

EBS/82/153

CONFIDENTIAL

August 31, 1982

To: Members of the Executive Board
From: The Acting Secretary
Subject: Barbados - Request for Stand-By Arrangement

Attached for consideration by the Executive Directors is a paper on a request from Barbados for a stand-by arrangement equivalent to SDR 31.875 million. A draft decision appears on page 18.

This subject has been tentatively scheduled for discussion on Friday, October 1, 1982.

Att: (1)

INTERNATIONAL MONETARY FUND

BARBADOS

Use of Fund Resources--Request for Stand-by Arrangement

Prepared by the Western Hemisphere Department

(In consultation with the Exchange and Trade Relations, Fiscal,
Legal, and Treasurers' Departments)

Approved by E. Walter Robichek and W. A. Beveridge

August 26, 1982

A Fund mission visited Bridgetown during March 1-11, 1982 to discuss an adjustment program in support of which the authorities would request use of Fund resources. Negotiations were completed during a second staff visit in the period July 6-16, 1982. The Barbadian representatives included the Prime Minister and Minister of Finance, the Governor of the Central Bank, the Ministers in Cabinet, the Director of Finance and Planning, and other senior officials. The staff representatives for either or both of the missions were M. Hardy (Head), C.S. Lee, V. Marie, and J. Zeas (all WHD); and F. Maidment (Secretary-WHD). Mr. R. Joyce, Executive Director for Barbados, participated in the principal policy discussions.

The requested stand-by arrangement covering a 20-month period amounts to SDR 31.875 million, equivalent to 125 per cent of Barbados' quota of SDR 25.5 million. The arrangement would consist of SDR 16.5 million of ordinary resources and SDR 15.4 million of borrowed resources. The Barbadian authorities are also requesting a purchase under the compensatory financing facility in an amount of SDR 12.6 million, equivalent to 49.4 per cent of Barbados' quota. A waiver of the limitation in Article V, Section 3 (b)(iii) of the Articles of Agreement is required.

The program in support of which the arrangement is requested is described in the attached letter and analyzed below. The phasing under the requested arrangement would be as follows: purchases would not, without the consent of the Fund, exceed the equivalent of SDR 9.5625 million (the first credit tranche plus 12.5 per cent of quota) until January 30, 1983, SDR 12.375 million until April 30, 1983, SDR 16.275 million until July 30, 1983, SDR 20.175 million until October 30, 1983, SDR 24.075 million until January 30, 1984, and SDR 27.975 million until April 30, 1984. Of the total amount available under the arrangement just under 40 per cent would be purchased before the review scheduled for April 29, 1983.

As of July 31, 1982 the Fund's holdings of Barbados dollars amounted to 100.1 per cent of Barbados' quota, of which 0.1 per cent corresponded to the compensatory financing facility. Full use of the requested stand-by arrangement would raise the Fund's holdings of Barbados dollars to 225 per cent of quota by the end of the stand-by period (Table 1), and to 274.4 per cent of quota including the requested purchase under the compensatory financing facility. Further information on Barbados' relations with the Fund is presented in Appendix II.

Barbados has been availing itself of Article XIV since joining the Fund in 1970. It maintains an exchange system that is free of restrictions on the making of payments and transfers for current international transactions, except for a multiple currency practice approved by the Fund. The exchange value of the Barbados dollar is pegged to the U.S. dollar at a rate of BDS\$2 = US\$1. The 1981 Article IV consultation was concluded by the Executive Board on December 7, 1981 (EBM/81/159).

I. Background

The Barbadian economy performed well during the second half of the 1970s. The growth rate averaged 5 per cent a year, led by rapid increases in exports of manufactured goods and tourist services. By 1981 unemployment, which had risen to over 20 per cent of the labor force during the 1975 recession, had fallen below 11 per cent (Table 2). Rapid growth, however, was accompanied by significant inflationary pressures, particularly around the turn of the decade, when unit labor costs, which had previously been kept in reasonable check, began to accelerate. Consumer prices rose by 14-15 per cent a year in 1980 and 1981, with wages rising by similar percentages. In the year ended May 1982 consumer prices rose by 12.4 per cent.

Stagnation and recession in the industrial countries has had serious adverse effects on the highly open Barbadian economy. At first, the impact on the balance of payments and economic activity was mitigated by the 1980 record sugar crop and high sugar prices, as well as by continued increases in tourist earnings. More recently, with the end of the export boom, the balance of payments has come under severe pressure, and real GDP contracted by 2.7 per cent in 1981 and is expected to fall by a further 2-3 per cent in 1982.

During the period 1976 through 1980 earnings from merchandise exports and tourism had risen by 26 per cent a year; by contrast, these exports declined by 2 per cent in value in 1981 and are expected to remain level in 1982. The decline in merchandise exports in 1981 principally reflected sharply lower sugar shipments following a poor crop; nonsugar exports, particularly of electronic components, continued to increase, though less rapidly than in previous years. Tourism was also hit by the recession. Barbados had been particularly successful in tourism during the second half of the 1970s with arrivals rising twice as fast as the regional average during 1976-79; between 1979 and 1981,

Table 1. Barbados: Projection of IMF Position Through April 30, 1982

	1982	1982		1983			1984		Outstanding
	July	Program Date	Jan. 30	Apr. 30	July 30	Oct. 30	Jan. 30	Apr. 30	Apr. 30/84
(In millions of SDRs)									
Total drawings	--	22.1625	2.8	3.9	3.9	3.9	3.9	3.9	44.5
CFF	--	12.6	--	--	--	--	--	--	12.6
Stand-by	--	9.5625 1/	2.8125	3.9	3.9	3.9	3.9	3.9	31.9
Memorandum items									
Total holdings (end of period)	25.5	46.1	48.9	52.8	56.7	60.6	64.5	68.4	
Total holdings excluding CFF (end of period)	25.5	35.1	37.9	41.8	45.7	49.6	53.5	57.4	
(In per cent of quota)									
Total holdings (end of period)	100.1	186.9	197.9	213.2	228.4	243.7	259.0	274.4	
Total holdings excluding CFF (end of period)	100.1	137.6	148.6	163.9	179.2	194.5	209.8	225.1	

Source: International Monetary Fund.

1/ Includes SDR 6.375 million from the first credit tranche.

however, the number of tourist arrivals declined by 5 per cent. This decline mirrors developments in the region.^{1/} Tourist earnings continued to rise strongly in 1980 because of higher hotel prices, but in 1981 the daily expenditure per tourist rose much more modestly as hotels began to cut prices. In 1982 tourist arrivals are expected to fall by a further 6-1/2 per cent, while the daily expenditure per tourist is likely to remain virtually flat. Sugar export volume will be higher in 1982, but prices have weakened.

Table 2. Barbados: Principal Indicators

	1978	1979	1980	1981	Proj.	
					1982	1983
Real GDP ^{1/}	4.8	7.9	4.9	-2.7	-2.2	1.5
Consumer prices (period average)	9.5	13.2	14.0	14.6	9.7	8.5
Wage rates ^{2/}	11.1	8.3	18.0	12.3	...	...
Unemployment rate ^{3/}	13.4	12.8	12.6	10.8	11.2 ^{4/}	...

Sources: Statistical Appendix Tables 7 through 12; and Fund staff estimates.

^{1/} At factor cost.

^{2/} Average contract increases for 14 sectors.

^{3/} Average of quarterly surveys; includes persons not actively seeking work as unemployed.

^{4/} First quarter 1982.

Domestic activity was sustained for a time by a continuing construction boom in the private sector and by expansionary fiscal and credit policies. Consequently imports continued to rise strongly in 1981; a temporary decline in local oil production (which normally satisfies 20-25 per cent of the country's crude oil requirements) and some stockpiling of oil also contributed to the rise in imports last year. The result was a sharp deterioration in the balance of payments: the current account deficit rose from US\$7 million (1 per cent of GDP) in 1980, to US\$81 million (9 per cent of GDP) in 1981 (Table 3).

^{1/} Data covering all Caribbean destinations (including Belize, Bermuda, Costa Rica, Suriname, and Venezuela, but excluding Mexico and Central America) show arrivals falling by 5 per cent between 1979 and 1981.

Table 3. Barbados: Balance of Payments

	1978	1979	1980	Prel. 1981	Proj. 1982	1983
(In millions of U.S. dollars)						
Current account	-17.6	-21.6	-4.8	-81.0	-100.5	-78.0
Domestic exports, f.o.b. ^{1/}	99.3	118.7	168.0	148.5	163.5	179.5
Retained imports, c.i.f.	-282.6	-374.8	-444.2	-507.1	-525.0	-551.0
Gross tourist receipts ^{2/}	158.2	208.0	253.7	262.0	251.5	288.0
Other services (net)	-8.8	7.5	-6.4	-11.4	-20.0	-26.5
Private transfers (net)	16.3	19.0	23.9	27.0	29.5	32.0
Capital account	30.5	29.7	5.1	25.0	68.0	70.5
Official transfers	0.4	3.0	-2.3	-2.0	-2.0	-2.0
Official capital (net) ^{3/}	7.7	7.3	10.9	17.5	22.5	27.5
Private long-term	6.0	5.4	15.4	13.0	4/ 60.0	4/ 45.0
Commercial banks (net)	-2.3	-0.4	4.2	18.8	4/ -10.0	--
Other capital (net)	18.7	14.4	-23.1	-22.3	-2.5	--
SDR allocation ^{5/}	-0.6	1.6	1.6	1.5	--	--
Balance for official financing	12.3	9.6	1.9	-54.5	-32.5	-7.5
Exceptional official borrowing	10.0	--	18.0	30.0	--	--
Change in net official reserves (increase -)	-22.3	-9.7	-19.9	24.5	32.5	7.5
Reserve related liabilities	0.6	-1.9	-7.7	48.0	-8.4	-6.5
Change in official reserves (gross)	-22.9	-7.8	-12.2	-23.5	40.9	14.0
Memorandum items						
Sugar exports (thousand tons)	77.8	83.0	112.8	54.3	84.0	77.0
Tourist days (million)	3.01	3.78	3.73	3.52	3.29	3.57
External debt ^{6/}	79.0	84.5	105.3	202.9	232.8	314.2
Official reserves (gross)	59.8	67.5	80.1	103.9	62.6	68.9
(In per cent)						
Current account deficit/GDP	3.1	2.8	0.9	8.9	10.0	7.2
Debt service ratio ^{7/}	3.3	3.5	5.1	5.6	13.4	7.5
(In months)						
Reserve cover ratio ^{8/}	2.5	2.2	2.2	2.2	1.5	1.6

Sources: Statistical Appendix Tables 26 through 32; and Fund staff estimates.

^{1/} Includes valuation adjustments of sugar exports of the European community.

^{2/} Figures differ from official data because of higher estimates of daily expenditure per tourist.

^{3/} Government and government-guaranteed loans, other than disbursement of exceptional official borrowing, i.e., budget support loans; includes amortization of the latter loans.

^{4/} Inflows related to the cement and power projects, recorded at time imports clear Barbados customs.

^{5/} Includes SDR allocations, and exchange profits and losses on net official international reserves.

^{6/} Public and publicly guaranteed external debt, not including Central Bank reserve related liabilities.

^{7/} Interest and amortization of public and publicly guaranteed external debt and Central Bank reserve related liabilities, as per cent of domestic exports and travel receipts.

^{8/} Gross official reserves as ratio of retained imports, c.i.f.

Financing this deficit necessitated foreign borrowing on a major scale, as a result of which the outstanding external public and publicly guaranteed debt rose from US\$96 million (12 per cent of GDP) in 1980, to US\$146 million (16 per cent of GDP) at the end of 1981. In addition, the Central Bank borrowed some US\$45 million from foreign commercial banks in 1981 in order to maintain gross official reserves at the equivalent of 2-1/2 months of retained imports (i.e., imports net of re-exports and bunkers). A rising proportion of these gross reserves consists of illiquid claims on CARICOM countries (Statistical Appendix Table 31.

More recently, with the downturn in activity and the progressive implementation of domestic adjustment measures, the growth of imports has slackened. In the first quarter of 1982 retained imports were 4 per cent higher than in the corresponding period of the last year. The growth was attributable to higher imports of capital goods; imports of consumer goods, intermediate goods and fuels were almost 20 per cent below the corresponding period of 1981. Even so, the current account balance of payments deficit is expected to widen further to US\$100.5 million in 1982, largely in reflection of capital goods imports associated with two major projects for the expansion of electricity generating capacity and for the installation of a cement plant--the latter a joint venture with Trinidad and Tobago. Long-term foreign financing has already been arranged for both of these projects, with the World Bank participating in the power project.

The deterioration in Barbados' balance of payments position after 1980 is to some extent attributable to expansionary fiscal and credit policies. The overall deficit of the general government (i.e., Central Government plus Social Security System) reached 6.6 per cent of GDP in FY 1981/82 (fiscal year April-March), up from 3.8 per cent the preceding year and about 1 per cent of GDP on average in the two previous years (Table 4). This widening of the deficit stemmed from the continued rapid growth of current outlays, a slowdown in revenue growth, and a historically high level of capital expenditure, particularly in the first half of 1981. Current outlays were boosted by the 31 per cent two-year public sector wage settlement in FY 1980/81. Revenue performance was weakened by income tax concessions introduced with the FY 1981/82 budget that were not compensated by other revenue measures. Even though most of the large financing requirement in FY 1981/82 was covered by a US\$30 million Euro-dollar loan, domestic borrowing was also significant, particularly from the Central Bank.

Domestic credit rose strongly as heavy borrowing by the public sector was superimposed on a continued rapid increase in bank credit to the private sector. With the slowdown in the growth of private deposits, these trends led to a substantial decline in the net foreign assets of both the Central Bank and the commercial banks (Table 5). More recently, the growth of credit has tended to slacken: credit to the private sector declined by 2 per cent in the first five months of 1982, as against an increase of 9 per cent in the corresponding period of the last year.

Table 4. Barbados: Financial Position of the Consolidated
Central Government and National Insurance Fund

Fiscal Years April-March							Program
	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84
(In millions of Barbados dollars)							
Current revenue	264	330	380	466	509	591	649
Current expenditure	238	264	316	392	459	541	554
<u>Current surplus</u>	<u>26</u>	<u>66</u>	<u>64</u>	<u>74</u>	<u>50</u>	<u>50</u>	<u>95</u>
Capital receipts	1	2	1	2	2	2	2
Capital expenditure and net lending	90	72	86	139	175	124	134
<u>Overall deficit</u>	<u>-63</u>	<u>-5</u>	<u>-21</u>	<u>-63</u>	<u>-123</u>	<u>-72</u>	<u>-40</u>
<u>Financing</u>	<u>63</u>	<u>5</u>	<u>21</u>	<u>63</u>	<u>123</u>	<u>72</u>	<u>40</u>
External (net)	24	29	12	78	91	35	40
Of which: foreign commercial banks	(12.0)	(20.0)	(--)	(11.7)	(68.9)	(--)	(--)
Domestic	39	-23	9	-15	32	37	--
Of which: Central Bank	(-7)	(-21)	(24)	(19)	(28)	(35)	(20)
(In per cent of GDP)							
Current revenue	26.6	29.8	28.1	28.1	27.4	29.0	29.4
Current expenditure	24.0	23.9	23.4	23.6	24.7	26.5	25.1
<u>Current surplus</u>	<u>2.6</u>	<u>5.9</u>	<u>4.7</u>	<u>4.5</u>	<u>2.7</u>	<u>2.5</u>	<u>4.3</u>
Capital receipts	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Capital expenditure and net lending	9.1	6.5	6.4	8.4	9.4	6.1	6.2
<u>Overall deficit</u>	<u>-6.3</u>	<u>-0.4</u>	<u>-1.6</u>	<u>-3.8</u>	<u>-6.6</u>	<u>-3.5</u>	<u>-1.8</u>
<u>Financing</u>	<u>6.3</u>	<u>0.4</u>	<u>1.6</u>	<u>3.8</u>	<u>6.6</u>	<u>3.5</u>	<u>1.8</u>
External (net)	2.4	2.6	0.9	4.7	4.9	1.7	1.8
Of which: foreign commercial banks	(1.2)	(1.8)	(--)	(0.7)	(3.7)	(--)	(--)
Domestic	3.9	-3.0	0.7	-0.9	1.8	1.8	--
Of which: Central Bank	(-0.7)	(-1.3)	(2.1)	(0.9)	(1.6)	(1.7)	(0.9)

Sources: Statistical Appendix Tables 13 through 20.

Table 5. Barbados: Monetary Projections Through March 1984

	March 31						Projected	
	1977	1978	1979	1980	1981	1982	1983	1984
(In millions of Barbados dollars)								
I. <u>Monetary Authorities</u>								
Net foreign assets	50	72	132	119	145	89	39	27
Net domestic assets	8	-4	-51	-22	-19	35	97	121
Public sector (net)	(6)	(9)	(-12)	(12)	(36)	(60)	(95)	(115)
Other (net)	(2)	(-13)	(-39)	(-32)	(-55)	(-25)	(2)	(6)
Currency issue	58	68	81	97	126	124	136	148
II. <u>Commercial Banks</u>								
Net foreign assets	-10	-3	8	10	9	8	8	8
Monetary reserves	31	43	59	55	73	74	82	91
Net domestic assets	332	385	405	498	572	636	694	749
Public sector (net)	(55)	(75)	(71)	(64)	(57)	(84)	(84)	(68)
Private sector	(310)	(316)	(364)	(470)	(532)	(617)	(675)	(746)
Other (net)	(-33)	(-6)	(-30)	(-36)	(-17)	(-65)	(-65)	(-65)
Foreign liabilities	35	38	43	46	52	52	55	58
Liabilities to private sector	318	387	429	517	602	666	729	790
III. <u>Trust companies</u>								
Monetary reserves	1	2	6	7	3	2	3	4
Net domestic assets	24	28	37	43	50	70	77	83
Public sector (net)	(--)	(--)	(-4)	(-16)	(-23)	(-28)	(-28)	(-32)
Private sector	(21)	(27)	(38)	(55)	(77)	(111)	(117)	(127)
Other (net)	(3)	(--)	(3)	(4)	(-4)	(-13)	(-12)	(-12)
Foreign liabilities	1	1	1	2	2	2	3	3
Liabilities to private sector	24	29	42	48	51	70	77	84
IV. <u>Consolidated Banking System</u>								
Net foreign assets	40	69	140	129	155	97	47	37
Net domestic assets	385	41	441	560	652	798	928	1,019
Public sector (net)	(54)	(77)	(55)	(59)	(71)	(116)	(151)	(151)
Private sector	(332)	(343)	(402)	(525)	(609)	(728)	(792)	(873)
Other (net)	(-1)	(21)	(-16)	(-25)	(2)	(-46)	(-15)	(-5)
Foreign liabilities	35	39	44	48	54	54	58	61
Liabilities to private sector	390	471	537	641	753	841	917	995
(In percentage change)								
<u>Monetary authorities</u>								
Net domestic assets <u>1/</u>	-20.7	-69.1	35.8	3.1	44.4	50.0	16.2	
Currency issue	17.2	19.1	19.8	29.9	-1.6	9.7	8.8	
<u>Banking system</u>								
Net domestic assets <u>2/</u>	14.4	--	22.1	14.4	19.4	15.7	9.9	
Credit to public sector <u>2</u>	5.9	-4.7	1.5	1.9	5.7	4.2	--	
Credit to private sector <u>2/</u>	2.8	12.5	22.9	13.1	15.8	7.6	8.8	
Money and quasi-money <u>3/</u>	20.8	14.0	19.4	17.7	11.3	9.4	8.5	
GDP at current market prices (previous calendar year)	13.7	11.9	21.4	22.9	12.2	9.6	8.3	

Sources: Central Bank of Barbados; and Statistical Appendix Tables 21 through 24.

1/ In relation to currency issue at beginning of the period.

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

3/ Liabilities to the private sector, including private capital and surplus.

II. The Government's Economic Program

Following elections held in June 1981, in which the incumbent party was re-elected with a substantial Parliamentary majority, the Government began to implement a series of adjustment measures in order to stem the rapid deterioration in the balance of payments. The major elements of the Government's adjustment program, in support of which Barbados is requesting use of Fund resources in the upper credit tranches, are described more fully below.

The cornerstone of the program is a planned reduction in the overall fiscal deficit from 6.6 per cent of GDP in FY 1981/82 to 1.8 per cent of GDP in FY 1983/84. The latter would be close to the levels prevailing in FY 1977/78 - 1978/79. Other important elements of the program are a tightening of credit (particularly consumer credit) and an increase in interest rates to international levels. Wage restraint is also fundamental to the successful implementation of the program, particularly in light of the authorities' strong inclination to maintain the present parity with the U.S. dollar.

a. Balance of payments adjustment

The balance of payments current account deficit is projected to widen further to US\$100.5 million (9 per cent of GDP) in 1982 and to drop back to US\$78 million (7.1 per cent) in 1983 and to around US\$40 million (3 per cent of GDP) in 1984. The relatively large current deficits in 1982 and 1983 reflect the impact of the major power and cement projects, both with pre-arranged long-term foreign financing. No increase in export earnings from merchandise and tourism is projected for 1982, but in the following two years such exports are expected to rise by 12-14 per cent a year with a moderate recovery in tourism and continued expansion of nonsugar exports, especially electronics components. Retained imports, excluding imports for the power and cement projects, are projected to remain virtually flat in both 1982 and 1983, a small decline in 1982 followed by a modest increase in 1983. A more rapid expansion of imports is expected thereafter with the pickup in economic growth. However, this will be partially offset by the tapering off of imports related to the two large projects. By 1984 the deficit on current account is expected to be covered by normal capital inflows, leaving an overall balance of payments surplus. Detailed projections are found in Statistical Appendix Tables 26 through 30.

Consistent with these projections, the balance of payments targets underlying the program are an overall deficit of US\$32.5 million in calendar 1982 (down from US\$54 million in 1981), a deficit of US\$7.5 million in calendar 1983 and a small surplus in 1984. On a fiscal year basis, the balance of payments targets are a deficit of US\$25 million in FY 1982/83 and one of US\$5 million in FY 1983/84.

The financial program assumes no foreign borrowing by the Central Government other than normal project financing. There is a limit of US\$35 million on the public sector contracting of foreign debt with less than ten years' maturity during the program period--this limit is intended mainly to cover operations such as a purchase of oil wells in Barbados by the National Oil and Gas Company (see p. 15 below). The outstanding external public debt, including private debt with government guarantee is projected to rise from US\$146 million (16 per cent of GDP) at the end of 1981 to US\$252 million (23 per cent of GDP) at the end of 1983, mainly reflecting disbursements of guaranteed debt under the power and cement projects. Including purchases from the Fund and other liabilities of the Central Bank, total debt would reach over US\$314 million by the end of 1983. Debt service, as a per cent of domestic exports and tourism, would rise from 5.6 per cent in 1981 to about 8 per cent by 1983 (Statistical Appendix Table 32).

b. Fiscal policy

Over the last 12 months there has been a progressive tightening of fiscal policies. Shortly after the June 1981 elections, the authorities increased taxes on gasoline and diesel, and raised land tax assessments, water charges, and postal rates. In September 1981 bus fares were increased and payroll taxes were raised by 4.25 percentage points by the introduction of a transport levy, a health levy, and an unemployment levy. At the same time steps were taken to curb the growth of public investment; a moratorium was imposed on all new projects, and many existing projects were rephased or scaled down.

In the budget for FY 1982/83, the authorities introduced further fiscal restraints. The measures included a tax package designed to yield the equivalent of about 1.5 per cent of GDP and imposition of a further 4 percentage point payroll levy--also yielding about 1.5 per cent of GDP--to fund pensions.^{1/} The growth of current outlays was curbed and capital spending was cut back further. The Government also announced its intention to ensure that the pending public sector wage agreement be kept within a modest limit. The last two-year agreement expired at the end of March 1982 and the new public sector wage settlement is to average less than 14 per cent paid retroactive to April 1982, with no increase in the second year. Details of the various revenue measures are shown in Statistical Appendix Table 16.

^{1/} As a result of these various changes, total payroll levies, which had been reduced from 10.75 per cent of insurable earnings to 7.25 per cent at the beginning of 1981 with the abolition (as planned) of the employment levy, rose to 15 per cent of insurable earnings. Using the proceeds of the new pension levy, the National Insurance Fund took over responsibility for noncontributory old age pensions, previously paid out of general revenues.

Revenue collections in the first quarter of the fiscal year were below budget estimates, particularly import duties. On the other hand, capital outlays were also significantly below the budgeted level. The budget projections were reviewed by the authorities with the mission and adjustments made for these factors. On the assumption of a wage settlement costing about BDS\$25 million (gross), equivalent to an increase of about 14 per cent on the average pay scale, the fiscal deficit for FY 1982/83 is now projected at BDS\$72 million, or 3.5 per cent of GDP, which represents a reduction equivalent to 3 per cent of GDP compared with FY 1981/82. This deficit would be financed by net foreign borrowing of BDS\$35 million--mainly disbursements on projects financed by multilateral agencies--and by net borrowing from the Central Bank in an equal amount. The remaining BDS\$2 million would be raised from domestic nonbank sources. The credit program for the year ending March 1983 conforms with this budget target.

At the time of the discussions, the forthcoming public sector wage agreement had not been finalized. The public service unions were demanding a settlement of 25-39 per cent and the Government had offered BDS\$22 per week across-the-board, which would be equivalent to increases of some 2.5 per cent at the top of the scale and about 17-1/2 per cent at the bottom for the two-year settlement, retroactive to April 1982.

The authorities stated their determination to ensure that the settlement was within the parameters provided in the budget forecasts just referred to. In the event that these parameters were to be breached, they would take offsetting measures, including reductions in employment, to ensure that the fiscal program would remain on track. They also agreed with the staff that a settlement that breached the contemplated 7 per cent a year would have other implications because of the public sector's role as a wage pacesetter in the economy (see p. 12 below). Subsequently, on August 9, 1982, the Government announced a wage award of BDS\$25 per week, which averages about 14 per cent for the two-year contract. This was the settlement contemplated in the program.

With continued moderation of the growth of current and capital outlays in FY 1983/84, the further reduction in the fiscal deficit to 1.8 per cent of GDP, the target for the second year of the program, seems achievable with the revenue measures already in place, as there will be no wage increase in FY 1983/84. The relatively modest further adjustments contemplated for the next fiscal year consist mainly of a reduction in transfers to state enterprises, particularly to the Transport Board.

c. Credit policies and interest rates

Late in 1981 credit policies were tightened significantly and interest rates were raised. In September, the reserve requirement that must be met with bank holdings of government securities was raised from 12 to 17 per cent of total deposit liabilities. At the time the banks had excess holdings of government securities equivalent to about 8 per cent of their deposit liabilities, and the move was designed to prevent

banks from divesting themselves of government paper in order to expand credit. Banks were also instructed to reduce outstanding consumer credit by 10 per cent by March 1982 and this ceiling remains in force. The minimum savings deposit rate was raised to 8 per cent and the maximum average lending rate for the banks was raised in two steps to 15 per cent, although the maximum mortgage lending rate remained at 12 per cent. The Central Bank's general rediscount rate was also raised in two steps from 10 to 22 per cent. Treasury bill rates were allowed to rise and surged from less than 8 per cent in mid-1981 to over 16 per cent in January 1982 before settling back to the current level of about 13 per cent. Attractive new instruments have been made available to savers, such as a BDS\$20 million issue of sugar bonds which earn 14 per cent interest tax free. With these various moves, interest rate levels in Barbados have risen by 4-5 percentage points since the end of 1980 and the structure of interest rates in Barbados is now broadly aligned with rates prevailing abroad, and is positive in relation to the current and the projected inflation rates.

The maintenance of an interest rate ceiling on mortgage loans below that on other lending rates was designed to curb the growth of mortgage lending particularly sharply. The authorities are now considering raising the ceiling on mortgage rates so as to eliminate the distortions that it is creating.

As noted previously, there has been a noticeable slowdown in the growth of credit to the private sector in recent months: in the first five months of 1982 such credit declined by 2 per cent as against an increase of 9 per cent in the same period of the last year. The credit program for FY 1982/83 is expected to leave room for an increase of about 9 per cent in bank credit to the private sector, compared with increases of about 20 per cent a year in the preceding four years.

The ceiling under the program on the net domestic assets of the Central Bank and on domestic banking system credit to the nonfinancial public sector allows some BDS\$35 million in Central Bank lending to the Government in the present fiscal year; the rest of the public sector is not expected to be a net borrower from the domestic banking system. The ceiling leaves room for Central Bank special rediscounts (through the Barbados National Bank) to the sugar industry, which has required substantial credit accommodation because of the fall in international sugar prices and two successive poor crops. The proceeds of the sugar bond, referred to earlier, are expected to be on-lent to the sugar producers through the BNB at an interest rate subsidized by the Treasury, to enable the sugar producers to reduce their outstanding overdrafts and loans, which have increased substantially over the past 12 months.

d. Wage policy

During most of the second half of the 1970s industrial relations were generally calm and the wage increases granted do not appear to have resulted in a measurable deterioration in unit labor costs relative to

Barbados' principal trading partners and competitors. These factors contributed to Barbados' marked success in attracting foreign investment in export manufacturing during those years.

In the last two years, however, the pace of wage settlements has accelerated, and industrial relations have deteriorated. In 1980-81 wages appear to have risen by about 15 per cent a year, from 7 to 10 per cent a year previously (Statistical Appendix Table 11). The 1980 public sector wage agreement, which provided a 31 per cent increase on average for the two-year period, had been a pacesetter in this regard. There was a similar settlement in the hotel industry in January 1981. In February 1982, after a brief strike, the Government legislated a maximum wage increase of 10 per cent a year for two years for the sugar sector.

The authorities are concerned about the consequences for the island's international competitiveness of increasing wage costs coupled with the appreciation of the Barbados dollar on a trade-weighted basis, and are convinced that the rate of increase in wages must be curbed decisively. These considerations have been stated forcefully on a number of occasions--for example, in the April 1982 budget speech, where the linkage between the pace of wage settlements, international competitiveness, and the exchange rate was made clear. The pending public sector wage agreement, therefore, was felt to be crucial to the success of the Government's program not only because of its fiscal impact, but even more significantly because of its demonstration effect on wage awards in the private sector. The authorities agreed with the staff that a settlement greater than about 7 per cent a year, the level envisaged, might lead to unacceptably high wage settlements in the rest of the economy, especially in the tourist industry whose two-year contract expires at the end of 1982; this would have a direct repercussion on exchange rate policy.

e. Exchange and trade policies

The authorities give great importance to maintaining a stable relationship of the Barbados dollar with the U.S. dollar, and since mid-1975, the Barbados dollar has been pegged at BDS\$2 per US\$1. Between 1975 and 1980, the Barbados dollar maintained its real value virtually unchanged against a trade-weighted average of the currencies of its principal trading partners. During 1981, however, it appreciated by over 8 per cent, and in the first six months of 1982 it appreciated by a further 6 per cent in real terms (Chart 1 and Statistical Appendix Table 33). Countries which receive about 90 per cent of the tourist volume in the Caribbean region (excluding Mexico) are also pegged to the U.S. dollar and have appreciated in a similar fashion. The authorities consider that with the adjustment measures in place, there was not a strong case for a devaluation; Barbados' tourism had not performed worse than the regional average, and its manufactured exports continue to perform relatively well. However, they recognize the importance of maintaining the country's international competitiveness and intend to keep the exchange rate under review in light of the balance of payments performance and wage trends.

The exchange system is free of restrictions on payments and transfers for current international transactions, but Barbados maintains a fairly elaborate set of controls on capital transactions. There are limits of BDS\$1,500 and BDS\$6,000 per person a year, respectively, on the amount of foreign exchange authorized dealers may sell for tourist and business travel abroad. The authorities have stated that these limits are designed to restrict capital movements. Applications for travel in excess of these limits are granted provided no disguised transfer of capital seems to be involved.

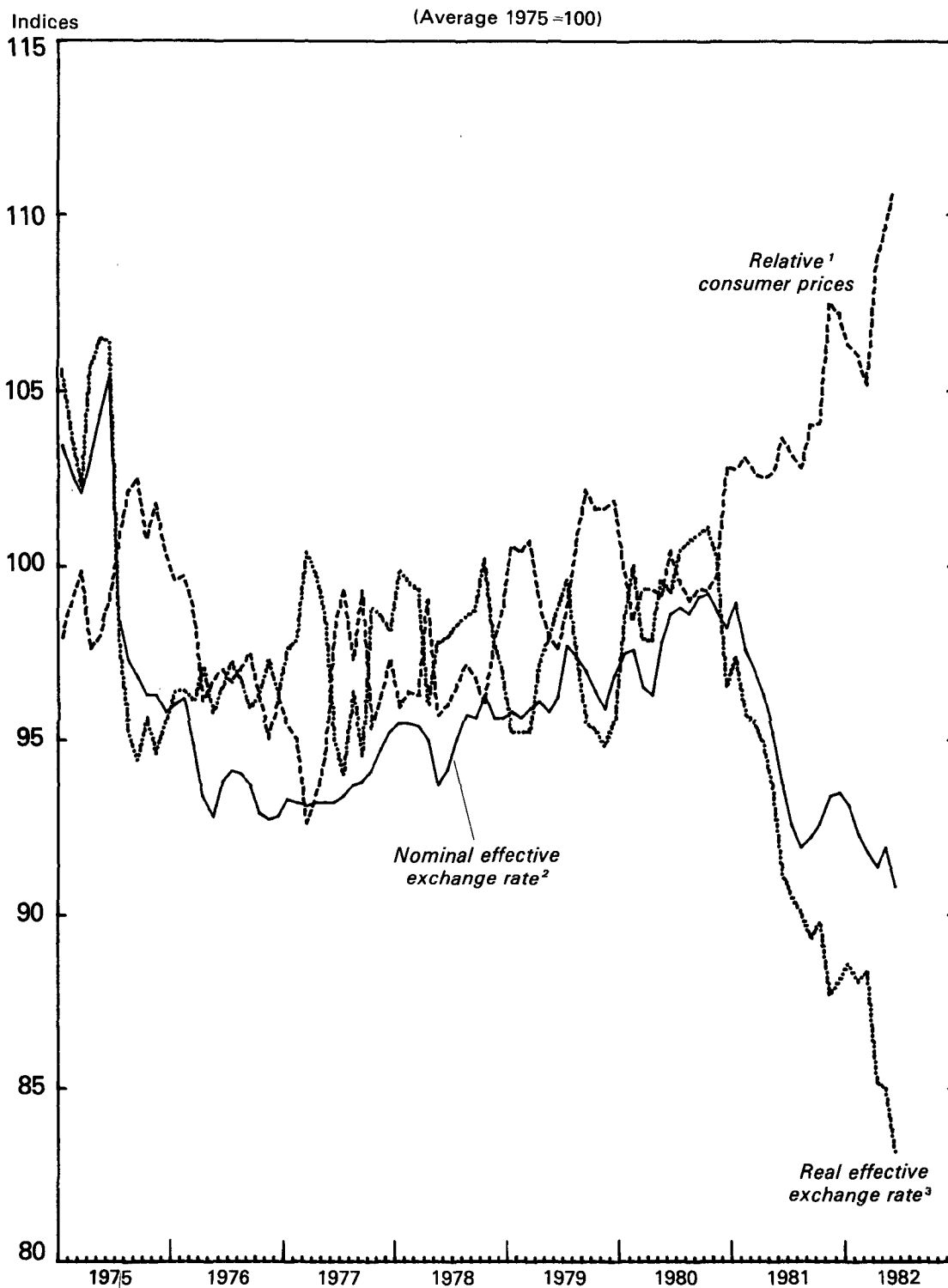
There are fees on purchases of foreign exchange for private remittances abroad (except for remittances for payments of imports, travel allowances, education, and nontrade services of less than BDS\$50) which vary from the equivalent of 4 per cent to less than 1 per cent of the value of the transaction. This involves a multiple currency practice for which Executive Board approval has been extended until December 31, 1982. The authorities have stated that these fees will be removed at the latest with the next budget for FY 1983/84. The principal import restriction that could be considered to be mainly for balance of payments purposes is a quota on imports of passenger cars and small commercial vehicles; however, this quota should also be viewed as part of a transportation policy that emphasizes public transport through an island-wide single bus fare system, and is seeking to restrain the growth of the vehicle stock on the island's overcrowded roads. The quota for 1982 is US\$7.5 million, compared with US\$12.5 million in 1981. Barbados also restricts imports of certain minor agricultural products in order to encourage production and consumption of domestic substitutes.

f. Development strategy and energy policies

As noted in the attached letter, the Barbadian Government plans to continue its basic strategy of export-led development. Its policies in this respect are generally regarded as a model for the region. Barbados relies heavily on private initiative and market forces, and the climate for both local and foreign private investment is among the most attractive in the Caribbean. Barbados provides a wide range of fiscal incentives and the Industrial Development Corporation has been successful in attracting new industries, particularly in the electronics sector. More recently, however, there has been a decline in investment applications due to the cyclical downturn abroad.

Because of the narrowness of the resource base, the scope for direct action to relieve the balance of payments constraint is quite limited. The principal possibilities lie in the agriculture, fishing, and energy sectors. Barbados produces about one fifth of its oil requirements. Deep-drilling carried out in 1981-82 did not locate any major deposits. Nevertheless, it still seems probable that with continued shallow drilling, Barbados can reach virtual self-sufficiency in oil by the end of the 1980s. Because equipment was diverted to the deep-drilling program, shallow drilling was interrupted in 1981 and local production dropped by about 25 per cent. With the resumption of shallow drilling, it is expected that production will recover in 1982.

CHART 1
BARBADOS
EXCHANGE RATE INDICES



¹Barbados price index relative to partner countries' price indices.

²Nominal trade weighted effective exchange rate. Average value of partner countries' currencies in terms of Barbados dollars. Decline in index represents appreciation of Barbados dollar.

³Real effective exchange rate: Nominal trade weighted rate adjusted for relative consumer price index. Decline in index represents a real appreciation of the Barbados dollar.

The oil field is presently owned and operated by a major foreign oil company, which recently indicated that it planned to discontinue production in Barbados as well as in other small non-U.S. producing operations, and offered to sell its producing assets in the island to the Barbados National Gas and Oil Company. The purchase agreement was signed in August 1982 for US\$12.0 million.

As regards conservation, international oil price increases have been fully passed on to consumers (premium gasoline currently retails for the equivalent of US\$2.09 per American gallon). Natural gas that was previously flared is now piped into the domestic grid, and the substitution of low speed diesel generators for steam turbines and medium speed diesels under the almost completed power project will cut the use of petroleum products per unit of power generated by 20-30 per cent.

III. Performance Criteria, September 1982 to March 1983

The authorities' financial program for the period through March 1983 includes three quantitative performance criteria (Table 6). These are: (1) a quarterly ceiling on the net domestic assets of the Central Bank of Barbados; (2) a limit on the net credit of the domestic banking system to the nonfinancial public sector, performance under which will be tested quarterly on December 31, 1982, and March 31, 1983; (3) a ceiling on the nonfinancial public sector's contracting and guaranteeing of foreign indebtedness with a maturity range of one to ten years. This ceiling covers the entire period of the arrangement but will be reviewed for the period of the arrangement after April 30, 1983 (see Table 6).

In addition to these quantitative performance criteria, the program also contains as performance clauses (1) the customary provision on the restrictive system; and (2) a review to reach understandings on policies and performance criteria relating to the period April 1, 1983-March 31, 1984.

Table 6. Barbados: Quantitative Performance Criteria
Through March 31, 1983

	1982			Limits	
	Actual		Proj.	Dec. 31	Mar. 31
	Mar. 31	June 30	Sept. 30	1982	1983
(In millions of Barbados dollars)					
Net domestic assets <u>1/</u>	35	43	77	111	97
Banking system credit to nonfinancial public sector	116	...	146	180	151
(In millions of U.S. dollars)					
External debt autho- rization <u>2/</u>	--	--	35	35	35

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

1/ Central Bank. Defined as currency issue and the counterpart of any new issue of SDRs, minus net international reserves.

2/ Growth of external debt authorizations with maturities of one to ten years of the public sector, defined as the Central Government, the public enterprises, and the private sector with government guarantee.

IV. Staff Appraisal

The international recession has had a serious adverse impact on the highly open Barbadian economy. After five years during which economic growth had averaged 5 per cent a year, real GDP declined by about 3 per cent last year and a further decline is expected in 1982. With the slowdown in exports and tourism, the balance of payments weakened dramatically and substantial foreign debt began to be incurred.

Over the past year the Barbadian authorities have implemented a series of adjustment measures designed to curb the growth of domestic demand and stabilize the economy. The principal element of the program is a planned reduction equivalent to about 5 per cent of GDP in the fiscal deficit over the fiscal years 1982/83 and 1983/84. This will return the deficit close to the levels registered in the late 1970s. This fiscal adjustment is being accompanied by tight credit policies and a rise in domestic interest rates.

The acceleration in wages and the appreciation of the Barbados dollar on a trade-weighted basis over the last two years have exacerbated the island's balance of payments adjustment problem. Given the authorities' preference for maintaining a fixed peg to the U.S. dollar, wage restraint is essential in order to protect the country's competitiveness and to maintain employment levels. In this context holding the public sector wage agreement to a moderate amount is critical not only for the achievement of the fiscal targets of the program, but also because of its demonstration effect for the private sector, where wage settlements need to be considerably smaller than those registered in the last year or two. The adequacy of the present exchange rate will need to be kept under close review in light of developments in wages and in the balance of payments.

The staff believes that the current stance of credit policies and the present level of interest rates is broadly appropriate, with the exception perhaps of the present ceiling on mortgage interest rates. Raising that ceiling would help reduce distortions that are being created in the financial system.

The staff welcomes the statement of the authorities that they intend to eliminate the fees on certain foreign exchange sales that give rise to a multiple currency practice, by the next budget in April 1983. In the meantime the staff recommends that the Executive Board grant approval for the maintenance of this multiple currency practice until the mid-term review of the stand-by arrangement.

The staff believes that the economic program of Barbados for the period to April 1983, and the authorities' policies in general, are appropriate to achieve the objectives of balance of payments adjustment and a resumption of growth.

VI. Proposed Decision

The following draft decision is proposed for adoption by the Executive Board:

1. The Government of Barbados has requested a stand-by arrangement for the period from _____ to May 31, 1984 in an amount equivalent to SDR 31.875 million.

2. The Fund approves the stand-by arrangement attached to EBS/82/150.

3. The Fund waives the limitation in Article V, Section 3(b)(iii) of the Articles of Agreement.

4. The retention by Barbados of fees on certain purchases of foreign exchange gives rise to a multiple currency practice. The Fund welcomes the intention of the Barbados authorities to eliminate this multiple currency practice by the next budget in April 1983. In the meantime, the Fund extends approval for this multiple currency practice until April 30, 1983.

Barbados: Summary of the Financial Program for 1982/83

I. Major Assumptions

1. Real GDP is expected to drop by 2.2 per cent in 1982 and recover by 1.5 per cent in 1983. Agricultural production is expected to increase moderately in 1983 after declines in 1981 and 1982. A recovery is also expected for the tourist sector in 1983 after declines in the two previous years.
2. The terms of trade are expected to deteriorate by about 4 per cent in 1982 with the drop in sugar prices, and to improve by 1 per cent in 1983. For price and quantity assumptions on sugar and molasses' exports see Statistical Appendix Table 28.
3. The ratio of money and quasi-money to GDP is expected to remain level at 43.7 per cent in 1982 and 1983.
4. No change is assumed in the nominal exchange rate of BDS\$2 to US\$1.
5. Inflation, as measured by the annual average rate of increase in the consumer price index, is projected to decline from 14.6 per cent in 1981 to 9.7 per cent in 1982 and to 8.5 per cent in 1983.

II. Targets

1. The balance of payments overall deficit is to be reduced from US\$54 million in 1981 to US\$32.5 million in 1982 and to US\$7.5 million in 1983, or from the equivalent of 5.8 per cent of GDP in 1981, to 3.2 per cent in 1982, and to 0.7 per cent in 1983. The overall deficit is defined in terms of changes in the net international reserves of the monetary authorities, and is to be tested quarterly.

The domestic investment is expected to rise to 25 per cent of GDP in 1982-83, as a drop in public investment is offset by an increase in private investment in two large cement and power projects.

III. Principal Elements of the Program

1. Fiscal policy

The overall deficit of the Central Government and the National Insurance Fund is to be reduced from BDS\$123 million, the equivalent of 6.6 per cent of GDP, in FY 1981/82 to BDS\$72 million, or 3.5 per cent of GDP in FY 1982/83. Revenues are expected to increase by the equivalent of 1.6 per cent of GDP, boosted by a package of discretionary measures which are described in detail in Statistical Appendix Table 16. The combined impact of the revenue measures is estimated at 2.6 to 3 per cent of GDP, but this will be partially neutralized by such factors as

lower income tax receipts, a decline in dutiable imports, etc., whose combined net effect adds up to around 1 per cent of GDP. The increase in revenues will be sufficient to cover the public sector wage increase of 14 per cent, for the two-year period FY 1982/83-FY 1983/84 paid retroactive to April 1982, while maintaining the current account surplus of the Central Government and National Insurance Fund at BDS\$50 million (2.5 per cent of GDP) in FY 1982/83. Capital expenditure and net lending has been cut back to BDS\$122 million, a reduction equivalent to 3.3 per cent of GDP compared with the preceding year.

2. Money and credit

(a) A limit on the expansion of net domestic assets of the monetary authorities of BDS\$62 million for the 12 months ending March 30, 1983, which coincides with the Government's fiscal year, with quarterly ceilings as performance criteria. The ceiling for credit expansion for the 12 months ending in March 1984 is to be negotiated in early 1983.

(b) A limit on the expansion of bank credit to the nonfinancial public sector of BDS\$35 million for the 12 months ending March 30, 1983, with ceilings as performance criteria.

(c) Alignment of interest rates with international levels. The permitted average lending rate of banks has been raised to 15 per cent, the minimum deposit rate to 8 per cent, the general rediscount rate to 22 per cent, and the rate on Treasury bills is currently 13 per cent.

3. External sector

(a) New authorizations for external borrowing by the nonfinancial public sector, and the private sector with government guarantee with maturities of one to ten years will not exceed US\$35 million during the program period, subject to review in early 1983.

(b) Exchange rate to be kept under review in light of developments in the balance of payments and in wage rates.

(c) Existing multiple currency practice to be eliminated by next budget in April 1983.

BARBADOS

Area and population

Area	166 sq. miles (430 sq. kilometers)
Population (1981)	250 thousand
Annual rate of population increase (1977-81)	0.3 per cent
Unemployment rate (1981)	10.8 per cent

GDP (1981)

SDR 798.0 million
US\$930.4 million
BDS\$1,860.8 million

GDP per capita (1981)

SDR 3,156

	1979	1980	1981	Proj. 1982
		(per cent)		
<u>Origin of GDP</u>				
Agriculture and fishing	10	10	9	9
Manufacturing	12	12	12	13
Tourism	14	14	13	12
Construction	7	7	8	7
Government	13	13	13	13
Other	44	44	45	46
<u>Ratios to GDP</u>				
Exports of goods and nonfactor services	68.7	72.6	63.7	57.5
Imports of goods and nonfactor services	73.1	75.0	73.3	68.0
Current account of the balance of payments	-3.2	-0.8	-8.9	-10.0
Central government revenues	14.8	22.9	9.1	16.6
Central government expenditures	19.2	32.2	19.4	4.9
Central Government savings	2.8	2.8	0.9	0.5
Central Government overall surplus or deficit (-)	-3.5	-5.5	-8.3	-5.4
External public and government-guaranteed debt (end of year)	10.1	11.6	17.6	18.1
Gross domestic savings	18.0	20.6	15.5	12.0
Gross investment	22.4	23.0	25.0	22.5
Money and quasi-money (end of year)	44.2	42.1	42.6	43.2

Annual changes in selected economic indicators

Real GDP per capita	7.3	4.3	-3.3	-2.8
Real GDP	7.9	4.9	-2.7	-2.2
GDP at current prices	20.9	22.9	12.2	9.6
Domestic expenditure (at current prices)	20.6	20.6	20.6	9.6
Investment	(18.7)	(26.2)	(18.0)	(14.9)
Consumption	(21.1)	(19.0)	(20.6)	(9.4)
GDP deflator	11.7	15.3	13.6	10.0
Consumer prices (annual averages)	13.2	14.0	14.6	9.7
Central government revenues	15.2	24.3	6.0	15.2
Central government expenditures	18.7	33.2	17.1	2.1
Money and quasi-money	25.2	17.1	13.4	11.2
Money	(37.8)	(15.1)	(-0.1)	(10.0)
Quasi-money	(20.0)	(18.0)	(19.8)	(11.7)
Net domestic bank assets 1/	24.8	12.1	31.8	11.0
Credit to public sector (net)	(25.9)	(-3.1)	(9.2)	(4.3)
Credit to private sector	(24.6)	(16.4)	(18.3)	(9.0)
Merchandise exports (f.o.b., in U.S. dollars)	37.9	36.7	-9.2	2.7
Merchandise imports (c.i.f., in U.S. dollars)	32.0	26.5	9.2	1.9
Travel receipts (gross, in U.S. dollars)	31.4	22.0	3.3	-4.0

<u>Central government finances (fiscal year from April 1)</u>		<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>Proj. 1982</u>
		(millions of Barbados dollars)			
Revenues		343.2	427.8	452.7	521.7
Expenditures		389.8	519.2	608.0	620.5
Current account surplus or deficit (-)		38.2	45.8	16.2	48.2
Overall surplus or deficit		-46.6	-91.4	-155.3	-98.8
External financing (net)		12.1	78.7	91.2	47.8
Internal financing (net) and residual		34.5	12.7	64.1	51.0
<u>Balance of payments</u>		(millions of U.S. dollars)			
Domestic exports (f.o.b.)		147.8	202.1	183.5	188.5
Merchandise imports (c.i.f.)		-415.4	-525.5	-574.1	-585.0
Travel (net)		195.0	234.5	242.0	229.5
Investment income (net)		-11.0	-8.5	-19.0	-22.5
Other services and transfers (net)		65.0	90.2	84.6	87.0
Balance on current and transfer accounts		-18.6	-7.2	-83.0	-102.5
Official capital (net)		7.3	27.1	47.2	22.5
Private capital (net) and errors and omissions		18.6	-2.3	9.8	47.5
SDR allocations		2.4	2.3	1.5	--
Change in official net reserves (increase -)		-9.7	-19.9	24.5	32.5
<u>International reserve position</u>		June 30 Dec. 31 June 30 1981 1981 1982			
		(millions of SDRs)			
Central Bank (gross)		56.0	87.4	51.6	
Central Bank (net)		46.1	30.5	21.6	
Central Government (gross; no liabilities)		14.7	16.5	18.0	

1/ In relation to liabilities to the private sector at beginning of period. Excludes contra-entry of SDR allocations.

Fund Relations with Barbados
(As of July 31, 1982)

Date of membership: December 29, 1970.

Status: Article XIV.

Quota: SDR 25.5 million.

Fund holdings of Barbados dollars:	Millions of SDRs	Per Cent of Quota
Total	25.52	100.1
Oil facilities	(--)	(--)
Compensatory finan- cing facility	(0.02)	(0.1)
General account	(25.50)	(100.0)

SDR Department:	Millions of SDRs	Per cent of net Cumulative Allocation
Net cumulative allocation	8.04	100.0
Holdings	.02	0.3

Direct distribution of
profits of gold
sales: US\$2.09 million.

Gold distribution
(four distributions): 11,125.930 fine ounces.

Exchange rate: BDS\$2.00 per U.S. dollar.

Exchange restrictions: On December 7, 1981, the Executive Board extended the approval for the retention by Barbados of an exchange restriction resulting in a multiple currency practice, until December 31, 1982.

Recent contacts: The last Article IV consultation discussions were held September 8-18, 1981. The consultation was concluded by the Executive Board on December 7, 1981. Staff missions visited Barbados during March 1-11 and July 6-16, 1982.

Barbados: Selected Economic and Financial Indicators, 1980-82

	Actual 1980	Prel. 1981	Projected		
			1982	1983	1984
(Annual per cent changes, unless otherwise specified)					
National income and prices					
GDP at constant prices	4.9	-2.7	-2.2	1.5	3.0
GDP deflator	15.3	13.6	10.0	8.5	9.0
Consumer prices	14.0	14.6	9.7	8.5	7.0
External sector (on the basis of U.S. dollars)					
Exports, f.o.b.1/	168.0	148.5	163.5	179.5	198.0
Imports, c.i.f. (retained)	444.2	507.1	525.0	551.0	585.0
Non-oil imports, c.i.f.	411.5	443.0	485.0	506.0	536.0
Export volume 1/	22.5	-16.6	11.7	4.7	6.0
Import volume 1/	1.6	1.6	--	1.0	2.5
Terms of trade (deterioration -)	1.7	0.2	-4.0	1.1	--
Nominal effective exchange rate (depreciation -)	-1.8	3.7	2.6	--	--
Real effective exchange rate (depreciation -)	-3.0	7.6	5.9	--	--
Money and credit					
Domestic credit 2/	13.4	30.4	10.0	15.7	9.9
Public sector 2/	-1.5	9.2	28.3	4.2	--
Private sector 2/	16.1	18.3	10.1	7.6	10.2
Money and quasi-money (M2)	17.1	13.4	11.2	9.4	8.5
Velocity (GDP relative to M2)	2.5	2.4	2.3	2.3	2.3
Interest rate (annual rate one-year savings)	4.9	7.2	8.2	9.2	9.2
(Fiscal years ending March)					
	1979/80	1980/81	1981/82	Est. 1982/83	Proj. 1983/84
General government budget 3/					
Revenue and grants	14.8	22.9	9.1	16.2	9.7
Total expenditure	19.2	32.2	19.4	4.9	3.9
(In per cent of GDP)					
Gross domestic investment	23.0	24.2	25.3	...	...
Gross domestic savings	20.6	14.6	14.8	...	...
Current account deficit (BOP)	-0.8	-8.9	-10.0	-7.2	-3.2
External debt					
Inclusive of use of Fund credit 4/	12.7	21.8	22.8	28.4	27.5
Debt service ratio (in per cent of exports of goods and services)5/	5.1	5.6	13.4	7.5	7.1
Interest payments (in per cent of exports of goods and services)5/	1.6	3.1	3.7	4.0	4.3
(Fiscal years ending March)					
	1979/80	1980/81	1981/82	Est. 1982/83	Proj. 1983/84
General government overall deficit 3/	-1.6	-3.8	-6.6	-3.5	-1.8
Central government savings	2.8	2.8	0.9	0.5	2.4
Central government budget deficit	-3.5	-5.5	-8.3	-5.4	-3.6
Domestic financing	2.6	0.8	3.5	3.9	1.8
Foreign financing	0.9	4.7	4.9	1.7	1.8
(In millions of U.S. dollars)					
Overall balance of payments deficit (-)6/	2.5	-54.0	-32.5	-7.5	7.5
Gross official reserves (months of retained imports)	2.8	2.5	1.4	1.5	1.7
External payments arrears	--	--	--	--	--

1/ Domestic exports: excludes re-exports and oil bunker sales.

2/ Excluding counter-entry of SDR allocations; and in relation to liabilities to the private sector at beginning of period.

3/ Defined as the consolidated account of the Central Government and the Social Security system.

4/ Includes Central Bank foreign liabilities.

5/ Domestic exports and tourism only.

6/ Includes budget/balance of payments support loans to the Government.

Barbados: Financial Relations of
the World Bank Group with Barbados

(In millions of U.S. dollars)

	Outstanding as of June 30, 1982			
	Disbursed	Undisbursed	Total	Repayments
Total IBRD	5.87	29.83	35.70	--
Education	3.55	5.45	9.00	--
Tourism	0.51	7.49	8.00	--
Industry	1.81	8.19	10.00	--
Power	--	6.00	6.00	--
Technical assistance (agriculture and energy)	--	2.70	2.70	--
Fiscal year (July 1-June 30)	Actual			Proj,
	1979/80	1980/81	1981/82	1982/83
Net disbursements	0.23	2.20	5.87	12.18
Disbursements	0.23	2.20	3.67	13.60
Repayments	--	--	--	1.42

Source: IBRD.

Stand-by Arrangement--Barbados

Attached hereto is a letter dated _____ from the Prime Minister and Minister of Finance of Barbados and the Governor of the Central Bank of Barbados requesting a stand-by arrangement and setting forth:

- (a) the objectives and policies that the authorities of Barbados intend to pursue for the period of this stand-by arrangement;
- (b) the policies and measures that the authorities of Barbados intend to pursue for the first period of this stand-by arrangement until April 29, 1983; and
- (c) understandings of Barbados with the Fund regarding a review that will be made of progress in realizing the objectives of the program and of the policies and measures that the authorities of Barbados will pursue for the remaining period of this stand-by arrangement.

To support these objectives and policies the International Monetary Fund grants this stand-by arrangement in accordance with the following provisions:

1. For the period from _____ to May 31, 1984, Barbados will have the right to make purchases from the Fund in an amount equivalent to SDR 31.875 million, subject to paragraphs 2, 3, 4, and 5 below, without further review by the Fund.
2. (a) Until May 31, 1983 purchases under this stand-by arrangement shall not, without the consent of the Fund, exceed the equivalent of SDR 16,275,000, provided that purchases shall not exceed the equivalent of SDR 9,562,500 until January 30, 1983, and the equivalent of SDR 12,375,000 until April 30, 1983.

(b) The right of Barbados to make purchases during the remaining period of this stand-by arrangement shall be subject to such phasing as shall be determined.

(c) None of the limits in (a) or (b) above shall apply to a purchase under this stand-by arrangement that would not increase the Fund's holdings of Barbados' currency in the credit tranches beyond 25 per cent of quota or increase the Fund's holdings of that currency resulting from purchases of borrowed resources beyond 12.5 per cent of quota.
3. Purchases under this stand-by arrangement shall be made from ordinary resources and with borrowed resources in the ratio of 2 to 1 until purchases under this arrangement reach the equivalent of SDR 9,562,500, then from ordinary and borrowed resources in the ratio

of 1 to 1.2, provided that any modification by the Fund of the proportions of ordinary and borrowed resources shall apply to amounts that may be purchased after the date of modification.

4. Barbados will not make purchases under this stand-by arrangement that would increase the Fund's holdings of Barbados' currency in the credit tranches beyond 25 per cent of quota or increase the Fund's holdings of that currency resulting from purchases of borrowed resources beyond 12.5 per cent of quota:

- (a) during any period before April 30, 1983 in which the data at the end of the preceding period indicate that
 - (i) the limit on net domestic assets of the monetary authorities described in paragraph 8 of the attached letter, or
 - (ii) the limit on banking system's credit to the non-financial public sector described in paragraph 9 of the attached letter, or
 - (iii) the limit on authorizations of new public and publicly guaranteed foreign indebtedness described in paragraph 10 of the attached letter;are not observed, or
- (b) during any period after April 29, 1983 in which understandings have not been reached on exchange rate policy and on the limits in (a)(i), (ii), and (iii) above for the remaining period of the arrangement as contemplated by paragraph 11 of the attached letter, or after such understandings have been reached, while they are not being observed;
- (c) during the entire period of this stand-by arrangement, if Barbados
 - (i) imposes restrictions on payments and transfers for current international transactions, or
 - (ii) introduces new or modifies existing multiple currency practices, or
 - (iii) concludes bilateral payments agreements which are inconsistent with Article VIII, or
 - (iv) imposes or intensifies import restrictions for balance of payments reasons.

When Barbados is prevented from purchasing under this stand-by arrangement because of this paragraph 4, purchases will be resumed only after consultation has taken place between the Fund and Barbados and understandings have been reached regarding the circumstances in which such purchases can be resumed.

5. Barbados' right to engage in the transactions covered by this stand-by arrangement can be suspended only with respect to requests received by the Fund after (a) a formal ineligibility, or (b) a decision of the Executive Board to suspend transactions, either generally or in order to consider a proposal, made by an Executive Director or the Managing Director, formally to suppress or to limit the eligibility of Barbados. When notice of a decision of formal ineligibility or of a decision to consider a proposal is given pursuant to this paragraph 5, purchases under this arrangement will be resumed only after consultation has taken place between the Fund and Barbados and understandings have been reached regarding the circumstances in which such purchases can be resumed.

6. Purchases under this stand-by arrangement shall be made in the currencies of other members selected in accordance with the policies and procedures of the Fund, and may be made in SDRs if, on the request of Barbados, the Fund agrees to provide them at the time of the purchase.

7. The value date of a purchase under this stand-by arrangement involving borrowed resources will be normally either the 15th day or the last day of the month, or the next business day if the selected day is not a business day. Barbados will consult the Fund on the timing of purchases involving borrowed resources.

8. Barbados shall pay a charge for this stand-by arrangement in accordance with the decisions of the Fund.

9. (a) Barbados shall repurchase the outstanding amount of its currency that results from a purchase under this stand-by arrangement in accordance with the provisions of the Articles of Agreement and decisions of the Fund, including those relating to repurchase as Barbados' balance of payments and reserve position improves.

(b) Any reductions in Barbados' currency held by the Fund shall reduce the amounts subject to repurchase under (a) above in accordance with the principles applied by the Fund for this purpose at the time of the reduction.

(c) The value date of a repurchase in respect of a purchase financed with borrowed resources under this stand-by arrangement will be normally either the 6th day or the 22nd day of the month, or the next business day if the selected day is not a business day, provided that repurchase will be completed not later than seven years from the date of purchase.

10. During the period of the stand-by arrangement Barbados shall remain in close consultation with the Fund. These consultations may include correspondence and visits of officials of the Fund to or of representatives of Barbados to the Fund. Barbados shall provide the Fund, through reports at intervals or dates requested by the Fund, with such information as the Fund requests in connection with the progress of Barbados in achieving the objectives and policies set forth in the attached letter.

11. In accordance with paragraph 13 of the attached letter Barbados will consult the Fund on the adoption of any measures that may be appropriate at the initiative of the government or whenever the Managing Director requests consultation because any of the criteria in paragraph 4 above have not been observed or because he considers that consultation on the program is desirable. In addition, after the period of the arrangement and while Barbados has outstanding purchases in the upper credit tranches, Government will consult with the Fund from time to time, at the initiative of the Government or at the request of the Managing Director, concerning Barbados' balance of payments policies.

Bridgetown, Barbados
August 23, 1982

Mr. J. de Larosière
Managing Director
International Monetary Fund
Washington, D.C. 20431
U.S.A.

Dear Mr. de Larosière:

1. During 1981 and the first half of 1982 Barbados has been adversely affected by the recession in the industrial countries. Domestic factors, which led to a substantial reduction in agricultural output and oil production, exacerbated the difficulties in 1981. Real GDP contracted by 2.7 per cent last year and is projected to decline by a further 2.2 per cent in 1982; this compares with an average real growth rate of 5 per cent a year for the previous five years. The decline in output has been concentrated almost entirely in the major export sectors (sugar, tourism, and manufacturing) whose strong performance had been the driving force behind the expansion of the economy in recent years. Domestically oriented sectors, particularly construction and distribution, still remained generally buoyant. The unemployment rate fell to an all-time low of less than 10 per cent in 1981 while the rate of inflation averaged close to 15 per cent, up from 13 per cent a year in the previous two years. More recently, however, domestic activity has weakened; unemployment has begun to rise again, while the annual rate of increase in prices averaged less than 11 per cent in the first five months of 1982.

2. Domestic demand was sustained by expansionary fiscal policies last year. Measures taken in FY 1981/82 to reduce direct taxes were not matched by compensating changes in indirect taxes. Current revenue of the Central Government and National Insurance Fund rose by 9 per cent to BDS\$508 million; by contrast, current expenditure rose by 17 per cent to BDS\$459 million, reducing the current account surplus sharply. Despite curbs on capital spending introduced last September, capital outlays rose from BDS\$140 million in FY 1980/81 to BDS\$175 million in FY 1981/82. The overall deficit of the Central Government and National Insurance Fund increased from BDS\$63 million (3.8 per cent of GDP) to BDS\$124 million (6.6 per cent of GDP) in the same period.

3. With the slowdown in exports and tourism and the continued strength of domestic demand, the current account deficit of the balance of payments widened from US\$7 million, or 1 per cent of GDP, in 1980 to US\$83 million (8 per cent of GDP) in 1981. To accommodate this larger current account deficit, while still achieving a moderate increase in gross official reserves, the Government contracted a US\$30 million Euro-dollar loan and the Central Bank borrowed a further US\$45 million on

commercial terms. Consequently, Barbados' total outstanding external public and public guaranteed debt (including debts of the Central Bank) rose from US\$105 million at the end of 1980 to US\$203 million at the end of 1981, amounting to 22 per cent of GDP in the latter year. Debt servicing rose to US\$23 million, representing a relatively moderate 5.6 per cent of exports of goods and tourist services. The current account deficit is expected to increase further to US\$103 million (10 per cent of GDP) in 1982. The increase, however, represents the impact of two large projects for which long-term financing has already been arranged.

Stabilization policies

4. The Government of Barbados considers that the development strategies and objectives which are set out in the country's Development Plan are still sound and relevant. These include the commitment to the working of a mixed economy, and the pursuit of a broadly based export-led growth. The Government recognizes, however, that in the current unfavourable international environment short-term priority has to be accorded to the implementation of a stabilization programme which is designed to reverse the deterioration in the balance of payments and in the state of public finances. In support of this programme, the Government of Barbados is requesting a stand-by arrangement with the Fund in the amount of SDR 31.875 million. At the same time, the Government is also requesting a purchase under the Decision on Compensatory Financing of Export Fluctuations.

5. Various elements of the stabilization programme have already been put in place by measures taken in September 1981, and in the budget of 1982/83. These include:

- (i) measures intended to reduce the size of the fiscal deficit to less than 2 per cent of GDP by FY 1983/84; these include (a) a cut in capital expenditure in both nominal and real terms and the decision to support only ongoing projects or those financed by international development agencies; (b) strict control of the growth of current expenditure by the streamlining of public services; (c) strong public sector support for wage restraint; (d) measures to raise additional revenues which have included imposition of transport and health levies last September; a package of tax measures expected to yield the equivalent of 1.5 per cent of GDP, introduced with the 1982/83 budget; introduction (also in April 1982) of a payroll levy, yielding the equivalent of a further 1.5 per cent of GDP; and tariff changes in the major public enterprises;
- (ii) restrictive credit policies, particularly on consumer credit;

- (iii) moves to narrow the differential between domestic and international interest rates in order to reduce outflows of capital.

6. As a result of these measures, the deficit of the Central Government and National Insurance Fund for FY 1982/83 is now projected at BDS\$72 million, or 3.5 per cent of GDP (down from 6.6 per cent in FY 1981/82). The deficit would be financed to the extent of BDS\$35 million (net) with medium- and long-term loans already contracted from foreign bilateral and multilateral lending agencies, to the extent of BDS\$2 million from the domestic nonfinancial sector and to the extent of BDS\$35 million from the domestic banking system, which is provided for in the monetary programme described in paragraph 8.

7. Given the overriding need for Barbados to remain internationally competitive, the Government considers that wage restraint is critical to the success of the stabilization effort and to minimizing the rise in unemployment. The wage negotiation in the public sector is particularly significant, therefore, not only for its impact on the fiscal deficit but also because the level of wage settlements in the public sector is normally used as the benchmark against which settlements in other sectors are set. With this in mind, the Government has announced a new two-year wage settlement for the public service amounting to about 7 per cent a year on average.

8. Credit policies will aim at limiting the Central Bank's loss of net foreign exchange reserves to US\$21 million from March 31, 1982 through September 30, 1982, to US\$30 million from March 31, 1982 through December 31, 1982, and to US\$25 million over the twelve months through March 31, 1983. In line with this aim and given the projected increase in currency issue, the net domestic assets of the Central Bank, defined as the difference between the currency issue plus the counterpart of any new SDR allocations, and its net international reserves, which stood at BDS\$43 million at the end of June 1982, and is estimated at BDS\$77 million at the end of September 1982; will not exceed BDS\$111 million through the end of December 1982; and BDS\$97 million through the end of March 1983. Assuming no change in the net foreign asset position of the commercial banks, the programmed Central Bank credit expansion is believed consistent with a total bank credit expansion of about 17 per cent over the twelve months through March 1983 and with an increase of about 10 per cent in credit to the private sector. These credit policies have been reinforced by increases in commercial bank liquidity requirements, selective credit controls, and restrictions on consumer installment lending. Furthermore, interest rates have now risen to levels comparable with those in international markets, and it is hoped that this will arrest the unidentified outflows on the balance of payments.

/s/

 Courtney Blackman
 Governor
 Central Bank of Barbados

Table 7. Barbados: Selected National Accounts Aggregates

	1979	1980	1981	1982	Projected 1983	1984
(In millions of Barbados dollars)						
GDP at current prices	1,350	1,658	1,861	2,040	2,210	2,480
(Annual percentage changes)						
Real GDP (factor cost)	7.9	4.9	-2.7	-2.2	1.5	3.0
GDP (current market prices)	21.3	22.9	12.2	9.6	8.3	12.3
GDP deflator	11.7	15.3	13.6	10.0	8.5	9.0
Consumer price index (annual average)	13.2	14.0	14.6	9.7	8.5	7.0

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

Table 8. Barbados: Industrial Origin of Gross Domestic Product

	1978	1979	1980	Est. 1981	Est. 1982	Proj. 1983
(In millions of Barbados dollars at 1974 prices)						
GDP at factor cost	710.5	766.6	803.4	782.0	764.6	776.0
Sugar	43.0	48.5	57.6	40.3	38.3	41.2
Other agriculture and fishing	29.4	29.3	24.9	26.9	29.0	29.7
Mining and quarrying	1.6	1.6	2.0	1.7	1.8	2.2
Manufacturing	91.2	92.8	98.4	95.4	94.4	95.3
Electricity, gas, and water	14.2	15.8	16.8	16.8	16.8	17.1
Construction	46.3	52.7	56.4	58.7	56.4	57.0
Wholesale and retail trade	129.5	142.0	156.6	158.2	155.0	155.0
Tourism	86.3	107.0	111.0	103.6	95.3	102.9
Transport, storage, and communications	46.6	48.8	49.7	49.7	49.7	50.2
Business and general services	123.0	126.1	128.0	126.7	125.4	125.4
Government services	99.5	102.0	102.0	104.0	102.0	100.0
(Annual percentage change)						
GDP at factor cost	4.8	7.9	4.8	-2.7	-2.2	1.5
Sugar	-15.9	12.9	18.7	-30.0	-5.0	7.5
Other agriculture and fishing	37.8	1.5	-16.1	8.0	8.0	2.5
Mining and quarrying	44.1	3.5	20.8	-18.0	6.0	20.0
Manufacturing	9.1	1.7	6.1	-3.0	-1.0	1.0
Electricity, gas, and water	15.6	11.2	6.5	--	--	2.0
Construction	7.5	13.9	7.0	4.1	-3.9	1.0
Wholesale and retail trade	3.9	9.7	10.3	1.0	-2.0	--
Tourism	11.9	24.1	3.7	-6.7	-8.0	8.0
Transport, storage, and communications	2.5	3.6	3.0	--	--	1.0
Business and general services	1.4	2.5	1.6	-1.0	-1.0	--
Government services	2.5	2.5	--	2.0	-2.0	-2.0

Sources: Barbados Statistical Service; Central Bank of Barbados; and Fund staff estimates.

Table 9. Barbados: National Accounts

(In millions of Barbados dollars)

	1977	1978	1979	1980	Prel. 1981	Proj. 1982
<u>Consumption expenditure</u>	888.7	914.3	1,106.8	1,317.5	1,588.8	1,738.0
Private sector	659.2	667.2	818.9	968.8	1,174.3	1,242.3
General government	229.5	247.1	287.9	348.7	414.5	495.7
<u>Gross domestic investment</u>	194.1	254.5	302.2	381.3	450.0	517.0
Private sector ^{1/}	133.0	178.6	213.6	251.0	280.3	376.6
Public sector ^{2/}	61.1	75.9	88.6	130.3	169.7	140.4
<u>Gross domestic expenditure</u>	1,082.8	1,168.8	1,409.0	1,698.4	2,038.8	2,255.0
Exports of goods and nonfactor services	555.6	696.8	927.6	1,204.2	1,186.2	1,173.0
Imports of goods and nonfactor services	-644.8	-753.6	-986.8	-1,244.6	-1,364.2	-1,388.0
<u>GDP at market prices</u>	993.6	1,112.0	1,349.8	1,658.4	1,860.8	2,040.0
Net subsidies and indirect taxes	103.5	127.6	152.2	168.6	214.1	228.6
<u>GDP at factor cost</u>	890.1	984.4	1,197.6	1,489.8	1,646.7	1,811.4
Factor receipts from abroad	5.4	11.8	17.4	21.6	26.0	48.0
Factor payments abroad	-22.6	-22.8	-39.4	-38.6	-44.0	-73.0
<u>GNP at factor cost</u>	872.9	973.4	1,175.6	1,472.8	1,628.7	1,786.4
<u>GNP at market prices</u>	976.4	1,101.1	1,327.8	1,641.4	1,842.8	2,015.0

Sources: Ministry of Finance and Planning; Central Bank of Barbados; Barbados Statistical Service; and Fund staff estimates.

^{1/} Includes change in stocks.

^{2/} Includes nonfinancial public enterprises.

Table 10. Barbados: Retail Price Index 1/

(March 1980=100)

	Total	Food	Alcoholic Beverages and Tobacco	Housing	Fuel and Light	Household Operations and Supplies	Clothing and Footwear	Transportation	Medical and Personal Care	Education, Recreation, and Miscel- laneous Services
Weights	1.000	.432	.084	.131	.062	.096	.051	.046	.060	.38
1979										
October	95.9	96.7	95.8	99.1	87.4	99.9	84.6	98.2	90.0	98.1
November	96.5	97.3	95.8	99.1	87.4	99.3	89.4	98.3	93.6	98.1
December	97.9	98.4	96.3	97.9	93.7	98.5	97.7	99.2	94.2	98.3
1980										
January	98.5	98.2	99.3	97.9	93.7	98.8	98.1	99.9	100.2	98.3
February	98.3	99.0	99.3	97.9	95.2	99.3	78.5	100.0	100.0	100.0
March	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
April	100.9	101.3	102.6	100.1	97.8	100.0	100.0	102.5	101.4	100.0
May	101.3	101.7	103.7	100.1	99.4	100.3	99.6	102.5	102.5	100.2
June	103.4	104.1	106.8	100.8	99.3	102.6	107.7	102.7	103.0	100.2
July	104.7	105.6	107.8	100.8	99.4	103.3	105.7	102.6	103.4	100.2
August	104.5	105.1	109.4	101.1	103.4	103.7	107.4	104.7	104.0	100.5
September	105.2	105.4	110.2	101.2	103.4	105.8	107.9	105.1	104.2	105.2
October	106.4	106.9	112.1	101.2	103.4	106.5	112.9	105.3	105.0	105.2
November	107.6	108.1	114.5	101.2	107.7	107.8	113.3	105.3	105.6	107.3
December	111.6	110.6	112.9	122.1	107.7	108.2	115.8	105.4	106.4	107.3
1981										
January	113.1	113.7	113.4	122.1	107.8	108.8	117.7	105.4	106.4	107.3
February	114.3	114.4	114.0	122.2	112.2	109.1	118.1	106.9	111.5	111.2
March	114.8	115.1	113.3	122.2	112.1	112.0	118.8	106.9	110.5	111.8
April	115.8	116.3	112.5	122.4	112.5	114.1	121.2	107.1	113.6	111.8
May	116.5	116.0	113.9	122.5	113.4	115.0	121.4	117.9	114.2	111.9
June	118.3	119.7	115.2	122.6	113.5	115.4	121.9	117.9	114.6	111.9
July	118.6	119.3	113.2	122.6	113.8	115.8	126.9	121.0	115.3	115.2
August	118.8	120.5	115.4	122.7	100.9	115.6	127.0	121.1	119.0	116.4
September	120.5	122.9	117.5	122.8	100.4	115.8	129.0	124.8	120.2	120.4
October	121.3	124.4	117.5	122.8	100.9	116.6	128.6	124.8	120.4	120.4
November	125.4	125.3	117.4	148.7	101.8	117.4	130.1	125.7	120.9	121.7
December	125.3	124.5	115.8	148.6	105.4	117.6	130.5	123.8	125.8	122.3
1982										
January	125.5	124.1	119.8	148.6	107.7	118.0	129.0	125.8	123.7	120.6
February	125.6	124.8	119.8	148.6	103.7	118.3	127.8	126.2	124.2	120.5
March	124.7	122.4	120.1	148.9	102.4	118.1	129.8	126.0	125.5	120.4
April	129.3	127.1	126.8	133.5	104.5	121.7	128.6	135.5	133.8	121.3
May	130.9	128.2	130.7	153.2	107.7	123.6	127.2	144.1	136.4	121.3
(Annual percentage change)2/										
Period average										
1981										
I Q	15.3	15.5	14.1	23.9	15.0	10.7	28.2	6.4	9.4	10.7
II Q	14.7	14.6	9.1	22.1	14.5	13.7	18.6	3.7	7.0	11.7
III Q	14.1	14.7	5.8	21.5	2.8	10.9	19.3	17.5	13.8	15.0
IV Q	14.3	14.9	3.3	29.4	-3.4	9.0	13.8	18.5	15.8	14.0
1982										
I Q	9.8	8.2	5.4	21.7	-5.5	7.4	9.1	18.4	13.7	9.8
End of period										
1981										
I Q	14.8	15.1	13.3	22.2	12.1	12.0	18.8	6.9	10.5	11.8
II Q	14.4	15.0	7.9	21.6	14.3	12.5	13.2	14.8	11.3	11.7
III Q	14.5	16.6	6.6	21.3	-2.9	9.5	19.6	18.7	15.4	14.4
IV Q	12.3	12.6	2.6	21.7	-2.1	8.7	12.7	17.5	18.2	14.0
1982										
I Q	8.6	6.3	6.0	21.8	-8.6	5.4	9.3	17.9	13.6	7.7
May	12.4	10.5	14.7	25.1	-5.0	7.5	5.6	22.2	19.4	8.4

Source: Barbados Statistical Service.

1/ New index introduced in March 1980.

2/ Percentage increase of the retail price index over the year-before corresponding level.

Table 11. Barbados: Wage Rates in Various Sectors 1/

(In Barbados dollars per week)

	1978	1979	1980	1981	Partial Data 1982
Hotels <u>2/</u>	74.96	90.20	92.11	121.85	124.92
Retail shops <u>3/</u>	59.50	59.50	78.00	78.00	78.00
Sugar farms <u>4/</u>	75.10	75.10	96.20	96.20	105.80
Passenger transport <u>5/</u>	133.68	167.11	167.11	217.24	217.24
Domestic services <u>6/</u>	58.50	63.50	63.50	68.50	76.00
Government <u>7/</u>	119.00	119.00	155.90	155.90	155.90
Construction <u>8/</u>	108.98	108.98	147.90	147.90	147.90
Telephone <u>9/</u>	114.77	114.77	157.20	157.20	157.20
Electricity <u>10/</u>	141.00	179.00	179.00	232.00	232.00
Longshoremen <u>11/</u>	206.40	206.40	266.40	266.40	266.40
Manufacturing					
Garments <u>12/</u>	59.00	59.00	76.70	76.70	99.71
Beverages <u>13/</u>	99.67	116.61	118.60	162.50	162.50
Food <u>14/</u>	99.50	117.50	121.30	165.00	165.00
Chemicals <u>15/</u>	123.75	131.00	172.50	172.50	181.50

Source: Department of Labor.

1/ Arithmetic mean of wages and salaries in major skill levels; where hourly wage was paid, 40-hour week has been used as the basis of calculation.

2/ Average of general cooks, waiter/waitresses, bartenders, bellboys, maids, dishwashers, pantry workers, telephone operators, and other workers.

3/ Average for shop assistants.

4/ Out-of-crop season rates for men and women in Classes A and B; rates for in-crop season depend on tonnage of cane reaped.

5/ Average for inspectors, drivers, mechanics, conductors, and other workmen, except for 1981 and 1982 which exclude the latter.

6/ Average for chauffeurs, cooks, gardeners, general servants, and laundresses.

7/ Average for male and female laborers, mechanics, district foremen, and district workmen, through 1979 and average increase for all workers in 1980.

8/ Average for artisans and general workers since 1975.

9/ Average for operators and record clerks through 1979, and average increase in 1980.

10/ Average for wiremen.

11/ Average for Monday-Friday workers.

12/ Average for sewing machine operators in Classes A and B, and trainees.

13/ Average for machine attendants, sugar treaters, and general workers.

14/ Average for ovenmen, table hands, and bakers' assistants.

15/ Average for mixers and general workers.

Table 12. Barbados: Labor Force and Employment Statistics 1/

	1977	1978	1979	1980	1981	First Quarter 1981 1982
	(In thousands)					
Adult population 2/	167.7	168.3	171.0	174.2	176.8	176.6
Labor force	104.6	102.6	109.0	114.8	114.3	119.1
Employed	88.2	88.8	95.0	100.3	101.9	107.1
Unemployed	16.4	13.8	14.0	14.5	12.4	12.0
	(As per cent of adult population)					
Labor force	62.4	61.0	63.7	65.9	64.6	67.4
	(As per cent of labor force)					
Unemployed	15.7	13.4	12.8	12.6	10.8	10.1
						11.2

Sources: Barbados Statistical Service; and Fund staff estimates.

1/ Figures for 1976-80 are adjusted on the preliminary count of the 1980 census and may be revised further. The data correspond to the last quarter of each year and relate to people employed and unemployed in the week preceding the sample surveys, whether or not they were actively seeking work.

2/ Refers to persons 15 years of age and over.

Table 13. Barbados: Consolidated Financial Position of Government and National Insurance Fund

(In millions of Barbados dollars)

	1978/79	1979/80	1980/81	1981/82
<u>Current revenue</u>	<u>329.9</u>	<u>379.8</u>	<u>465.7</u>	<u>509.0</u>
Central Government	297.1	342.4	425.6	451.1
National Insurance Fund	36.1	40.7	47.7	63.1
Transfers from Central Government	-3.4	-3.3	-7.6	-5.2
<u>Current expenditure</u>	<u>264.4</u>	<u>315.9</u>	<u>391.5</u>	<u>459.4</u>
Central Government	255.9	304.2	379.8	433.5
Transfers to NIF	-3.4	-3.3	-7.6	-5.2
National Insurance Fund	11.9	15.0	19.3	31.1
<u>Current account surplus</u>	<u>65.4</u>	<u>63.9</u>	<u>74.2</u>	<u>49.6</u>
<u>Capital receipts</u>	<u>1.8</u>	<u>0.8</u>	<u>2.2</u>	<u>1.6</u>
<u>Capital expenditure</u>	<u>72.4</u>	<u>85.7</u>	<u>139.5</u>	<u>174.6</u>
Central Government	72.4	85.6	139.4	174.5
National Insurance Fund	--	0.1	0.1	0.1
<u>Overall deficit</u>	<u>-5.2</u>	<u>-21.0</u>	<u>-63.1</u>	<u>-123.4</u>
<u>Financing</u>	<u>5.2</u>	<u>21.0</u>	<u>63.1</u>	<u>123.4</u>
Net external	28.5	12.1	78.2	91.1
Drawings	(36.4)	(21.1)	(89.6)	(104.3)
Amortization	(-7.9)	(-9.0)	(-11.4)	(-13.2)
Domestic	-23.3	8.9	-15.1	32.3
Central Bank	(-21.4)	(24.3)	(19.2)	(27.6)
Commercial banks	(5.4)	(7.2)	(4.4)	(18.0)
NIF deposits with banks	(-20.4)	(-23.3)	(-22.6)	(-6.0)
Trust companies	(-0.3)	(0.2)	(--)	(0.5)
Insurance companies	(0.9)	(0.7)	(2.4)	(1.3)
Other state enterprises	(-0.4)	(-0.5)	(-1.8)	(1.9)
Special funds	(-0.4)	(-0.4)	(-1.0)	(--)
Other (including residual) ^{1/}	(13.3)	(0.7)	(-15.7)	(-11.0)

Source: Ministry of Finance and Planning.

^{1/} Includes changes in cash at Treasury; changes in cash at Crown Agents receivable.

Table 14. Barbados: Central Government Operations

(In millions of Barbados dollars)

	1978/79	1979/80	1980/81	1981/82	Program	
					1982/83	1983/84
Current revenue	297.1	342.4	425.6	451.1	505.0	550
Current expenditure	255.9	304.2	379.8	433.5	498.5	497
Current surplus or deficit (-)	41.2	38.2	45.8	17.6	6.5	53
Capital receipts	1.8	0.8	2.2	1.6	2.0	2
Capital expenditure	64.8	85.2	134.3	158.1	111.3)	135
Net lending	7.6	0.4	5.1	16.4	12.0)	
Overall deficit	-29.4	-46.6	-91.4	-155.3	-114.8	-80
Financing						
Net external	28.5	12.1	78.7	91.2	35.0	40
Gross external borrowing	(36.4)	(21.1)	(89.6)	(104.3)	(50.2)	(55)
CDB	(1.4)	(3.6)	(7.4)	(13.2)	(...)	(...)
IDB	(6.6)	(11.2)	(11.2)	(14.6)	(...)	(...)
IBRD	(--)	(--)	(2.1)	(3.6)	(...)	(...)
CIDA	(8.4)	(2.9)	(0.3)	(--)	(...)	(...)
OPEC	(--)	(1.5)	(4.5)	(1.5)	(...)	(...)
Trinidad and Tobago	(--)	(--)	(51.1)	(--)	(...)	(...)
EEC	(--)	(--)	(--)	(1.0)	(...)	(...)
United Kingdom	(--)	(1.9)	(1.3)	(--)	(...)	(...)
Commercial bank Eurodollars	(20.0)	(--)	(11.7)	(68.9)	(...)	(...)
Other	(--)	(--)	(--)	(1.5)	(...)	(...)
Amortization	(-7.9)	(-9.0)	(-10.9)	(-13.1)	(-15.2)	(-15)
Financial system (net)	-15.4	32.4	26.0	47.5	36.5	20
Central Bank	(-21.4)	(24.3)	(19.2)	(27.6)	(35.0)	(20)
Commercial banks	(5.4)	(7.2)	(4.4)	(18.1)	(--)	(--)
Trust companies	(-0.3)	(0.2)	(--)	(0.5)	(--)	(--)
Insurance companies	(0.9)	(0.7)	(2.4)	(1.3)	(1.5)	(--)
Rest of public sector	2.8	1.8	-1.2	26.0	43.3	20
National Insurance Fund	(3.2)	(2.3)	(0.6)	(24.1)	(43.3)	(20)
Other statutory bodies <u>1/</u>	(-0.4)	(-0.5)	(-1.8)	(1.9)	(--)	(--)
Special funds	-0.4	-0.4	--	-1.0	--	--
Other (including residual) <u>2/</u>	13.9	0.7	-12.1	-8.4	--	--

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

1/ Includes holdings of government debentures by sinking funds against domestic credit.2/ Includes changes in cash at Treasury; changes in cash at Crown Agents; changes in accounts payable, receivable.

Table 15. Barbados: Budgetary Revenue

					1982/83		
	1978/79	1979/80	1980/81	1981/82	Revised Budget	Program	Program 1983/84
	(In millions of Barbados dollars)						
Total current revenue	297.1	342.4	425.6	451.1	519.7	505.0	550.0
Tax revenue	276.0	318.8	388.6	419.2	479.0	464.0	506.0
Taxes on net income and profits	132.4	138.4	159.8	175.2	176.1	170.0	185.0
Companies	44.2	47.4	84.7	68.9	65.5		
Individuals	82.2	85.6	89.0	99.8	102.0		
Other	8.0	5.4	6.1	8.7	8.5		
Employment levy (net)	6.1	4.1	4.2	-3.8	-0.3	-0.3	--
Transport levy	--	--	--	--	6.4	6.4	7.0
Training levy	--	--	--	--	1.2	1.2	1.5
Health service levy	--	--	--	--	5.6	5.6	6.0
Taxes on property	13.0	17.8	21.5	27.5	26.0	28.0	30.5
Land tax	8.0	11.7	11.4	15.8	16.0		
Estate and succession duties	2.1	2.0	2.6	3.0	1.0		
Property transfer tax and other	2.9	4.1	7.5	8.7	9.0		
Taxes on domestic goods and services	66.6	79.6	108.2	121.0	152.0	156.6	167.5
Consumption tax	19.6	23.6	51.4	56.4	67.3		
Excise duties (rum and petroleum)	5.2	5.5	4.9	5.3	10.6		
Taxes on motor spirits, diesel oil and aviation fuel	15.2	17.8	19.2	23.2	28.1		
Motor vehicle duty (highway revenue)	3.4	4.7	4.7	5.5	7.4		
Hotel and restaurant tax	10.3	13.4	14.7	14.6	15.0		
Motor vehicle duty	4.2	4.2	0.4 1/	--	1.6		
Business and professional licenses	2.2	1.7	2.1	2.2	3.5		
Insurance premiums	...	0.9	1.2	1.4	1.5		
Bank assets tax	--	--	--	--	2.0		
Other	6.6	7.9	9.6	12.4	15.1		
Gaming and betting	(...)	(...)	(3.3)	(3.1)	(4.8)		
Airport services	(...)	(...)	(3.7)	(4.4)	(4.9)		
Other	(...)	(...)	(2.6)	(4.9)	(5.3)		
Taxes on international trade	54.9	74.4	89.8	89.6	98.0	82.5	93.0
Import duties	54.9	74.4	89.8	89.6	98.0		
Other taxes (stamp)	3.0	3.9	5.0	5.4	14.0	14.0	15.5
Nontax revenues	21.1	24.0	37.0	36.2	40.7	41.0	44.0
Property income	6.8	9.1	13.8	13.5	14.3		
Rents, royalties, dividends	(3.8)	(3.8)	(4.6)	(4.8)	(6.0)		
Interest	(1.2)	(1.8)	(2.7)	(2.2)	(2.3)		
Central Bank and exchange profits	(1.8)	(3.5)	(6.5)	(6.5)	(6.0)		
Administrative fees, fines, other charges, and special receipts	14.3	14.9	23.2	22.0	26.4		
Transfer from Post Office (net)	--	--	--	--	--		
Transfer from Civil Aviation (net)	--	--	--	0.7	--		
Capital grants	1.8	0.8	2.2	1.6	2.0	2.0	2.0

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

1/ Incorporated into consumption tax.

Table 16. Barbados: Changes in the Tax System 1982/83

1982/83 Budget		Expected Yield (In thousands of BDS\$)	
I. Revenue measures			
Total			30,250
Surcharge on corporate profits			2,000
Insurance premiums	1. 20 per cent on all insurance premiums, health plans excluded, remitted from Barbados to insurers not registered in Barbados. 2. 15 per cent on long-term and health premiums as well as contributions to pension plans remitted to insurers not registered in Barbados. 3. When a registered insurer, Lloyds of London excluded, pays to a local broker a commission of less than 15 per cent, then the premium tax of 3 per cent or 6 per cent will be replaced by one of 15 per cent of the gross premiums. 4. Surplus remittances by foreign companies will be taxed as follows: a) Companies engaged in long-term business 15 per cent. b) Companies engaged in general business 10 per cent.		500
Betting and gaming	Increase tax on tickets from 10¢ to 30¢ and consumption tax from 10 to 30 per cent		200
Liquor and cigarettes	Rum: additional BDS\$65 per liter Whisky and other liquors: increase by BDS\$3 per liter Beer: additional BDS\$.10 per liter Wine: additional BDS\$2.50 per liter Cigarettes: increased from BDS\$.15 to BDS\$.25 per 5 cigarettes.		5,500
Consumption taxes	Cut flowers, cosmetics, plastic articles, jewelry: additional 5 per cent		1,800
Gasoline and diesel	Gasoline: additional BDS\$.03 per liter Diesel: additional BDS\$.06 per liter		2,600
For vehicle consumption tax	10 per cent increase in import duties		1,600
Stamp duty	2 per cent of c.i.f. value of imports, except that BDS\$5 will be charged on goods consigned to export		8,500
Bank tax	One fifth of 1 per cent on assets of commercial banks		2,000
Highway revenue		Present BDS\$ Proposed BDS\$	
	Cars not exceeding 1,150 kg	100 150	2,400
	Cars not exceeding 1,350 kg	150 200	
	Cars not exceeding 1,550 kg	300 400	
	Cars not exceeding 1,750 kg	500 750	
	Motorcycles from BDS\$30 to BDS\$50		
	Vans, trucks, tractors: increase by BDS\$100		
Drivers' licenses and police fees	Drivers licenses, driving tests, learning permits, etc.: up by 50 per cent		1,200
Banking licenses	Increased from BDS\$25,000 to BDS\$50,000		100
Hospital fees	Increased 100 per cent from BDS\$20-70 p.d. to BDS\$40-140.		200
Parking fees	BDS\$.50 for 1 hour; BDS\$1 for 2 hours; BDS\$100 for monthly permit		50
Wireless and telegraph fee			50
Liquor licenses	Rum BDS\$.04 per liter		400
Registration and Notatorial			750
Registration of professionals	Doctors BDS\$1,500 per annum; other professionals BDS\$1,000 per annum		400

Table 16. Barbados: Changes in the Tax System 1982/83 (Concluded)

1982/83 Budget		Expected Yield (In thousands of BDS\$)																	
II. <u>Tax concessions</u>																			
<u>Total</u>		2,700																	
1. Income tax	Introduce a deduction for those who rent. Up to 20 per cent of rent or BDS\$1,800, whichever is lower. Introduce a limit of BDS\$14,400 as the maximum amount to be assessed as the value of benefit enjoyed by employee who occupies a house rent-free owned by his employer. Increase child allowances by BDS\$100.	2,000																	
2. Turf Club	Reduce tax from BDS\$.10 to BDS\$.05	100																	
3. Agricultural incentives	Subsidy for spraying equipment increased from BDS\$50 to BDS\$180. Irrigation grant increased from BDS\$6,000 to BDS\$30,000 per farmer for the purpose of establishing an irrigation facility. Pastures development subsidy increased from BDS\$74 to BDS\$500 per ha. Fencing grant increased from BDS\$124 to BDS\$1,200. Sugar cane chopper grant BDS\$2,500. 25 per cent of value of silo up to BDS\$2,000 per farmer. Tree development BDS\$3 per tree up to 500 trees. Dairy machinery: duty-free status. The agricultural export sectors other than sugar will be able to write off 100 per cent of their capital expenditures against profits; and income tax concessions on the earnings from exports.	600																	
4. Industrial incentives	Income tax concessions for new factory space built	--																	
III. <u>Rest of public sector</u>																			
1. Water rates	Increased to BDS\$30 per quarter for the minimum fixed rate and to BDS\$160 per quarter for the maximum fixed rate. Other water tariffs-- Rate by cubic meter																		
	<table><tr><td></td><td>4/1/82</td><td>4/1/83</td><td>4/1/84</td></tr><tr><td>Domestic supply</td><td>1.10</td><td>1.35</td><td>1.70</td></tr><tr><td>Commercial supply</td><td>1.50</td><td>1.85</td><td>2.30</td></tr><tr><td>Hotels, apartments</td><td>2.25</td><td>2.80</td><td>3.50</td></tr></table>		4/1/82	4/1/83	4/1/84	Domestic supply	1.10	1.35	1.70	Commercial supply	1.50	1.85	2.30	Hotels, apartments	2.25	2.80	3.50		
	4/1/82	4/1/83	4/1/84																
Domestic supply	1.10	1.35	1.70																
Commercial supply	1.50	1.85	2.30																
Hotels, apartments	2.25	2.80	3.50																
2. Sewer rates	Equivalent to one third of water bill as of April 1, 1982. For hotels the rate will be two thirds of water bill.																		
3. National insurance contributions	Contributions raised by 2 per cent each from employer and employee. Noncontributory old age pensions increased from BDS\$28 to BDS\$33 a week. Contributory old age pensions increased from BDS\$33 to BDS\$40 a week.	26,000 (revenue) 4,500 (expenditure) 7,500 (expenditure)																	

Table 17. Barbados: Central Government Expenditure

(In millions of Barbados dollars)

	1978/79	1979/80	1980/81	1981/82	Rev.Bud. 1982/83	Program	
						1982/83	1983/84
Current expenditure	255.9	304.2	379.8	433.5	471.5	498.5	497
Wages and salaries	112.3	126.7	171.7	183.7	195.9	221.0 ^{1/}	228
Goods and services	35.8	42.6	38.1	41.9	53.5	52.0	57
Interest	22.7	28.3	29.9	52.4	70.9	71.0	75
Domestic	(17.2)	(18.4)	(20.2)	(37.4)	(50.0)	(50.0)	
Foreign	(5.6)	(9.9)	(9.7)	(15.0)	(20.9)	(21.0)	
Transfers	85.1	106.6	140.1	155.5	151.2	154.5	137
Nonfinancial public enterprises	(11.5)	(16.2)	(27.7)	(29.0)	(20.6)	(26.6)	(19)
Operating deficit of departmental enterprise	(0.8)	(1.0)	(1.1)	(1.4)	(1.6)	(1.6)	(2)
Other public institutions	(31.5)	(41.4)	(51.0)	(62.3)	(60.5)	(60.5)	(60)
Nonprofit institutions	(1.3)	(1.6)	(3.9)	(4.6)	(4.7)	(4.7)	(5)
National Insurance Fund (net)	(3.4)	(3.3)	(7.6)	(6.2)	(20.5) ^{2/}	(20.5) ^{2/}	(11)
Pensions	(14.7)	(16.7)	(19.7)	(22.3)	(29.5) ^{3/}	(29.5)	(29)
Other transfers to individuals (including NCOAP)	(19.9)	(23.5)	(26.7)	(28.6)	(13.0)	(14.7)	(8)
Transfers abroad	(2.0)	(2.9)	(2.4)	(1.1)	(0.8)	(0.8)	(3)
Capital expenditure	64.8	85.2	134.3	158.1	137.2	123.3	125
Acquisition of land and existing assets	2.7	--	2.0	2.3	3.0	3.0	--
Capital formation	28.0	51.6	96.0	118.2	97.7	83.7	35
Transfers	34.1	33.6	36.3	37.6	36.6	36.6	38
Nonfinancial public enterprises	(30.6)	(30.8)	(35.7)	(30.7)	(33.6)	(33.6)	(...)
Financial public enterprises	(3.5)	(2.8)	(0.6)	(6.9)	(3.0)	(3.0)	(...)
Net lending	7.6	0.4	5.1	16.4	11.8	11.8	10
Equity contributions	5.2	0.2	4.5	15.0	10.0	10.0	10
Loans and advances (net)	2.4	0.2	0.6	1.4	1.8	1.8	--

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

^{1/} Includes BDS\$10 million of back pay.^{2/} Includes BDS\$9.7 million transfer to NIF to cover payments of old age pension by NIF in the first quarter of 1982.^{3/} Includes BDS\$4 million for pension levy increase and BDS\$8 million other pensions and ex-gratia awards.

Table 18. Barbados: Consolidated Operations of the Public Sector 1/ (Concluded)

(In millions of Barbados dollars)

	1977/78	1978/79	1979/80	1980/81	1981/82	Proj. 1982/83
III. Rest of General Government						
Current revenue	31.6	41.3	45.8	53.5	68.7	112.7
Of which:						
contributions	(19.1)	(28.2)	(30.9)	(29.6)	(38.8)	(61.0)
Current expenditures	10.7	13.5	15.6	21.7	33.7	65.9
Of which: benefits	(7.7)	(9.9)	(12.0)	(16.8)	(28.5)	(59.5)
<u>Current surplus</u>	<u>20.9</u>	<u>27.8</u>	<u>30.2</u>	<u>31.8</u>	<u>35.0</u>	<u>46.8</u>
Capital expenditure	4.0	0.6	2.2	0.1	0.1	0.3
Net lending	11.8	3.2	2.3	-0.4	24.8	44.1
Of which: to rest of public sector	(11.8)	(3.2)	(2.3)	(-0.4)	(24.1)	(43.3)
<u>Overall surplus or deficit (-)</u>	<u>5.1</u>	<u>24.0</u>	<u>25.7</u>	<u>32.1</u>	<u>10.1</u>	<u>2.4</u>
Foreign financing	--	--	--	-0.5	--	--
Domestic financing	-5.1	-24.0	-25.7	-31.6	-10.1	-2.4
IV. Nonfinancial Public Enterprises						
Current revenue	62.3	70.2	99.9	120.9	140.0	158.1
From Central Government	(10.6)	(11.5)	(16.2)	(27.3)	(29.4)	(28.3)
Current expenditure	57.5	66.7	93.2	116.3	132.5	157.4
To Central Government	(1.2)	(1.2)	(--)	(--)	(--)	(--)
<u>Current deficit (before transfers)</u>	<u>-4.6</u>	<u>-6.8</u>	<u>-9.5</u>	<u>-22.7</u>	<u>-21.9</u>	<u>-27.6</u>
<u>Current surplus (after transfers)</u>	<u>4.8</u>	<u>3.5</u>	<u>6.7</u>	<u>4.6</u>	<u>7.5</u>	<u>0.7</u>
Capital revenue	26.3	30.6	31.0	35.7	30.7	34.1
From Central Government	(26.3)	(30.6)	(30.8)	(35.7)	(30.7)	(34.1)
Capital expenditure	26.2	29.3	35.8	38.5	34.2	36.8
Capital formation	(25.5)	(29.0)	(35.8)	(38.5)	(34.2)	(36.8)
Other	(0.7)	(0.3)	(--)	(--)	(--)	(--)
<u>Overall surplus or deficit (-)</u>	<u>4.9</u>	<u>4.8</u>	<u>1.9</u>	<u>1.8</u>	<u>4.0</u>	<u>-2.0</u>
Domestic financing	-4.9	-4.8	-1.2	-0.3	-3.1	2.0
Repayment to Central Government	--	--	-0.7	-1.5	-0.9	--

Sources: Statistical Appendix Tables 14, 19, and 20.

1/ The fiscal year runs from April 1.

2/ Net of intersectoral transfers.

Table 19. Barbados: Operations of the Rest of the General Government ^{1/}

(In millions of Barbados dollars)

	1977/78	1978/79	1979/80	1980/81	1981/82	Proj. 1982/83
<u>I. National Insurance Fund ^{2/}</u>						
Current revenue	25.4	36.1	40.7	47.7	63.1	106.9
Contributions	(17.2)	(24.7)	(28.1)	(29.6)	(38.8)	(61.0)
Interest, etc.	(6.3)	(8.0)	(9.3)	(11.0)	(14.1)	(17.5)
Transfers from Government contributions	(1.9)	(3.4)	(3.3)	(7.6)	(5.2)	(20.5)
Transport, health, and training levies	(--)	(--)	(--)	(--)	(5.0)	(--)
Current expenditure	9.2	11.9	15.0	19.3	31.1	63.3
Benefits	(7.7)	(10.4)	(13.1)	(16.8)	(28.5)	(59.5)
Administration	(1.5)	(1.5)	(1.9)	(2.5)	(2.6)	(3.8)
<u>Current surplus</u>	<u>16.2</u>	<u>24.2</u>	<u>25.7</u>	<u>28.4</u>	<u>32.0</u>	<u>43.6</u>
Capital expenditure	--	--	0.1	0.1	0.1	0.3
Net lending to Government	9.9	3.2	2.3	0.3	24.1	43.3
<u>Overall surplus</u>	<u>6.3</u>	<u>21.0</u>	<u>23.3</u>	<u>28.0</u>	<u>7.8</u>	<u>--</u>
External financing	--	--	--	-0.5	-0.1	--
Internal financing	-6.3	-21.0	-23.3	-27.5	-7.7	--
Commercial banks	-2.8	-20.4	-23.3	-22.6	-6.0	--
Other	-3.5	-0.6	--	-4.9	-1.7	--
<u>II. Sugar Industry Labor Welfare Fund ^{2/}</u>						
Current revenue	1.4	1.1	1.4	1.3	0.9	1.2
Current expenditure	--	--	--	--	--	--
<u>Overall surplus</u>	<u>1.4</u>	<u>1.1</u>	<u>1.4</u>	<u>1.3</u>	<u>0.9</u>	<u>1.2</u>
External financing	--	--	--	--	--	--
Domestic financing	-1.4	-1.1	-1.4	-1.3	-0.9	-1.2

Table 19. Barbados: Operations of the Rest of the General Government 1/ (Continued)

(In millions of Barbados dollars)

	1977/78	1978/79	1979/80	1980/81	1981/82	Proj. 1982/83
III. <u>Sugar Export Levy Fund 2/</u>						
Current revenue	0.6	0.8	0.8	0.7	0.7	0.8
From sugar levy	(--)	(--)	(--)	(--)	(--)	(--)
From interest	(0.6)	(0.8)	(0.8)	(0.7)	(0.7)	(0.8)
Net lending	2.6	-0.5	0.7	-0.7	0.7	0.8
Loan to National Housing Corporation	(--)	(-0.8)	(-0.8)	(--)	(--)	(--)
Loan to International Seafoods	(--)	(--)	(--)	(--)	(--)	(--)
Sugar Industry Agricultural Bank	(0.4)	(0.2)	(1.0)	(--)	(--)	(0.8)
Sugar Factories Limited	(--)	(--)	(--)	(-2.1)	(--)	(--)
Barbados Workers' Union	(0.3)	(--)	(0.5)	(-0.5)	(0.7)	(--)
Central Government	(1.9)	(--)	(--)	(1.9)	(--)	(--)
<u>Overall surplus or deficit (-)</u>	<u>-2.0</u>	<u>1.3</u>	<u>0.1</u>	<u>1.4</u>	<u>--</u>	<u>--</u>
External financing	--	--	--	--	--	--
Domestic financing	2.0	-1.3	-0.1	-1.4	--	--
IV. <u>Other Special Funds 2/5/</u>						
Current revenue	0.2	0.5	0.4	0.8	0.9	0.9
Current expenditure	0.1	0.4	0.3	0.8	0.8	0.8
<u>Overall surplus or deficit (-)</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>--</u>	<u>0.1</u>	<u>0.1</u>
External financing	--	--	--	--	--	--
Domestic financing	-0.1	-0.1	-0.1	--	-0.1	-0.1
V. <u>Sugar Industry Capital and Rehabilitation Fund 3/</u>						
Current revenue	1.4	1.1	1.4	0.1	0.1	0.1
Current expenditure	--	--	--	--	--	--
<u>Current surplus</u>	<u>1.4</u>	<u>1.1</u>	<u>1.4</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Capital expenditure	1.4	1.1	1.4	--	--	--
Transfers	(1.4)	(1.1)	(1.4)	(--)	(--)	(--)
<u>Overall surplus or deficit (-)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
External financing	--	--	--	--	--	--
Domestic financing	--	--	--	-0.1	-0.1	-0.1

Table 19. Barbados: Operations of the Rest of the General Government 1/ (Concluded)

(In millions of Barbados dollars)

	1977/78	1978/79	1979/80	1980/81	1981/82	Proj. 1982/83
VI. <u>Sugar Industry Price Stabilization Fund 3/</u>						
Current revenue	1.0	1.1	1.0	1.0	1.0	0.7
Interest received	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Other	(0.5)	(0.2)	(0.3)	(0.4)	(0.4)	(0.1)
Transfers from Central Government	(--)	(0.3)	(0.1)	(--)	(--)	(--)
Current expenditure	--	0.3	0.1	0.3	0.3	0.1
Goods and services	(--)	(--)	(--)	(--)	(--)	(--)
Other	(--)	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)
Subsidy to Sugar Factories Ltd.	(--)	(--)	(--)	(--)	(--)	(--)
<u>Overall surplus or deficit (-)</u>	<u>1.0</u>	<u>0.8</u>	<u>0.9</u>	<u>0.7</u>	<u>0.7</u>	<u>0.6</u>
External financing	--	--	--	--	--	--
Domestic financing	-1.0	-0.8	-0.9	-0.7	-0.7	-0.6
Domestic financing	--	-1.4	-1.1	-1.4	--	--
VII. <u>Sugar Workers' Provident Fund 4/</u>						
Current revenue	1.6	1.5	1.4	1.9	2.0	2.1
Current expenditure	1.4	1.4	1.3	1.3	1.5	1.7
Goods and services	(--)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Other	(1.4)	(1.4)	(1.2)	(1.1)	(1.3)	(1.5)
<u>Overall surplus</u>	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>	<u>0.6</u>	<u>0.5</u>	<u>0.4</u>
External financing	--	--	--	--	--	--
Domestic financing	-0.2	-0.1	-0.1	-0.6	-0.5	-0.4

Sources: Ministry of Finance and Planning; and Ministry of Agriculture (Sugar Board).

1/ The consolidations of these institutions is presented in Statistical Appendix Table 18.

2/ Year ending March 31.

3/ Year ending July 31.

4/ Year ending December 31.

5/ It includes the General Insurance Fund, Watercraft Renewal Fund, Pensions Act 1925 Fund, Training Scheme Fund, Training Loan Fund and Higher Education Loan Fund.

Table 20. Barbados: Operations of Nonfinancial Public Enterprises 1/

(In millions of Barbados dollars)

	1977/78	1978/79	1979/80	1980/81	Prel. 1981/82	Proj. 1982/83
I. <u>National Housing Corporation 2/</u>						
Current revenue	3.5	4.5	4.9	6.2	7.1	8.1
From Central Government	(1.7)	(2.6)	(3.3)	(4.5)	(4.9)	(4.4)
Current expenditure	3.3	4.0	4.9	5.7	7.5	8.1
<u>Current surplus</u>	<u>0.2</u>	<u>0.5</u>	<u>--</u>	<u>0.5</u>	<u>-0.4</u>	<u>--</u>
Capital revenue	3.7	4.3	6.6	5.7	6.0	6.5
From Central Government	(3.7)	(4.3)	(6.6)	(5.7)	(6.0)	(6.5)
Capital expenditure	3.7	4.3	6.6	6.9	8.4	6.5
Fixed capital formation	(3.7)	(4.3)	(6.6)	(6.9)	(8.4)	(6.5)
Other	(--)	(--)	(--)	(--)	(--)	(--)
<u>Overall surplus</u>	<u>0.2</u>	<u>0.5</u>	<u>--</u>	<u>-0.7</u>	<u>-2.8</u>	<u>--</u>
Domestic financing	-0.2	-0.5	--	0.7	2.8	--
II. <u>Natural Gas Corporation 2/</u>						
Current revenue	2.0	2.1	2.4	3.1	4.9	5.1
Current expenditure	1.4	1.3	1.6	2.9	2.6	3.9
<u>Current surplus</u>	<u>0.6</u>	<u>0.8</u>	<u>0.8</u>	<u>0.2</u>	<u>2.3</u>	<u>1.2</u>
Capital expenditure	0.5	1.8	3.0	2.4	0.4	0.6
Capital formation	(0.5)	(1.8)	(3.0)	(2.4)	(0.4)	(0.6)
<u>Overall surplus or deficit (-)</u>	<u>0.1</u>	<u>-1.0</u>	<u>-2.2</u>	<u>-2.2</u>	<u>1.9</u>	<u>0.6</u>
Domestic financing	-0.1	1.0	2.2	2.2	-1.9	-0.6

Table 20. Barbados: Operations of Nonfinancial Public Enterprises 1/ (Continued)

(In millions of Barbados dollars)

	1977/78	1978/79	1979/80	1980/81	Prel. 1981/82	Proj. 1982/83
III. Civil Aviation Department 2/						
Current revenue	4.4	4.7	5.7	9.7	9.6	10.0
Current expenditure	3.7	3.8	4.8	9.1	8.0	9.5
<u>Current surplus</u>	<u>0.7</u>	<u>0.9</u>	<u>0.9</u>	<u>0.6</u>	<u>1.6</u>	<u>0.5</u>
Capital revenue	9.3	11.5	10.1	6.1	4.0	3.4
From Central Government	(9.3)	(11.5)	(10.1)	(6.1)	(4.0)	(3.4)
Capital expenditure	10.0	12.4	11.0	6.1	4.0	3.4
Capital formation	(10.0)	(12.4)	(11.0)	(6.1)	(4.0)	(3.4)
<u>Overall surplus</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.6</u>	<u>1.6</u>	<u>0.5</u>
Domestic financing	--	--	--	-0.6	-1.6	-0.5
IV. Waterworks Department 2/						
Current revenue	9.0	10.2	10.9	16.6	19.8	23.5
Fixed rates	2.5	2.9	3.0	4.8	5.3	8.0
Water supply	1.8	2.0	2.2	2.8	5.3	8.0
Meter rent	0.2	0.2	0.1	--	--	--
Plumbing	1.6	2.4	2.4	1.6	3.7	2.5
Miscellaneous	--	--	--	--	--	--
Central government transfers	2.8	2.7	3.2	7.3	5.5	5.0
<u>Current expenditure 6/</u>	<u>8.9</u>	<u>10.2</u>	<u>10.9</u>	<u>16.6</u>	<u>18.7</u>	<u>24.2</u>
Personal emoluments (including social security contribu- tions)	4.7	5.1	5.0	7.5	8.1	9.3
Other charges	4.3	5.1	5.9	9.1	10.6	14.9
<u>Current surplus or deficit (-)</u>	<u>0.1</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1.1</u>	<u>-0.7</u>
<u>Capital revenue</u>	<u>3.2</u>	<u>3.1</u>	<u>4.0</u>	<u>4.9</u>	<u>3.7</u>	<u>7.3</u>
Central government transfers	3.2	3.1	4.0	4.9	3.7	7.3
<u>Capital expenditure</u>	<u>3.2</u>	<u>3.1</u>	<u>4.0</u>	<u>4.9</u>	<u>3.7</u>	<u>7.3</u>
Fixed capital formation	3.2	3.1	4.0	4.9	3.7	7.3
<u>Overall surplus or deficit (-)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1.1</u>	<u>-0.7</u>
V. Post Office 2/						
Current revenue	5.1	5.7	6.7	7.5	8.1	8.0
From Central Government	(--)	(--)	(--)	(1.2)	(0.8)	(0.2)
Current expenditure	4.8	5.4	6.1	7.5	8.1	8.0
Goods and services	(4.6)	(5.4)	(6.1)	(7.5)	(8.1)	(8.0)
To Central Government	(0.2)	(--)	(--)	(--)	(--)	(--)
Other	(--)	(--)	(--)	(--)	(--)	(--)
<u>Current surplus</u>	<u>0.3</u>	<u>0.3</u>	<u>0.6</u>	<u>--</u>	<u>--</u>	<u>--</u>
Capital revenue	--	0.2	2.0	4.4	4.0	3.3
From Central Government	(--)	(0.2)	(2.0)	(4.4)	(4.0)	(3.3)
Capital expenditure	0.3	0.5	2.6	4.4	4.0	3.3
Capital formation	(0.3)	(0.5)	(2.6)	(4.4)	(4.0)	(3.3)
<u>Overall surplus</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Domestic financing	--	--	--	--	--	--

Table 20. Barbados: Operations of Nonfinancial Public Enterprises 1/ (Continued)

(In millions of Barbados dollars)

	1977/78	1978/79	1979/80	1980/81	Prel. 1981/82	Proj. 1982/83
VI. Barbados Industrial Development Corporation 2/						
Current revenue	1.7	1.7	2.2	4.1	5.0	5.1
From Central Government	(1.2)	(1.2)	(1.7)	(2.9)	(3.0)	(2.7)
Current expenditure	1.7	2.0	2.6	4.3	4.5	5.1
<u>Current surplus or deficit (-)</u>	<u>--</u>	<u>-0.3</u>	<u>-0.4</u>	<u>-0.2</u>	<u>0.5</u>	<u>--</u>
Capital revenue	3.6	4.1	5.7	7.0	5.8	6.5
From Central Government	(3.6)	(4.1)	(5.7)	(7.0)	(5.8)	(6.5)
Capital expenditure	3.1	4.4	5.1	5.6	5.8	6.5
Capital formation	(3.1)	(4.4)	(5.1)	(5.6)	(5.8)	(6.5)
<u>Overall surplus or deficit (-)</u>	<u>0.5</u>	<u>-0.6</u>	<u>-0.1</u>	<u>1.2</u>	<u>0.5</u>	<u>--</u>
Domestic financing	-0.5	0.6	0.1	-1.2	-0.5	--
VII. Transport Board 2/						
Current revenue	14.0	17.9	25.0	26.8	33.4	37.9
Operating subsidy from Government	(4.6)	(4.5)	(7.6)	(10.9)	(15.0)	(16.0)
Current expenditure	12.4	17.4	25.0	27.0	33.6	39.1
<u>Current surplus or deficit (-)</u>	<u>1.6</u>	<u>0.5</u>	<u>--</u>	<u>-0.2</u>	<u>-0.2</u>	<u>-1.2</u>
Capital revenue	4.5	1.2	2.0	2.3	3.5	6.2
From Central Government	(4.5)	(1.2)	(2.0)	(2.3)	(3.5)	(6.2)
Capital expenditure	4.2	1.2	2.0	2.4	3.5	5.0
Capital formation	(4.2)	(1.2)	(2.0)	(2.4)	(3.5)	(5.0)
<u>Overall surplus</u>	<u>1.9</u>	<u>0.5</u>	<u>--</u>	<u>-0.3</u>	<u>-0.2</u>	<u>--</u>
Domestic financing	-1.9	-0.5	--	0.3	0.2	--
VIII. Barbados Marketing Corporation 2/						
Current revenue (sales)	9.5	11.7	14.9	16.4	19.5	22.6
From Central Government	(0.4)	(0.5)	(0.4)	(0.5)	(0.2)	(--)
Current expenditure	10.5	11.9	15.1	16.4	18.6	22.0
<u>Current surplus or deficit (-)</u>	<u>-1.0</u>	<u>-0.2</u>	<u>-0.2</u>	<u>--</u>	<u>0.9</u>	<u>0.6</u>
Capital revenue	1.5	2.4	0.4	2.2	0.1	--
From Central Government	(1.5)	(2.4)	(0.4)	(2.2)	(0.1)	(--)
Capital expenditure	0.1	1.1	0.2	2.2	0.3	0.3
Capital formation	(0.1)	(1.1)	(0.2)	(2.2)	(0.3)	(0.3)
<u>Overall surplus or deficit (-)</u>	<u>0.4</u>	<u>1.1</u>	<u>--</u>	<u>--</u>	<u>0.7</u>	<u>0.3</u>
Domestic financing	-0.4	-1.1	--	--	-0.7	-0.3

Table 20. Barbados: Operations of Nonfinancial Public Enterprises 1/ (Concluded)

(In millions of Barbados dollars)

	1977/78	1978/79	1979/80	1980/81	Prel. 1981/82	Proj. 1982/83
IX. Barbados Agricultural Development Corporation 3/						
Current revenue	2.6	2.8	3.5	2.9	2.7	2.3
Current expenditure	4.3	4.3	4.1	4.6	4.5	5.0
<u>Current deficit</u>	<u>-1.7</u>	<u>-1.5</u>	<u>-0.6</u>	<u>-1.7</u>	<u>-1.8</u>	<u>-2.7</u>
Capital revenue	0.5	3.8	0.2	0.8	3.6	0.9
From Central Government	(0.5)	(3.8)	(0.2)	(0.8)	(3.6)	(0.9)
Capital expenditure	0.3	0.1	0.2	0.8	0.9	0.9
Capital formation	(0.3)	(0.1)	(0.2)	(0.8)	(0.9)	(0.9)
<u>Overall surplus or deficit (-)</u>	<u>-1.5</u>	<u>2.2</u>	<u>-0.6</u>	<u>-1.7</u>	<u>0.9</u>	<u>-2.7</u>
Domestic financing	1.5	-2.2	--	1.7	-0.9	2.7
Sugar Industry Bank	(1.2)	-2.2	(--)	(--)	(--)	(--)
Sugar Price Stabilization Fund	(--)	(--)	(--)	(--)	(--)	(--)
Barbados National Bank	(--)	(--)	(1.0)	(1.7)	(-0.9)	(2.7)
Other	(--)	(--)	(-0.4)	(--)	(--)	(--)
X. Port Authority 4/5/						
Current revenue (gross)	7.7	5.6	17.8	22.2	23.8	27.3
Current expenditure	3.8	3.3	13.0	17.8	20.7	25.5
Interest to Central Government	(1.0)	(0.9)	(1.6)	(2.2)	(2.1)	(1.9)
<u>Current surplus</u>	<u>3.9</u>	<u>2.3</u>	<u>4.8</u>	<u>4.4</u>	<u>3.1</u>	<u>1.8</u>
Capital expenditure	--	--	0.7	2.6	2.2	1.8
Capital formation	(--)	(--)	(0.7)	(2.6)	(2.2)	(1.8)
<u>Overall surplus</u>	<u>3.9</u>	<u>2.3</u>	<u>4.1</u>	<u>1.8</u>	<u>0.9</u>	<u>--</u>
Domestic financing	-3.2	-2.0	-3.4	-0.3	--	--
Loan repayment to Government	-0.7	-0.3	-0.7	-1.5	-0.9	--
XI. Caribbean Broadcasting Corporation 4/						
Current revenue	2.9	3.3	3.9	5.4	6.1	8.2
Current expenditure	2.7	3.1	3.5	4.4	5.7	7.0
<u>Current surplus</u>	<u>0.2</u>	<u>0.2</u>	<u>0.4</u>	<u>1.0</u>	<u>0.4</u>	<u>1.2</u>
Capital expenditure	0.1	0.1	0.4	0.2	1.0	1.2
Capital formation	(0.1)	(0.1)	(0.4)	(0.2)	(1.0)	(1.2)
<u>Overall surplus or deficit (-)</u>	<u>0.1</u>	<u>0.1</u>	<u>--</u>	<u>0.8</u>	<u>-0.6</u>	<u>--</u>
Domestic financing	-0.1	-0.1	--	-0.8	0.6	--

Sources: Ministry of Finance and Planning; annual reports and statements of accounts of various agencies; and unpublished information.

1/ The consolidation of these institutions is presented in Statistical Appendix Table 18.

2/ Year ending March 31.

3/ Year ending June 30.

4/ Year ending December 31.

5/ Until 1977/78 the financial year ended March 31; 1978/79 accounts were for a nine-month period April-December.

6/ Excludes interest payments amounting to BDS\$250,000 each year paid by the Central Government on behalf of the Water Authority.

Table 21. Barbados: Summary Accounts of the Banking System 1/

(In millions of Barbados dollars)

	December 31				March 31		May 31	
	1978	1979	1980	1981	1981	1982	1981	1982
<u>Net international reserves</u>	<u>88.8</u>	<u>111.2</u>	<u>146.9</u>	<u>68.2</u>	<u>154.5</u>	<u>96.6</u>	<u>147.4</u>	<u>87.2</u>
<u>Net overseas operations</u>	<u>-23.3</u>	<u>-27.8</u>	<u>-39.4</u>	<u>-44.6</u>	<u>-42.4</u>	<u>-41.8</u>	<u>-44.4</u>	<u>-42.2</u>
<u>Net domestic assets</u>	<u>479.8</u>	<u>600.0</u>	<u>681.4</u>	<u>897.7</u>	<u>727.6</u>	<u>887.9</u>	<u>770.2</u>	<u>929.3</u>
Net claims on public sector	65.6	80.9	71.7	137.3	71.2	116.0	101.3	140.4
Net Central Government 2/	(164.9)	(204.4)	(220.1)	(269.1)	(216.9)	(266.8)	(251.6)	(281.9)
Net other general government	(-32.1)	(-33.1)	(-37.2)	(-33.8)	(-34.6)	(-36.2)	(-34.0)	(-37.2)
Net decentralized agencies	(-10.8)	(-14.2)	(-15.6)	(-20.3)	(-12.2)	(-13.2)	(-16.3)	(-11.4)
Net Social Security funds	(-56.4)	(-76.2)	(-95.6)	(-77.7)	(-98.9)	(-97.6)	(-100.0)	(-91.3)
Net nonfinancial statutory bodies	(--)	(--)	(--)	(--)	(--)	(-3.8)	(--)	(-1.6)
Official capital and surplus	-19.3	-20.0	-20.0	-20.0	-22.8	-20.0	-20.0	-20.0
Credit to unconsolidated banking system	30.6	24.4	32.2	57.4	50.3	57.6	37.4	52.3
Credit to rest of financial system	4.9	10.9	8.0	6.3	7.2	11.3	7.1	12.6
Credit to private sector	397.5	495.3	593.0	723.1	609.5	728.2	646.9	725.4
Nonmonetary international organizations	-0.9	-0.7	-2.6	-1.7	-2.8	-2.4	-2.5	-2.1
Net unclassified assets	-8.7	-15.2	-28.4	-25.7	-7.5	-34.3	-21.6	-2.6
Net interbank float	10.1	24.4	27.5	21.0	22.5	31.5	21.6	23.3
<u>Counterpart unrequited foreign exchange</u>	<u>13.6</u>	<u>18.3</u>	<u>27.9</u>	<u>29.6</u>	<u>31.7</u>	<u>29.5</u>	<u>30.5</u>	<u>29.5</u>
<u>Medium- and long-term foreign liabilities 3/</u>	<u>20.6</u>	<u>18.9</u>	<u>11.6</u>	<u>11.8</u>	<u>11.2</u>	<u>11.8</u>	<u>11.2</u>	<u>12.3</u>
<u>Liabilities to unconsolidated banking system</u>	<u>4.3</u>	<u>11.2</u>	<u>6.2</u>	<u>29.1</u>	<u>8.0</u>	<u>18.9</u>	<u>8.4</u>	<u>22.5</u>
<u>Liabilities to rest of financial system</u>	<u>24.3</u>	<u>29.0</u>	<u>32.1</u>	<u>43.0</u>	<u>36.3</u>	<u>41.3</u>	<u>33.6</u>	<u>46.1</u>
<u>Liabilities to private sector</u>	<u>482.5</u>	<u>606.0</u>	<u>711.1</u>	<u>807.8</u>	<u>752.5</u>	<u>841.2</u>	<u>789.5</u>	<u>863.9</u>
Currency outside banks	61.2	72.0	98.1	109.1	99.3	101.9	107.0	110.2
Demand deposits	78.8	120.9	123.9	112.6	135.2	127.2	135.5	119.4
Quasi-liquid liabilities	336.6	403.8	476.5	570.7	505.6	597.3	533.7	618.6
Private capital and surplus	5.9	9.3	12.6	13.4	12.4	12.8	13.3	13.4
Export credit/guarantee	--	--	--	2.0	--	2.0	--	2.3

Source: Central Bank of Barbados.

1/ Includes monetary authorities, commercial banks, and trust companies.

2/ Loans in foreign currency to the Government by the First National Bank of Chicago, whose branch office in Barbados closed in 1978, are treated as foreign borrowing throughout.

3/ Includes counterpart deposits of the Government's foreign assets.

Table 22. Barbados: Summary Accounts of the Monetary Authorities

(In millions of Barbados dollars)

	December 31				March 31		May 31		June 30	
	1978	1979	1980	1981	1981	1982	1981	1982	1981	1982
Net international reserves	83.2	102.4	142.2	94.0	145.3	88.8	140.1	86.2	111.4	79.2
Assets	120.2	135.6	160.0	207.8	162.9	182.8	161.8	147.4	141.2	139.2
Liabilities	-37.0	-33.2	-17.8	-113.8	-17.6	-94.0	-21.7	-61.2	-29.8	-60.0
Net domestic assets	38.7	60.6	46.9	116.6	63.5	121.9	65.8	123.6	93.3	121.5
Net claims on public sector	24.8	55.9	52.8	82.2	37.2	60.2	46.0	64.2	77.2	75.6
Net Central Government	48.0	83.2	87.9	120.9	68.9	100.2	79.4	102.0	111.8	113.5
Assets	(53.1)	(89.9)	(91.4)	1/ (132.8)	(72.4)	(100.8)	(82.9)	(102.9)	(115.3)	(114.2)
Liabilities	(-5.1)	(-6.7)	(-3.5)	(-11.9)	(-3.5)	(-0.6)	(-3.5)	(-0.9)	(-3.5)	(-0.7)
Net other general government	-20.4	-24.1	-30.3	-32.2	-28.7	-34.5	-28.0	-35.4	-29.3	-35.9
Net other decentralized agencies	-1.6	-1.7	-2.8	-6.5	--	--	-2.5	--	-2.3	--
Net Social Security funds	-1.2	-1.6	-2.0	--	-3.0	-1.7	-2.9	-0.8	-3.0	-1.2
Nonfinancial statutory bodies	--	--	--	--	--	-3.8	--	-1.6	--	-0.8
Official capital and surplus	-11.3	-12.0	-12.0	-12.0	-14.8	-12.0	-12.0	-12.0	-12.0	-24.7
Credit to commercial banks	--	1.2	1.2	7.5	--	24.6	--	7.2	6.0	6.8
Credit to rest of banking system	24.0	14.4	23.8	46.6	35.9	51.0	31.2	51.6	23.8	54.2
Nonmonetary international organizations	-0.9	-0.7	-2.6	-1.7	-2.8	-2.4	-2.5	-2.1	-2.5	-1.9
Net unclassified assets	2.1	1.9	-16.3	-6.0	8.0	0.5	3.1	14.7	0.8	11.5
Counterpart unrequited foreign exchange	13.6	18.3	27.9	29.6	31.7	29.5	30.5	29.5	27.5	25.0
Liabilities to commercial banks	42.5	64.6	59.6	66.8	71.0	75.3	66.1	63.3	73.1	64.8
Liabilities to rest of banking system	4.6	8.1	3.5	2.6	3.6	2.0	2.3	1.9	2.7	1.5
Liabilities to rest of financial system	--	--	--	0.5	3.2	--	--	2.6	--	1.3
Liabilities to private sector	61.2	72.0	98.1	111.1	99.3	103.9	107.0	112.5	101.4	108.1
Currency in circulation	61.2	72.0	98.1	109.1	99.3	101.9	107.0	110.2	101.4	105.8
Export credit/guarantee	--	--	--	2.0	--	2.0	--	2.3	--	2.3

Source: Central Bank of Barbados.

1/ Includes Central Bank subscription to Trinidad and Tobago dollar loan.

Table 23. Barbados: Summary Accounts of the Commercial Banks

(In millions of Barbados dollars)

	December 31				March 31		May 31	
	1978	1979	1980	1981	1981	1982	1981	1982
<u>Net international reserves</u>	5.6	8.8	4.7	-28.0	9.2	7.8	7.3	1.0
Assets	27.7	44.0	47.7	43.8	49.9	61.1	43.7	43.2
Liabilities	-22.1	-35.2	-43.0	-71.8	-40.7	-53.3	-36.4	-42.2
<u>Net overseas operations</u>	-23.3	-27.8	-39.4	-44.6	-42.4	-41.8	-44.4	-42.2
Assets	3.8	4.7	5.1	6.8	5.4	6.6	4.3	7.2
Liabilities	-27.1	-32.5	-44.5	-51.4	-47.8	-48.4	-48.7	-49.4
<u>Monetary reserves and currency holdings</u>	44.2	62.9	62.9	67.2	72.9	73.7	62.7	64.3
<u>Net domestic assets</u>	411.5	515.9	585.0	723.0	614.0	718.7	648.9	734.0
<u>Net claims on public sector</u>	44.4	46.9	38.0	81.3	56.7	83.5	78.0	103.9
Net Central Government	116.3	120.7	131.7	147.4	147.6	165.7	171.8	179.0
Assets	(123.9)	(130.5)	(142.8)	(161.0)	(161.4)	(178.7)	(184.8)	(191.8)
Liabilities	(-7.6)	(-9.8)	(-11.1)	(-13.6)	(-13.8)	(-13.0)	(-13.0)	(-12.8)
Net other general government	-11.7	-9.0	-6.9	-1.6	-5.9	-1.7	-6.0	-1.8
Net other decentralized agencies	-9.2	-12.5	-12.8	-13.8	-12.2	-13.2	-13.8	-11.4
Net Social Security funds	-51.0	-52.3	-74.0	-50.7	-72.8	-67.3	-74.0	-61.9
Official capital and surplus	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0	-8.0
Credit to rest of banking system	8.3	10.9	10.0	15.8	17.3	11.7	8.5	7.2
Credit to rest of financial system	4.9	10.9	8.0	6.3	7.2	11.3	7.1	12.6
Credit to private sector	362.6	443.9	521.4	618.0	532.1	617.1	555.2	605.6
Net unclassified assets	-9.1	-14.8	-8.6	-11.1	-11.9	-25.2	-16.9	-9.1
Net interbank float	8.4	26.1	24.2	20.7	20.6	28.3	25.0	21.8
<u>Medium- and long-term foreign liabilities 1/</u>	19.3	17.1	9.8	9.5	9.4	9.5	9.4	9.5
<u>Liabilities to monetary authorities</u>	--	1.2	1.2	5.4	--	21.8	--	6.6
<u>Liabilities to rest of banking system</u>	10.1	18.5	8.1	30.1	9.0	20.1	12.2	22.4
<u>Liabilities to rest of financial system</u>	24.3	29.0	32.1	42.5	33.1	41.3	33.6	43.5
<u>Liabilities to private sector</u>	384.3	494.0	562.0	630.1	602.2	665.7	619.3	674.6
Demand deposits	78.8	120.9	123.9	112.6	135.2	125.2	135.5	119.4
Time, savings, and foreign currency deposits	300.3	364.5	426.2	504.8	455.3	528.4	471.2	542.5
Private capital and surplus	5.2	8.6	11.9	12.7	11.7	12.1	12.6	12.7

Source: Central Bank of Barbados.

1/ Loans in foreign currency to the Government by the First National Bank of Chicago, whose branch office in Barbados closed in 1978, are treated as foreign borrowing throughout.

Table 24. Barbados: Summary Accounts of the Trust Companies
(In millions of Barbados dollars)

	December 31			March 31		May 31	
	1978	1979	1980	1981	1982	1981	1982
<u>Monetary reserve and currency holdings</u>	<u>4.6</u>	<u>8.1</u>	<u>3.5</u>	<u>2.2</u>	<u>3.3</u>	<u>2.3</u>	<u>1.5</u>
Net domestic assets	35.4	34.6	50.9	71.7	52.4	65.0	84.6
Net claims on public sector	-3.6	-21.8	-19.1	-26.2	-22.7	-22.7	-27.7
Net Central Government	(0.6)	(0.5)	(0.5)	(0.8)	(0.4)	(0.4)	(0.9)
Net Social Security funds	(-4.2)	(-22.3)	(-19.6)	(-27.0)	(-23.1)	(-23.1)	(-28.6)
Credit to commercial banks	5.8	7.3	1.9	1.4	1.3	3.8	0.7
Credit to private sector	34.9	51.4	71.6	105.1	77.4	91.7	119.8
Mortgage loans (private)	(27.3)	(40.8)	(57.9)	(72.2)	(61.8)	(65.4)	(77.3)
Mortgage loans (other)	(2.6)	(4.3)	(4.7)	(5.5)	(5.2)	(5.7)	(5.2)
Mortgage loans (industrial and commercial)	(4.9)	(5.9)	(8.1)	(9.9)	(9.5)	(8.1)	(10.9)
Other loans	(0.1)	(0.4)	(0.9)	(17.5)	(0.9)	(12.5)	(26.4)
Net unclassified assets	-1.7	-2.3	-3.5	-8.6	-3.6	-7.8	-8.2
<u>Medium- and long-term foreign liabilities</u>	<u>1.3</u>	<u>1.8</u>	<u>1.8</u>	<u>2.3</u>	<u>1.8</u>	<u>1.8</u>	<u>2.8</u>
<u>Liabilities to commercial banks</u>	<u>1.7</u>	<u>0.9</u>	<u>1.6</u>	<u>5.0</u>	<u>2.9</u>	<u>2.3</u>	<u>6.5</u>
<u>Liabilities to private sector</u>	<u>37.0</u>	<u>40.0</u>	<u>51.0</u>	<u>66.6</u>	<u>51.0</u>	<u>63.2</u>	<u>76.8</u>
Time deposits	36.3	39.3	50.3	65.9	50.3	62.5	76.1
Private capital and surplus	0.7	0.7	0.7	0.7	0.7	0.7	0.7

Source: Central Bank of Barbados.

Table 25. Barbados: Selected Interest Rates

(In per cent per annum)

End of Period	Weighted Average Lending Rate	Prime Rate		Treasury Bill Rates		Commercial Bank Deposits			
		Barbados	U.S.1/	Barbados	U.S.1/	3-Month	6-Month	12-Month	Savings
1976									
March	11.1	9.0-9.5	6.8	4.4	5.1	3.5-5.0	4.5-6.5	5.0-6.0	3.0-7.0
June	10.6	8.0-8.5	7.2	4.5	5.4	4.0-4.5	4.0-5.0	4.0-5.0	3.0-6.0
September	10.6	8.0-8.5	7.0	4.5	5.1	4.0-4.5	4.0-5.0	4.0-5.0	2.5-6.0
December	10.3	7.5-8.5	6.4	4.5	4.4	3.5-4.5	4.0-5.0	4.3-5.0	2.5-5.0
1977									
March	10.2	7.5-8.5	6.3	4.6	4.6	3.5-4.5	4.0-5.0	3.8-5.5	2.5-5.0
June	10.1	7.5-8.0	6.8	4.6	5.0	3.5-4.5	4.0-5.0	3.8-5.5	2.5-5.0
September	10.2	7.5-8.0	7.1	4.6	5.8	3.5-4.5	4.0-5.0	3.8-5.5	2.5-5.0
December	10.0	7.5-8.0	7.8	5.0	6.1	3.5-4.5	4.0-5.0	3.8-5.5	2.5-5.0
1978									
March	10.1	7.5-8.5	8.0	5.1	6.3	3.0-5.0	4.0-5.5	3.5-6.0	2.5-5.0
June	10.2	8.0-8.5	8.6	4.5	6.7	3.0-5.5	4.0-5.5	3.8-5.5	2.5-5.0
September	10.0	8.0-8.5	9.4	4.6	7.8	3.0-5.0	4.0-5.5	3.8-6.0	3.0-5.0
December	10.0	8.0-8.5	11.6	4.8	9.1	3.0-5.0	4.0-5.0	3.8-6.0	3.0-5.0
1979									
March	10.2	8.0-8.5	11.8	4.8	9.5	3.0-4.5	4.0-5.0	3.8-5.5	3.0-5.0
June	10.2	8.0-8.5	11.7	4.6	9.1	3.0-4.5	4.0-5.0	3.8-5.5	3.0-5.0
September	10.2	8.0-8.5	12.9	4.9	10.2	3.5-4.5	4.4-5.0	3.8-5.5	3.0-5.0
December	10.1	8.0-8.5	15.3	5.0	12.1	3.5-4.5	4.0-5.0	3.8-5.5	3.0-5.0
1980									
March	10.2	8.0-8.5	18.0	5.2	15.5	3.5-4.5	3.8-5.0	4.0-5.5	3.0-5.0
June	10.8	8.0-9.5	12.6	5.8	7.0	5.0-5.5	5.3-6.0	5.5-6.0	5.0-5.3
September	10.8	9.0-9.5	12.2	5.9	10.3	5.0-5.5	5.3-6.0	5.5-6.5	5.0-5.3
December	11.0	9.0-9.5	20.4	6.2	15.7	5.0-5.5	5.3-6.0	5.5-6.5	5.0-5.3
1981									
March	12.0	11.0	18.1	7.6	13.5	7.0-7.3	7.0-7.5	7.0-7.8	7.0-7.3
June	12.2	11.0	20.1	8.6	14.6	7.0-7.3	7.0-7.5	7.0-7.8	7.0-7.3
September	12.5	11.0	20.1	9.3	15.0	7.0-7.3	7.0-7.5	7.0-7.8	7.0-7.3
December	13.8	13.0-14.0	15.8	13.8	10.9	8.5-9.5	7.0-9.0	7.8-9.3	8.0
1982									
March	13.9	13.0-14.0	16.5	15.2	12.5	8.5-9.5	7.0-9.0	7.8-9.3	8.0
June	...	13.0-14.0	16.5	13.9	12.5	8.5-9.5	7.0-9.0	7.8-9.3	8.0

Sources: Central Bank of Barbados; and Federal Reserve Bulletin.

1/ Monthly average rate.

Table 26. Barbados: Balance of Payments

(In millions of U.S. dollars)

	1977			1978			1979		
	Credit	Debit	Bal- ance	Credit	Debit	Bal- ance	Credit	Debit	Bal- ance
<u>Goods and services</u>	280.5	333.7	-53.2	354.3	388.2	-33.9	472.5	513.1	-40.6
Merchandise <u>1/</u>	92.1	272.8	-180.7	107.2	314.8	-207.6	147.8	415.4	-267.6
Transportation <u>2/</u>	24.6	11.8	12.8	29.7	17.6	12.1	38.2	20.7	17.5
Travel <u>3/</u>	120.0	9.2	110.8	158.2	9.8	148.4	208.0	13.0	195.0
Investment income	2.7	11.3	-8.6	5.9	11.4	-5.5	8.7	19.7	-11.0
Government, n.i.e.	9.5	7.0	2.5	12.2	6.0	6.2	14.8	6.9	7.9
Other services <u>4/</u>	31.6	21.6	10.0	41.1	28.6	12.5	55.0	37.4	17.6
<u>Unrequited transfers</u>	21.4	5.5	15.9	22.0	5.3	16.7	30.8	8.8	22.0
Private transfers	16.4	2.2	14.2	18.5	2.2	16.3	22.0	5.8	19.0
Government transfers	5.0	3.3	1.7	3.5	3.1	0.4	8.8	5.8	3.0
<u>Capital</u>			28.4			30.9			26.7
Direct investment			4.7			9.3			14.8
Other private long-term capital			9.2			-3.3			-9.4
Commercial banks <u>5/</u>			-3.6			-2.3			-0.4
Private short-term capital and errors and omissions			11.2			18.7			14.4
Official capital <u>7/</u>			6.9			7.7			7.3
<u>Special transactions</u>			-0.2			-0.6			1.6
SDR allocations			--			--			2.4
Exchange profit and losses <u>8/</u>			-0.2			-0.6			-0.8
<u>Exceptional official borrowing</u>			--			10.0			--
<u>Change in net official reserves (increase -)</u>			9.1			-22.3			-9.7
Reserve-related liabilities			17.9			0.6			-1.9
Change in gross official reserves			-8.8			-22.9			-7.8

Table 26. Barbados: Balance of Payments (Concluded)

(In millions of U.S. dollars)

	1980			Prel. 1981			Proj. 1982			Proj. 1983
	Credit	Debit	Bal- ance	Credit	Debit	Bal- ance	Credit	Debit	Bal- ance	Bal- ance
<u>Goods and services</u>	612.9	641.6	-28.7	606.1	714.1	-108.0	600.5	730.5	-130.0	-110.0
Merchandise <u>1/</u>	202.1	525.5	-323.4	183.5	574.1	-390.6	188.5	585.0	-396.5	-401.5
Transportation <u>2/</u>	64.6	26.3	38.3	52.0	29.0	23.0	60.0	30.0	30.0	32.0
Travel <u>3/</u>	253.7	19.2	234.5	262.0	20.0	242.0	251.5	22.0	229.5	264.0
Investment income	10.8	19.3	-8.5	13.0	32.0	-19.0	14.0	36.5	-22.5	-30.0
Government, n.i.e.	13.7	7.9	5.8	16.0	9.0	7.0	17.0	9.0	8.0	8.0
Other services <u>4/</u>	68.0	43.4	24.6	79.6	50.0	29.6	69.5	48.0	21.5	21.5
<u>Unrequited transfers</u>	34.2	12.6	21.6	39.0	14.0	25.0	42.0	14.5	27.5	30.0
Private transfers	28.2	4.3	23.9	33.0	6.0	27.0	36.0	6.5	29.5	32.0
Government transfers	6.0	8.3	-2.3	6.0	8.0	-2.0	6.0	8.0	-2.0	-2.0
<u>Capital</u>			7.4			27.0			70.0	72.5
Direct investment			7.0			6.5			15.0	5.0
Other private long-term capital			8.4			6.5			45.0	40.0
Commercial banks <u>5/</u>			4.2			18.8			-10.0	--
Private short-term capital and errors and omissions			-23.1			-22.3 <u>6/</u>			-2.5	--
Official capital <u>7/</u>			10.9			17.5			22.5	27.5
<u>Special transactions</u>			1.6			1.5			--	--
SDR allocations			2.3			1.5			--	--
Exchange profit and losses <u>8/</u>			-0.7			...			--	--
<u>Exceptional official borrowing</u>			18.0			30.0			--	--
<u>Change in net official reserves (increase -)</u>			-19.9			24.5			32.5	7.5
Reserve-related liabilities			-7.7			48.0			-8.4	6.5
<u>Change in gross official reserves</u>			-12.2			-23.5			40.9	14.0

Sources: Central Bank of Barbados; IBRD; and Fund staff estimates.

1/ Exports are f.o.b. and include re-exports, sugar valuation adjustments, and other balance of payments adjustments. This item corresponds to total adjusted exports in Statistical Appendix Table 27. Imports are c.i.f. and include imports for re-export (equal to re-exports), stores and bunkers, and balance of payments adjustments. This item corresponds to total adjusted imports in Statistical Appendix Table 30.

2/ Includes exports of stores and bunkers.

3/ Receipts in 1975, 1976, 1977, and 1978 corporate IBRD staff adjustments to take account of higher estimated daily expenditure per tourist. Estimated receipts in 1979 are based on these adjustments.

4/ Official data on receipts from miscellaneous services were revised in 1976. In order to provide comparability with data for preceding years, the staff has made for those years an upward adjustment of US\$10 million.

5/ Loans in foreign currency extended by the First National Bank of Chicago, which closed its Barbados branch in 1978, are treated as official financing throughout. These loans were to the Hilton Hotel (US\$1.5 million), International Seafoods Ltd. (US\$3.6 million), and the Government of Barbados (US\$4 million). The net foreign position of the commercial banks has been adjusted accordingly.

6/ Includes advances on imports related to the cement and power projects estimated at US\$29.7 million.

7/ Changes in government and government-guaranteed loans, other than disbursement of exceptional financing loans; it includes administration of the latter.

8/ Valuation adjustment to IMF accounts.

Table 27. Barbados: Merchandise Exports, f.o.b.

	1978	1979	1980	Prov. 1981	Jan.-Mar. 1981	1982	Projected 1982	Projected 1983
(In millions of U.S. dollars)								
Total adjusted exports	107.3	147.7	201.9	183.5	37.8	41.1	188.5	217.5
Re-exports	13.0	27.3	33.3	35.0	9.0	6.0	25.0	38.0
Sugar valuation adjustment ^{1/}	6.0	2.2	-0.6	...	...	...	...	...
Other balance of payments adjustments	-5.0	1.8	0.6	...	...	...	...	...
Total domestic exports	93.3	116.5	168.6	148.5	28.8	35.1	163.5	179.5
Sugar	23.4	29.0	54.7	25.7	1.5	7.0	30.9	32.2
Molasses	3.3	3.5	5.9	4.1	--	0.2	3.4	4.0
Rum	3.0	1.3	1.8	2.1	0.5	0.5	2.2	2.5
Shrimp	--	--	--	--	--	--	--	--
Margarine and lard	2.7	2.2	3.1	2.3	0.7	0.4	2.3	2.4
Other food and beverages	3.6	4.9	4.0	8.5	2.7	0.8	10.0	12.0
Chemicals	4.6	7.6	10.8	12.1	2.9	2.6	13.3	15.0
Electrical parts	18.8	22.6	31.7	38.6	9.0	10.3	44.1	49.5
Clothing	20.2	23.0	24.6	25.2	5.4	6.9	27.1	29.1
Other manufactures	12.2	21.7	31.2	29.3	5.9	5.6	29.3	32.0
Other exports	1.5	0.7	0.8	0.6	0.2	0.8	0.9	0.8
(Annual percentage change)								
Total domestic exports	23.4	24.8	44.7	-11.9	12.4	21.9	10.1	9.8

Sources: Barbados Statistical Service; and Fund staff estimates.

^{1/} Represents monetary compensation paid by the EEC to Barbados for sugar exports under Lome Convention.

Table 28. Barbados: Sugar Statistics

(Volume in thousands of tons; value in millions of U.S. dollars;
unit value as indicated)

	1978	1979	1980	1981	Projected	
					1982	1983
I. Sugar: All Destinations						
<u>Exports</u>						
Value ^{1/}	23.4	28.9	52.2	26.1	30.9	32.2
Volume	77.8	83.0	112.8	54.3	84.0	77.5
Unit value (US\$/ton)	300.7	348.2	462.8	480.7	367.9	415.5
(US\$/lb.)	13.6	15.8	21.0	21.8	16.7	18.9
<u>EEC</u>						
Value ^{1/}	19.3	19.0	25.1	16.5	22.7	25.0
Volume	59.8	48.0	56.1	43.9	55.3	57.7
Unit value (US\$/ton)	322.7	395.8	447.4	375.9	410.5	433.3
(US\$/lb.)	14.6	18.0	20.3	17.1	18.7	19.7
<u>United States</u>						
Value	4.1	9.8	27.1	9.2	7.1	7.8
Volume	17.8	34.7	54.8	9.6	20.0	19.0
Unit value (US\$/ton)	230.3	282.4	494.5	958.3	352.5	407.9
(US\$/lb.)	10.4	12.8	22.4	43.6	16.0	18.5
<u>Other countries</u>						
Value	--	0.1	0.7	0.5	1.1	0.1
Volume	0.2	0.3	1.9	0.8	8.7	0.8
Unit value (US\$/ton)	--	333.3	368.4	562.5	126.5	125.0
(US\$/lb.)	--	15.1	16.7	25.6	5.7	5.7
II. Molasses: All destinations						
Value	2.6	3.5	3.1	4.0	3.4	4.0
Volume	7.3	7.0	6.5	7.7	6.3	7.0
Unit value (US\$/ton)	355.0	495.0	479.0	519.0	532.0	571.4
(US\$/lb.)	16.1	22.5	21.8	23.6	24.2	26.0
<u>Production ^{2/}</u>						
Area harvested (thousand acres)	39.4	39.7	40.2	39.6	37.5	37.4
Cane milled (volume)	866	1,019	1,165	966	...	...
Sugar production (volume)	99.3	112.2	131.7	94.1	88.0	100.0
Average yield (in tons)						
Cane per acre	22.0	25.7	29.0	24.4	...	...
Tons cane per ton sugar	8.9	9.4	9.1	10.3	9.2	8.9
Tons sugar per acre	2.5	2.8	3.3	2.4	2.3	2.7

Source: Barbados Statistical Service; and Barbados Sugar Producers' Association.

^{1/} Not including EEC valuation adjustments.

^{2/} Crop year July-June.

Table 29. Barbados: Tourist Statistics

	1978	1979	1980	Prel. 1981	Jan.-Mar. 1981	1982	Proj. 1982	1983
Stayover visitor arrivals (thousands)	316.9	370.9	369.9	352.6	99.7	91.8	334.4	358.5
Cruise-ship passengers (thousands)	126.0	110.1	156.5	135.8	54.6	43.6	118.0	128.3
Total tourist days (thousands) ^{1/}	3,010	3,782	3,782	3,521	1,042	916	3,295	3,570
Total bed capacity (thousands)	11.1	11.8	13.4	14.0	...	...	...	...
Bed occupancy rates, all establishments (per cent)	59.3	76.4	65.3	54.0	67.5	...	...	...
Average length of stay (days)	9.1	9.9	9.8	9.6	9.9	9.5	9.5	9.6
Tourist expenditure total (millions of U.S. dollars)	157.1	205.9	250.5	262.0	85.7	67.0	249.1	285.7
Per head per day (U.S. dollars)	52.2	54.4	66.2	74.4	82.2	73.1	75.6	80.0
(Annual percentage change)								
Total tourist days	19.1	25.7	--	-6.9	-17.1	-12.1	-6.4	8.3
Stayover visitor arrivals	17.7	17.0	-0.3	-4.7	-7.8	-7.9	-5.2	7.2
Cruise-ship passengers	22.2	-12.6	42.1	-13.2	-18.5	-20.1	-13.1	8.7
Tourist expenditure	31.7	31.1	21.7	4.6	3.3	-21.8	-4.9	14.7
Daily expenditure per head	10.6	4.2	21.7	12.4	24.5	-11.1	1.6	5.8
(As per cent of GDP)								
Tourist expenditure	28.4	30.5	30.2	28.2	...	...	24.4	25.9
(As per cent of total visitor arrivals)								
By country of residence								
United States	27.0	24.6	23.2	21.1	21.7	22.1	...	...
Canada	28.8	25.0	23.0	19.8	34.0	31.3	...	...
Commonwealth Caribbean	17.1	20.3	22.8	24.6	14.7	14.2	...	...
United Kingdom	11.3	13.3	15.2	20.4	15.7	13.2	...	...
Other	15.8	16.8	15.8	14.1	13.9	11.1	...	...
By intended length of stay								
1 day - 7 days	49.2	47.8	47.9	45.1	44.7	46.7	...	...
8 days - 14 days	32.3	29.6	30.4	32.1	35.0	35.3	...	...
15 days - 1 month	14.0	19.3	17.5	18.9	16.7	14.4	...	...
Over 1 month	2.1	1.7	1.8	2.3	2.5	2.7	...	...
Unspecified	2.4	1.6	2.3	1.6	1.1	0.9	...	...

Sources: Barbados Statistical Service; Central Bank of Barbados; Board of Tourism; IBRD staff adjustments; and Fund staff estimates.

^{1/} Stayover arrivals multiplied by average length of stay, plus cruise-ship passengers.

Table 30. Barbados: Merchandise Imports, c.i.f.

	1978	1979	1980	Prov. 1981	Jan.-Mar. 1981	1982	Projected 1982	1983
(In millions of U.S. dollars)								
<u>Total adjusted imports</u>	<u>314.8</u>	<u>415.3</u>	<u>525.5</u>	<u>574.1</u>	<u>143.0</u>	<u>161.2</u>	<u>585.0</u>	<u>619.0</u>
Re-exports	13.0	27.3	33.3	35.0	9.0	15.5	35.0	38.0
Stores and bunkers	18.8	23.4	47.1	32.0	8.8	10.0	25.0	30.0
Balance of payments adjustment	0.4	-10.1 ^{1/}	0.9	...	...	...	...	...
<u>Retained imports</u>	<u>282.5</u>	<u>374.8</u>	<u>444.2</u>	<u>507.1</u>	<u>125.2</u>	<u>135.7</u>	<u>525.0</u>	<u>551.0</u>
<u>Consumer goods</u>	<u>114.1</u>	<u>139.9</u>	<u>171.2</u>	<u>186.4</u>	<u>45.4</u>	<u>41.2</u>	<u>182.5</u>	<u>186.0</u>
Nondurables	88.4	106.0	123.9	135.6	33.7	30.2	...	...
Food and beverages	(61.4)	(68.6)	(81.8)	(89.5)	(22.6)	(21.2)	(...)	(...)
Other	(27.0)	(37.4)	(42.2)	(46.1)	(11.1)	(9.0)	(...)	(...)
Durables	10.8	14.8	19.4	25.4	6.1	5.5	...	...
Motorcars	(4.2)	(6.4)	(9.3)	(12.7)	(3.6)	(3.5)	(...)	(...)
Other	(6.6)	(8.4)	(10.1)	(12.7)	(2.5)	(2.0)	(...)	(...)
Other manufactures	14.9	19.2	27.9	25.4	5.6	5.5	...	...
<u>Intermediate goods</u>	<u>88.6</u>	<u>127.0</u>	<u>140.5</u>	<u>164.4</u>	<u>46.3</u>	<u>35.4</u>	<u>162.0</u>	<u>175.0</u>
Fuels ^{2/}	17.1 ^{2/}	31.2	32.6	51.9	19.6	9.3	40.0	42.0
Chemicals	14.8	20.3	25.3	25.2	6.1	5.1	...	...
Textiles	13.5	18.9	19.7	21.7	4.7	5.2	...	...
Feeds, fats, and crude materials	11.2	13.5	13.3	15.1	3.8	3.8	...	...
Other manufactures	31.9	43.2	49.6	50.5	12.1	12.0	...	...
<u>Capital goods</u>	<u>71.1</u>	<u>103.5</u>	<u>133.8</u>	<u>154.9</u>	<u>33.8</u>	<u>58.0</u>	<u>180.5</u>	<u>190.0</u>
Machinery	50.5	75.3	93.7	112.3	24.7	46.1	...	...
Construction materials	20.6	28.2	40.2	42.6	9.1	11.9	...	...
<u>Unclassified goods</u>	<u>8.9</u>	<u>4.5</u>	<u>-1.3</u>	<u>1.4</u>	<u>-0.3</u>	<u>1.1</u>	<u>...</u>	<u>...</u>
(In per cent of GDP)								
Retained imports	51.0	55.9	54.5	54.5	...	...	51.5	49.9
Consumer goods imports	20.6	20.9	21.0	20.0	...	...	17.9	16.8
Intermediate goods imports	16.0	18.9	17.2	17.7	...	...	15.9	15.8
Capital goods imports	12.8	15.4	16.4	16.6	...	...	17.7	17.2
(Annual percentage change)								
Retained imports	14.9	32.6	18.5	14.2	14.1	8.4	3.5	5.0

Sources: Barbados Statistical Service, Central Bank; and Fund staff estimates.

^{1/} Adjusted for consignment imports estimated at US\$11 million.

^{2/} Retained imports of fuel in 1977 and 1978 differ from official figures because of a timing adjustment of US\$5.6 million in respect of stores and bunkers for 1977, which was reported in January 1978. Those in 1979, 1980 and 1981 are also different from official figures due to reclassification of jet fuel sold to foreign airlines reported as retained imports (US\$15 million in 1979, US\$21.4 million in 1980 and US\$20 million in 1981).

Table 31. Barbados: Net Official International Reserves 1/
(In millions of U.S. dollars)

	1978	1979	1980	1981	Actual 1982		Proj. 1982		Proj. 1983		Proj. 1984	
					Q I	Q II	Q III	Q IV	Q I	Q II	Q III	Q IV
Total	41.5	51.2	71.1	47.0	44.4	39.6	23.5	14.1	19.5	19.5	10.0	6.5
Central Bank assets	49.9	55.8	64.8	87.4	74.1	51.6	57.6	45.8	55.1	59.2	52.8	50.9
Liquid assets	41.1	37.8	45.0	56.8	34.4	10.2	18.6	13.8	23.1	29.2	22.8	22.9
Nonliquid assets	8.8	18.0	19.8	30.6	39.7	41.4	42.0	32.0	32.0	30.0	30.0	28.0
Of which: CARICOM	(4.5)	(2.5)	(4.5)	(10.5)	(26.0)	(31.8)	(32.0)	(22.0)	(22.0)	(20.0)	(20.0)	(18.0)
Government assets	10.1	12.0	15.2	16.5	17.3	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Central Bank liabilities	-18.5	-16.6	-8.9	-56.9	-47.0	-30.0	-52.1	-49.7	-53.6	-57.7	-60.8	-62.4
IMF 2/	-8.5	-8.6	-2.9	-0.9	-0.9	--	-22.6	-22.6	-25.7	-30.0	-34.3	-38.6
Purchases	-8.5	-8.6	-2.9	-0.9	-0.9	--	-22.6	-22.6	-25.7	-30.0	-34.3	-38.6
CFF	(-8.5)	(-8.6)	(-2.9)	(-0.9)	(-0.9)	--	(-12.1)	(-12.1)	(-12.1)	(-12.1)	(-12.1)	(-12.1)
Stand-by	--	--	--	--	--	--	--	--	--	--	--	--
Repurchases 3/	--	--	5.7	2.0	--	0.9	--	--	--	--	--	--
Trinidad and Tobago	-10.0	-8.0	-6.0	-7.5	-7.7	-7.7	-7.7	-6.0	-6.5	-6.5	-6.5	-5.0
Venezuela 4/	--	--	--	-3.5	-3.4	-5.8	-7.0	-8.0	-9.5	-11.0	-12.0	-13.0
IDB	--	--	--	--	--	-0.5	-0.5	-0.5	-1.0	-1.0	-1.0	-1.0
Commercial bank loans	--	--	--	-45.0	-35.0	-16.0	-14.3	-12.6	-10.9	-9.2	-7.0	-4.8
Memorandum item												
Gross assets/retained imports (months)	2.5	2.2	2.2	2.5	2.2	1.6	1.8	1.5	1.7	1.7	1.6	1.6
												1.9

Source: IMF mission projections.

1/ End of period.

2/ From 1982-84 US\$1.1 = SDR 1.

3/ Repurchases during the period.

4/ Assumes oil facility credits increase by US\$5 million a year.

Table 32. Barbados: Outstanding External Debt ^{1/}

	1978	1979	1980	Prel. 1981	1982	1983	Projected 1984	1985	1986
(In millions of U.S. dollars)									
<u>Total</u>	<u>79.0</u>	<u>84.5</u>	<u>105.3</u>	<u>202.9</u>	<u>232.8</u>	<u>314.2</u>	<u>340.6</u>	<u>334.9</u>	<u>315.6</u>
Central Government	51.5	56.8	81.1	128.0	145.4	165.4	175.4	173.3	167.6
Outstanding previous year	35.9	51.5	56.8	81.1	128.0	145.4	165.4	175.4	173.3
Drawings	20.6	10.2	30.8	53.7	22.4	26.2	16.6	11.0	7.5
Amortization	-4.4	-4.8	-6.9	-6.4	-5.0	-6.2	-6.6	-13.1	-13.2
Valuation	-0.6	-0.1	0.4	-0.4	--	--	--	--	--
<u>Government guaranteed</u>	<u>9.0</u>	<u>11.1</u>	<u>15.3</u>	<u>18.0</u>	<u>38.9</u>	<u>86.4</u>	<u>91.6</u>	<u>85.4</u>	<u>74.6</u>
Central Bank	18.5	16.6	8.9	56.9	48.5	62.4	73.6	76.2	73.2
Of which: IMF	8.5	8.6	2.9	0.9	21.4	38.6	47.2	47.2	39.4
<u>Total debt servicing</u>	<u>8.4</u>	<u>11.4</u>	<u>21.5</u>	<u>23.3</u>	<u>55.8</u>	<u>34.8</u>	<u>37.8</u>	<u>46.5</u>	<u>55.4</u>
<u>Total interest payments</u>	<u>3.9</u>	<u>6.2</u>	<u>6.7</u>	<u>12.6</u>	<u>15.3</u>	<u>18.7</u>	<u>22.8</u>	<u>24.3</u>	<u>23.6</u>
Central Government	2.4	4.6	4.5	7.7	10.0	11.1	10.4	10.4	9.6
Government guaranteed	0.5	0.6	1.0	1.0	1.3	3.1	7.4	7.9	7.5
Central Bank	1.0	1.0	1.2	3.9	4.0	4.5	5.0	6.0	6.5
<u>Total amortization</u>	<u>4.5</u>	<u>7.0</u>	<u>14.8</u>	<u>10.7</u>	<u>40.5</u>	<u>17.8</u>	<u>15.0</u>	<u>22.2</u>	<u>31.8</u>
Central Government	4.4	4.8	6.9	6.4	5.0	6.2	6.6	13.1	13.2
Government guaranteed	0.1	0.2	0.2	0.3	1.1	1.8	6.0	6.7	10.8
Central Bank	--	2.0	7.7	4.0	34.4	9.8	2.4	2.4	7.8
<u>Domestic exports and tourism</u>	<u>251.5</u>	<u>324.5</u>	<u>422.5</u>	<u>413.0</u>	<u>415.0</u>	<u>467.0</u>	<u>533.5</u>	<u>586.5</u>	<u>644.5</u>
(In per cent)									
Total debt/GDP	14.3	12.5	12.7	21.8	22.8	28.4	27.5	24.1	20.2
Debt service/domestic exports and tourism	3.3	4.1	5.1	5.6	13.4	7.5	7.1	7.9	8.6
Average interest	4.9	7.3	6.4	6.2	6.6	6.0	6.7	7.3	

Sources: Central Bank of Barbados; and Fund staff estimates.

^{1/} End of period.

Table 33. Barbados: Exchange Rates

	BDS\$ per unit of			Nominal	Real
	SDR	US\$	£	Effective Exchange Rate 1/	Effective Exchange Rate 2/
<u>End of period</u>					
1975	2.346	2.004	2.024	95.8	95.5
1976	2.328	2.004	1.702	92.8	96.3
1977	2.443	2.011	1.906	95.2	98.1
1978	2.620	2.011	2.035	95.6	96.9
1979	2.650	2.011	2.224	96.8	95.6
1980	2.565	2.011	2.385	98.2	96.5
1981	2.341	2.011	1.9080	93.5	88.1
1982 (June)	2.197	2.011	1.7910	90.8	83.1
<u>Average for period</u>					
1975	2.451	2.020	4.488	100.0	100.0
1976	2.315	2.000	3.612	93.9	96.5
1977	2.342	2.017	3.522	93.6	97.4
1978	2.519	2.011	3.859	95.1	98.3
1979	2.597	2.011	4.267	96.3	96.4
1980	2.618	2.011	4.678	98.0	99.3
1981	2.358	2.011	4.078	94.4	91.8
1982 (Jan.-June)	2.257	2.011	3.533	91.9	86.4

Source: IMF, International Financial Statistics.

1/ Index, (1975=100) calculated with trade-weights, represents weighted units of foreign currency of main trading partners per Barbados dollar. Increase in index represents a depreciation of the Barbados dollar. Weights are given by the relative shares of the United States, Canada, the United Kingdom, Japan, Germany, Venezuela, Guyana, Jamaica, and Trinidad and Tobago in Barbados total merchandise trade.

2/ The nominal effective exchange rate adjusted for relative consumer prices. Decrease in index represents a real appreciation of the Barbados dollar.