u>	<u>24.1</u>	<u>18.3</u>
Exports of goods and nonfactor services	78.5	7.7	83.7	19.6	16.9
Imports of goods and nonfactor services	9.5	30.3	23.6	38.0	15.4
<u>GDP at market prices</u>	<u>17.3</u>	<u>14.8</u>	<u>30.9</u>	<u>9.2</u>	<u>20.4</u>

Source: Statistical Appendix Table 15.

During the period 1976-80, gross domestic investment was quite strong; it averaged about 24 per cent of GDP (Table 3). Reflecting high project-related spending and reconstruction requirements in 1979 and 1980, the Central Government's capital outlays increased from one third of total domestic investment in 1976 to almost one half in 1980. During the same period, private investment averaged about 15 per cent of GDP. In 1977 private investment was exceptionally strong as a result of the installation of a flour mill and a banana-box plant.

With the exception of 1978, total consumption during the period exceeded GDP, resulting in negative domestic savings of about 8 per cent of GDP on average. Central government dissavings averaged about 2 per cent of GDP during 1976-80, while private dissavings averaged 5 per cent. In spite of the negative domestic savings, high levels of total investment and consumption during the 1975-80 period were made possible by the

inflows of private remittances which averaged 19 per cent of GDP and by foreign savings (as measured by the deficit in the current account of the balance of payments) which averaged 13 per cent of GDP.

Table 3. St. Vincent: Investment and Saving Ratios

(As per cent of GDP)

	1976	1977	1978	1979	Est. 1980
<u>Gross domestic investment</u>	<u>20.7</u>	<u>27.9</u>	<u>22.4</u>	<u>25.2</u>	<u>25.4</u>
Central Government	7.0	8.0	6.9	10.6	11.0
Private	13.7	19.9	15.5	14.6	14.3
<u>Gross domestic savings</u>	<u>-8.7</u>	<u>-15.4</u>	<u>3.1</u>	<u>-10.4</u>	<u>-7.8</u>
Central Government <u>1/</u>	-5.9	-1.8	-2.1	-1.8	-0.6
Private <u>2/</u>	-2.8	-13.6	5.2	-8.6	-7.2
<u>Net factor services</u>					
<u>income (including</u>					
<u>private remittances)</u>	<u>24.7</u>	<u>25.1</u>	<u>18.7</u>	<u>14.5</u>	<u>13.5</u>
<u>Balance of payments on cur-</u>					
<u>rent account (deficit -)</u>	<u>-4.7</u>	<u>-18.2</u>	<u>-0.6</u>	<u>-21.1</u>	<u>-19.7</u>

Sources. Table 11, and Statistical Appendix Table 15.

1/ Excludes net factor service income.

2/ Includes the rest of the public sector.

## 2. Sectoral developments

### a. Agriculture

Agriculture provides about two thirds of total employment and more than two thirds of domestic exports.<sup>1/</sup> The main crops are bananas, arrowroot, coconut, and food crops such as sweet potatoes, carrots, eddoes, and dasheens. St. Vincent also grows and exports small quantities of nutmeg and mace. Sugarcane production, which was important some 20 years ago, is being reintroduced.

Adverse weather conditions and falling world prices depressed output and exports during the early 1970s, and by 1975 production of both bananas and arrowroot had declined about 40 per cent below the levels registered

1/ Excluding re-exports.

in the second half of the 1960s. Rehabilitation programs, more favorable weather, and improved world prices contributed to a strong recovery during the period 1976-78. However, in 1979 and 1980 successive natural disasters reduced output by about 25 per cent and agriculture's share of GDP is estimated to have declined from 19 per cent in 1978 to only 14 per cent in 1980 (Statistical Appendix Table 19).

Bananas are the main crop, contributing 43 per cent of domestic exports in 1978. The area under production is around 7,500 acres (more than a quarter of the total crop and pasture land), mostly in small holdings. Output reached a ten-year peak of close to 72 million pounds in 1978, but it declined in 1979 to 63 million pounds as a consequence of the volcanic eruption and it fell further to an estimated 53 million pounds in 1980 as a result of the hurricane (Statistical Appendix Table 20). In 1981, however, with the help of rehabilitation programs financed by foreign aid, output is expected to equal or surpass the 1978 peak.

Arrowroot, the second most important export crop, accounts for about 5 per cent of domestic exports. Production fell during the late 1960s and early 1970s as a result of a decline in world prices that resulted from the expansion of production of substitute starches. However, the discovery of new uses for arrowroot starch in the computer software industry and in diet foods has resulted in a strengthening in world prices since the mid-1970s. The area under cultivation expanded from 750 acres in 1977 to about 850 acres in 1980, but output declined marginally because of inadequate processing capacity which prevented processing of the full crop.

Production of coconuts, the third most important export crop, averaged about 8 million pounds a year during 1975-77, rose to almost 12 million pounds in 1978, but fell back to about 11 million pounds a year in 1979 and 1980 due to damage to the trees following the natural disasters. The production of nutmeg and mace averaged about 0.3 million pounds during 1975-78, rising to about 0.4 million pounds in 1979 and 1980. In 1980 the nutmeg crop was severely damaged by the hurricane and will take several years to recover.

Sugarcane, which was produced in St. Vincent before 1962, has recently been reintroduced. At present about 700 acres are under sugarcane. The target for the 1983-84 crop year is for 2,500 acres producing some 10,000 tons of sugar. Domestic requirements are estimated at around 5,000 tons.

#### b. Manufacturing and construction

In recent years, the Government in recent years has actively promoted light industry in St. Vincent. The Development Corporation (DEVCO), which was set up in 1970, encourages investment in industry and tourism by providing long-term finance and developing industrial sites and buildings.

So far, ten factory shells totaling 129,000 square feet have been completed; three of these, totaling 48,000 square feet, were completed in 1980. All available space is occupied. In addition, a number of foreign private investors have issued firm commitments to begin operations by 1982.

Prior to 1977, most industrial activity consisted of the basic processing of agricultural products. Three export-oriented industries (a flour mill, a yacht factory, and a banana-box plant) were completed in 1978 and value added in the industrial sector rose by 65 per cent in real terms. In 1980, a government-owned dairy plant and an industrial glove factory began operating, and in 1981, manufacturing output will be boosted by the coming on stream of a children's wear factory, a galvanized sheet factory, a cable television component assembly plant, an animal feed mill, and a government-owned sugar mill. The latter is a refurbished, 30-year old factory bought from Trinidad and Tobago at a cost of EC\$23 million, financed jointly by CDB (EC\$15.3 million), the Government of Trinidad and Tobago, and the Government of St. Vincent. The share of manufacturing in GDP rose from 6 per cent in 1976 to 14 per cent in 1980.

Construction activity in recent years has been stimulated by the expansion of manufacturing and tourism, and by increased government investment. However, the growth of activity in the sector moderated somewhat in 1980 as the Housing and Land Development Corporation, which is engaged in building low-cost housing, stopped most of its construction work due to financial difficulties.

### c. Tourism

A boom in tourism in recent years has been a major stimulus to the economy, as the country has benefited from rapid growth in yacht chartering and cruise-ship traffic. The total number of visitor-days more than tripled in the last five years, total tourist receipts quintupled, and by 1979 gross earnings from tourism surpassed total domestic exports. Tourist receipts, increased by over 60 per cent in 1979 and by a further 35 per cent in 1980.

### 3. Energy

St. Vincent depends heavily on imported fuel for its energy requirements, the value of fuel imports accounted for about 6 per cent of total imports during 1975-79 and rose to about 9 per cent in 1980. The volume of imports of gasoline, kerosene, and diesel increased by about 10 per cent a year over the past five years to the equivalent of 3.9 million imperial gallons in 1980 (see below, Section IV). The Government allows all increases in landed costs of petroleum products to be passed on to consumers; specific taxes on petroleum products have not been revised since 1975 (Appendix B). Retail prices of petroleum products are currently EC\$4.84 per imperial gallon for gasoline, which is equivalent to US\$1.79 per U.S. gallon.

The St. Vincent Electricity Company, jointly owned by the Government and the Commonwealth Development Corporation (CDC), has two diesel-powered stations and two hydroelectric stations. In 1980, the diesel generators accounted for about two thirds of the total electric power generated. Electricity production expanded rapidly from 1975 to 1978, but rose more slowly in 1979 and 1980, due mainly to frequent blackouts following a breakdown in one of the diesel generators in 1979. Losses in transmission (due primarily to old lines) are relatively high and rose from about 15 per per cent of total electricity production in 1975 to 21 per cent in 1980. Tariff increases of 18 per cent and 15 per cent were approved by the Government in January 1980 and February 1981, respectively. A fuel surcharge was introduced in November 1973, allowing the company to pass on to customers the increment in fuel costs over the October 1973 base. Thus, electricity rates were raised by 12 per cent during 1974-78, 29 per cent in 1979, and 42 per cent in 1980.

#### 4. Prices, wages, and employment

##### a. Prices

The rate of increase in consumer prices averaged 11 per cent a year during 1975-78, and accelerated to 17.5 per cent in 1979 and almost 19 per cent in 1980 (Statistical Appendix Table 22). These increases mainly reflect the behavior of import prices and in 1979-80 scarcities of basic necessities following the natural disasters.

Price controls are administered by the Ministry of Trade and Agriculture and consist mainly of allowable margins at the wholesale and retail levels for "essential" imported goods (e.g., cement, lumber, poultry feed, meat and meat preparations, bacon, milk and dairy products, fish and fish preparations, potatoes, onions, fruit juices, fishing equipment, rice, sugar, salt, biscuits, and some drugs). The margins generally range from 5 to 17 per cent of landed costs at the wholesale level, and a further 12 to 40 per cent for retail trade. These margins are reviewed periodically. In the last three years the list of items under control was expanded to include drugs and medicines. The inclusion of certain manufactured goods is under consideration. Prices of some locally produced goods such as meat, fresh fish, copra, and flour are also controlled, as are the prices of petroleum derivatives (Statistical Appendix Table 21).

##### b. Wages

St. Vincent does not prepare an official wage index, but the fragmentary information available from the Labor Commissioner's Office on recent wage settlements in unionized industries suggests that wages in the private sector at least matched price movements in recent years. For example, workers at the Bottlers Ltd. and Cable and Wireless received 16 per cent a year average increases in wages during 1976-80 as against a 13 per cent average yearly rise in consumer prices during that period.

In the public sector salaries were raised by 50 per cent in 1978, the first increase since 1970 except for an interim cost of living adjustment granted in 1975, which was consolidated into the 1978 increase. According to the official index, consumer prices more than doubled in the 1970-77 interval. In February 1981, monthly-paid workers at the Central Water Authority went on strike in support of their demand for a salary increase of 70 per cent. In May 1981, after a second strike which lasted three weeks, a 54 per cent increase was granted to workers over a three-year period, consisting of 25 per cent for January to April 1981, a further 5 per cent from May to December 1981, 10 per cent for 1982, and 8 per cent for 1983.

There are eight trade unions that are active in St. Vincent. The largest are the Commercial, Technical and Allied Workers' Union (some 2,400 members), the St. Vincent Union of Teachers (800 members), the Civil Service Association (500 members), and the National Workers' Movement (100 members). The other (smaller) unions are the National Workers' Union, the National and Progressive Workers' Union, the Workers and Peasants' Union, and the National Farmers' Union. Industrial relations have been generally calm in recent years, although toward the end of 1980 and in early 1981 there were several disputes between unions vying for recognition from the company management, and strikes for higher wages.

Wage disputes may be referred by employees or employers to the Labor Commissioner for conciliation. The latter also is responsible for conducting polls to determine the preference of workers between unions vying for recognition; such polls are made at the request of the company management.

The Government also issues statutory rules and orders setting the minimum wages for shop assistants (currently EC\$160 per month), industrial workers (EC\$10.40 per day), agricultural workers (EC\$8 per day), and domestic workers (EC\$100 per month, without meals). The minimum wages were last revised in 1979, when they were raised by about 77 per cent on average over the 1973 level. Wage levels in St. Vincent are somewhat lower than in neighboring islands, a factor which has contributed to St. Vincent's success in recent years in attracting foreign investment (Statistical Appendix Table 23).

#### c. Population and employment

The population of St. Vincent and the Grenadines is estimated at 122,000. The last population census took place in 1970. A new census was taken in 1980 but the results are not available. There are no reliable data available on employment. However, with the economic upswing since 1976 unemployment appears to have decreased. The number of new jobs created in the industrial sector over the past three years is around 900, which is equivalent to some 3 per cent of the labor force.

## II. The Public Sector

The major components of the public sector are the Central Government, the Kingstown Municipal Board, and eight nonfinancial public enterprises. There is also a National Provident Fund, as well as a number of public financial institutions, the operations of which are discussed in Section III. The Central Government includes the operations of the Airport, the Harbor Office, and the Post Office.<sup>1/</sup> The Central Government accounts for about 90 per cent of revenue and expenditure of the consolidated public sector. The remainder mainly represents the public enterprises, with the Kingstown Municipal Board accounting for less than 2 per cent of revenue and expenditure.

### 1. Overall public sector trends

The public finances strengthened in the 1975/76-1977/78 period, as the current account of the consolidated public sector shifted from a deficit of 5 per cent of GDP to a surplus of 1.5 per cent of GDP.<sup>2/</sup> However, in 1978/79 and 1979/80, the current account moved back into deficits of 3 per cent and 1 per cent of GDP, respectively (Table 4). Developments in the overall position of the public sector paralleled that of the current account, with an improvement in the 1975/76-1977/78 period followed by a deterioration in the next two fiscal years.

The strengthening of the public sector finances in the three years through 1977/78 was centered in the Central Government and reflected buoyant tax revenues and restraint on current expenditures, the latter declined by the equivalent of almost 5 percentage points relative to GDP over the three-year period. The weakening of public sector operations in 1978/79 was mainly the result of a 50 per cent increase in central government salaries. Subsequently, in 1979/80, the central government current account shifted to approximate equilibrium as revenues were strengthened by the introduction of tax measures, but the finances of the rest of the public sector worsened appreciably. Capital outlays and net lending in the past two fiscal years rose substantially, boosted by higher inflows of foreign assistance and loans from the Caribbean Development Bank (CDB).

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<sup>1/</sup> The major public enterprises are the Arrowroot Industry Association, the Banana Growers' Association, the St. Vincent Electricity Services, the Housing and Land Development Corporation, the Marketing Corporation, the Philatelic Services, the Port Authority, and the Central Water Authority. The Port Authority and the Central Water Authority are excluded from the figures for the consolidated public sector in this report because of insufficient accounting information. The Government also owns a hotel, a ship, an aircraft, and a sugar factory, and a share of a dairy plant, the operations of these entities also are excluded because of lack of information. The Airport, the Harbor Office, and the Post Office are treated as departmental enterprises in this report as it was not possible to separate their accounts from those of the Central Government.

<sup>2/</sup> Unless otherwise stated, all figures in this section relate to a financial year ending June 30.



Table 4. St. Vincent: Public Sector Operations

1975/76 1976/77 1977/78 1978/79 1979/80

(In millions of East Caribbean dollars,

<u>Total revenue and grants</u>	<u>26.3</u>	<u>32.1</u>	<u>37.4</u>	<u>46.1</u>	<u>54.6</u>
Current revenue	20.3	25.5	31.3	37.6	45.0
Current grants	3.3	2.0	1.7	5.2	3.4
Capital revenue and grants	2.7	4.6	4.4	3.3	6.2
<u>Total expenditure and</u>					
<u>net lending</u>	<u>29.2</u>	<u>36.1</u>	<u>39.9</u>	<u>52.5</u>	<u>68.7</u>
Current expenditure	24.2	26.7	29.8	41.2	47.0
Capital expenditure and net lending	5.0	9.4	10.1	11.3	21.7
<u>Current account surplus or</u>					
<u>deficit (-)(excluding</u>					
<u>grants)</u>	<u>-3.9</u>	<u>-1.2</u>	<u>1.5</u>	<u>-3.6</u>	<u>-2.0</u>
<u>Overall deficit (-)</u>	<u>-2.9</u>	<u>-4.0</u>	<u>-2.5</u>	<u>-6.4</u>	<u>-14.1</u>
<u>Financing</u>	<u>2.9</u>	<u>4.0</u>	<u>2.5</u>	<u>6.4</u>	<u>14.1</u>
Foreign	1.0	3.6	-2.0	6.0	11.5
Domestic	0.8	-0.9	3.6	-0.3	1.4
Residual	1.1	1.3	0.9	0.7	1.2

(In per cent of fiscal year GDP)

<u>Total revenue and grants</u>	<u>34.3</u>	<u>36.1</u>	<u>34.4</u>	<u>35.0</u>	<u>31.0</u>
Current revenue	26.5	28.7	28.8	28.5	25.6
Grants and capital revenue	7.8	7.4	1.6	6.5	5.4
<u>Total expenditure and</u>					
<u>net lending</u>	<u>38.1</u>	<u>40.6</u>	<u>36.7</u>	<u>39.9</u>	<u>39.0</u>
Current expenditure	31.6	30.1	27.4	31.3	26.7
Capital expenditure and net lending	6.5	10.5	9.3	8.6	12.3
<u>Current account surplus or</u>					
<u>deficit (-)(excluding</u>					
<u>grants)</u>	<u>-5.1</u>	<u>-1.4</u>	<u>1.4</u>	<u>-2.7</u>	<u>-1.1</u>
<u>Overall deficit (-)</u>	<u>-3.8</u>	<u>-4.5</u>	<u>-2.3</u>	<u>-4.9</u>	<u>-8.0</u>

Source: Statistical Appendix Table 24.

The overall deficit in 1980/81 is expected to be smaller than in the previous year, principally because capital expenditures financed by the CDB are declining. However, with respect to the Central Government, the current account position is likely to weaken, moving to a deficit of about 1.5 per cent of GDP. Current expenditures are projected to rise by 12 per cent despite the absence of a wage adjustment, mainly because of relief and rehabilitation outlays. Current revenue, meanwhile, is expected to rise by only 7 per cent following the natural disasters.

The availability of foreign grants on a large scale during the past five fiscal years affected significantly the finances of the public sector. Budget support tapered off in 1977-78 as the public finances improved, but rose sharply again in the next two fiscal years. Foreign borrowing from the CDB at concessionary terms became the predominant source of financing of the overall deficit in the 1978/79-1979/80 period.

## 2. Central government operations

### a. Overall trends

The overall deficit of the Central Government narrowed from about 6 per cent of GDP on average in 1975/76-1976/77 to 1.5 per cent of GDP in 1977/78 (Table 5). Subsequently, the overall deficit widened to 5.4 per cent of GDP in 1978/79 and 6.6 per cent of GDP in 1979/80.

Total central government revenue and grants increased strongly throughout the period, rising from 30 per cent of GDP in 1975/76 to 35 per cent in 1979/80. Total expenditure and net lending fell from over 35 per cent of GDP in 1975/76 to under 33 per cent in 1977/78, mainly as a result of restraint on current expenditure. However, outlays jumped to 37 per cent of GDP in 1978/79 mostly reflecting the increase in civil service salaries and a large rise in net lending. Expenditure rose again in 1979/80, reaching over 41 per cent of GDP. The major factors behind the latter increase were a further rise in net lending and large expenditures on relief and rehabilitation following the volcanic eruption.

### b. Revenue and grants

Tax revenue is the major source of central government revenue and accounted for about 65 per cent of total receipts (including grants) in the period from 1975/76 to 1979/80. About 13 per cent of total revenue over this period was nontax revenue and the remaining 22 per cent represented foreign grants (Table 6).

Table 5. St. Vincent: Central Government Operations

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	
						Budget	Proj.
(In millions of East Caribbean dollars)							
<u>Total revenue</u>							
<u>and grants</u>	22.9	27.7	34.0	41.7	52.2	69.3	57.2
Current revenue	17.0	21.4	28.3	33.8	42.9	46.0	45.8
Current grants	3.3	2.0	1.7	5.2	3.4	1.0	0.9
Capital grants	2.6	4.3	4.0	2.7	5.9	22.3	10.5
<u>Total expenditure</u>							
<u>and net lending</u>	27.1	33.3	35.6	48.8	62.0	87.9	65.1
Current expenditure	23.2	25.6	28.1	39.2	43.0	45.6	48.2
Capital expenditure							
and net lending	3.9	7.7	7.5	9.6	19.0	42.3	16.9
<u>Current account</u>							
<u>surplus or deficit(-)</u>							
<u>(excluding grants)</u>	-6.2	-4.2	0.2	-5.4	-0.1	0.4	-2.4
<u>Overall deficit (-)</u>	-4.2	-5.6	-1.6	-7.1	-9.3	-18.6	-7.9
<u>Financing</u>	4.2	5.6	1.6	7.1	9.8	18.6	7.9
Foreign	1.2	3.6	-2.0	6.0	10.2	17.5	...
East Caribbean Cur-							
rency Authority	(0.6)	(0.6)	(--)	(--)	(--)	(--)	(...)
International Mone-							
tary Fund	(--)	(--)	(--)	(--)	(-0.6)	(--)	(6.7)
Domestic	2.1	0.7	2.7	0.4	-1.6	1.1	...
Residual	1.1	1.3	0.9	0.7	1.2	--	--
(In per cent of fiscal year GDP)							
<u>Total revenue and</u>							
<u>grants</u>	29.9	31.2	31.2	31.6	34.9	...	32.5
Current revenue	22.2	24.1	26.0	25.6	28.7	...	26.0
Grants	7.7	7.1	5.2	6.0	6.2	...	6.5
<u>Total expenditure and</u>							
<u>net lending</u>	35.4	37.5	32.7	37.0	41.5	...	37.0
Current expenditure	30.3	28.8	25.8	29.7	28.8	...	27.4
Capital expenditure							
and net lending	5.1	8.7	6.9	7.3	12.7	...	9.6
<u>Current account</u>							
<u>surplus or deficit(-)</u>							
<u>(excluding grants)</u>	-8.1	-4.7	0.2	-4.2	-0.1	...	-1.4
<u>Overall deficit (-)</u>	-5.5	-6.3	-1.5	-5.4	-6.6	...	-4.5

Table 6. St. Vincent. Central Government Revenue

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	
						Budget	Proj.
(In per cent of fiscal year GDP)							
Taxes on income and property	5.2	5.4	5.1	6.6	7.2	...	6.1
Taxes on goods and services	5.0	5.9	4.7	4.8	4.8	...	4.4
Taxes on international trade	7.8	8.9	9.6	9.9	11.3	...	10.5
Other taxes	0.7	0.4	0.7	0.5	0.7	...	0.7
Nontax revenue	3.5	3.5	5.9	3.8	4.7	...	4.3
<u>Total current revenue</u>	<u>22.2</u>	<u>24.1</u>	<u>26.0</u>	<u>25.6</u>	<u>28.7</u>	<u>...</u>	<u>26.0</u>
Current grants	4.3	2.3	1.6	3.9	2.3	...	0.5
Capital grants	3.4	4.8	3.6	2.1	3.9	...	6.0
<u>Total revenue and grants</u>	<u>29.9</u>	<u>31.2</u>	<u>31.2</u>	<u>31.6</u>	<u>34.9</u>	<u>...</u>	<u>32.5</u>
(In per cent of imports of goods)							
Import duties (including stamp duty)	10.4	11.0	10.7	10.1	10.6	...	9.7
Consumption tax	3.3	4.2	2.6	3.0	2.9	...	2.7
(In per cent of total revenue (excluding grants))							
Taxes on income and property	23.5	22.4	19.8	25.7	24.9	23.1	23.6
Taxes on goods and services	22.4	24.3	18.0	18.6	16.8	16.7	17.0
Taxes on international trade	35.3	36.9	36.8	38.8	39.4	35.2	40.2
Other taxes	2.9	1.9	2.8	2.1	2.6	3.0	2.6
Nontax revenue	15.9	14.5	22.6	14.8	16.3	22.0	16.6
Current grants	19.4	9.3	6.0	15.4	7.9	2.2	2.0
Capital grants	15.3	20.1	14.1	8.0	13.8	48.5	22.9

Source: Statistical Appendix Table 25.

Tax revenue has expanded rapidly in recent years, rising from under 19 per cent of GDP in 1975/76 to 24 per cent in 1979/80.<sup>1/</sup> The largest increase was in revenue from taxes on international trade and on goods and services. The growth in revenue from taxes on international trade reflected in part the introduction of a tax on purchases of foreign exchange in 1977/78 and the reintroduction of export duties on certain agricultural products in 1978/79. Together these measures yielded revenue equivalent to 1.5 per cent of GDP in 1979/80.

Revenue from income and property taxes rose in line with GDP in the period 1975/76-1977/78, despite a steeply progressive personal income tax system. Over the next two years, however, revenue rose by 2 percentage points in relation to GDP, and was associated with public sector salary increases and the introduction in 1978/79 of a withholding tax on payments of dividends to nonresidents. Income tax rates were reduced effective January 1980, and personal income tax receipts fell slightly in 1979/80. However, this drop was more than offset by a large increase in company tax receipts (in part, from the Philatelic Services). Revenue from the land and house tax, which only makes up about 1 per cent of tax revenue, remained constant in nominal terms from 1975/76 to 1979/80, as no changes were made in the rates or the property valuations which form the basis for assessment of tax.

Receipts from other taxes (an excise duty on rum, a hotel turnover tax, a tax on savings deposits at commercial banks, stamp duties, and various licenses) moved broadly in line with GDP from 1975/76 to 1979/80. A hotel turnover tax was introduced in 1976/77, a tax on international telephone calls in 1977/78, and the coverage of licensing taxes was extended in 1978/79. Receipts from the excise duty and most licenses showed little growth mainly because the specific rates of these taxes were not raised in line with inflation.

Total nontax revenue rose in relation to GDP from 3.5 per cent in 1975/76 to over 4.5 per cent in 1979/80. The increase mainly reflected the receipts of the Vehicle Funding Scheme,<sup>2/</sup> which was set up in 1977/78. Over this period, the surpluses earned by the Airport and the Harbor Office remained broadly constant in nominal terms while receipts from public enterprises and ECCA fluctuated from year to year. Revenue from public enterprises consisted almost entirely of dividends paid by the Philatelic Services. Interest, rent, and fees, nonindustrial sales, and other receipts, excluding the Vehicle Funding Scheme, rose broadly in line with GDP between 1975/76 and 1979/80.

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<sup>1/</sup> A summary of the tax system is provided in Appendix A.

<sup>2/</sup> The Vehicle Funding Scheme consists of a pool of vehicles and repair facilities which are principally for the use of government departments but which are also available for private hire, under the scheme, government departments pay for the use of these vehicles. Receipts of the fund are shown on a gross basis as expenditure by the fund could not be separately identified.

Foreign grants averaged about 6.5 per cent of GDP in the last five fiscal years. About 40 per cent of this total consisted of budgetary aid provided by the United Kingdom. Receipts of such aid fell from 1975/76 to 1977/78 as the budgetary position improved, but then rose sharply in 1978/79 when substantial assistance was provided to help meet the cost of the salary increase. Budgetary aid remained high in 1979/80 partly because of a large grant from the United Kingdom to help meet the cost of the independence celebrations. In the three years through 1977/80, budgetary support grants were equivalent to 9 per cent of current expenditure. The remaining grants were mainly for capital projects by the Central Government.

c. Expenditure and net lending

The largest component (40 per cent) of central government expenditure during the last five fiscal years was wages and salaries,<sup>1/</sup> expenditure on goods and services accounted for about 25 per cent and capital expenditure for around 15 per cent of the total. The remainder consisted of interest, transfers, and subsidies. Net lending was generally small except in 1978/79 and 1979/80, when it rose to an average of 20 per cent of total expenditure as a result of the execution of the CDB-financed dairy and sugar factory projects (Table 7).

Total expenditure and net lending fell from the equivalent of over 35 per cent of GDP in 1975/76 to below 33 per cent in 1977/78. In the next two years it expanded rapidly, however, reaching over 41 per cent of GDP in 1979/80. The major factor behind this pattern of growth was the movement in expenditure on wages and salaries. In the years 1975/76-1977/78 the wage bill increased only slowly in nominal terms and fell by almost 3 percentage points relative to GDP because (with the exception of a relatively small interim award in 1975) there was no increase in salary rates. A decision to increase salary rates by 50 per cent (backdated to January 1978) was reached in September 1978. Apart from the interim rise in 1975, which was consolidated into the 50 per cent adjustment, this was the first increase since 1970 even though consumer prices had more than doubled in the meantime. As a result of the increase and of the payment of backpay, expenditure on wages and salaries rose sharply in 1978/79, the increase being equivalent to about 3 percentage points relative to GDP. In 1979/80, expenditure on wages and salaries fell in absolute terms, and by about 2.5 percentage points relative to GDP, as no general wage increase was given and there was no outlay for backpay. However, rates for daily-paid workers, whose wages only make up a small proportion of the central government pay bill, were raised by 35 per cent in January 1980.

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<sup>1/</sup> This includes only identifiable expenditure on wages and salaries. A certain amount of expenditure on wages which could not be separately identified is included under other purchases of goods and services.

Table 7. St. Vincent: Central Government Expenditure

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	
						Budget	Proj.
<u>(In per cent of fiscal year GDP)</u>							
<u>Total current expenditure</u>	<u>30.3</u>	<u>28.8</u>	<u>25.8</u>	<u>29.7</u>	<u>28.8</u>	<u>...</u>	<u>27.4</u>
Wages and salaries	15.1	14.6	12.4	15.2	12.9	...	11.7
Other purchases of goods and services	9.1	7.9	8.6	9.9	11.4	...	10.7
Interest	2.3	1.8	1.5	1.0	1.4	...	1.4
Subsidies and transfers	3.7	4.5	3.3	3.6	3.1	...	3.6
<u>Total capital expenditure and net lending</u>	<u>5.1</u>	<u>8.7</u>	<u>6.9</u>	<u>7.3</u>	<u>12.7</u>	<u>...</u>	<u>9.6</u>
Capital expenditure	5.0	7.6	5.0	2.4	4.3	...	6.8
Net lending	0.1	1.1	1.9	4.9	8.4	...	2.8
<u>Total expenditure and net lending</u>	<u>35.4</u>	<u>37.5</u>	<u>32.7</u>	<u>37.0</u>	<u>41.5</u>	<u>...</u>	<u>37.0</u>
<u>(In per cent of total expenditure)</u>							
Wages and salaries	42.9	40.2	40.3	47.5	38.9	29.0	34.1
Other purchases of goods and services	25.9	21.7	28.1	30.7	34.6	18.3	31.4
Interest	6.7	5.0	4.8	3.1	4.3	3.1	4.0
Subsidies and transfers	10.4	12.4	10.7	11.4	9.3	8.2	10.7
Capital expenditure	14.1	20.7	16.1	7.3	12.9	41.4	19.8
Net lending	0.4	0.3	6.3	15.4	25.5	12.8	8.3

Source: Statistical Appendix Table 26.

Expenditure on goods and services other than wage and salaries rose at a slightly slower rate than GDP up to 1977/78 but then rose by almost 3 percentage points relative to GDP in the next two years, reaching the equivalent of almost 11.5 per cent of GDP. A substantial part of the latter increase was the result of expenditure on relief and rehabilitation following the volcanic eruption. Identifiable relief expenditure by the Central Government in 1978/79 was about EC\$1 million and in both 1978/79 and 1979/80 there were large increases in expenditure on public works and health occasioned by the eruption. Another major item in 1979/80 was expenditure on the independence celebrations which amounted to over EC\$1 million.

Current expenditure on interest, subsidies, and transfers fell by about 2 percentage points in relation to GDP over the last five fiscal years. Interest payments remained broadly constant in nominal terms over this period reflecting the absence of major new issues of government debt before 1978/79. Subsidy payments, which represent about 2 per cent of total expenditure, also stayed roughly constant in nominal terms. The major subsidies represented outlays to cover the operating deficits of the Post Office, the Electric Company, the Central Water Authority, and the Port Authority. Payments of pensions and public assistance rose broadly in line with GDP from 1975/76 to 1979/80, with public assistance expenditure increasing particularly rapidly in the last two years.

Direct capital expenditure by the Central Government averaged about 5 per cent of GDP in the period from 1975/76 to 1979/80 and showed a slight declining trend in relation to GDP. The trend largely reflected the progress of large projects, especially in road construction. Net lending was small up to 1977/78 but, as noted above, increased sharply in 1978/79 and 1979/80 on reflection of net lending of about EC\$19 million to the sugar factory and the dairy plant, about 85 per cent of that amount was on-lending of loans from the CDB.

#### d. Financing

Over the last five fiscal years, the total financing requirement (other than grants) of the Central Government averaged about EC\$5.7 million a year, equivalent to 5 per cent of GDP. Eighty per cent of total identifiable financing consisted of foreign borrowing, almost entirely in the form of loans from the CDB to finance capital projects. Apart from this, the Government borrowed just over EC\$1 million from the East Caribbean Currency Authority in 1975/76 and 1976/77 and also drew down its foreign exchange deposits with the Crown Agents by EC\$1 million in the last two years. Net domestic financing amounted to little over EC\$4 million in total in the years from 1975/76 to 1979/80. About 75 per cent of this was obtained from the commercial banks and the remainder consisted largely of loans from the National Provident Fund and the Philatelic Services (see Table 5, and Statistical Appendix Table 27).



e. Estimates for fiscal year 1980/81

The central government overall deficit for the fiscal year ending June 1981 is expected to total EC\$8 million, equivalent to 4.5 per cent of GDP. This projection is based on the actual outcome for the first five months of 1980/81 and preliminary revenue data for the first eight months.

Current revenue is projected to rise by less than 7 per cent in nominal terms in 1980/81 compared with growth of over 20 per cent a year in the preceding two years and to fall by about 2.5 percentage points relative to GDP. This performance is the result of several factors, including duty exemptions granted for goods imported for relief and rehabilitation purposes after the hurricane, the failure to adjust specific taxes and licenses for inflation, and the effect of a full year's impact of lower personal tax rates. Receipts from foreign grants are projected to rise by over 20 per cent, notwithstanding the phasing out of U.K. budgetary assistance, as a number of major grant-financed projects are being initiated.

Total current expenditure in 1980/81 is projected to rise by about 12 per cent in nominal terms (as against over 30 per cent a year in the last two fiscal years) and to fall by about 1.5 percentage points in relation to GDP, notwithstanding substantial outlays occasioned by the hurricane. This deceleration in the growth of outlays reflects mainly the absence of a civil service salary increase this year. Direct capital expenditure is estimated to rise partly as a result of rehabilitation expenditure and partly because of the initiation of major new projects; net lending is forecast to fall as expenditure on the sugar factory and dairy plant has reduced sharply.

Financing requirements in 1980/81 are expected to be smaller than in 1979/80, mainly because a much higher proportion of projects is being financed by grants rather than loans. Fund resources under the CFF and under tranche policy are expected to provide the bulk of the financing needs of about EC\$8 million.

3. Operations of the nonfinancial public enterprises

The consolidated public enterprises <sup>1/</sup> ran overall surpluses averaging EC\$0.5 million, equivalent to some 0.5 per cent of GDP, in 1975/76 and 1976/77 (Table 8). Subsequently they moved into deficits averaging EC\$1.5 million in 1977/78 and 1978/79. In 1979/80 their overall deficit widened to over EC\$3.5 million, equivalent to more than 2 per cent of GDP, principally as a result of the volcanic eruption which affected the

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<sup>1/</sup> Consisting of the Arrowroot Industry Association, the Banana Growers' Association, the Electricity Services, the Marketing Corporation, the Philatelic Services, and the Housing and Land Development Corporation.

Table 8. St. Vincent: Operations of the Consolidated Public Enterprises

	1975/76	1976/77	1977/78	1978/79	1979/80
(In millions of East Caribbean dollars)					
Current receipts	21.0	24.7	30.1	32.3	32.3
Capital receipts and grants	0.1	0.3	0.4	0.6	0.3
Current expenditure	19.5	22.9	28.6	32.5	33.6
Capital expenditure	1.0	1.6	3.6	1.9	2.7
<u>Current account surplus or deficit (-)</u>	<u>1.5</u>	<u>1.8</u>	<u>1.5</u>	<u>-0.2</u>	<u>-1.3</u>
<u>Overall surplus or deficit (-)</u>	<u>0.6</u>	<u>0.5</u>	<u>-1.7</u>	<u>-1.5</u>	<u>-3.7</u>
<u>Financing</u>	<u>-0.6</u>	<u>-0.5</u>	<u>1.7</u>	<u>1.5</u>	<u>3.7</u>
Foreign	-0.1	--	--	--	1.3
Domestic	-0.5	-0.5	1.7	1.5	2.4
(In per cent of fiscal year GDP)					
Current receipts	27.4	27.8	27.7	24.5	18.4
Capital receipts and grants	0.1	0.3	0.3	0.5	0.1
Current expenditure	25.4	25.8	26.3	24.7	19.1
Capital expenditure	1.3	1.8	3.3	1.4	1.5
<u>Current account surplus or deficit (-)</u>	<u>2.0</u>	<u>2.0</u>	<u>1.4</u>	<u>-0.2</u>	<u>-0.7</u>
<u>Overall surplus or deficit (-)</u>	<u>0.8</u>	<u>0.5</u>	<u>-1.6</u>	<u>-1.1</u>	<u>-2.1</u>

Source: Statistical Appendix Table 28.

agriculture-based enterprises. The financing needs of the enterprises in the five-year period under review generally have been met by local commercial banks and by international development agencies whose loans in some cases have been channeled through the Central Government.

The role and performance of the individual enterprises have varied considerably. The Arrowroot Industry Association, the Banana Growers' Association, and the St. Vincent Marketing Corporation are primarily marketing organizations which base their payments to growers on the price they can obtain from their sales. The Arrowroot Industry Association also operates a number of processing factories which are generally in poor operating condition. This has acted as a serious constraint on the industry but the Association has been unable to obtain the necessary financing to implement improvements. Up to 1977/78 the Association was in overall financial balance but in 1978/79 and 1979/80 it ran deficits averaging LC\$0.5 million, mainly as a result of compensation payments and rehabilitation expenditures after the volcanic eruption (Statistical Appendix Table 28). These were met by increasing the Association's bank overdraft which reached LC\$1.4 million at the end of 1979/80.

The Banana Growers' Association ran overall surpluses totaling EC\$1 million in the period 1975/76-1977/78. These were used to build up reserves, primarily as an insurance against natural disasters. In 1979/80 the Association incurred an overall deficit of over EC\$3 million and it ran a further deficit in 1980/81.<sup>1/</sup> These were largely the result of the severe impact of the natural disasters on the banana industry, which sharply reduced receipts while costs remained relatively fixed. They also resulted from large payments to growers for income support and for rehabilitation. The deficits were met partly by drawing down the Association's cash reserves, in addition, a bank overdraft was obtained and the Caribbean Development Bank provided a loan to help meet rehabilitation expenditure.

The St. Vincent Marketing Corporation acts as a marketing organization for a number of domestic agricultural products, and also imports and distributes commodities such as sugar and rice. Moreover, it owns a supermarket and undertakes manufacturing of some agriculture-based products. With the exception of the manufacturing facility, which is subsidized by the Government, its operations have been profitable (it has run a small overall surplus in four of the last five years).

All of the public utilities (the Electricity Services, the Central Water and Sewerage Authority, and the Port Authority) have been experiencing financial difficulties. The Electricity Services are 49 per cent owned by the Government and their tariffs are controlled by the Government. Although they have achieved small current account surpluses (before depreciation) in recent years, these have been insufficient to meet necessary

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<sup>1/</sup> The overall deficit on an accruals basis was only about EC\$0.5 million. However, accounts receivable rose by over EC\$1 million during the year and in the wake of the disasters many of these may not be recoverable.

replacement investments and to repay debts. The Electricity Services defaulted on a debenture repayment due in 1978 and since then, with the exception of a limited amount of domestic bank credit, they have been unable to obtain financing. The resulting delays in maintenance, repairs, and expansion programs have led to severe supply problems. It was not until March 1981 that a bank loan was obtained to meet the cost of repairing damage to a generating station which occurred in August 1979 and which put a sizable portion of capacity out of use. In addition, finance has not yet been obtained for a new generating plant which is needed to meet expected increases in demand in the near future. Tariff increases of 18 per cent and 15 per cent were put into effect in January 1980 and February 1981, respectively.

The receipts of the Central Water Authority were sufficient to cover only about 30 per cent of current expenditure in 1978/79 and 1979/80, the only years for which information is available; with about one third of these receipts representing government transfers.<sup>1/</sup> The deficits were largely met by bank borrowing, and at the end of 1980 the Authority's overdraft stood at EC\$3 million. The major reason for the deficits was an outdated schedule of charges. Charges were increased substantially at the beginning of 1981 and it is expected that this will raise revenue by about 300 per cent in a full year. However, even with the increase, it is unlikely that the Authority will be able to cover its current expenditure. In addition, monthly-paid workers at the Authority recently went on strike in support of demands for a 70 per cent wage increase. The negotiation was settled in May with the Government agreeing to a 54 per cent cumulative increase over a three-year period beginning January 1981.

The Port Authority is responsible for cargo handling and warehousing in the port. Its charges were not adjusted for several years before 1980 and as a result it ran deficits in 1978/79 and 1979/80 which were covered by government subsidies totaling EC\$0.4 million in the two years. Charges were raised by about 90 per cent in June 1980 and it is expected that this will yield an operating surplus of some EC\$0.2 million in 1980/81.

The Philatelic Services, which is 80 per cent government owned, acts as a distributor for stamp issues by St. Vincent. These operations have yielded pretax profits averaging around EC\$1 million from 1975/76 to 1977/78 and almost EC\$2.5 million in the last two years. Most of these have accrued to the Government in the form of taxes or dividends.

The Housing and Land Development Corporation mainly builds low-cost houses, but it has also become involved in importing, manufacturing, and distributing construction materials. The Corporation ran overall deficits averaging EC\$1 million in the last three years, these deficits were covered partly by loans from the CDB (on-lent by the Central Government) and partly

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<sup>1/</sup> The Government does not pay for water and sewerage services so this subsidy can, in effect, be regarded as part payment for its use of the Authority's services.

by a bank overdraft. These deficits to a large extent reflected expenditure on housing projects which have not yet been completed, but they were also the result of a failure to collect payments due, especially for construction materials.

4. Rest of the public sector

The National Provident Fund (NPF), which was established in 1970, is reported to have run large surpluses in recent years. However, no accounts are available for this institution. The NPF has lent small amounts directly to the Government and other public financial institutions and has accumulated substantial deposits with the banks. The NPF provides pension and incapacitation benefits tied to each member's contributions plus interest; there are plans to convert the NPF into a national insurance scheme. The Kingstown Municipal Board runs a number of local services in Kingstown and has achieved a small overall surplus in most of the last few years.

### III. The Financial System

#### 1. Characteristics of the financial sector

St. Vincent has no central bank, but it is a member of the East Caribbean Currency Authority (ECCA) which was established in 1965.<sup>1/</sup> Currently, about 90 per cent of commercial banking activity with the private sector is conducted by four branches of foreign banks. The state-owned National Commercial Bank (NCB), which was established in June 1977, still has only limited banking activity with the private sector, its main business being holding the deposits of, and extending credit to, government agencies and public enterprises.

Other financial institutions operating in St. Vincent include two local savings banks, a building and loan association, a number of small credit unions, and two state-owned development institutions--the Development Corporation (DEVCO) and the Agricultural and Cooperative Bank. The two development institutions do not accept deposits from the private sector, and their principal source of funds is the Caribbean Development Bank. The Agricultural and Cooperative Bank's operations are now being phased out and its staff and functions will be merged with those of DEVCO during 1981.

The participation of other financial institutions in the process of domestic intermediation has grown from about 15 per cent of total private sector deposits in the financial system in 1976 to about 19 per cent in 1980 (Statistical Appendix Table 32). The savings banks, in particular, have registered a substantial growth in their deposits due to more attractive interest rates compared with those offered by commercial banks.

St. Vincent does not have a comprehensive banking law to govern the operations of commercial banks. The commercial banks are subject to an annual fee of EC\$300 for their main offices and EC\$150 for each of the branch offices. The Government imposed a 2.5 per cent interest-free reserve requirement on the branches of foreign banks, and a 1 per cent tax on interest-bearing deposits at these banks. The NCB is not subject to these requirements.

#### 2. The East Caribbean Currency Authority (ECCA)

##### a. Background

Since December 1973, St. Vincent and six other islands have shared a common currency, the East Caribbean dollar, issued by ECCA. ECCA is obliged by statute to maintain a foreign exchange cover equivalent to not less than 60 per cent of the value of its notes and coins in circulation and other demand liabilities. ECCA has certain attributes of a central

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<sup>1/</sup> In addition to St. Vincent, the other member countries of ECCA are: Antigua, Dominica, Grenada, St. Kitts-Nevis, Montserrat, and St. Lucia.

bank, such as authority to issue notes and coins, to offer rediscount facilities, to accept deposits from commercial banks and member governments, and to purchase securities issued by member governments. Member governments have been re-examining ECCA's role in the region with a view toward expanding ECCA's central banking attributes. Formulation of draft legislation was completed in 1980 with technical assistance from the staff of the Fund and a final version is to be presented to member governments for their approval in the near future. St. Vincent designated ECCA as fiscal agency for dealings with the Fund in accordance with Article V, Section I of the Articles of Agreement. ECCA is also an "other holder" of SDRs.

Practically the only lending activity undertaken by ECCA within the region consists of loans to member governments. This activity is subject to several constraints under the Articles of Agreement of ECCA (1) total credit to member governments cannot exceed 40 per cent of currency in circulation and other demand liabilities, of these, holdings of securities other than Treasury bills may not exceed 15 per cent of demand liabilities; and (2) holdings of Treasury bills of any government cannot exceed 10 per cent of that government's current revenue in any fiscal year. The maximum access of each member government to ECCA resources is usually calculated once a year (in March) by distributing ECCA's maximum loanable funds (i.e., 40 per cent of currency in circulation and other demand liabilities as noted above) in proportion to the estimated current revenues of the member governments

b. Recent operations

After wide swings during 1975-76, the net foreign assets of ECCA grew steadily from EC\$118 million (US\$44 million) in 1977 to EC\$167 million (US\$62 million) in 1979, while the commercial banks' net claims on ECCA rose from EC\$71 million at the end of 1977 to EC\$100 million in 1979 (Table 9). The reserve gain during this period reflected a strong expansion of export earnings and tourism in the area. The improvement in reserves in 1979 was also partly a result of large transfers of insurance payments and foreign assistance for damage done by Hurricane David to certain islands, combined with a slower growth in bank credit because of the interruption of economic activity caused by the hurricane.

During 1980, ECCA's net foreign assets declined to EC\$145 million (US\$54 million) while the net position of area banks with ECCA declined to EC\$77 million. The principal factors in this development were the damage to exports and tourism in the region caused by Hurricane Allen, combined with a sharp rise in foreign interest rates relative to rates in the region. With the objective of reducing the operational interest differential, in November 1980 ECCA raised the interest rate paid on 24-hour call money from 6 per cent to 10 per cent per annum and on three-month deposits from 7.75 per cent to 12.5 per cent per annum.<sup>1/</sup>

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<sup>1/</sup> ECCA pays interest on call money only if the deposits have been generated by the sale of foreign exchange to ECCA.

Table 9. St. Vincent: East Caribbean Currency Authority  
(In millions of East Caribbean dollars)

	December 31				
	1976	1977	1978	1979	1980
<u>Net international reserves</u>	<u>157.2</u>	<u>117.8</u>	<u>139.1</u>	<u>167.4</u>	<u>145.2</u>
<u>Net position with banks</u>					
<u>in ECCA area</u>	<u>-116.6</u>	<u>-71.1</u>	<u>-83.5</u>	<u>-100.3</u>	<u>-77.4</u>
Assets	5.3	4.5	2.8	8.7	6.5
Liabilities	-121.9	-75.6	-86.3	-109.0	-83.9
<u>Other net regional assets</u>	<u>11.2</u>	<u>12.9</u>	<u>12.6</u>	<u>13.3</u>	<u>13.9</u>
<u>Net claims on St. Vincent</u>					
government	3.6	4.1	4.1	4.1	4.6
<u>Net claims on other governments</u>					
of the region	20.9	21.9	24.6	29.4	35.7
<u>Liabilities to nonmonetary</u>					
international organizations	-1.4	-0.4	-0.4	-0.4	-7.7
<u>Net unclassified assets</u>	<u>-11.9</u>	<u>-12.7</u>	<u>-15.7</u>	<u>-19.8</u>	<u>-18.7</u>
<u>Currency in circulation</u>	<u>51.8</u>	<u>59.6</u>	<u>68.2</u>	<u>80.4</u>	<u>81.7</u>
<u>Of which: St. Vincent</u>	<u>9.4</u>	<u>9.4</u>	<u>11.0</u>	<u>12.8</u>	<u>12.8</u>

Source: Statistical Appendix Table 29.

The net credit of ECCA to member governments has expanded at a steady pace over the past five years. However, ECCA lending to St. Vincent in this period increased relatively slowly. Following a 10 per cent increase in credit in 1977, St. Vincent undertook no net borrowing from ECCA until the second half of 1980. At that time the country borrowed EC\$0.5 million, raising ECCA holdings of St. Vincent Treasury bills and debentures to EC\$4.6 million by December 1980. As of that date, St. Vincent's maximum access to ECCA resources was EC\$6.2 million and there was an unused margin of EC\$1.6 million.

### 3. The domestic financial sector

#### a. The consolidated financial system

The growth of private sector deposits averaged 17 per cent a year from 1976 to 1979, but dropped to 9 per cent in 1980 (Table 10). Additional resources were obtained through foreign medium- and long-term borrowing by nonbank financial intermediaries and by the substantial growth in bank liabilities to nonresidents (mainly remittances from Vincentians abroad). These increases in resources financed a strong



Table 10. St. Vincent: Financial System Operations

	1977	1978	1979	1980
(Changes in millions of East Caribbean dollars)				
<u>Net foreign assets</u>	<u>-2.1</u>	<u>3.5</u>	<u>0.1</u>	<u>1.7</u>
<u>Net position with ECCA</u>	<u>-0.5</u>	<u>-4.0</u>	<u>6.1</u>	<u>-4.6</u>
<u>ECCA currency holdings</u>	<u>2.2</u>	<u>0.4</u>	<u>0.3</u>	<u>0.6</u>
<u>Net position with banks in ECCA area</u>	<u>-3.1</u>	<u>0.8</u>	<u>1.4</u>	<u>2.8</u>
<u>Net domestic assets</u>	<u>12.5</u>	<u>12.4</u>	<u>6.9</u>	<u>13.2</u>
Public sector (net)	2.0	-1.8	-1.1	-0.4
Central Government	(2.7)	(1.1)	(3.0)	(-5.0)
Statutory bodies	(-0.1)	(-0.7)	(-1.7)	(6.9)
National Provident Fund	(-0.6)	(-2.2)	(-2.4)	(-2.3)
Private sector	11.6	14.8	8.7	14.7
Other (net)	-1.1	-0.6	-0.7	-1.1
<u>Foreign liabilities (medium- and long-term)</u>	<u>0.6</u>	<u>0.7</u>	<u>0.3</u>	<u>1.8</u>
<u>Nonresident deposits</u>	<u>2.2</u>	<u>0.9</u>	<u>2.1</u>	<u>4.8</u>
<u>Liabilities to private sector</u>	<u>5.5</u>	<u>12.4</u>	<u>10.7</u>	<u>7.1</u>
(Annual percentage changes)				
<u>Net domestic assets 1/</u>	<u>27.0</u>	<u>23.9</u>	<u>10.7</u>	<u>17.6</u>
<u>Net credit to public sector</u>	<u>4.3</u>	<u>-3.5</u>	<u>-1.7</u>	<u>-0.5</u>
<u>Credit to private sector</u>	<u>25.1</u>	<u>28.6</u>	<u>13.6</u>	<u>19.6</u>
<u>Liabilities to private sector</u>	<u>11.9</u>	<u>23.9</u>	<u>16.4</u>	<u>9.1</u>

Source: Statistical Appendix Table 30.

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

expansion in loans to the private sector, net lending to the public sector, after rising moderately in 1977, declined in absolute terms in the following three years as the National Provident Fund accumulated deposits. The growth of credit to the private sector was particularly strong in 1977 and 1978, rising by an average of 27 per cent a year in terms of the initial stock of liabilities to the private sector, and outstripped the increase in private sector deposits. In 1979, however, the growth of private sector credit slackened to 14 per cent, but it picked up again to almost 20 per cent in 1980. The rapid increase in credit to the private sector recently was directed principally to manufacturing, utilities, and consumer finance (Statistical Appendix Table 34).

Since 1977 the financial system of St. Vincent has tended to accumulate foreign reserves outside the ECCA area and to expand its net position with banks in the ECCA area while running down its net position with ECCA itself. There was an interruption to this trend in 1979 as the banks were very liquid and built up deposits with ECCA.

b. The St. Vincent Development Corporation (DEVCO)

DEVCO was established in 1970 to stimulate and facilitate the development of industry and tourism. In accordance with recommendations of the CDB, the Government recently decided to merge the Agricultural and Cooperative Bank with DEVCO. The merger is expected to be completed in early 1981. So far, DEVCO has been concentrating its activities on constructing factory shells and on providing long-term loans for industrial projects and to students for studying abroad.

The bulk of DEVCO's lending activities has been funded by a Small Industries Credit and Student Loan Credits from CDB; it also receives funds from the United Kingdom and U.S. AID, and domestic resources from the National Commercial Bank and the National Provident Fund. Loans more than doubled from 1976 to 1979 to about EC\$2.5 million, including student loans of EC\$1 million. There was no growth in loans in 1980, as the lines of credit from the CDB had been fully utilized (Statistical Appendix Table 33).

c. The interest rate structure

Although comparable to that in other ECCA countries, the interest rate structure of St. Vincent is low relative to the outside world and to the domestic rate of inflation. There is a statutory ceiling of 12.5 per cent on most lending rates and 14.5 per cent on certain consumer loans, and recently market rates have begun to be constrained by the ceilings. The foreign commercial banks are subject to a 1 per cent tax on savings and time deposits and a 2.5 per cent interest-free reserve requirement and these tend to widen the spread between deposit and lending rates. Deposit rates generally range from 2.5 per cent on interest-bearing checking deposits to 3.5 per cent on savings deposits, to around 4.5 per cent on time deposits, and up to 7 per cent on large term deposits. Lending rates range from 9 per cent to 14.5 per cent, the latter being the maximum rate

allowed on small personal loans. Lending rates for medium-term loans are usually 10 to 11 per cent and rates for mortgages are up to 12.5 per cent. The National Commercial Bank, which is not subject to the reserve requirement or the deposit tax, offers slightly higher deposit rates and slightly lower lending rates. Deposits of the National Provident Fund with the NCB receive an interest rate of 5.5 per cent. Loans and advances by the NCB to the Government carry a rate of 8 per cent while those to statutory bodies are made at a rate of 8.5 to 11 per cent. DEVCO charges between 9 and 12 per cent on loans for industrial projects, depending on their size; small projects usually carry lower rates. Student loans are made at a rate of about 6 per cent.

## 1V. The External Sector

### 1. Overall trends

The current account deficit in the balance of payments, excluding official transfers, averaged US\$2.7 million a year in the period 1976-78, this was equivalent to some 8 per cent of GDP.<sup>1/</sup> (Table 11). In 1979 and 1980 the current account deficit widened to an average of US\$11.3 million, or the equivalent of over 20 per cent of GDP, mainly as a result of natural disasters which adversely affected export earnings and induced larger imports. The inflow of official transfers increased from US\$2.5 million in 1976 to US\$3.9 million in 1980, other capital flows fluctuated from year to year in the period 1976-80, with an average annual net inflow of US\$3.2 million during the period. With the exception of 1977, the balance of payments has shown overall deficits in each of the past five years.

The sharp deterioration in the current account in 1979 mainly reflected a widening of the trade deficit from US\$18 million (40 per cent of GDP) in 1978 to US\$31 million (61 per cent of GDP). The value of imports increased by 28 per cent in 1979, while exports declined by 12 per cent. However, higher net services earnings, due to continued rapid increases in tourist receipts, partially offset the weakening in the trade account. In 1980, the trade deficit rose to US\$40.5 million (or 67 per cent of GDP) as imports increased by a further 23 per cent while exports were only 7 per cent above the low 1979 level. As in the previous year, strong increases in tourist receipts and a decline in net payments for other services partially offset the widening of the trade gap. The deficit on the current account changed relatively little from 1979 to 1980.

After a sharp deterioration in 1976, owing primarily to a decline in export unit values, the terms of trade are estimated to have improved from 1977 to 1980, as export and import unit values rose at average annual rates of 17 per cent and 12 per cent, respectively (Statistical Appendix Table 35). In 1979 import prices rose faster than export prices, but this pattern was reversed in 1980 when banana prices increased by 25 per cent.

#### a. Merchandise exports

From 1975 to 1978 exports more than doubled, led by an increase in shipment of bananas, flour, and banana-boxes. In the following two years, the growth of exports stagnated as higher international prices for agricultural products were more than offset by the adverse effects of the natural disasters on agricultural production. Agricultural exports account for more than two thirds of total domestic exports, and export performance is crucially dependent on weather conditions. The fluctuations in the value of agricultural exports during the past five years mainly reflected changes in volume (Table 12).

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<sup>1/</sup> In this section, GDP refers to GDP at current market prices.

Table 11. St. Vincent: Balance of Payments 1/

(In millions of U.S. dollars)

	1976	1977	1978	1979	Prel. 1980
<u>Current account</u>	<u>-1.5</u>	<u>-6.4</u>	<u>-0.3</u>	<u>-10.6</u>	<u>-11.9</u>
Goods and services	-9.6	-15.1	-9.6	-18.4	-20.8
Trade balance	-13.3	-19.6	-18.4	-30.8	-40.5
Exports, f.o.b.	(10.4)	(10.7)	(17.8)	(15.6)	(16.7)
Imports, c.i.f.	(-23.7)	(-30.3)	(-36.2)	(-46.4)	(-57.2)
Service balance	3.7	4.5	8.8	12.4	19.7
Travel receipts	(5.5)	(5.9)	(11.1)	(18.2)	(24.5)
Travel payments	(-1.5)	(-1.5)	(-2.2)	(-4.2)	(-3.3)
Interest on public debt	(-0.2)	(-0.2)	(-0.2)	(-0.2)	(-0.3)
ECCA profits	(0.3)	(0.3)	(0.2)	(0.3)	(0.4)
Other services	(-0.4)	(--)	(-0.1)	(-1.7)	(-1.6)
Private transfers (net)	8.1	8.7	9.3	7.8	8.9
<u>Capital account (including   official grants)</u>	<u>4.2</u>	<u>8.5</u>	<u>3.5</u>	<u>5.3</u>	<u>9.5</u>
Official grants	2.5	2.4	2.7	3.3	3.9
Government borrowing (net)	1.1	0.8	1.1	3.4	3.8
Commercial banks	0.4	2.4	-0.1	-2.5	-0.1
Private direct investment (net)	--	2.0	-0.5	0.3	0.1
Other private (net)	0.2	0.9	0.3	0.8	1.8
<u>Errors and omissions</u>	<u>-2.9</u>	<u>-1.6</u>	<u>-3.5</u>	<u>5.2</u>	<u>2.0</u>
<u>SDR allocation</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.2</u>
<u>Overall surplus or deficit (-)</u>	<u>-0.2</u>	<u>0.5</u>	<u>-0.3</u>	<u>-0.1</u>	<u>-0.2</u>
<u>Financing</u>	<u>0.2</u>	<u>-0.5</u>	<u>0.3</u>	<u>0.1</u>	<u>0.2</u>
Net IMF borrowing	--	--	--	--	0.3
Net ECCA borrowing	0.2	--	--	--	--
Government foreign assets (increase -)	--	-0.5	0.3	0.1	-0.1

Sources: Ministry of Finance; and Fund staff estimates.

1/ St. Vincent does not prepare an official set of balance of payments statistics, and data on some transactions became available only in 1978.

Table 12. St. Vincent: Merchandise Exports

	1976	1977	1978	1979	Pre <sup>1</sup> . 1980
(In millions of U.S. dollars)					
<u>Total</u>	<u>16.4</u>	<u>10.7</u>	<u>17.8</u>	<u>15.6</u>	<u>16.7</u>
Bananas	5.3	5.6	7.4	5.9	6.2
Selected agricultural products <u>1/</u>	2.1	1.9	2.7	3.0	3.6
Other	3.0	3.2	7.7	6.7	6.9
(In percentage change)					
Total exports (value)	20.9	2.9	66.3	-12.4	7.1
Agricultural exports <u>2/</u>					
Value	28.9	1.2	32.2	-15.2	9.2
Volume	56.4	-15.9	18.7	-24.9	-11.1
Unit price	-17.6	20.3	11.3	12.8	22.9

Sources: Ministry of Finance; and Fund staff estimates.

1/ Arrowroot, coconuts, sweet potatoes, nutmeg, carrots, peanuts, mace, plantains, eddoes and dasheens, and yams.

2/ Includes bananas, arrowroot, coconuts, sweet potatoes, nutmeg, and carrots only.

#### (1) Bananas

Almost all exports of bananas are shipped to the United Kingdom under preferential arrangements accorded to the Windward Island Banana Association, of which St. Vincent is a member. Shipments from St. Vincent reached a ten-year peak of 67.7 million pounds in 1978. Due to the volcanic eruption, however, banana shipments declined by 27 per cent in 1979 (Statistical Appendix Table 36). Hurricane Allen in August 1980 and heavy rains later in the year again damaged the crop and lowered export volume by 16 per cent in 1980. The U.S. dollar price of banana exports increased by more than 14 per cent a year from 1976 to 1979, and by a further 25 per cent in 1980--the latter partly reflecting the strength of the pound sterling, in which prices are quoted. Despite higher prices, the share of bananas in total domestic exports declined from 56 per cent in 1977 to 39 per cent in 1980.

#### (2) Other agricultural products

St. Vincent is the world's leading exporter of high quality arrowroot starch; the annual value of exports of this commodity is around US\$0.8 million and the share of this product in domestic exports is about

5 per cent. Because of the strength of international demand, prices increased by 15 per cent a year from 1975 to 1980. However, the volume exported declined at an average annual rate of 4 per cent over this period because of production difficulties related to inadequate processing capacity for extracting starch from roots. In 1979, the volcanic eruption caused some damage to the crop, and in 1980, the hurricane damaged some of the processing plants.

Exports of coconuts rose from US\$0.1 million in 1975 to US\$0.6 million in 1980. Exports of other agricultural products (such as eddoes, dasheens, sweet potatoes, carrots, and yams) have risen significantly in the past few years. Under the CARICOM Marketing Protocol, which is designed to stimulate trade in agricultural products within the region, each CARICOM country will refrain from buying a number of agricultural products outside the area unless shortages arise. Exports of the commodities included in the protocol are subject to license. The issue of most licenses has been delegated to the St. Vincent Marketing Corporation, which also has a monopoly for exports of sweet potatoes, carrots, and peanuts. For these products the St. Vincent Marketing Corporation operates under a monthly quota from CARICOM countries.

### (3) Other exports

The value of "other" exports jumped to US\$7.7 million in 1978 from US\$3.2 million in the preceding year (see Table 12), and they came down somewhat to about US\$6.8 million a year during 1979 and 1980. The sharp increase in 1978 mainly reflected exports of flour and banana boxes from new plants which began operations that year. The subsequent small decline in these exports appears to have been mainly the result of lower shipments of banana boxes as the production of bananas in other islands was affected by hurricane damage in 1979 and 1980. Also, exports of assembled watches dropped from US\$0.8 million in 1979 to US\$0.2 million in 1980 because of marketing difficulties. In 1980 several enclave industries have begun operations, including the manufacture of industrial gloves, clothing, and plastic pipes. Exports of postage stamps also figure significantly among "other exports," averaging about US\$1 million a year during the past six years, with a peak of US\$1.5 million in 1978. Sales of stamps have been tending to weaken because of growing competition from other countries which have set up similar organizations.

### (4) Direction of exports

The data on direction of exports are available only with considerable delay (Statistical Appendix Table 37). The share of total exports taken by the United Kingdom declined from over 70 per cent in 1975 to about 46 per cent in 1979, while over the same period the share of CARICOM countries in St. Vincent's exports rose from 24 per cent in 1975 to 44 per cent. The North American market has been accounting for 5-6 per cent of St. Vincent's exports.

b. Merchandise imports

In the 1976-80 period, the volume of imports increased at an average annual rate of 6 per cent, somewhat faster than the rate of growth of real GDP (Table 13). On average, the increase in the value of imports was 18 per cent during this period. This rapid growth in imports reflected in part the upsurge in investment activity after 1977 and import needs occasioned by natural disasters in 1979 and 1980.

Table 13. St. Vincent. Value, Volume, and Unit Price  
of Total Imports

(In percentage change from preceding year)

	1976	1977	1978	1979	1980
Value	-4.0	27.8	19.5	28.2	23.3
Volume	-12.4	15.4	12.2	11.6	7.3
Unit price	9.6	10.7	6.5	14.8	14.9

Sources: Ministry of Finance; and Fund staff estimates.

The structure of imports changed over the past five years in favor of intermediate and capital goods (Statistical Appendix Table 38). Sharp increases in imports of machinery and equipment occurred in 1977 and 1979 because of the upsurge of investment in manufacturing in 1977 and because of maintenance and repair needs arising from damage done by the volcano in 1979. During the past five years, the volume of imported petroleum and petroleum products rose by about 10 per cent a year, twice as fast as the growth of real GDP. The increase in international oil prices in 1979-80 added some US\$2 million (2.5 per cent of GDP) a year to the import bill. The share of petroleum products in total imports was about 9 per cent in 1980.

The United Kingdom is the largest supplier of St. Vincent, but its share in total imports declined from 29 per cent in 1975 to 24 per cent in 1979 (Statistical Appendix Table 37), while the share of the United States increased from 9 per cent to 17 per cent over the same period. Canada's share in St. Vincent's total imports has fluctuated around 13 per cent of total. The CARICOM countries supplied over one third of total imports through 1977, but their share declined to 27 per cent in 1978 and 1979.



c. Tourism

A boom in tourism in the last three years has been a major stimulus to the economy. Gross tourist receipts rose from less than US\$6 million in 1976 and 1977 to over US\$24 million in 1980, by which time they far exceeded the value of domestic exports (Table 14). The increase in tourist receipts during this period reflected principally an expansion in the volume of visitors, although there also was an increase in daily expenditures per visitor.

Table 14. St. Vincent: Selected Tourist Statistics

	1976	1977	1978	1979	1980
Volume of visitors (in thousand days)	161.9	175.4	322.9	422.9	500.7
Weighted daily expenditure per visitor (in U.S. dollars)	33.9	33.9	34.5	43.1	48.9
Total expenditure by visitors (in millions of U.S. dollars)	5.5	5.9	11.1	18.2	24.5

Source: Statistical Appendix Table 39.

d. Private transfers

Remittances from Vincentians living and working abroad provide a considerable support to the country's economy, although they have risen only slowly in recent years. Net private transfers averaged about US\$9 million a year in the last three years, which is equivalent to almost one fifth of total imports in those years.

e. Capital account (including official grants)

The net inflow of capital and official transfers averaged about US\$5.4 million a year during 1976-79 and increased to US\$9.5 million in 1980, when St. Vincent received substantial post-hurricane emergency assistance from the European Community (including a STABEX <sup>1/</sup> grant) and other traditional donors. Official transfers increased from US\$2.5 million in 1976 to US\$3.3 million in 1979, and to US\$4 million in 1980, as natural disasters led to large inflows of foreign aid. Within this category, project-related official capital grants averaged US\$1.6 million a

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<sup>1/</sup> System for stabilization of export earnings.

year (4 per cent of GDP) in 1976-79 and rose to US\$3.2 million (over 5 per cent of GDP) in 1980. On the other hand, current grants, mainly consisting of the budget support grants from the United Kingdom, declined to US\$0.7 million in 1980 from an average of US\$1.2 million a year in the preceding four years; this mainly reflected the phase-out of budgetary grants by the United Kingdom under the terms of the 1979 Independence Agreement. Borrowing from the Caribbean Development Bank (CDB) increased considerably in 1979 and 1980 compared with the preceding three years, as the dairy and sugar factory projects were implemented.

## 2. External public debt

There is no central official source of information on external public debt in St. Vincent, and the data presented in this report were obtained from various official sources and from the CDB. No data are available on the foreign debt of the private sector. It is estimated that the value of outstanding external public debt of St. Vincent quintupled during the five-year period ended in June 1980; as of that date the debt stood at about US\$11.2 million, equivalent to 20 per cent of GDP (Statistical Appendix Table 40). Most of this debt is project-related and owed to the Caribbean Development Bank; the debt carries relatively long grace periods and a concessional interest rate of 4 per cent (Statistical Appendix Table 41). The average length of repayment period for the CDB loans, which represented over 90 per cent of the total outstanding debt in 1980 (Statistical Appendix Table 42), is about 15 years with an average grace period of about 5 years (Statistical Appendix Table 41). The ratio of debt service payments (interest plus amortization) to foreign exchange receipts from merchandise exports and tourism generally has been about 1 per cent, except in 1978 when a large loan to the Crown Agents was redeemed.

## St. Vincent and the Grenadines: Summary of Tax System, 1981

(All amounts in East Caribbean dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates																		
1. Taxes on net income and profits																					
1.1 Taxes on companies																					
1.1.1 Company income tax (Income Tax Act, 1979, as amended by Income Tax (Amendment) Act, 1980)	Tax on income of resident companies accrued from all sources and on income of nonresident companies accrued from carrying on business within St. Vincent. The basis of assessment is the previous calendar or accounting year. Income includes all accrued gains or profits.	The income of pension funds, building societies, nonprofit-making institutions, local authorities, statutory authorities, and regional organizations is exempt. The income of international companies which do not engage in trading in St. Vincent and which are not required to distribute more than 10 per cent of dividends, etc., to residents is also exempt. In addition, certain hotels, pioneer industries, and development activities in Montserrat are exempt for a limited period. In calculating chargeable income, all expenses incurred during the year in the production of income, including interest on borrowed capital, can be deducted. In addition, initial allowances of 10 per cent on buildings and 20 per cent on plant and machinery and annual allowances ranging from 4 per cent to 50 per cent depending on the type of asset can be deducted. Losses can be set off against income from other sources in the same year or against income from the same source in later years. Agreements for relief from double taxation are in force with many countries.	40 per cent. Companies which are owned or controlled by not more than five shareholders may be subject to an additional tax at the rate of 15 per cent if the distribution of dividends is deemed insufficient.																		
1.2 Taxes on individuals																					
1.2.1 Individual income tax (Income Tax Act, 1979, as amended by Income Tax (Amendment) Act, 1980)	Tax on income of resident individuals accrued from all sources and of income of nonresident individuals accrued from employment or carrying on business within St. Vincent. The basis of assessment is the previous calendar year. Employees are subject to pay-as-you-earn deductions. Income accruing to married women is included in the assessable income of the husband. Income accruing to partnerships is charged to the individual partners.	The income of diplomats, ministers of religion, and the Governor is exempt. War pensions, scholarships, interest on certain government debt, interest on deposits in banks and building societies in St. Vincent, interest on accounts in the National Provident Fund, and gratuities are also exempt. A wide range of deductions are allowed in calculating chargeable income. These include a personal allowance of EC\$1,000, an earned income allowance of EC\$500 or one tenth of income whichever is the smaller, a wife's allowance of EC\$700, a wife's earned income allowance of EC\$500, and a child allowance of EC\$400 for each child. Allowances or deductions up to a maximum amount are also given for dependent relatives, housekeepers, alimony and maintenance, education expenses, overseas medical expenses, life assurance and pension contributions, mortgage interest, and payments to charitable institutions. A tax credit is allowed on receipts of dividends equal to the tax payable on the dividend or 25 per cent of the dividend, whichever is the smaller. Resident individuals whose assessable income does not exceed EC\$1,000 are exempt.	<table><thead><tr><th>Income (in East Caribbean dollars)</th><th>Per Cent</th></tr></thead><tbody><tr><td>Up to 1,000</td><td>2</td></tr><tr><td>1,001 to 2,000</td><td>5</td></tr><tr><td>2,001 to 3,000</td><td>10</td></tr><tr><td>3,001 to 4,000</td><td>20</td></tr><tr><td>4,001 to 6,000</td><td>25</td></tr><tr><td>6,001 to 10,000</td><td>35</td></tr><tr><td>10,001 to 15,000</td><td>45</td></tr><tr><td>15,001 and over</td><td>55</td></tr></tbody></table>	Income (in East Caribbean dollars)	Per Cent	Up to 1,000	2	1,001 to 2,000	5	2,001 to 3,000	10	3,001 to 4,000	20	4,001 to 6,000	25	6,001 to 10,000	35	10,001 to 15,000	45	15,001 and over	55
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15,001 and over	55																				
1.3 Other																					
1.3.1 Withholding tax (Income Tax Act, 1979, as amended by Income Tax (Amendment) Act, 1980)	Tax on all payments to non-residents of dividends, interest, rentals, etc., for real property, royalties, fees, and annuities. Profits of nonresident companies liable to tax as if such profits paid out in dividends.	In calculating liability to tax, non-resident companies can deduct income tax paid and any part of profit reinvested in St. Vincent for other than replacement of plant and machinery.	15 per cent on dividends and rental payments, 20 per cent on interest on mortgages, 25 per cent on all other payments.																		

## St. Vincent and the Grenadines: Summary of Tax System, 1981 (continued)

(All amounts in East Caribbean dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates																																												
2. Taxes on property																																															
2.1 Real estate taxes																																															
2.1.1	Land and house tax (Land and House Tax Ordinance as amended by Statutory Rules and Order No. 7 of 1970)	Annual tax on the assessed annual rental value of houses and on holdings of land	15 per cent of the annual rental value for houses with an annual rental value of over EC\$75, varying specific rates for houses with lower rental value. For land the rates on the island of St. Vincent are.  <table><tr><th>Holdings (in acres)</th><th>EC\$ Per Acre</th></tr><tr><td>1 - 10</td><td>1</td></tr><tr><td>11 - 100</td><td>2</td></tr><tr><td>101 - 500</td><td>4</td></tr><tr><td>501 and over</td><td>6</td></tr></table>	Holdings (in acres)	EC\$ Per Acre	1 - 10	1	11 - 100	2	101 - 500	4	501 and over	6																																		
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Varying rates apply in the Grenadines																																															
2.1.2	Alien land holdings tax (Aliens (Land Holding Regulation) Ordinance as variously amended)	Tax on holdings and transfers of land in St. Vincent by aliens.	5 per cent on sale of land, 5 per cent of annual rental for land that is leased, annual license fee of EC\$500																																												
3. Taxes on goods and services																																															
3.1	Consumption tax (Consumption Tax Ordinance, 1968, as amended by the Consumption Tax (Amendment) Act, 1975)	Tax on certain goods imported or produced locally for local use. Goods are valued in accordance with the valuation made for import duty purposes or, in the case of locally produced goods, in accordance with current market values.	Goods exempt from import duty are also exempt from consumption tax. Varying specific or ad valorem rates of tax on a wide range of goods. The major goods covered and their rates of tax are.  <table><tr><th>Goods</th><th>Rate of Tax</th></tr><tr><td>Meat products</td><td>5 per cent</td></tr><tr><td>Confectionery</td><td>20 per cent</td></tr><tr><td>Beer</td><td>EC\$2.20 per gallon</td></tr><tr><td>Wine</td><td>EC\$3-EC\$10 per gallon</td></tr><tr><td>Spirits</td><td>EC\$6-EC\$12.60 per gallon</td></tr><tr><td>Cigarettes</td><td>EC\$1 per pound</td></tr><tr><td>Cigars</td><td>EC\$2 per pound</td></tr><tr><td>Motor gasoline</td><td>EC\$0.33 per gallon</td></tr><tr><td>Kerosene</td><td>EC\$0.04 per gallon</td></tr><tr><td>Diesel oil</td><td>EC\$0.12 per gallon</td></tr><tr><td>Medicaments</td><td>5 per cent</td></tr><tr><td>Cosmetics, etc.</td><td>20 per cent to 30 per cent</td></tr><tr><td>Photographic products</td><td>5 per cent to 10 per cent</td></tr><tr><td>Knitted outer garments</td><td>20 per cent</td></tr><tr><td>Footwear</td><td>5 per cent</td></tr><tr><td>Jewelry and glassware</td><td>10 per cent to 20 per cent</td></tr><tr><td>Domestic appliances</td><td>10 per cent</td></tr><tr><td>Electrical machinery</td><td>5 per cent</td></tr><tr><td>Motor vehicles</td><td>15 per cent</td></tr><tr><td>Watches and clocks</td><td>5 per cent to 15 per cent</td></tr><tr><td>Gramophones, televisions, etc.</td><td>20 per cent</td></tr></table>	Goods	Rate of Tax	Meat products	5 per cent	Confectionery	20 per cent	Beer	EC\$2.20 per gallon	Wine	EC\$3-EC\$10 per gallon	Spirits	EC\$6-EC\$12.60 per gallon	Cigarettes	EC\$1 per pound	Cigars	EC\$2 per pound	Motor gasoline	EC\$0.33 per gallon	Kerosene	EC\$0.04 per gallon	Diesel oil	EC\$0.12 per gallon	Medicaments	5 per cent	Cosmetics, etc.	20 per cent to 30 per cent	Photographic products	5 per cent to 10 per cent	Knitted outer garments	20 per cent	Footwear	5 per cent	Jewelry and glassware	10 per cent to 20 per cent	Domestic appliances	10 per cent	Electrical machinery	5 per cent	Motor vehicles	15 per cent	Watches and clocks	5 per cent to 15 per cent	Gramophones, televisions, etc.	20 per cent
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## St. Vincent and the Grenadines: Summary of Tax System, 1981 (continued)

(All amounts in East Caribbean dollars)

Tax		Nature of Tax	Exemptions and Deductions	Rates																																			
3.2	<u>Excise duties</u> (Excise Ordinance as amended by Statutory Rules and Orders No. 21 of 1975)	Duty on domestic consumption and production of rum		EC\$7.20 per proof gallon.																																			
3.3	<u>Hotel turnover tax</u> (Hotel Tax, 1976)	Tax on payments to hotels for accommodation or the supply of refreshments.	Premises operated by the Government or with less than six bedrooms are exempt	5 per cent																																			
3.4	<u>Bank deposit tax</u> (Interest Levy Act, 1975)	Tax on credit balances in all interest-bearing savings accounts and fixed or time deposit accounts in banks trading in St. Vincent but incorporated outside St. Vincent. The basis of assessment is the average balance in the preceding calendar year	None	1 per cent.																																			
3.5	<u>Insurance premium tax</u> (Insurance Business Tax Act, 1978)	Tax on insurance premiums received by companies for liabilities in St. Vincent	None	3 per cent																																			
3.6	<u>Motor vehicle licenses</u> (Motor Vehicles and Road Traffic Ordinance, 1940, as amended by Motor Vehicles and Road Traffic (Amendment) Act, 1975)	Annual license for motor vehicles based on weight and type of vehicle. Various other licenses required for drivers, dealers, etc.		Annual rates include <table><tr><th>Vehicle</th><th>Rates</th></tr><tr><td>Cars</td><td>EC\$35-EC\$55</td></tr><tr><td>Goods-vehicles</td><td>EC\$115-LC\$170</td></tr><tr><td>Driving licenses</td><td>EC\$15</td></tr></table>		Vehicle	Rates	Cars	EC\$35-EC\$55	Goods-vehicles	EC\$115-LC\$170	Driving licenses	EC\$15																										
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3.7	<u>Business and professional licenses</u> (Licenses Ordinance, 1969, and Liquor License Ordinance, 1948, as variously amended)	A variety of licenses covering, for example, the sale of liquor, gambling, and a number of professions such as insurance agents, travel agents, etc		Rates include <table><tr><th>License</th><th>Rates</th></tr><tr><td>Wholesale liquor license</td><td>EC\$60 per quarter</td></tr><tr><td>Travel agency</td><td>EC\$100 per annum</td></tr></table>		License	Rates	Wholesale liquor license	EC\$60 per quarter	Travel agency	EC\$100 per annum																												
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4	<u>Taxes on international trade and transactions</u>																																						
4.1	<u>Taxes on imports</u>																																						
4.1.1	<u>Import duties</u> (Customs Duties Ordinance as variously amended)	Imports are subject to the common external tariff of the East Caribbean Common Market (ECCM) and the Caribbean Common Market (CARICOM) of which St. Vincent is a member. Special rates of duty are applied to rum, brandy, whisky, gin, and vodka for which no common duties have been established. In addition, under a transitional arrangement special rates are applied to a limited number of other goods including gasoline and some types of oil and timber. Classification is based on the nomenclature of the Customs Cooperation Council. Rates are applied to the c.i.f. value.	Most imports from CARICOM are exempt provided they satisfy origin requirements. Complete or partial exemption can be granted for certain types of goods. These include animals for breeding, agricultural equipment, insecticide equipment for fishing, shipping and airlines, plant, equipment, and building materials for development purposes, goods for educational, social, and health purposes, and goods provided free of charge by international institutions.	A wide range of rates most of which are ad valorem but some are specific examples are <table><tr><th>Imports</th><th>Rates</th></tr><tr><td>Animal products</td><td>0 per cent to 25 per cent</td></tr><tr><td>Vegetable products</td><td>0 per cent to 30 per cent</td></tr><tr><td>Beer and wine</td><td>30 per cent</td></tr><tr><td>Spirits</td><td>EC\$9.45-EC\$18.70 per liquid gallon</td></tr><tr><td>Cigarettes</td><td>EC\$17.64 per kilogram</td></tr><tr><td>Gasoline</td><td>EC\$0.46 per gallon</td></tr><tr><td>Chemicals</td><td>5 per cent</td></tr><tr><td>Cosmetics</td><td>20 per cent to 70 per cent</td></tr><tr><td>Leather goods</td><td>0 per cent to 30 per cent</td></tr><tr><td>Wood products</td><td>0 per cent to 30 per cent</td></tr><tr><td>Textiles</td><td>0 per cent to 40 per cent</td></tr><tr><td>Clothing</td><td>15 per cent to 25 per cent</td></tr><tr><td>Base metals</td><td>0 per cent to 20 per cent</td></tr><tr><td>Machinery</td><td>0 per cent to 30 per cent</td></tr><tr><td>Motor vehicles</td><td>35 per cent</td></tr><tr><td>Furniture</td><td>10 per cent to 30 per cent</td></tr></table>		Imports	Rates	Animal products	0 per cent to 25 per cent	Vegetable products	0 per cent to 30 per cent	Beer and wine	30 per cent	Spirits	EC\$9.45-EC\$18.70 per liquid gallon	Cigarettes	EC\$17.64 per kilogram	Gasoline	EC\$0.46 per gallon	Chemicals	5 per cent	Cosmetics	20 per cent to 70 per cent	Leather goods	0 per cent to 30 per cent	Wood products	0 per cent to 30 per cent	Textiles	0 per cent to 40 per cent	Clothing	15 per cent to 25 per cent	Base metals	0 per cent to 20 per cent	Machinery	0 per cent to 30 per cent	Motor vehicles	35 per cent	Furniture	10 per cent to 30 per cent
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St. Vincent and the Grenadines: Summary of Tax System, 1981 (concluded)

(All amounts in East Caribbean dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
4.1.2 Stamp duty on imports (Stamp Amendment) Act, 1975)	An additional duty on imports of goods. The basis of assessment is the c.i.f. value.	None.	2 1/2 per cent for sugar, flour, milk, rice, and stock feed; 5 per cent for other goods subject to import duty, EC\$1 for each bill of entry for goods exempt from import duty.
4.2 <u>Taxes on exports</u>			
4.2.1 <u>Export duties</u>	Duties on exports of arrowroot, bananas, and ginger. The basis of assessment is the f.o.b. value.	None	3 per cent
4.3 <u>Exchange taxes</u> Currency Export Tax (Currency Export Tax Act, 1977)	Tax on payments to persons resident outside St. Vincent and for which a check, draft, or other negotiable instrument is transferred by a bank to a place outside St. Vincent. The basis of assessment is the value of the transaction.	Payments of less than EC\$100; transactions by banks that are in the ordinary course of business and not on behalf of a customer, and transactions on behalf of public bodies, representatives of governments and international organizations, and organizations granted exemption from taxation are exempt.	1 per cent.
<u>Other taxes</u>			
5.1 <u>Stamp duties</u> (Stamp Ordinance, 1968 as variously amended)	Stamp duties are payable on a variety of transactions including the transfer of real property and stocks and shares.		Rates include 6 per cent on transfer of real property.

Source: Ministry of Finance

St. Vincent and the Grenadines: Taxes of Petroleum Products

(East Caribbean dollars per imperial gallon)

	Preferential Regime 1/	General
<u>Gasoline</u>		
Import duty	0.30	0.46
Consumption tax	0.33	0.33
Stamp duty (add valorem) (in per cent)	5	5
<u>Diesel</u>		
Import duty	0.06	0.17
Consumption tax	0.12	0.12
Stamp duty (ad valorem) (in per cent)	5	5
<u>Kerosene</u>		
Import duty	0.06	0.06
Consumption tax	0.04	0.04
Stamp duty (ad valorem) (in per cent)	2-1/2	5

Source: Ministry of Finance.

1/ Imported from British Commonwealth countries.

St. Vincent and the Grenadines: Exchange and Trade System

1. Exchange rate

The currency of St. Vincent and the Grenadines is the East Caribbean dollar,<sup>1/</sup> which is issued by the East Caribbean Currency Authority. The East Caribbean dollar is pegged to the U.S. dollar, the intervention currency, at EC\$2.70 = US\$1. On December 31, 1980 the buying and selling rates for the U.S. dollar were EC\$2.6949 and EC\$2.7084, respectively, per U.S. dollar. The Currency Authority also quotes daily rates for the Canadian dollar and the pound sterling. The sale of foreign exchange by commercial banks is subject to a 1 per cent tax.

According to staff calculations, the trade-weighted exchange rate for the East Caribbean dollar (weighted by the shares of St. Vincent's main trading partners) depreciated at an average rate of 4.8 per cent a year over the period 1976-80, due mainly to the depreciation of the U.S. dollar vis-a-vis the pound sterling (Statistical Appendix Table 43). However, the appreciation of the U.S. dollar since November 1980 has partially erased that decline.

2. Administration of control

Exchange control is administered by the Ministry of Finance and applies to all countries outside the East Caribbean Currency Authority area. The Ministry delegates to authorized dealers the authority to approve certain payments. Transfers of funds inside the East Caribbean Currency Authority area require authorization of the Ministry of Finance when the amount of the transaction exceeds EC\$2,000.

3. Prescription of currency

Settlements with residents of member countries of the Caribbean Common Market (CARICOM)<sup>2/</sup> must be made either through external accounts (in East Caribbean dollars) or in the currency of the CARICOM country concerned. Settlements with residents of other countries may be made in any foreign currency <sup>3/</sup> or through an external account in East Caribbean dollars.

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<sup>1/</sup> The East Caribbean dollar is also the currency of Antigua, Dominica, Grenada, Montserrat, St. Kitts-Nevis, and St. Lucia.

<sup>2/</sup> The CARICOM countries are Antigua, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts-Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

<sup>3/</sup> Foreign currencies include all currencies other than the East Caribbean dollar.



4. Nonresident accounts

External accounts may be opened for nonresidents with the authorization of the Ministry of Finance. They are maintained in East Caribbean dollars and may be freely credited with overseas remittances of foreign currency and with transfers from other external accounts. Except with the prior approval of the Ministry of Finance, East Caribbean currency, foreign currency notes and coins, and payments by residents cannot be transferred to the external accounts. The accounts can be freely debited for payments to residents and overseas, without the previous authorization of the Ministry of Finance. Quarterly statements of the accounts must be submitted by the operating banks to the Ministry of Finance.

5. Foreign currency accounts

Accounts denominated in foreign currencies can be opened by nonresidents with the authorization of the Ministry of Finance. The accounts may be credited only by funds originated by overseas remittances. Except with the prior approval of the Ministry of Finance, remittances in East Caribbean currency, foreign currency notes and coins and payments by residents cannot be transferred to a foreign currency account. These accounts can be debited for payments overseas without the previous authorization of the Ministry of Finance. Quarterly statements of the accounts must be submitted by the operating banks to the Ministry of Finance.

6. Imports and import payments

All imports from South Africa are prohibited. Imported goods are divided into three categories: the largest category covers goods that may be freely imported, imports of some goods which compete with typical CARICOM and East Caribbean Common Market <sup>1/</sup> exports are subject to licenses; in some cases imports of goods which compete with local production are prohibited.

Payments for authorized imports are permitted upon application and submission of documentary evidence and, when required, of the license. Advance payments for imports require prior approval by the Ministry of Finance. Most imports are subject to a stamp tax of 5 per cent of the c.i.f. value.

7. Payments for invisibles

Payments for travel, medical treatment, education, subscription and membership fees, and gifts are subject to limitations. All other payments exceeding EC\$50 require approval by the Ministry of Finance. Residents of St. Vincent and the Grenadines may purchase foreign exchange from authorized banks up to the equivalent of EC\$2,500 per annum for travel

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<sup>1/</sup> The East Caribbean Common Market is composed of the following countries. Antigua, Dominica, Grenada, Montserrat, St. Kitts-Nevis, St. Lucia, and St. Vincent and the Grenadines.

outside the East Caribbean Currency area. The amount of local currency that can be taken out by travelers is limited to EC\$50 a trip. For business travel, additional allowances of foreign exchange may be made available up to an amount not exceeding EC\$6,000 per annum. The limits previously noted can be raised with the authorization of the Ministry of Finance. Purchases of foreign currency to cover expenses for medical treatment abroad are authorized by the Ministry of Finance upon presentation of a written statement by a local medical practitioner of the need of the treatment. The amount approved is based on the actual cost of the treatment.

Students attending educational institutions overseas are permitted to purchase foreign exchange to cover cost of tuition and living expenses. Documentary proof of acceptance and attendance at the institution is required. Profits may be remitted in full, subject to confirmation of registration by the Controller of Inland Revenue for income tax purposes.

8. Exports and export proceeds

Exports to South Africa are prohibited. Specific licenses are required for the export to any destination of some agricultural goods included in the CARICOM marketing protocol (e.g., sweet potatoes, carrots, peanuts, plantains, tomatoes, and oranges) and in the CARICOM Oils and Fats Agreement, (which covers coconuts and coconut oil). The licenses are issued by the Ministry of Trade, which in some cases has delegated its authority to the St. Vincent Marketing Board. Exports of goats, sheep, and lobsters are subject to licensing to prevent depletion of stocks. The surrender of export proceeds to authorized dealers is mandatory. A 3 per cent export duty is levied on bananas, arrowroot starch, and ginger.

9. Proceeds from invisibles

The surrender of the foreign currency proceeds from transactions in invisibles is mandatory. Travelers to St. Vincent may bring in freely notes and coins denominated in East Caribbean dollars or in any foreign currency.

10. Capital

All outward capital transfers require exchange control approval. The purchase by residents of foreign currency securities and of real estate situated abroad for private purposes is not normally permitted. On presentation of documentary proof that permanent residence is being taken in a foreign country, emigrant residents can apply to the Ministry of Finance to transfer funds based on the value of the assets held in St. Vincent. Transfer of sums exceeding EC\$20,000 per year are not normally permitted. The same limit of EC\$20,000 per year holds for the applications by emigrants already resident in a foreign country and wishing to transfer the proceeds of sale of property held in St. Vincent.

Direct investment in St. Vincent by nonresidents is not subject to exchange control. The remittance of earnings on, and liquidation of proceeds from, such investment is permitted subject to the discharge of any liabilities related to the investment. The approval of the Ministry of Finance is required for nonresidents to borrow in St. Vincent. Any borrowing abroad by authorized dealers to finance their domestic operations requires the approval of the Ministry.

11. Gold

Residents are permitted to acquire and hold gold coins for numismatic purposes. Imports of gold, under license by the Ministry of Finance, are permitted for industrial purposes only.

Table 15. St. Vincent: National Accounts

	1975	1976	1977	1978	1979	Est. 1980
(In millions of current East Caribbean dollars)						
<u>Consumption</u>	<u>89.0</u>	<u>89.9</u>	<u>109.5</u>	<u>120.3</u>	<u>149.7</u>	<u>176.0</u>
Central Government	20.1	21.0	23.1	29.5	36.4	40.1
Private	68.9	68.9	86.4	90.8	113.3	135.9
<u>Gross domestic investment</u>	<u>18.4</u>	<u>17.1</u>	<u>26.5</u>	<u>27.8</u>	<u>34.1</u>	<u>41.4</u>
Central Government	3.8	5.8	7.6	8.6	14.3	18.0
Private	14.6	11.3	18.9	19.2	19.8	23.4
<u>Gross domestic expenditure</u>	<u>107.4</u>	<u>107.0</u>	<u>136.0</u>	<u>148.1</u>	<u>183.8</u>	<u>217.4</u>
Plus: exports of goods and nonfactor services	23.3	41.6	44.8	82.3	98.4	115.0
Minus: exports of goods and nonfactor services	60.2	65.9	85.9	106.2	146.6	169.2
<u>GDP at current market prices</u>	<u>70.5</u>	<u>82.7</u>	<u>94.9</u>	<u>124.2</u>	<u>135.6</u>	<u>163.2</u>
Minus: indirect taxes net of subsidies	10.0	11.7	14.7	17.9	22.1	24.6
<u>GDP at current factor cost</u>	<u>60.5</u>	<u>71.0</u>	<u>80.2</u>	<u>106.3</u>	<u>113.5</u>	<u>138.6</u>
<u>GDP at constant factor cost (1976 prices)</u>	<u>66.7</u>	<u>71.0</u>	<u>73.5</u>	<u>84.3</u>	<u>83.8</u>	<u>84.7</u>
(As per cent of GDP)						
<u>Consumption</u>	<u>126.2</u>	<u>108.7</u>	<u>115.4</u>	<u>96.9</u>	<u>110.4</u>	<u>107.8</u>
Central Government	28.5	25.4	24.3	23.8	26.8	24.6
Private	97.7	83.3	91.0	73.1	83.6	83.3
<u>Gross domestic investment</u>	<u>26.1</u>	<u>20.7</u>	<u>27.9</u>	<u>22.4</u>	<u>25.2</u>	<u>25.4</u>
Central Government	5.4	7.0	8.0	6.9	10.6	11.0
Private	20.7	13.7	19.9	15.5	14.6	14.3
<u>Gross domestic expenditure</u>	<u>152.3</u>	<u>129.4</u>	<u>143.3</u>	<u>119.2</u>	<u>135.6</u>	<u>133.2</u>
Exports of goods and nonfactor services	33.1	50.3	47.2	66.3	72.6	70.5
Imports of goods and nonfactor services	85.4	79.7	90.5	85.5	108.1	103.7

Sources: CARICOM Secretariat; and Fund staff estimates.

Table 16. St. Vincent: GDP Deflators

	Weights	1975	1976	1977	1978	1979	1980
<u>(Indices 1976=100)</u>							
Gross domestic expenditure	128.4	82.8	100.0	108.6	122.5	132.6	155.8
Exports of goods and nonfactor services	51.3	111.3	100.0	112.9	122.3	142.4	170.8
Goods	(32.9)	(121.3)	(100.0)	(120.3)	(133.9)	(151.1)	(185.8)
Nonfactor services	(18.4)	(93.4)	(100.0)	(99.7)	(101.5)	(126.9)	(144.1)
Imports of goods and nonfactor services	-79.7	91.3	100.0	110.7	117.9	135.4	155.6
<u>GDP deflators</u>	<u>100.0</u>	<u>90.7</u>	<u>100.0</u>	<u>109.1</u>	<u>126.1</u>	<u>135.4</u>	<u>163.6</u>
<u>(Annual percentage changes)</u>							
Gross domestic expenditure			20.8	8.6	12.8	8.2	17.5
Exports of goods and nonfactor services			-10.2	12.9	8.3	16.4	19.9
Goods			(-17.6)	(20.3)	(11.3)	(12.8)	(23.0)
Nonfactor services			(7.1)	(-0.3)	(1.8)	(25.0)	(13.6)
Imports of goods and nonfactor services			9.5	10.7	6.5	14.8	14.9
<u>GDP deflators</u>			<u>10.3</u>	<u>9.1</u>	<u>15.6</u>	<u>7.4</u>	<u>20.8</u>

Sources: CARICOM Secretariat, and Fund staff estimates.

Table 17. St. Vincent: Sectoral Origin of Gross Domestic Product  
at Constant Factor Cost

(In millions of constant 1976 East Caribbean dollars)

	1975	1976	1977	1978	1979	Est. 1980
Agriculture	11.0	14.0	11.5	13.6	10.2	9.2
Quarrying	0.2	0.2	0.2	0.2	0.2	0.2
Construction	9.7	7.7	9.1	9.0	9.8	10.1
Manufacturing	4.4	4.4	5.2	8.6	9.7	11.5
Electricity and Water	2.0	2.1	2.4	2.5	3.1	3.1
Transport and Communications	8.6	9.8	10.9	13.9	13.0	13.0
Wholesale and Retail Trade	8.4	9.6	9.8	9.6	9.5	9.5
Hotels and Restaurants	1.1	1.1	1.3	1.6	1.8	2.1
Banking, finance, real estate and business services	6.0	6.0	5.7	7.3	7.5	8.0
Public Administration	13.0	13.7	15.0	15.5	16.3	15.3
Other Services	2.3	2.4	2.4	2.5	2.7	2.7
<u>Gross domestic product at factor cost</u>	<u>66.7</u>	<u>71.0</u>	<u>73.5</u>	<u>84.3</u>	<u>83.8</u>	<u>84.7</u>

Sources. CARICOM Secretariat, and Fund staff estimates.

Table 18. St. Vincent: Sectoral Origin of Gross Domestic Product  
at Current Factor Cost

(In millions of East Caribbean dollars)

	1975	1976	1977	1978	1979	Est. 1980
Agriculture	9.0	14.0	14.8	20.2	17.0	18.8
Quarrying	0.2	0.2	0.2	0.3	0.3	0.4
Construction	8.7	7.7	10.0	11.5	14.6	16.5
Manufacturing	4.0	4.4	5.9	10.3	13.1	19.7
Electricity and Water	1.7	2.1	2.4	2.4	2.7	3.0
Transport and Communications	7.9	9.8	11.5	16.5	17.5	19.6
Wholesale and Retail Trade	7.6	9.6	10.4	11.5	11.0	12.7
Hotels and Restaurants	1.0	1.1	1.4	1.9	2.5	3.5
Banking, finance, real estate and business services	5.4	6.0	6.1	8.4	9.9	15.2
Public Administration	13.0	13.7	14.9	20.3	21.1	23.1
Other Services	2.0	2.4	2.6	3.0	3.8	4.4
<u>Gross domestic product at factor cost</u>	<u>60.5</u>	<u>71.0</u>	<u>80.2</u>	<u>106.3</u>	<u>113.5</u>	<u>136.9</u>

Sources: CARICOM Secretariat; and Fund staff estimates.

Table 19. St. Vincent: Composition of Gross Domestic Product, at Current Factor Cost

(In per cent)

	1975	1976	1977	1978	1979	Est. 1980
<u>GDP at current factor cost</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Agriculture	14.9	19.7	18.5	19.0	15.0	13.6
Quarrying	0.3	0.3	0.3	0.3	0.3	0.3
Construction	14.4	10.9	12.5	10.8	12.9	11.9
Manufacturing	6.6	6.2	7.4	9.7	11.5	14.2
Electricity and water	2.8	3.0	3.0	2.3	2.4	2.2
Transport and communications	13.1	13.8	14.3	15.5	15.4	14.7
Wholesale and retail trade	12.6	13.5	13.0	10.8	9.7	9.5
Hotels and restaurants	1.7	1.6	1.8	1.8	2.2	2.5
Banking, finances, real estate, and business services	8.9	8.5	7.6	7.9	8.7	11.0
Public administration	21.5	19.3	18.6	19.1	18.6	17.0
Other services	3.2	3.2	3.0	2.8	3.3	3.1

Sources: CARICOM Secretariat; and Fund staff estimates.



Table 20. St. Vincent: Selected Production  
and Fuel Consumption Statistics

(In thousands of pounds, unless otherwise indicated)

	1975	1976	1977	1978	1979	Est. 1980
<b>Production</b>						
Rum (proof gallons)	104	99	93	71	69	78
Sweet potatoes	3,600	4,709	1,619	3,493	3,200	3,595 <u>1/</u>
Yams, tannias, eddoes, and dasheens	3,800	4,365	3,722	6,895 <u>2/</u>	6,798	5,484 <u>1/</u>
Arrowroot starch <u>3/</u>	1,745	1,744	1,838	1,863	1,542	1,563
Bananas	42,938	69,269	63,095	71,934	63,028	53,038 <u>1/</u>
Nutmeg <u>4/</u>	249	380	280	272	316	354
Mace <u>4/</u>	46	70	46	55	58	55
Carrots	1,300	1,820	758	904	638	521 <u>1/</u>
Ginger	2,600	1,749	1,255	1,915	2,635	3,006 <u>1/</u>
Peanuts	210	147	45	151	101	63 <u>1/</u>
Coconuts (thousands of nuts) <u>4/</u>	2,587	2,702	4,094	4,997	4,033	3,801
Copra	5,000	2,331	3,658	4,270	5,020 <u>1/</u>	...
<b>Fuel consumption</b>						
Gasoline (thousands of gallons)	1,227	1,308	1,385	1,463	1,342	1,505
Kerosene (thousands of gallons)	376	327	376	367	388	324
Diesel (thousands of gallons)	896	1,491	1,387	1,425	1,908	2,076
Natural gas (tons)	589	713	627	639	676	...
Electricity (kwh)	17,409	17,665	19,607	23,274	25,724	26,972
Of which:						
commercial	(4,557)	(4,599)	(5,071)	(5,750)	(6,210)	(6,088)
domestic	(7,201)	(7,326)	(7,961)	(8,412)	(9,668)	(9,124)
industrial	(1,069)	(1,065)	(1,263)	(2,574)	(3,247)	(3,332)
public sector	(1,135)	(1,058)	(1,255)	(1,376)	(1,500)	(1,655)
other	(896)	(783)	(792)	(915)	(1,008)	(1,060)
loss in trans- mission	(2,551)	(2,834)	(3,265)	(4,247)	(4,091)	(5,713)

Sources. Ministry of Trade and Agriculture; Arrowroot Association, Customs, Banana Association, Marketing Corporation; St. Vincent Electricity Services Limited; Esso, St. Vincent, and Statistical Unit.

1/ Estimates based on exports.

2/ Tannias and eddoes only.

3/ Crop year.

4/ Exports.

Table 21. St. Vincent: Prices of Gasoline, Diesel, and Kerosene

(In East Caribbean dollars per imperial gallon)

	Gasoline		Diesel		Kerosene	
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail
<u>1975</u>						
February 25	1.87	2.00	1.42	1.52	--	--
<u>1976</u>						
January 2	2.05	2.20	1.60	1.70	1.50	1.60
November 2	2.24	2.40	1.70	1.80	1.62	1.72
<u>1977</u>						
January 13	2.40	2.60	1.83	1.95	1.76	1.88
September 13	2.46	2.66	1.	1.99	1.78	1.90
<u>1978</u>						
April 25	2.54	2.74	1.93	2.05	1.84	1.96
December 12	2.63	2.85	1.99	2.13	1.93	2.07
<u>1979</u>						
February 27	2.85	3.00	2.08	2.22	2.13	2.27
April 1	2.86	3.11	2.20	2.34	2.23	2.37
May 5	3.19	3.44	2.41	2.55	2.44	2.58
July 6	3.26	3.51	2.48	2.62	2.51	2.65
August 14	3.59	3.95	3.07	3.32	3.10	3.35
November 6	3.59	3.95	3.07	3.32	3.41	3.66
<u>1980</u>						
February 5	4.38	4.74	3.80	4.05	3.98	4.23
March 25	4.38	4.74	3.80	4.05	4.09	4.23
April 22	4.49	4.85	3.91	4.16	4.23	4.37
August 12	4.66	5.02	4.01	4.26	4.23	4.37
October 30	4.48	4.84	3.85	4.10	4.01	4.15
<u>1981</u>						
March 3	4.65	5.01	4.07	4.32	4.11	4.25

Source: Ministry of Trade and Agriculture.

Table 22. St. Vincent: Retail Price Index

	All Items	Food	Alcoholic Drinks and Tobacco	Hous- ing	Fuel and Light	Household and Miscel- laneous	Clothing and Footwear	Ser- vices
(1964 = 100)								
Weight	100.0	55.2	5.3	11.1	6.4	5.4	6.9	9.7
End of Period								
1974	244.2	253.7	202.4	235.4	246.9	228.6	252.5	223.8
1975	273.6	282.9	234.7	271.3	252.4	283.3	282.3	246.9
1976	307.1	321.8	255.4	289.1	270.7	365.9	307.1	263.5
1977	329.8	339.7	283.1	305.7	313.3	400.4	328.1	298.8
1978	366.3	371.3	335.0	308.8	396.4	450.7	426.2	310.8
1979	430.4	415.6	375.4	436.1	521.5	515.4	496.4	383.5
1980	511.7	514.7	433.9	477.1	583.2	601.5	556.6	447.6
March 1980	455.0	438.8	400.0	439.4	599.6	546.9	510.0	421.3
March 1981	512.1	496.4	433.9	498.6	631.5	623.0	609.0	449.4
(Per cent change)								
1975	12.0	11.5	16.0	15.2	2.2	23.9	11.8	10.3
1976	12.2	13.8	8.8	6.6	7.2	29.2	8.8	6.7
1977	7.4	5.6	10.8	5.7	15.7	9.4	6.8	13.4
1978	11.1	9.3	18.3	1.0	26.5	12.6	29.9	4.0
1979	17.5	11.9	12.1	41.2	31.6	14.3	8.4	23.4
1980	18.9	23.8	15.6	9.4	11.8	16.7	12.1	16.7
March 1980-								
March 1981	12.6	13.1	8.5	13.5	5.3	13.9	19.4	6.7

Source: Statistical Unit-Ministry of Finance.

Table 23. St. Vincent: Comparative Wage Rates in 1978

(U.S. dollar equivalents)

	St. Vincent	St. Lucia	Barbados	Trinidad and Tobago
<u>Per 40-hour week</u>				
Secretary/receptionist	22	28-37	48-58	100-180
Copy typist	19	37	50	50-70
Truck driver	22	26	55	100-125
Skilled motor mechanic	28	45	75	100-125
Bricklayer/mason	17-22	45	50-60	80-100
Carpenter	28	45	50-60	80-100
Plumber	28	45	50-60	80-100
Electrician	17-22	45	73	80-100
Unskilled laborer	15 <u>1/</u>	16	40-45	60-80
Factory worker - male	15 <u>1/</u>	22	35-55	40-80
female	13 <u>1/</u>	19	35-55	40-80
Office messenger	15	9	45-55	30-70

Source: The Development Corporation (DEVCO), Investment Opportunities in St. Vincent and the Grenadines.

1/ In 1979.

Table 24. St. Vincent: Operations of the Public Sector

(In millions of East Caribbean dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80
<b>I. Consolidated Public Sector 1/</b>					
Current revenue	20.3	25.5	31.3	37.6	45.0
Current grants	3.3	2.0	1.7	5.2	3.4
Capital revenue and grants	2.7	4.6	4.4	3.3	6.2
Current expenditure	24.2	26.7	29.8	41.2	47.0
Capital expenditure and net lending	5.0	9.4	10.1	11.3	21.7
<u>Current account surplus or deficit (-)(excluding grants)</u>	<u>-3.9</u>	<u>-1.2</u>	<u>1.5</u>	<u>-3.6</u>	<u>-2.0</u>
<u>Overall surplus or deficit (-)</u>	<u>-2.9</u>	<u>-4.0</u>	<u>-2.5</u>	<u>-6.4</u>	<u>-14.1</u>
<b>Financing</b>	<b>2.9</b>	<b>4.0</b>	<b>2.5</b>	<b>6.4</b>	<b>14.1</b>
Foreign borrowing and foreign currency holdings	0.4	3.0	-2.0	6.0	12.1
East Caribbean Currency Authority	0.6	0.6	--	--	--
International Monetary Fund	--	--	--	--	-0.6
Banks and local currency holdings	-0.3	-2.0	3.5	-0.2	3.8
Other	1.1	1.1	0.1	-0.1	-2.4
Residual	1.1	1.3	0.9	0.7	1.2
<b>II. Central Government</b>					
Current revenue	17.0	21.4	28.3	33.8	42.9
Current grants	3.3	2.0	1.7	5.2	3.4
Capital grants	2.6	4.3	4.0	2.7	5.9
Current expenditure	23.2	25.6	28.1	39.2	43.0
Capital expenditure and net lending	3.9	7.7	7.5	9.6	19.0
<u>Current account surplus or deficit (-)(excluding grants)</u>	<u>-6.2</u>	<u>-4.2</u>	<u>0.2</u>	<u>-5.4</u>	<u>-0.1</u>
<u>Overall deficit (-)</u>	<u>-4.2</u>	<u>-5.6</u>	<u>-1.6</u>	<u>-7.1</u>	<u>-9.8</u>

Table 24 St Vincent Operations of the Public Sector (Concluded)

(In millions of East Caribbean dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80
<b>II. Central Government (Concluded)</b>					
Financing	4.2	5.6	1.6	7.1	9.8
Foreign borrowing and foreign currency holdings	0.5	3.0	-2.0	6.0	10.8
East Caribbean Currency Authority	0.6	0.6	--	--	--
International Monetary Fund	--	--	--	--	-0.6
Banks and local currency holdings	0.9	-0.1	2.5	0.2	-0.6
Consolidated public enterprises	0.3	0.3	0.4	0.1	-0.8
Other domestic	0.9	0.5	-0.2	0.1	-0.2
Residual	1.1	1.3	0.9	0.7	1.2
<b>III. Kingstown Town Board</b>					
Current revenue	0.4	0.5	0.5	0.7	0.6
Current expenditure	0.2	0.2	0.4	0.4	0.5
Capital expenditure	0.1	0.2	0.1	0.1	0.2
Current account surplus	0.2	0.3	0.1	0.3	0.1
Overall surplus or deficit (-)	0.1	0.1	--	0.2	-0.1
Financing	-0.1	-0.1	--	-0.2	0.1
Banks and local currency holdings	-0.1	-0.1	--	-0.2	0.1
<b>IV. Consolidated Public Enterprises 2/</b>					
Current receipts	21.0	24.7	30.1	32.3	32.3
Operating receipts	20.6	24.3	30.0	32.2	31.5
Other	0.4	0.4	0.1	0.1	0.8
Capital receipts and grants	0.1	0.3	0.1	0.6	0.3
Current expenditure	19.5	22.9	28.6	32.5	33.6
Operating expenditure	17.8	20.8	26.2	28.6	28.3
Other	1.7	2.1	2.4	3.9	5.3
Capital expenditure	1.0	1.6	3.6	1.9	2.7
Operating surplus	2.8	3.5	3.8	3.6	3.2
Current account surplus or deficit (-)	1.5	1.8	1.5	-0.2	-1.3
Overall surplus or deficit (-)	0.6	0.5	-1.7	-1.5	-3.7
Financing	-0.6	-0.5	1.7	1.5	3.7
Banks and local currency holdings	-1.1	-1.8	1.0	-0.2	4.3
Foreign borrowing	-0.1	--	--	--	1.3
Central Government	-0.3	-0.2	0.7	0.2	1.0
Other	0.9	1.5	--	1.5	-2.9
	(1.1)	(1.5)	(0.3)	(1.3)	(-2.7)

Sources: Kingstown Town Board, Fund staff estimates, and Statistical Appendix Tables 25, 26, 27, and 28

1/ Includes the Central Government, the Kingstown Town Board, and the consolidated public enterprises. Public enterprise operating expenditure is netted out of revenue and expenditure.

2/ Arrowroot Association, the Banana Growers' Association, the Electricity Services, the Marketing Corporation, the Philatelic Services, and the Housing and Land Development Corporation. Figures on the basis of the financial years of the individual enterprises have been adjusted to a financial year ending June 30.

Table 25. St. Vincent. Central Government Revenue and Grants

(In millions of East Caribbean dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	
						Budget	Proj.
<u>Taxes on income and property</u>	<u>4.0</u>	<u>4.8</u>	<u>5.6</u>	<u>8.7</u>	<u>10.7</u>	<u>10.6</u>	<u>10.8</u>
Individuals	2.4	2.8	3.2	5.6	5.4	6.0	5.6
Company	1.4	1.8	2.2	2.8	4.9	4.0	4.7
Withholding	--	--	--	0.1	0.2	0.3	0.3
Land and house	0.2	0.2	0.2	0.2	0.2	0.3	0.2
<u>Taxes on goods and services</u>	<u>3.8</u>	<u>5.2</u>	<u>5.1</u>	<u>6.3</u>	<u>7.2</u>	<u>7.7</u>	<u>7.8</u>
Consumption tax	1.9	2.6	3.0	3.3	4.0	4.0	4.4
Excise duty	0.6	0.7	0.6	0.7	0.4	0.8	0.5
Hotel turnover tax	--	0.2	0.3	0.4	0.5	0.5	0.5
Bank deposit tax	0.4	0.7	0.2	0.5	0.7	0.7	0.7
Licenses	0.9	1.0	1.0	1.3	1.5	1.5	1.5
Other	--	--	--	0.1	0.1	0.2	0.2
<u>Taxes on international trade and transactions</u>	<u>6.0</u>	<u>7.9</u>	<u>10.4</u>	<u>13.1</u>	<u>16.9</u>	<u>16.2</u>	<u>18.4</u>
Import duties	4.2	5.6	6.8	8.0	10.6	9.9	11.5
Stamp duty on imports	1.8	2.3	2.8	3.3	4.2	4.0	4.4
Export duties	--	--	--	0.7	0.6	0.9	0.8
Exchange tax	--	--	0.8	1.1	1.5	1.4	1.7
<u>Other</u>	<u>0.5</u>	<u>0.4</u>	<u>0.8</u>	<u>0.7</u>	<u>1.1</u>	<u>1.4</u>	<u>1.2</u>
Stamp duties	0.5	0.4	0.8	0.7	1.1	1.4	1.2
<u>Nontax revenue</u>	<u>2.7</u>	<u>3.1</u>	<u>6.4</u>	<u>5.0</u>	<u>7.0</u>	<u>10.1</u>	<u>7.6</u>
Operating surpluses of departmental enterprises	0.1	0.2	0.2	0.1	0.1	0.7	0.1
Income from public enterprises	0.3	--	1.1	0.3	1.3	1.6	1.2
East Caribbean Currency Authority profits	0.7	1.0	0.6	0.4	1.0	1.8	1.4
Interest and rent	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Fees, fines, non industrial sales, and other receipts	1.5	1.8	4.4	4.0	4.4	5.8	4.7
<u>Total current revenue (excluding grants)</u>	<u>17.0</u>	<u>21.4</u>	<u>28.3</u>	<u>33.8</u>	<u>42.9</u>	<u>46.0</u>	<u>45.8</u>
<u>Current grants</u>	<u>3.3</u>	<u>2.0</u>	<u>1.7</u>	<u>5.2</u>	<u>3.4</u>	<u>1.0</u>	<u>0.9</u>
Budgetary assistance	3.2	1.9	1.6	4.8	3.2	0.5	0.5
Other current grants	0.1	0.1	0.1	0.4	0.2	0.5	0.4
<u>Capital grants</u>	<u>2.6</u>	<u>4.3</u>	<u>4.0</u>	<u>2.7</u>	<u>5.9</u>	<u>22.3</u>	<u>10.5</u>
<u>Total revenue and grants</u>	<u>22.9</u>	<u>27.7</u>	<u>34.0</u>	<u>41.7</u>	<u>52.2</u>	<u>69.3</u>	<u>57.2</u>

Sources. Ministry of Finance, and Fund staff estimates.

Table 26. St. Vincent: Central Government Expenditure and Net Lending

(In millions of East Caribbean dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	
						Budget	Proj.
<u>Expenditure on goods and services</u>	<u>18.6</u>	<u>20.0</u>	<u>22.9</u>	<u>33.1</u>	<u>36.3</u>	<u>36.8</u>	<u>39.4</u>
Wages and salaries	11.6	13.0	13.5	20.1	19.2	22.6	20.5
Other purchases of goods and services	7.0	7.0	9.4	13.0	17.1	14.2	18.9
<u>Interest payments</u>	<u>1.8</u>	<u>1.6</u>	<u>1.6</u>	<u>1.3</u>	<u>2.1</u>	<u>2.4</u>	<u>2.4</u>
<u>Subsidies</u>	<u>0.9</u>	<u>0.6</u>	<u>0.7</u>	<u>0.9</u>	<u>0.5</u>	<u>0.4</u>	<u>0.6</u>
Operating deficits of departmental enterprises	0.3	0.1	0.3	0.3	0.1	--	0.1
Public enterprises and financial institutions	0.6	0.5	0.4	0.6	0.4	0.4	0.5
<u>Transfers</u>	<u>1.9</u>	<u>3.4</u>	<u>2.9</u>	<u>3.9</u>	<u>4.1</u>	<u>6.0</u>	<u>5.8</u>
Other levels of national government	--	0.4	0.1	0.4	0.3	0.4	0.4
Nonprofit institutions	0.2	0.2	0.3	0.1	0.1	0.1	0.1
Households	1.5	1.5	1.6	2.8	2.7	3.2	2.9
Abroad	0.2	1.3	0.9	0.6	1.0	2.3	2.4
<u>Total current expenditure</u>	<u>23.2</u>	<u>25.6</u>	<u>28.1</u>	<u>39.2</u>	<u>43.0</u>	<u>45.6</u>	<u>48.2</u>
<u>Total capital expenditure and net lending</u>	<u>3.9</u>	<u>7.7</u>	<u>7.5</u>	<u>9.6</u>	<u>19.0</u>	<u>42.3</u>	<u>16.9</u>
Capital expenditure	3.8	6.7	5.4	3.1	6.4	32.3	11.9
Net lending	0.1	1.0	2.1	6.5	12.6	10.0	5.0
<u>Total expenditure and net lending</u>	<u>27.1</u>	<u>33.3</u>	<u>35.6</u>	<u>48.8</u>	<u>62.0</u>	<u>87.9</u>	<u>65.1</u>

Sources: Ministry of Finance, and Fund staff estimates.



Table 27. St. Vincent: Central Government Financing

(In millions of East Caribbean dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80	Proj. 1980/81
<u>Domestic financing</u>	<u>2.1</u>	<u>0.7</u>	<u>2.7</u>	<u>0.4</u>	<u>-1.6</u>	<u>...</u>
Commercial banks	1.1	-0.2	2.4	0.4	-0.7	...
Loans and overdrafts	(0.8)	(-0.6)	(2.6)	(0.2)	(-0.8)	...
Special deposits	(0.3)	(0.4)	(-0.2)	(0.2)	(0.1)	...
Currency holdings	-0.2	0.1	0.1	-0.2	0.1	...
Local governments	-0.1	0.3	--	0.1	--	...
Public enterprises	0.3	0.3	0.4	0.1	-0.8	...
National Provident Fund	1.0	0.2	-0.2	--	-0.1	...
<u>Foreign financing</u>	<u>1.1</u>	<u>3.6</u>	<u>-2.0</u>	<u>6.0</u>	<u>10.2</u>	<u>...</u>
Foreign loans (net)	0.7	2.7	-0.7	5.4	10.5	4.8
Drawings	(1.1)	(3.1)	(2.1)	(5.8)	(11.1)	(5.3)
Amortization and sinking fund contributions	(-0.4)	(-0.4)	(-2.8)	(-0.4)	(-0.6)	-0.5
Foreign governments (net)	--	0.2	-0.2	--	-0.1	...
Foreign currency holdings	-0.2	0.1	-1.1	0.6	0.4	...
East Caribbean Currency Authority	0.6	0.6	--	--	--	...
International Monetary Fund	--	--	--	--	-0.6	6.7
Subscription	(--)	(--)	(--)	(--)	(-1.1)	(-0.8)
SDR allocation	(--)	(--)	(--)	(--)	(0.5)	(0.5)
Net borrowing	(--)	(--)	(--)	(--)	(--)	(7.0)
<u>Residual</u>	<u>1.1</u>	<u>1.3</u>	<u>0.9</u>	<u>0.7</u>	<u>1.2</u>	<u>--</u>
<u>Total financing</u>	<u>4.2</u>	<u>5.6</u>	<u>1.6</u>	<u>7.1</u>	<u>9.8</u>	<u>7.9</u>

Sources: Ministry of Finance, East Caribbean Currency Authority, and World Bank and Fund staff estimates.

Table 28. St. Vincent: Operations of Public Enterprises <sup>1/</sup>  
(In millions of East Caribbean dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
<b>I. Arrowroot Industry Association <sup>2/</sup></b>						
<u>Current receipts</u>	<u>1.3</u>	<u>1.3</u>	<u>1.8</u>	<u>1.8</u>	<u>2.4</u>	<u>...</u>
Operating receipts	1.3	1.3	1.8	1.8	2.4	...
<u>Current expenditure</u>	<u>1.0</u>	<u>1.2</u>	<u>1.6</u>	<u>2.0</u>	<u>2.2</u>	<u>...</u>
Operating expenditure	1.0	1.2	1.6	0.9	2.1	...
Other	--	--	--	0.1	0.1	...
<u>Capital expenditure</u>	<u>--</u>	<u>0.1</u>	<u>0.1</u>	<u>0.2</u>	<u>0.7</u>	<u>...</u>
Acquisition of fixed capital assets	0.1	--	0.1	0.1	0.7	...
Change in stocks	-0.1	0.1	--	0.1	--	...
<u>Operating surplus or deficit (-)</u>	<u>0.3</u>	<u>0.1</u>	<u>0.2</u>	<u>-0.1</u>	<u>0.3</u>	<u>...</u>
<u>Current account surplus or deficit</u>	<u>0.3</u>	<u>0.1</u>	<u>0.2</u>	<u>-0.2</u>	<u>0.2</u>	<u>...</u>
<u>Overall surplus or deficit</u>	<u>0.3</u>	<u>--</u>	<u>0.1</u>	<u>-0.4</u>	<u>-0.5</u>	<u>...</u>
<u>Financing</u>	<u>-0.3</u>	<u>--</u>	<u>-0.1</u>	<u>0.4</u>	<u>0.5</u>	<u>...</u>
Banks and local currency holdings	-0.1	--	0.1	0.3	0.9	...
Central Government Accounts receivable or payable (net)	--	--	--	0.1	0.2	...
	-0.2	--	-0.2	--	-0.6	...
<b>II. Banana Growers' Association <sup>3/</sup></b>						
<u>Current receipts</u>	<u>15.3</u>	<u>17.8</u>	<u>28.2</u>	<u>--</u>	<u>18.9</u>	<u>20.8</u>
Operating receipts	14.9	17.4	28.1	--	18.8	19.2
Other receipts	0.4	0.4	0.1	--	0.1	1.5
<u>Capital receipts</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.1</u>
<u>Current expenditure</u>	<u>14.5</u>	<u>17.3</u>	<u>27.7</u>	<u>--</u>	<u>22.0</u>	<u>21.0</u>
Operating expenditure	14.3	16.9	26.6	--	19.4	18.6
Other expenditure	0.2	0.4	1.1	--	2.6	2.4
<u>Capital expenditure</u>	<u>0.3</u>	<u>0.4</u>	<u>0.1</u>	<u>--</u>	<u>--</u>	<u>0.2</u>
Acquisition of fixed capital assets	0.2	0.1	0.2	--	0.1	0.1
Change in stocks	0.1	0.3	-0.1	--	-0.1	0.1
<u>Operating surplus or deficit (-)</u>	<u>0.6</u>	<u>0.5</u>	<u>1.5</u>	<u>--</u>	<u>-0.6</u>	<u>0.7</u>

Table 28. St. Vincent: Operations of Public Enterprises (Continued)

(In millions of East Caribbean dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
<b>II. <u>Banana Growers' Association (Concluded)</u></b>						
<u>Current account surplus or deficit</u>	<u>0.8</u>	<u>0.5</u>	<u>0.5</u>	<u>--</u>	<u>-3.1</u>	<u>-0.2</u>
<u>Overall surplus or deficit</u>	<u>0.5</u>	<u>0.1</u>	<u>0.4</u>	<u>--</u>	<u>-3.1</u>	<u>-0.4</u>
<u>Financing</u>	<u>-0.5</u>	<u>-0.1</u>	<u>-0.4</u>	<u>--</u>	<u>3.1</u>	<u>0.4</u>
Banks and local currency holdings	-1.6	-0.3	-0.4	--	3.0	1.3
Caribbean Development Bank	--	--	--	--	--	1.3
Other	1.1	0.2	--	--	0.1	-2.2
Accounts receivable or payable (net)	(1.1)	(0.2)	(--)	(--)	(0.1)	(-2.2)
<b>III. <u>Electricity Services</u> <sup>4/</sup></b>						
<u>Current receipts</u>	<u>2.5</u>	<u>3.0</u>	<u>3.6</u>	<u>4.1</u>	<u>5.2</u>	<u>7.5</u>
Operating receipts	2.5	3.0	3.6	4.1	5.2	7.5
<u>Capital grants</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.1</u>
<u>Current expenditure</u>	<u>2.2</u>	<u>2.4</u>	<u>3.0</u>	<u>3.7</u>	<u>5.1</u>	<u>7.2</u>
Operating expenditure	1.8	2.0	2.6	3.3	4.6	6.7
Other	0.4	0.4	0.4	0.4	0.5	0.5
<u>Capital expenditure</u>	<u>0.2</u>	<u>0.3</u>	<u>0.9</u>	<u>0.8</u>	<u>0.2</u>	<u>0.4</u>
Acquisition of fixed capital assets	0.2	0.3	0.5	0.5	0.2	0.4
Change in stocks	--	--	0.4	0.3	--	--
<u>Operating surplus</u>	<u>0.7</u>	<u>1.0</u>	<u>1.0</u>	<u>0.8</u>	<u>0.6</u>	<u>0.8</u>
<u>Current account surplus</u>	<u>0.3</u>	<u>0.6</u>	<u>0.6</u>	<u>0.4</u>	<u>0.1</u>	<u>0.3</u>
<u>Overall surplus or deficit</u>	<u>0.1</u>	<u>0.3</u>	<u>-0.3</u>	<u>-0.4</u>	<u>-0.1</u>	<u>--</u>
<u>Financing</u>	<u>-0.1</u>	<u>-0.3</u>	<u>0.3</u>	<u>0.4</u>	<u>0.1</u>	<u>--</u>
Banks and local currency holdings	0.1	-0.1	0.3	0.1	--	0.8
Commonwealth Development Corporation	-0.2	--	--	--	--	--
Other	--	-0.2	--	0.3	0.1	-0.8
Accounts receivable of payable (net)	(...)	(...)	(...)	(0.2)	(--)	(-0.7)

Table 28. St. Vincent: Operations of Public Enterprises (Continued)

(In millions of East Caribbean dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
IV. <u>Marketing Corporation 5/</u>						
<u>Current receipts and trading surpluses</u>	0.4	0.5	0.6	0.7	0.5	...
Operating receipts	0.4	0.5	0.6	0.7	0.5	...
<u>Capital grants</u>	--	0.2	0.3	0.3	--	...
<u>Current expenditure</u>	0.2	0.2	0.3	0.2	0.3	...
Operating expenditure	0.2	0.2	0.3	0.2	0.3	...
<u>Capital expenditure</u>	--	0.8	0.3	0.6	--	...
Acquisition of fixed capital assets	--	0.1	0.3	0.3	--	...
Change in stocks	--	0.7	--	0.3	--	...
<u>Operating surplus</u>	0.2	0.3	0.3	0.5	0.2	...
<u>Current account surplus</u>	0.2	0.3	0.3	0.5	0.2	...
<u>Overall surplus or deficit</u>	0.2	-0.3	0.3	0.2	0.2	...
<u>Financing</u>	-0.2	0.3	-0.3	-0.2	-0.2	...
Banks and local currency holdings	-0.1	0.3	-0.6	0.3	-0.3	...
Central Government	--	0.1	--	-0.1	--	...
Other	-0.1	-0.1	0.3	-0.4	0.1	...
Accounts receivable or payable (net)	(...)	(...)	(0.4)	(-0.4)	(--)	(...)
V. <u>Philatelic Services 6/</u>						
<u>Current receipts</u>	1.9	2.5	1.9	4.3	3.3	...
Operating receipts	1.9	2.5	1.9	4.3	3.2	...
Other	--	--	--	--	0.1	...
<u>Current expenditure</u>	1.9	2.3	1.8	4.1	3.1	...
Operating expenditure	1.0	0.8	1.1	1.2	1.0	...
Income tax (provision)	0.5	0.9	0.4	1.7	1.2	...
Dividends (provision)	0.4	0.6	0.3	1.2	0.9	...
<u>Capital expenditure</u>	0.1	--	-0.1	--	0.2	...
Change in stocks	0.1	--	-0.1	--	0.2	...
<u>Operating surplus</u>	0.9	1.7	0.8	3.1	2.2	...

Table 28. St. Vincent: Operations of Public Enterprises (Continued)

(In millions of East Caribbean dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
<u>V. Philatelic Services (Concluded)</u>						
<u>Current account surplus</u>	--	0.2	0.1	0.2	0.2	...
<u>Overall surplus or deficit (-)</u>	-0.1	0.2	0.2	0.2	--	...
<u>Financing</u>	0.1	-0.2	-0.2	-0.2	--	...
Banks and local						
currency holdings	--	-1.1	0.9	-1.6	-1.5	...
Central Government	-0.2	-0.4	-0.3	-0.5	1.2	...
Accounts receivable or payable (net)	0.3	1.3	-0.8	1.9	0.3	...
Tax and dividend accruals	(0.2)	(1.2)	(-1.0)	(2.2)	(0.5)	(...)
<u>VI. Housing and Land Development Corporation 7/</u>						
<u>Current receipts and trading surpluses</u>	--	...	0.1	0.2	0.3	...
Operating receipts	--	...	0.1	0.2	0.3	...
<u>Capital receipts</u>	--	...	0.1	0.1	--	...
<u>Capital grants</u>	--	...	--	0.3	0.2	...
<u>Current expenditure</u>	--	...	0.2	0.2	0.4	...
Operating expenditure	--	...	0.2	0.2	0.2	...
Other	--	...	--	--	0.2	...
<u>Capital expenditure</u>	--	...	-2.1	0.4	-1.2	...
Acquisition of fixed capital assets	--	...	--	0.1	0.2	...
Change in stocks	--	...	2.1	0.7	1.2	...
<u>Operating surplus or deficit (-)</u>	--	...	-0.1	--	0.2	...
<u>Current account deficit</u>	--	...	-0.1	--	-0.1	...
<u>Overall surplus or deficit (-)</u>	--	...	-2.1	0.4	-1.2	...
<u>Financing</u>	--	...	2.1	-0.4	1.2	...
Banks and local						
currency holdings	--	...	0.7	0.4	1.1	...
Central Government	--	...	1.1	0.3	--	...
Accounts receivable or payable (net)	--	...	0.2	-0.3	0.1	...

Table 28. St. Vincent: Operations of Public Enterprises (Concluded)

(In millions of East Caribbean dollars)

	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
VII. <u>Central Water Authority 7/</u>						
Current receipts	...	...	...	0.4	0.3	...
Current expenditure	...	...	...	1.0	1.2	...
Capital expenditure	...	...	...	...	...	...
<u>Current account</u>						
<u>deficit (-)</u>	...	...	...	-0.6	-0.9	...
<u>Overall surplus or</u>						
<u>deficit</u>	...	...	...	...	...	...
<u>Financing</u>	...	...	...	...	...	...
Banks and local currency holdings	...	...	...	...	...	...
Other	...	...	...	...	...	...

Sources: Arrowroot Industry Association, Banana Growers' Association, St. Vincent Electricity Services Limited; Marketing Corporation; Philatelic Services Limited, Housing and Land Development Corporation; Central Water Authority, and Fund staff estimates.

1/ Receipts and expenditure are shown on an accruals basis.

2/ Financial year ending September 30; 1979/80 figures are estimates.

3/ Financial year ending September 30 up to 1976/77, for 1977/78 the financial year is the 15 months ending December 31, 1978, from 1979/80 financial year ending December 31.

4/ Financial year ending December 31, 1980/81 figures are estimates.

5/ Financial year ending December 31.

6/ Financial year ending March 31.

7/ Financial year ending June 30.

Table 29. St. Vincent: East Caribbean Currency Authority

(In millions of East Caribbean dollars)

	December 31				
	1976	1977	1978	1979	1980
<u>Net international reserves</u>	157.2	117.8	139.1	167.4	145.2
<u>Assets</u>	170.7	144.2	176.2	210.6	212.3
Current assets and money at call	(156.3)	(111.0)	(117.6)	(139.3)	(93.0)
Notes in process of redemption	(1.7)	(4.4)	(1.7)	(5.7)	(6.2)
Other securities	(12.7)	(28.8)	(56.9)	(65.6)	(112.2)
<u>Liabilities</u>	-13.5	-26.4	-31.1	-43.2	-67.1
Balance due to banks abroad <sup>1/</sup>	(-13.5)	(-26.4)	(-37.1)	(-43.2)	(-67.1)
<u>Net position with banks</u>					
<u>in ECCA area</u>	-116.6	-71.1	-83.5	-100.3	-77.4
<u>Assets</u>	5.3	4.5	2.8	8.7	6.5
Bankers' balances <sup>2/</sup>	(3.2)	(2.6)	(0.8)	(6.5)	(4.2)
Balance with banks in area <sup>3/</sup>	(2.1)	(1.9)	(2.0)	(2.2)	(2.3)
<u>Liabilities</u>	-121.9	-75.6	-86.3	-109.0	-83.9
Currency, notes and coins	(-15.2)	(-19.2)	(-25.5)	(-35.1)	(-42.3)
St. Vincent	/-0.9/	/-3.1/	/-3.4/	/-3.7/	/-4.3/
Other	/-14.3/	/-16.1/	/-22.1/	/-31.4/	/-38.0/
Deposits	(-106.7)	(-56.4)	(-60.8)	(-73.9)	(-41.6)
Demand	/-5.3/	/-3.7/	/-7.1/	/-7.9/	/-12.9/
Fixed	/101.4/	/-52.7/	/-53.7/	/-66.0/	/-28.7/
<u>Net domestic assets</u>	11.2	12.9	12.6	13.3	13.9
<u>Central Governments (net)</u>	24.5	26.0	28.7	33.5	40.3
St. Vincent	(3.6)	(4.1)	(4.1)	(4.1)	(4.6)
Other governments	(20.9)	(21.9)	(24.6)	(29.6)	(35.7)
<u>Liabilities to nonmonetary</u>					
<u>international organizations</u>	-1.4	-0.4	-0.4	-0.4	-7.7
<u>Net unclassified assets</u>	-11.9	-12.7	-15.7	-19.8	-18.7
<u>Assets</u>	(0.6)	(1.6)	(2.7)	(1.9)	(4.0)
<u>Liabilities</u>	(-12.5)	(-14.3)	(-18.4)	(-21.7)	(-22.7)
<u>Currency in circulation</u>	51.8	59.6	68.2	80.4	81.7
<u>In St. Vincent</u>	9.4	9.4	11.0	12.8	12.8
Estimate of notes and coins					
in circulation	(10.3)	(12.5)	(14.4)	(16.5)	(17.1)
Minus: commercial banks'					
cash holdings	(-0.9)	(-3.1)	(-3.4)	(-3.7)	(-4.3)
<u>In other ECCA area countries</u>	39.1	47.6	54.6	65.0	66.3
Estimate of notes and					
coins issued	(53.4)	(63.7)	(76.7)	(96.4)	(104.3)
Minus: commercial banks'					
cash holdings	(-14.3)	(-16.1)	(-22.1)	(-31.4)	(-38.0)
<u>Coins in former member countries</u>	3.3	2.6	2.6	2.6	2.6

Source. East Caribbean Currency Authority.

<sup>1/</sup> "Abroad" meaning outside ECCA area.<sup>2/</sup> Foreign currency loans to area commercial banks.<sup>3/</sup> Domestic currency loans to area commercial banks.

Table 30. St. Vincent. Consolidated Financial System

(In millions of East Caribbean dollars)

	1976	1977	1978	1979	1980
<u>Net foreign assets</u>	<u>3.1</u>	<u>1.0</u>	<u>4.5</u>	<u>4.6</u>	<u>6.3</u>
<u>Assets</u>	<u>5.3</u>	<u>6.8</u>	<u>12.1</u>	<u>10.8</u>	<u>11.8</u>
Foreign currency holdings	(1.4)	(0.7)	(1.7)	(1.9)	(2.6)
Claims on banks abroad	(3.9)	(5.7)	(5.9)	(4.1)	(6.8)
Other	(--)	(0.4)	(4.5)	(4.8)	(2.4)
<u>Liabilities</u>	<u>-2.2</u>	<u>-5.8</u>	<u>-7.6</u>	<u>-6.2</u>	<u>-5.5</u>
Balances due banks abroad	(-2.2)	(-5.8)	(-7.6)	(-6.2)	(-5.5)
<u>Net position with ECCA</u>	<u>10.0</u>	<u>9.5</u>	<u>5.5</u>	<u>11.6</u>	<u>7.0</u>
Claims on ECCA	10.7	10.3	6.5	11.6	7.0
Balances due ECCA	0.7	0.8	1.0	--	--
<u>ECCA currency holdings</u>	<u>0.9</u>	<u>3.1</u>	<u>3.4</u>	<u>3.7</u>	<u>4.3</u>
<u>Net position with banks in ECCA</u>	<u>6.9</u>	<u>3.8</u>	<u>4.6</u>	<u>6.0</u>	<u>8.8</u>
Claims on ECCA area banks	8.6	7.3	5.9	7.3	11.0
Balances due ECCA area banks	1.7	3.5	1.3	1.3	2.2
<u>Net domestic assets</u>	<u>42.1</u>	<u>53.9</u>	<u>67.3</u>	<u>72.5</u>	<u>85.7</u>
<u>Net credit to Central Government</u>	<u>5.0</u>	<u>7.7</u>	<u>8.8</u>	<u>11.8</u>	<u>6.8</u>
Treasury bills and debentures	(0.6)	(0.6)	(0.6)	(0.7)	(0.6)
Loans and overdrafts	(2.9)	(5.6)	(6.5)	(9.2)	(4.1)
Special deposits	(1.5)	(1.5)	(1.7)	(1.9)	(2.1)
<u>Net credit to statutory bodies</u>	<u>-4.6</u>	<u>-5.3</u>	<u>-9.0</u>	<u>-12.3</u>	<u>-7.7</u>
Loans and advances	(2.5)	(3.3)	(4.7)	(7.9)	(11.6)
Deposits	(-7.1)	(-8.6)	(-13.7)	(-20.2)	(-19.3)
Of which NPF 1/	/-5.8/	/-6.4/	/-8.6/	/-11.0/	/-13.3/
<u>Net credit to other financial institutions 2/</u>	<u>-0.5</u>	<u>0.1</u>	<u>0.1</u>	<u>0.3</u>	<u>-0.2</u>
Loans and advances	(--)	(0.1)	(0.2)	(0.3)	(0.3)
Deposits	(-0.5)	(--)	(-0.1)	(--)	(-0.5)
<u>Credit to private sector</u>	<u>37.1</u>	<u>48.7</u>	<u>63.5</u>	<u>72.2</u>	<u>86.9</u>
Other investments	2.9	4.1	5.3	5.7	6.8
<u>Official capital and reserves</u>	<u>-3.5</u>	<u>-3.6</u>	<u>-3.8</u>	<u>-3.9</u>	<u>-4.1</u>
Interbank float	0.4	0.6	0.6	1.0	0.6
Due from banks in territory	(0.4)	(0.6)	(0.8)	(1.2)	(2.8)
Due banks in territory	(--)	(--)	(-0.2)	(-0.2)	(-2.2)
<u>Net unclassified assets</u>	<u>5.3</u>	<u>1.6</u>	<u>1.8</u>	<u>-2.3</u>	<u>-3.4</u>
<u>Foreign liabilities (medium and long term)</u>	<u>2.8</u>	<u>3.4</u>	<u>4.1</u>	<u>4.4</u>	<u>6.2</u>
<u>Nonresident deposits</u>	<u>13.9</u>	<u>16.1</u>	<u>17.0</u>	<u>19.1</u>	<u>23.9</u>
Demand deposits	0.9	1.9	1.2	2.4	4.3
Time deposits	3.4	2.9	3.5	3.1	4.5
Savings deposits	9.6	11.3	12.3	13.6	15.1
<u>Liabilities to private sector</u>	<u>46.3</u>	<u>51.8</u>	<u>64.2</u>	<u>74.9</u>	<u>82.0</u>
Demand deposits	7.0	7.2	10.4	11.6	12.2
Time deposits	13.4	14.5	17.1	21.1	21.9
Savings deposits	25.0	29.1	35.5	40.9	46.4
<u>Private capital and surplus</u>	<u>0.9</u>	<u>1.0</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>

Sources: Statistical Appendix Tables 31 and 32.

1/ National Provident Fund.

2/ Insurance companies.



Table 31. St. Vincent Commercial Banks 1/

(In millions of East Caribbean dollars)

	1976	1977	1978	1979	1980
<u>Net foreign assets</u>	<u>3.1</u>	<u>1.0</u>	<u>4.5</u>	<u>4.6</u>	<u>6.3</u>
<u>Assets</u>	<u>5.3</u>	<u>6.8</u>	<u>12.1</u>	<u>10.8</u>	<u>11.8</u>
Foreign currency holdings	(1.4)	(0.7)	(1.7)	(1.9)	(2.6)
Claims on banks abroad	(3.9)	(5.7)	(5.9)	(4.1)	(6.8)
Other	(--)	(0.4)	(4.5)	(4.8)	(2.4)
<u>Liabilities</u>	<u>-2.2</u>	<u>-5.8</u>	<u>-7.6</u>	<u>-6.2</u>	<u>-5.5</u>
Balances due banks abroad	(-2.2)	(-5.8)	(-7.6)	(-6.2)	(-5.5)
<u>Net position with ECCA</u>	<u>10.0</u>	<u>9.5</u>	<u>5.5</u>	<u>11.6</u>	<u>7.0</u>
Claims on ECCA	10.7	10.3	6.5	11.6	7.0
Balances due ECCA	0.7	0.8	1.0	--	--
<u>ECCA currency holdings</u>	<u>0.8</u>	<u>3.0</u>	<u>3.3</u>	<u>3.6</u>	<u>4.2</u>
<u>Net position with banks in ECCA</u>	<u>6.9</u>	<u>3.8</u>	<u>4.6</u>	<u>6.0</u>	<u>8.8</u>
Claims on ECCA area banks	8.6	7.3	5.9	7.3	11.0
Balances due ECCA area banks	1.7	3.5	1.3	1.3	2.2
<u>Net domestic assets</u>	<u>32.5</u>	<u>42.2</u>	<u>53.1</u>	<u>54.3</u>	<u>63.7</u>
<u>Net credit to Central Government</u>	<u>4.9</u>	<u>7.6</u>	<u>8.7</u>	<u>11.7</u>	<u>6.7</u>
Treasury bills and debentures	(0.6)	(0.6)	(0.6)	(0.7)	(0.6)
Loans and overdrafts	(2.8)	(5.5)	(6.4)	(9.1) <sup>2/</sup>	(4.0) <sup>2/</sup>
Special deposits	(1.5)	(1.5)	(1.7)	(1.9)	(2.1)
<u>Net credit to statutory bodies</u>	<u>-4.3</u>	<u>-5.1</u>	<u>-8.8</u>	<u>-12.0</u>	<u>-7.4</u>
Loans and advances	(2.5)	(3.3)	(4.7)	(7.9)	(11.6)
Deposits	(-6.8)	(-8.4)	(-13.5)	(-19.9)	(-19.0)
Of which NPF <sup>3/</sup>	/-5.5/	/-6.2/	/-8.4/	/-10.7/	/-13.0/
<u>Net credit to other financial institutions <sup>4/</sup></u>	<u>-1.7</u>	<u>-1.2</u>	<u>-1.8</u>	<u>-2.2</u>	<u>-2.8</u>
Loans and advances	(--)	(0.1)	(0.2)	(0.3)	(0.3)
Deposits	(-1.7)	(-1.3)	(-2.0)	(-2.5)	(-3.1)
<u>Credit to private sector</u>	<u>29.2</u>	<u>38.3</u>	<u>51.3</u>	<u>56.4</u>	<u>69.0</u>
<u>Interbank float</u>	<u>0.4</u>	<u>0.6</u>	<u>0.6</u>	<u>1.0</u>	<u>0.6</u>
Due from banks in territory	(0.4)	(0.6)	(0.8)	(1.2)	(2.8)
Due banks in territory	(--)	(--)	(-0.2)	(-0.2)	(-2.2)
<u>Net unclassified assets</u>	<u>4.0</u>	<u>2.0</u>	<u>3.1</u>	<u>-0.6</u>	<u>-2.4</u>
<u>Nonresident deposits</u>	<u>13.9</u>	<u>16.1</u>	<u>17.0</u>	<u>19.1</u>	<u>23.9</u>
Demand deposits	0.9	1.9	1.2	2.4	4.3
Time deposits	3.4	2.9	3.5	3.1	4.5
Savings deposits	9.6	11.3	12.3	13.6	15.1
<u>Liabilities to private sector</u>	<u>39.4</u>	<u>43.4</u>	<u>54.0</u>	<u>61.0</u>	<u>66.1</u>
Demand deposits	7.0	7.2	10.4	11.6	12.2
Time deposits	11.3	11.6	13.8	15.3	15.1
Savings deposits	21.1	24.6	29.7	34.1	38.8

Sources: East Caribbean Currency Authority, and commercial banks.

<sup>1/</sup> Consists of local branches of foreign banks and the National Commercial Bank.<sup>2/</sup> Net of government deposits of EC\$0.3 million in 1979 and EC\$0.1 million in 1980.<sup>3/</sup> National Provident Fund.<sup>4/</sup> Other financial intermediaries and insurance companies.

Table 32. St. Vincent: Other Financial Intermediaries  
Summary Accounts 1/

	1976	1977	1978	1979	1980
<u>ECCA currency holdings</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
<u>Claims on banks</u>	<u>1.2</u>	<u>1.3</u>	<u>1.9</u>	<u>2.5</u>	<u>2.6</u>
<u>Domestic credit</u>	<u>8.4</u>	<u>10.4</u>	<u>12.3</u>	<u>15.7</u>	<u>19.4</u>
Credit to Central Government	0.1	0.1	0.1	0.1	0.1
Credit to rest of public sector	-0.3	-0.2	-0.2	-0.3	-0.3
Credit to private sector	7.9	10.4	12.2	15.8	17.9
Other investments	2.9	4.1	5.3	5.7	6.8
Official capital and reserves	-3.5	-3.6	-3.8	-3.9	-4.1
Unclassified assets (net)	1.3	-0.4	-1.3	-1.7	-1.0
<u>Foreign liabilities</u> <u>(medium- and long-term)</u>	<u>2.8</u>	<u>3.4</u>	<u>4.1</u>	<u>4.4</u>	<u>6.2</u>
<u>Liabilities to private sector</u>	<u>6.9</u>	<u>8.4</u>	<u>10.2</u>	<u>13.9</u>	<u>15.9</u>
Time deposits	2.1	2.9	3.3	5.8	6.8
Savings deposits	3.9	4.5	5.8	6.8	7.6
Private capital and surplus	0.9	1.0	1.1	1.3	1.5

Sources: Cooperative Bank; Agricultural Credit and Loan Bank; Building Association; Development Corporation, Agriculture Cooperative Bank; Barclay's Financial Corporation (BARFINCOR)(assets and liabilities in St. Vincent); and Fund staff estimates.

Table 33. St. Vincent: Development Corporation

(In millions of East Caribbean dollars)

	1976	1977	1978	1979	1980 <u>1/</u>
<u>Domestic credit</u>	<u>2.6</u>	<u>3.5</u>	<u>4.9</u>	<u>6.1</u>	<u>7.5</u>
Loans to private sector	1.1	1.9	1.9	2.5	2.5
Investments in building and land	2.8	3.7	4.9	5.3	6.4
Official capital and reserves	-2.8	-2.8	-2.8	-2.8	-2.8
Net unclassified	1.5	0.7	0.9	1.1	1.4
<u>Liabilities to banks</u>	<u>--</u>	<u>0.4</u>	<u>1.2</u>	<u>2.0</u>	<u>1.8</u>
Short-term liabilities	--	0.4	0.2	0.8	0.2
Long-term liabilities	--	--	1.0	1.2	1.6
<u>Liabilities to NPF <u>2/</u></u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>
<u>Long-term foreign liabilities <u>3/</u></u>	<u>2.5</u>	<u>3.0</u>	<u>3.6</u>	<u>3.9</u>	<u>5.5</u>

Source: St. Vincent Development Corporation.

1/ Provisional data.2/ National Provident Fund.3/ Outstanding amounts represent a number of loans from the Caribbean Development Bank guaranteed by the Government of St. Vincent.

Table 34. St. Vincent: Distribution of Credit to the Private Sector <sup>1/</sup>

	December				
	1976	1977	1978	1979	1980
(In millions of East Caribbean dollars)					
Total loans and advances	29.2	38.3	51.3	59.8	77.3
Agriculture	2.3	2.1	2.7	3.3	7.6
Manufacturing	0.9	5.6	8.3	7.7	10.2
Distributive trades	9.6	7.7	9.4	14.6	15.3
Tourism	1.4	1.7	1.7	2.1	2.1
Transport	1.1	1.7	2.5	3.8	3.6
Public utilities	0.3	0.6	1.5	2.1	4.8
Building and construction	3.4	2.1	5.1	5.0	5.7
Personal loans	8.8	14.2	16.9	16.3	20.0
Other advances	1.4	2.6	3.2	4.9	8.0
(In per cent of total credit to the private sector)					
Total loans and advances	100.0	100.0	100.0	100.0	100.0
Agriculture	7.9	5.4	5.4	5.5	9.8
Manufacturing	3.3	14.7	16.3	12.8	13.2
Distributive trades	32.9	20.2	18.3	24.3	19.7
Tourism	4.7	4.3	3.2	3.6	2.7
Transport	3.8	4.4	4.8	6.3	4.7
Public utilities	1.0	1.7	2.8	3.6	6.3
Building and construction	11.6	5.5	9.8	8.3	7.4
Personal loans	30.1	37.	32.9	27.2	25.8
Other advances	4.7	6.	6.5	8.4	10.4

Source: ECCA.

<sup>1/</sup> Includes loans to nonresidents and to nonbank financial institutions.

Table 35. St. Vincent: Terms of Trade

(1977 = 100)

	1975	1976	1977	1978	1979	1980
Export unit value <u>1/</u>	100.8	83.1	100.0	111.3	125.6	154.4
Import unit value <u>2/</u>	82.4	90.3	100.0	106.5	122.3	140.5
Terms of trade	122.3	92.0	100.0	104.5	102.7	109.9

Sources: Ministry of Finance; and Fund staff estimates.

1/ Based on export prices of bananas, arrowroot, coconuts, sweet potatoes, nutmeg, and carrots, which together comprised 60 per cent of the value of domestic exports during 1977-79.

2/ Based on export price indices of the United States, the United Kingdom, Canada, Japan, Netherlands, Germany, Trinidad and Tobago, Barbados, and Guyana, which together supplied 78 per cent of St. Vincent's imports in 1978, weighted by their respective shares in imports.

Table 36. St. Vincent: Value, Volume, and Unit Price  
of Selected Exports

(In millions of U.S. dollars, volume in millions of pounds,  
and unit price in U.S. dollars per pound)

	1975	1976	1977	1978	1979	Prel. 1980
<u>Total merchandise</u>						
<u>exports</u> <sup>1/</sup>	8.6	10.4	10.7	17.8	15.6	16.7
Re-exports <sup>1/</sup>	0.5	0.4	0.7	0.7	0.6	0.8
<u>Domestic exports</u> <sup>1/</sup>	8.1	10.0	10.0	17.1	15.3	15.9
Bananas						
Value	4.1	5.3	5.6	7.4	5.9	6.2
Volume	40.9	66.4	57.6	67.7	49.2	41.4
Unit price	0.101	0.080	0.097	0.109	0.120	0.150
Arrowroot						
Value	0.5	0.4	0.5	0.7	0.7	0.8
Volume	1.8	1.6	1.6	1.8	1.4	1.5
Unit price	0.266	0.267	0.313	0.384	0.500	0.533
Coconuts						
Value	0.1	0.1	0.3	0.3	0.5	0.6
Volume	1.3	2.7	4.1	4.7	6.0	5.7
Unit price	0.055	0.050	0.063	0.057	0.083	0.105
Sweet potatoes						
Value	0.2	0.5	0.2	0.4	0.3	0.5
Volume	2.2	4.1	1.3	2.7	2.6	3.6
Unit price	0.092	0.118	0.131	0.132	0.115	0.138
Nutmeg						
Value	0.12	0.13	0.11	0.10	0.13	0.15
Volume	0.249	0.380	0.286	0.272	0.316	0.354
Unit price	0.468	0.340	0.378	0.361	0.411	0.424
Carrots						
Value	0.2	0.3	0.1	0.1	0.1	0.1
Volume	1.1	1.6	0.7	0.7	0.4	0.3
Unit price	0.202	0.172	0.181	0.175	0.250	0.333
Other <sup>1/</sup>	2.9	3.3	3.2	8.1	7.7	7.6
Of which:						
postage stamps	(1.0)	(1.0)	(0.8)	(1.5)	(1.1)	(0.9)

Sources: Statistical Unit, Ministry of Finance; St. Vincent Marketing Corporation; Ministry of Trade and Agriculture; and Fund staff estimates.

<sup>1/</sup> Value only.

Table 37. St. Vincent: Direction of Trade

(In per cent)

	1975	1976	1977	1978	1979 <sup>1/</sup>
<b>Total exports, f.o.b.</b>					
United Kingdom	71.1	73.6	68.3	54.7	45.6
United States	3.1	2.7	2.8	2.1	3.8
Canada	1.5	1.5	1.0	1.2	2.4
CARICOM <sup>2/</sup> countries	23.8	21.8	27.1	41.3	44.3
Trinidad and Tobago	(12.1)	(14.6)	(17.4)	(16.6)	(...)
Barbados	(8.1)	(4.2)	(7.2)	(8.2)	(...)
Guyana	(2.1)	(1.5)	(--)	(0.4)	(...)
Jamaica	(0.1)	(--)	(--)	(0.1)	(...)
Other	(1.5)	(1.4)	(2.5)	(16.0)	(...)
Other	0.5	0.4	0.8	0.7	3.9
<b>Total imports, c.i.f.</b>					
United Kingdom	28.8	29.7	24.9	25.3	24.4
United States	8.8	9.0	11.4	11.8	17.5
Canada	12.0	9.1	9.8	16.2	13.6
Japan	1.3	1.3	2.3	2.4	1.7
Netherlands	3.3	2.4	1.4	1.1	1.0
West Germany	1.3	1.4	2.2	0.9	0.9
CARICOM countries	34.8	37.1	33.9	27.8	26.2
Trinidad and Tobago	(19.5)	(19.8)	(15.9)	(12.3)	(...)
Barbados	(6.1)	(4.2)	(4.2)	(3.9)	(...)
Guyana	(4.5)	(4.7)	(4.7)	(4.0)	(...)
Jamaica	(2.0)	(2.3)	(2.2)	(1.8)	(...)
Other	(2.7)	(6.1)	(7.0)	(5.7)	(...)
Other	9.7	10.0	14.1	14.5	14.7

Source: Ministry of Finance.

<sup>1/</sup> Based on information for the first nine months of the year.<sup>2/</sup> The Caribbean Common Market.

Table 38. St. Vincent: Merchandise Imports

	1975	1976	1977	1978	1979	Prel. 1980
(In millions of U.S. dollars)						
<u>Total merchandise imports</u>	<u>24.8</u>	<u>23.7</u>	<u>30.3</u>	<u>36.2</u>	<u>46.4</u>	<u>57.2</u>
<u>Consumer goods</u>	<u>16.7</u>	<u>16.3</u>	<u>19.3</u>	<u>24.3</u>	<u>26.8</u>	<u>34.3</u>
Food, beverages, and tobacco	9.1	8.8	10.0	13.7	16.0	19.4
Manufactured goods	7.6	7.5	9.3	10.6	10.8	14.9
<u>Intermediate goods</u>	<u>5.0</u>	<u>5.1</u>	<u>6.5</u>	<u>6.8</u>	<u>7.5</u>	<u>12.7</u>
Minerals and fuels	1.4	1.6	2.1	2.2	2.9	4.7
Chemicals and fertilizers	2.7	2.7	3.4	3.6	3.8	6.1
Other raw materials	0.9	0.8	1.0	1.0	0.8	1.9
<u>Machinery and equipment</u>	<u>3.0</u>	<u>2.3</u>	<u>4.5</u>	<u>5.1</u>	<u>12.1</u>	<u>10.2</u>
<u>Memorandum items</u>						
Oil 1/						
Value	1.17	1.38	1.77	1.73	2.77	4.52
Volume (million gallons)	2.50	3.13	3.15	3.25	3.64	3.90
Unit price (per gallon)	0.467	0.442	0.562	0.532	0.762	1.158
Other petroleum products	0.1	0.1	0.2	0.3	0.3	0.4
Natural gas	0.1	0.2	0.1	0.2	0.2	0.2
(In per cent of total)						
Consumer goods	67.6	68.8	63.7	67.1	57.8	60.0
Intermediate goods	20.2	21.5	21.5	18.8	16.2	22.2
Of which: oil products	(5.5)	(7.1)	(6.8)	(6.2)	(7.0)	(9.0)
Machinery and equipment	12.1	9.7	14.9	14.1	26.1	17.8

Sources. Ministry of Finance; and Fund staff estimates.

1/ Includes gasoline, diesel, and kerosene.



Table 39. St. Vincent: Selected Data on Tourism

	1975	1976	1977	1978	1979	Prel. 1980
<u>Total number of visitors</u>	<u>27,772</u>	<u>26,673</u>	<u>32,269</u>	<u>48,826</u>	<u>56,185</u>	<u>69,600</u>
Air	<u>15,222</u>	<u>17,177</u>	<u>18,200</u>	<u>35,249</u>	<u>42,714</u>	<u>50,100</u>
Hotels/guest houses	7,930	9,596	9,088	13,736	16,615	21,600
Cottages/private houses	4,121	5,786	7,044	14,962	18,068	19,500
Yachts	2,695	1,526	1,758	5,568	6,826	7,650
Excursionists <u>1/</u>	476	269	310	983	1,205	1,350
Cruise ships and others <u>2/</u>	12,550	9,496	14,069	13,577	13,472	19,500
<u>Weighted days of stay per visitor) <u>3/</u></u>	<u>5.25</u>	<u>6.07</u>	<u>5.44</u>	<u>6.61</u>	<u>7.53</u>	<u>7.19</u>
Hotels/guest houses	9	9	9	9	10	10
Cottages/private houses	9	9	9	9	10	10
Yachts	9	9	9	9	9	9
<u>Volume of visitors (thousand days)</u>	<u>145.7</u>	<u>161.9</u>	<u>175.4</u>	<u>322.9</u>	<u>422.9</u>	<u>500.7</u>
<u>Weighted daily expenditure per visitor (U.S. dollar)</u>	<u>31.7</u>	<u>33.9</u>	<u>33.9</u>	<u>34.5</u>	<u>43.1</u>	<u>48.9</u>
Hotels/guest houses	45	48	51	55	68	76
Cottages/private houses	14	15	16	17	21	21
Yachts (in hotel) <u>4/</u>	45	48	51	55	68	76
(on boat)	25	27	29	31	40	45
Excursionists	13	14	15	15	20	20
Cruise ships and others	13	14	15	15	20	20
<u>Total expenditure by visitors (millions of U.S. dollars)</u>	<u>4.6</u>	<u>5.5</u>	<u>5.9</u>	<u>11.1</u>	<u>18.2</u>	<u>24.5</u>

Sources: Tourist Board; and Fund staff estimates.

1/ Official data combine excursionists with yacht visitors. It is assumed that excursionists are 15 per cent of this total.

2/ Obtained from data on cruise-ship passengers the assumption that only 65 per cent of them disembark.

3/ Assumes that excursionists and cruise ship visitors spend a day on the island.

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

Table 40. St. Vincent: Summary of External Public Debt Operations <sup>1/</sup>

	1976	1977	1978	1979	1980
(In thousands of U.S. dollars)					
<u>Outstanding debt</u>					
at end of period <sup>2/</sup>	<u>2,621</u>	<u>4,179</u>	<u>4,166</u>	<u>6,401</u>	<u>11,242</u>
Outstanding debt at beginning of period	2,198	2,621	4,179	4,166	6,401
Net drawings	697	1,591	-13	2,235	4,520
Drawings	(697)	(1,593)	(876)	(2,311)	(4,670)
Amortization	(--)	(-2)	(-889)	(-76)	(-150)
Valuation adjustment <sup>3/</sup>	-274	-33	--	--	321
<u>Debt service payment</u>	<u>157</u>	<u>166</u>	<u>1,095</u>	<u>213</u>	<u>374</u>
Amortization	--	2	889	76	150
Interest <sup>4/</sup>	157	164	206	137	224
(In per cent)					
Debt outstanding/GDP	8.2	12.5	10.3	13.3	20.3
Net drawings/GDP	2.2	4.8	--	4.6	8.2
Debt service/exports and tourist receipts	1.1	1.0	4.8	0.7	1.0
Average interest rate <sup>5/</sup>	8.5	7.0	5.9	4.0	4.0
Debt outstanding (growth rate)	19.2	59.4	-0.3	53.6	75.6

Sources: Ministry of Finance; Caribbean Development Bank; and Fund staff estimates.

<sup>1/</sup> Debt and related data refer to fiscal year ending June 30 and cover the entire public sector.

<sup>2/</sup> Due to lack of information these figures exclude Statehood and Development Bonds held abroad.

<sup>3/</sup> The Caribbean Development Bank, which is currently engaged in processing its debt information for the past years, provided valuation adjustments for its debts for 1980. The Fund staff made estimates of valuation adjustments for other debts.

<sup>4/</sup> Estimated.

<sup>5/</sup> Average interest rates on debts to the Crown Agents and the Caribbean Development Bank.

Table 41. St. Vincent: Structure of External Public Debt

(As of June 1980)

	Amount Authorized (thousand EC\$)	Interest Rate (per cent)	Beginning of Dis- bursement	End of Disburse- ment 1/	Period of Repay- ment 2/	Grace Period
Emergency Fund	2,100	...	1977	1977	...	...
Guyana Government loan	650	7.0	1975	1975	1980 <u>3/</u>	...
Papelera Industrial	125	7.5	1973	...	...	...
CDW <u>4/</u>	48	5.0	1973	...	1980	...
<u>Caribbean Development</u>						
<u>Bank</u>						
Industrial development	500	7.25	1975	...	15	5
Farm improvement credit I	500	4.0	1972	1977	15	5
Farm improvement credit II	740	4.0	1978	1980	15	5
Small industry credit I	500	4.0	1973	...	15	5
Small industry credit II	850	4.0	1975	1979	15	5
Industrial estate I	165	4.0	1973	...	15	5
Industrial estate II	1,650	4.0	1977	1979	15	5
Student loans I	200	4.0	1973	...	10	6
Student loans II	250	4.0	1977	...	10	6
Student loans III	185	4.0	1977	1980	10	6
Feeder roads I	2,005	4.0	1975	1977	15	5
Feeder roads II	232	4.0	1977	1977	15	5
Large factory buildings I	26	4.0	1975	1976	15	5
Large factory buildings II	414	4.0	1976	...	15	5
Richmond Vale development	118	4.0	1974	1976	10	3
Urban working class housing I	1,167	4.0	1975	1978	20	1
Urban working class housing II	1,269	4.0	1977	1978	20	1
Passenger/cargo vessel	400	4.0	1976	...	10	1
Arrowroot processing	459	4.0	1978	1980	10	5
Diamond Dairy	2,500	4.0	1978	...	...	5 <u>5/</u>
Sugar factory I	4,050	4.0	1979	...	15	4
Sugar factory II	4,050	8.0	1980	1980	16	...
Wharf extension	27	4.0	...	...	...	...
Banana rehabilitation	791	4.0	1980	1980	15	5
Sugar rehabilitation	...	...	...	...	...	...

Sources: Ministry of Finance; and Caribbean Development Bank.

1/ Accurate information is available only for the loans from the Caribbean Development Bank.

2/ Period of repayment from the date of final disbursement.

3/ Repayment has been postponed indefinitely.

4/ Colonial Development Welfare.

5/ Repayment begins five years after the first disbursement.

Table 42. St. Vincent: External Debt Operations 1/

(In thousands of U.S. dollars)

	Out standing- 6/30/79	Operations in 1979/80 Draw- ings	Amorti- zation	Valu- ation	Out- standing 6/30/80
<u>Total debt 1/</u>	<u>6,401</u>	<u>4,670</u>	<u>150</u>	<u>321</u>	<u>11,242</u>
<u>Central government total</u>	<u>5,232</u>	<u>4,397</u>	<u>131</u>	<u>317</u>	<u>9,815</u>
Emergency Fund	444	--	--	--	444
Guyana government loan	241	--	--	--	241
Papelera Industrial 2/	46	--	--	--	46
CDW 3/	2	--	2	--	--
Caribbean Development Bank	4,499	4,397	129	317	9,084
Student loans	(424)	(--)	(9)	(43)	(458)
Feeder roads	(995)	(--)	(--)	(84)	(1,079)
Richmond Vale Development	(53)	(--)	(16)	(6)	(43)
Urban working class housing	(830)	(--)	(17)	(3)	(816)
Passenger/cargo vessel	(107)	(--)	(12)	(2)	(97)
Arrowroot processing	(26)	(28)	(--)	(--)	(54)
Diamond Dairy	(1,491)	(1,564)	(--)	(137)	(3,192)
Sugar factory	(488)	(2,512)	(--)	(42)	(3,042)
Wharf extension	(10)	(--)	(--)	(--)	(10)
Banana rehabilitation	(--)	(293)	(--)	(--)	(293)
Sugar rehabilitation	(75)	(--)	(75)	(--)	(--)
<u>Government-guaranteed total</u>	<u>1,169</u>	<u>273</u>	<u>19</u>	<u>4</u>	<u>1,427</u>
CDB-DEVCO (industrial development)	188	--	--	2	190
CDB-DEVCO (SIC)4/	439	77	8	--	508
CDB-DEVCO (industrial estate)	126	167	3	--	290
CDB-DEVCO (factory buildings)	202	--	--	--	202
CDB-ACB (FIC)5/	214	29	8	2	237

Sources: Ministry of Finance; and the Caribbean Development Bank.

1/ Data on debt operations are not available from a central source. The Caribbean Development Bank (CDB) provided information on its own operations for 1979/80. Due to lack of information, the total debt figures exclude the Statehood and Development bonds held abroad.

2/ Acquisition of shares in the WINERA Packaging Company based in St. Lucia.

3/ Colonial Development Welfare.

4/ Small industry credit.

5/ Loans to the Agricultural and Cooperative Bank (ACB) for farm improvement credit (FIC).

Table 43. St. Vincent. Exchange Rates

End of period	Units per EC\$			Index of Trade Weighted Exchange Rates 1/ (Dec. 1970=100)
	SDR	US\$	Pound	
1972	0.451	0.490	0.208	98.7
1973	0.401	0.484	0.208	97.2
1974	0.400	0.490	0.208	97.1
1975	0.360	0.421	0.208	92.9
1976	0.319	0.370	0.218	87.3
1977 - I	0.320	0.370	0.215	87.4
II	0.318	0.370	0.215	87.3
III	0.318	0.370	0.212	86.9
IV	0.305	0.370	0.194	83.7
1978 - I	0.299	0.370	0.199	83.9
II	0.299	0.370	0.199	82.1
III	0.289	0.370	0.186	79.9
IV	0.284	0.370	0.182	78.5
1979 - I	0.288	0.370	0.179	78.1
II	0.287	0.370	0.171	76.7
III	0.281	0.370	0.168	76.0
IV	0.281	0.370	0.167	75.8
1980 - I	0.296	0.370	0.171	77.7
II	0.280	0.370	0.157	73.7
III	0.282	0.370	0.155	73.6
IV	0.290	0.370	0.155	74.2
Annual averages				
1972	0.477	0.518	0.208	100.2
1973	0.428	0.512	0.208	98.6
1974	0.407	0.490	0.208	97.3
1975	0.379	0.459	0.208	95.3
1976	0.331	0.382	0.213	88.4
1977	0.317	0.370	0.211	86.7
1978	0.295	0.370	0.192	81.3
1979	0.286	0.370	0.174	77.3
1980	0.285	0.370	0.159	74.6

Sources: IMF, International Financial Statistics, and Fund staff estimates.

1/ Based on the shares of St. Vincent's main trading partners (exports plus imports) in 1976-78.