DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

FOR AGENDA

0450

SM/92/83

CONTAINS CONFIDENTIAL INFORMATION

April 15, 1992

To: Members of the Executive Board

From: The Secretary

Subject: St. Lucia - Staff Report for the 1992 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1992 Article IV consultation with St. Lucia, which will be brought to the agenda for discussion on a date to be announced.

Mr. Kawar (ext. 7685) or Mrs. Yang (ext. 7687) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

Att: (1)

Other Distribution:
Department Heads

CONTAINS CONFIDENTIAL
INFORMATION

INTERNATIONAL MONETARY FUND

ST. LUCIA

Staff Report for the 1992 Article IV Consultation

Prepared by the Staff Representatives for the
1992 Consultation with St. Lucia

Approved by S. T. Beza and S. Kanesa-Thasan

April 14, 1992

I. Introduction

The 1992 Article IV consultation discussions with St. Lucia were held in Castries in the period February 19-March 3, 1992. The representatives of St. Lucia were led by Prime Minister Compton (who is also Minister of Finance), and included the Director of Finance, the Permanent Secretary of Planning, and other senior officials. 1/

The last Article IV consultation with St. Lucia, on the 24-month cycle, was concluded by the Executive Board on May 30, 1990 (EBM/90/83). St. Lucia accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Articles of Agreement in May 1980. St. Lucia has consented to the proposed increase in its quota under the Ninth General Review of Quotas and has accepted the proposed Third Amendment of the Articles of Agreement.

II. Recent Developments and Prospects

The principal economic activities in St. Lucia are tourism, agriculture, and export-oriented manufacturing. In 1991 the growth of real GDP slowed to about 2 percent from 4 percent in 1990 and about 5.5 percent a year in 1986-89, because of a pronounced fall in banana production and a small drop in manufacturing (Table 1). The fall of banana production reflected adverse weather conditions and the manufacturing sector suffered from recessionary conditions in partner countries. Tourism earnings increased by only 5 percent as weak international demand led to discounting of hotel prices. The outlook for 1992 is for an acceleration of growth to about 6 percent based on a rebound in banana production, more rapid growth in tourism earnings, and a moderate recovery in manufacturing. Beyond 1992 the outlook is contingent on the European Community's policy on access for Caribbean bananas after the creation of the single market.

1/ The staff representatives were Messrs. Kawar (Head), Lim, and Shah, Mrs. Yang (all WHD), and Mrs. Witmer (Assistant--SEC). Ms. Powell, Advisor to the Executive Director for St. Lucia, participated in the concluding meetings.

With continuation of the present system of preferences, banana production would grow moderately and real GDP could increase by about 4 percent a year in 1993-94. Elimination of preferences, however, could lead to a 25-30 percent decline in banana production and to little or no growth of real GDP on average in 1993-94.

Table 1. St. Lucia: Indicators of Output and Prices

(Annual change in percent)

	Average 1986-89	1990	Est. 1991	Projected 1992	Projected 1993-94
Output indicators					
Real GDP	5.6	4.2	1.9	5.8	4.1
Banana (production)	10.8	6.8	-25.5	20.6	6.0
Tourist (stayovers)	8.9	6.1	12.8	12.0	12.0
Manufacturing (value added)	7.8	5.0	-3.0	3.0	4.0
Electricity (sales)	13.0	9.3	8.8	10.0	7.0
Prices and wages					
Consumer prices	3.6	4.4	6.0	3.5	3.6
Terms of trade	0.7	1.0	-5.7	-0.1	0.2
Central government wages (nominal)	4.5	3.0	3.0	7.4	6.7
Private sector wages (nominal)	9.0	7.0	6.0	5.0	5.0

Sources: Data provided by the St. Lucian authorities; and staff estimates.

Comprehensive statistics on employment and wages are not available but the sustained growth of the economy during the second half of the 1980s is believed to have reduced unemployment considerably, and shortages of skilled and semi-skilled labor have emerged. Wage increases in the private sector averaged 9 percent a year in 1986-89 but eased to 6-7 percent a year in 1990-91. Central government wages, which are negotiated for three-year periods, rose by 5 percent a year in 1986-89 and by 3 percent a year in the following three years. Inflation, as measured by the increase in the consumer price index, accelerated to 6 percent in 1991 from 4.4 percent in 1990 mainly because of higher food prices. Inflation is expected to moderate to about 3.5 percent a year in 1992-94, in line with developments in international prices. St. Lucia's terms of trade (inclusive of tourism) deteriorated by 6 percent in 1991, mainly because of lower tariffs in the hotel sector; excluding tourism, the terms of trade improved slightly because of the higher average price of bananas.

The overall deficit of the consolidated public sector widened by about 2 percent of GDP in the fiscal year 1991/92 1/ because of higher capital expenditure (Table 2). However, the deficit was more than covered by concessional external loans and the public sector was able to reduce further its domestic indebtedness. During the last five fiscal years, public savings averaged more than 10.5 percent of GDP a year reflecting improved collection of taxes and restrained growth of wages. With net external grants and loans averaging about 5 percent of GDP a year the public sector was able to raise capital expenditure to more than 13 percent of GDP a year during this period while simultaneously reducing domestic indebtedness and eliminating all external arrears.

Table 2. St. Lucia: Summary Finances of the Consolidated Public Sector 1/

(In percent of GDP)

	1986/87	1987/88	1988/89	1989/90	1990/91	Est. 1991/92	Projected 1992/93	1993/94
Total revenue and grants	33.0	34.4	34.7	36.6	33.1	35.0	33.7	32.6
Current revenue	30.1	30.8	32.0	32.6	32.2	32.7	32.3	31.4
Capital revenue	--	--	0.2	1.1	--	0.2	0.2	0.2
External grants	2.9	3.5	2.5	2.9	0.8	2.1	1.5	1.1
Total expenditure	33.4	31.6	32.2	36.2	35.0	38.5	35.7	33.0
Current expenditure	23.6	22.3	19.4	22.0	21.4	22.0	22.5	22.8
Of which: Wages	12.5	11.4	9.6	12.1	10.7	10.7	10.9	11.2
Capital expenditure	9.9	9.3	12.8	14.3	13.6	16.4	13.2	10.2
Current account balance	6.6	8.6	12.6	10.6	10.8	10.6	9.8	8.6
Overall balance	-0.4	2.8	2.6	0.4	-1.9	-3.5	-1.7	-0.3
External financing	0.6	0.8	1.7	3.7	2.7	3.8	4.2	3.6
Change in external arrears	0.2	-0.3	-1.1	-0.3	--	--	--	--
Domestic financing	-0.4	-3.4	-3.2	-3.7	-0.8	-0.3	-2.6	-3.3

Sources: Ministry of Finance; and staff estimates.

1/ Fiscal years beginning April 1.

On the basis of present policies and assuming no augmentation of the public investment program, as well as continuation of the preferential access of St. Lucia's bananas to the European community, the overall deficit of the public sector would decline from more than 3 percent of GDP in 1991 to less than one third of 1 percent of GDP by 1994. At the same time, public savings are likely to decline to less than 9 percent because of higher outlays for wages associated with the regrading of teacher salaries, and increased expenditures for interest and capital maintenance following the substantial investments of recent years. However, with external grants and

1/ Fiscal year beginning April 1.

loans continuing to average 5 percent of GDP a year and capital expenditure falling to about 10 percent of GDP by 1994, the public sector would continue to be in a position to reduce its domestic indebtedness.

With the slowdown in 1991, the growth of money and quasi-money fell to 9 percent, from more than 14 percent in 1990 and 19 percent a year in 1986-89 (Table 3). Credit to the private sector grew even more slowly and commercial banks increased their external reserves. There was little change in the structure of interest rates, which are market determined, and the average deposit and lending rates remained positive in real terms. In 1992, money and quasi-money is likely to increase more rapidly as economic activity rebounds. This, together with the continued reduction of the public sector's indebtedness to the commercial banks, should increase liquidity and the banks' capacity to lend to the private sector.

Table 3. St. Lucia: Summary Money and Credit Developments

(In percent of money and quasi-money at beginning of period)

	1986	1987	1988	1989	1990	1991	Projected 1992	1993	1994
Net foreign assets	23.5	10.8	10.9	-7.0	2.4	2.5	2.9	2.2	2.0
Net imputed reserves	11.4	5.0	1.4	4.1	3.5	2.3	1.9	1.7	1.6
Commercial banks NFA	12.1	5.7	9.5	-11.1	-1.1	0.2	1.0	0.5	0.4
Net domestic assets	-2.4	8.7	10.1	23.2	12.0	6.6	9.1	7.8	8.0
Credit to public sector	-3.6	-5.0	-18.4	-3.7	-5.3	-1.7	-3.0	-5.0	-5.3
Credit to private sector	4.0	14.4	31.9	25.4	13.1	7.7	12.8	13.4	13.6
Other items	-2.8	-0.7	-3.4	1.5	4.1	0.5	-0.7	-0.6	-0.4
Money and quasi-money	21.1	19.5	21.0	16.1	14.4	9.1	12.0	10.0	10.0

Sources: Eastern Caribbean Central Bank; and staff estimates.

The external current account deficit widened to 20 percent of GDP in 1991, from 15 percent a year in 1989-90 (Table 4), as banana exports declined sharply while imports of capital goods rose with the increase of public investment and private hotel construction. As already mentioned, earnings from tourism rose by only 5 percent because of weak international demand. Official concessionary borrowing and private investment inflows more than covered the current deficit and resulted in an overall surplus of US$5 million. During the period 1992-94 the external current deficit is expected to decline to about 14 percent of GDP. The main assumptions underlying this projection include the recovery of banana exports in 1992 and continuation of the present preferences beyond that date, a slower growth of imports as public and foreign-financed private investment levels off, and an increase of tourism earnings based on stronger international demand. As in the recent past, official borrowing and private direct investment inflows are expected to cover the current deficits and result in overall surpluses averaging about US$4.5 million a year.

Table 4. St. Lucia: Summary Balance of Payments and External Debt

	1986	1987	1988	1989	1990	1991	1992	Projected 1993	1994
				(Millions of U.S. dollars)					
Current account balance	0.4	-7.1	-12.1	-54.5	-55.3	-81.0	-82.3	-76.9	-73.7
Exports of goods and services	170.5	184.3	245.9	258.3	295.6	281.6	318.7	359.6	396.4
Imports of goods and services	-193.2	-218.7	-278.5	-334.0	-368.9	-383.2	-423.6	-458.4	-492.3
Official and private transfers	23.1	27.3	20.6	21.2	18.0	21.6	22.6	21.8	22.3
Capital account balance	10.5	13.3	16.8	63.7	64.1	86.0	86.8	81.4	78.3
Official borrowing	3.5	5.5	6.4	7.7	12.0	15.7	18.5	17.9	17.6
Private direct investment	16.6	16.1	29.4	32.8	45.4	71.6	67.7	59.6	64.0
Other (including E&O)	-9.5	-8.2	-19.0	23.1	6.8	-1.3	0.6	3.9	-3.3
Overall balance	10.9	6.2	4.8	9.1	8.8	5.0	4.5	4.4	4.6
External debt (end-year)	37.2	44.2	47.3	53.8	65.7	81.4	99.9	117.9	135.4
				(Percent of GDP)					
Current account balance	0.2	-2.6	-3.8	-15.7	-14.7	-20.2	-18.7	-16.2	-14.4
Overall balance	4.3	2.2	1.5	2.6	2.3	1.2	1.0	0.9	0.9
External debt	14.6	16.0	14.7	15.4	17.5	20.3	22.7	24.9	26.5
External debt service 1/	2.6	2.4	2.3	3.2	3.2	3.9	3.5	3.2	2.9

Sources: Data provided by the St. Lucian authorities; and staff estimates.

1/ As a percent of exports of goods and nonfactor services.

Elimination of the preferential access for bananas after 1992 would reduce export earnings by about 40 percent 1/ in 1993 causing a sharp fall in agricultural income with repercussions on other sectors. In these circumstances, real GDP could decline in 1993 and for a number of years beyond 1993 growth could be lower than estimated under the scenario in which preferential access continues. With lower growth of the economy, private demand for imports would be less strong and some emigration might occur with consequences for inward private transfers. On balance, any deterioration in the current account deficit in 1993-94 is likely to be limited to about 3 percent of GDP, which is the additional financing that could become available from a drawdown of official reserves and commercial bank foreign assets, and possible additional official transfers.

1/ Volume and price effects.

St. Lucia's official external debt rose to US$81 million at the end of 1991 (20 percent of GDP), from US$66 million at the end of the previous year (18 percent of GDP). With new borrowing to finance public investment mainly in transport and water services, official debt is expected to increase to about US$135 million at the end of 1994 (27 percent of GDP). Because of the predominantly concessionary nature of the debt, the annual debt service was about 3.5 percent of exports of goods and nonfactor services in 1990-91 and is expected to remain at about that level in 1992-94.

St. Lucia's currency, the Eastern Caribbean dollar 1/ has been pegged to the U.S. dollar at the rate of EC$2.70 per U.S. dollar since July 1976. In real effective terms, the exchange rate of the Eastern Caribbean dollar for St. Lucia depreciated by 17.5 percent in 1985-90, along with the U.S. dollar, but appreciated by nearly 2 percent in 1991 primarily because of the depreciation in Jamaica (Chart 1).

II. Economic Policies

At the conclusion of the 1990 Article IV consultation with St. Lucia, Executive Directors commended the authorities for the improvement in tax administration and for the containment of current outlays which had facilitated a large increase in public sector savings. They noted the importance of keeping the rise in public investment in line with the economy's absorptive capacity to avoid pressures on resources. Directors agreed with the authorities that a slowdown of credit expansion was desirable. Against this background, the 1992 Article IV consultation discussions focused on the appropriate financial policies and on improving the conditions for economic growth.

1. Financial policies

Since 1989 fiscal policy has emphasized the reduction of direct taxation, the improvement of tax collection efforts, and the containment of the wage bill. The authorities stated that they are committed to maintaining a strong fiscal stance. No significant changes are being planned in the revenue structure in 1992/93 and the collection effort would focus on improving compliance, particularly in the growing hotel sector where less than one half of tax liabilities were collected in 1991 2/ because of inadequate monitoring capacity. For this purpose a tax amnesty, in effect through 1992, has been enacted to encourage payment of past obligations. On current expenditures, the authorities' policy was to limit general wage increases to 3 percent a year while allowing an additional 2 percent increase in outlays for promotions. However, as noted earlier, the Government intends to correct the salary scale for teachers over the period 1992-94 at an annual cost of EC$5 million (about 0.4 percent of GDP a year).

1/ The common currency of the eight island members of the Eastern Caribbean Currency Union.

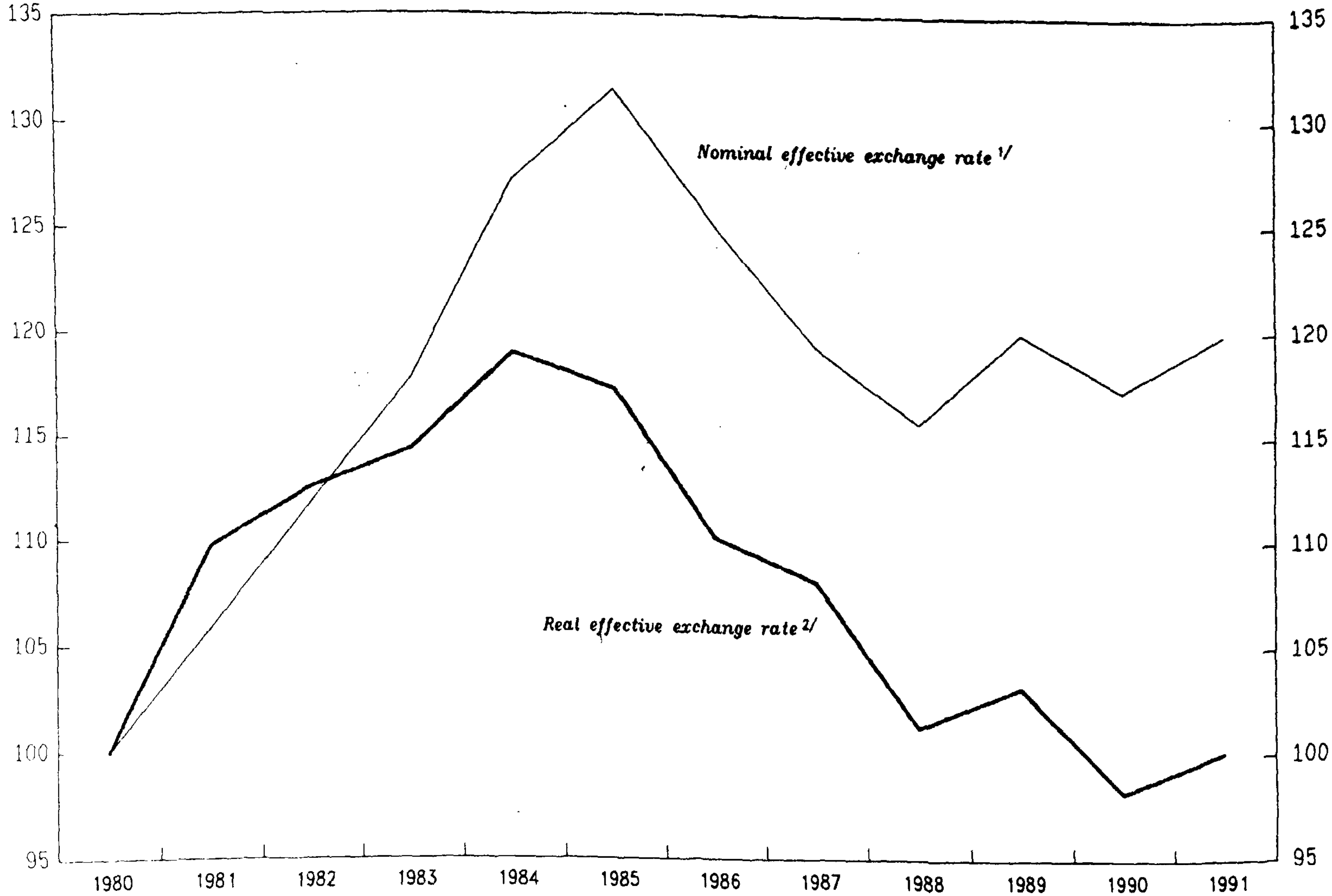
2/ This undercollection was equivalent to about 1 percent of GDP.

CHART 1

ST. LUCIA

EXCHANGE RATE DEVELOPMENTS

(1980=100)



Source: IMF Information Notice System.

1/ Trade-weighted index of nominal exchange rates deflated by seasonally adjusted relative consumer prices; increase indicates appreciation.
2/ Adjusted for relative consumer prices.

With these policies and the expected fall in capital expenditure, the overall deficit would narrow progressively in relation to GDP and be nearly in balance by 1993/94, thus allowing the public sector's net domestic indebtedness to decline further. The mission noted, however, that this improvement in the overall position masked a deterioration in the fiscal current account evidenced by falling public enterprise saving and rising wage outlays. It urged the authorities to act to strengthen the finances of the Ports Authority and the Water Authority, which are likely to weaken because of the failure to adjust their tariffs in the face of higher outlays for debt servicing and capital maintenance. Without tariff increases, the Ports Authority's large current account surpluses of 1988-91 would turn into deficit by 1993 and its domestic borrowing would rise sharply, while the Water Authority would be able to avoid domestic borrowing only through postponement of some capital maintenance. Also the growth of the government wage bill needed to be restrained by limiting new hiring and containing the growth of compensation in the 1992 round of pay negotiations.

With regard to credit policy, the outlook was for a significantly lower growth of bank lending to the private sector over the period 1992-94 than had occurred on average in the previous five years. Nearly all banks indicated serious concerns about further lending for residential construction and long-term investment in view of the uncertainty regarding the future growth of the agricultural sector, and several banks had stopped lending on a net basis for mortgages. While this diminishes the possibility of an excessive credit expansion, it also risks curtailing unduly the support for new private investment. The availability of investment finance could be enhanced by increasing the capital and external borrowing resources of the St. Lucia Development Bank by an amount that is consistent with the maintenance of overall financial balance.

2. Improving the conditions for growth

The authorities were optimistic that the current preferential access of bananas would be maintained as stipulated under the terms of the Fourth Lomé Convention. They recognized however that by the mid-1990s the preferences might be reduced or ended and therefore they were taking steps to increase the competitiveness of bananas and encourage other agricultural products. Such recent measures included the establishment of a three-tiered banana pricing system in December 1991 to reward higher quality and discourage the extension of cultivation to remote and less suited areas, and the adoption of an improved packaging system to reduce damage in transport. To encourage production of other agricultural products the authorities have been working with the authorities in the neighboring islands to assure supplies and reduce transport costs to European destinations by coordinating production and consolidating shipments. Also, a land reform program is underway to divide large estates into family size plots with security of title and tenure; the authorities expect this distribution to increase productivity, encourage investment by individual farmers, and overcome the problem of labor shortage on the larger estates.

The authorities were not optimistic about the prospects of existing enclave manufacturing firms, particularly those producing garments and similar labor intensive products, in view of the likely demand for labor in the hotel and construction sectors. They expressed confidence in tourism's prospects and expected hotel accommodation capacity to increase by 10-15 percent annually through the 1990s. To encourage investment in tourism support services (water sports, car rental agencies, and restaurants), the authorities indicated their intent to extend to investors in such facilities the income tax holidays and customs duty exemptions now available to hotel operations.

Public sector investment continues to focus on the provision of infrastructure, in part to support the domestic and foreign private investment in expanding tourism accommodation capacity. The Public Sector Investment Program (PSIP) for 1991/92 to 1993/94 proposes the expenditure of EC$579 million (US$214 million) mainly for the improvement of water supply, upgrading transport facilities, and expanding education and health services. 1/ In the view of the World Bank staff, the composition of the PSIP is consistent with the Government's efforts to enlarge the economic infrastructure so as to support expansion of private investment, but its ability to implement the program depends on improvements in project preparation, monitoring and follow-up, and on alleviating shortages of skilled and semi-skilled labor.

The mission encouraged the authorities to strengthen the capacity to prepare and supervise project implementation and to expand vocational training programs in order to speed up project implementation and moderate pressures on wages and costs. Also, it noted that relatively small outlays in establishing and monitoring quality standards of exports and in providing price information could help to raise the profitability of nontraditional agricultural exports.

The exchange system of St. Lucia is free of restrictions on payments and transfers for current international transactions, and has been essentially unchanged since the last Article IV consultation. The sale of foreign exchange by commercial banks remains subject to a 1 percent tax. Imports of certain agricultural and manufacturing commodities are subject to prior licensing based on domestic production and consumption. Also, retail prices of various intermediate and consumer goods are subject to controls in the form of allowable markups. The mission urged the authorities to remove these controls on imports and on prices in order to improve the allocation of resources as well as free officials from these regulatory tasks.

The authorities indicated that a number of programs were in place to assist the lower income groups. These included monthly income supplements and other transfers to the elderly and widows, assistance to cover school

---

1/ Taking account of delays in arranging external financing and in implementation, the staff estimates the effective PSIP allocations during the three-year period at EC$475 million (13 percent of GDP on average in this period).

fees and other educational costs, a school lunch program, day care and maternal care programs, and the provision of low-cost housing. Allocations for these purposes were about EC$8 million in 1991 (0.7 percent of GDP).

3. Data issues

St. Lucia's data base requires improvement primarily in the areas of the national accounts, price indices, labor force and unemployment, external grant financed capital expenditures, and external debt. The authorities have received technical assistance for these purposes from the Eastern Caribbean Central Bank, the Organization of Eastern Caribbean States, and the Caribbean Development Bank. However, staff turnover in critical departments has affected progress in this area.

IV. Staff Appraisal

St. Lucia experienced slower economic growth and a weaker external performance in 1991 primarily because of a weather-related decline of banana production and recessionary conditions in partner countries. With the likely reversal of these factors in 1992, economic performance is expected to resume the satisfactory trend of 1986-90.

Beyond 1992, the outlook hinges on the status of the preferential access of Caribbean bananas to the European market. With continuation of the preferences real GDP could increase by about 4 percent a year in 1993-94. Termination of the preferences would have a pronounced adverse effect in the short term and lower the economy's growth rate for some years after 1993.

In view of these uncertainties it is important to broaden the economic base while preserving a fiscal stance that contributes to continued stability and makes room for and encourages private investment. The authorities are undertaking sizable investments in infrastructure to support the growth of agriculture and tourism, which offer the most promising prospects for employment creation and foreign exchange earnings. Also, considerable private investment, by residents and nonresidents, is taking place in expanding tourist accommodation capacity. The diversification objective is more likely to be achieved if these efforts are complemented by improvements in the public sector's capacity to implement projects, expansion of vocational training to alleviate shortages of skilled and semi-skilled labor, enhancement of market information about export potential, and elimination of import licensing requirements and price controls.

The authorities indicated their commitment to maintaining a strong fiscal stance. The staff supports the continuing efforts to improve tax collection but notes that the authorities should raise public utility tariffs in order to provide for the servicing of debts and for adequate maintenance of capital, and should monitor carefully the growth of employment and exercise restraint in the 1992 round of pay negotiation. The public investment program appears to be sufficiently funded and the public sector is expected to reduce further its indebtedness to the domestic banking system. Despite this improvement in liquidity, commercial bank credit for private investment may be curtailed. The staff believes that the availability of investment finance could be enhanced by increasing the capital and lending base of the St. Lucia Development Bank by an amount that is consistent with the maintenance of overall financial balance.

Exports of goods and services are expected to increase considerably in 1992 and at present external competitiveness appears to be satisfactory. However, if the preferential access of bananas to the European Community were to be curtailed or terminated, the external competitiveness would need to be reassessed.

It is recommended that the next Article IV consultation with St. Lucia be completed within 24 months of the completion of the present consultation.

St. Lucia - Fund Relations
(As of March 31, 1992)

I. Membership status

(a)	Date of membership:	November 15, 1979
(b)	Status:	Article VIII

A. Financial Relations

II. General department (General Resources Account)

(a)	Quota	SDR 7.50 million
(b)	Fund holdings of St. Lucia's Eastern Caribbean dollars	SDR 7.50 million (100.00 percent of quota)
(c)	Fund credit:	None
(d)	Reserve tranche position	Less than SDR 0.001 million

III. Use of Fund Resources

(a) Current arrangement: None.

(b) Previous use of Fund Resources: On November 21, 1980 the Executive Board approved a purchase of SDR 1.8 million by St. Lucia under the first and second credit tranches as emergency assistance following a hurricane disaster.

(c) Compensatory financing facility: Approval was given on March 27, 1981 for a purchase equivalent to SDR 2.7 million. On July 1, 1982 the Executive Board was informed that actual data showed an overcompensation of SDR 1.5 million. St. Lucia made the corresponding repurchase on October 12, 1982 (SDR 0.5 million) and on November 8, 1982 (SDR 1.0 million)

IV. SDR department

(a)	Net cumulative allocation:	SDR 0.74 million
(b)	Holdings:	SDR 1.3 million
(c)	Current designation plan:	None

V. Administered accounts: None

B. Nonfinancial Relations

VI. Exchange rate arrangement: Since July 1976 the Eastern Caribbean dollar has been pegged to the U.S. dollar at the rate of EC$2.70 per U.S. dollar.

VII. Consultation with the Fund: The last Article IV consultation was concluded by the Executive Board on May 30, 1990 (EBM/90/83).

VIII. Technical assistance: None since 1985.

St. Lucia--Basic Data

Area	616 sq. kilometers
Population and related vital statistics	
Population (1990; thousands)	151.0
Annual rate of population growth (percent)	1.8
Population density	
Total (per sq. kilometer)	245.1
Arable land (per sq. kilometer)	710.2
Life expectancy (years)	70.5
Birth rate (per thousand)	23.2
Death rate (per thousand)	5.6
Infant mortality (per thousand live births)	20.3
Child death rate (per thousand live births)	4.0
Access to piped water	
Urban (percent of population)	67.0
Nutrition	
Per capita caloric intake (calories per day)	2,821
Per capita protein intake (grams per day)	78
Health	
Population per physician	2,157
Population per hospital bed	283
Access to electricity (percent of households)	85.0
Education	
Literacy rate (percent)	82.0
Primary school enrollment (percent)	96.8
GDP (1991)	US$401.6 million
GDP per capita (1991)	US$2,660

	1988	1989	1990	Est. 1991
	(In percent of GDP)			
Origin of GDP (current factor cost)				
Agriculture	16.3	13.2	14.4	12.2
Mining	0.5	0.9	0.7	0.7
Manufacturing	7.8	8.3	8.1	7.7
Construction	6.1	7.1	6.0	7.0
Government	14.3	15.1	14.6	14.6
Other services	55.0	55.4	56.2	57.8
Selected indicators				
Exports of goods and nonfactor services	74.6	72.4	77.1	68.7
Imports of goods and nonfactor services	81.2	91.0	89.2	89.7
External current account (after transfers)	-3.8	-15.6	-14.7	-20.3
Public sector total revenue and grants 1/	34.7	36.6	33.1	35.0
Public sector total expenditure 1/	32.2	36.2	35.0	38.5
Public sector savings 1/	12.6	10.6	10.8	10.6
Public sector overall balance 1/	2.6	0.4	-1.9	-3.4
External public debt (end of year)	14.7	15.4	17.5	20.3

	1988	1989	1990	Est. 1991
Annual changes in selected indicators		(Changes in percent)		
Real GDP at factor cost	9.5	3.2	4.2	1.9
Nominal GDP at market prices	16.1	8.6	7.7	7.0
GDP deflator at factor cost	5.6	4.0	4.0	4.7
Consumer prices (annual average)	0.8	4.4	4.4	6.0
Central government total revenue and grants 1/	13.5	12.9	-1.8	15.2
Central government total expenditure 1/	5.1	18.8	3.1	25.1
Monetary liabilities to private sector	21.0	16.1	14.4	9.1
Money	19.4	14.5	6.3	0.7
Quasi-money	21.7	16.8	17.7	12.1
Net domestic assets 2/	10.1	23.2	12.0	6.6
Of which:				
Credit to public sector 2/	-18.4	-3.7	-5.3	-1.7
Credit to nonfinancial private sector 2/	25.2	26.8	11.5	7.7
Merchandise exports (in U.S. dollars)	49.9	-6.0	13.7	-17.2
Merchandise imports (in U.S. dollars)	23.4	23.9	-0.9	9.5
Central government finances 1/	(In millions of Eastern Caribbean dollars)			
Total revenue and grants	247.3	279.3	274.2	315.8
Total expenditure	220.7	262.2	270.2	338.0
Current account balance	64.8	57.6	59.1	65.7
Overall balance	26.6	17.1	4.0	-22.2
External financing (net)	-0.6	0.6	-4.3	12.3
Balance of payments		(In millions of U.S. dollars)		
Merchandise exports	119.1	112.0	127.3	105.4
Merchandise imports	-221.0	-273.7	-271.3	-297.0
Travel receipts	95.6	111.8	121.0	127.5
Other services (net)	-26.4	-25.8	-50.4	-38.5
Unrequited transfers (net)	20.6	21.2	18.0	21.6
Balance on current account	-12.1	-54.5	-55.3	-81.0
Public sector borrowing (net)	6.4	7.7	12.0	15.7
Private direct investment	29.4	32.8	45.4	71.6
Banking system	-12.8	18.1	2.0	-0.5
Other short-term capital including errors and omissions	-6.2	5.0	4.8	-0.8
Overall balance	4.8	9.1	8.8	5.0
Use of Fund credit	--	--	--	--
Change in reserves (increase -)	-1.9	-6.7	-6.6	-5.0
Other	-2.9	-2.5	-2.3	--

1/ Data for the fiscal years beginning April 1 of the year indicated.
2/ Change as a percentage of liabilities to the private sector at the beginning of the period.

St. Lucia--Statistical Issues

1. Outstanding issues

a. Real sector

The authorities have been revising the national income accounts, with 1985 as the base year and this has delayed updating the accounts.

b. Government finance

Central government data for 1986-90 provided by St. Lucia had to be adjusted by STA to generate the GFS tables. Other data are not reported.

c. Monetary accounts

STA has recently completed a review of the data. The resulting modifications have been incorporated as of the February 1992 issue of IFS.

d. Balance of payments

The Fund has received balance of payments data prepared by the Eastern Caribbean Central Bank for the period 1986-90.

2. Coverage, currentness, and reporting of data in IFS as of April 1992

The data are based mainly on reports sent to STA by the Ministry of Finance and the Eastern Caribbean Central Bank, which, during the last year, have not always been provided on a timely basis.

Status of IFS Data

Sector	Series	Latest Data in April 1992 IFS
Real sector	- National accounts (GDP)	1987
	- Prices: CPI	November 1991
	- Production, employment, and earnings	n.a.
Government finance	- Deficit/surplus	1990 (preliminary)
	- Financing, debt	n.a.
Monetary accounts	- Monetary authorities	September 1991
	- Deposit money banks	December 1991
	- Other banking institutions	n.a.
Interest rates	- Bank deposit/lending rates	December 1991
	- Discount rate, bond yields	n.a.
External sector	- Merchandise trade:	
	Values: Exports and imports	1986
	Volumes (banana exports)	1986
	Prices	1983
	- Balance of payments	1989
	- International reserves	September 1991
	- Exchange rates	February 1992

St. Lucia: World Bank Relations

1. Projects

The World Bank Group is co-financing the Roseau Basin Water Management Project, the largest public investment project ever undertaken in St. Lucia.

2. Financial relations (in millions of U.S. dollars)

Commitments	Outstanding as of February 29, 1992 Disbursed	Undisbursed	Total
IDA	1.1	4.1	5.2
IBRD	--	2.5	2.5

	Net Disbursements During Fiscal Year 1/ 1989/90	1990/91	Projections 1991/92	1992/93	1993/94
Net disbursement IDA 2/	--	0.6	0.8	1.5	...
Net disbursement IBRD		--	--	--	...

Source: World Bank.

1/ World Bank fiscal year beginning July 1.
2/ No repayments were made, or expected, in the period covered in this table.