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This paper provides background information to the staff report on the 1981 Article IV consultation discussions with St. Lucia, which was circulated as SM/82/21 on January 28, 1982.

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INTERNATIONAL MONETARY FUND

ST. LUCIA

Recent Economic Developments

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ST. LUCIA

Area and population

Area	238 sq. miles (616 sq. kilometers)
Population (end-1981 proj.)	122 thousand
Annual rate of population increase (1976-81)	1.5 per cent

GDP (proj. 1981) SDR 111.0 million

GDP per capita 1981 SDR 910

<u>Origin of GDP (proj. 1981)</u>	(per cent)
Agriculture and fishing	17
Manufacturing	7
Construction	15
Government	13
Other	52

Ratios to GDP (proj. 1981)

Exports of goods and nonfactor services	59.4
Imports of goods and nonfactor services	111.2
Central government revenues (fiscal year from April 1)	30.4
Central government expenditures (fiscal year from April 1)	37.3
External public and government-guaranteed debt (end of year)	13.7
Gross domestic savings	5.2
Gross investment	57.0
Money and quasi-money (end of September)	57.2

Annual changes in selected economic

<u>indicators</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>Est.</u> <u>1981</u>
		(per cent)		
Real GDP per capita	11.7	3.6	-5.9	1.6
Real GDP (at factor cost)	13.5	4.4	-4.5	3.2
GDP at current prices	23.3	16.8	13.0	14.8
Domestic expenditure (at current prices)	32.1	15.4	14.9	23.3
Investment	(68.5)	(-3.4)	(17.8)	(19.6)
Consumption	(12.2)	(30.9)	(13.1)	(25.6)
GDP deflator	10.8	9.5	19.2	14.1
Consumer prices (annual averages)	10.9	9.4	19.6	15.5
Central government revenues (fiscal year from April 1)	10.9	38.3	5.9	3.5
Central government expenditures (fiscal year from April 1)	12.6	36.9	22.6	8.0
Money and quasi-money <u>1/</u>	17.7	22.1	11.6	9.8 <u>3/</u>
Money	(2.2)	(51.8)	(11.0)	(-1.8) <u>3/</u>
Quasi-money	(23.4)	(12.9)	(11.8)	(16.1) <u>3/</u>
Commercial bank net domestic assets <u>2/</u>	27.5	12.8	16.6	22.6 <u>3/</u>
Credit to Central Government (net) <u>2/</u>	(-3.4)	(3.9)	(-0.4)	(3.9) <u>3/</u>
Credit to private sector <u>2/</u>	(23.7)	(16.4)	(23.9)	(16.4) <u>3/</u>
Merchandise exports (f.o.b., in U.S. dollars)	18.6	18.7	44.7	-12.2
Merchandise imports (c.i.f., in U.S. dollars)	39.6	22.2	22.3	11.6
Travel receipts (gross, in U.S. dollars)	55.6	20.6	17.1	-10.5

<u>Central government finances (fiscal year from April 1)</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>Proj. 1981</u>
	<u>(millions of East Caribbean dollars)</u>			
Revenue	63.8	88.2	93.4	96.7
Expenditure	67.5	92.4	113.3	122.3
Current account surplus or deficit (-)	7.0	2.1	1.0	-13.0
Overall surplus or deficit (-)	-3.7	-4.2	-19.9	-25.6
External financing (net)	6.9	2.1	10.3	16.5
Internal financing (net) and residual	-3.2	2.1	9.6	9.1
<u>Balance of payments</u>	<u>(millions of U.S. dollars)</u>			
Merchandise exports (f.o.b.)	26.8	31.8	46.0	40.4
Merchandise imports (c.i.f.)	-82.8	-101.2	-123.8	-138.1
Travel (net)	22.4	29.2	32.7	28.8
Other services and transfers (net)	10.1	12.3	11.8	17.3
Balance on current and transfer accounts	-23.5	-27.9	-33.3	-51.6
Official capital (net)	2.7	3.0	1.6	2.6
Private capital (net) and errors and omissions	20.0	23.8	28.3	44.8
SDR allocation	--	--	0.5	0.5
Change in official net reserves (increase -)	0.8	1.1	2.9	3.7
<u>IMF data (as of November 30, 1981)</u>				
Article VIII status				
Intervention currency and rate	U.S. dollar at EC\$2.70 per US\$			
Quota	SDR 5.4 million			
Cumulative purchases	SDR 5.2 million			
Reserve tranche	SDR 0.7 million			
Regular purchases	SDR 1.8 million			
Compensatory financing facility purchases	SDR 2.7 million			
Cumulative repurchases	--			
Fund holdings of East Caribbean dollars				
under tranche policy	125.0 per cent of quota			
Total Fund holdings of East Caribbean dollars	175.0 per cent of quota			
Special Drawing Rights Department				
Cumulative SDR allocation	SDR 0.74 million			
Net acquisition or utilization (-) of SDRs	-SDR 0.51 million			
Holdings of SDRs	30.9 per cent of allocation			
Share of profits from gold sales	None			

1/ Includes deposits of rest of public sector (excluding the Central Government).

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

3/ Year ended September 1981.

I. The Domestic Economy

1. Overall trends in production and expenditure ^{1/}

Since the mid-1970s, St. Lucia's economic growth has been spurred by agricultural exports, tourism, and more recently, manufacturing. Following several years of rapid growth--real GDP in 1976-78 grew at an average annual rate of about 11 per cent--the growth rate of the economy dropped to about 4 per cent in 1979, mainly as a result of a deceleration in construction and manufacturing activity. In 1980, damage caused by Hurricane Allen primarily to agriculture and tourism as well as uncertainty related to a leadership dispute within the ruling party, which deterred private sector investment, led to an almost 5 per cent decline in output (Table 1). In 1981 the growth of the economy is estimated at about 3 per cent on the basis of a significant recovery of agriculture and an expansion of the manufacturing sector, which more than offset a further contraction in the tourist industry.

Table 1. St. Lucia: Selected GDP Indicators

	1976	1977	1978	1979	Prel. 1980	Est. 1981
(In millions of East Caribbean dollars)						
Real GDP at factor cost (1977 prices)	148.2	156.9	178.1	186.0	177.7	183.3
GDP deflator (index 1977 = 100)	91.4	100.0	110.8	121.3	144.6	165.0
GDP at current market prices	158.5	189.0	233.0	272.2	307.5	352.9
(Annual percentage change)						
Real GDP at factor cost (1977 prices)	14.1	5.9	13.5	4.4	-4.5	3.2
GDP deflator (index 1977 = 100)	10.4	9.4	10.8	9.5	19.2	14.1
GDP at current market prices	29.8	19.2	23.3	16.8	13.0	14.8

Sources: Statistical Appendix Tables 15, 17, and 18.

^{1/} Official national account statistics are not available for St. Lucia. However, the staff of the World Bank and the Fund prepared estimates for 1975-81, which can be used to provide an indication of trends in aggregate output and expenditure.

During the 1976-79 period, total domestic expenditure grew by an annual average of about 21 per cent a year and the resource gap (deficit on goods and nonfactor services in the balance of payments) expanded from 31 per cent of GDP to about 39 per cent. In 1980 gross domestic expenditure continued to rise quite strongly and there was a further widening of the resource gap, and indications are that this gap widened to a record level of almost 52 per cent of GDP in 1981, as sharp increases in both consumption and private investment took place along with a decline in exports of goods and nonfactor services (Table 2).

Table 2. St. Lucia: National Accounts (Summary)

	1976	1977	1978	1979	Prel. 1980	Est. 1981
(As per cent of GDP at current market prices)						
Consumption	89.2	84.9	77.2	86.5	86.6	94.8
Central Government <u>1/</u>	(21.5)	(21.2)	(18.1)	(21.4)	(21.8)	(21.6)
Private	(67.7)	(63.7)	(59.1)	(65.1)	(64.9)	(73.2)
Gross domestic investment	41.4	46.4	63.4	52.5	54.7	57.0
Central Government <u>1/</u>	(11.1)	(9.6)	(7.1)	(7.5)	(7.2)	(5.4)
Private <u>2/</u>	(30.3)	(36.8)	(56.3)	(45.0)	(47.6)	(51.7)
Gross domestic expenditure	130.5	131.2	140.6	138.9	141.3	151.8
Exports of goods and nonfactor services	52.2	57.7	61.5	65.7	72.8	59.4
Imports of goods and nonfactor services	82.8	89.0	102.1	104.6	114.3	111.2
(Annual percentage change)						
Gross domestic expenditure	18.1	19.9	32.1	15.4	14.9	23.2
Consumption	(19.4)	(13.4)	(12.2)	(30.9)	(13.1)	(25.6)
Investment <u>1/</u>	(15.5)	(33.7)	(68.5)	(-3.4)	(17.8)	(19.6)

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

1/ Prorated on calendar year basis.

2/ Includes change in inventories.

Within the components of gross domestic expenditure, the share of consumption declined through 1978, but rebounded during the last three years even though central government consumption was maintained at about 21 per cent of GDP. Gross domestic investment expanded strongly throughout the period, reflecting private foreign investment in manufacturing and tourism, and since 1977, the construction of a large oil storage and transshipment terminal by the Hess Oil Company. The increase in capital formation was financed largely by foreign savings. In 1981, gross national savings, which averaged about 13 per cent of GDP for the years 1979-80, are estimated to have declined sharply to about 5 per cent of GDP.

2. Output by sector

a. Agriculture

Agricultural output, which has traditionally been the major activity in St. Lucia, contributed about 14 per cent of GDP at factor cost during 1976-79, but its share was reduced to 13 per cent in 1980 as a result of the impact of Hurricane Allen. In 1981, agricultural output is estimated to have accounted for about 17 per cent of GDP, principally reflecting improved government efforts to supply fertilizers and extension services and also substantial grant funds by the British Development Division and the European Development Fund (EDF) (Table 3). The Government's overall agricultural policy continues to emphasize crop diversification and to encourage the development of linkages with other sectors, particularly tourism and manufacturing.

Banana is the principal crop and St. Lucia's main export commodity. Over 10,000 growers market this product through the Banana Growers' Association and export the bulk through a sole shipping company (Geest). After having reached a level of 59,000 tons in 1979, banana production declined to 35,600 tons in 1980 due to the devastating effects of Hurricane Allen, but registered an impressive recovery in 1981 reaching approximately 56,700 tons. Sizable foreign grants helped rehabilitation and also induced new growers to join the business. Farmers have been encouraged to pack the bananas directly into boxes in order to reduce the wastage of bananas during transportation from the field to the boxing plants. The shipping company has paid a premium of EC\$0.3 per pound on an experimental basis to stimulate this activity and it is expected that this program will further reduce wastage in the near future.

The next most important crop is coconut. Aided by a rehabilitation program begun in 1976, coconut production has been growing steadily reaching 25.2 million nuts in 1979 and a record of 26.7 million in 1980, when the hurricane led to a heavy fall of nuts. It is estimated that 23 million nuts were collected in 1981 as the harvest of windfall coconuts lasted into early 1981. The adverse effects of the hurricane on output will be felt in the years ahead since the gestation period of coconut palm is six to eight years.

Table 3. St. Lucia: Sectoral Origin of Gross Domestic Product at Constant Factor Cost

(Annual percentage change)

	1976	1977	1978	1979	Prel. 1980	Est. 1981
Real GDP at factor cost	14.1	5.9	13.5	4.4	-4.5	3.2
Agriculture, fisheries, and forestry	11.5	-2.3	21.8	1.6	-13.0	35.2
Of which: bananas	(37.2)	(-8.6)	(26.6)	(15.7)	(-39.7)	(59.3)
coconut	(-20.6)	(8.3)	(11.5)	(8.2)	(6.0)	(-13.9)
cocoa	(-1.8)	(-20.1)	(27.4)	(4.0)	(-8.0)	(0.9)
Construction	28.4	-1.2	70.8	-16.8	10.3	3.0
Manufacturing	26.5	7.8	13.6	-12.0	3.2	5.4
Food	(-15.9)	(3.5)	(12.3)	(-4.1)	(-9.0)	(-20.6)
Beverages	(89.2)	(41.1)	(15.0)	(6.7)	(-30.0)	(7.0)
Garments	(28.0)	(48.8)	(-2.7)	(38.0)	(35.2)	(25.1)
Cardboard boxes	(59.3)	(-13.3)	(18.2)	(-44.9)	(22.4)	(33.4)
Other	(26.7)	(7.2)	(13.5)	(-11.9)	(3.1)	(6.0)
Other	10.6	8.4	-3.8	10.9	-6.9	-5.6

Sources: Statistical Appendix Tables 17, 19, and 20.

Among other export crops, cocoa output after declining in 1977 recovered during the next two years. Because of the effects of the hurricane, output dropped to 218,000 pounds in 1980, from 237,000 pounds in the previous year, but in 1981 there was a modest recovery to 220,000 pounds due to the post-hurricane rehabilitation program. Production of fruits and vegetables has traditionally been mainly for domestic consumption, though there has been some export activity since the mid-1970s. The Agricultural Marketing Board handles the marketing of all agricultural products except for bananas, coconut, cocoa, and spices. Production of traditional crops such as pumpkins, mangoes, plantains, and yams dropped in 1980 and 1981, while the growing of nontraditional vegetables and fruits has expanded steadily.

b. Manufacturing

Manufacturing activity in St. Lucia consists mainly of processing of food and beverages, a garments industry, and the production of cardboard boxes. The latter two are oriented toward export markets within CARICOM countries and the United States. Manufacturing output increased at an annual average of 16 per cent in 1976-78 and contributed significantly to the gain in exports and real GDP. Technical difficulties in the cardboard box plant in 1979 were responsible for a sharp reduction in output and contributed to a 12 per cent drop in overall manufacturing production that year.

In 1980 manufacturing production expanded by 3.2 per cent mainly on the basis of a significant growth of the garment industry, a recovery in output of cardboard boxes and the starting of operations of Milton Bradley, a toy and electronic equipment manufacturer. Production gains in these three industries more than offset significant declines in the food and beverages industries. Until August 1980 the cardboard box plant produced mainly for the banana industry, but because of the fall in banana production after the hurricane, output was shifted to other domestic uses and to export. The output of the export-oriented electronic industry was increased sharply by the operations of Milton Bradley.

In 1981 manufacturing production is estimated to have expanded by 5 per cent, again led by the garment industry whose output is expected to grow by around 25 per cent, and cardboard boxes, with a gain of close to 35 per cent. In addition, the beverages industry, particularly soft drinks, recorded significant production gains--except for beer production which declined due to increased competition from imports. These developments more than offset a decline in food production attributable to inadequate cold storage facilities and to a rise in production costs in the frozen food processing plants. The electronic industry registered a sharp drop in output due to the closing down of the Milton Bradley factory, after only about one year of operations. Also, the production of coconut derivatives--coconut oil, coconut meal, and copra--declined with the drop in output of the basic input, and in the case of copra, also because of operational problems in the factory.

c. Construction

During the period 1976 to 1978 the construction sector grew at an annual average rate of 33 per cent and thus contributed significantly to the expansion of total economic activity. This was the result of buoyant construction activities in the tourist sector, the execution of large public sector projects and the construction of an oil transshipment and storage terminal. In 1979 construction declined by almost 17 per cent mainly because of work stoppage at the oil terminal due to labor disputes. In 1980 the sector expanded by around 10 per cent, reflecting resumption of work at the terminal as well as reconstruction of buildings and roads that were damaged by the hurricane. Growth of the sector is estimated to have slowed to 3 per cent in 1981 since the first phase of the oil transshipment and storage terminal was completed and public infrastructure construction was moderate.

d. Tourism

Tourism activity was stimulated at the beginning of the 1970s by improved air facilities and the construction of two major hotels. The industry was adversely affected by the general slowdown in world tourism in 1974-75, but recovered strongly in the next three years, when total visitors increased at an annual average of 17 per cent to reach 158,000. Adverse effects of local elections in 1979, and recessionary conditions

in industrial countries in 1980 contributed to a drop in the total number of visitors to 152,000. As a result occupancy rates declined to about 80 per cent of installed capacity during the latter year. The 1981 winter season was particularly disappointing mainly because the effects of Hurricane Allen and political unrest deterred visitors and continued recession abroad reduced tourism in the region. For the year as a whole, tourist arrivals declined to 130,000 or 14-1/2 per cent below the level of the preceding year, total tourist receipts declined by more than 10 per cent, and occupancy rates dropped further to about 60 per cent. The contribution of the industry to real GDP declined in 1981 to 5 per cent from the average of 6.2 per cent reached in 1976-80.

3. Energy consumption

a. Fuel

St. Lucia depends entirely on imported fuel from Venezuela and Trinidad and Tobago for its energy requirements. No new major conservation measures were introduced in recent years, although an energy unit was established at the Ministry of Finance in 1981. Fuel prices are set by the Government in consultation with the marketing companies, Texaco and Shell (in July 1981 Shell acquired the operations of a third company--Esso St. Lucia). Increases in imported fuel costs are normally passed on to consumers in the form of higher prices. However, during 1981 the Government reduced the level of consumption tax in order to partially offset increases in imported costs. Since the end of 1976 when the price of an imperial gallon of gasoline was EC\$2.25 (equivalent to US\$0.82), the price has risen at an annual average rate of 18.4 per cent to approximately EC\$5.10 (equivalent to US\$1.89 per gallon) in December 1981. Diesel and kerosene prices have followed a similar pattern increasing at an annual average rate of 20.5 and 22.7 per cent, respectively, during the same period. At the end of 1981 a pound of liquid propane gas (LPG) sold for EC\$0.90, which represents a 100 per cent increase since December 1976.

Consumption of gasoline and diesel expanded throughout the period 1976-79, at roughly one-and-a-half times the growth rate of real GDP (Table 4). Notwithstanding the decline in the level of economic activity, consumption of these products rose sharply to 11.3 million gallons in 1980. The consumption level in 1981 was 12.2 million imperial gallons, which represented an increase of 8 per cent compared with 1980.

In December 1981 the first phase of the Hess Oil Company transshipment terminal was completed. The terminal is intended for storage and transshipment of crude oil for delivery to refineries in other Caribbean islands, particularly a Hess-owned refinery in St. Croix. The terminal has an initial storage capacity of 3.2 million barrels of crude oil but will have a capacity of 5.3 million barrels in early 1982, when the second phase of the project is expected to be completed. Tentatively, Hess Company plans to expand the storage capacity to 10 million barrels, preliminary to possibly building a refinery in St. Lucia with potential processing capacity of about 200,000 barrels per day.

Table 4. St. Lucia: Energy Consumption

(In thousands of indicated units)

	1976	1977	1978	1979	1980	Est. 1981
Gasoline (imperial gallon)	2,660	2,897	3,181	3,294	4,256	4,528
Diesel (imperial gallon)	4,057	4,735	5,127	5,571	6,997	7,643
Kerosene (imperial gallon)	326	327	324	290	262	297
LPG (lbs.)	2,274	2,838	3,175	3,186	2,415	2,516
Electricity (Kwh)	44,800	49,900	56,700	60,800	58,400	57,500

Source: Statistical Appendix Table 21.

b. Electricity

Electricity is provided by the St. Lucia Electricity Services Ltd. which operates two diesel generating plants. Total electricity consumption rose at an annual average rate of about 11 per cent for the period 1976-79. Depressed economic conditions and hurricane damage in 1980 reduced the demand for electricity by 4 per cent. In 1981 the generation of electricity declined by another 1.5 per cent because of damaged lines and meters, which have not been fully restored, and because hotels required less electricity due to the downturn in tourism.

4. Population, employment, wages, and industrial relations

a. Population and employment

Population and employment statistics are fragmentary. A census was carried out in 1980 but the results are not yet available. The population in 1980 is estimated at around 120,000 with an annual average growth rate for the period 1976-80 of 1.5 per cent (Statistical Appendix Table 22). St. Lucia's population in 1981 was approximately 122,000.

The labor force as a percentage of population has been stable at approximately 30.4 per cent for the last decade. In 1980 preliminary estimates indicate that 44 per cent of total employment was in agriculture and mining; manufacturing accounted for 6 per cent; construction for 7 per cent; trade and hotels for 12 per cent; and transport, communications, utilities, and other services for 31 per cent. It is reported that the unemployment rate, estimated at about 14 per cent of the labor force, increased since the downturn in tourism and agriculture in 1980, although official estimates show no significant change (Table 5). As a result of an agreement with the United States and Canada, 486 agricultural workers were sent to Florida and some 100 to Canada in 1981.

Table 5. St. Lucia: Population and Employment

	Census 1970	Prel. 1975 1980		Est. 1981
Total population (in thousands)	99.8	111.8	120.2	122.0
Annual percentage growth rate	1.6	1.6	1.5	1.5
Total labor force (in thousands)	30.3	34.0	36.5	37.2
Total employment (in thousands)	26.1	29.2	31.4	31.8
Unemployment rate (per cent)	13.9	14.1	14.0	14.5

Sources: Statistical Appendix Tables 22 and 23.

b. Wages and industrial relations

Wage contracts are customarily for two years; however, a few wage contracts are for three years. Scattered information from the Labor Commissioner's office for recent wage settlements in unionized industries and on wage awards in the public sector is believed to be representative of general trends in wages. The data indicate that in 1979 wage settlements in unionized industries provided for increases of 18 to 20 per cent a year, compared with increases of around 17 per cent a year in 1978. Settlements in 1980 were for 20 to 25 per cent a year, while in 1981 the settlements in unionized industries generally provided for increases in the range of 25 to 30 per cent for the first year and 15 to 25 per cent in the second year.

Public sector settlements have been traditionally slightly higher than private sector agreements. For instance, in 1979 the civil servants' wage agreement provided for an average increase of 25 per cent in wages and salaries retroactive to January 1, 1977. Additionally, the contract provided for a 5 per cent increase in salaries of civil servants over the January 1, 1977 level whenever the index of retail prices rose above the base level by 15 per cent. Public sector wage settlements in 1981 called for increases of 20 to 40 per cent per year. For example, the daily-paid workers were granted a 40 per cent increase for the first year retroactive to April 1980 and 20 per cent for the second year. A wage agreement with established civil servants expired in 1980; a new three-year agreement has been under negotiation, but no settlement has yet been reached. The union has been asking for a 60 per cent minimum increase over the April 1980 salary levels, while the Government has proposed cumulative increases of 30 per cent, 40 per cent, and 45 per cent in the first, second, and third years.

The Port Authority, a state enterprise, awarded in mid-1981 wage increases of 40 per cent for one year to workers at the terminal and an average of 25 per cent to other workers. The Water Authority, another public entity, granted a 52 per cent wage increase over three years

1981-83 of 27.5, 14, and 10 per cent, respectively. In both cases, an automatic cost of living adjustment, 5 per cent for every 15 per cent increase in the consumer price index, was also provided. St. Lucia has a legal minimum wage which is enforced for clerks, cashiers, switch-board operators, shop assistants, porters, janitors, messengers, and agricultural workers.

There are nine active trade unions in St. Lucia which together represent about 50 per cent of the employed labor force. In 1981, the largest was the National Workers' Union; other important unions were the Farmers' and Farm Workers' Union; the Seamen, Waterfront and General Workers' Union; and the Civil Service Association. An Employers' Federation represents a majority of business enterprises in St. Lucia.

Industrial relations in St. Lucia are governed by labor laws and regulations which outline procedures for the orderly settlement of wage disputes. The Labor Commissioner, and subsequently, the Minister of Labor, act as conciliators when there is a deadlock in the negotiations between management and unions. In the last six months of 1981 a Hess Company strike was the only one where agreement was reached at the conciliation stage. A new labor code is being prepared with technical assistance from the International Labor Organization.

5. Price trends

Given the high degree of openness of the St. Lucian economy, domestic price trends are influenced largely by price developments abroad. The inflation rate, as measured by average annual changes in the retail price index, fluctuated in the range of 9 and 11 per cent for the period 1976-79, and accelerated to around 20 per cent in 1980, mainly reflecting higher import prices and increases in prices of locally produced clothing and beverages. Despite a significant slowdown in the rate of increase of import prices in 1981, the rise in the retail price index was about 16 per cent mostly due to an acceleration of domestic food and consumer goods prices and increased wage pressures.

Table 6. St. Lucia: Price Indicators

(Annual percentage change)

	1976	1977	1978	1979	1980	Proj. 1981
<u>Retail prices</u>						
Period average	9.7	8.9	10.9	9.4	19.6	15.5
End of period	10.3	8.8	8.6	15.4	21.1	11.9

Source: Statistical Appendix Table 24.

Since the early 1960s the Price Control Division of the Ministry of Trade has enforced price ceilings on selected consumer goods (including fish, meat, flour, tobacco, and vehicles) and has administered prices for petroleum derivatives. The price control division carries out surveys about market conditions and mark-up margins before an item is placed under price control. In addition, a price control commission composed of members from the legal association, the Chamber of Commerce, trade unions, the consumer society, the Ministry of Trade, and an accounting organization makes recommendations. There are two types of controls: goods subject to percentage mark-ups, and goods and services subject to fixed prices. Since 1980 there has been no addition of items to the control list. The only decontrolled items have been locally produced eggs (in 1980), and copra for local consumption (in 1980). The Price Control Division also issues import and export licenses.

II. The Public Sector

1. Introduction

In this report, the consolidated public sector of St. Lucia is defined to include the Central Government, the Castries City Council, the National Insurance Scheme, the Funding Scheme, and five nonfinancial state enterprises: the Port Authority, the Water Authority, the Marketing Board, the National Development Corporation and the Electricity Services Ltd., in which the Government holds a majority interest.^{1/} Three government-owned financial institutions: the Housing Development Bank, the Agricultural and Industrial Bank, and the loans department of the National Development Corporation were combined to form the National Development Bank in May 1981 and its operations are discussed in Section III.

The current account surplus of the consolidated public sector averaged about 5 per cent of GDP during the three fiscal years ended in March 1980,^{2/} but the overall deficit declined from 3 to 2 per cent of GDP during the period as total receipts rose from 39 to 41 per cent of GDP while total expenditure rose from 42 to 43 per cent of GDP. In FY 1980/81 the overall deficit rose to 4 per cent of GDP, reflecting a sharp increase in capital expenditure for reconstruction of the hurricane damage. The performance of the public sector is expected to deteriorate sharply in FY 1981/82, primarily because of a modest growth in total receipts (4 per cent) in association with a sharp increase (25 per cent) in recurrent expenditures. As a result, the current account is expected to move from a surplus of 5 per cent of GDP in FY 1980/81 to a deficit of 0.3 per cent of GDP in FY 1981/82 and the overall deficit is projected to rise from 4 to 7 per cent of GDP. During the four years through FY 1981/82 the public sector deficit was mostly financed with loans by the East Caribbean Currency Authority (ECCA) including purchases from the IMF, foreign project loans, and credits from local commercial banks (Table 7).

2. Operations of the Central Government through FY 1980/81

The operations of the Central Government accounted for over 75 per cent of the receipts and expenditures of the consolidated public sector during the last four fiscal years. Consequently, trends in public sector finances were determined mainly by the fiscal operations of the Central Government.

^{1/} The Urban Development Corporation, which ceased operations in 1980, and a number of other public enterprises, including Radio St. Lucia and the Halcyon Days Hotel, are not covered for lack of detailed information on their operations.

^{2/} The fiscal year for the Central Government and some of the public entities ends on March 31.

Table 7. St. Lucia: Operations of the Consolidated Public Sector

	1977/78	1978/79	1979/80	1980/81	1981/82
(In millions of East Caribbean dollars)					
Total receipts	72.85	80.35	111.77	122.58	128.03
Current receipts	66.81	74.65	100.82	114.05	122.18
Capital receipts	6.04	5.70	10.95	8.53	5.85
Total expenditure	79.00	84.77	117.34	135.33	151.80
Current expenditure	57.85	62.44	89.68	98.89	123.38
Capital expenditure	21.15	22.33	27.66	36.44	28.42
Current account surplus or deficit (-)	8.96	12.21	11.14	15.16	-1.20
Overall deficit	-6.15	-4.42	-5.57	-12.75	-23.77
Financing	6.15	4.42	5.57	12.75	23.77
Foreign financing (net)	4.23	6.01	7.78	2.84	11.47
Change in foreign assets (increase -)	-0.04	0.12	-1.80	-0.49	1.28
Net borrowing from ECCA 1/	0.94	2.85	3.85	9.45	9.95
Net borrowing from com- mercial banks	-0.77	-1.16	-2.79	2.65	-0.84
Other domestic (net)	1.79	-3.40	-1.47	-1.70	1.91
(As per cent of GDP)					
Total receipts	38.5	34.5	40.9	39.9	36.3
Total expenditure	41.8	37.8	43.1	44.0	43.0
Current account surplus or deficit (-)	4.7	5.2	4.0	4.9	-0.3
Overall deficit	-3.3	-3.3	-2.2	-4.1	-6.7

Source: Statistical Appendix Table 25.

1/ Includes net purchases from the Fund.

The overall performance of the Central Government had improved during the three fiscal years ended in March 1980 as a number of discretionary tax changes as well as expenditure restraint maintained moderate current account surpluses, and the overall deficit was contained to an annual average of 1.5 per cent of GDP. However, in FY 1980/81 current revenue growth slowed to 10 per cent while expenditure rose by 22 per cent, resulting in a virtual elimination of the current account surplus and in an overall deficit of about 7 per cent of GDP. The overall deficits of the Central Government were financed from three major sources: foreign loans, loans from the East Caribbean Currency Authority (inclusive of the counterpart of purchases from the IMF) and from the local commercial banks (Table 8).

a. Revenue

Current revenue rose by 23 per cent a year on average from FY 1977/78 through FY 1979/80. This buoyancy in revenue reflected a strong growth performance of the economy, as well as discretionary tax measures introduced in FY 1977/78 and higher income tax receipts associated with large retroactive wage payments in FY 1979/80. As a per cent of GDP, current revenue rose from 27 per cent to about 29 per cent during the three years. In FY 1980/81, however, it declined by 1 percentage point as the rate of increase of revenue slowed to 10 per cent, mostly because of the sluggish growth of tax revenues. A decline in receipts from taxes on domestic production, attributable to a decline in economic activity, and much slower growth in import tax collections because of an increase in nondutiable imports, mainly related to reconstruction and rehabilitation, were the main causes of the slackening of revenue collections in FY 1980/81.

In the four fiscal years through FY 1980/81 taxes on imports were the major source of recurrent revenue accounting for 39 per cent of total tax revenue. Revenue from taxes on domestic production has declined from 32 to 26 per cent of total tax revenue over the four-year period, while income tax receipts rose from 28 per cent to 34 per cent. The major sources of nontax revenue continued to be currency profits remitted by ECCA to member countries, and post office receipts which were transferred to the consolidated fund (Table 9).

b. Expenditure

Following a modest growth in the two preceding fiscal years, current expenditure rose sharply in FY 1979/80, when permanent civil servants were awarded salary increases retroactive to January 1, 1977. As a result wage and salary payments accounted for about 60 per cent of current expenditure during that year, compared with an average of 46 per cent during the preceding two fiscal years. Primarily due to the wage and salary component, total current expenditure rose from 26 per cent of GDP to about 28 per cent during the three years. In FY 1980/81 current expenditure rose by 11 per cent, and declined marginally as a proportion of GDP (Table 10). The sharpest increases were registered in purchases of goods and services, which were boosted by spending

Table 8. St. Lucia: Central Government Operations

	Preliminary				Budget	Actual	Estimated
	1977/78	1978/79	1979/80	1980/81	1981/82	Apr.-Sept. 1981	Outturn 1/ 1981/82
(In millions of East Caribbean dollars)							
<u>Total revenue</u>	57.50	63.76	88.16	93.40	128.90	45.72	96.69
Current revenue	51.65	58.05	77.46	85.38	99.75	43.53	85.60
Budgetary grants	0.29	0.43	0.37	0.03	0.32	—	—
Capital grants	5.56	5.28	10.33	7.99	28.83	2.19	5.45
New tax measures	—	—	—	—	—	—	5.64
<u>Total expenditure</u>	59.90	67.47	92.40	113.25	160.57	60.23	122.32
Current expenditure	48.72	51.52	75.78	84.36	99.22	49.58	104.20
Capital expenditure	11.18	15.95	16.62	28.89	61.35	10.65	18.12
<u>Current balance</u>	3.22	6.96	2.05	1.05	0.85	-6.05	-12.96
<u>Overall deficit</u>	-2.40	-3.71	-4.24	-19.85	-31.67	-14.51	-25.63
<u>Financing</u>	2.40	3.71	4.24	19.85	31.67	14.51	25.63
Foreign assets (increase -)	-0.04	0.12	-1.80	-0.49	—	0.28	1.28
Net borrowing from ECCA includes the counterpart of purchases from the IMF	0.94	2.85	3.85	9.45	9.00	7.10	9.95
Other net foreign borrowing	2.04	3.87	0.07	1.30	17.57	3.18	5.22
Net local bank borrowing	-4.00	1.03	-0.10	8.90	—	—	2.26
Other net domestic borrowing	-0.25	-0.85	2.66	—	5.10	2.40	6.92
Residual	3.71	-3.31	-0.44	0.69	—	1.55	—
(As per cent of GDP)							
Current revenue	27.3	24.9	28.5	27.8	28.3	...	25.9 2/
Current expenditure	25.8	22.1	27.8	27.4	28.1	...	29.5
Current balance	1.7	3.0	0.8	0.3	0.2	...	-3.7
Overall deficit	-1.3	-1.6	-1.6	-6.5	-9.0	...	-7.3

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

1/ Both revenue and expenditure estimates are revised on the basis of adjustments introduced in November 1981.

2/ Includes estimated yield of new tax measures.

Table 9. St. Lucia: Central Government Revenue

	1977/78	1978/79	1979/80	1980/81	1981/82
<u>(Percentage increase from preceding year)</u>					
Total current revenue	24.4	12.6	33.1	9.7	0.2 ^{1/}
Tax revenue	33.9	8.0	37.5	8.0	-1.3 ^{1/}
Taxes on income	41.7	11.3	37.8	26.8	-7.0
Taxes on domestic production and consumption	37.4	5.0	35.9	-8.4	-3.7
Import taxes	25.9	9.0	45.8	4.2	5.5
Nontax revenue	-126.0	95.4	-9.2	45.7	18.8
<u>(In per cent of calendar year GDP)^{2/}</u>					
Total current revenue	27.3	24.9	28.5	27.8	24.3 ^{1/}
Tax revenue	25.9	22.7	26.8	25.6	22.0 ^{1/}
Taxes on income	7.2	6.5	7.7	8.6	7.0
Taxes on domestic production and consumption	8.3	7.1	8.3	6.7	5.6
New tax revenues	--	--	--	--	1.6
Import taxes/imports, c.i.f.	11.5	8.9	10.7	9.1	8.6
<u>(In per cent of tax revenue)</u>					
Taxes on income	27.8	28.7	28.8	33.8	31.8
Taxes on domestic production and consumption	32.2	31.3	30.9	26.2	25.6
Taxes on imports	37.4	37.8	40.1	38.8	41.5

Sources: Statistical Appendix Tables 15 and 27.

^{1/} Excludes new tax measures.

^{2/} Except as indicated.

Table 10. St. Lucia: Central Government Expenditure

	Preliminary				Budget	Est.
	1977/78	1978/79	1979/80	1980/81	1981/82	1981/82
(In millions of East Caribbean dollars)						
Current expenditure	48.72	51.52	75.78	84.36	99.22	104.20
Wages and salaries ^{1/}	22.23	23.97	45.08	39.15	47.18	48.40
Goods and services	18.53	18.60	19.46	28.80	31.79	31.40
Interest	1.37	2.71	2.18	3.00	3.72	5.50
Pensions	2.65	1.60	3.08	2.49	3.12	2.60
Transfers	3.43	4.08	5.33	10.39	12.53	15.40
Subsidies	0.31	0.58	0.65	0.53	0.88	0.90
Capital expenditure ^{2/}	11.18	15.95	16.62	28.89	61.35	18.12
(As per cent of calendar year GDP)						
Current expenditure	25.8	22.1	27.8	27.4	28.1	29.5
Capital expenditure	5.9	6.8	6.1	9.4	17.4	5.1
(As per cent of current expenditure)						
Wages and salaries	45.6	46.5	59.5	46.5	47.6	46.5
Goods and services	38.0	36.1	25.7	34.1	32.0	30.1
Transfers	7.0	7.9	7.0	12.3	12.6	14.8

Sources: Statistical Appendix Tables 15 and 28.

^{1/} Wage payments may be understated due to classification problems.

^{2/} Projects funded by Hess Oil Company which are executed outside the budget are excluded because of insufficient data.

related to hurricane damage, and in domestic transfers, a large element of which was to finance operating deficits of public sector agencies including the Castries City Council, the Water Authority and the National Development Corporation (Statistical Appendix Table 29).

Capital expenditure averaged about 6 per cent of GDP during the three fiscal years ended in March 1980, but in FY 1980/81 rose to about 9 per cent of GDP, primarily as a result of reconstruction outlays in the wake of Hurricane Allen. Capital expenditure was also boosted that year by acquisition of assets (EC\$3.5 million) to set up a National Commercial Bank.

3. Central government operations in FY 1981/82

The central government budget for FY 1981/82 provided for approximate current account balance. However, information available on the budgetary outturn for the first half of this fiscal year indicates that the budgetary situation has deteriorated sharply, due to both a shortfall in revenue and to substantially higher than budgeted current expenditure. On revenue, a budgeted EC\$6 million oil transshipment tax payable by the Hess Oil Company did not materialize as a result of delays in completion of the project. In addition, a reduction in personal income taxation with effect from January 1, 1981 was not taken into account when the budget was prepared, while taxes collected from tourism fell below expectation because of a decline in the level of activity. The sharp rise on expenditure was to a large extent attributable to a recent wage settlement granted to government daily-paid workers mentioned in Section 1 and the consequential rise in transfers to semiautonomous state agencies, such as the Castries City Council which depend on budgetary allocations for current operations. These developments led to a central government current account deficit of about EC\$6 million during the first half of the fiscal year. Capital expenditure not covered by project grants during the same period amounted to about EC\$9 million, thus resulting in an overall deficit of about EC\$15 million.

In order to prevent a further deterioration, the Government introduced some fiscal measures at the end of November. These measures included increases in consumption duties on a wide range of products and the imposition of such duties on a number of products that were previously exempt, a 1 percentage point increase in stamp duty on imports, and higher fees for some government services. Other tax measures, including the elimination of income tax relief measures granted in January 1981, have been planned for introduction before the end of the fiscal year. The Government also began daily monitoring of its cash balances with commercial banks to ensure that total monthly expenditure did not exceed the sum of monthly revenue, capital grants, and concessional loans. The Government also laid off all daily-paid workers, except those in essential services, at the beginning of December 1981. On the basis of the revenue measures which are projected to yield additional revenue of EC\$5.6 million, and significant expenditure cuts, a

current account deficit of EC\$13 million (3.7 per cent of GDP), and an overall deficit of EC\$26 million (7 per cent of GDP) are projected for FY 1981/82. The financing requirements are expected to be met through borrowing from ECCA (EC\$10 million) mainly the counterpart of borrowing by St. Lucia from the IMF, including a possible small compensatory financing facility purchase, foreign project loans (EC\$5 million), a drawdown on government foreign asset holdings, loans from domestic commercial banks, and new issues of government securities (Statistical Appendix Table 26).

4. Other public sector

In recent years, the combined operations of the rest of the general government (the Castries City Council, the Government Funding Scheme, and the National Insurance Scheme) have yielded current savings which, though declining in relation to GDP, have been sufficient to cover small capital expenditures and to accumulate financial assets. The National Insurance Scheme has provided most of such savings, which have more than offset current deficits incurred by the Castries City Council and, in some years, the Government Funding Scheme (Statistical Appendix Table 25).

The National Insurance Scheme (the National Provident Fund before April 1979 when benefits were enlarged from purely pensions, to cover sickness, invalidity, maternity, and hospitalization), is funded by contributions equivalent to 5 per cent of monthly wages and salaries up to EC\$700 from both employers and employees, excluding public servants. Payments for benefits and operating expenditure are as yet low and the National Insurance Scheme has been able to generate substantial surpluses which are invested in term deposits with commercial banks and, to a lesser extent, in Treasury bills. The National Insurance Scheme also lends directly to other public entities to finance their capital programs.

Four of the five public enterprises covered in this section relied on central government transfers to meet their operating expenditures; the Port Authority has operated without recourse to government current transfers because of periodic adjustments in its tariff structure. The most recent tariff increases ranging from 15 to 35 per cent on specified services were awarded in July 1980. However, a recent wage settlement granting increases, retroactive to July 1980, of 40 per cent to workers at the terminal and an average 25 per cent plus an automatic cost of living adjustment to other workers, is expected to reduce the annual surpluses of the Port Authority in the absence of further tariff increases.

The Central Water Authority, an island-wide authority, depends on budgetary support for over 40 per cent of its operating revenue. Water consumption in St. Lucia, except for Castries City, is directly paid for or subsidized by the Government. The authority was granted a tariff

increase in June 1980 and again in January 1981, which together raised water rates by about 100 per cent. These new rates have improved the operating position of the Authority. However, arrears of payments for rural water consumption by the Government and the previously mentioned wage increases are projected to result in cash flow problems in the current fiscal year and beyond, unless further increases on rates are granted.

The National Development Corporation was established to promote foreign investment in St. Lucia and recently was assigned additional responsibility for indigenous industrialization. The Corporation has limited sources of funding outside budgetary transfers; revenue from rentals of factory shells and land leases remain small. The Marketing Board markets products both locally and abroad and imports fruits, vegetables, and eggs. Central government transfers assisted in covering the fairly small operating deficits of the Board.

The St. Lucia Electricity Services Ltd. is managed by the Commonwealth Development Corporation which retains 33.1 per cent of ownership (the Government of St. Lucia owns 49.4 per cent, of which 37.7 is non-voting shares, and the Castries City Council owns 17.5 per cent). In recent years the company has generated current account surpluses primarily as a result of passing on to consumers fuel cost increases through a surcharge. Other operating costs, however, have risen sharply and, as a result, the company has a request before the Public Utilities Commission for an increase in basic tariffs (excluding the fuel surcharge) by about 25 per cent. During the last financial year damage by Hurricane Allen resulted in large capital expenditures which were covered by insurance proceeds.

III. The Financial Sector

1. Characteristics and overall trends

St. Lucia has no central bank but is a member of the East Caribbean Currency Authority (ECCA), which was established in 1965.^{1/} Commercial banking in St. Lucia is conducted by the branches of four foreign banks and by two local commercial banks--the St. Lucia Cooperative Bank and the National Commercial Bank, which started operations in January 1981. Other financial institutions operating on the island are the St. Lucia Mortgage Finance Company in which the Government has a large minority interest, and the newly created National Development Bank which has absorbed the operations of the former Agricultural and Industrial Bank, Housing Development Bank, and lending activities of the National Development Corporation.

Although St. Lucia does not have a comprehensive banking law to govern banking operations, commercial banks have been subject to an annual licensing fee of EC\$4,000 for their main offices and EC\$1,000 for each of the branch offices; the former was raised to EC\$20,000 in April 1980. In July 1980, a 10 per cent legal reserve requirement was introduced on total deposit liabilities of the commercial banks, excluding the two local commercial banks which are exempt from this requirement (Statistical Appendix Table 38). The legal reserves, which were levied at a rate of 2-1/2 per cent per quarter, are lodged with the Treasury at no interest rate.

2. The East Caribbean Currency Authority

a. Background

St. Lucia and the other six ECCA members share a common currency, the East Caribbean dollar, issued by ECCA. Since July 1976 the East Caribbean dollar has been pegged to the U.S. dollar at the rate of EC\$2.70 per U.S. dollar. ECCA is required by statute to maintain a foreign exchange cover equivalent to not less than 60 per cent of the value of its currency in circulation and other demand liabilities. ECCA has certain other attributes of a central bank, such as authority to deal with international institutions joined by any of its member governments, to maintain accounts with central banks, to offer rediscount facilities, to accept deposits from commercial banks and member governments, and to purchase securities issued by member governments. However, the Articles of Agreement and the regulations of ECCA place restrictions on the purchase of government securities and on other credit to member governments: (1) holding of Treasury bills of any government cannot exceed 10 per cent of that government's current revenue in any fiscal

^{1/} Besides St. Lucia, the other members of ECCA are Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts-Nevis, Anguilla, and St. Vincent and the Grenadines.

year; and (2) holdings of other securities issued by all member governments may not exceed 40 per cent of ECCA's currency in circulation and other demand liabilities. The Board of Directors is empowered to make decisions regarding the granting of credits subject to the above specified limits. ECCA has been designated by St. Lucia as fiscal agency for dealings with the Fund in accordance with Article V, Section I of the Articles of Agreement. ECCA has also been prescribed as an "other holder" of SDRs under Article XVII, Section 3 of the Articles of Agreement.

b. Recent developments in ECCA operations

The net foreign assets of ECCA grew steadily from EC\$118 million in 1977 to EC\$167 million in 1979, while the commercial banks' net claims on ECCA rose from EC\$71 million at the end of 1977 to EC\$89 million in 1979 (Table 11). The reserve gain basically reflected a strong expansion of export earnings and tourism in the area during this period.

Table 11. St. Lucia: Summary Accounts of the East Caribbean Currency Authority

(In millions of East Caribbean dollars)

	December 31					Sept.	
	1976	1977	1978	1979	1980	1980	1981
<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>151.5</u>	<u>168.0</u>
<u>Net position with banks in ECCA area</u>	<u>-116.6</u>	<u>-71.1</u>	<u>-83.5</u>	<u>-89.2</u>	<u>-61.6</u>	<u>-87.8</u>	<u>-92.0</u>
<u>Net domestic assets</u>	<u>11.2</u>	<u>12.9</u>	<u>12.6</u>	<u>13.3</u>	<u>13.9</u>	<u>12.8</u>	<u>21.7</u>
Net claims on Government	24.5	26.0	28.7	33.5	40.3	38.2	41.9
Of which: St. Lucia	3.9	3.9	5.9	9.1	11.4	11.4	11.4
Treasury bills	(3.0)	(3.0)	(5.0)	(5.8)	(7.2)	(7.2)	(7.2)
Debentures	(0.9)	(0.9)	(0.9)	(3.3)	(4.2)	(4.2)	(4.2)
Net unclassified assets	-13.3	-13.1	-16.1	-20.2	-26.4	-25.4	-20.2
<u>Currency in circulation</u>	<u>51.8</u>	<u>59.6</u>	<u>68.2</u>	<u>91.5</u>	<u>97.5</u>	<u>76.5</u>	<u>97.7</u>
Of which: St. Lucia	10.8	13.5	15.4	22.1	24.6	21.7	27.5

Source: Statistical Appendix Table 34.

During 1980, ECCA's net foreign assets declined to EC\$145 million as the net position of area banks with ECCA declined to EC\$62 million. The principal factors in this development were the damage to exports in the region caused by Hurricane Allen, and the downturn in tourism, combined with a sharp rise in foreign interest rates relative to rates in the region. With the objective of reducing the interest differential, since 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 7-3/4 per cent to 12-1/2 per cent per annum. These upward adjustments--and a recovery in agricultural exports--explain the 16 per cent increase in ECCA's net foreign assets to EC\$168 million during the first nine months of 1981.

The net credit extended by ECCA to member governments has expanded steadily over the past five years. St. Lucia borrowed from ECCA EC\$2 million, EC\$3.2 million, and EC\$2.3 million in 1978, 1979, and 1980 respectively. As of December 1980, ECCA holdings of St. Lucia Treasury bills and debentures amounted to EC\$11.4 million which was St. Lucia's legal maximum access to ECCA resources as of that date. In October 1981 St. Lucia's maximum access to ECCA resources was increased to EC\$12.3 million but was again almost exhausted following an additional purchase of Treasury bills of EC\$0.5 million.

3. Operations of the commercial banks 1/

Over the period 1976-79, the growth in net domestic credit of the commercial banks exceeded the increase in liabilities to the private sector, reflecting rapid increases in credits to the private sector particularly in 1977-78. The expansion in domestic credit in excess of available local resources resulted in some tightening in the liquidity position of commercial banks and in a deterioration of their foreign position. Despite these trends, however, the structure of interest rates remained low and virtually unchanged between 1977 and 1979. In 1980 credit to the private sector continued to expand strongly, rising by 24 per cent in relation to liabilities to private sector at the beginning of the period. The growth of commercial banks' liabilities to the private sector meanwhile slowed down to almost 11 per cent. Together with the introduction of the special reserve requirement on bank deposit liabilities, these factors led to a tightening of the liquidity position of the commercial banks which in turn contributed to a modest rise in interest rates.

During the 12 months ended September 1981 net domestic credit expanded at an annual rate of 26 per cent, or nearly twice as fast as the growth in the deposit liabilities of the commercial banks (Table 12).

1/ Prior to January 1979, the commercial banks' monthly reports to ECCA were highly aggregated, which precludes a detailed analysis of their underlying operations. Since that time, the reports include details of the main components of the banks' balance sheets.

Table 12. St. Lucia: Summary Accounts of Commercial Banks

	December 31				Sept. 30	
	1977	1978	1979	1980	1980	1981
(In millions of East Caribbean dollars)						
Net foreign assets	-9.8	-20.5	-16.8	-25.8	-2.7	-21.3
Assets	16.3	18.3	22.8	25.6	42.5	21.9
Liabilities	-26.1	-38.8	-39.6	-51.4	-45.3	-43.2
ECCA currency holdings	4.0	6.2	4.6	4.7	2.7	4.0
Domestic credit (net)	97.2	123.9	139.8	162.8	146.7	184.7
Net credit to Central Government	15.0	11.9	16.2	15.7	13.3	19.0
Of which:						
loans and advances	(10.0)	(9.3)	(15.5)	(10.2)	(11.2)	(7.9)
Credit to private sector ^{1/}	96.4	118.1	136.1	166.6	158.2	182.3
Net unclassified assets	-14.2	-6.1	-12.5	-19.5	-24.8	-16.6
Liabilities to private sector ^{2/}	91.4	109.6	127.6	141.7	146.7	167.1
Demand deposits	18.0	19.0	25.3	27.6	36.9	30.6
Savings deposits	43.0	49.2	56.4	67.9	65.2	73.4
Time deposits	30.4	41.4	45.9	46.2	44.6	63.1
(Percentage change)						
Domestic credit ^{3/}	8.2	29.2	14.5	18.0	...	25.9
Net credit to Central Government ^{3/}	-0.2	-3.4	3.9	-0.4	...	3.9
Credit to private sector ^{3/}	24.8	23.7	16.4	23.9	...	16.4
Liabilities to private sector	3.4	19.9	16.4	11.1	...	13.9

Source: East Caribbean Currency Authority.

^{1/} Includes credit to public sector enterprises.

^{2/} Includes deposits of noncentral government public entities and therefore not consistent with Statistical Appendix Table 35.

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

As a result, the net foreign asset position of the commercial banks deteriorated substantially compared with the 12-month period a year earlier. The strong growth in domestic credit reflected the continued sharp upward trend in personal loans and advances for house and land purchases, as well as consumer durables, and a switch in borrowing from abroad by some enterprises in response to the wide negative interest rate differential between St. Lucia and foreign capital markets.

Interest rates in St. Lucia are market determined, with the exception of mortgage rates which are set by Government (9 per cent at the end of 1980). Between 1976-79, interest rates on deposits in real terms were low and highly negative; nominal rates on saving deposits were 2 to 3 per cent, while rates on three-month time deposits ranged from 3.8 to 6.0 per cent. Some small upward adjustment in rates was made in the last two years with saving deposits yielding 5.5 per cent and time deposits a maximum of 10 per cent in September 1981, but the negative differential with international market rates remained. The prime lending rate has risen from 8 per cent in 1979 to 9 per cent at the end of 1980, 11 per cent in September 1981, and to 12 per cent in November (Table 13).

Table 13. St. Lucia: Selected Interest Rates and Financial Indicators

(In per cent)

	Average 3-Month Time Deposit Rate		Average Treasury Bill Rate 1/		Differ- ential	Ratio of LPS 2/ to GDP
	Nominal Rate	Real Rate	St. Lucia	U.S.		
1976	6.00	-3.70	--	5.00	--	55.8
1977	3.75	-5.15	--	5.40	--	48.4
1978	5.25	-5.65	--	7.50	--	47.0
1979	5.00	-4.40	--	10.20	--	48.9
1980	5.50	-14.10	7.75	12.10	-4.35	48.5
1981 (Sept.)	6.00	-9.50	7.29	14.90	-7.61	49.4

Sources: Ministry of Finance and Planning; local commercial banks; Federal Reserve Bulletin; and Fund staff estimates.

1/ Three-month bill rates.

2/ Total liabilities to private sector including nonresident deposits, and excluding public entities' deposits.

4. Other financial intermediaries

In the early 1970s a number of development banks were created: the Agricultural and Industrial Bank, the Housing Development Bank, and the loan department of the National Development Corporation. On the basis of a recommendation made by the Caribbean Development Bank (CDB) to increase the efficiency of these institutions, the Agricultural and Industrial Bank, the Housing Development Bank, and the lending operations of the National Development Corporation were combined into the newly established National Development Bank (NDB) in February 1981. A close coordination exists between the NDB and the St. Lucia Commercial Bank through sharing the same board of directors. The assets and liabilities of the new bank amount to approximately EC\$11 million, including almost EC\$4 million in arrears on loans. To improve the financial viability of the institution, management has set as a first priority the reduction of arrears. The CDB extended a EC\$5.4 million loan to NDB for agricultural and industrial credit and is expected to extend another EC\$1 million loan, while the Government will contribute about EC\$4 million over a period of four years. The NDB charges up to 10 per cent for loans under three years, 10.5 per cent for three to five years, and 11 per cent for over five years. The resources borrowed from the CDB carry an interest rate of 4 per cent.

The St. Lucia Mortgage Finance Company (SMFC) was incorporated in 1968 to provide loans for the purchase, construction, or extension of dwelling houses. The Commonwealth Development Corporation owns 51 per cent of the shares and the Government of St. Lucia 49 per cent but the latter is currently negotiating the acquisition of the shares owned by CDC. SMFC's maximum current lending rate (9 per cent per annum) and its maximum single loan (EC\$800,000) are controlled by the Government. As of September 30, 1981 the total mortgage assets of SMFC amounted to more than EC\$16 million and the cumulative advances were of the order of EC\$25 million.

IV. The External Sector

1. The balance of payments ^{1/}

Over the last few years the overall balance of payments position of St. Lucia has shown a marked deterioration which was financed by foreign borrowing, particularly from the Fund, since St. Lucia became a member in November 1979. The Government had borrowed US\$4.3 million from ECCA as of November 1981, virtually exhausting its maximum access to ECCA resources, which amounted to US\$4.6 million at that time.

The current account deficit has widened significantly over the last few years and, in 1981, reached a record level of about US\$51.6 million, or 39.4 per cent of GDP from US\$11.4 million, or 16.3 per cent of GDP in 1977. The main underlying factor behind the widening current deficit was a sharp increase in imports associated with substantial foreign investment flows, particularly for the oil terminal. More recently the further widening of the deficit reflected a slowdown in export and net travel receipts, in the aftermath of the hurricane, in addition to a continued sharp growth in imports. Capital inflows, mainly in the form of private direct investment--mainly to finance the Hess transshipment terminal and partly to the manufacturing sector--almost tripled over the four-year period 1977-80 to about US\$31 million and, they are estimated to have risen to US\$42 million in 1981.

The overall balance of payments position shifted from approximate balance in 1977 to a deficit of US\$1.2 million in 1979, and to a larger deficit of about US\$2.9 million, or 2.5 per cent of GDP in 1980. In 1981 the overall deficit of the balance of payments is estimated to rise to about US\$3.7 million, or almost 3 per cent of GDP (Table 14). In both 1980 and 1981 the bulk of the deficit has been covered by purchases from the Fund.

2. Merchandise exports

Domestic export earnings, which had grown at an average rate of 10.7 per cent per year over the period 1977-79, grew by 20 per cent to a level of US\$34 million in 1980, despite the impact of Hurricane Allen which struck the island in August 1980. Much of this impact was felt in 1981, however, when domestic exports declined to about US\$33 million, or by about 2.5 per cent.

^{1/} St. Lucia does not prepare an official set of balance of payments statistics. Trade data are available; however, the estimates for certain other categories of transactions have been made by the staff on the basis of information obtained from a variety of sources. The balance of payments statistics presented in this report, therefore, should be regarded merely as being indicative of trends.

Table 14. St. Lucia: Summary Balance of Payments ^{1/}

(In millions of U.S. dollars)

	1977	1978	1979	1980	Est. 1981
<u>Goods and services and transfers</u>	<u>-11.4</u>	<u>-23.5</u>	<u>-27.9</u>	<u>-33.3</u>	<u>-51.6</u>
Total exports, f.o.b.	22.6	26.8	31.8	46.0	40.4
Domestic exports	(20.6)	(24.8)	(27.9)	(33.7)	(32.8)
Re-exports	(2.0)	(2.0)	(3.9)	(12.3)	(7.6)
Imports, c.i.f.	-59.3	-82.8	-101.2	-123.8	-138.1
Of which: Hess Co.	(-12.0)	(-14.2)	(-19.0)	(-23.8)	(-29.1)
Services (net)	15.2	22.8	30.0	28.0	24.2
Transfers (net)	10.1	9.7	11.5	16.5	21.9 ^{2/}
Of which: official	(2.5)	(2.0)	(3.7)	(5.4)	(7.0)
<u>Capital account</u>	<u>16.7</u>	<u>27.3</u>	<u>30.4</u>	<u>35.8</u>	<u>45.8</u>
Public borrowing (net)	1.9	2.7	3.0	1.6	2.6
Of which: central government	(0.8)	(1.4)	(--)	(2.4)	(1.9)
Commercial banks	1.8	4.0	1.4	3.3	1.6
Private direct investment	13.0	20.6	26.0	30.9	41.6
Of which: Hess Co.	(12.3)	(19.0)	(24.0)	(28.9)	(34.1)
<u>Errors and omissions</u>	<u>-5.2</u>	<u>-4.6</u>	<u>-3.6</u>	<u>-5.9</u>	<u>1.6</u>
<u>SDR allocation</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.5</u>	<u>0.5</u>
<u>Overall deficit (-)</u>	<u>0.1</u>	<u>-0.8</u>	<u>-1.1</u>	<u>-2.9</u>	<u>-3.7</u>
<u>Financing</u>	<u>-0.1</u>	<u>0.8</u>	<u>1.1</u>	<u>2.9</u>	<u>3.7</u>
Net ECCA borrowing	--	0.7	1.2	0.7	--
Change in foreign assets					
(increase -)	-0.1	0.1	-0.1	-0.1	0.2
IMF borrowing	--	--	--	2.3	3.5

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

^{1/} St. Lucia does not prepare an official set of balance of payments statistics and data for some categories of transactions started to become available only in 1977.

^{2/} Includes US\$2.9 million corresponding to Hess Company payments earmarked for government public projects which will revert to the public sector upon completion.

Banana export earnings, which had accounted on average for 48 per cent of total domestic exports over the period 1977-79, dropped to about 31 per cent of total domestic exports in 1980; an increase in export prices from US\$230 per ton in 1977 to US\$320 per ton in 1980, was insufficient to compensate for a drop in export volume caused by the hurricane (from an average of 46,000 metric tons in the period 1977-79 to about 33,000 tons in 1980). Since the second quarter of 1981 banana exports have recovered impressively to an estimated 45,000 tons on an annual basis, close to the 1979 production levels, as rehabilitation programs financed by several donors have been highly effective in restoring the banana industry.

Coconut oil export earnings steadily increased between 1977 and 1980 to US\$3 million but are expected to decline to US\$2.4 million in 1981. The improvement was almost entirely due to rising international prices, while volume declined through the four years ended in 1980, partly reflecting a shift to export of refined bulk and bottled oil instead of raw bulk oil. Following three years of growth, exports of fruits and vegetables, dropped by almost 25 per cent to US\$0.4 million in 1980, mainly because of marketing problems and a significant decline in volume following the hurricane, and by an estimated 15 per cent in 1981.

Nontraditional exports, the main elements of which have been clothing, paper products, and beer and ale, increased from about US\$5 million in 1977 to about US\$7 million in 1980. During 1981, export earnings of these products are estimated to rise to US\$7.6 million (Statistical Appendix Table 42). In addition, export of electronic equipment, which were very small during 1977-79, rose sharply in 1980 when the Milton Bradley Toy Company began full operations, but fell in 1981 following the cessation of operations in St. Lucia of that company.

The United Kingdom accounted for about 50 per cent of exports during 1976-79 but received only 38 per cent in 1980; while the share of the United States rose to 23 per cent in 1980, from 3 per cent in 1976-79. This temporary change in the direction of trade is attributed to the hurricane-related drop in banana exports to the United Kingdom and the high levels of nontraditional exports directed to the United States, boosted by electronic items.

3. Merchandise imports

Imports rose at an average rate of about 27 per cent per year over the period 1977-80, and are estimated at US\$138 million in 1981, an increase of about 12 per cent in relation to the previous year. The rapid increase in imports was attributable in part to foreign private investments, particularly in the construction of the Hess Company oil transshipment terminal and export-oriented enterprises, and to public sector investments in large infrastructure projects such as port facilities. The slowdown of import growth in 1981 stems mainly from a decline in imports for re-export. Both Hess Company imports and other

imports appear to have continued rising fairly strongly in 1981, particularly when account is taken of the more moderate increase in import prices. The structure of imports has heavily tilted toward investment-related goods; intermediate and capital goods have averaged about 69 per cent of total imports over the last five years, while petroleum imports have remained in the 8-10 per cent range.

The United States, which accounted for about 28 per cent of imports in 1976-80, continues to be the major supplier to St. Lucia followed closely by CARICOM countries, which account for about 21 per cent of imports, in particular Trinidad and Tobago, supplying roughly 60 per cent of CARICOM's total (Statistical Appendix Table 44). The import share of the United Kingdom has fallen from 23.4 per cent of total imports in 1977 to 15.6 per cent in 1980.

4. Tourism

Gross earnings from tourism, which had grown at an average rate of 23 per cent over the period 1977-79, slowed down to a rate of 17 per cent to reach US\$39 million in 1980. The increase in earnings in 1980 mainly reflected higher prices in St. Lucia, as the volume of tourist days rose by less than 5 per cent. The slowdown can be partially explained by the depressed world demand for tourism and the view abroad that hurricane damage to tourist facilities was more extensive than actually occurred. In 1981, gross earnings declined by almost US\$4 million as volume is estimated to have fallen by 25 per cent, while prices rose strongly (daily expenditure per tourist is estimated to have risen by 18 per cent).

The United States and Canada together have traditionally accounted for almost 40 per cent of total visitors. Another important source of visitors is the United Kingdom--23 per cent of total--followed closely by visitors from other Caribbean territories. During the last two years and partially in response to efforts to attract European and South American tourists to St. Lucia, the number of visitors from the rest of the world has increased significantly, particularly from West Germany. The average length of stay is calculated at 8.6 days for noncruise visitors. Although very little is known about expenditure patterns--the last survey was made in 1978--the average expenditure of noncruise visitors is estimated to have risen in line with domestic inflation (Statistical Appendix Table 45).

5. Other transactions

Net private transfers, which fluctuated around US\$8 million per year over the period 1977-78, increased to about US\$11 million in 1980 and are estimated to increase by an additional US\$3.8 million in 1981. The increase originated in larger remittances immediately following Hurricane Allen from St. Lucians living abroad. In addition to the upward shift in traditional transfers, remittances from workers temporarily employed in the United States and Canada under the agricultural

workers' program, have been growing in importance as both the number of workers as well as the salaries paid abroad have increased. Hess Company payments earmarked for public projects which will revert to the public sector upon completion have also been an important factor in the rise in transfers.

Net capital inflows rose from US\$16.7 million in 1977 to US\$35.8 million in 1980 and are estimated to increase to US\$45.8 million in 1981. The main element of net capital inflows is foreign private investment which has accounted, on average, for about 80 per cent of total capital inflows: investments associated with the Hess Company oil terminal are roughly 90 per cent of the private investment. Official capital flows have amounted to US\$11.8 million on a cumulative basis during the five-year period 1977-81, while commercial banks brought into St. Lucia some US\$12 million to finance domestic operations.

6. External public debt

The Central Government's direct and guaranteed external debt (excluding Fund and ECCA purchases) increased at an annual average rate of almost 31 per cent over the two-year period 1977-79. Following completion of a number of large infrastructure projects such as major roads and port facilities, the external debt rose more moderately and at the end of 1981 amounted to US\$17.8 million. In relation to GDP, however, the outstanding debt has remained fairly stable at about 13.6 per cent of GDP over the past four years.

The increases in public external debt were primarily to public entities. As a result, the direct debt of the Central Government has declined from 78.5 per cent of the total in 1977 debt, to an estimated 62.2 per cent at the end of 1981. The main source of loan funds for central government infrastructure projects has traditionally been the CDB. The National Development Corporation, the National Development Bank, and the Port Authority are the only entities that have raised funds abroad. A loan to the Port Authority of US\$4.2 million from the Central Bank of Venezuela is the principal outstanding debt to government enterprises.

St. Lucia's external public debt burden is modest, as the majority of loans has been contracted with long grace periods and at concessional interest rates. The debt service payments ratio has been about 1 per cent of total exports and tourism receipts during the period 1977-79. However, in 1980 this ratio increased moderately to 1.5 per cent as a result of unfavorable export performance and the significant increase in amortization payments (Statistical Appendix Table 46).

7. Exchange rate

As a member of the East Caribbean Currency Area, St. Lucia cannot unilaterally modify its exchange rate,^{1/} which has been pegged to the U.S. dollar at a rate of EC\$2.7 per US\$1 since 1976 (Statistical Appendix Table 49). The nominal trade-weighted effective exchange rate had depreciated modestly from 1976 through September 1980. With the appreciation of the dollar vis-a-vis the pound sterling and other currencies of St. Lucia's trading partners since the last quarter of 1980, however, the nominal effective exchange rate began appreciating, a trend which has continued into 1981. As of the end of October 1981, appreciation amounted to 15 per cent compared with the average 1980 level, and had returned the nominal trade weighted index almost back to the 1976 level.

^{1/} For a full description of the prevailing exchange and trade restrictions refer to Appendix A.

V. Development Policy Issues and Public Investment Program 1/

1. Development policy issues

The key issue for St. Lucia is to return to the substantial economic growth path of the 1960s and most of the 1970s--so as to create as a minimum 2,000 new productive jobs per year to keep up with the increasing labor force. The realization of this goal primarily requires that private investment be encouraged by further improvements in the political climate. Another crucial requirement is the existence of a well-organized and soundly financed public sector able to efficiently provide the requisite infrastructural services.

a. Agriculture

Agriculture of St. Lucia is quite vulnerable because of its high dependence on bananas and coconuts--both crops suffering from periodic natural disasters, low productivity, and possible market constraints. Therefore, it appears that efforts should be directed to crop diversification and to measures to increase productivity in bananas and coconuts. These goals can be achieved if issues affecting the agricultural sector such as land tenure, credit, extension services, and labor productivity are appropriately handled.

Only a few farmers have legal titles to the land they cultivate. The majority have traditional rights, which cannot be accepted by agricultural credit institutions as a valid collateral for development loans. Sharecropping and renting of lands, mostly from absentee landowners, is widespread. Under these conditions, financing of farm development becomes an extremely difficult undertaking.

The lack of agricultural credit is one of the main bottlenecks to development. Funds for agriculture are scarce and there is little preparation and supervision of farm plans. Since the majority of the farmers cannot offer any collateral for the loans, they are de facto excluded from obtaining credit unless they are banana or coconut growers, in which case they have access to credits provided by the relevant growers' association, a situation that militates against crop diversification.

Extension service units under the Ministry of Agriculture are poorly staffed. Present budgetary constraints are further restraining the activities of the extension officers by restricting the funds available for traveling and other operating expenditures. The U.S. AID extension program which emphasizes training, information, and supervision of extension agents and extension facilities is intended to ameliorate the difficult situation.

1/ This section was prepared by the World Bank staff that accompanied the Fund staff mission. It is designed to serve also as a report on the public investment program for the Caribbean Group for Cooperation in Economic Development.

Bananas provide the only cash income to a large number of small farmers, most of them working on marginal lands under intensive annual cropping. To this extent, banana production, unless substituted by other tree crops which can offer the same monetary incentives, is one of the most important factors responsible for social stability in the rural areas. The main issues for banana production in St. Lucia are related to productivity, farmer organization, and marketing.

Land productivity is very low even in the commercial plantations located on the best flat lands. Small holders grow bananas on hill slopes, sometimes very sharp inclines. Excluding the large plantations, the average farm size is one to two acres, with yields between 5 to 10 tons per acre. In the commercial plantations, yields are reported not to exceed 10 tons per acre, which is still low compared to average yields in other countries. As a result, and given the relatively high cost of labor and other inputs, profitability of banana production at the farm level is marginal, unless input costs are subsidized and/or prices are kept at higher levels than the world market, as is the case.

Banana producers are members of the Banana Growers' Association which takes care of technical assistance, provision of inputs, services, and marketing. The Association, under the banana rehabilitation program financed by the United Kingdom, has received assistance and inputs to bring banana production to prehurricane levels. According to the agreement, repayment for inputs by producers should have been integrated into a revolving fund to be used in the next season. However, because of higher than forecasted administrative and input costs, funds originally allocated to input supply have served to cover the Association's other expenditures. Notwithstanding this, the Association's budget still shows a large deficit, and what is more serious, the purchasing of adequate inputs for next year will not be possible unless additional funds are made available.

Market conditions for bananas need to be carefully examined. Presently, bananas from the CARICOM countries have a preferential outlet in the United Kingdom, under the Lome Agreement. Demand in the U.K. market appears stabilized at around 300,000 tons per year, of which about 130,000 tons have been supplied by the Windward Islands, 70,000 tons by Jamaica, and the rest by Belize and other nontraditional suppliers. A large increase in production in Jamaica and Belize might reduce the share of the market available for the Windward Islands, including St. Lucia, unless demand in the United Kingdom increases or other markets are found. The latter will be realized only if the production costs of St. Lucia bananas are drastically reduced and become price competitive with world markets. It is also uncertain whether U.K. consumers would continue to subsidize banana production in the Caribbean given the pressures from other exporting countries, including those belonging to the Lome Agreement.

Because of Hurricane Allen, production of coconuts declined from 6,000 tons per year to about 2,500 tons per year, and is not likely to recover for another five to eight years. Production of coconuts is also beset by a number of constraints, such as difficulty in recruiting labor for harvesting and drying; the lack of farm access tracks; and poor management practices. An FAO technical assistance team has reported favorably on the possibility of mechanizing copra production. A program to establish coconut nurseries and to provide fertilizers and herbicides is being considered by the United Kingdom. The coconut processing plant is operating at only 40 per cent of capacity due to the lack of copra. Under this condition it runs the risk of closing down if additional raw materials are not found. There is a plan to upgrade this plant so it can process imported soybean or sunflower. Unless this plan materializes, the protected edible oil export market within CARICOM countries might be lost in favor of other more competitive suppliers.

b. Industry

Official policies are based on the assumption that the private sector--both local and foreign--will continue to play an important role in the economic development of St. Lucia. However, the uncertain political situation since 1979 appears to have an adverse effect on the investment climate. In addition, the recent increase in salaries granted to government daily workers may discourage private investment.

Positive steps have been taken to reorganize and strengthen the national development organizations, through the creation of the National Development Bank (NDB). The National Development Corporation (NDC) is responsible for the promotion of overseas investments into St. Lucia, the expansion and development of the domestic private sector, the mobilization of local and international resources to support development initiatives, and the execution of public participation in private sector investment.

The promotion of overseas investments into St. Lucia is a major priority, in view of the need to generate employment. The performance of NDC on promotion has been, overall, satisfactory. This is reflected in nine industrial companies, employing some 600 people, established thanks to NDC promotion between July 1979 and July 1980. It is also reflected in the 55,000 sq. ft. of industrial estates built and rented by the NDC in Dennery and Hewanorra during the same period. NDC has promotion offices in New York, Caracas, and Cologne.

The manufacturing sector requires upgraded and increased supply of managerial and trained personnel. The country, however, does not seem to have been affected negatively by emigration of management and skilled labor as much as some other Caribbean countries. Work permits are issued according to a largely liberal policy and acquisition of property by foreigners is relatively simple.

Infrastructure presents some constraints on the development of the industrial sector. Electricity services are not reliable and several industrial plants are using their own, more expensive generators. Port services are regarded as inefficient and expensive because of long delays to clear goods while on the wharves, and the storage charges have to be paid to the Port Authority. This situation is associated with the low labor productivity at the wharves which, in turn, is related to the system of payments: by hour and not by volume discharged.

Actions need to be taken in relation to the recommendations of the UNDP study on regional industrial development, which recommended development of the site of Vieux Fort industry. Provided that the recommendations of the UNDP study are accepted by the Government, further technical assistance may be needed to: (i) prepare a bankable feasibility study for the selected site; (ii) prepare a technical and economic pre-feasibility study for improvement of the Vieux Fort-Soufriere Road; (iii) develop the preliminary regionalization plan in support of the selected site and the national plan; and (iv) provide plan implementation and planning assistance to accelerate the industrial development program.

c. Tourism

Although St. Lucia has a relatively diversified economy, tourism plays a crucial role in its economic development. This situation is likely to continue in the foreseeable future. Therefore, the highest priority for the authorities is to determine a clear strategy about the type and scale of tourism desired. It is expected that the study to be carried out by the Organization of American States (OAS) on tourism development will help the authorities in this regard.

In addition, the strengthening of the Tourist Board would contribute to tourism development by providing up-to-date information; implementing aggressive promotion campaigns; implementing and coordinating training programs; and controlling offered services so that they meet adequate standards. In these activities, the Tourist Board would coordinate some efforts presently being carried out by the private sector, especially in relation to promotion and training.

Infrastructure also presents constraints to tourism development. In particular: (i) the poor condition of several roads because of damage caused by the hurricane and lack of proper maintenance; (ii) the frequent electricity outages; (iii) the shortage of water; (iv) the accumulation of garbage in Castries; and (v) the deficiencies in airport and port facilities. While most of these constraints are expected to be largely overcome by the execution of the investment program in the forthcoming years, immediate actions are required in relation to (i) and (iv). Since the Hewanorra Airport is far from Castries, the road needs to be kept in good repair. It may also be worth exploring the possible reintroduction of shuttle flights between Hewanorra and Vigie, which is close to the capital.

The need to improve the linkages between tourism and the rest of the economy should be carefully examined. The value added by the sector can be increased through efficient local production of foods, particularly fish and vegetables and a reliable supply of these items would have to be established. In this regard, the Government, through the Marketing and the Tourist Boards, can play a coordinating role between farmers and hotels and restaurants.

Some steps have been taken in the areas of tourist promotion and training. An English firm has been engaged to promote tourism in Europe. A major goal of tourist promotion is to increase occupancy in the slow summer months, thus reducing the current seasonality and increasing full-year employment. The establishment of a regional Hotel Trades School at the Halcyon Days Hotel, funded by EDF, is expected to help the country in solving the shortage of skilled personnel in the tourist industry. In addition, initiation of a campaign aimed at promoting attitudes of friendliness and helpfulness toward visitors in the St. Lucia community, and to enforce regulations to prevent sand erosion of the beaches, and to protect all natural attractions would be useful.

Substantial additional local and foreign investments will be needed to expand the tourist industry. While local ownership and management are highly desirable, new foreign investments are also needed and should be encouraged. Local participation is expected to be increased by projects channeled through the NDC such as the Holiday Village, funded by CDB, and the Pointe Seraphim Tourist Facility, whose financing remains to be secured. As mentioned before, the Government can play an important role in providing the necessary infrastructure, in implementing promotion and training programs, and in encouraging local management and ownership. However, the Government should clearly define its participation in tourism.

d. Energy

Energy assumes a special importance in St. Lucia in light of its heavy economic reliance on tourism and industry, both highly energy-intensive activities. A regular and efficient supply of energy requires: (i) the rapid completion of the rehabilitation programs aimed at repairing the damages caused to the electricity system by Hurricane Allen; (ii) the expansion of installed capacity to meet increasing demand, especially through the development of alternate energy resources; and (iii) the enforcement of a comprehensive conservation policy.

The rehabilitation of the electricity system, which started in September 1980 almost immediately after the hurricane, is expected to be completed in 1982; included in the rehabilitation program is the restoration of the Soufriere Hydropower Plant and the replacement of defective meters.

There are several projects aimed at developing alternate sources of energy. They include the geothermal plant, the Roseau Dam, the Wind Powered Fish Chill Room project, and the charcoal development project. Efforts to exploit geothermal resources started several years ago. A first study was conducted in 1974 funded by the U.K. Government. Based on the recommendations of this study, five holes were drilled in the first phase of exploration in 1975 and two more in 1976. Of the seven holes, one had to be plugged due to surface ground instability, two were total failures, another had a very low output, one had high down borehole temperatures but did not produce any steam; the promising two holes were only about 150 feet apart. A CDC mission in 1977 concluded that further exploratory drilling would be required before establishing the availability of commercial geothermal resources. A brief study undertaken by the Geothermal Energy New Zealand Limited in March 1980 revealed that the actual location and size of the geothermal field had never been established. They noted that the geophysical profile in the previous work was incomplete and recommended that a detailed feasibility study be undertaken. The European Investment Bank (EIB) offered to fund such a study, for which tenders were invited in August 1980. The Government of St. Lucia concluded an agreement for this study with AQUATER of Italy. The study is expected to start by the end of 1981 and is likely to be completed by August 1982. Provided the outcome of the study is successful, further drilling programs will be undertaken and if testings of the stream are also successful, plans for the construction of a geothermal plant will be finalized. However, if these investigations prove that no adequate stream resources exist, the plan for geothermal development will have to be abandoned. The drilling operations alone are anticipated to cost around US\$0.4 million per test drilling and US\$1 million per production well. About half a dozen test wells may have to be drilled and three to four production wells may be required. The tentative cost of the project would be around US\$11 million including the drilling of production wells.

The construction of a water dam at Sarat, Roseau, is being studied. If feasible, it is expected that the dam will supply irrigation water to the Roseau Valley, provide water to domestic users in the city during the dry season, supply the Hess transshipment terminal and produce some electricity. It is also possible that with this project the country will be able to export water in the same ships that will bring oil from the Middle East. The Hess Company, which will benefit from the dam, is expected to provide some financing for this project. Although the possible design of the dam is yet to be determined, its likely power output is tentatively estimated at only 500 kw.

Other programs have been implemented to develop nonconventional sources of energy. Technical assistance on charcoal has been funded by the United Kingdom. It is important to improve the exploitation of charcoal since deforestation has had a very negative effect on the availability of water from creeks and on soil conservation. In this regard, the problem should be tackled by enforcing the current forestry legislation and by providing information aimed at a more efficient use

of charcoal. CDB recently approved the financing of a wind-power shed room at Dennery and is also considering the financing of a project for the utilization of municipal dumps at Union to build a Biogas Digester.

More concentrated efforts are required to formulate and implement a comprehensive energy conservation policy. It is particularly advisable to pay attention to the elimination of shortages and the provision of a regular and reliable supply of electricity, thus avoiding the present need for using less energy efficient small generators in several industries; the rapid introduction of a new rate system designed to encourage energy savings; and the upgrading of the Energy Committee set up in 1980 so it can fully perform its duties.

e. Infrastructure

Road maintenance continues to be an urgent priority, and action should be taken before the situation deteriorates to the point where reconstruction rather than normal maintenance is indicated. Although additional financial resources may be needed for a comprehensive program of road maintenance, a more efficient use of available labor at the Department of Public Works is urgently needed. Construction of agricultural feeder roads is taking place with external assistance. The program for the coming years also includes road rehabilitation, road surfacing, and improvement of the East coast road. These programs are expected to be funded by various donor agencies: CDB, EDF, Trinidad and Tobago, the United Kingdom, and Venezuela. A key issue is to strike an acceptable balance between minimum specification, new road construction, and the maintenance and improvement of existing roads. This will require close coordination among the various donors involved in road programs.

Works to improve airport facilities are under way. The Hewanorra airport expansion financed by CDB to accommodate wide-bodied aircraft is well advanced, with completion expected by the end of 1981. Feasibility studies on proposals for further expansion at Hewanorra have not yet been completed. The factory shell taken over near Hewanorra has been renovated and continues to provide air cargo storage facilities pending the construction of new facilities. Airlines using Vigie airport have indicated that airport and runway lighting need to be improved to facilitate continued night operations. Consideration is being given to strengthening the administration of airports in order to improve efficiency in revenue collection. There is a proposal to integrate the administration of airports and seaports in order to use experienced personnel more efficiently.

A port expansion program is under way. The expansion of the seaport at Castries, financed with a loan from Venezuela, is almost completed. Until the transshipment business is fully operational and since most of the island's exports are handled through the port at Vieux Fort, there

is considerable excess berthing capacity at Castries. Therefore, current efforts in the area of port development should be aimed at maximizing the use of existing facilities, particularly through the promotion of Castries as a transshipment location.

The present supply of water is insufficient. This situation needs to be corrected not only because a good water service is a requisite for the well-being of the St. Lucian population, but also because it is a priority requirement for further developing the tourist sector. In this regard, a program of water development for about US\$12 million over the 1981-85 period is envisaged. The program includes as a main project the Roseau Dam which is regarded as necessary to meet projected demand in Castries and the Northwest through to 1995. The rest of the capital program involves improvement and extension of supplies to other areas of the island.

The financial position of the Water Authority urgently needs to be improved. Increases in tariff levels were implemented in 1980 and 1981 to allow the Central Water Authority to meet its operating expenses, to carry out proper maintenance work, and to make a contribution to the financing of the investment program. Based on the new tariff levels, the Water Authority had budgeted for a current operating surplus of about US\$90,000 for 1981 and expected a larger operating surplus in 1982 even after increasing provision for maintenance. However, the Central Government has fallen into arrears in its payments to the Water Authority mainly for water supplied to rural areas, and this had seriously affected the Authority's cash flow position. Under existing arrangements, the Water Authority bills the Central Government for water supplied to rural users on a bulk source-metered basis, and the Government in turn collects from users on an assessment basis, averaging around EC\$10 per year per household. This arrangement results in a considerable subsidy to rural users who account for more than 40 per cent of the Water Authority's output. There is an urgent need to eliminate the arrears incurred by the Central Government, and to examine the type and degree of water consumption subsidies to be granted to rural communities.

The financial position of the Water Authority can also be strengthened by improving billing and collection procedures. In fact, a program is under way to computerize the accounts and billing functions of the Water Authority in order to streamline and speed up procedures and recovery, and to provide timely information to management. Systems design assistance is being provided through the Port Authority. Changes in the rate system are needed to relate charges to quantities of water consumed. This may have a positive effect on the cash flow of the Water Authority while encouraging conservation and facilitating, through a progressive rate system, the government policy to make piped water available to the low-income sectors of the society at low cost.

External management and technical assistance to the Water Authority will be needed in the forthcoming years. Some management and technical assistance continues to be provided by the Wessex Water Authority under an arrangement that is currently due to terminate in July 1982. However, continuing difficulty in locating local replacement staff makes it necessary for this arrangement, or a new one, to continue beyond that date.

2. Public sector investment program

a. Issues related to the execution of the public sector investment program FY 1981/82

The public sector investment program was satisfactorily implemented during FY 1981/82. Provisional estimates of the total disbursements on capital projects amount to EC\$36.3 million, or about 7 per cent of GDP.^{1/} This investment was financed mostly by external sources since public sector savings were negative and no net borrowing by the public sector from the commercial banks took place.

With respect to the composition of investment for FY 1981/82, agriculture was the leading sector as far as disbursements are concerned, largely as a result of the banana rehabilitation program. Other important programs were feeder roads and school rehabilitation. Only 2 per cent of the estimated disbursements were allocated to industrial projects, a situation chiefly associated with the lack of funds for industrial credit programs.

The weakness of public sector finances, particularly of the Central Government, led to almost a complete dependence on external sources for the execution of this year's public investment program (Statistical Appendix Table 50). Since most of the projects require some local contribution, including bridge financing, timely execution of the investment program and maintenance works depend upon the ability of the public sector to revert to a position of generating savings. Except in isolated instances, the procedural requirements of external agencies do not appear to have introduced undue delays in the implementation of on-going projects.

The absence of effective institutional arrangements to monitor and oversee the implementation of the overall public sector program is a major shortcoming. This prevents the authorities from being well informed of the progress experienced by various projects for which the Government is ultimately responsible. A streamlined control on projects in the pre-implementation stages, as well as during implementation, would allow the Government to intervene to eliminate bottlenecks and delays whenever they occur. This issue has been recognized and a process to strengthen the Central Planning Unit is under way to facilitate

^{1/} Includes projects financed by Hess Oil Company which are executed outside the budget.

program preparation, monitoring, and control. In this regard, a senior official in each ministry or relevant public sector entity has been designated as planning coordinator to facilitate close cooperation across the public sector and regular meetings are planned.

Coordinated efforts among various donors are required in areas such as road programs. Large amounts of money were spent on roads by the donors involved but, as mentioned before, road rehabilitation is grossly inadequate. A close coordination among donors would result in a more comprehensive and efficient road program, where overall priorities and needs, including road rehabilitation, would be fully taken into consideration.

b. The public sector investment program for FY 1982/83-
FY 1985/86

The updated public sector investment program for the next four fiscal years, FY 1982/83 to FY 1985/86 is projected at EC\$204.1 million, or about 10 per cent of GDP. It allocates 26 per cent of investment expenditures to directly productive activities, 50 per cent to supporting economic infrastructure, and 24 per cent to social infrastructure. On the whole, the program appears to be balanced. Although infrastructural projects absorb about three fourths of the total public investment, this should not be interpreted as an imbalance since substantial additional infrastructure (electricity, roads, airports, water, and sewerage) is needed to encourage private investment in tourism and industrial activities. Statistical Appendix Table 51 shows a sectoral breakdown of the public investment program.

The investment program, if successfully carried out and complemented by adequate policies previously discussed, can contribute to an estimated annual increase in GDP of about 5-6 per cent during the next five years, an achievable target given the experience of St. Lucia during the 1960s and most of the 1970s. To fully realize the contribution of the investment program to the economic growth of St. Lucia, three major requisites need to be carefully taken into consideration: (a) new investments must not prevent the authorities from carrying out regular maintenance works; (b) programs directed toward agricultural diversification should be implemented in line with a clear, well-defined strategy; and (c) additional technical assistance will have to be obtained for agriculture, industrial development, and investment management.

The total financing requirements for the investment program during FY 1982/83-FY 1985/86 are estimated at about EC\$232 million, including external amortization of EC\$13 million, improvement in the financial position with ECCA of EC\$12 million, and a slight improvement in the position of the public sector with the domestic banking system of about EC\$2 million. These requirements are projected to be filled by (a) public sector savings of EC\$81 million or 35 per cent of the total; and (b) external capital grants and loans of EC\$151 million or 65 per cent.

Enactment of tax on sale of property

The following tax on the sale of property was enacted: (1) where the vendor is a citizen of St. Lucia (a) 2-1/2 per cent ad valorem from EC\$10,850 to EC\$30,000, (b) 5 per cent ad valorem from EC\$30,001 to EC\$80,000, and (c) 7-1/2 per cent ad valorem from EC\$80,001 and over; and (2) where the vendor is not a citizen of St. Lucia, 10 per cent ad valorem.

Enactment of tax on insurance premiums

1. In addition to income tax payable under section 37 of the Income Tax Ordinance, a company carrying general insurance business shall pay (a) 3 per cent of the gross direct premium in respect of resident insurers; and (b) 5 per cent of the gross direct premium in respect of nonresident insurers.

A company carrying on life insurance business shall pay (a) 1-1/2 per cent of the premium for the case of a resident company; and (b) in the case of a nonresident company, 3 per cent of the premium.

Consumption tax

The consumption tax law of 1968 was amended to increase the rates of all the items in the previous law and to broaden the coverage. The increases range from 5 per cent to 50 per cent on items such as liquor, cigarettes, plastic shoes, and certain passenger vehicles.

Hotel accommodation tax

The rate was increased from 5 to 7 per cent.

Excise tax on liquor

The rate per gallon of locally manufactured spirits was increased from EC\$3.50 to EC\$6.00.

Bank licenses

The cost of a license to operate a private commercial bank was increased from EC\$4,000 to EC\$20,000 per year.

Insurance companies' licenses

The annual cost of a license to operate an insurance business was increased as shown below:

St. Lucia: Exchange and Trade System

1. Exchange rate system

The currency of St. Lucia is the East Caribbean dollar,^{1/} 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 per US\$1. On December 31, 1981 the buying and selling rates for the U.S. dollar were EC\$2.6848 and EC\$2.7169, respectively, per US\$1. The Currency Authority also quotes daily rates for the Canadian dollar and the pound sterling.

St. Lucia formally accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Fund Agreement, on May 30, 1980.

2. Administration of control

Exchange control is administered by the Ministry of Finance and applies to all currencies. Export licensing is required for a range of primary products. Import licenses are issued by the Price Commission of the Ministry of Trade.

3. Prescription of currency

Settlements with residents of member countries of the Caribbean Common Market (CARICOM)^{2/} must be made either in the currency of the CARICOM country concerned or in East Caribbean dollars. Settlements with residents of other countries may be made either in any foreign currency ^{3/} or in East Caribbean dollars. Where justified by the nature of the transaction, approval may be given to make payment for goods and services in a currency different from that of the country to which payment is to be made.

4. Nonresident accounts

External Accounts may be opened for nonresidents with the approval of the Ministry of Finance and may be maintained in any currency requested. These accounts may be credited with proceeds from the sale of foreign currencies and with transfers from other External Accounts but not with payments by residents. They may be debited for payments to residents payable in East Caribbean dollars and, after approval by the Ministry of Finance, for the cost of foreign exchange required for

^{1/} The East Caribbean dollar is also the currency of Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts-Nevis, and St. Vincent and the Grenadines.

^{2/} The CARICOM countries are Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts-Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

^{3/} Foreign currencies comprise all currencies other than the East Caribbean dollar.

travel purposes. Resident companies may be allowed to open External Accounts (in East Caribbean currency or the currency of receipt), provided that deposits to the accounts are restricted to funds received from overseas and that drawings on the accounts are for payments abroad.

5. Imports and import payments

All imports from South Africa are prohibited. Most goods may be freely imported under open general license. Certain other commodities require individual licenses, unless imported from CARICOM countries; St. Lucia currently follows the new CARICOM rules of origin adopted in June 1981. Payments for authorized imports are permitted upon application and submission of documentary evidence. Advance payments for imports require prior approval by the Ministry of Finance.

Imports of live animals, milk, meat, fish, eggs, fertilizers, and most agricultural and industrial machinery are exempt from import duties. Other exempt items include most imports from CARICOM and East Caribbean Common Market (ECCM) countries, imports under industrial incentive legislation and items exempted under the Hotel Aids Ordinance. In August 1980, construction materials (including lumber and cement) were exempted from tariffs and stamp duties for a period covering October 1980 to March 1981. Import duties range from 5 per cent to 35 per cent and are scheduled to be brought into line with the CARICOM common external tariff by 1983; duties on bay rum and firearms bear a higher rate of 70 per cent. Imports of fertilizers are subject to a stamp duty of 1/5 of 1 per cent on the c.i.f. value. All other imports, excepting items on the price control list, are subject to stamp duty at 7 per cent of the c.i.f. value.

6. Payments for invisibles

Residents may purchase foreign exchange from authorized banks up to the equivalent of EC\$1,500 per annum for travel outside the East Caribbean Currency Area; however, this limit may be exceeded with permission from the Ministry of Finance. For travel within the CARICOM area using CARICOM travelers' checks (which are denominated in Trinidad and Tobago currency), the basic allowance is EC\$2,000 a year. There are no limits on the amount of local currency that may be taken out of the country. Profits may be remitted in full, subject to confirmation by the Commissioner of Inland Revenue of registration for income tax purposes. However, in cases where profits are deemed to be excessive, the Ministry of Finance reserves the right to phase remittances over a reasonable period of time. Foreign exchange is made available for all other invisible transactions. Insurance premiums are subject to tax, with a higher rate levied on nonresident insurers.

7. Exports and export proceeds

For certain commodities, no licenses are required for the export of goods to any destination. Proceeds from exports must in principle be surrendered unless an exporter qualifies for operating an External Account. The surrender requirement is not, however, enforced. A fee of EC\$0.2 per barrel is applied on re-exports of petroleum.

8. Proceeds from invisibles

Foreign currency proceeds from transactions in invisibles must, in principle, be surrendered. Travelers to St. Lucia may bring in freely notes and coin denominated in East Caribbean dollars or in any foreign currency. Foreign currency coin is not normally exchanged.

9. 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. Personal capital transfers, such as inheritances to nonresidents, require approval, which is normally granted provided that local tax liabilities have been discharged. Sale of property is subject to tax levied at a higher rate in the case of nonresident sellers.

10. Gold

There are no restrictions on imports of gold.

Changes since June 1980

August 19, 1980. Building materials, including lumber, galvanized sheets, nails, roofing and cement were exempted from import duties and stamp duties, through March 31, 1981.

June 1, 1981. New CARICOM rules of origin to grant preferential import treatment within CARICOM area were adopted.

November 25, 1981. Stamp duty rate was increased from 6 per cent to 7 per cent of the c.i.f. value of dutiable imports.

St Lucia: Tax summary, November 1981

(All amounts in East Caribbean dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates																								
Taxes on income and profits																											
1.1 Taxes on income	<p>Basis of assessment. The basis of assessments is the income of the previous calendar year for individuals and the accounting year for companies. Separate assessment of husband and wife can be made. Wage and salary earners are subject to a pay-as-you-earn system. For income taxed according to PAYE provisions, chargeable income is income of the year of assessment.</p>	<p>Exemptions. Official emoluments of Governor General, income (other than that derived from trade), of local authorities, statutory bodies, friendly societies, ecclesiastical, charitable, and education institutions. Also emoluments payable to permanent consular members, armed forces, wound and disability pensions and gratuities paid to armed forces, income of the Government Savings Bank, income derived from any allowance to public officers, allowances to the Chief Justice of the West Indies and scholarships and other educational allowances, income derived from investments on deposits of approved superannuation funds, and contributions to superannuation funds.</p>	<p>Income tax is payable at graduated rates on chargeable income of individuals and at a flat rate for companies as follows:</p> <p>(a) Individuals</p> <table><thead><tr><th>Income bracket</th><th>Rate of tax (%)</th></tr></thead><tbody><tr><td>EC\$1 - 3,000</td><td>5</td></tr><tr><td>3,001 - 4,500</td><td>10</td></tr><tr><td>4,501 - 6,000</td><td>15</td></tr><tr><td>6,001 - 9,000</td><td>20</td></tr><tr><td>9,001 - 11,000</td><td>25</td></tr><tr><td>11,001 - 13,000</td><td>30</td></tr><tr><td>13,001 - 15,000</td><td>35</td></tr><tr><td>15,001 - 20,000</td><td>40</td></tr><tr><td>20,001 - 30,000</td><td>50</td></tr><tr><td>30,001 - 50,000</td><td>55</td></tr><tr><td>50,001 and over</td><td>60</td></tr></tbody></table> <p>(b) Companies 45</p>	Income bracket	Rate of tax (%)	EC\$1 - 3,000	5	3,001 - 4,500	10	4,501 - 6,000	15	6,001 - 9,000	20	9,001 - 11,000	25	11,001 - 13,000	30	13,001 - 15,000	35	15,001 - 20,000	40	20,001 - 30,000	50	30,001 - 50,000	55	50,001 and over	60
Income bracket	Rate of tax (%)																										
EC\$1 - 3,000	5																										
3,001 - 4,500	10																										
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20,001 - 30,000	50																										
30,001 - 50,000	55																										
50,001 and over	60																										
	<p>Liability to income tax. Individuals are taxed on income from any source within St. Lucia. Income tax is levied on the income of any company registered in St. Lucia and on the income of foreign companies which is generated in St. Lucia.</p>	<p>Deductions include normal operating costs, interest, rent of land and industrial building, depreciation, previous losses not already offset against income, income coming under the Hotels Aid Ordinance Act 1959, the Development Incentives Ordinance 1964, and other tax incentive legislation. Contributions to charitable, religious, education, and scientific institutions. Dividends are taxable in the shareholder's hands.</p>																									
	<p>Assessable income is defined as (a) earnings in money or kind from employment, (b) profits from trade, (c) dividends, interest, and discounts; (d) pensions and annuities, (e) property income, (f) undistributed profits of a company controlled by no more than 5 persons may be deemed income of the shareholders and taxed as such providing it could be distributed without detriment to the company's existing business. Subsequent distribution of such income is excluded from tax.</p>	<p>Personal reliefs</p> <table><tbody><tr><td>Personal allowance</td><td>EC\$2,000</td></tr><tr><td>Wife allowance</td><td></td></tr><tr><td> Normal</td><td>EC\$1,500</td></tr><tr><td> Allowance for alimony paid</td><td>Full Amount</td></tr><tr><td> Each child</td><td>EC\$ 600</td></tr><tr><td>Housekeeper</td><td>EC\$ 250</td></tr><tr><td>Dependent relative (limit of EC\$400 on dependent's income)</td><td>EC\$ 350</td></tr><tr><td>Life assurance (limit of 1/6 of chargeable income or EC\$5,000 whichever is less, or 7% of capital sum assured)</td><td>Whole Premium</td></tr><tr><td>Earned income relief</td><td></td></tr><tr><td> 10% of earned income maximum allowed is \$500</td><td></td></tr><tr><td> 90% of wife's earned income, maximum allowed is \$500</td><td></td></tr><tr><td>Medical allowance</td><td>EC\$400</td></tr></tbody></table>	Personal allowance	EC\$2,000	Wife allowance		Normal	EC\$1,500	Allowance for alimony paid	Full Amount	Each child	EC\$ 600	Housekeeper	EC\$ 250	Dependent relative (limit of EC\$400 on dependent's income)	EC\$ 350	Life assurance (limit of 1/6 of chargeable income or EC\$5,000 whichever is less, or 7% of capital sum assured)	Whole Premium	Earned income relief		10% of earned income maximum allowed is \$500		90% of wife's earned income, maximum allowed is \$500		Medical allowance	EC\$400	
Personal allowance	EC\$2,000																										
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90% of wife's earned income, maximum allowed is \$500																											
Medical allowance	EC\$400																										
1.2 Tax on interest, rents, royalties, premiums and annuities payable to nonresidents	<p>Tax on interest paid to nonresidents is deductible for companies and credited at source against the recipients' liabilities for the relevant year of assessment.</p>	<p>First EC\$3,000 of interest on bank deposits and some other deposits are exempt from tax.</p>																									

St. Lucia: Tax Summary, November 1981 (continued)

(All amounts in East Caribbean dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.3 Nonresident withholding tax	Payments made to a nonresident in the form of a dividend, interest on discounts, rental, lease, premium on income, royalties, management fees, commission, annuities or any other payment of an income nature are subject to withholding tax.	Nil.	Dividends - 20 per cent Rental payments - 20 per cent All other payments - 25 per cent
2. <u>Taxes on Property</u>			
2.1 Land and Buildings	<u>Basis of assessment</u> Rental value of house or area of land.	Government buildings used for public purposes, buildings owned and used by the University of the West Indies.	For houses, 7 per cent of assessed rental value and land. First 10 acres exempt; 10-1/2 to 49 acres EC\$0.25 per acre; 49-1/2 to 99 acres EC\$0.50 per acre; 100 to 400 acres EC\$0.75 per acre; 401 and up EC\$1.00 per acre.
2.2 Succession duty	A progressive tax levied on the value of estate.	None.	Value of Estate Succession duty Rate 500-1,500 1 per cent 1,501-2,500 2 per cent 2,501-5,000 4 per cent 5,001-15,000 5 per cent 15,001-25,000 6 per cent 25,001-50,000 8 per cent 50,001-100,000 10 per cent 100,001-195,000 12 per cent 195,001-290,000 15 per cent 290,001-385,000 20 per cent 385,001 and over 25 per cent
2.3 Property transfer tax (Part of Stamp Duty Ordinance)	A tax on all property transfers to be paid by the vendors	None	(a) Where the vendor is not a citizen of St. Lucia - 10 per cent (b) Where the vendor is a citizen - 2 per cent ad valorem.
3. <u>Taxes and Goods and Services</u>			
3.1 Consumption tax	Consumption taxes comprise ad valorem and specific taxes on specific goods (mainly consumer durables and luxuries) payable by the importer. The same rate is applicable to locally produced goods (e.g., beer, rum, cigarettes, and furniture).	Goods which are exempt from customs duty under the provisions of the Second Schedule of the Customs Act No. 23 of 1967 or under any specific enactment or under any existing agreement. Raw materials used in the manufacture of goods liable to consumption taxes.	Representative rates include: Motor vehicles for the transport of goods, and motor vehicle parts 5% Chemicals, perfumes, and cosmetics 15% Travel goods, carpets, bed linen, footwear, air conditioners, washing machines, radios and televisions, watches 15-20% Motor cars (under 1,800 cc) 30% Jewelry and records 35% Motor cars (over 1,800 cc) 60% Matches - 30 cents per gross box Malt - 75 cents per liquid gallon Beer - EC\$3.66 per liquid gallon Wine - 30 cents per liquid gallon

St. Lucia. Tax Summary, November 1981 (continued)

(All amounts in East Caribbean dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
			champagne - EC\$1.50 per liquid gallon Rum - EC\$25.00 per liquid gallon Brandy - EC\$30.00 per liquid gallon Whiskey - EC\$40.00 per liquid gallon Gin - EC\$40.00 per liquid gallon Vodka - EC\$35.00 per liquid gallon Cigarettes - EC\$10.00 per pound
3.2 Consumption tax on fuel	Specific.	Kerosene fuel.	EC\$0.6147 per imperial gallon of motor spirits EC\$0.6275 per imperial gallon of gas oil, diesel oil.
3.3 Excise duties	Levied on locally manufactured alcohol	None.	EC\$6 per proof gallon.
3.4 Hotel accommodation tax	Levied on hotel room, hotel food and drink charges.	None.	7 per cent.
3.5 Embarkation tax	Passengers embarking at an airport for external flights.		EC\$5 per person
3.6 Entertainment tax	Levied on receipts of gaming and sporting events	None.	5 per cent of gate receipts.
4. Stamp duties	Ad valorem and specific duties levied on a range of specified instruments including receipts, certificates, and other legal documents.	None.	<u>Representative rates</u> EC\$18-50 - 5 cents EC\$51-100 - 10 cents EC\$101-500 - 25 cents EC\$501-1,000 - 50 cents EC\$1,001 and above - EC\$1.00
5 <u>Taxes on imports</u>			
5.1 Taxes on imports	Since 1973 St. Lucia has used the CECOM customs classification. In general imports from within CARICOM and the ECOM are exempt from duty providing they satisfy area origin requirements. Imports entering from outside CARICOM are subject to common external tariff but St. Lucia and other LDC members of CARICOM have been given until 1983 to adjust their rates to the common rates.	Live animals, milk, meat, fish, eggs, fertilizers, and most agricultural and industrial machinery. Also, imports exempt under industrial incentives legislation; and those exempt under Hotel Aide Ordinance. Diplomatic personnel. List of items grouped under the Second Schedule to the Customs Act (e.g., goods for industry, agriculture, fishery, airlines, educational and cultural purposes, sports goods and other goods for movement of persons)	The rates vary from 5 to 35 per cent. There are, however, higher rates on bay rum and firearms - 70 per cent.

St. Lucia Tax Summary, November 1981 (concluded)

(All amounts in East Caribbean dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
5.2 Stamp duty on imports	A flat rate duty levied on every bill of entry for imported goods.	Bill of entry for newspapers, catalogues, and samples of no commercial value. Government imports. Statutory bodies and other organizations approved by Government.	7 per cent of C.I.F. value except for fertilizers where the rate is one fifth of 1 per cent.
6 Export taxes			
6.1 Export taxes	levied on bananas only.		One quarter of a cent per pound
6.2 Throughput tax	Tax on oil re-exports.		LC\$0.02 per barrel.
7 Licenses			
7.1 Bank license	License fee for commercial banks.	None.	LC\$20,000 for main banks plus LC\$1,000 for each branch.
7.2 Insurance companies' license registration	Annual registration license for insurance companies.	None.	Foreign company: life insurance LC\$1,500 per annum; motor vehicles LC\$1,000, other insurance LC\$500. Local company LC\$500.
7.3 Liquor license	Licenses to sell liquor	None.	Licenses range from LC\$100 to LC\$1,000 per year depending on the size of the establishment which is obtaining the license.
7.4 Dealers' license	Licenses to sell vehicles	None.	LC\$3,000 per year.
8 Fees			
8.1 Profession and business registration fee		None.	Range from LC\$200 to LC\$300 per year.
8.2 Passport fees		None.	LC\$30
8.3 Citizenships		None.	CARICOM members EC\$300, nonmembers EC\$1,000
8.4 Motor vehicle fees		None.	Motorcycle EC\$40, motorcycle with sidecar LC\$60, automobiles of less than 2,800 lbs EC\$80; automobiles of more than 2,800 lbs EC\$100, hearses LC\$200, trailers of under one ton EC\$80, trailers of over one ton EC\$240, container trailers EC\$500
8.5 Other fees		None.	Driving permit, learners' certificate, driver examination EC\$20, motor vehicle registration, police reports, visitors' permit to drive EC\$15, registration of change of ownership EC\$15, duplicate license, examination of vehicles EC\$10, weights and measures from EC\$1 to LC\$10.

St. Lucia: Changes in the Tax System Since 1980

I. March 24, 1980

The following changes in the tax system were approved, along with the budget presentation on March 24, 1980.

Income tax amendments

1. The chargeable income of an association of underwriters shall be 10 per cent of the amount of gross direct premiums.
2. A married woman living with her husband may file a separate income tax return. Hitherto the income of a married woman living with her husband was assessed in the name of her husband.
3. Where a company makes a loan or advances any money to a shareholder, director or higher-paid employee (whose remuneration is at least EC\$15,000), the amount of such loan shall be deemed to be a dividend accrued to the employee, unless this person satisfies the Comptroller that (a) the loan or advance is repaid within one year; and (b) that the repayment was not made as a part of a series of loans or advances and repayments.
4. All companies registered in St. Lucia shall deduct from the paid dividends a tax levied at the rate paid by the company on the income out of which such dividend was paid. The amount of this tax shall be paid to the Comptroller of Inland Revenue within 15 days of the date of payment of the dividend. This tax is held on account, and the shareholder will be given a full credit for it when assessed for income tax.
5. Every person who makes any payment to a nonresident (one who resides in St. Lucia less than 182 days in any given fiscal year) shall deduct tax from such payments, and pay such tax to the Comptroller of Inland Revenue within 30 days. Tax shall be deducted at a rate of 20 per cent on dividends and rental payments, and 25 per cent on any other payments.
6. Every nonresident company carrying on business in St. Lucia shall be liable to withholding tax. Profits liable to withholding tax under this ordinance shall be the chargeable income, accrued from the carrying on of business in St. Lucia, remaining after the deduction of (a) any income tax payable in respect of such chargeable income; and (b) any part of such chargeable income which has been reinvested in St. Lucia.

Enactment of tax on sale of property

The following tax on the sale of property was enacted: (1) where the vendor is a citizen of St. Lucia (a) 2-1/2 per cent ad valorem from EC\$10,850 to EC\$30,000, (b) 5 per cent ad valorem from EC\$30,001 to EC\$80,000, and (c) 7-1/2 per cent ad valorem from EC\$80,001 and over; and (2) where the vendor is not a citizen of St. Lucia, 10 per cent ad valorem.

Enactment of tax on insurance premiums

1. In addition to income tax payable under section 37 of the Income Tax Ordinance, a company carrying general insurance business shall pay (a) 3 per cent of the gross direct premium in respect of resident insurers; and (b) 5 per cent of the gross direct premium in respect of nonresident insurers.

A company carrying on life insurance business shall pay (a) 1-1/2 per cent of the premium for the case of a resident company; and (b) in the case of a nonresident company, 3 per cent of the premium.

Consumption tax

The consumption tax law of 1968 was amended to increase the rates of all the items in the previous law and to broaden the coverage. The increases range from 5 per cent to 50 per cent on items such as liquor, cigarettes, plastic shoes, and certain passenger vehicles.

Hotel accommodation tax

The rate was increased from 5 to 7 per cent.

Excise tax on liquor

The rate per gallon of locally manufactured spirits was increased from EC\$3.50 to EC\$6.00.

Bank licenses

The cost of a license to operate a private commercial bank was increased from EC\$4,000 to EC\$20,000 per year.

Insurance companies' licenses

The annual cost of a license to operate an insurance business was increased as shown below:

<u>Foreign companies</u>	<u>Old license fee</u>	<u>New license fee</u>
	<u>(In East Caribbean dollars)</u>	
Life insurance	750	1,500
Motor vehicle insurance	500	1,000
Any other insurance	250	500
Agent or broker	250	500
Local companies	250	500

Liquor licenses

License fees to sell liquor were increased. New licenses range from EC\$120 to EC\$3,000 per year, depending on the size of the establishment which is obtaining the license.

Dealers' licenses

These license fees were increased to EC\$3,000 per year.

Stamp duty on imports

The stamp duty on imports was raised from 5 per cent to 6 per cent of the c.i.f. value except for fertilizers for which the rate is maintained at 1/5 of 1 per cent.

Fees

1. Profession and Business Registration Act

Every person who engages or intends to engage in any profession or business shall register with the Registrar and pay a fee. All fees must be paid into the Consolidated Fund. Professionals included are lawyers, engineers, doctors, accountants, hairdressers, etc. Fees range from EC\$200 to EC\$300.

2. Passport fees were increased from EC\$10 to EC\$20.

3. Citizenship fees for nationals of CARICOM were increased from EC\$200 to EC\$300. Citizenship fees to non-CARICOM nationals were increased from EC\$200 to EC\$1,000. In addition to the fees stated above, there is a stamp duty payable on each application of EC\$25.

4. Motor vehicle fees (new schedule):

	<u>Annual fee</u>
Motorcycle	EC\$40
Motorcycle with sidecar	60
Automobiles of less than 2,800 lbs.	80
Automobiles of more than 2,800 lbs.	100
Hearses	200
Trailers under one ton	80
Trailers over one ton	240
Container trailers	500

5. Other fees (new schedule):

Driving permit, learner's certificate, driver examination, motor vehicle registration, visitor permits to drive, and police reports	EC\$20
Registration of change of ownership	15
Duplicate of license, examination of vehicles	10
Weight and measure fees ranging from EC\$1 to EC\$10	5

II. April 5, 1980

Consumption duties on gasoline were reduced from EC\$0.67 to EC\$0.62 per gallon and on diesel from EC\$0.67 to EC\$0.53 per gallon.

III. August 1980

Following Hurricane Allen, Cabinet approved the exemption of all duties including import duty, consumption duty, and stamp duty on the following items:

a. Clothing and foodstuffs (noncommercial quantities) to assist victims of Hurricane Allen - from August 1980 to December 31, 1981.

b. Radio equipment consigned to the St. Lucia Amateur Radio Club (still in existence).

c. Building materials (i.e., lumber, galvanized sheets, nails, galvanized ridging, wooden shingles, asphalt roofing tiles, and cement) - from August 19, 1980 to March 31, 1981.

IV. January 5, 1981: Income Tax Changes

1. Income tax rates to be applied to persons' chargeable income were changed as follows:

<u>From:</u>		<u>To:</u>	
<u>Income bracket</u>	<u>Rates</u>	<u>Income bracket</u>	<u>Rates</u>
(EC\$)	(Per cent)	(EC\$)	(Per cent)
Under 2,000	5	Under 3,000	5
2,001-3,500	10	3,001-4,500	10
3,501-7,000	20	4,501-6,000	15
7,001-10,000	30	6,001-9,000	20
10,001-15,000	40	9,001-11,000	25
15,001-20,000	55	11,001-13,000	30
20,001 and over	60	13,001-15,000	35
		15,001-20,000	40
		20,001-30,000	50
		30,001-50,000	55
		50,001 and over	60

2. Allowances were increased as follows:

Spouse allowances, from EC\$1,000 to EC\$1,500
 Child allowances, from EC\$300 to EC\$600
 Education allowances, from EC\$1,000 to EC\$1,750
 Medical allowances, from EC\$300 to EC\$400
 Dependent relative allowances, from EC\$250 to EC\$350

3. The first EC\$75,000 of income earned by farmers and fishermen from their occupation during 1980-83 was exempted from income tax.

V. November 1981

1. Passport fee was increased from EC\$20 to EC\$30.

2. Exit fees of EC\$5.00 were introduced for each person leaving St. Lucia.

3. The stamp duty on imported goods was increased from 6 per cent to 7 per cent of the c.i.f. value of dutiable merchandise.

4. Stamp duty on conveyance or transfer on sale of property was reduced to 2 per cent ad valorem on value of property from:

2-1/2 per cent ad valorem from EC\$10,850 to EC\$30,000
 5 per cent ad valorem from EC\$30,001 to EC\$80,000 and
 7-1/2 per cent ad valorem from EC\$80,001 and over;

where the vendor is a citizen of St. Lucia or a company incorporated in St. Lucia. Where the vendor is not a citizen of St. Lucia the rate was maintained at 10 per cent.

5. Consumption taxes on a list of products including: wines and spirits, tobacco products, pet foods, paints and varnishes, vehicles, tires, refrigerators, air conditioners, cookers, televisions, sound recorders and reproducers, cosmetics, toilet preparations, and furniture were increased from 20 to 50 per cent.

6. Consumption taxes ranging from 5 to 15 per cent were imposed on an additional list of products including buses, trucks, automobile parts, canned fruits and vegetables, and cosmetics.

Table 15. St. Lucia: National Accounts

(In millions of East Caribbean dollars)

	1976	1977	1978	1979	Prel. 1980	Est. 1981
Consumption	141.4	160.4	179.9	235.5	266.4	334.5
Central Government	(34.1)	(40.1)	(42.2)	(58.3)	(66.9)	(76.2)
Private	(107.3)	(120.3)	(137.7)	(177.2)	(199.5)	(258.3)
Gross domestic investment	65.6	87.7	147.8	142.8	168.2	201.2
Central Government	(17.6)	(18.1)	(16.6)	(20.3)	(22.0)	(18.9)
Private ^{1/}	(48.0)	(69.6)	(131.2)	(122.5)	(146.2)	(182.3)
<u>Gross domestic expenditure</u>	<u>207.0</u>	<u>248.1</u>	<u>327.7</u>	<u>378.1</u>	<u>434.6</u>	<u>535.7</u>
Exports of goods and nonfactor services	82.8	109.1	143.2	178.7	224.4	209.5
Imports of goods and nonfactor services	-131.3	-168.2	-237.9	-284.6	-351.5	-392.3
<u>Nominal GDP at market prices</u>	<u>158.5</u>	<u>189.0</u>	<u>233.0</u>	<u>272.2</u>	<u>307.5</u>	<u>352.9</u>
Indirect taxes	23.7	32.4	36.2	47.2	51.1	51.2
Subsidies	-0.6	-0.3	-0.5	-0.6	-0.6	-0.8
<u>Nominal GDP at factor cost</u>	<u>135.4</u>	<u>156.9</u>	<u>197.3</u>	<u>225.6</u>	<u>257.0</u>	<u>302.5</u>

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

^{1/} Includes change in inventories.

Table 16. St. Lucia: Gross Domestic Product
at Current Factor Cost by Sectoral Origin

	1976	1977	1978	1979	Prel. 1980	Est. 1981
(In millions of East Caribbean dollars)						
GDP at factor cost	135.4	156.9	197.3	225.6	257.0	302.5
Agriculture, fisheries, and forestry	19.7	21.1	28.5	31.6	32.8	50.7
Mining and quarrying	1.8	1.9	2.3	3.2	4.2	5.3
Manufacturing	10.6	12.5	15.7	15.2	18.7	22.4
Electricity and water	3.1	4.0	4.6	5.0	5.6	6.4
Construction	15.8	17.1	32.4	29.5	38.7	45.5
Wholesale and retail trade	19.3	23.1	27.7	33.0	39.4	44.9
Hotel and restaurants	6.3	8.6	12.1	17.3	18.1	15.5
Transport and communications	10.0	12.2	12.7	15.2	17.6	19.5
Government services	21.3	26.2	27.8	34.2	35.9	39.8
Banking, insurance, real estate, including rents	19.9	22.1	24.4	29.4	35.7	41.3
Miscellaneous services	7.6	8.1	9.1	12.1	10.2	11.2
(As per cent of GDP at factor cost)						
GDP at factor cost	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, fisheries, and forestry	14.5	13.4	14.5	14.0	12.8	16.8
Mining and quarrying	1.3	1.2	1.2	1.4	1.6	1.8
Manufacturing	7.8	8.0	8.0	6.7	7.3	7.4
Electricity and water	2.3	2.5	2.3	2.2	2.2	2.1
Construction	11.7	10.9	16.4	13.1	15.1	15.0
Wholesale and retail trade	14.3	14.7	14.0	14.6	15.3	14.8
Hotel and restaurants	4.7	5.5	6.1	7.7	7.0	5.1
Transport and communications	7.4	7.8	6.4	6.7	6.8	6.4
Government services	15.7	16.7	14.1	15.2	14.0	13.2
Banking, insurance, real estate, including rents	14.7	14.1	12.4	13.0	13.9	13.7
Miscellaneous services	5.6	5.2	4.6	5.4	4.0	3.7

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

Table 17. St. Lucia: Gross Domestic Product
at Constant Factor Prices

	1976	1977	1978	1979	Prel. 1980	Est. 1981
(In millions of 1977 East Caribbean dollars)						
GDP at factor cost	148.2	156.9	178.1	186.0	177.7	183.3
Agriculture, fisheries, and forestry	21.6	21.1	25.7	26.1	22.7	30.7
Mining and quarrying	2.0	1.9	2.1	2.6	2.9	3.2
Manufacturing	11.6	12.5	14.2	12.5	12.9	13.6
Electricity and water	3.4	4.0	4.2	4.1	3.9	3.9
Construction	17.3	17.1	29.2	24.3	26.8	27.6
Wholesale and retail trade	21.1	23.1	25.0	27.2	27.2	27.2
Hotel and restaurants	6.9	8.6	10.9	14.3	12.5	9.4
Transport and communications	10.9	12.2	11.5	12.5	12.2	11.8
Government services	23.3	26.2	25.1	28.2	24.8	24.1
Banking, insurance, real estate, including rents	21.8	22.1	22.0	24.2	24.7	25.0
Miscellaneous services	8.3	8.1	8.2	10.0	7.1	6.8
(Percentage change)						
GDP at factor cost	14.1	5.9	13.5	4.4	-4.5	3.2
Agriculture, fisheries, and forestry	11.5	-2.3	21.8	1.6	-13.0	35.2
Mining and quarrying	11.1	-5.0	10.5	23.8	11.5	10.3
Manufacturing	26.5	7.8	13.6	-12.0	3.2	5.4
Electricity and water	3.0	17.7	5.0	-2.4	-4.9	--
Construction	-28.4	-1.2	70.8	-16.8	10.3	3.0
Wholesale and retail trade	12.9	9.5	8.2	8.8	--	--
Hotel and restaurants	115.6	24.6	26.7	31.2	-12.6	-24.8
Transport and communications	-2.7	11.9	-5.7	8.7	-2.4	-3.3
Government services	2.2	12.5	-4.2	12.4	-12.1	-2.8
Banking, insurance, real estate, including rents	11.3	1.4	-0.5	10.0	2.1	1.2
Miscellaneous services	-1.2	-2.4	1.2	22.0	-29.0	-4.2

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

Table 18. St. Lucia: GDP Deflators

	Weight	1976	1977	1978	1979	1980	Est., 1981
(1977 = 100)							
Consumption <u>1/</u>	82.2	91.9	100.0	110.9	121.3	145.0	167.5
Investment <u>2/</u>	54.3	91.4	100.0	110.4	126.1	152.2	171.5
Exports of goods and non- factor services (GNS) <u>3/</u>	62.5	90.5	100.0	109.6	132.2	161.0	171.2
Imports of goods and non- factor services (GNS) <u>4/</u>	-99.0	91.2	100.0	109.9	130.8	159.4	174.5
(Weighted Index)							
Consumption	75.5	82.2	91.2	99.7	119.2	137.7	
Investment	49.6	54.3	59.9	68.5	82.6	93.1	
Exports of GNS	56.6	62.5	68.5	82.6	100.6	107.0	
Imports of GNS	-90.3	-99.0	-108.8	-129.5	-157.8	-172.8	
GDP deflator	91.4	100.0	110.8	121.3	144.6	165.0	
Percentage change	10.4	9.4	10.8	9.5	19.2	14.1	

Source: Fund staff estimates.

1/ Deflated by cost of living index.

2/ Deflated by cost of living index 50 per cent, and by partner countries' export prices 50 per cent.

3/ Deflated by export price index using the banana and coconut export unit prices.

4/ Deflated by partner countries' export prices (including oil).

Table 19. St. Lucia: Output of Selected Commodities

(In thousands of indicated units)

	1976	1977	1978	1979	1980	Est. 1981
<u>Agricultural production</u>						
Bananas (tons)	44.1	40.3	51.0	59.0	35.6	56.7
Cocoa (pounds)	224.0	179.0	228.0	237.0	218.0	220.0
Coconuts (nuts)	19,300	20,900	23,300	25,200	26,700	23,000
<u>Industrial production</u>						
Raw coconut oil (gallons)	747	820	868	911	908	782
Refined coconut oil (gallons)	2,613	2,917	4,026	3,437	3,757	3,236
Laundry soap (pounds)	938	1,058	839	753	672	579
Coconut meal (pounds)	3,406	3,735	3,871	4,043	4,041	3,565
Copra (tons)	4.7	5.2	5.7	5.7	5.6	4.8
Rum (gallons)	185	203	206	181	186	--
Animal feed (tons)	--	645	1,948	...	--	--
Paper/cardboard (cartons)	10,474	9,195	10,869	5,989	7,333	9,780
Clothing (dozens)	120	152	194	190	273	368

Sources: Banana Growers' Association; Coconut Growers' Association; and Government Statistical Office.

Table 20. St. Lucia: Index of Manufacturing Production

	Weights	1976	1977	1978	1979	1980	Est. 1981
(Index 1975 = 100)							
Overall index	100.0	126.5	135.9	154.1	136.1	139.9	148.3
Food	41.8	84.1	87.0	97.7	93.7	85.3	67.8
Beverages	13.1	189.2	266.9	307.0	327.4	229.2	245.2
Tobacco	5.4	103.6	112.0	114.2	122.4	...	...
Textile goods	0.5	69.3	141.0	70.4	211.2	234.0	250.4
Wearing apparel	4.7	174.6	221.9	282.7	276.1	424.6	573.2
Timber and lumber	0.4	127.1	408.0	180.7	42.7	...	...
Furniture	1.4	97.6	66.9	103.3	97.5	...	...
Cardboard boxes	27.9	159.3	138.1	163.2	89.9	110.0	146.7
Industrial chemicals	2.4	71.4	72.4	63.1	56.6	...	...
Tire and tube retreading	0.7	324.9	264.3	233.3	206.5	...	...
Plastic products	0.8	159.9	182.4	100.2	297.5	...	...
Fabricated metal products	0.1	94.2	38.2	42.9	39.3	...	...
Electrical products	0.8	90.1	122.7	111.0	132.4	714.4	169.3
Other manufactured items	0.1	90.8	201.0	147.4	621.3	1,230.2	935.0
(Percentage change)							
Overall index		26.5	7.4	13.4	-11.7	2.8	6.0
Food		-15.9	3.5	12.3	-4.1	-9.0	-20.6
Beverages		89.2	41.1	15.0	6.7	-30.0	7.0
Tobacco		3.6	8.1	2.0	7.2	...	...
Textile goods		-30.7	103.5	-50.1	200.0	10.8	7.0
Wearing apparel		74.6	27.1	27.4	2.3	53.8	35.0
Timber and lumber		27.1	221.0	-55.7	-76.4	...	...
Furniture		-2.4	-31.5	54.4	-5.6	...	...
Cardboard boxes		59.3	-13.3	18.2	-44.9	22.4	33.4
Industrial chemicals		-28.6	1.4	12.9	-10.3	...	...
Tire and tube retreading		224.9	81.4	-15.5	-7.5	...	...
Plastic products		59.9	14.1	-45.1	96.9	...	...
Fabricated metal products		-5.8	-59.5	12.3	-8.4	...	...
Electrical products		-9.9	36.2	9.5	19.3	439.6	-76.3
Other manufactured items		-9.2	21.4	-26.7	321.5	98.0	-24.0

Sources: Government Statistical Office; and Fund staff estimates.

Table 21. St. Lucia: Energy: Consumption
and Retail Prices 1/

	1976	1977	1978	1979	1980	Est. 1981
<u>Gasoline</u>						
Consumption (thousands of imperial gallons)	2,660	2,897	3,181	3,294	4,256	4,528
Retail price (EC\$ per imperial gallon)	2.25	2.50	2.75	3.68	4.83	5.10
<u>Diesel</u>						
Consumption (thousands of imperial gallons)	4,057	4,735	5,127	5,571	6,997	7,643
Retail price (EC\$ per imperial gallon)	2.00	2.15	2.40	3.48	4.53	4.90
<u>Kerosene</u>						
Consumption (thousands of imperial gallons)	326	327	324	290	262	297
Retail price (EC\$ per imperial gallon)	1.68	1.77	2.00	3.21	4.04	4.39
<u>LPG(gas)</u>						
Consumption (thousands of pounds)	2,274	2,838	3,175	3,186	2,415	2,516
Retail price (EC\$ per lb.)	0.45	0.48	0.48	0.70	0.90	0.90
<u>Electricity consumption</u>						
(millions of kwh)	44.8	49.9	56.7	60.8	58.4	57.5
Of which: Domestic	9.2	9.6	11.3	12.9	12.1	13.5
Commercial	19.0	21.8	24.2	27.8	25.8	24.0
Industrial	6.2	6.7	7.7	8.0	7.2	7.6
Other and losses	10.4	11.8	13.5	12.1	13.3	12.4

Sources: Government Statistical Office; Esso, Texaco and Shell Agents; and St. Lucia Electricity Services.

1/ Retail prices as of December 31.

Table 22. St. Lucia: Population Trends

	1976	1977	1978	1979	Est. 1980
Midyear population estimates	113,600	115,600	117,500	118,400	120,200
Annual percentage growth rate (midyear)	1.6	1.8	1.6	0.8	1.5
Crude birth rate of midyear estimated population (per thousand)	34.5	35.7	33.5	31.5	30.7
Crude death rate of midyear estimated population (per thousand)	7.8	7.1	6.7	7.2	7.0
Rate of natural increase of midyear estimated population (per thousand)	26.7	28.7	26.8	24.4	23.7
Total births	3,920	4,127	3,936	3,732	3,695
Total deaths	883	816	790	848	845
Natural population increase	3,037	3,311	3,146	2,884	2,850
Net migration	1,230	1,250	1,271	1,293	1,315
Net population increase	1,807	2,061	1,875	1,591	1,535

Sources: Government Statistical Office; and ECCM Secretariat.

Table 23. St. Lucia: Labor Force and Employment

	Census 1970	Est. 1975	Est. 1980	Est. 1981
<u>(In thousands)</u>				
Total population	99.8	111.8	120.2	122.0
Labor force	30.3	34.0	36.5	37.2
Employed	26.1	29.2	31.4	31.8
Agriculture and mining	(10.4)	(11.6)	(13.7)	(...)
Manufacturing	(2.1)	(2.3)	(1.9)	(...)
Construction	(0.2)	(3.4)	(2.3)	(...)
Tourism	(3.0)	(3.4)	(3.6)	(...)
Other services	(10.4)	(8.5)	(9.9)	(...)
Unemployed	4.2	4.8	5.1	5.4
<u>(As per cent of total population)</u>				
Labor force	30.4	30.4	30.4	30.5
<u>(As per cent of employed)</u>				
Agriculture and mining	39.9	39.7	43.6	...
Manufacturing	8.1	7.9	6.1	...
Construction	0.8	11.6	7.3	...
Tourism	11.5	11.6	11.5	...
Other services	39.9	29.1	31.5	...
<u>(As per cent of labor force)</u>				
Unemployed	13.9	14.1	14.0	14.5

Sources: Government Statistical Office; ECCM Secretariat; and Fund staff estimates.

Table 24. St. Lucia: Retail Price Index, 1975-80

	Items	Food	Alcoholic Drinks and Tobacco	Hous- ing	Fuel and Light	Household and Mis- cellaneous Items	Clothing and Footwear	Ser- vices
(April 1964 = 100)								
Weights	1,000.0	565.6	68.8	101.0	55.9	50.3	81.1	77.3
<u>Period average</u>								
1976	305.5	330.1	249.9	329.0	250.8	267.5	225.2	292.1
1977	332.6	356.7	267.9	339.7	271.9	340.9	263.7	314.9
1978	368.7	395.2	293.1	400.4	301.3	385.7	284.8	329.1
1979	403.5	432.0	328.9	412.6	389.3	428.8	315.2	339.3
1980	482.4	507.0	423.9	450.8	594.2	488.5	395.4	390.1
Nov. 1979- Oct. 1980	466.8	490.5	413.5	437.7	566.8	480.7	382.1	384.1
Nov. 1980- Oct. 1981	546.5	592.5	438.7	501.6	641.5	552.8	409.6	436.1
<u>End of period</u>								
1976	320.0	345.2	254.6	335.8	264.4	304.1	238.8	308.9
1977	348.0	374.0	282.4	340.3	304.8	376.3	274.5	316.6
1978	378.0	403.5	306.7	406.7	307.2	405.9	299.5	332.1
1979	436.2	464.1	405.1	413.3	491.5	470.6	326.4	342.4
1980	528.4	565.5	443.9	494.3	646.0	507.5	406.3	433.3
Oct. 1980	513.6	550.0	441.8	463.3	607.8	502.6	406.3	427.9
Oct. 1981	568.7	622.9	426.6	503.7	647.9	649.2	413.6	438.2
<u>(Percentage change)</u>								
<u>Period average</u>								
1976	9.7	10.0	8.4	9.7	14.4	15.2	6.9	4.4
1977	8.9	8.1	7.2	3.3	8.4	27.4	17.1	7.8
1978	10.9	10.0	9.4	17.9	10.8	13.1	8.0	4.5
1979	9.4	9.3	12.2	3.0	29.2	11.2	10.7	3.1
1980	19.6	17.4	28.9	9.3	52.6	13.9	25.4	15.0
Nov. 1980- Oct. 1981	17.1	20.8	6.1	14.6	13.2	15.0	7.2	13.5
<u>End of period</u>								
1976	10.3	10.6	5.3	4.5	18.4	23.6	10.9	8.0
1977	8.8	8.3	10.9	1.3	15.3	23.7	14.9	2.5
1978	8.6	7.9	8.6	19.5	0.8	7.9	9.1	4.9
1979	15.4	15.0	32.1	1.6	60.0	15.9	9.0	3.1
1980	21.1	21.9	9.6	19.6	31.4	7.8	24.5	26.5
Oct. 1981	10.7	13.3	-3.4	8.7	6.6	29.2	1.8	2.4

Source: Government Statistical Office.

Table 25. St. Lucia: Operations of the Consolidated Public Sector

(In millions of East Caribbean dollars)

	1977/78	1978/79	1979/80	1980/81	Est. 1981/82
<u>Total receipts</u>	<u>72.85</u>	<u>80.35</u>	<u>111.77</u>	<u>122.58</u>	<u>128.03</u>
Current receipts	66.81	74.65	100.82	114.05	122.18
Capital receipts	6.04	5.70	10.95	8.53	5.85
<u>Total expenditure</u>	<u>79.00</u>	<u>84.77</u>	<u>117.34</u>	<u>135.33</u>	<u>151.80</u>
Current expenditure	57.85	62.44	89.68	98.89	123.38
Capital expenditure	21.15	22.33	27.66	36.44	28.42
<u>Current account surplus or deficit (-)</u>	<u>8.96</u>	<u>12.21</u>	<u>11.14</u>	<u>15.16</u>	<u>-1.20</u>
<u>Overall deficit</u>	<u>-6.15</u>	<u>-4.42</u>	<u>-5.57</u>	<u>-12.75</u>	<u>-23.77</u>
<u>Financing</u>	<u>6.15</u>	<u>4.42</u>	<u>5.57</u>	<u>12.75</u>	<u>23.77</u>
Foreign financing (net)	4.23	6.01	7.78	2.84	11.47
Change in foreign assets	-0.04	0.12	-1.80	-0.49	1.28
Net borrowing from ECCA (includes IMF purchases)	0.94	2.85	3.85	9.45	9.95
Commercial banks (net)	-0.77	-1.16	-2.79	2.65	-0.84
Other domestic including residual	1.79	-3.40	-1.47	-1.70	1.91

I. Central Government Operations

<u>Total revenue</u>	<u>57.50</u>	<u>63.76</u>	<u>88.16</u>	<u>93.40</u>	<u>96.69</u>
Current revenue	51.65	58.05	77.46	85.38	85.60
Budgetary grants	0.29	0.43	0.37	0.03	--
Capital grants	5.56	5.28	10.33	7.99	5.45
New tax measures	--	--	--	--	5.64
<u>Total expenditure</u>	<u>59.90</u>	<u>67.47</u>	<u>92.40</u>	<u>113.25</u>	<u>122.32</u>
Current expenditure	48.72	51.52	75.78	84.36	104.20
Capital expenditure	11.18	15.95	16.62	28.89	18.12
<u>Current balance</u>	<u>3.22</u>	<u>6.96</u>	<u>2.05</u>	<u>1.05</u>	<u>-12.96</u>
<u>Overall deficit</u>	<u>-2.40</u>	<u>-3.71</u>	<u>-4.24</u>	<u>-19.85</u>	<u>-25.63</u>
<u>Financing</u>	<u>2.40</u>	<u>3.71</u>	<u>4.24</u>	<u>19.85</u>	<u>25.63</u>
Foreign assets (increase -)	-0.04	0.12	-1.80	-0.49	1.28
Net borrowing from ECCA (includes the counterpart of purchases from the IMF)	0.94	2.85	3.85	9.45	9.95
Other net foreign borrowing	2.04	3.87	0.07	1.30	5.22
Net local bank borrowing	-4.00	1.03	-0.10	8.90	2.26
Other net domestic borrowing	-0.25	-0.85	2.66	--	6.92
Residual	3.71	-3.31	-0.44	0.69	--

Table 25. St. Lucia: Operations of the Consolidated Public Sector
(Continued)

(In millions of East Caribbean dollars)

	1977/78	1978/79	1979/80	1980/81	Est. 1981/82
II. Rest of General Government					
<u>Current receipts</u>	<u>7.06</u>	<u>6.68</u>	<u>11.45</u>	<u>16.75</u>	<u>16.52</u>
Of which: central government contributions <u>1/</u>	0.53	0.45	0.50	1.65	2.22
<u>Expenditure</u>	<u>5.72</u>	<u>4.04</u>	<u>4.98</u>	<u>8.22</u>	<u>9.35</u>
Current expenditure	3.52	3.84	4.94	6.36	7.65
Capital expenditure	2.20	0.20	0.04	1.86	1.70
<u>Current savings</u>	<u>3.54</u>	<u>2.84</u>	<u>6.51</u>	<u>10.39</u>	<u>8.87</u>
<u>Overall balance (deficit -)</u>	<u>1.34</u>	<u>2.64</u>	<u>6.47</u>	<u>8.53</u>	<u>7.17</u>
<u>Financing</u>	<u>-1.34</u>	<u>-2.64</u>	<u>-6.47</u>	<u>-8.53</u>	<u>-7.17</u>
Government loans (net)	0.20	0.25	-0.45	-1.88	-3.50
Other public sector (net)	-3.45	-1.51	-3.57	-0.24	--
Commercial banks (net)	1.50	-1.26	-1.61	-5.52	-2.97
Other domestic (including residual)	0.41	-0.12	-0.84	-0.89	-0.70
II (a). Castries City Council					
<u>Total revenue</u>	<u>1.10</u>	<u>1.08</u>	<u>1.82</u>	<u>2.30</u>	<u>2.92</u>
Current revenue	1.10	1.08	1.82	2.30	2.92
Of which: government transfers	(0.53)	(0.45)	(0.50)	(1.65)	(2.22)
<u>Expenditure</u>	<u>1.30</u>	<u>1.43</u>	<u>1.98</u>	<u>2.02</u>	<u>2.92</u>
Current expenditure	1.30	1.43	1.98	2.02	2.92
Capital expenditure	--	--	--	--	--
<u>Current savings</u>	<u>-0.20</u>	<u>-0.35</u>	<u>-0.16</u>	<u>0.28</u>	<u>--</u>
<u>Overall balance (deficit -)</u>	<u>-0.20</u>	<u>-0.35</u>	<u>-0.16</u>	<u>0.28</u>	<u>--</u>
<u>Financing</u>	<u>0.20</u>	<u>0.35</u>	<u>0.16</u>	<u>-0.28</u>	<u>--</u>
Government advances	0.20	0.25	0.25	--	--
Commercial banks	--	--	--	--	--
Other domestic	--	0.10	-0.09	-0.28	--

Table 25. St. Lucia: Operations of the Consolidated Public Sector
(Continued)

(In millions of East Caribbean dollars)

	1977/78	1978/79	1979/80	1980/81	Est. 1981/82
II (b). <u>National Insurance Scheme/Provident Fund 1/</u>					
<u>Current receipts</u>	4.05	3.54	7.45	11.85	9.30
Contributions (net)	3.11	2.47	5.90	8.86	6.60
Other	0.94	1.07	1.55	2.99	2.70
<u>Expenditure</u>	0.26	0.25	0.79	3.61	2.50
Current expenditure	0.26	0.25	0.79	1.75	2.50
Capital expenditure	--	--	--	1.86	--
<u>Current savings</u>	3.79	3.29	6.66	10.10	6.80
<u>Overall balance (deficit -)</u>	3.79	3.29	6.66	8.24	6.80
<u>Financing</u>	-3.79	-3.29	-6.66	-8.24	-6.80
Net lending to public sector	-3.45	-1.51	-4.27	-2.12	-3.50
St. Lucia Mortgage Finance Corporation	(-0.20)	(--)	(-1.10)	(--)	(--)
Urban Development Corporation	(-1.00)	(-0.38)	(-0.40)	(0.34)	(--)
National Development Corporation	(--)	(-0.24)	(-0.60)	(--)	(--)
St. Lucia Housing Authority	(-0.35)	(0.11)	(--)	(-0.15)	(--)
National Development Bank	(-1.35)	(--)	(0.17)	(-0.50)	(--)
Central Government	(--)	(--)	(-0.70)	(-1.88)	(-3.50)
Port Authority	(-0.50)	(-0.50)	(--)	(0.07)	(--)
Electricity Company	(--)	(-0.50)	(-1.30)	(--)	(--)
Commercial banks	0.70	-1.56	-1.61	-5.51	-2.60
Other	-1.04	-0.22	-0.78	-0.61	0.70

Table 25. St. Lucia: Operations of the Consolidated Public Sector
(Concluded)

(In millions of East Caribbean dollars)

	1977/78	1978/79	1979/80	1980/81	Est. 1981/82
II (c). Government Funding Scheme					
Current receipts	1.91	2.06	2.18	2.60	4.30
Operating income	1.87	2.02	2.11	2.60	3.40
Other (including capital grants)	0.04	0.04	0.07	—	0.90
Expenditure	4.16	2.36	2.21	2.59	3.93
Current expenditure	1.96	2.16	2.17	2.59 2/	3.03
Capital expenditure	2.20	0.20	0.04	—	0.90
Current savings	-0.05	-0.10	0.01	0.01	0.37
Overall balance (deficit -)	-2.25	-0.30	-0.03	0.01	0.37
Financing	2.25	0.30	0.03	-0.01	-0.37
Government loans (net)	--	--	--	--	--
Commercial banks (net)	0.80	0.30	--	-0.01	-0.37
Other domestic	1.10	--	0.03	--	--
Residual	0.35	--	--	--	--
III. Selected State Enterprises (Consolidated)					
Total receipts	9.61	15.03	14.19	17.21	20.41
Current receipts	8.87	11.37	13.23	15.78	20.01
Of which: Government transfers	(0.53)	(1.43)	(1.53)	(2.24)	(3.33)
Capital receipts	0.74	3.66	0.96	1.43	0.40
Of which: Government transfers	(0.26)	(3.24)	(0.34)	(0.89)	(--)
Total expenditure	14.70	18.38	22.33	18.64	25.68
Recurrent expenditure	6.67	8.96	10.99	12.06	17.08
Capital expenditure	8.03	9.42	11.34	6.58	8.60
Current account surplus or deficit (-)	2.20	2.41	2.66	3.72	2.93
Overall deficit	-5.09	-3.35	-8.14	-1.43	-5.27
Financing	5.09	3.35	8.14	1.43	5.27
Foreign financing (net)	2.19	2.14	7.71	1.54	6.25
Domestic financing	2.90	1.21	0.43	-0.11	-0.98
Commercial banks (net)	(1.73)	(-0.93)	(-1.08)	(-0.73)	(-0.13)
Central Government	(-0.12)	(-0.45)	(0.40)	(--)	(--)
National Provident Fund	(--)	(1.24)	(1.81)	(-0.07)	(--)
Other	(1.29)	(1.35)	(-0.70)	(0.69)	(-0.85)

Sources: Ministry of Finance and Planning; Castries City Council, National Insurance Scheme; Government Funding Scheme, and selected state enterprises (Table 33).

1/ 1979/80 financial year for 11 months ended in February 1980; and 1980/81 financial year for 16 months ended in June 1981.

2/ Excludes EC\$0.35 million backpay to daily-paid workers which is expected to be paid by the Central Government.

Table 26. St. Lucia: Central Government Operations

	Preliminary				Budget	Actual	Estimated
	1977/78	1978/79	1979/80	1980/81	1981/82	Apr.-Sept. 1981	Outturn 1/ 1981/82
(In millions of East Caribbean dollars)							
<u>Total revenue</u>	<u>57.50</u>	<u>63.76</u>	<u>88.16</u>	<u>93.40</u>	<u>128.90</u>	<u>45.72</u>	<u>96.69</u> 2/
Current revenue	51.65	58.05	77.46	85.38	99.75	43.53	85.60
Budgetary grants	0.29	0.43	0.37	0.03	0.32	--	--
Capital grants	5.56	5.28	10.33	7.99	28.83	2.19	5.45
New tax measures	--	--	--	--	--	--	5.64
<u>Total expenditure</u>	<u>59.90</u>	<u>67.47</u>	<u>92.40</u>	<u>113.25</u>	<u>160.57</u>	<u>60.23</u>	<u>122.32</u>
Current expenditure	48.72	51.52	75.78	84.36	99.22	49.58	104.20
Capital expenditure	11.18	15.95	16.62	28.89	61.35	10.65	18.12
<u>Current balance (in-</u> <u>cludes budgetary</u> <u>grants)</u>	<u>3.22</u>	<u>6.96</u>	<u>2.05</u>	<u>1.05</u>	<u>0.85</u>	<u>-6.05</u>	<u>-12.96</u>
<u>Overall deficit</u>	<u>-2.40</u>	<u>-3.71</u>	<u>-4.24</u>	<u>-19.85</u>	<u>-31.67</u>	<u>-14.51</u>	<u>-25.63</u>
<u>Financing</u>	<u>2.40</u>	<u>3.71</u>	<u>4.24</u>	<u>19.85</u>	<u>31.67</u>	<u>14.51</u>	<u>25.63</u>
Foreign assets (increase -)	-0.04	0.12	-1.80	-0.49	--	0.28	1.28
Net borrowing from ECCA (includes the counterpart of purchases from the IMF)	0.94	2.85	3.85	9.45	9.00	7.10	9.95
Other net foreign borrowing	2.04	3.87	0.07	1.30	17.57	3.18	5.22
Net local bank borrowing	-4.00	1.03	-0.10	8.90	--	--	2.26
Other net domestic borrowing	-0.25	-0.85	2.66	--	5.10	2.40	6.92
Residual	3.71	-3.31	-0.44	0.69	--	1.55	--
(As per cent of calendar GDP)							
Current revenue	27.3	24.9	28.5	27.8	28.3	...	25.9 2/
Current expenditure	25.8	22.1	27.8	27.4	28.1	...	29.5
Current balance	1.7	3.0	0.8	0.3	0.2	...	-3.7
Overall deficit	-1.3	-1.6	-1.6	-6.5	-9.0	...	-7.3

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

1/ Both revenue and expenditure estimates are revised on the basis of adjustments introduced in November 1981.

2/ Includes estimated yield of new tax measures.

Table 27. St. Lucia: Central Government Current Revenue

(In millions of East Caribbean dollars)

	1977/78	Preliminary			Budget	Actual	Est.
		1978/79	1979/80	1980/81	1981/82	Apr.-Sept. 1981	Outturn 1981/82
<u>Total current revenue</u> <u>(including budgetary</u> <u>grants)</u>	<u>51.94</u>	<u>58.48</u>	<u>77.83</u>	<u>85.41</u>	<u>100.07</u>	<u>43.53</u>	<u>91.24</u>
<u>Current revenue (ex-</u> <u>cluding grants)</u>	<u>51.65</u>	<u>58.05</u>	<u>77.46</u>	<u>85.38</u>	<u>99.75</u>	<u>43.53</u>	<u>91.24</u>
<u>Tax revenue</u>	<u>49.04</u>	<u>52.95</u>	<u>72.83</u>	<u>78.63</u>	<u>91.67</u>	<u>38.27</u>	<u>83.22</u>
Tax on income	13.66	15.21	20.96	26.57	25.00	13.70	24.70
Property and estate tax	0.42	0.48	0.48	0.47	0.60	0.24	0.49
Aliens land holding tax	0.64	0.40	0.78	0.33	0.20	0.06	0.16
Taxes on domestic							
production	15.77	16.56	22.51	20.62	30.23	9.38	19.85
Consumption duties	(8.80)	(8.46)	(11.26)	(12.30)	(14.70)	(6.03)	(13.12)
Hotel occupancy tax	(1.27)	(1.81)	(2.71)	(2.23)	(2.50)	(0.77)	(1.72)
Excise taxes	(0.68)	(0.63)	(0.65)	(0.91)	(0.95)	(0.46)	(0.96)
Hess Company taxes	(--)	(--)	(2.42)	(0.10)	(6.00)	(--)	(--)
Fees and licenses	(2.81)	(3.40)	(3.40)	(2.96)	(3.60)	(1.27)	(2.39)
Airport tax	(0.57)	(0.60)	(0.61)	(0.63)	(0.95)	(0.21)	(0.38)
Entertainment tax	(0.12)	(0.11)	(0.11)	(0.12)	(0.13)	(0.05)	(0.09)
Stamp duties 1/	(1.52)	(1.55)	(1.35)	(1.37)	(1.40)	(0.59)	(1.19)
Taxes on international							
trade	18.55	20.30	29.45	30.64	35.35	14.89	32.38
Import duties	(13.27)	(14.08)	(20.38)	(19.74)	(22.00)	(9.52)	(20.97)
Export duties	(0.20)	(0.29)	(0.28)	(0.15)	(0.25)	(0.04)	(0.22)
Stamp duties (customs)	(5.08)	(5.93)	(8.79)	(10.75)	(13.10)	(5.33)	(11.19)
Telephone surcharge 2/	--	--	--	--	0.29	--	--
New tax measures 3/	--	--	--	--	--	--	5.64
<u>Nontax revenue</u>	<u>2.61</u>	<u>5.10</u>	<u>4.63</u>	<u>6.75</u>	<u>8.08</u>	<u>5.26</u>	<u>8.02</u>
Interest and rents	0.20	0.03	0.04	0.12	0.11	--	--
Currency profits	0.89	1.48	1.74	2.32	2.00	3.53	3.53
Loan repayments	0.12	0.07	0.15	0.10	0.05	--	--
Supply and post offices	0.57	1.56	1.28	2.96	3.26	1.00	2.96
Other	0.83	1.96	1.42	1.25	2.66	0.73	1.53
<u>Budgetary grants</u>	<u>0.29</u>	<u>0.43</u>	<u>0.37</u>	<u>0.03</u>	<u>0.32</u>	<u>--</u>	<u>--</u>

Source: Ministry of Finance and Planning.

1/ Includes stamp duty on property transfer.

2/ Surcharges on international telephone calls not implemented.

3/ Based on estimated yield of tax measures proposed in November 1981, some of which were implemented on November 25 and 30.

Table 28. St. Lucia: Central Government Current Expenditure
(In millions of East Caribbean dollars)

	Preliminary				Actual	
	1977/78	1978/79	1979/80	1980/81	Budget Apr.-Sept. 1981/82	Est. Outturn
Current expenditure	48.72	51.52	75.78	84.36	99.22	104.20
Wages and salaries ^{1/}	22.23	23.97	45.08	39.15	47.18	48.40
Goods and services	18.53	18.60	19.46	28.80	31.79	31.40
Interest	1.37	2.71	2.18	3.00	3.72	5.50
Pensions	2.65	1.60	3.08	2.49	3.12	2.60
Transfers	3.43	4.08	5.33	10.39	12.53	15.40
Local	(2.16)	(1.95)	(2.48)	(8.09)	(8.49)	(10.53)
Foreign	(1.27)	(2.13)	(2.85)	(2.30)	(4.04)	(4.87)
Subsidies	0.31	0.58	0.65	0.53	0.88	0.90

Source: Ministry of Finance and Planning.

^{1/} Due to classification problems, wage payments may be understated and the purchase of goods and services correspondingly overstated.

^{2/} Assumes payment of EC\$1.5 million of retroactive wages to daily-paid workers.

Table 29. St. Lucia: Central Government Current Transfers

(In thousands of East Caribbean dollars)

	Preliminary				Budget	Actual	Est.
	1977/78	1978/79	1979/80	1980/81	1981/82	Apr.-Sept. 1981	Outturn 1981/82
<u>Total</u>	<u>3,427</u>	<u>4,076</u>	<u>5,329</u>	<u>10,390</u>	<u>12,527</u>	<u>7,443</u>	<u>15,404</u>
<u>To rest of public sector</u>	<u>1,165</u>	<u>1,370</u>	<u>1,325</u>	<u>5,406</u>	<u>4,883</u>	<u>3,146</u>	<u>6,993</u>
Castries City Council	525	450	500	771	550	801	2,200
Funding Scheme	--	--	--	--	93	27	93
Port Authority	90	--	--	--	--	--	--
Central Water Authority	40	40	50	1,498	1,000	1,099	2,200
Urban Development Corporation	30	30	30	--	--	--	--
National Development Corporation	350	450	450	1,426	600	540	860
Banana Growers' Association	130	250	200	--	--	--	--
Electricity Company	--	150	95	--	90	62	90
Towns and villages	--	--	--	727	550	18	550
Tourist Board	--	--	--	984	2,000	599	1,000
<u>To private sector</u>	<u>992</u>	<u>576</u>	<u>1,158</u>	<u>2,689</u>	<u>3,606</u>	<u>2,098</u>	<u>3,544</u>
St. Jude's Hospital	--	--	--	1,163	1,692	688	1,990
Churches	--	--	--	--	--	33	33
Public assistance	--	--	--	418	914	249	250
Other	--	--	--	--	--	271	271
Refunds and rebates	--	--	--	1,108	1,000	857	1,000
<u>Transfers abroad</u>	<u>1,270</u>	<u>2,130</u>	<u>2,346</u>	<u>2,295</u>	<u>4,038</u>	<u>2,199</u>	<u>4,867</u>
University of West Indies	--	--	--	1,250	1,800	1,355	2,300
West Indies Council of Ministers	--	--	--	209	476	55	476
Commonwealth Secretariat	--	--	--	291	241	64	241
Other regional and international agencies	--	--	--	545	1,521	725	1,850

Sources: Central Library; and Ministry of Finance and Planning.

Table 30. St. Lucia: ECCA Financing of Central Government Operations 1/

(In thousands of East Caribbean dollars)

	Debentures	Treasury Bills	Loan for Contribution	Total
1976 Mar.	873	3,001	--	3,874
Dec.	873	3,001	600	3,874
1977 Mar.	873	3,001	906	3,874
Dec.	873	3,001	906	3,874
1978 Mar.	873	3,001	1,000	3,974
Dec.	873	4,969	1,000	6,842
1979 Mar.	873	4,979	1,000	6,852
Dec.	3,323	5,806	1,000	10,129
1980 Mar.	3,323	5,806	1,000	10,129
Dec.	4,205	7,199	1,000	12,404
1981 Mar.	4,205	7,199	1,000	12,404
Sept.	4,205	7,199	1,000	12,404

Source: East Caribbean Currency Authority.

1/ Excludes currency profits which is treated as part of nontax revenue, and the counterpart of purchases from the IMF.

Table 31. St. Lucia: Government Securities by Holder

(In thousands of East Caribbean dollars)

	1980		1981	
	Mar. 31	Dec. 31	Mar. 31	Sept. 30
<u>Treasury bills</u>	21,719	13,745	18,363	19,275
ECCA <u>1/</u>	5,806	7,199	7,199	7,199
Commercial banks	6,959	2,483	2,436	547
Insurance companies	5,788	2,986	3,998	6,384
Other	3,166	1,077	4,730	5,145
<u>Debentures</u>	8,623	11,047	11,047	11,102
ECCA <u>1/</u>	3,323	4,205	4,205	4,205
Other foreign institutions	1,940	2,085	2,085	2,085
Other foreign holdings	675	675	675	675
Domestic banks	2,355	2,355	2,355	2,355
Domestic insurance companies	270	1,667	1,667	1,722
Other domestic holdings	60	60	60	60

Source: Ministry of Finance, Development and Planning.

1/ Actual value.

Table 32. St. Lucia: Central Government Foreign Asset Holdings

(In pounds sterling)

	St. Lucia Baron Trust Fund	St. Lucia Landslide Relief Fund	St. Lucia Reserve Fund	St. Lucia Savings Bank	Joint Consoli- dated Fund	Assets in Other Caribbean	Total Pound Sterling
1976 Mar. Dec.	...	...	...	...	60,775	59,440	...
	1,190	1,263	69,765	47,923	131,882	59,440	311,463
1977 Mar. Dec.	1,222	1,893	74,961	52,121	184,390	59,440	324,077
	1,204	2,194	78,855	55,017	136,337	59,440	333,047
1978 Mar. Dec.	545	2,134	77,419	54,266	139,695	59,440	333,499
	1,172	1,863	74,671	51,598	77,950	59,440	266,694
1979 Mar. Dec.	1,211	2,074	75,654	55,610	116,346	59,440	310,335
	1,298	1,743	73,606	48,460	134,866	59,440	319,413
1980 Mar. Dec.	1,298	1,803	73,321	49,031	134,000	59,440	318,893
	1,298	1,923	77,389	51,915	142,875	59,440	334,840
1981 Mar. Sept.	1,393	2,014	77,133	52,646	202,610	59,440	395,236
	1,487	1,467	71,083	53,416	161,224	59,440	348,117

Source: Ministry of Finance, Accountant General's Office.

Table 33. St. Lucia: Selected State Enterprises

(In millions of East Caribbean dollars)

	1977	1978	1979	1980	Est. 1981
I. Port Authority 1/					
<u>Total revenues</u>	<u>4.30</u>	<u>8.73</u>	<u>7.72</u>	<u>8.68</u>	<u>10.20</u>
Current revenues	4.30	6.29	7.72	8.68	10.20
Of which: Central Government transfers	(0.09)	(--)	(--)	(--)	(--)
Government capital transfers	--	2.44	--	--	--
<u>Total expenditures</u>	<u>9.49</u>	<u>11.31</u>	<u>14.08</u>	<u>8.86</u>	<u>10.40</u>
Recurrent	2.50	4.25	5.62	6.00	7.90
Capital	6.99	7.06	8.46	2.86	2.50
<u>Current account surplus</u>	<u>1.80</u>	<u>2.04</u>	<u>2.10</u>	<u>2.68</u>	<u>2.30</u>
<u>Overall deficit</u>	<u>-5.19</u>	<u>-2.58</u>	<u>-6.36</u>	<u>-0.18</u>	<u>-0.20</u>
<u>Financing</u>	<u>5.19</u>	<u>2.58</u>	<u>6.36</u>	<u>0.18</u>	<u>0.20</u>
Foreign financing	2.13	2.43	7.40	1.29	1.15
Commercial banks	1.39	-0.75	-0.61	-1.04	-0.50
Treasury bills	-0.12	-0.45	0.40	--	--
National Provident Fund	--	0.50	--	-0.07	--
Other	1.79	0.85	-0.83	--	-0.45
II. Central Water Authority 2/					
<u>Total receipts</u>	<u>2.24</u>	<u>2.87</u>	<u>2.67</u>	<u>4.15</u>	<u>5.10</u>
Current revenues	1.78	2.07	2.24	3.17	5.10
Of which: central government transfers	(...)	(0.73)	(0.81)	(1.20)	(2.20)
Capital receipts	0.46	0.80	0.43	0.98	--
Of which: government	(0.26)	(0.80)	(0.34)	(0.89)	(--)
<u>Total expenditures</u>	<u>2.94</u>	<u>3.25</u>	<u>3.31</u>	<u>3.88</u>	<u>5.40</u>
Recurrent	2.31	2.45	2.89	3.48	4.10
Capital	0.63	0.80	0.42	0.40	1.30
<u>Current deficit (-)</u>	<u>-0.53</u>	<u>-0.38</u>	<u>-0.65</u>	<u>-0.31</u>	<u>1.00</u>
<u>Overall deficit (-)</u>	<u>-0.70</u>	<u>-0.38</u>	<u>-0.64</u>	<u>0.27</u>	<u>-0.30</u>
<u>Financing</u>	<u>0.70</u>	<u>0.38</u>	<u>0.64</u>	<u>-0.27</u>	<u>0.30</u>
Foreign financing	0.24	0.19	0.20	--	--
Commercial banks	-0.03	--	0.44	-0.27	0.30
Other	0.49	0.19	--	--	--

Table 33. St. Lucia: Selected State Enterprises (Continued)

(In millions of East Caribbean dollars)

	1977	1978	1979	1980	Est. 1981
III. National Development Corporation 2/					
<u>Total receipts</u>	<u>0.67</u>	<u>0.80</u>	<u>1.05</u>	<u>1.25</u>	<u>2.04</u>
Current receipts	0.39	0.38	0.52	0.80	1.64
Of which: government transfers	(0.33)	(0.38)	(0.52)	(0.80)	(0.89)
Capital grants	0.28	0.42	0.53	0.45	0.40
<u>Total expenditures</u>	<u>0.81</u>	<u>1.33</u>	<u>1.90</u>	<u>1.96</u>	<u>3.10</u>
Recurrent	0.50	0.65	0.77	0.76	1.60
Capital	0.31	0.68	1.13	1.20	1.50
<u>Current account surplus or deficit (-)</u>	<u>-0.11</u>	<u>-0.27</u>	<u>-0.25</u>	<u>0.04</u>	<u>0.04</u>
<u>Overall deficit</u>	<u>-0.14</u>	<u>-0.53</u>	<u>-0.85</u>	<u>-0.71</u>	<u>-1.06</u>
<u>Financing</u>	<u>0.14</u>	<u>0.53</u>	<u>0.85</u>	<u>0.71</u>	<u>1.06</u>
Foreign financing	0.23	0.27	0.22	0.40	0.80
Commercial banks	--	--	--	--	0.26
National Provident Fund	--	0.24	0.51	--	--
Other	-0.09	0.02	0.12	0.31	--
IV. Electricity Services Limited 2/					
<u>Total receipts</u>	<u>2.11</u>	<u>2.07</u>	<u>2.27</u>	<u>2.65</u>	<u>2.65</u>
Current receipts	2.11	2.07	2.27	2.65	2.65
Of which: Central government transfers	(0.11)	(0.13)	(0.10)	(0.14)	(0.14)
<u>Total expenditures</u>	<u>1.21</u>	<u>1.97</u>	<u>2.58</u>	<u>3.72</u>	<u>6.55</u>
Recurrent	1.11	1.28	1.25	1.60	3.25
Capital	0.10	0.69	1.33	2.12	3.30
<u>Current surplus or deficit (-)</u>	<u>1.00</u>	<u>0.66</u>	<u>1.02</u>	<u>1.05</u>	<u>-0.60</u>
<u>Overall surplus or deficit (-)</u>	<u>0.90</u>	<u>0.10</u>	<u>-0.31</u>	<u>-1.07</u>	<u>-3.90</u>
<u>Financing</u>	<u>-0.90</u>	<u>-0.10</u>	<u>0.31</u>	<u>1.07</u>	<u>3.90</u>
Foreign financing	-0.41	-0.75	-0.11	-0.15	4.30 3/
Commercial banks	0.35	-0.14	-0.86	0.84	--
National Provident Fund	--	0.50	1.30	--	--
Other	-0.84	0.29	-0.02	0.38	-0.40

Table 33. St. Lucia: Selected State Enterprises (Concluded)

(In millions of East Caribbean dollars)

	1977	1978	1979	1980	Est. 1981
V. <u>Marketing Board</u> ^{2/}					
<u>Total revenues</u>	0.29	0.56	0.48	0.48	0.42
<u>Current receipts</u>	0.29	0.56	0.48	0.48	0.42
Of which: Central govern- ment transfers	(--)	(0.19)	(0.10)	(0.10)	(0.10)
<u>Total expenditures</u>	0.25	0.52	0.46	0.22	0.23
<u>Recurrent</u>	0.25	0.33	0.46	0.22	0.23
<u>Capital</u>	--	0.19	--	--	--
<u>Current account surplus</u>	0.04	0.04	0.02	0.16	0.09
<u>Overall surplus</u>	0.04	0.04	0.02	0.26	0.19
<u>Domestic financing</u>	-0.04	-0.04	-0.02	-0.26	-0.19
Commercial banks	0.02	-0.04	-0.05	-0.26	-0.19
Other	-0.06	--	-0.03	--	--

Sources: Ministry of Finance and Planning; Central Water Authority; Port Authority; St. Lucia Electricity Services Ltd.; National Development Corporation; and Marketing Board.

1/ The Port Authority kept records on a calendar year basis until 1978 when it switched to a fiscal year basis. Data for 1978 cover the 15 months ended March 31, 1979.

2/ The financial years of the Central Water Authority, the National Development Corporation, the Electricity Services Company, and the Marketing Board are on a calendar year basis.

3/ Insurance payments resulting from hurricane damage during 1980.

Table 34. St. Lucia: East Caribbean Currency Authority

(In millions of East Caribbean dollars)

	December 31					September 30	
	1976	1977	1978	1979	1980	1980	1981
Net international reserves	157.2	117.8	139.1	167.4	145.2	151.5	168.0
Assets	170.7	144.2	176.2	210.6	212.3	207.7	207.6
Current assets and money at call	(156.3)	(111.0)	(117.6)	(139.3)	(93.9)	(126.1)	(127.7)
Regular notes in process of redemption	(1.7)	(4.4)	(1.7)	(5.7)	(6.2)	(11.0)	(1.4)
Other securities	(12.7)	(28.8)	(56.9)	(65.6)	(112.2)	(70.6)	(78.5)
Liabilities	-13.5	-26.4	-37.1	-43.2	-67.1	-56.2	-39.6
Balances due to banks abroad ^{1/}	(-13.5)	(-26.4)	(-37.1)	(-43.2)	(-67.1)	(-56.2)	(-39.6)
Net position with banks in ECCA area	-111.0	-65.9	-75.7	-89.2	-61.6	-87.8	-92.0
Assets	5.3	4.5	2.8	8.7	6.5	4.9	5.2
Bankers' balances ^{2/}	(3.2)	(2.6)	(0.8)	(6.5)	(4.2)	(2.6)	(2.8)
Balances with banks in area ^{3/}	(2.1)	(1.9)	(2.0)	(2.2)	(2.3)	(2.3)	(2.4)
Liabilities	-116.3	-70.4	-78.5	-97.9	-68.1	-92.7	-97.2
Currency notes and coins	(-9.6)	(-14.0)	(-17.7)	(-24.0)	(-26.5)	(-25.9)	(-16.8)
St. Lucia	/2.1/	/2.5/	/3.9/	/4.6/	/4.7/	/2.7/	/4.0/
Other	/7.5/	/11.5/	/13.8/	/19.4/	/21.8/	/23.2/	/12.8/
Deposits	-106.7	-56.4	-60.8	-73.9	-41.6	-66.8	-80.4
Demand	(-5.3)	(-3.7)	(-7.1)	(-7.9)	(-12.9)	(-15.2)	(-36.6)
Fixed	(-101.4)	(-52.7)	(-53.7)	(-66.0)	(-28.7)	(-51.6)	(-43.8)
Net domestic assets	11.2	12.9	12.6	13.3	13.9	12.8	21.7
Central Government (net)	24.5	26.0	28.7	33.5	40.3	38.2	41.9
St. Lucia Treasury bills	(3.0)	(3.0)	(5.0)	(5.8)	(7.2)	(7.2)	(7.2)
Other Treasury bills	(8.0)	(8.7)	(7.9)	(13.6)	(16.1)	(14.0)	(15.7)
St. Lucia debentures	(0.9)	(0.9)	(0.9)	(3.3)	(4.2)	(4.2)	(4.2)
Other debentures	(12.6)	(13.4)	(14.9)	(10.8)	(12.8)	(12.8)	(14.8)
Liabilities to nonmonetary international organizations	-1.4	-0.4	-0.4	-0.4	-7.7	-0.3	-2.8
Net unclassified assets	-11.9	-12.7	-15.7	-19.8	-18.7	-25.1	-17.4
Assets	(0.6)	(1.6)	(2.7)	(1.9)	(4.0)	(6.2)	(8.0)
Liabilities	(-12.5)	(-14.3)	(-18.4)	(-21.7)	(-22.7)	(-31.3)	(-25.4)
Currency in circulation	57.4	64.8	76.0	91.5	97.5	76.5	97.7
In St. Lucia	12.1	15.0	17.7	22.1	24.6	21.7	27.5
Estimate of notes and coins issued	(14.2)	(17.5)	(21.6)	(26.7)	(29.3)	(24.4)	(31.5)
Less: commercial banks' cash holdings	(-2.1)	(-2.5)	(-3.9)	(-4.6)	(-4.7)	(-2.7)	(-4.0)
In other ECCA countries	42.0	47.2	55.7	66.8	70.3	52.2	67.6
Estimate of notes and coins issued	(49.5)	(58.7)	(69.5)	(86.2)	(92.1)	(75.4)	(80.4)
Less: commercial banks' cash holdings	(-7.5)	(-11.5)	(-13.8)	(-19.4)	(-21.8)	(-23.2)	(-12.8)
Coins in former member countries	3.3	2.6	2.6	2.6	2.6	2.6	2.6

Source: East Caribbean Currency Authority.

^{1/} "Abroad" meaning outside ECCA area.^{2/} Foreign currency loans to area commercial banks.^{3/} Domestic currency loans to area commercial banks.

Table 35. St. Lucia: Commercial Bank Operations

(In millions of East Caribbean dollars)

	December		Sept.	
	1979	1980	1980	1981
Net foreign assets	-16.8	-25.8	-2.7	-21.3
Assets	22.8	25.6	42.5	21.9
Foreign currency holdings	(2.7)	(3.7)	(2.4)	(1.4)
Claims on ECCA	(4.4)	(4.2)	(7.2)	(1.2)
Claims on ECCA area banks	(2.1)	(10.7)	(20.3)	(3.0)
Claims on banks abroad	(9.5)	(3.5)	(9.1)	(13.7)
Other	(4.1)	(3.5)	(3.6)	(2.6)
Liabilities	-39.6	-51.4	-45.3	-43.2
Balance due to ECCA	(0.6)	(0.8)	(0.4)	(0.5)
Balance due to ECCA area banks	(7.9)	(9.0)	(5.9)	(5.7)
Balance due to banks abroad	(11.3)	(19.0)	(20.0)	(9.7)
Nonresident deposits	(19.8)	(22.6)	(19.0)	(27.3)
Demand	/4.7/	/5.3/	/3.9/	/8.3/
Savings	/7.7/	/9.9/	/8.8/	/10.4/
Time	/7.4/	/7.4/	/6.3/	/8.6/
ECCA currency holdings	4.6	4.7	2.7	4.0
Net domestic assets	125.4	147.5	130.8	164.6
Net credit to Central Government	16.2	15.7	13.3	19.0
Treasury bills	(2.6)	(0.4)	(0.5)	(0.3)
Debentures	(1.2)	(3.2)	(2.8)	(2.7)
Loans and advances including overdraft	(15.5)	(10.2)	(11.2)	(7.9)
Government deposits (-)	(-3.1)	(-5.8)	(-4.8)	(-6.2)
Special deposit requirement 1/	(-)	(7.7)	(3.6)	(14.3)
Net credit to other public sector	-6.1	-10.1	-7.7	-13.2
Credit	(5.2)	(2.0)	(4.1)	(4.4)
Deposit (-)	(-11.3)	(-12.1)	(-11.8)	(-17.6)
Net credit to nonbank financial intermediaries	-2.3	-3.0	-3.5	1.6
Credit	(0.8)	(0.2)	(0.6)	(4.1)
Deposit (-)	(-3.1)	(-3.2)	(-4.1)	(-2.5)
Credit to private sector	130.1	164.4	153.5	173.8
Of which: commercial bills discounted	(2.7)	(1.8)	(0.6)	(0.5)
Interbank float	-0.9	-7.3	-8.1	0.7
Claims	(19.7)	(18.3)	(18.6)	(18.3)
Liabilities	(-20.6)	(-25.6)	(-26.7)	(-17.6)
Net unclassified assets	-11.6	-12.2	-16.7	-17.3
Assets	(12.7)	(14.6)	(12.7)	(15.5)
Liabilities	(-24.3)	(-26.8)	(-29.4)	(-32.8)
Liabilities to private sector 2/	113.2	126.4	130.8	147.0
Demand deposits	24.1	24.1	36.1	26.6
Savings deposits	59.4	63.0	64.8	73.2
Time deposits	29.7	39.3	29.9	47.2

Sources: Ministry of Finance and Planning; and East Caribbean Currency Authority.

1/ Since January 1979 the reporting forms from ECCA changed their format allowing for a major breakdown. Therefore, it is not possible at this time to follow the same format for the years prior to 1979.

2/ Banks classify this item as follows: Royal Bank--claims on area banks; Nova Scotia--loans and advances to Central Government; CIBC--other assets; and Barclays--other assets. Adjustments were made accordingly.

3/ Deposits of other public entities and financial institutions are excluded.

Table 36. St. Lucia: Commercial Bank Loans and Advances ^{1/}

	December 31					September 30	
	1976	1977	1978	1979	1980	1980	1981
(In millions of East Caribbean dollars)							
Total	74.5	96.4	118.4	137.8	163.1	157.0	183.0
Agriculture	5.0	5.3	8.0	4.3	8.6	7.7	11.2
Manufacturing	12.7	14.9	19.7	22.3	23.3	23.3	21.6
Distributive trade	17.6	18.6	19.6	28.3	26.9	26.1	31.8
Tourism	5.4	9.0	9.6	9.5	12.8	11.8	14.7
Transport	5.6	8.7	10.0	12.0	12.2	12.3	13.9
Construction	6.9	8.6	9.8	9.8	9.9	10.7	9.9
Public utilities	1.5	1.8	2.5	1.0	2.4	1.4	0.7
Personal and other advances	19.8	29.5	39.2	50.6	67.0	63.7	79.2
(As per cent of total)							
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	6.7	5.5	6.8	3.1	5.3	4.9	6.1
Manufacturing	17.1	15.5	16.6	16.2	14.3	14.8	11.8
Distributive trade	23.6	19.3	16.6	20.5	16.5	16.6	17.4
Tourism	7.3	9.3	8.1	6.9	7.9	7.5	8.0
Transport	7.5	9.0	8.5	8.7	7.5	7.8	7.6
Construction	9.3	8.9	8.3	7.1	6.1	6.8	5.4
Public utilities	2.0	1.9	2.1	0.7	1.5	0.9	0.4
Personal and other advances	26.6	30.6	33.1	36.7	41.1	40.6	43.3

Source: East Caribbean Currency Authority.

^{1/} Excludes loans and advances to the Central Government and other statutory bodies.

Table 37. St. Lucia: Structure of Interest Rates

	End of Period				Sept. 1981
	1976	1977	1978	1979	1980
<u>Deposits</u>					
<u>Savings</u>					
Time					
3 months	3.00	2.50-3.00	2.50-3.00	2.50-3.00	2.50-4.50
6 months	4.00-8.00	3.50-4.00	5.00-5.50	5.00	5.00-6.00
12 months	8.50	4.50	5.50-6.00	5.50	5.50-6.50
	7.00-9.00	5.00-5.50	6.00-6.50	6.00	6.00-8.00
					6.00-10.00
<u>Lending</u>					
<u>Prime rate</u>	9.50-11.75	7.50-8.50	7.50-10.00	7.50-8.00	9.00
					8.50-11.00
<u>Treasury bill</u>					
rate	...	...	...		7.50-8.00
<u>Interbank deposit</u>					
rate	...	...	...		13.00
					7.00-13.5

Sources: Ministry of Finance and Planning; and local commercial banks.

Table 38. St. Lucia: Commercial Banks' Liquidity Position

	1980			1981
	June	Sept.	Dec.	Mar.
<u>(In millions of East Caribbean dollars)</u>				
Special deposit requirement <u>1/</u>	3.6	7.7	11.5	14.3
<u>Total deposits</u>	<u>136.6</u>	<u>149.8</u>	<u>149.0</u>	<u>172.1</u>
Residents	117.0	130.8	126.4	148.4
Nonresidents	19.6	19.0	22.6	23.7
<u>(As per cent of total deposits)</u>				
Special deposit with Treasury	2.5	5.0	7.5	10.0
Other liquid assets	5.6	4.0	5.6	3.7
Total liquid assets	8.1	9.0	13.1	13.7
<u>(In millions of East Caribbean dollars)</u>				
<u>Memorandum items</u>				
Special deposit requirement				
by bank <u>1/2/</u>				
Royal Bank	1.1	1.3	1.0	0.9
CIBC	0.4	0.4	0.4	0.2
Nova Scotia	0.7	0.8	0.8	0.7
Barclays	1.4	1.7	1.6	1.0

Source: Ministry of Finance and Planning.

1/ Collected as of July 14, 1980; October 24, 1980; February 20, 1981; and September 24, 1981, respectively.

2/ Excludes National Commercial Bank and St. Lucia Cooperative Bank which are exempt from the requirement.

Table 39. St. Lucia: Summary Accounts of the St. Lucia Mortgage Finance Company, Ltd.

(In thousands of East Caribbean dollars)

	December 31				Sept. 30 1981
	1976	1977	1978	1979	1980
<u>Claims on commercial banks</u>					
Cash	129.5	263.2	302.1	-10.6	364.7
Overdraft	129.5	263.2	302.1	0.3	364.7
	--	--	--	-10.9	--
<u>Net domestic credit</u>	<u>7,328.0</u>	<u>7,670.4</u>	<u>7,546.4</u>	<u>7,860.4</u>	<u>9,625.7</u>
<u>Claims on</u>					
private sector	10,155.1	10,167.7	11,288.3	13,032.8	15,056.5
Mortgage loans	(10,081.1)	(10,150.3)	(11,162.0)	(12,933.6)	(14,957.5)
Other loans	(74.0)	(17.4)	(126.3)	(99.2)	(99.0)
<u>Claims on public sector (net)</u>	<u>-1,677.0</u>	<u>-1,918.8</u>	<u>-3,163.7</u>	<u>-4,235.5</u>	<u>-4,751.5</u>
Central Government	(-577.0)	(-618.8)	(-663.7)	(-235.5)	(-251.5)
Other public sector	(-1,100.0)	(-1,300.0)	(-2,500.0)	(-4,000.0)	(-4,500.0)
Other assets (net)	-1,150.1	-578.5	-578.2	-936.9	-679.3
					-1,041.8
<u>Long-term foreign liabilities 1/</u>	<u>7,436.7</u>	<u>7,791.5</u>	<u>7,764.8</u>	<u>7,760.0</u>	<u>9,705.1</u>
<u>Liabilities to private sector</u>	<u>20.9</u>	<u>142.1</u>	<u>83.8</u>	<u>89.8</u>	<u>285.3</u>
					342.4

Source: St. Lucia Mortgage Finance Company, Ltd.

1/ Commonwealth Development Corporation equity and loans.

Table 40. St. Lucia: Summary Accounts of the National Development Bank

(In thousands of East Caribbean dollars)

	February 1981	Projected March 1982
<u>Claims on commercial banks</u>	<u>132.1</u>	<u>2,903.0</u>
Cash	132.1	708.0
Fixed deposits	--	2,195.0
<u>Net domestic credit</u>	<u>10,966.7</u>	<u>9,753.9</u>
Claims on the private sector	11,078.3	11,227.6
Other assets (net)	-111.6	-1,473.7
<u>Long-term foreign liabilities</u>	<u>7,585.8</u>	<u>9,102.5</u>
<u>Liabilities to private sector 1/</u>	<u>3,513.0</u>	<u>3,554.4</u>

Source: National Development Bank.

1/ Includes deposits of public entities.

Table 41. St. Lucia: Balance of Payments ^{1/}

(In millions of U.S. dollars)

	1977	1978	1979	1980	Est. 1981
<u>Goods and services</u>	<u>-11.4</u>	<u>-23.5</u>	<u>-27.9</u>	<u>-33.3</u>	<u>-51.6</u>
<u>and transfers</u>	<u>22.6</u>	<u>26.8</u>	<u>31.8</u>	<u>46.0</u>	<u>40.4</u>
Total exports, f.o.b.	(2.0)	(2.0)	(3.9)	(12.3)	(7.6)
Of which: re-exports	-59.3	-82.8	-101.2	-123.8	-138.1
Imports, c.i.f.	(-12.0)	(-14.2)	(-19.0)	(-23.8)	(-29.1)
Of which: Hess Co.	14.8	22.4	29.2	32.7	28.8
Travel (net)	(17.8)	(27.7)	(33.4)	(39.1)	(35.0)
Receipts	(-3.0)	(-5.3)	(-4.2)	(-6.4)	(-6.2)
Payments	--	-0.1	-0.2	-1.0	-1.7
Interest	(0.0)	(0.4)	(0.4)	(0.1)	(0.2)
Receipts	(-0.3)	(-0.5)	(-0.6)	(-1.1)	(-1.9)
Payments	0.4	0.5	0.6	0.8	1.2
ECCA profits	...	...	0.4	-4.5	-4.1
Other services (net) ^{2/}	10.1	9.7	11.5	16.5	21.9 ^{3/}
Transfers (net)	(2.5)	(2.0)	(3.7)	(5.4)	(7.0)
Of which: official	<u>16.7</u>	<u>27.3</u>	<u>30.4</u>	<u>35.8</u>	<u>45.8</u>
<u>Capital account</u>					
Public sector borrowing (net)	1.9	2.7	3.0	1.6	2.6
Of which: Central					
Government	(0.8)	(1.4)	(--)	(2.4)	(1.9)
Commercial banks	1.8	4.0	1.4	3.3	1.6
Private direct investment	13.0	20.6	26.0	30.9	41.6
Of which: Hess Company	(12.3)	(19.0)	(24.0)	(28.9)	(34.1)
<u>Errors and omissions</u>	<u>-5.2</u>	<u>-4.6</u>	<u>-3.6</u>	<u>-5.9</u>	<u>1.6</u>
<u>SDR allocation</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.5</u>	<u>0.5</u>
<u>Overall deficit</u>	<u>0.1</u>	<u>-0.8</u>	<u>-1.1</u>	<u>-2.9</u>	<u>-3.7</u>
<u>Financing</u>	<u>-0.1</u>	<u>0.8</u>	<u>1.1</u>	<u>2.9</u>	<u>3.7</u>
Net ECCA borrowing	--	0.7	1.2	0.7	--
Change in foreign assets					
(increase -)	0.1	0.1	-0.1	-0.1	0.2
IMF borrowing	--	--	--	2.3	3.5

Sources: Ministry of Finance and Planning; Post Office; Hess Company; Tourism Board; commercial banks; and Fund staff estimates.

^{1/} St. Lucia does not prepare an official set of balance of payments statistics and data for some categories of transactions started to become available only in 1977.

^{2/} Includes an estimate of the payments for royalties, dividends paid by concessionaries, and also crude oil fees paid until early 1980 and suspended thereafter.

^{3/} Includes US\$2.9 million corresponding to Hess Company payments earmarked for government public projects which will revert to the public sector upon completion.

Table 42. St. Lucia: Merchandise Exports

(Value in thousands of U.S. dollars; volume in thousands of kilograms unless otherwise specified; unit price in U.S. dollars)

	1977	1978	1979	1980	Est. 1981	Jan.-June 1980	1981
Total exports	22,586	26,811	31,842	45,996	40,477	26,044	16,300
Re-exports	1,996	1,991	3,899	12,256	7,600	6,470	3,203
Total domestic exports	20,591	24,820	27,943	33,740	32,877	19,574	13,097
Bananas							
Value	9,454	12,113	13,520	10,511	14,900	9,636	2,838
Volume (metric tons)	41,405	47,820	48,241	32,826	37,242	30,651	7,773
Unit price	0.23	0.25	0.28	0.32	0.39	0.31	0.37
Coconut oil (unrefined)							
Value	849	971	1,627	1,258	611	522	312
Volume (000 liters)	1,466	1,602	2,370	1,579	1,097	385	514
Unit price	0.58	0.61	0.69	0.80	0.56	0.61	0.61
Coconut oil (refined)							
Value	1,193	1,033	1,044	1,686	1,748	612	874
Volume (000 liters)	1,565	1,228	886	1,113	1,249	723	1,056
Unit price	0.76	0.84	1.18	1.52	1.4	0.85	0.83
Fruits and vegetables							
Value	280	440	529	399	340	293	156
Volume	1,169	2,352	2,034	1,474	906	1,067	481
Unit price	0.24	0.19	0.26	0.27	0.37	0.27	0.32
Beer and ale							
Value	953	1,131	1,590	1,219	1,253	592	506
Volume (000 gallons)	443	430	549	336	429	171	132
Unit price	2.15	2.63	2.90	3.63	2.92	3.46	3.83
Paper and paperboard							
Value	3,508	2,882	1,923	2,596	3,775	1,107	2,597
Volume	5,495	5,136	3,033	3,490	4,907	1,700	3,376
Unit price	0.64	0.56	0.63	0.74	0.77	0.65	0.77
Clothing							
Value	828	2,211	1,765	2,836	2,575	991	1,470
Volume	85	158	91	140	162	61	93
Unit price	9.74	14.00	19.40	20.26	15.8	16.24	15.8
Other							
Value	3,526	4,039	5,945	13,235	7,675	5,786	4,344

Source: Statistical Office.

Table 43. St. Lucia: Merchandise Imports by End-Use

(In millions of U.S. dollars)

	1977	1978	1979	1980	Est. 1981
<u>Total imports, c.i.f.</u>	<u>59.3</u>	<u>82.8</u>	<u>101.2</u>	<u>123.8</u>	<u>138.1</u>
Food	13.1	17.1	19.3	22.4	25.0
Beverages and tobacco	1.9	2.0	2.4	3.1	3.5
Crude materials	1.2	1.9	2.6	3.7	4.1
Fuels	4.7	5.4	10.0	12.4	13.8
Oils and fats	0.2	0.7	0.4	0.6	0.7
Chemicals	6.3	6.9	8.6	10.8	12.0
Manufactured goods	15.9	20.2	29.1	29.3	32.9
Machinery and transport equipment	10.1	21.7	19.9	29.3	32.1
Miscellaneous manufac- tured goods	5.6	6.8	7.9	12.2	14.0
Miscellaneous	0.3	0.1	1.0	--	--

Source: Department of Statistics.

Table 44. St. Lucia: Direction of Trade

(As per cent of total)

	1976	1977	1978	1979	1980
Domestic exports, f.o.b.	100.0	100.0	100.0	100.0	100.0
United Kingdom	47.9	48.2	51.7	51.0	33.0
Canada	0.4	0.1	--	--	0.2
United States	2.6	2.0	1.8	4.7	23.1
West Indies	47.0	47.8	43.9	40.5	38.1
Barbados	(7.8)	(9.8)	(9.0)	(6.1)	(4.9)
Guyana	(1.7)	(1.9)	(0.6)	(1.8)	(0.8)
Jamaica	(5.4)	(5.5)	(6.2)	(7.2)	(12.4)
Trinidad and Tobago	(9.4)	(6.1)	(8.8)	(8.5)	(7.1)
Other	(22.7)	(24.5)	(19.3)	(16.9)	(12.9)
France	0.2	0.2	1.2	2.3	2.4
Netherlands	0.4	--	--	--	1.4
Rest of world	1.5	1.7	1.4	1.3	1.8
Total imports, c.i.f.	100.0	100.0	100.0	100.0	100.0
United Kingdom	24.5	23.8	19.4	16.5	15.6
Canada	11.6	6.9	3.6	3.9	4.2
United States	19.8	24.9	36.3	29.6	31.3
West Indies	23.8	21.5	17.0	20.1	21.7
Barbados	(3.6)	(3.4)	(2.5)	(2.7)	(3.2)
Guyana	(2.2)	(1.9)	(1.6)	(1.2)	(2.0)
Jamaica	(2.1)	(2.0)	(1.6)	(2.3)	(1.8)
Trinidad and Tobago	(15.0)	(13.0)	(9.8)	(12.5)	(12.3)
Other	(0.9)	(1.2)	(1.5)	(1.4)	(2.4)
West Germany	1.0	1.1	0.8	0.7	1.0
France	0.6	0.7	1.1	0.7	0.5
Netherlands	2.3	3.3	2.8	3.0	2.4
Venezuela	2.8	0.7	1.5	0.7	3.7
Honduras	1.4	1.3	1.3	1.2	1.0
Japan	2.4	4.6	4.7	9.8	5.7
China	0.5	0.6	0.5	0.7	0.4
Rest of world	9.3	10.6	11.0	13.1	12.5

Source: Statistical Office.

Table 45. St. Lucia: Selected Tourism Statistics

	1977	1978	1979	1980	Est. 1981
<u>(Number of visitors)</u>					
<u>Total visitors</u>	<u>149,000</u>	<u>158,500</u>	<u>153,300</u>	<u>151,992</u>	<u>129,903</u>
Cruises <u>1/</u>	<u>84,300</u>	<u>89,200</u>	<u>76,800</u>	<u>72,000</u>	<u>71,800</u>
Other	64,700	69,300	76,500	80,192	59,903
By air	(61,900)	(66,500)	(73,700)	(78,908)	(...)
By sea	(2,800)	(2,800)	(2,800)	(1,284)	(...)
United States	(17,100)	(16,200)	(17,500)	(16,000)	(...)
United Kingdom	(10,700)	(13,000)	(15,000)	(18,500)	(...)
Canada	(13,200)	(15,000)	(17,500)	(15,500)	(...)
Caribbean countries	(14,200)	(14,600)	(15,000)	(16,000)	(...)
South America	(2,000)	(2,000)	(2,000)	(1,000)	(...)
All others	(7,500)	(8,500)	(9,500)	(13,192)	(...)
<u>(In millions of U.S. dollars)</u>					
<u>Total expenditure 2/</u>	<u>17.8</u>	<u>27.7</u>	<u>33.4</u>	<u>39.1</u>	<u>35.0</u>
Cruise visitors	1.2	1.8	1.6	1.8	2.0
Other visitors	16.6	25.9	31.8	37.3	33.0
<u>(In days)</u>					
Average length of stay of non-cruise visitors	8.0	8.5	8.6	8.6	8.6
<u>(Annual percentage change)</u>					
<u>Total visitors</u>	<u>18.7</u>	<u>6.4</u>	<u>-3.3</u>	<u>-0.9</u>	<u>-14.5</u>
Cruises	22.0	5.8	-13.9	-6.3	-6.3
Other	14.7	7.1	10.4	4.8	-25.3
<u>Total expenditure</u>	<u>42.4</u>	<u>55.6</u>	<u>20.6</u>	<u>17.1</u>	<u>-10.5</u>

Sources: Tourism Board; Economic Consultants Limited; and Fund staff estimates.

1/ Includes 12,800 yacht passengers, from 1978.

2/ Expenditure for stopover visitors = number visitor x average stay x 0.92 (: guest nights) x daily spending (estimated at US\$48.00 for 1978). Guest nights = it is assumed that 8 per cent of stopover visitors stay with relatives or friends, thus only 92 per cent stay in hotels or guest houses.

Cruise-ship visitors' average stay is three hours and average spending US\$22.00 in 1978.

Yacht visitors' average stay is three days and daily spending US\$6.00 in 1978.

Table 46. St. Lucia: Summary of External Public Debt Operations 1/

	1977	1978	1979	1980	Prel. Est. 1981
(In thousands of U.S. dollars)					
<u>Outstanding debt at end of period</u>	<u>8,017</u>	<u>10,715</u>	<u>13,713</u>	<u>15,348</u>	<u>17,848</u>
Outstanding debt at beginning of period	6,114	8,017	10,715	13,713	15,348
Net drawings	1,854	2,675	2,984	1,590	2,500
Drawings	(1,862)	(2,692)	(2,929)	(1,904)	(2,926)
Amortization (-)	(-8)	(-17)	(-55)	(-314)	(-426)
Valuation adjustment	49	23	14	45	--
<u>Debt service payments</u>	<u>347</u>	<u>514</u>	<u>675</u>	<u>966</u>	<u>1,116</u>
Amortization	8	17	55	314	426
Interest	339	497	620	652	690
(In per cent)					
Debt outstanding/GDP	11.4	12.4	13.6	13.6	13.7
Net drawings/GDP	2.6	3.1	3.0	1.4	1.9
Debt service/exports and tourism	0.9	1.0	1.1	1.5	1.3
Average interest rate <u>2/</u>	5.5	6.2	5.8	4.8	4.5
Debt outstanding (growth rate)	31.1	33.7	28.0	11.9	16.3

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

1/ Excludes debt to the Fund and the East Caribbean Currency Authority.

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

Table 47 St. Lucia: Structure of External Debt ^{1/}

	Beginning of Dis- bursement	Authorized Amount (thousand FC\$)	Interest Rate (Per cent)	Period of Repayment	Currency of Repayment	Purpose
<u>Central government bonded debt</u>						
Debentures ^{2/}						
Water and road	1968	1,510	7-1/2	1980-82	EC\$	Water and road development
Land and road	1971	1,105	7-3/4	1981-83	LC\$	Land and road development
Development	1979	220	8	1990-92	EC\$	Development projects
<u>Central government loans</u>						
Emergency fund	1976	1,000	6	1981-85	EC\$	^{3/}
<u>Caribbean Development Bank ^{4/}</u>						
Castries Port Development	1974	620	8	1977-94	TTS	Deepwater Port
Castries Port Development	1975	4,500	4	1980-2005	US\$	Deepwater Port
Castries Port Development (additional)	1975	510	4	1980-2005	US\$	Deepwater Port-additional loans
St. Lucia Port Authority	1977	818	4	1978-93	DM	Cold storage facilities
Vieux Air Terminal	1974	516	4-8	1976-93	C\$/EC\$	Air terminal buildings
Feeder roads	1975	2,251	4	1980-95	C\$	Road works
Feeder roads (CCF)	1977	190	4	1982-97	TTS	Road works-counterpart funds
Feeder roads (second loan)	1978	3,480	4	1982-97	US\$	Road works
Feeder roads (third loan)	1980	6,000	4	15 years ^{5/}	US\$	Road works
Bridge reconstruction	1974	933	4	1978-95	Stg	Bridges
Bridge reconstruction (additional)	1976	754	4	1979-96	Stg	Bridges-additional loans
Bridge reconstruction (CCF)	1976	317	4	1978-95	TTS	Bridges-counterpart funds
Water supplies	1974	888	4-8	1979-94	C\$/EC\$	Water supplies
Water supplies (CCF)	1978	222	4	1979-94	TTS	Water supplies-counterpart funds
Water supplies (second loan)	1981	4,160	4	15 years ^{5/}	C\$/US\$	Water supplies
Castries Sewerage Project	1976	765	4	1979-97	DM	Castries Sewerage Project
Castries Sewerage Project (CCF)	1977	90	4	1980-95	TTS	Castries Sewerage-counterpart fund
Investment study	1978	54	4	1980-90	LC\$	Cul-de-Sac Free Trade Zone
Howinorra improvements	1981	2,700	4-8	15 years ^{5/}	US\$	Airport improvements
CIDA	1974	2,035	free	1984-2024	C\$	Vieux Fort water supplies ^{6/}
<u>Government-guaranteed loans</u>						
<u>Caribbean Development Bank</u>						
NDC - Industrial estates	1974	180	4	1978-92	US\$	Small factory buildings
NDC - Industrial estates	1974	500	4	1978-93	US\$	Large factory buildings
NDC - Industrial estates	1975	1,142	4	1980-95	US\$	Vieux Port estate
NDC - Industrial estate (counterpart contributions)	1976	65	4	1979-94	TTS	VF estate counterpart funds
NDC - Industrial estate (fourth loan)	1979	1,800	4	1984-99	US\$	Industrial estates
NDB - Industrial credit		162			BAHS/Stg	
NDB - SIC	1973	270	4	1979-94	US\$	Small industry credit
NDB - SIC (counterpart contributions)	1977	11	4	1977-92	TTS	SIC counterpart funds
NDB - SIC	--	554	4	15 years ^{5/}	US\$	Small industry credit
NDB - SIC (counterpart contributions)	--	55	4	15 years ^{5/}	TTS	SIC counterpart funds
NDB - Student loans	1974	200	4	1979-88	Stg	Scholarships
NDB - Student loans (first additional)	1976	64	4	1979-88	Stg	Scholarships
NDB - Student loans (second additional)	1977	194	4	1979-88	Stg	Scholarships
NDB - Student loans (second loan)	1977	1,196	4	1983-93	C\$/Stg/US\$	Scholarships
NDB - Agricultural production credit	1978	1,072	4	1982-97	US\$	Small farmers' credit
NDB - FIC	1974	525	4	1979-94	C\$	Farm improvement credit
NDB - FIC (second loan)	1976	500	4	1980-95	C\$	Farm improvement credit
NDB - FIC (third loan)	1979	500	4	1983-98	C\$	Farm improvement credit
NDB - Mortgage Finance	1977	705	7-1/2	1977-97	7/	Housing finance
NDB - Mortgage Finance (second loan)		1,620	4-1/2 - 7-1/2	15-18 years ^{8/}	US\$/TTS/BD\$	Housing finance
St. Lucia electricity	--	863	4	20 years ^{9/}	US\$	Rural electrification
Port Authority - Central Bank of Venezuela	1978	11,300	4 11/20	1981-2001	BS	Deepwater port
NDB - Colonial Life insurance		700		10/		

Source Ministry of Finance and Planning, National Development Corporation, and National Development Bank

- 1/ Excludes ECCA and IMF
- 2/ Authorized amount is amount outstanding at the end of the year and excludes debentures issued domestically Total debentures issued were EC\$2 069 million, EC\$4 131 million and EC\$4 041 million, respectively
- 3/ Loan from various donors and administered by CDB and ECCA and used to pay arrears on common regional services
- 4/ Most of these loans have been disbursed directly by the corresponding agencies and have not been recorded as budgetary operations They represent however a direct liability of the Central Government and the budget estimates include funds for servicing some of these loans
- 5/ Starting five years after first disbursement
- 6/ The loan provides for the establishment of a sinking fund at 4 per cent of the loan a year for 30 years, beginning 1979
- 7/ Repayable in Canadian, U S Trinidad and Tobago, and Bahamian dollars
- 8/ The CDB portion is repayable two years after first disbursement, the IBRD portion is repayable from 1983
- 9/ Starting nine years after first disbursement
- 10/ Repayment period being rescheduled

Table 48. St. Lucia: External Debt Operations
(In thousands of U.S. dollars)

	Operations in 1977			Operations in 1978		
	Out- standing 12/31/76	Drawings	Amortization Valuation	Out- standing 12/31/77	Drawings	Amortization Valuation
Total	6,114	1,862	-8	8,017	2,692	-17
Central government total	4,536	1,600	-8	6,294	1,697	-14
Bonded debt	968	--	--	968	--	--
Debt securities	968	--	--	968	--	--
Water and roads	(559)	--	--	(559)	--	--
Land and roads	(409)	--	--	(409)	--	--
Development	(--)	--	--	(--)	--	--
Loans	3,668	1,600	-8	5,326	1,697	-14
Emergency Fund	222	148	--	370	--	--
Caribbean Development Bank	3,201	1,452	-8	4,730	1,697	-14
Castries port development	(1,631)	(450)	--	(2,078)	(164)	--
St. Lucia Port Authority	(222)	(303)	--	(334)	--	--
Vigie air terminal	(177)	(467)	-3	(204)	--	--
Feeder roads	(724)	(106)	-5	(801)	(3)	--
Bridge reconstruction	(257)	(116)	--	(346)	(82)	--
Water supplies	(190)	--	--	(348)	--	--
Castries sewerage project	(--)	--	--	(--)	(20)	--
Investment study	(--)	--	--	(--)	--	--
Revanorra improvements	245	--	--	226	--	--
CIDA	1,478	262	--	1,723	995	-3
Government-guaranteed loans	1,219	262	--	1,464	272	-3
Caribbean Development Bank	59	18	--	77	22	--
NDC - SIC 1/	749	13	--	762	10	-3
NDB - industrial estates	61	42	--	115	68	--
NDB - student loans 1/	--	--	--	--	75	--
NDB - producers' credit	245	35	--	259	97	--
NDB - FIC	105	154	--	251	--	--
NDB - Mortgage finance	--	--	--	--	--	--
NDB - industrial credit	259	--	--	259	--	--
NDB - Colonial Life Insurance	--	--	--	--	--	--
Port Authority - Venezuela Central Bank	--	--	--	--	723	--
Out- standing 12/31/78						
Total						
Central government total						
Bonded debt						
Debt securities						
Water and roads						
Land and roads						
Development						
Loans						
Emergency Fund						
Caribbean Development Bank						
Castries port development						
St. Lucia Port Authority						
Vigie air terminal						
Feeder roads						
Bridge reconstruction						
Water supplies						
Castries sewerage project						
Investment study						
Revanorra improvements						
CIDA						
Government-guaranteed loans						
Caribbean Development Bank						
NDC - SIC 1/						
NDB - industrial estates						
NDB - student loans 1/						
NDB - producers' credit						
NDB - FIC						
NDB - Mortgage finance						
NDB - industrial credit						
NDB - Colonial Life Insurance						
Port Authority - Venezuela Central Bank						

Table 48. St. Lucia: External Debt Operations (Concluded)
(In thousands of U.S. dollars)

	Out- standing 12/31/78	Operations in 1979		Out- standing 12/31/79	Operations in 1980		Out- standing 12/31/80	Prel. Out- standing 12/31/81
		Drawings	Amorti- zation	Value- tion	Drawings	Amorti- zation	Value- tion	
Total	10,715	3,020	-50	28	13,713	1,904	-314	45
Central government total	8,018	203	-39	21	8,203	223	-191	32
Bonded debt	968	81	--	--	1,049	--	--	--
Debentures	968	81	--	--	1,049	--	--	--
Water and roads	(559)	--	--	--	(559)	--	--	--
Land and roads	(409)	--	--	--	(409)	--	--	--
Development	--	(81)	--	--	(81)	--	--	--
Loans	7,050	122	-39	21	7,154	223	-191	32
Emergency Fund	370	--	--	--	370	--	--	--
Caribbean Development Bank	6,471	122	-39	18	6,592	223	-191	32
Castries port development	(2,241)	--	--	--	(2,241)	--	--	--
St. Lucia Port Authority	(384)	--	--	--	(406)	--	--	--
Vigie air terminal	(183)	--	--	--	(173)	--	--	--
Feeder roads	(1,995)	(122)	--	(12)	(2,129)	(223)	--	--
Bridge reconstruction	(844)	--	--	--	(789)	--	--	--
Water supplies	(408)	--	--	--	(398)	--	--	--
Castries sewerage project	(396)	--	--	--	(416)	--	--	--
Investment study	(20)	--	--	--	(20)	--	--	--
Hewanorra improvements	--	--	--	--	--	--	--	--
CIDA	209	--	--	3	212	--	--	--
Government-guaranteed loans	2,697	2,817	-11	7	5,510	1,681	-123	13
Caribbean Development Bank	1,715	483	-11	7	2,194	851	-123	13
NDC - SIC 1/	(99)	(6)	--	--	(105)	--	--	--
NDB - industrial estates	(769)	(56)	--	--	(828)	--	--	--
NDB - student loans 1/	(195)	(66)	--	--	(247)	--	--	--
NDB - producers' credit	(75)	(125)	--	--	(200)	--	--	--
NDB - FIC	(333)	(170)	--	--	(509)	--	--	--
NDB - Mortgage Finance	(244)	--	--	--	(245)	--	--	--
NDB - industrial credit	--	(60)	--	--	(60)	--	--	--
NDB - Colonial Life Insurance	259	--	--	--	259	--	--	--
Port Authority - Venezuela Central Bank	723	2,334	--	--	3,057	830	--	--

Source: Ministry of Finance; and Caribbean Development Bank.

1/ Loans transferred from National Development Corporation to National Development Bank effective February 1, 1981. National Development Bank amalgamates the functions of Agricultural and Industrial Bank (AIB) and the Housing Development Bank (HDB).

Table 49. St. Lucia: Effective Exchange Rates

Annual Averages	Units per EC\$			Trade Weighted Exchange Rate ^{1/} (December 1976 = 100)
	SDR	US\$	Pound	
1972	0.477	0.518	0.208	116.4
1973	0.428	0.512	0.208	114.2
1974	0.407	0.490	0.208	112.1
1975	0.379	0.459	0.208	108.8
1976	0.331	0.382	0.213	100.0
1977	0.317	0.370	0.211	97.9
1978	0.295	0.370	0.192	93.4
1979	0.286	0.370	0.174	89.6
1980	0.284	0.370	0.159	85.8
October 1981	0.322	0.370	0.201	98.7 ^{2/}

Source: IMF, International Financial Statistics.

^{1/} Based on the shares of St. Lucia's main trading partners (exports plus imports) in 1971-73.

^{2/} End of period.

Table 50. St. Lucia: Financing of Public Sector Investment Program for
FY 1982/83-FY 1985/86

(In millions of East Caribbean dollars)

	Estimates					Total	
	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	Per 1982/83- 1985/86 Cent
Public sector capital expenditure	36.4	36.3	37.1	47.0	55.0	204.1	100
Central Government	28.9	18.1	23.9	28.5	35.0	127.4	62
Rest of the public sector 1/	7.5	18.2	13.2	18.5	20.0	76.7	38
Financing	36.4	36.3	37.1	47.0	55.0	204.1	100
Public sector savings	15.2	-1.2	17.0	19.0	21.0	81.0	40
External financing	10.9	26.4	26.0	30.0	37.0	138.0	68
Gross	(...)	(...)	(28.0)	(33.0)	(41.0)	(49.0)	74
Amortization 2/	(...)	(...)	(-2.0)	(-3.0)	(-4.0)	(-13.0)	(-6)
Net borrowing from ECCA 3/	9.4	10.0	-3.0	-2.0	-3.0	-12.0	-6
Commercial banks (net)	2.6	-0.8	-1.0	--	--	-1.0	-1
Other domestic 4/	-1.7	1.9	-1.9	--	--	-1.9	-1

Sources: Ministry of Finance, Development and Planning; and IBRD staff projections.

1/ Includes the St. Lucia Development Bank, the Banana Growers' Association, and the Coconut Growers' Association.

2/ Includes change in foreign assets.

3/ Includes IMF purchases.

4/ Includes residual.

Table 51. St. Lucia: Public Sector Investment Program--
Sectoral Composition

(In millions of East Caribbean dollars)

	On-Going	New 1/	Total	Per Cent
<u>Total cost of projects</u>	<u>77.9</u>	<u>423.4</u>	<u>501.3</u>	<u>100</u>
<u>Directly productive</u>				
Agriculture	28.9	70.7	99.6	20
Industry	1.1	17.8	18.9	4
Tourism	1.6	10.0	11.6	2
<u>Economic infrastructure</u>				
Electricity	1.6	60.7	62.3	12
Roads, airport, and port	16.5	93.9	110.4	22
Water, sewerage, and solid waste disposal	6.2	73.7	79.9	16
<u>Social infrastructure</u>				
Education	20.1	52.6	72.7	15
Other	1.9	44.0	45.9	9
Of which: to be disbursed during FY 1982/83- FY 1985/86	77.9	126.2	204.1	--

Sources: Ministry of Finance, Development and Planning; and IBRD staff projections.

1/ New projects scheduled to start between FY 1982/83 and FY 1985/86.