



Press Release

Review of Barbados' Economic Performance

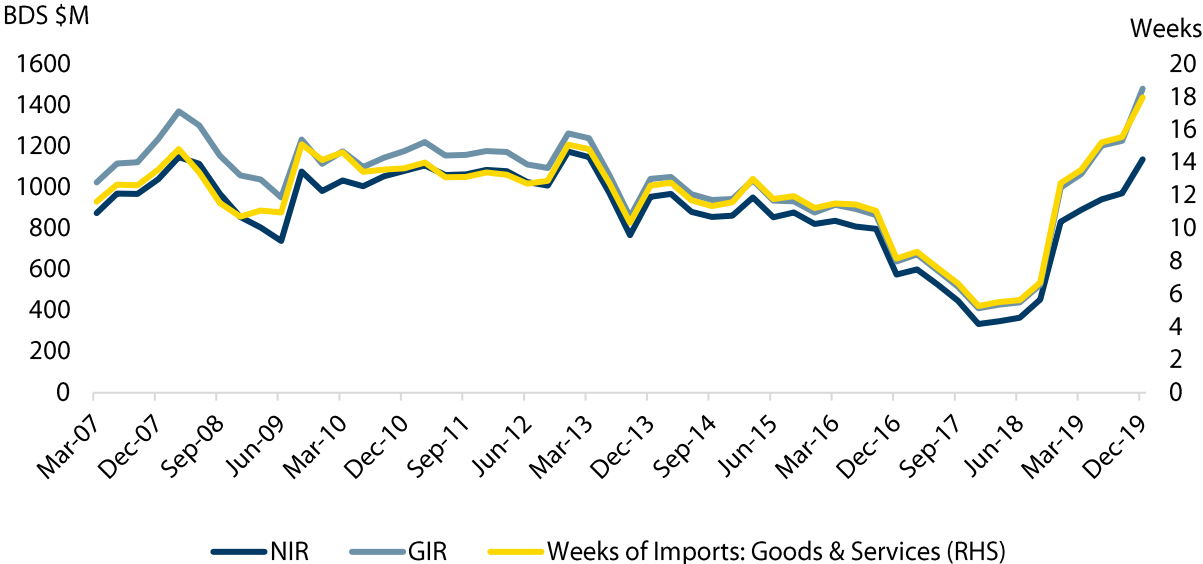
January to December 2019



Overview

During 2019, the performance of the Barbados economy built on the gains of 2018. As anticipated, economic activity remained subdued but the international reserves increased by \$481 million, raising the import reserve cover to over 18 weeks. This reflected borrowings from the international financial institutions, the on-going suspension of commercial external debt payments and a vibrant foreign exchange market that allowed commercial banks to sell foreign exchange to the Central Bank. The public finances also improved and, with the conclusion of the external debt restructuring in December, the debt-to-GDP ratio fell further. Towards year-end, Standard & Poor’s upgraded Barbados’ credit rating, an important step in restoring investor confidence and in creating the basis for improved access to capital markets and lower cost funds for the private and public sectors over the medium-term.

Figure 1: GIR and NIR Quarterly (2007 to 2019)



Source: Central Bank of Barbados

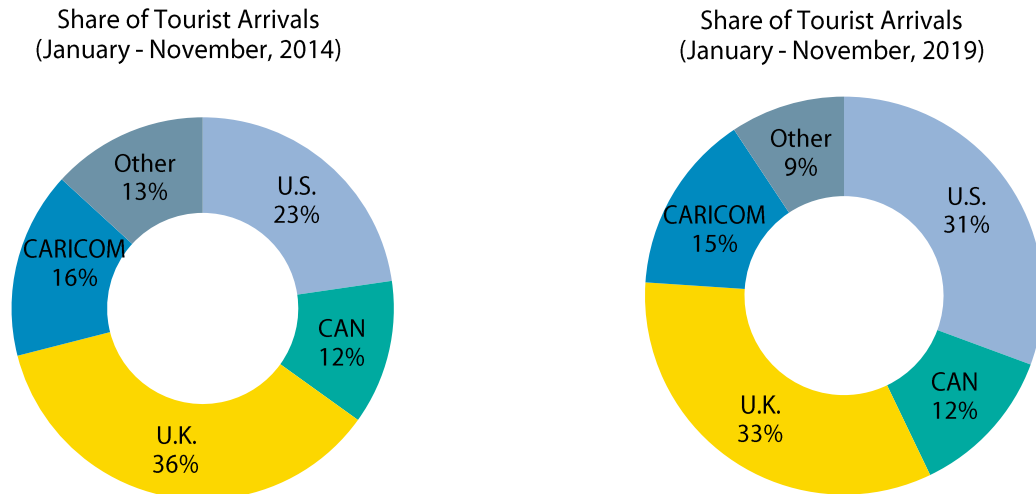
Economic Activity

Real economic activity is estimated to have declined during 2019 by 0.1 percent, in line with expectations during the first full year of the adjustment effort. However, preliminary data suggests that there were signs of the beginning of a modest recovery during the second half of the year. The tourism sector again registered moderate growth, cushioning the impact of declines in other key areas of economic activity. Commodity exports were relatively flat while weak private sector investment and consumption demand served to constrain overall economic activity.

Tourism

The tourism sector expanded by almost 3 percent, the fifth consecutive year of growth. Long-stay arrivals grew by an estimated 3.5 percent, a faster pace than the previous year as sustained marketing efforts, supported by increased airlift, resulted in further penetration of the United States and the United Kingdom markets which combined accounted for approximately two-thirds of visitors. However, the sector's performance was uneven on account of a weaker performance of the Canadian and CARICOM markets.

Figure 2: Share of Tourist Arrivals by Source Market (January- November)



Source: Barbados Statistical Service and Central Bank of Barbados

Cruise passenger arrivals recovered during the last quarter, as increased cruise calls during that period resulted in overall growth of just over one percent for the year.

Non-Sugar Agriculture

Below average rainfall during 2019 affected agricultural output. Farmers shifted to growing more drought-resistant root crops such as sweet potatoes, particularly during the latter part of the year. This shift resulted in an estimated increase in the output of crops of around 3 percent. The adverse weather conditions also suppressed milk production. Chicken production fell by just over 2 percent but this shortfall was made up by rising imports. Fish landings fell by 50 percent over 2018, amid challenges associated with the effects of sargassum seaweed.

Construction

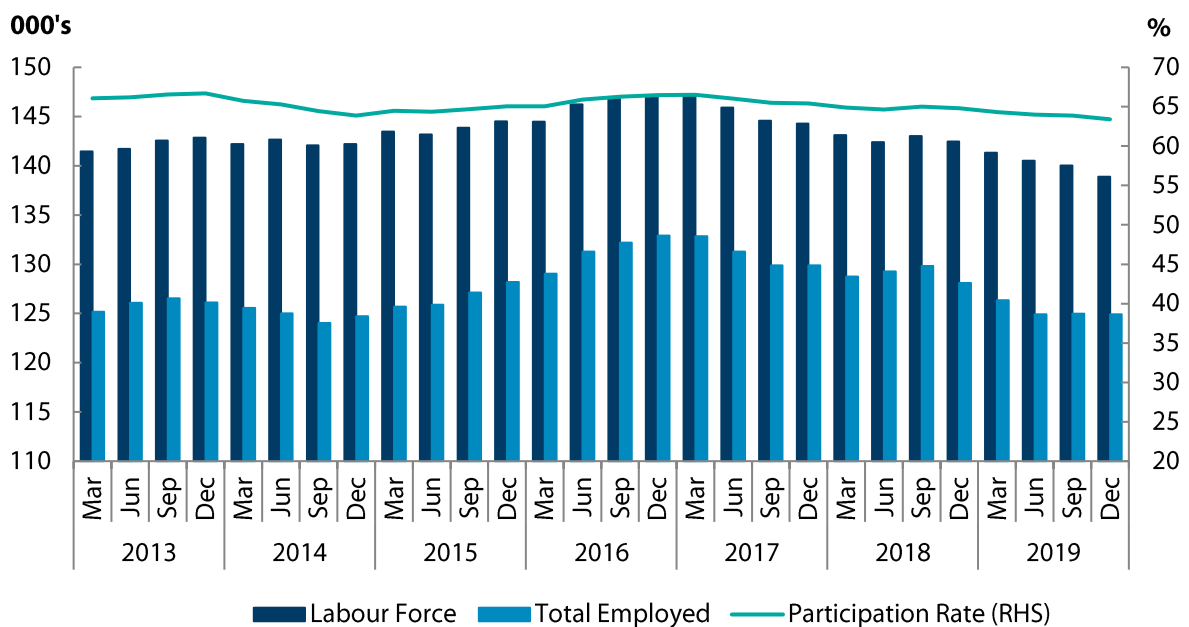
Output in the sector is estimated to have contracted by 4.7 percent during 2019. The delay of some major tourism related projects adversely impacted the construction sector's labour market. Activity related to smaller projects and other medium-scale commercial ventures lessened the decline.

Prices and Unemployment

The average unemployment rate remained unchanged at 10.1 percent at the end of December 2019, compared to 2018. Male unemployment increased but the rate for unemployed females registered a decline. The labour force participation rate, which represents the proportion of persons working or actively seeking work, deteriorated, a continuation of the trend observed since 2016.

“The labour force participation rate, which represents the proportion of persons working or actively seeking work, deteriorated, a continuation of the trend observed since 2016.”

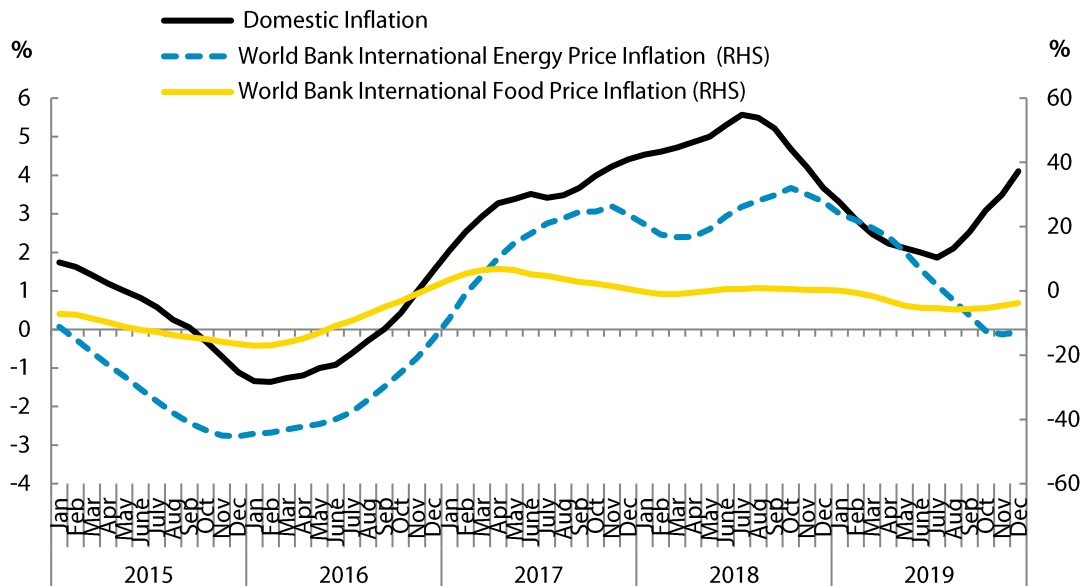
Figure 3: Labour Force Trends



Source: Barbados Statistical Service

The inflation rate trended upwards to 4.1 percent, despite falling international energy and imported food prices which were generally stable. The relatively benign price environment observed during the first half of the year was disrupted by the impact of persistent drought conditions on non-sugar agriculture, the influx of sargassum seaweed on fish catches and the implementation of policy measures at some state-owned enterprises to increase the level of cost recovery for goods and services offered to the public.

Figure 4: Twelve-month Moving Average Inflation



Source: Central Bank of Barbados and World Bank Indicators

Fiscal Operations

During the first nine months of FY 2019/20, the public finances strengthened, reflecting government’s commitment to pursue a primary balance equivalent to 6 percent of GDP. The improved performance resulted in a primary balance approaching five percent of GDP, creating room for the amortisation payments on outstanding debt, including some accumulated arrears.

Revenue

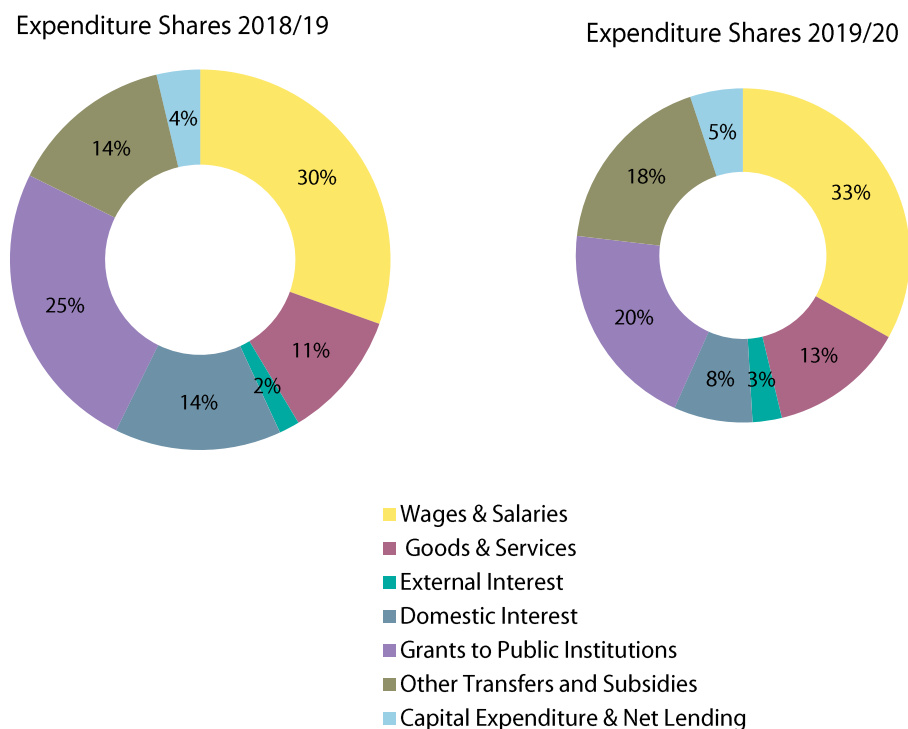
The tax reforms introduced over the past 18 months altered the incidence of taxation while contributing to increased revenue collection. A 34 percent increase in property taxes, on the strength of higher land tax rates, drove the gains in tax revenues. Gross collection of personal income taxes increased marginally, despite the mid-year reduction in tax rates, and there was an overall net increase as current year tax refunds were lower than the previous year. These gains compensated for somewhat weaker corporation tax receipts, due in part to the corporate tax reform and the 2018 domestic debt restructuring on the profits of financial institutions.

Higher collection of the value added tax, import duties, the new fuel tax, the room rate levy and the direct tourism product levy boosted indirect taxes, in the absence of the repealed National Social Responsibility Levy (NSRL). However, excises were relatively flat during the period. Additionally, higher non-tax revenues contributed to the revenue intake, as the foreign exchange fee benefitted from the increased availability of foreign exchange.

Expenditure

Expenditure declined by 9 percent over the first nine months of the fiscal year. Interest expenses fell by \$126 million, accounting for 9 percent of revenue compared to 31 percent in FY 2017/18, before the domestic debt restructuring. Grants to public institutions, the source of rising expenditure in recent years, contracted by \$122 million, due to the domestic debt restructuring and budgetary reforms of some state-owned entities. The major impact related to reduced transfers to the Queen Elizabeth Hospital and the removal of budgeted outlays to the Sanitation Service Authority and the Barbados Tourism Management Inc., which are now being funded directly by the Health Service Levy, the Garbage and Sewage Contribution fee and the Airline Travel and Tourism Development fee. However, the timely payment and the full year increase in non-contributory pensions, led to higher grants to individuals. Wages and salaries remained relatively flat over the period, but there was a partial recovery in capital expenditure given the acquisition of new buses for the Transport Board and trucks for Sanitation Service Authority.

Figure 5: Expenditure Shares

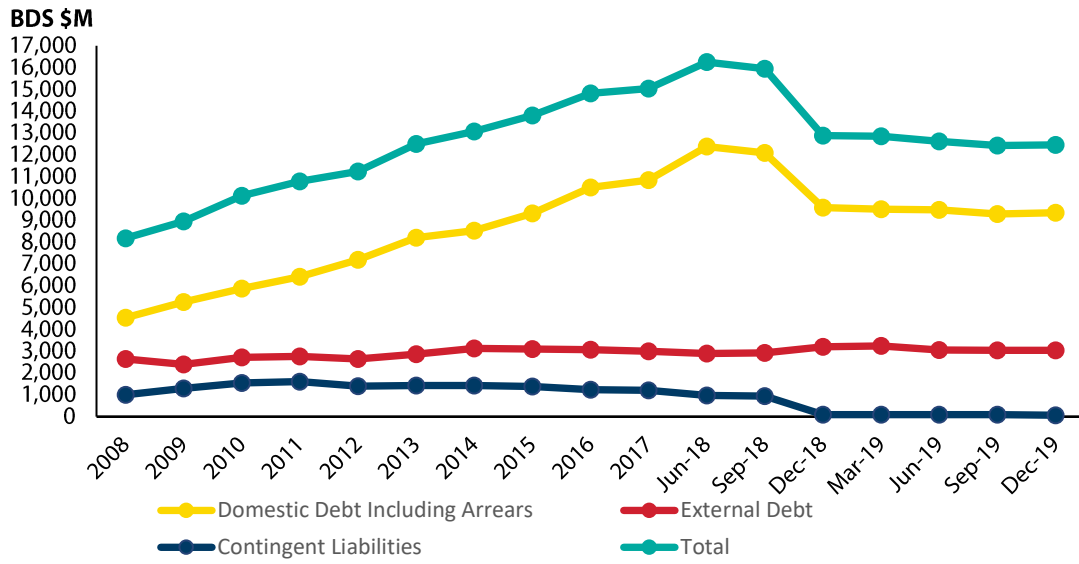


Source: Ministry of Finance

Debt and Financing

The strong fiscal performance and external funding, including the policy-based loan from the Caribbean Development Bank, moderated net Central Bank financing. During the current fiscal year, Government reduced its obligations to ResLife policy holders which also helped to lower the debt. The completion of the external debt restructuring by year-end put the debt-to-GDP ratio on a firm downward trajectory towards the 60 percent target set for 2033.

Figure 6: Composition of Public Sector Debt



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

The Impact of the Debt Restructuring

Barbados' public sector debt stock accumulated rapidly between 2008 and 2017. Inclusive of arrears for tax refunds and payments for goods and services, debt exceeded \$14.8 billion at September 2018, compared to approximately \$7 billion in 2007. This increase raised the debt ratio above sustainable levels as Government diverted spending towards servicing debt, even as Barbados suffered multiple credit rating downgrades (see Table 1) and reduced access to international capital markets. At the same time, the international reserves deteriorated as the Central Bank funded external debt repayments while its reserve buffers fell due to a combination of weak earnings and subdued private capital inflows.

Table 1: Barbados Long-term Foreign Currency Rating

Rating Agencies					
Moody's		Standard & Poor's		Grade Type	Year-end rating*
Rating Scale	Outlook	Rating Scale	Outlook		
Baa2	stable	A-	stable	Investment	2000
Baa2	stable	A-	negative		2003
Baa2	stable	BBB+	stable		2004
Baa2	stable	BBB+	negative		2005
Baa2	stable	BBB+	stable		2006
Baa3	stable	BBB	negative		2009
Baa3	stable	BBB-	stable		2010
Baa3	negative	BBB-	negative		2011
Ba1	negative	BB+	stable	Speculative/Non-investment	2012
Ba3	negative	BB-	negative		2013
B3	negative	B	negative		2014
Caa1	stable	B-	negative		2016
Caa3	stable	CCC+	negative		2017
Caa3	stable	SD	n/a		2018
Caa1	stable	B-	stable		2019
Caa1	stable	B-	stable		2020

Source: Moody's and Standards & Poor's; * year end except 2020

In June 2018, the new administration announced its intention to restructure the public sector debt in order to create fiscal space and facilitate the rebuilding of the international reserves. All debt obligations were rescheduled with the exception of bilateral and multilateral liabilities as well as savings bonds.

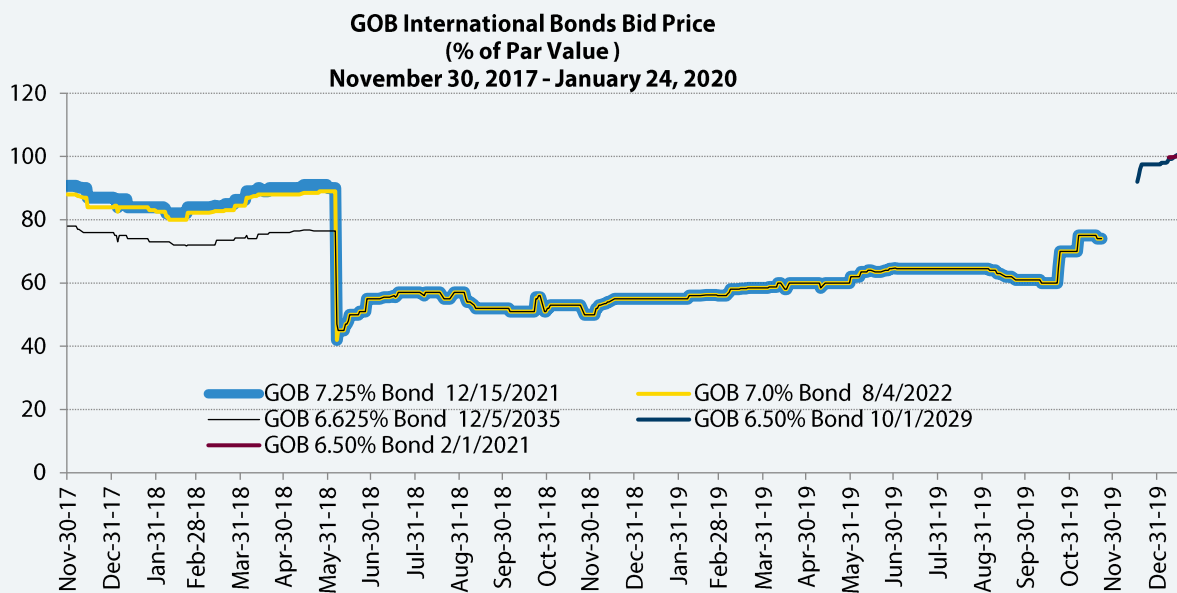
The restructuring was addressed in two phases. First, Government concluded a domestic debt exchange in November 2018 for its Barbados dollar-denominated debt and that of several state-owned enterprises (SOEs). The principal balances of bondholders were protected, except for the Central Bank of Barbados and the National Insurance Scheme, both of which suffered losses in their principal values. In addition, intra-public sector arrears were eliminated along with the lifting of some guarantees on contingent liabilities. These actions resulted in a reduction of the stock of domestic debt from 128 percent to 90 percent of GDP by December 2019.

Secondly, having instituted a moratorium on payments on its commercial U.S. dollar-denominated debt, Government exchanged some of these instruments for new bonds in December. The restructured debt, inclusive of capitalised arrears, included Government's Eurobonds and its Credit Suisse facility. The new bonds, issued with an effective reduction of 26.3 percent in the aggregate sum of all outstanding liabilities as of October 1, 2019, totaled US\$563.1 million. The agreement provided for staggered upfront payment of the capitalised interest equivalent to US\$40 million, the first tranche of which was made in December.

Key characteristics of the new external long-term bond include a final maturity date of October 2029, a five-year grace period on repayments of original principal, buybacks, equal semi-annual principal amortisations commencing in April 2025, a fixed annual coupon of 6.5 percent and a natural disaster clause which would enable Government to capitalise interest and defer principal maturities due on the new bonds for two years in the event of a natural disaster. A similar clause is included in the domestic restructured bonds and is intended to facilitate relief in the event of a natural disaster.

Bond prices for Barbados' debt, which fell below 50 percent of their initial issue value when the debt restructuring was announced, have risen since the reform program and the debt exchanges (see Figure 1). By year-end, Barbados' credit rating by Standard and Poor's had risen from default to B-. The new bonds were being quoted at or close to par rather than the discounts of between 10 to 30 percent that existed under the pre-default environment.

Figure 1:



Source: Bloomberg

The debt-to-GDP ratio now stands at 119.5 percent and the restructurings carry the attendant benefits of longer maturities and lower average coupon debt for both the domestic and international bonds. The annual interest to revenue ratio for FY2020/21 is estimated at 10.3 percent, compared to 26.9 percent in FY2017/18. The favorable impact on cash flows is evidenced by the projected debt service to revenue ratio of 25.5 percent in FY 2020/21 compared to 61.7 percent in FY 2017/18.

Achieving Government's commitment to placing the debt on a downward trajectory that would reduce the debt ratio to 60 percent by 2033 is premised on sustained fiscal discipline, lower interest costs, a resumption of economic growth and the gradual retirement of debt. These improvements should provide the platform for future upgrades in Barbados' credit ratings, create a more investor friendly environment and contribute to the resumption of sustainable growth.

External Sector Developments

The gross international reserves (GIR) stood at \$1.48 billion at the end of December 2019, well above the international benchmark of 12 weeks of import cover. The increase in reserves partly reflects the significant contribution of commercial banks sales of foreign exchange to the Central Bank as higher travel receipts and weak oil prices helped to offset rising private sector demand for foreign exchange.

Table 1: International Reserves

BDS \$M	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2019
Net Central Government	(358)	(399)	(372)	114	(83)
Inflows	250	145	125	457	239
Outflows	608	544	496	343	321
Of Which: Debt Service	459	420	369	241	176
Net Commercial Banks	233	148	107	339	292
Net Other	61	12	36	136	272
Of Which: IMF Financing				98	195
Change in GIR	(65)	(238)	(228)	588	481
GIR as at end of December	878	640	411	1,000	1,480

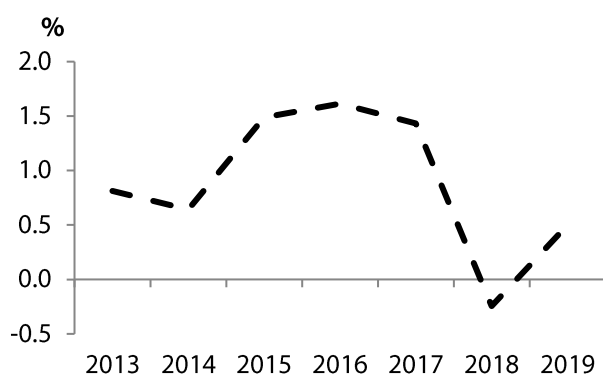
Source: Central Bank of Barbados

Financial Stability

During 2019 conditions in the financial services sector remained stable. Preliminary data on the banking system for 2019 suggests that profitability in the sector is recovering with a return on average assets ratio of 0.5 percent, compared to a loss ratio of 0.2 percent one year earlier. Additionally, banks' non-performing loans (NPLs) again declined with an industry ratio of 6.6 percent of total loans as at December 2019.

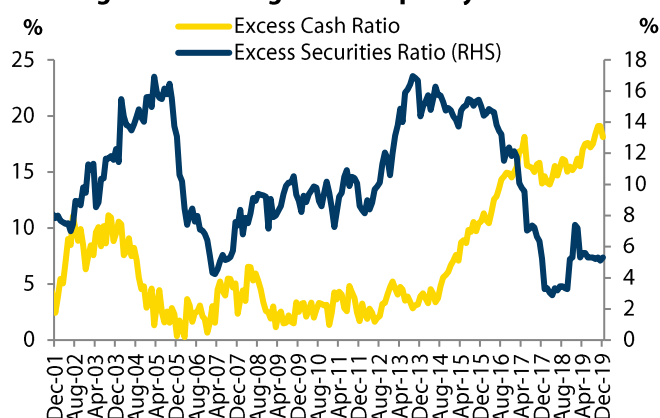
Liquidity in the banking system remained high as domestic-currency deposits continued to exhibit modest growth. As a result, the sector reported an excess cash ratio of 18.1 percent.

Figure 7: Banks' Return on Average Assets Ratio



Source: Central Bank of Barbados

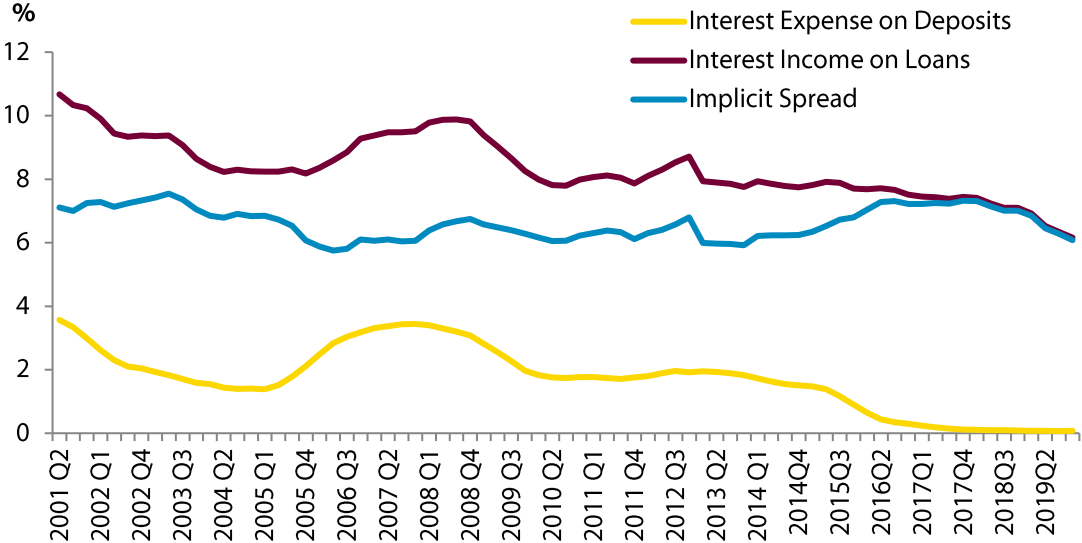
Figure 8: Banking Sector Liquidity Indicators



Overall, deposit-taking institutions¹ registered no growth in credit to the non-financial private sector. Lending by credit unions rose moderately but commercial banks and finance and trust companies' credit to the non-financial private sector was down 0.5 percent. For commercial banks, increases in lending to the tourism, distribution and utility sectors were eroded by declines in loans to the construction, personal and real estate sectors. Moreover, commercial banks' residential mortgage lending during 2019 was down marginally, despite the persistence of historically low interest rates. The reduction in mortgage lending rates aligned with the general loan interest rate decline and contributed to a narrowing of the spread between deposits and lending rates.

The shift in exchange control policy to allow residents to increase holdings of foreign-currency deposits coincided with a modest rise in total foreign-currency deposits of residents.

Figure 9: Banking Sector Implicit Interest Rates



Source: Central Bank of Barbados

With the domestic debt restructuring, there were limited alternative investment opportunities. There was no new issuance of private sector bonds or shares by publicly listed companies on the Barbados Stock Exchange, while activity on the secondary market for the restructured bonds yielded a few market-based trades, representing 1.4 percent of the value of the outstanding bonds. These trades occurred at a significant discount to the par value of the securities. In addition, the price and volume of shares traded on the regular market of the Barbados Stock Exchange remained depressed.

¹ These include commercial banks, finance and trust companies and credit unions.

Outlook

The Bank forecasts that the economy will expand within a range of 1.25 percent to 1.75 percent in 2020. This positive outlook hinges on continued growth in tourism and the recovery of

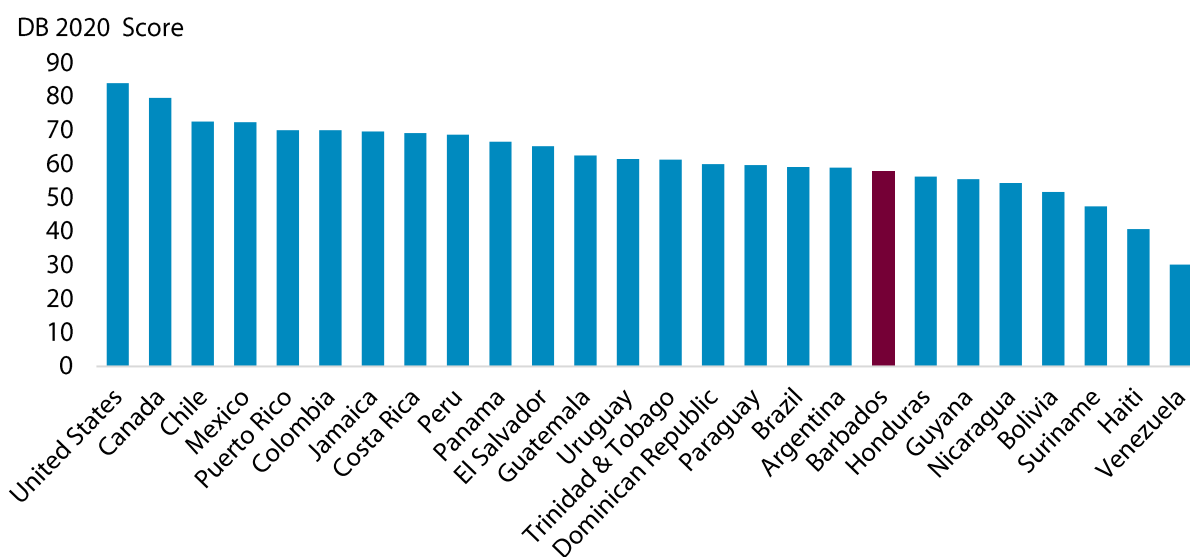
“Achieving the targeted primary balance at the end of fiscal year 2019/20 remains critical to building on the progress made in 2019.”

private investment. Special events, including “We Gatherin’ Barbados” and the 15th UNCTAD quadrennial conference, should boost the tourism and ancillary sectors and complement the activity related to the investment projects that are expected to start during the year. The overall pace of activity will be influenced by the start-up date of these projects. Investors are

finalising plans in several cases and obtaining the necessary regulatory approvals. Implementation of several of these projects is multi-year in scope and this should enhance medium term growth prospects by enhancing Barbados’ competitive capacity.

Barbados is ranked 128th out of 190 economies and 20th out of 33 Latin American and Caribbean countries covered in the 2020 Doing Business Report. Structural reforms are therefore needed to improve competitiveness indicators to support sustainable long-term growth. Addressing weaknesses in the business climate, including the time required to obtain construction permits, acquiring electrical connections and registering properties together with improved labour market productivity, remain central to creating conditions for improved competitiveness and sustained growth.

Figure 10: Doing Business Scores (2020) - The Americas (Select Countries)



Source: World Bank Doing Business Report 2020

Enhancing doing business must also extend to the financial sector. To improve decision making in the sector, the Bank expects that the legislation supporting fair credit reporting will come on-stream during 2020, providing a regulatory framework for licensing and regulating credit

bureaus. In addition, the Bank will continue to promote improved delivery of financial services, particularly in the area of payments. This improvement will involve extending access to the Automated Clearing House directly to the credit union sector for direct debits, upgrading the Real Time Gross Settlement system, introducing oversight legislation for the payments system and promoting the reduced use of paper-based transactions such as cheques and cash so as to improve settlement efficiency of domestic payments.

In its latest release of the short-term energy outlook, the U.S. Energy Administration forecasts a modest increase in the price of West Texas Intermediate crude oil. This projected increase follows the confirmation of deepening production cuts by Organisation of Petroleum Exporting Countries members and Russia, along with expectations of heightened demand pressures linked to the conclusions of phase one of the U.S.-China trade deal. The Bank forecasts that domestic inflation will slow to within the range of 2.5 percent to 3.0 percent. However, there remains a down-side risk to this outlook related to the agriculture production outturn.

Fiscal consolidation efforts will continue to be the bedrock of macroeconomic stability. Achieving the targeted primary balance at the end of fiscal year 2019/20 remains critical to building on the progress made in 2019. Such efforts will reduce public sector indebtedness, restore investor confidence and facilitate further sovereign credit rating upgrades.

With the completion of the external debt restructuring, the public sector's demand for foreign exchange will increase because of the resumption of debt service payments on the restructured debt. Nevertheless, further accumulation of international reserves is expected, given the forecast for improved economic activity and the on-going funding support of international financial institutions.

Table 1 - Economic Indicators

	2014	2015	2016	2017	2018 ^(p)	2019 ^(e)
Nominal GDP (\$ Million) ¹	9,392.7	9,430.0	9,660.0	9,956.3	10,173.4	10,410.8
Real Growth (%)	0.0	2.4	2.6	0.6	(0.4)	(0.1)
Inflation (%) ²	1.8	(1.1)	1.5	4.5	3.7	4.1
Avg. Unemployment (%) ³	12.3	11.3	9.7	10.0	10.1	10.1
Gross International Reserves (\$ Million)	942.6	878.0	639.8	411.3	999.6	1480.3
Gross International Reserves Cover, Weeks	11.6	11.2	8.2	5.3	12.8	18.7
BoP Current Account (% of GDP)	(9.2)	(6.1)	(4.3)	(3.8)	(4.0)	(1.7)
Total Imports of Goods (% of GDP)	35.2	32.6	31.9	30.5	29.5	29.8
Travel Credits (% of GDP)	18.9	20.1	21.5	21.7	22.4	25.7
Financial Account (\$ Millions)	745.6	442.3	84.2	86.4	887.6	646.1
Gross Public Sector Debt ⁴ (% of GDP)	137.0	144.2	151.2	148.4	126.3	119.5
External Debt Service to Curr. Acct. Cred.	6.7	9.5	8.0	8.3	4.9	3.5
Treasury-Bill Rate	2.6	1.8	3.1	3.2	0.5	0.5
Average Deposit Rate	2.5	0.4	0.3	0.2	0.2	0.2
Average Loan Rate	7.0	6.8	6.7	6.6	6.7	6.4
Excess Cash Ratio	6.7	10.6	14.5	14.0	15.2	18.4
Private Sector Credit Growth (%) ⁵	(1.2)	1.6	1.5	3.2	0.3	0.0
Private Sector Credit (% of GDP) ⁵	81.5	82.5	81.7	81.9	80.4	78.6
Domestic Currency Deposits (% of GDP) ⁵	110.2	113.8	114.9	112.7	111.7	111.2
Fiscal Year	2015/16	2016/17	2017/18	2018/19	Apr-Dec 2018/19	Apr-Dec 2019/20^(e)
Fiscal Balance (% of GDP)	(9.0)	(5.3)	(4.6)	(0.3)	0.7	3.0
Primary Balance (% of GDP)	(2.0)	2.2	3.2	3.5	3.8	4.8
Interest (% of GDP)	7.0	7.5	7.8	3.8	3.1	1.8
Fiscal Current Account (% of GDP)	(6.6)	(3.0)	(2.8)	1.6	1.4	3.9
Revenue (% of GDP)	25.7	27.8	28.8	29.3	20.2	20.3
Expenditure (% of GDP)	34.7	33.1	33.4	29.6	19.5	17.3
<i>Non-interest Expenditure (% of GDP)</i>	27.7	25.6	25.7	25.9	16.4	15.5
<i>Capital Expenditure (% of GDP)</i>	2.5	2.3	1.7	1.9	0.7	0.9
Gov't Interest Payments (% of Revenue)	27.4	26.9	26.9	12.9	3.1	1.8

^(p) – Provisional^(e) - Estimate¹ - Central Bank of Barbados and Barbados Statistical Service² - Twelve Month Moving Average³ - Four Quarter Moving Average⁴ - Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt⁵ - Based on consolidated data for deposit-taking institutions (Commercial Banks, Finance & Trust Companies and Credit Unions)

Source: Barbados Statistical Service and Central Bank of Barbados

Table 2 - GDP by Sector and Activity
(BDS \$Millions, Constant Prices¹)

	2013	2014	2015	2016	2017	2018 ^(p)	2019 ^(e)
Tradeables	1,644.8	1,640.4	1,746.3	1,850.9	1,913.2	1,986.9	2,001.9
Tourism	1,042.1	1,061.8	1,144.8	1,256.7	1,314.9	1,370.4	1,409.9
Agriculture	112.6	109.7	110.2	109.0	105.5	121.1	113.4
Sugar	7.1	5.9	4.7	3.4	5.4	6.0	4.1
Non-Sugar Agriculture	105.5	103.8	105.4	105.7	100.1	115.1	109.3
Manufacturing	490.1	468.9	491.3	485.2	492.8	495.4	478.6
of which:							
<i>Rum & Other Beverages</i>	95.1	91.0	95.4	94.2	95.7	96.2	92.9
<i>Food</i>	124.6	119.2	124.9	123.3	125.3	125.9	121.7
<i>Furniture</i>	13.5	12.9	13.5	13.4	13.6	13.6	13.2
<i>Chemicals</i>	29.5	28.2	29.6	29.2	29.7	29.8	28.8
<i>Electronics</i>	37.1	35.5	37.2	36.7	37.3	37.5	36.2
<i>Other Manufacturing</i>	143.1	136.9	143.5	141.7	143.9	144.7	139.8
Non-tradeables	6,013.2	6,018.8	6,100.1	6,201.2	6,190.2	6,083.7	6,060.1
Mining & Quarrying	20.7	28.8	37.4	32.4	40.7	41.7	41.6
Electricity, Gas & Water	221.0	221.3	217.4	219.0	214.8	214.1	211.8
Construction	495.0	501.7	495.7	482.8	492.9	461.6	440.1
Distribution	797.4	767.5	793.8	785.9	756.9	728.2	728.6
Transport, etc	934.3	967.0	972.6	1,065.3	1,045.6	1,018.0	1,024.6
Finance and Other Services	2,585.5	2,638.6	2,718.5	2,761.1	2,783.6	2,778.3	2,779.8
Government	959.3	893.9	864.7	854.7	855.6	841.8	833.6
Total	7,658.0	7,659.2	7,846.3	8,052.1	8,103.4	8,070.6	8,062.0
Nominal GDP	9,354.5	9,392.7	9,430.0	9,660.0	9,956.3	10,173.4	10,410.8
Real Growth Rates %	(1.5)	0.0	2.4	2.6	0.6	(0.4)	(0.1)
Tradeables	(2.6)	(0.3)	6.5	6.0	3.4	3.9	0.8
Non-tradeables	(1.1)	0.1	1.3	1.7	(0.2)	(1.7)	(0.4)

^(p) – Provisional

^(e) – Estimate

¹ - BSS' 2010 Base Year Series

Source: Barbados Statistical Service (2014-2018) and Central Bank of Barbados (2019)

Table 3 - Balance of Payments
(BDS \$Millions)

	2014	2015	2016	2017	2018 ^(p)	2019 ^(e)
Current Account	(860.7)	(578.4)	(414.8)	(380.6)	(403.0)	(180.2)
Inflows	4,457.6	4,599.1	4,795.5	4,832.0	4,905.2	5,289.4
Travel	1,773.6	1,894.9	2,079.1	2,161.4	2,280.9	2,609.5
Other Services	429.8	412.2	418.4	429.9	444.7	458.5
Domestic Exports	539.4	486.3	504.6	509.7	510.2	507.4
Rum	78.7	76.3	77.6	83.9	79.8	76.8
Food	70.0	65.1	62.7	64.6	65.3	66.4
Sugar	18.1	7.2	7.1	13.5	0.4	0.6
Chemicals	73.6	73.9	72.2	72.5	80.3	77.8
Printed Paper Labels	24.2	22.0	23.1	22.7	26.6	15.3
Construction Materials	44.5	42.1	45.3	42.1	51.7	59.1
Other	230.3	199.7	216.6	210.3	206.1	211.4
Re-exported Goods	409.4	479.5	529.1	461.1	385.7	400.8
Net Export of Goods under Merchanting	640.3	633.9	632.2	635.4	633.8	637.6
Income	525.1	512.0	515.4	529.8	543.0	565.4
Transfers	140.0	180.3	116.7	104.7	107.0	110.1
Outflows	5,318.3	5,177.5	5,210.3	5,212.6	5,308.2	5,469.6
Total Imports of Goods	3,304.4	3,074.4	3,080.9	3,040.3	2,997.7	3,033.1
Fuel Imports	877.5	603.6	502.9	626.2	712.2	728.1
Other Merchandise Imports	2,426.8	2,470.8	2,578.0	2,414.1	2,285.5	2,305.1
Services	925.0	988.8	989.3	1,014.0	1,073.9	1,103.9
Income	920.0	937.9	958.3	977.6	1,042.6	1,130.8
General Government	166.3	164.8	166.8	167.4	183.2	151.7
Other Sectors	753.7	773.1	791.4	810.2	859.5	979.1
Transfers	169.0	176.4	181.8	180.6	194.0	201.7
Capital Account	(16.7)	(16.4)	(5.7)	(2.4)	50.9	(5.3)
Financial Account	745.6	442.3	84.2	86.4	887.6	646.1
Net Foreign Direct Investment	1,634.6	160.1	376.7	468.2	464.8	375.3
All Other Investment Flows	(889.0)	282.2	(292.5)	(381.8)	422.8	270.7
Net Long-term Public	96.5	(71.1)	(171.1)	(134.9)	451.0	382.4
Net Long-term Private	(1,002.6)	361.9	(44.6)	(156.8)	(3.8)	(28.2)
Net Short-term	17.2	(8.6)	(76.8)	(90.1)	(24.4)	(83.5)
Net Errors & Omissions	33.1	88.0	97.9	68.0	52.7	20.0
Overall Balance	(98.7)	(64.5)	(238.2)	(228.5)	588.3	480.7
Change in GIR: - increase/+ decrease	98.7	64.5	238.2	228.5	(588.3)	(480.7)

^(p) – Provisional

^(e) – Estimate

Source: Central Bank of Barbados

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

	2014/15	2015/16	2016/17	2017/18	2018/19	Apr-Dec 2016	Apr-Dec 2017	Apr-Dec 2018	Apr-Dec 2019 ^(e)
Total Revenue	2,407.3	2,458.4	2,754.0	2,845.4	2,993.6	1,729.9	1,986.5	2,060.5	2,131.9
Tax Revenue	2,182.8	2,266.3	2,494.5	2,656.3	2,812.4	1,642.7	1,886.6	1,941.9	2,007.3
i) Direct Taxes	901.0	875.6	970.5	968.9	1,126.9	639.7	677.5	754.2	791.1
Personal	412.5	396.8	488.3	462.6	482.1	325.5	332.5	313.7	334.3
Corporate	156.1	215.2	248.2	275.1	355.5	120.5	153.0	203.2	191.0
Property	164.4	132.8	135.4	137.6	161.3	120.7	121.7	143.5	192.8
Financial Institutions Asset Tax	26.9	29.0	32.6	48.7	44.6	22.7	37.3	37.4	33.7
Other	81.0	65.5	62.7	44.9	83.4	47.1	33.0	56.4	39.3
ii) Indirect Taxes	1,281.8	1,390.7	1,524.0	1,687.4	1,685.6	1,003.1	1,209.1	1,187.7	1,216.1
Stamp	11.0	10.1	9.4	10.5	10.9	6.5	6.9	8.0	8.7
VAT	806.2	861.4	890.3	887.3	940.9	616.3	657.7	668.1	702.3
Excises	135.9	169.0	225.6	303.1	271.2	108.3	183.3	184.7	185.8
Import Duties	223.6	231.6	245.2	218.6	213.8	168.6	168.4	158.2	174.1
Social Responsibility Levy	0.0	0.0	29.3	152.0	49.4	12.0	106.2	49.4	0.1
Other of which:	105.1	118.6	124.3	115.9	199.4	91.3	86.6	119.4	145.2
Fuel Tax					68.6			26.5	61.3
Room Rate/Shared Accommodation					10.1			4.9	17.9
Non Tax Revenue & Grants	224.5	192.1	259.5	189.1	181.2	87.1	99.9	118.6	124.6
Non Tax Revenue	147.7	147.5	228.4	149.0	161.5	64.1	89.2	111.6	114.5
Grants	57.5	18.1	9.8	22.0	0.1	9.0	0.0	0.0	10.1
Post Office - Revenue	19.3	26.4	21.3	18.1	19.6	14.0	10.7	7.0	0.0
Current Expenditure	2,918.7	3,085.5	3,053.0	3,123.8	2,826.4	2,168.5	2,239.5	1,912.7	1,724.8
Wages & Salaries	803.7	787.2	784.4	782.3	811.9	583.7	583.5	605.2	602.1
Goods & Services	341.5	441.3	385.4	364.3	356.3	242.3	245.2	216.5	238.5
Interest	653.7	672.5	741.7	764.7	384.9	589.0	607.7	316.2	190.1
External	165.3	163.7	168.0	168.0	48.0	123.5	122.9	34.7	51.4
Domestic	488.4	508.8	573.7	596.7	336.9	465.5	484.8	281.6	138.7
Transfers & Subsidies	1,119.8	1,184.5	1,141.5	1,212.5	1,273.3	753.5	803.1	774.8	694.2
Grants to Individuals	338.5	342.1	327.3	358.3	362.8	211.0	240.2	230.3	276.2
Grants to Public Institutions	682.9	729.6	714.4	761.2	814.8	476.6	515.9	496.8	366.5
Subsidies	49.5	60.5	47.8	51.9	51.8	28.5	21.3	25.4	24.8
Subscriptions & Contributions	19.3	19.9	19.4	22.1	25.7	13.5	12.8	11.8	14.5
Non-Profit Agencies	29.6	32.3	32.7	19.0	18.3	24.0	12.9	10.4	12.2
Capital Expenditure & Net Lending	193.5	236.3	225.1	171.8	197.8	157.5	111.6	73.6	92.8
Capital Expenditure	173.1	216.6	205.4	149.1	184.9	139.5	93.6	62.5	87.3
Net Lending	20.4	19.7	19.7	22.7	12.9	18.0	18.0	11.2	5.5
Fiscal Balance	(704.9)	(863.4)	(524.1)	(450.2)	(30.5)	(596.1)	(364.6)	74.2	314.2
Primary Balance	(51.2)	(190.8)	217.6	314.5	354.3	(7.2)	243.1	390.4	504.3
Fiscal Balance to GDP (%)	(7.6)	(9.0)	(5.3)	(4.6)	(0.3)	(6.0)	(3.7)	0.7	3.0

^(e) – Estimate

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

Table 5 - Government Financing
(BDS \$Millions)

	2014/15	2015/16	2016/17	2017/18	2018/19	Apr-Dec 2016	Apr-Dec 2017	Apr-Dec 2018	Apr-Dec 2019 ^(e)
Total Financing	704.9	863.4	524.1	450.2	30.6	596.1	364.6	(74.2)	(314.2)
Domestic Financing	695.2	837.7	685.7	629.3	(315.5)	749.0	480.3	(433.9)	(438.1)
Central Bank	349.1	426.2	783.2	92.8	(166.4)	710.1	96.8	(232.5)	122.2
Commercial Banks	(141.7)	182.4	(433.5)	257.9	82.8	(240.9)	278.7	58.4	(115.2)
National Insurance Board	48.6	71.2	180.2	3.1	8.9	122.9	(2.8)	8.9	(63.9)
Private Non-Bank	62.6	108.5	94.6	(57.2)	(119.6)	57.4	(82.3)	(83.5)	(132.6)
Other	376.7	49.4	61.3	332.8	(111.2)	99.5	190.0	(185.2)	(40.2)
Arrears Payments	n.a.	n.a.	n.a.	n.a.	(10.0)	0.0	0.0	0.0	(208.3)
Foreign Financing (Net)	9.7	25.7	(161.7)	(179.1)	346.2	(152.9)	(115.7)	359.7	123.8
Capital Markets	49.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Funds	79.0	204.1	57.2	113.8	87.9	31.0	85.2	77.3	70.5
Policy Loans	0.0	99.3	0.0	0.0	350.0	0.0	0.0	350.0	150.0
Amortisation	(118.7)	(277.8)	(218.8)	(292.8)	(91.7)	(183.9)	(200.9)	(67.6)	(96.7)

^(e) – Estimate

Source: Central Bank of Barbados

Table 6 - Public Debt Outstanding
(BDS \$Millions)

	2013	2014	2015	2016	2017	2018	2019 ^(p)
Gross Central Government Debt¹	10,874.0	11,445.1	12,243.0	13,397.3	13,665.9	12,755.8	12,366.6
Domestic Debt	8,201.4	8,520.4	9,319.8	10,511.2	10,840.1	9,247.4	9,169.6
Central Bank ²	747.3	807.9	1,303.6	2,012.4	2,227.7	703.8	814.1
Commercial Banks	1,997.8	1,946.9	2,070.0	2,030.9	2,144.9	2,340.2	2,355.2
National Insurance	2,877.7	2,993.6	3,152.7	3,481.0	3,518.9	2,938.4	2,880.0
Insurance Companies	491.0	498.7	514.6	522.3	527.2	1,114.6	1,119.8
PPP	306.9	294.3	272.9	256.8	241.8	-	-
Other	1,780.7	1,978.9	2,006.1	2,207.8	2,179.7	2,150.3	2,000.6
Domestic Arrears	n.a.	n.a.	n.a.	n.a.	n.a.	309.5	107.0
External Debt	2,672.6	2,924.8	2,923.2	2,886.2	2,825.8	2,970.8	3,023.1
International Financial Institutions	733.1	882.6	1,012.4	1,062.5	1,043.7	1,379.5	1,445.5
Bonds	1,616.8	1,735.1	1,619.3	1,548.3	1,452.8	1,142.8	1,126.2
PPP	266.5	261.5	256.0	249.9	243.1	237.0	228.8
Bilateral	56.2	45.6	35.5	25.5	86.1	211.5	222.6
External Arrears	n.a.	n.a.	n.a.	n.a.	n.a.	228.1	67.0
Other Public Sector Debt	1,430.9	1,425.7	1,385.8	1,238.2	1,144.0	94.3	66.4
Domestic Debt	1,119.9	1,135.7	1,116.9	965.8	884.6	-	-
Foreign Debt	311.0	290.0	268.9	272.4	259.4	94.3	66.4
Other Public Sector Arrears	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.0
Gross Public Sector Debt³	12,304.9	12,870.8	13,628.8	14,635.5	14,809.9	12,850.1	12,439.0
Central Government Financial Assets	1,051.8	971.2	744.8	752.0	715.2	795.0	739.6
Central Bank	103.4	52.8	16.7	20.1	20.3	389.4	311.4
Commercial Banks	119.3	99.3	95.1	99.4	96.0	174.6	248.4
Sinking Funds	829.1	819.1	633.0	632.6	598.8	231.0	179.7
Other Public Sector Financial Assets	197.8	198.5	207.9	239.8	189.0	465.8	374.3
Public Corporations' Deposits	197.8	198.5	207.9	239.8	189.0	465.8	374.3
Gross Public Sector Debt/GDP (%)	131.5	137.0	144.2	151.2	148.4	126.3	119.5
Gross Central Government Debt/GDP (%)	116.2	121.9	129.5	138.4	136.9	125.4	118.8
External Debt/GDP (%)	28.6	31.1	30.9	29.8	28.3	31.4	29.7
Net Central Government ⁴ /GDP (%)	105.0	111.5	121.7	130.6	129.8	117.6	111.7

^(p) – Provisional

n.a. - Not Available

¹ Gross Central Government Debt = Domestic Debt+ External Debt + Domestic Arrears

² Comprises Treasury Bills, Debentures and Ways & Means Account Balance

³ Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt +Arrears

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

**Table 7 – Select Monetary Aggregates and Financial Stability Indicators
for the Banking System**
(BDS \$Millions)

	2013	2014	2015	2016	2017	2018 ^(p)	2019 ^(e)
Central Bank of Barbados							
Net International Reserves	954.1	861.7	821.4	574.9	334.7	832.5	1,130.0
Monetary Base	1,424.8	1,585.0	1,989.8	2,481.5	2,375.9	2,659.0	2,938.8
Net Domestic Assets	470.7	723.3	1,168.3	1,906.5	2,041.2	1,788.8	1,762.4
Deposit-taking Institutions¹							
Credit to Public Sector ²							
Central Government (net)	2,008.9	1,957.9	2,186.7	2,063.6	2,164.5	1,896.4	1,855.7
Rest of the Public Sector	450.4	514.9	422.6	368.2	344.8	107.9	65.0
Credit to Rest of Financial System	545.5	415.5	293.3	276.7	248.7	274.5	256.3
Credit to the Non-Financial Private Sector ³	7,752.1	7,658.1	7,781.1	7,895.2	8,151.3	8,179.1	8,180.2
Total Deposits							
Transferable Deposits ⁴	7,723.6	8,349.4	8,946.4	9,589.1	9,667.6	9,844.5	10,365.5
Non-Transferable Deposits	3,128.3	2,466.7	2,426.0	2,248.5	2,311.1	2,122.6	1,866.9
Memo Items							
Domestic-Currency Deposits	10,343.0	10,354.1	10,727.3	11,097.5	11,223.9	11,365.1	11,580.1
Foreign-Currency Deposits	508.9	462.0	645.1	740.2	754.8	602.0	652.4
Banking System Financial Stability Indicators ⁵							
Capital Adequacy Ratio (CAR)	17.6	16.4	15.8	17.0	17.0	13.8	13.4
Loan to Deposit Ratio	70.0	72.3	66.7	63.7	64.4	63.0	64.8
Liquid Assets to Total Assets	18.0	24.7	29.9	32.5	32.6	17.4	32.1
Non-Performing Loans Ratio	11.7	11.1	10.2	8.6	7.7	7.4	6.6
Provisions to Non-Performing Loans	44.9	47.7	55.5	62.7	80.4	67.3	60.2
Return on Average Assets (12-month)	0.8	0.6	1.4	1.5	1.3	(0.2)	0.5

^(p) – Provisional

¹ Comprises of Commercial Banks, deposit taking Finance & Trust Companies and Credit Unions

² Reflects both securities holdings and loans.

³ Does not include credit to the non-resident sector

⁴ These comprise of call deposits, demand deposits and savings deposits with unrestricted withdrawal privileges

⁵ Data on commercial banking sector

Source: Central Bank of Barbados