



**PRESS RELEASE**  
**December 2011**

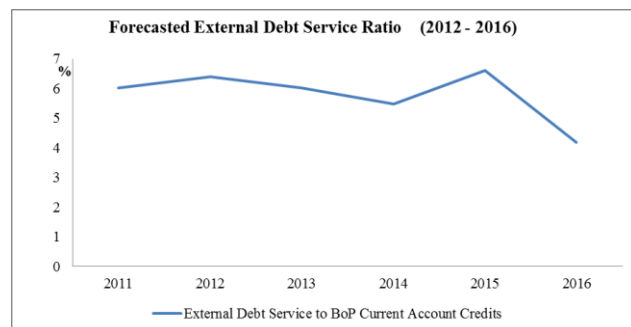
**Summary**

The Barbadian economy remained stable in 2011, in a climate of undiminished international economic uncertainty. Foreign exchange spending of \$5.5 billion was financed almost entirely from tourist inflows, earnings from the International Business and Financial Services (IBFS) sector, exports and capital inflows. As a result there was a minimal need to draw on the Central Bank’s foreign exchange reserves, which fell by only 1 percent between the end of 2010 and December 2011. The Barbados currency remains well protected, with foreign reserve cover of 18 weeks of imports at December 2011, comfortably above the international norm of 12 weeks.

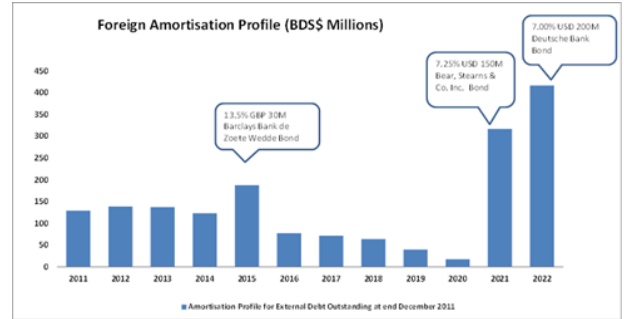
The fiscal deficit has been reduced from 7.4 percent to 4.8 percent of GDP for April to December, in line with the revised targets of Government’s Medium Term Fiscal Strategy (MTFS). The MTFS sets out policies designed to achieve a balanced budget by 2016/2017. This fiscal strategy is sustainable, as evidenced by the following: (1) the cost of servicing the external debt will absorb less than 10 percent of foreign exchange earnings for the remainder of this decade; (2) there is no need to refinance a major borrowing on the international financial markets until 2021; (3) the annual interest cost of the total debt, domestic and foreign, is manageable at 22 percent of Government tax and other revenues; and (4) maturing domestic debt may be refinanced without difficulty because there remains considerable excess liquidity in the economy. The ratio of debt to GDP for all of Government, net of statutory corporations, is 47.3 percent.

**FX Flows by Category (2011)**

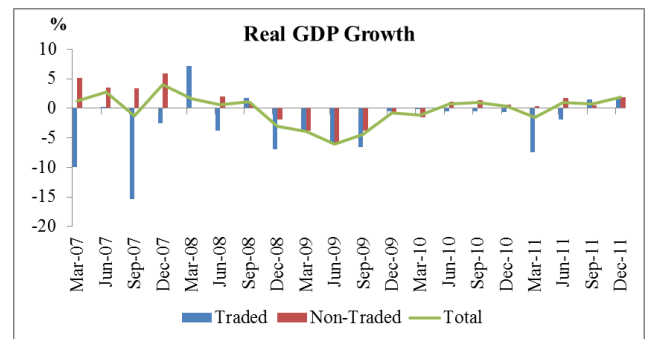
	<b>\$million</b>
FX Outflows	5,472
Financed by:	
Travel Receipts	1,938
Other Services	1,184
Total Exports	910
Income	472
Transfers	229
Capital Inflows (including unidentified)	724
Foreign Reserves	15



Financing from the NIS for 2012 is projected at approximately 38 percent of Government’s financing needs. The extent of the NIS purchases of Government debt is prudent, in view of the investment options available to the Fund. Alternative domestic investments available to NIS are all riskier than Government securities and are in limited supply, while investments elsewhere in the Caribbean region may be subject to exchange rate risks, as well as country risk. Investment returns in US dollars, Euros and Sterling are uncertain, and the yields are too low to give NIS the revenue it needs to meet its obligations. What is more, it is not in the interest of national development that NIS should use foreign exchange to invest abroad, in preference to investment in the domestic economy.



The immediate policy priority has been to ride out the international economic storm and keep the economy stable; however there has been a little growth, estimated at 0.5 percent. Tourist numbers have increased, but length of stay and average spending have fallen, leading to an increase in tourism output that was marginal, at 0.3 percent. Over the past decade, Barbados was able to maintain its share of expenditure in the Caribbean tourism market by virtue of its competitive edge in the top end of the market. There was no significant expansion in the International Business and Financial Services sector, or in exports, and the public sector was constrained in stimulating the economy by the need for fiscal consolidation. Apart from tourism, the growth sectors were construction (4.4 percent) and transport and communications (0.6 percent).



The lingering effects of the international recession have dried up business cash flow and reduced profitability, leading to additional job losses. Consequently, the average unemployment rate for 2011 is estimated at about 12 percent. The sectors mainly affected were manufacturing and small business. High oil and commodity prices continued to drive up inflation, which reached 8.7 percent in October.

## **Economic Prospects**

Barbados' tourism remains competitive because the country is known internationally as a high quality destination. In order to maintain a competitive edge in tourism, the industry must attain and maintain international standards at all times. New investment in luxury accommodation and amenities such as the Four Seasons, Lime Grove and Port Ferdinand strengthens Barbados' international competitiveness. Further investment is needed in refurbishment and upgrades of hotels and tourism facilities, including the cultural and historical legacy of the country.

Completing the upgrade of financial regulation and the extension of Barbados' network of Double Taxation Agreements (DTAs) are key actions being used to spur new growth in international business and financial services. The prospects for agriculture and agro-industry depend on the development of an integrated strategy which includes a range of traditional and new products, and focuses on products and linkages, which have high value added in Barbados. IDB-financed programmes for alternative energy use are another important source of potential growth and foreign exchange savings.

The growth prospects for 2012 are tempered by the unsettled international climate, but the medium term growth prospects are encouraging, once the international economy settles down. The growth rate in 2012 may be 1 percent or less, unless the international economic and financial climate improves. Construction of tourism facilities and Government's housing initiatives are expected to be the main drivers. In the medium term, growth rates of 2 to 3 percent are possible, provided the strategies mentioned earlier are successfully implemented.

The economy remains stable, and foreign exchange inflows are expected to cover imports and other foreign payments, as in 2011. The foreign reserve cover is expected to remain about 18 weeks of imports. The key to maintaining macroeconomic stability will be strict adherence to the targets of the medium term fiscal strategy.

## Tourism Performance

Despite a significant improvement of 7 percent in long-stay arrivals, tourism output grew by only 0.3 percent, primarily as a result of the 5.6 percent decline in average length-of-stay between 2010 and 2011. The US and the UK markets rose by 5.5 percent and 4.4 percent, respectively. However, the Canadian market contracted by 0.5 percent, an improved performance given the 3 percent decline during the first half of the year. More affordable air travel, with the advent of the low-cost airline Redjet, boosted arrivals from the CARICOM region, with the performance of the Trinidad and Tobago market being particularly noteworthy (a 35 percent increase).

Following a 4.6 percent increase in 2010, cruise arrivals declined by approximately 1 percent for the year. Based on the estimated reduction in cruise ship calls this is expected to continue into 2012.

## Other Real Sector Activity

The non-traded sector grew by 1.2 percent, led by expansions in construction, business and other services, as well as transportation, storage and communications. Output contracted in manufacturing, sugar and non-sugar agriculture. In contrast, the number of licensed IBFS companies increased by approximately 3.8 percent.

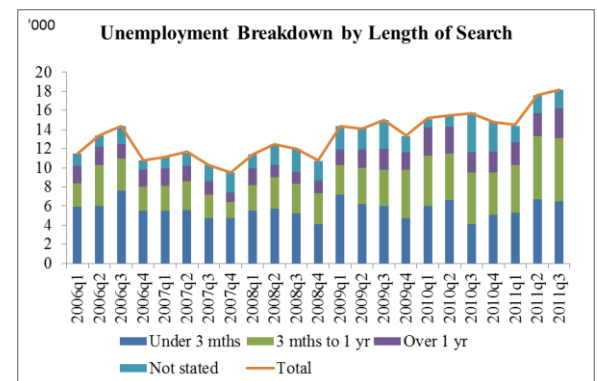
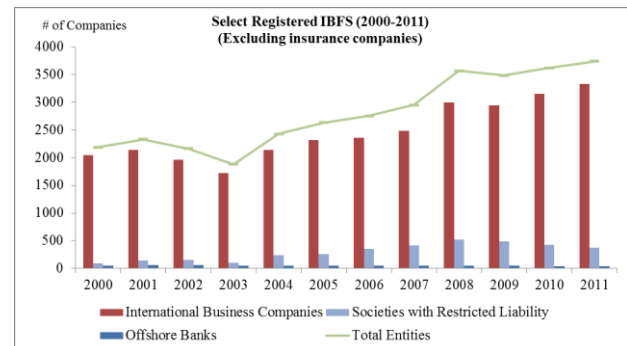
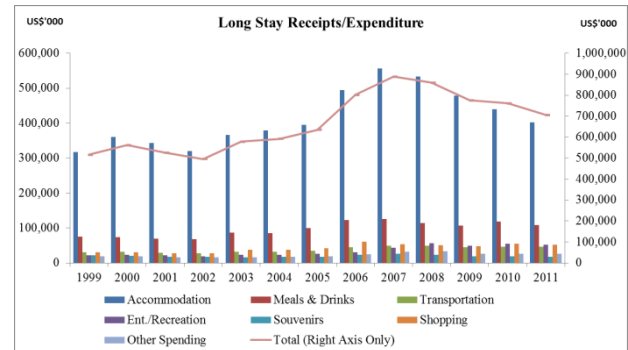
## Prices and Unemployment

The uptrend in domestic inflation was in part driven by international fuel prices (up 36 percent) and food prices, especially for rice and corn which increased by around 8 percent and 3 percent, respectively.

Unemployment continued to rise during the year, with the unemployment rate increasing from an average of 10.8 percent for the first 3 quarters of 2010 to an average of 11.5 percent for the same period of 2011. Industry estimates from the Barbados Statistical Service indicate that job losses were registered mainly in manufacturing, as well as finance and professional services. Unemployment claims have increased steadily, as has

Tourist Arrivals By Major Source Markets				
JANUARY - DECEMBER				
MAJOR MARKETS	2010	2011 <sup>1</sup>	Actual CHG	% CHG
U.S.A	134,969	142,458	7,489	5.5
Canada	72,351	71,970	-381	-0.5
U.K	181,054	189,107	8,053	4.4
Germany	7,260	8,404	1,144	15.8
Other Europe	23,962	27,020	3,058	12.8
Trinidad & Tobago	27,259	36,850	9,591	35.2
Other Caricom	58,923	64,201	5,278	9.0
Brazil	2,350	4,842	2,492	106.0
Other Countries	24,052	23,052	-1,000	-4.2
<b>TOTAL ARRIVALS</b>	<b>532,180</b>	<b>567,904</b>	<b>35,724</b>	<b>6.7</b>
JANUARY - NOVEMBER				
<b>TOTAL CRUISE PASSENGERS</b>	<b>541,728</b>	<b>535,550</b>	<b>-6,178</b>	<b>-1.1</b>
<b>TOTAL CRUISE CALLS</b>	<b>321</b>	<b>326</b>	<b>5</b>	<b>1.6</b>

Source: BSS & Immigration Department



the average period of job searches for persons seeking employment.

### Balance of Payments

The overall deficit on the balance of payments was estimated at \$15 million, significantly lower than the \$53 million registered in 2010. Net capital inflows were in excess of \$700 million, which represents a near \$200 million increase over the capital account balance for 2010. This improvement was attributed mainly to higher net private capital inflows, in particular for real estate transactions (\$252 million) and the sale of Barbados Light and Power (BL&P) shares to Emera Inc. (\$188 million). While \$240 million in equity was raised by Sagicor, only \$23 million was invested locally. Receipts from the energy-based policy loan from the Inter-American Development Bank (IDB) (\$140 million), were less than market borrowings of US \$200 million in 2010, leading to a decline in public capital inflows.

The current account deficit was 8 percent of GDP, from 6.1 percent in 2010, mainly due to the impact of higher international oil and commodity prices. Even though the volume of imported fuel products decreased by 5 percent, the fuel import bill rose by about \$250 million. Imports of machinery increased by \$90 million, on account of the construction of a new brewery. In addition, increases were recorded for food and beverages (\$50 million), fats and crude materials (\$15 million) and iron and steel (\$11 million).

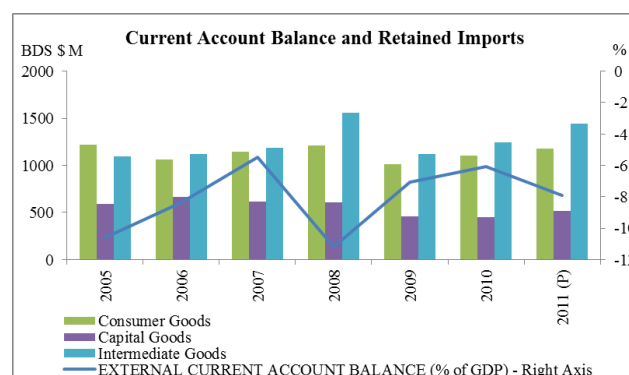
Tourism continued to be the main foreign exchange earner, accounting for 38 percent of earnings. However, tourism expenditure up to the third quarter fell by 8 percent, compared to a 1 percent increase for 2010. Foreign inflows from other services, inclusive of international businesses, accounted for 23 percent of inflows, while chemicals, rum and sugar exports contributed 2.8 percent, 1.3 percent, and 0.4 percent, respectively.

### The Public Sector

As a result of the lower than anticipated economic activity, the Government's MTFs was revised to target a

Significant Capital Inflows (2011 P)	BDS \$ M
Equity Investment in Sagicor Financial Corporation*	240
Sale of Share in Emera Barbados Holding to Emera Inc	187.8
Energy Based Policy Loan from IADB	140
Real Estate Purchases	134
Real Estate Development Financing	81
Non- Resident deposits to local accounts (CDB, IADB,IBRD)	68.8
BAMC 2011 Financing	53.9
Other Private loans and Equity financing	51.6
Funds to reduce excess on commercial banks foreign reserve accounts	46.8
Public Sector Project funds	40.3
Real Estate Loans	36.7
To reduce excess on BNOG US dollar account	13.6

\* Fund raised kept in account abroad, only \$23M was invested locally



### % of Total Foreign Exchange

Travel	37.8
Other services	23.0
Food and Beverages- of which	2.7
Rum	1.3
Lard and margarine	0.3
Other Food	0.7
Other Beverages	0.2
Sugar	0.4
Chemicals	2.8
Electronics	0.5
Crude	1.4
Other manufacturing	2.9
Income	9.2
Transfers	4.5
Foreign Direct Investment	7.8

1. Other services refers to services such as transport, gov. services and other business services

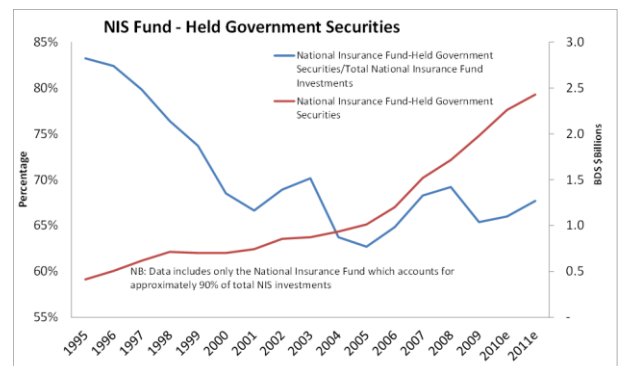
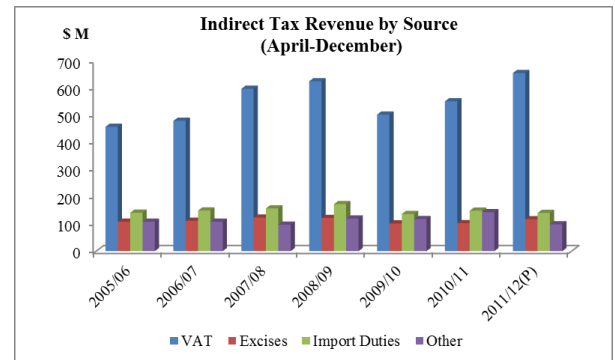
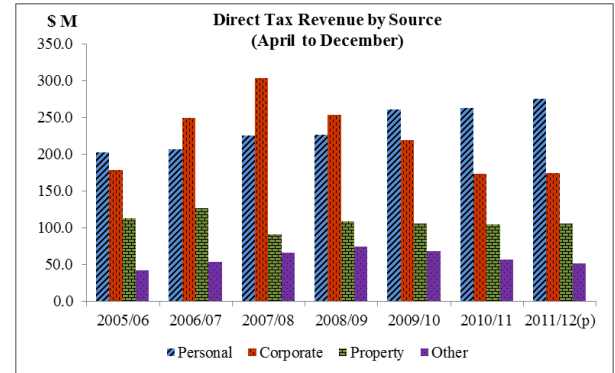
2. Income refers to compensation of employees and receipts of income from direct and portfolio investment abroad

3. Transfers refer to worker's remittances, other transfer payments in cash or in kind, pension receipts from abroad, intergovernmental grants and taxes from abroad

balanced budget by FY2016/17. For the April to December period of 2011, collections of value-added tax (VAT), personal and excise tax receipts grew by 19 percent, 5 percent and 14 percent, respectively – due mainly to the 2010 tax measures. Expenditure remained below last year’s level, as transfers to public institutions and capital expenditure fell by 10 percent and 17 percent, respectively. Even though this outturn for the first nine months of the fiscal year is slightly below the MTFS target, in order for Government to achieve its MTFS target of 5.6 percent for FY2011/12, spending must continue to be contained.

With this fiscal consolidation, there was only marginal growth in the net general government debt, which takes into account NIS holdings and government deposits. This, along with the increase in nominal GDP, resulted in a fall in the general government debt ratio from 51.1 percent in 2010 to 47.3 percent.

Similar to the previous year, Government continued to rely primarily on domestic sources to fund its operations. As there was no capital market borrowing this year, net external financing was lower than in 2010, representing 6% of Government’s required financing. Government received a second energy policy based loan from IDB, but project funds remained relatively low. As in 2010, private non-bank entities, particularly insurance companies, supplied a substantial portion of the required financing (49 percent), while the Central Bank and commercial banks both provided 9 percent. Direct lending by the NIS to Government was estimated at \$167.1 million (28 percent of required financing), and its credit to statutory bodies stood at \$136 million, bringing its total financing of the public sector almost on par with the previous year. While the amount of Government securities held by the NIS Fund has risen steadily, as a percentage of its total investments, these holdings have declined from over 80 percent in the late 1990s, to an estimated<sup>1</sup> 68 percent in 2011.



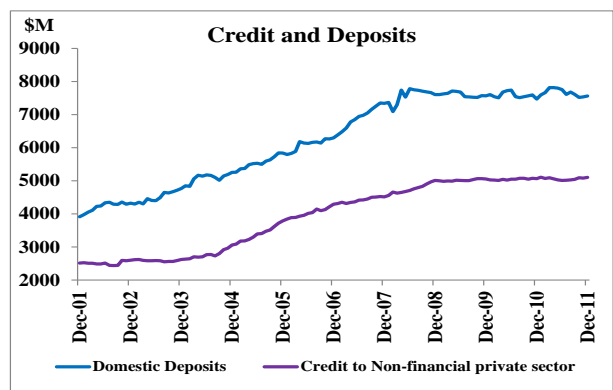
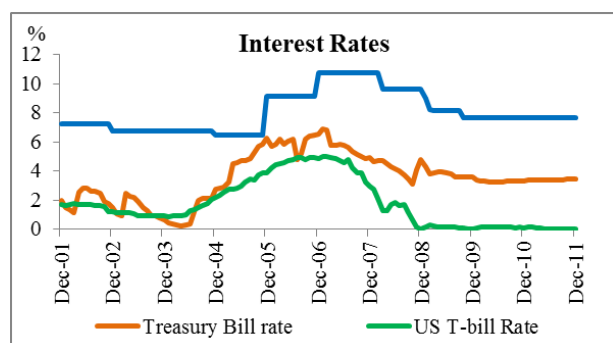
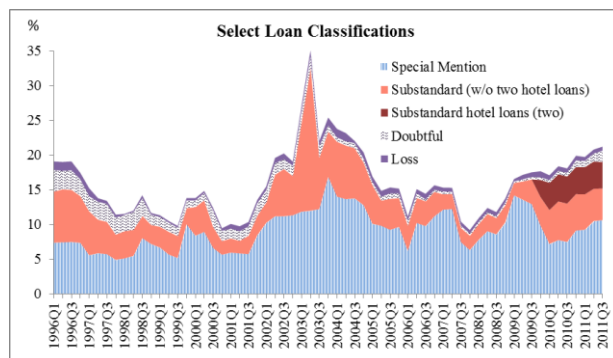
<sup>1</sup> Based on the Central Bank’s estimates for 2010 & 2011.

## Financial Indicators

Key financial stability indicators for the commercial banking system suggest that banks have remained stable and well capitalized, with capital adequacy ratios reaching historic highs at the end of September 2011. The share of “specially-mentioned loans”<sup>2</sup> – loans which are being serviced but have potential issues that may arise – rose by two percentage points to 11 percent of total loans. Meanwhile, loans in the substandard category have improved slightly from 9 percent in 2010 to 8 percent by September 2011. ‘Doubtful’ and ‘loss’ loans are much smaller in comparison, with the former moving from 1 percent to 2 percent of total loans and the latter maintaining its share over the previous year. Consequently, fully-serviced loans in the commercial banking system showed little movement, declining by only two percentage points of loans outstanding (to 79 percent).

As a consequence of the rise in ‘substandard’ loans, non-performing loans (NPLs) exceeded 10 percent in 2010 and 2011. The NPL ratio continued to be negatively impacted by two large loans extended to the hotel sector. Excluding these particular loans the increase in NPLs was much more manageable and did not hamper the commercial banks’ ability to provide new loans.

Interest rates remained largely unchanged throughout 2011. The system has been liquid since end-2008, as loan demand continued to be subdued.



<sup>2</sup> Loans are classified as “pass”, “specially-mention”, “substandard”, “doubtful” and “loss”. Non-performing loans consist of the “substandard”, “doubtful” and “loss” categories.

**Table 1: Economic Indicators**

	2005	2006	2007	2008	2009	2010	2011 <sup>P</sup>	
Real growth (%)	4.0	5.7	1.7	0.1	-3.7	0.2	0.5	
Tradables (%)	-0.8	8.1	-7.3	-0.3	-4.3	-0.4	-1.9	
Nontradables (%)	5.6	5.0	4.5	0.2	-3.6	0.4	1.2	
Inflation (%)**	6.1	7.3	4.0	8.1	3.6	5.8	8.7	
Unemployment (%)	9.1	8.7	7.4	8.1	10.0	10.8	11.9	
International Reserves (\$ Million)	1235.7	1194.1	1550.1	1359.2	1487.8	1434.9	1419.9	
Foreign Exchange Reserves cover, weeks	15.4	16.0	20.9	16.4	21.1	18.4	18.0	
BoP current account (as % GDP)	-10.6	-8.4	-5.5	-11.2	-7.1	-6.1	-7.9	
Net capital inflows	661.9	709.9	1020.2	546.1	731.7	512.1	711.3	
Debt (as % of GDP), Gross*	63.0	64.3	68.9	76.4	85.6	98.5	95.9	
Debt (as % of GDP), Net*	29.5	34.3	36.4	38.2	44.8	51.1	47.3	
External debt service to BoP current account credits	5.4	5.6	4.2	5.8	5.8	13.3 <sup>#</sup>	6.0	
Govt interest payments (as % of revenue)	14.4	14.2	12.9	15.7	17.5	21.1	21.7	
Treasury-bill rate	6.26	6.56	4.90	4.81	3.44	3.35	3.45	
US treasury-bill rate	3.99	4.89	3.29	0.11	0.06	0.12	0.02	
Average deposit rate**	4.12	5.11	4.80	4.07	2.65	2.69	2.65	
Average loan rate**	10.63	10.87	10.68	10.25	9.66	9.39	9.34	
<b>Fiscal Year</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>Apr-Dec 2010/11</b>	<b>Apr-Dec 2011/12</b>
Fiscal deficit (% of GDP)	-2.3	-2.8	-3.3	-5.3	-7.9	-8.7	-7.4	-4.8
Fiscal Current Account (as % of GDP)	2.0	1.5	-0.2	-2.2	-5.6	-7.0	-5.8	-3.5
Revenue (as % of GDP)	27.6	26.6	27.6	29.9	26.4	27.5	25.8	24.6
Expenditure (as % of GDP)	29.9	29.4	30.9	35.2	34.3	36.2	33.2	29.4
Govt interest payments (as % of revenue)	13.8	14.7	13.9	15.3	18.8	22.5	24.8	23.7

P - Provisional

\*Represents Central Government debt inclusive of Public Private Partnership (PPP) guaranteed debt

\*\*To Oct 2011

\*\*\* The average rate of unemployment for the first three quarters of 2011 was 11.5%

# Exclusive of the US \$100M repayment of a short term loan this ratio would be 9.2 for 2010

**Table 2: GDP by Sector and Activity (BDS \$Millions, Constant Prices)**

	Average contribution to GDP (%)	2005	2006	2007	2008	2009	2010	2011 <sup>P</sup>
<b>Tradables</b>	21.5	241.4	261.0	242.0	241.3	230.9	230.0	225.7
Tourism	12.3	127.0	150.0	130.7	131.4	126.9	131.4	131.8
Rum & Other beverages	0.5	6.4	6.4	6.3	6.2	5.4	5.2	4.8
Food	0.9	11.8	11.7	11.5	11.3	9.9	9.5	8.8
Furniture	0.1	1.3	1.3	1.2	1.2	1.1	1.0	1.0
Chemicals	0.2	2.8	2.8	2.7	2.7	2.3	2.2	2.1
Other manufacturing	1.0	13.5	13.4	13.3	13.0	11.3	10.9	10.1
Sugar	1.0	16.4	14.5	14.6	13.6	13.7	11.0	10.1
Other agriculture	3.4	34.7	33.7	34.7	35.7	37.0	36.6	35.7
<b>Nontradables</b>	78.5	789.0	828.1	865.4	867.1	836.0	839.2	849.0
Electricity, Gas and Water	4.1	38.9	42.6	43.1	43.0	43.3	44.2	43.6
Construction	6.6	99.3	98.9	98.9	91.1	78.6	70.8	73.9
Distribution	22.2	215.9	230.9	246.0	244.0	232.5	237.8	237.8
Transport, Storage and Communication	9.6	91.0	96.4	102.2	105.3	102.4	102.6	103.3
Finance and Other Services	19.6	185.9	197.1	208.9	213.5	207.4	209.5	211.9
Government	15.8	148.1	152.6	157.1	161.8	166.7	168.4	173.4
<b>Total</b>		1030.4	1089.1	1107.5	1108.4	1067.1	1069.1	1074.7
<b>Nominal GDP</b>		7837.3	8395.6	8970.5	8690.8	8786.1	8528.9	9297.3
<b>Real growth rates</b>		4.0	5.7	1.7	0.1	-3.7	0.2	0.5
Tradables		-0.8	8.1	-7.3	-0.3	-4.3	-0.4	-1.9
Nontradables		5.6	5.0	4.5	0.2	-3.6	0.4	1.2

**Table 3: Balance of Payments (BDS \$Millions)**

	2005	2006	2007	2008	2009	2010	2011 (P)
<b><u>Current Account</u></b>	-830.5	-703.5	-490.6	-972.5	-620.2	-518.0	-740.5
<b>Inflows</b>	4235.1	4732.9	5228.8	5200.5	4511.6	4803.6	4731.2
Travel	1792.2	2113.3	2377.3	2388.7	2136.0	2068.1	1937.7
Other services	1215.0	1093.5	1070.1	1234.6	911.7	1179.4	1183.5
Rum	50.7	44.3	67.5	66.0	57.2	66.8	65.4*
Other beverages	17.9	9.8	11.8	15.3	14.2	13.1	11.5*
Other Food	42.0	46.0	55.5	43.0	32.2	31.2	34.1*
Sugar	45.4	44.6	46.2	45.1	40.7	22.5	21.2
Chemicals	56.1	60.2	74.6	66.8	58.2	124.0	146.2
Electronics	28.7	37.6	21.6	23.8	16.3	19.4	23.9
Crude	33.4	46.3	52.3	49.6	37.4	47.2	73.6
Other mfg	136.7	190.8	173.0	183.6	173.3	171.2	148.7*
Income	239.8	222.1	396.5	357.1	514.5	472.4	471.5
Transfers	265.2	283.8	331.6	241.1	187.1	222.3	228.9
<b>Outflows</b>	6,106.1	6,937.1	7,704.5	7,683.9	6,725.7	6,941.4	5471.6
Imports (BOP basis)	3,031.1	3,204.9	3,399.2	3,622.0	2,732.1	3,013.2	3100.4
Services	1,311.5	1,383.9	1,333.1	1,472.0	1,358.2	1,465.3	1493.1
Income	589.8	734.9	772.1	849.0	894.6	696.2	719.8
Transfers	134.3	118.1	219.5	187.5	146.5	144.5	143.4
<b><u>Capital Account</u></b>	661.9	709.9	1,020.2	546.1	731.7	512.1	711.3
Long term	445.0	1319.3	1002.5	803.2	769.4	969.7	447.2
Public	217.5	66.9	28.9	-122.5	408.6	306.6	37.9
Private	227.4	1252.4	973.6	925.7	360.8	663.1	409.3
Other	43.6	-18.3	187.7	27.0	155.7	-228.1	231.7
Short term	173.4	-591.2	-169.9	-284.2	-193.4	-229.5	32.4
<b><u>Errors</u></b>	30.3	76.4	28.8	-71.3	-32.7	66.4	-143.3
<b><u>Overall balance</u></b>	-138.3	82.8	558.4	-497.8	78.8	60.6	-172.4
<b><u>Change in FXR: - increase/+ decrease</u></b>	138.3	-82.8	-558.4	497.8	-78.8	-60.6	172.4
CBB: - increase/+ decrease	-45.9	42.3	-355.8	190.6	-129.3	53.4	15.3
Commercial banks: + increase/- decrease	-184.2	125.1	202.6	-307.2	-50.5	114.0	-157.1

P - Provisional

\* - January to November

**Table 4: Summary of Government Operations (BDS \$Millions)**

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11(p)	2010(p)*	2011(p)*
<b>Tax Revenue</b>	<b>1820.3</b>	<b>2042.3</b>	<b>2130.8</b>	<b>2337.0</b>	<b>2396.1</b>	<b>2156.3</b>	<b>2200.6</b>	<b>1542.7</b>	<b>1616.7</b>
<i>i) Direct Taxes</i>	749.6	859.2	976.5	1050.0	1038.4	951.1	915.6	596.7	605.6
Personal	303.2	306.3	306.7	334.9	375.5	386.3	395.3	262.5	275.1
Corporate	286.9	359.9	445.5	521.0	447.2	372.8	294.2	172.8	173.9
c) Levies	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0
d) Stabilization	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0
Property	112.9	137.4	151.4	103.1	120.9	113.3	150.1	104.5	105.9
Other	46.5	55.6	73.0	91.0	94.8	78.7	75.9	56.9	50.8
<i>ii) Indirect Taxes</i>	1070.7	1183.1	1154.2	1286.9	1357.7	1205.2	1285.0	946.0	1011.1
a) Consumption	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0
Stamp	18.9	22.0	26.9	22.0	18.7	11.3	11.9	8.9	9.0
VAT	598.2	682.7	674.8	789.6	800.1	703.8	764.7	551.2	655.1
Excises	149.4	172.2	145.3	164.3	165.1	147	146.0	102.9	117.1
Import Duties	193.0	180.5	186.5	197.3	219.4	178.4	191.4	148.8	140.4
Other	111.3	125.8	120.8	113.7	154.4	164.7	171.0	134.4	89.6
<b>Non Tax Revenue &amp; Grants</b>	<b>98.0</b>	<b>119.2</b>	<b>105.7</b>	<b>134.7</b>	<b>201.3</b>	<b>167.424</b>	<b>145.3</b>	<b>108.4</b>	<b>100.6</b>
Non Tax Revenue	77.1	97.0	87.7	111.4	180.8	111.1	119.9	92.3	72.3
Grants	0.0	0.0	0.0	4.0	7.5	35.6	2.8	0.0	14.3
Post Office - Revenue	20.8	22.2	18.0	19.3	13.0	20.724	22.6	16.1	14.0
<b>Current Expenditure</b>	<b>1838.9</b>	<b>2001.6</b>	<b>2112.4</b>	<b>2492.2</b>	<b>2786.7</b>	<b>2811.5</b>	<b>2940.0</b>	<b>2020.5</b>	<b>1962.0</b>
Wages & Salaries	645.5	687.5	698.6	809.0	832.7	861.1	860.2	640.0	641.1
Goods & Services	213.2	233.2	263.3	361.9	420.6	417.3	378.4	238.8	234.6
Interest	263.4	298.9	329.9	343.6	396.4	437.4	527.5	409.5	406.3
External	103.5	105.7	119.2	140.5	148.9	153.6	159.0	99.0	95.7
Domestic	159.9	193.1	210.7	202.2	247.5	283.8	368.4	310.5	310.6
Transfers & Subsidies	716.7	782.1	820.6	977.7	1137.0	1095.7	1174.0	732.3	680.0
<i>Grants to Individuals</i>					257.8	279.3	304.2	213.9	208.7
<i>Grants &amp; Subsidies to Public Institutions</i>					824.7	756.1	808.2	473.6	424.4
<i>Subscriptions and Contributions</i>					19.9	23.3	25.9	18.0	16.2
<i>Non-Profit Agencies</i>					34.6	37.0	35.7	26.8	30.7
<b>Capital Expenditure &amp; Net Lending</b>	<b>223.7</b>	<b>340.1</b>	<b>357.6</b>	<b>276.4</b>	<b>270.2</b>	<b>205.9</b>	<b>146.5</b>	<b>101.7</b>	<b>89.2</b>
Capital Expenditure	223.5	252.4	249.5	238.2	232.0	167.7	108.3	73.0	60.4
Net Lending	0.3	87.8	108.1	38.2	38.2	38.2	38.2	28.7	28.8
<b>Fiscal Balance</b>	<b>-144.3</b>	<b>-180.3</b>	<b>-233.5</b>	<b>-297.0</b>	<b>-459.5</b>	<b>-693.7</b>	<b>-740.7</b>	<b>-471.2</b>	<b>-333.9</b>
<b>Fiscal Balance to GDP (%)</b>	<b>-2.1</b>	<b>-2.3</b>	<b>-2.8</b>	<b>-3.3</b>	<b>-5.3</b>	<b>-7.9</b>	<b>-8.7</b>	<b>-7.4</b>	<b>-4.8</b>

Sources: Accountant General, Ministry of Finance and Central Bank of Barbados

(p): Provisional

\* April to December

**Table 5: Public Debt Outstanding (BDS\$ Millions)**

	2005	2006	2007	2008	2009	2010	2011 (p)
<b>Gross Central Government Debt</b>	<b>4940.7</b>	<b>5401.0</b>	<b>6177.7</b>	<b>6640.8</b>	<b>7519.5</b>	<b>8399.1</b>	<b>8918.6</b>
External Debt	1554.4	1643.7	1720.9	1985.5	2246.9	2525.5	2563.6
Domestic Debt*	3386.3	3757.3	4456.8	4655.3	5272.6	5873.6	6355.0
o/w Justice Improvement	0.0	43.4	73.3	103.0	127.1	130.7	132.3
Coast Guard	12.9	59.5	59.5	52.6	47.9	43.3	38.7
Prison	0.0	288.0	288.0	285.2	282.2	278.8	275.1
ABC Highway	0.0	0.0	165.0	165.0	161.7	155.2	148.6
Less Other Central Government Assets	853.9	701.3	765.2	825.9	872.2	968.0	1152.7
Deposits	424.7	212.2	213.7	219.4	239.8	354.7	465.3
Central bank	295.5	112.8	97.0	61.2	90.2	233.1	337.7
Commercial Banks**	129.1	99.4	116.7	158.3	149.6	121.6	127.6
Sinking Fund	429.2	489.1	551.6	606.5	632.5	613.3	687.4
Sinking funds for dom. debt	306.0	329.6	355.3	371.3	409.2	425.6	471.7
Sinking funds for fgn. debt	123.2	159.5	196.3	235.2	223.3	187.7	215.7
<b>Net Central Government Debt</b>	<b>4086.8</b>	<b>4699.8</b>	<b>5412.5</b>	<b>5814.9</b>	<b>6647.3</b>	<b>7431.1</b>	<b>7765.9</b>
<b>Gross General Government Debt</b>	<b>3765.1</b>	<b>4146.5</b>	<b>4753.2</b>	<b>4967.8</b>	<b>5568.2</b>	<b>6090.3</b>	<b>6314.0</b>
Central Government Debt (NIS and CBB)	1175.6	1254.5	1424.6	1673.0	1951.3	2308.8	2604.6
Held by NIS	1100.9	1253.9	1404.0	1673.0	1849.6	2213.8	2380.9
T-Bills	30.4	125.4	120.8	128.5	105.1	185.3	270.9
Debentures	1070.5	1128.5	1283.3	1544.6	1744.5	2028.5	2110.0
Held By Central Bank	74.7	0.6	20.5	0.0	101.7	95.0	223.7
T-Bills	74.1	0.0	19.9	0.0	26.7	20.0	148.7
Debentures	0.6	0.6	0.6	0.0	75.0	75.0	75.0
<b>Net General Government Debt</b>	<b>2310.5</b>	<b>2877.5</b>	<b>3267.1</b>	<b>3323.4</b>	<b>3935.2</b>	<b>4361.5</b>	<b>4400.6</b>
Other Central Government Assets	853.9	701.3	765.2	825.9	872.2	968.0	1152.7
Sinking Fund	429.2	489.1	551.6	606.5	632.5	613.3	687.4
Sinking funds for dom. debt	306.0	329.6	355.3	371.3	409.2	425.6	471.7
Sinking funds for fgn. debt	123.2	159.5	196.3	235.2	223.3	187.7	215.7
Government Deposits	424.7	212.2	213.7	219.4	239.8	354.7	465.3
Central Bank	295.5	112.8	97.0	61.2	90.2	233.1	337.7
Commercial Banks	129.1	99.4	116.7	158.3	149.6	121.6	127.6
Other General Government Assets***	600.7	567.8	720.8	818.5	760.8	760.8	760.8
Liquid NIS Assets	424.8	400.9	505.8	525.7	468.0	468.0	468.0
Cash	10.6	16.3	16.1	13.1	10.8	10.8	10.8
Due From Banks and Fin. Inst	414.2	384.6	489.7	512.6	457.2	457.2	457.2
External Assets of NIS	175.9	166.9	215.0	292.9	292.7	292.7	292.7
Gross Central Government Debt/GDP	63.0	64.3	68.9	76.4	85.6	98.5	95.9
Net Central Government Debt/GDP	52.1	56.0	60.3	66.9	75.7	87.1	83.5
Gross General Government Debt/GDP	48.0	49.4	53.0	57.2	63.4	71.4	67.9
Net General Government Debt/GDP	29.5	34.3	36.4	38.2	44.8	51.1	47.3

\*Includes Public-Private Partnership Debt

\*\*Data available up to October 2011

\*\*\*Due to data unavailability, the 2010 and 2011 amounts have been kept constant at 2009 levels

P-Provisional

Source: Central Bank of Barbados and the National Insurance Scheme

**Table 6: Financial Indicators (BDS \$Millions)**

	2005	2006	2007	2008	2009	2010	2011(p)
<b>Commercial banks</b>							
Assets/liabilities*	8297.3	9069.3	11357.2	11801.4	11166.6	10992.5	10603.3
Cash	126.8	127.8	142.6	142	135	148.9	152.5
Net balance at CBB	150.9	197.3	403.7	384.7	440.8	260.2	167.0
Borrowing	26.2	27.8	74	36.7	44.6	57.9	175
Treasury-bills	450.5	245.0	420.4	467.6	535.3	659.2	614.6
Other govt securities	719.1	597.2	610.4	628.2	630.3	541.4	593.3
Credit to Non-financial Private Sector	3791.8	4292.9	4513.5	5010.9	5074	5111.6	5096.6
Total Loans	4081.8	4853.5	5097.2	5727.6	5777.8	5811.4	5890.7
Net foreign assets	371.9	488.4	699.7	391.4	341.9	455.9	236.2
Domestic Deposits	5838.9	6297.3	7344.3	7607.1	7586.9	7470.3	7546.4
Total Deposits	7005.9	7337.8	9056.4	8935	8783.6	8650	8104
Excess cash reserves	18.5	38.7	159.5	173.4	178.2	93.7	119
Ratio to deposits (%)	0.3	0.6	2.2	2.3	2.4	1.3	1.6
Excess liquid assets	742.7	417	659.4	679.1	757.4	702.1	733.5
Ratio to domestic deposits (%)	12.7	6.6	9	8.9	10	9.3	9.7
Liquid Assets*	771.5	715.5	1084.5	1061.4	1211.2	1262.9	1655.3
Liquid assets to domestic deposits (%)	13.2	11.4	14.8	14	16	16.9	21.9
Capital Adequacy Ratios (%)**	15.9	14.4	16.4	16.1	17.5	17.1	19.3
Non Performing Loan Ratio (%)**	5.5	4.5	2.9	3.4	7.9	10.8	10.6
Return on Equity (%)**	9.7	14.3	13.5	11.5	9.9	11.7	7.6
Return on Assets (%)**	1.6	2	1.7	1.4	1.6	1.3	1
Net foreign assets ratio (%)	4.5	5.4	6.2	3.3	3.1	4.1	2.2
Foreign Currency Deposits	1167	1040.5	1712	1327.9	1196.7	1179.6	557.6
Foreign Currency Loans*	82.4	95.5	48.6	52.1	27.1	26.4	29
Foreign Currency Deposits to Total Deposits (%)	16.7	14.2	18.9	14.9	13.6	13.6	6.9
Foreign Currency Loans to Total Loans (%)	2	2	1	0.9	0.5	0.5	0.5
<b>Interest rates (%)</b>							
Treasury-bill 3 month	6.26	6.56	4.9	4.81	3.44	3.35	3.45
US treasury-bill 3 month	3.99	4.89	3.29	0.11	0.06	0.12	0.02
Average deposit*	4.12	5.11	4.8	4.07	2.65	2.69	2.65
Average lending*	10.63	10.87	10.68	10.25	9.66	9.39	9.34
5 year savings bond	5.75	5.75	6.75	5.5	5.1	5.1	5.5
10 year debentures	7.00***	8.50***	7.5	6.63	6.25	6.63	7.00***
20 year debentures	7.75	7.5	7.5	7.5	7.5	7.75	7.75

\* Data to October 2011

\* \*Data to September 2011

\*\*\* Indicates rates on 12-year debentures