



Press Release December 2018

Overview

The year 2018 was challenging for the Barbados economy. Economic activity remained sluggish, but the decision to enter a four-year economic adjustment programme with the International Monetary Fund (IMF), the suspension of commercial external debt payments and the restructuring of Government's domestic debt renewed confidence and contributed to an improvement in the public finances and the stock of international reserves.

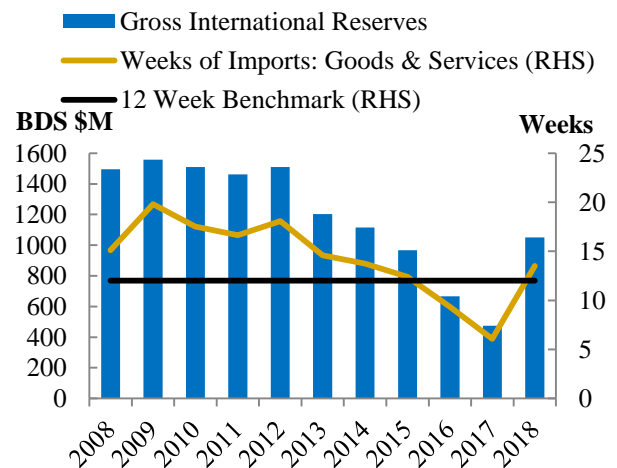
Government unveiled the Barbados Economic Recovery and Transformation (BERT) plan, which aims to deepen the fiscal adjustment effort and to undertake structural reforms to stimulate medium-term economic growth. The public finances strengthened, as evidenced by the timely payment of current year tax refunds, the curtailing of new Central Government's arrears and reduced reliance on central bank financing.

The completion of the domestic debt restructuring and the enhanced outlook for fiscal and debt sustainability over the medium term contributed to an upgrade in Barbados' credit ratings for domestic securities.

Structural reforms have proceeded apace with new legislation to strengthen oversight of state-owned enterprises (SOE) and to modernise the Town and Country Planning Office now being debated in Parliament. In addition, the

Government reformed the corporate tax regime in response to the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting initiative. This resulted in a comprehensive amendment to the tax structure for the international and domestic corporate sectors.

Figure 1: Gross International Reserves



Source: Central Bank of Barbados

Real Sector

Real economic activity contracted by an estimated 0.6% in 2018, as moderate gains in tourism were outweighed by the fall-off in manufacturing and other services.

Tourism output slowed to an estimated 0.6%, from 2.2% in 2017. Long-stay arrivals were

2.8% higher than the previous year, owing to intensive marketing and an increase in airlift. However, the expansion in the sector was contained because the average length of stay declined as a result of the increase in the shorter staying visitors from the United States market. Arrivals from Canada and the United Kingdom were both up, with the latter recovering from a mild reduction in the previous year.

Cruise visitors for the year fell by almost 10% as cruise ships returned to their usual itinerary, after the re-routing of vessels in 2017 due to the effects of hurricanes.

Table 1: Long-stay Arrivals by Source Market ('000)

	January - December			
	2015	2016	2017	2018
U.S.A.	148.1	168.9	188.5	204.3
Canada	74.6	78.9	85.1	86.2
U.K.	214.2	218.6	217.4	221.2
Germany	12.3	11.5	11.2	10.6
Other Europe	28.5	28.3	29.0	28.0
Trinidad & Tobago	29.7	34.0	35.8	32.7
CARICOM	58.3	65.7	67.1	70.4
Other Countries	26.3	25.6	27.1	25.8
TOTAL LONG-STAY	592.0	631.5	661.2	679.5

Source: Barbados Statistical Service

Manufacturing output remained depressed but increases in poultry and sugar production boosted the performance in agriculture. However, the raw sugar produced was used principally for domestic consumption.

Construction fell by approximately 7.0% during the review period, following moderate growth in 2017. This outturn reflected low levels of infrastructural development in the public and private sectors, evidenced by reduced quarrying, cement consumption and lower imports of other construction materials.

Activity in the other non-traded sectors, including distribution, business and other services and transportation, storage and communication also declined. Electricity consumption was flat, while homes and businesses increased their reliance on solar power electricity generation.

Table 2: Key Production Indicators (%)

Activity	Indicators	2016	2017	2018
Tourism	Long-stay arrivals	6.7	4.7	2.8
	Average Length-of-Stay	-1.6	-1.6	-1.0
	Cruise arrivals	1.3	14.7	-9.7
	Cruise calls	7.3	19.3	-13.8
Agriculture	Sugar	-32.3	43.8	14.9
	Non-Agriculture*	0.2	-5.3	1.9
Construction	Consumption of Construction Materials	-5.0	0.4	-0.1
	Imports of Construction Materials	-0.5	3.3	-12.6
Electricity	Total Electricity Consumption	-8.4	13.8	0.0
	Solar Generation	19.8	-7.6	31.6
Oil and Gas	Crude Oil Production	-7.4	1.0	-6.5
	Natural Gas Production	-14.2	-13.3	-3.3
Water Production		-4.0	0.1	3.6

Note: *Actual Data to September 2018

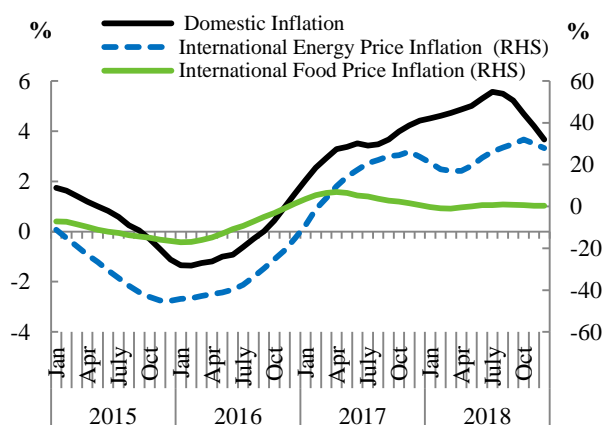
Source: Central Bank of Barbados, BSS, BL&P, BNOC, BWA

Prices and Employment

The average unemployment rate for the four quarters ending September was 9.2%, compared to 10.2% a year earlier. However, public sector layoffs impacted unemployment in the fourth quarter.

Earnings in the public sector were on average almost 4% higher than a year earlier. Private sector wage increases were more modest, with hotel workers, for example, receiving an increase of 2.5% in the third year of their collective agreement.

Figure 2: Twelve-Month Moving Average Inflation



Source: Barbados Statistical Service and World Bank Indicators

The uptick in the twelve-month moving average measure of inflation tapered off during the second half of the year. Imported commodity food prices remained stable but the pass through effects from the 2017 hike in the National Social Responsibility Levy (NSRL) together with rising oil prices pushed up inflation during the first half of the year. The elimination of the NSRL and the softening in international fuel prices in the fourth quarter helped to contain the inflation rate to 3.7%.

External Sector

The international reserves, which were declining since the end of December 2012, increased by \$576.3 million to \$1.05 billion at year-end, approximately 13.5 weeks of import cover. This outcome was initially influenced by improved availability of foreign exchange (FX) that allowed FX dealers to increase their sales of foreign exchange to the Central Bank and by the savings from the suspension of debt service, which enabled reserves to stabilise, particularly during the middle of the year when they were critically low.

During the last quarter, capital inflows for policy and project loans of over

\$470 million from international financial institutions boosted foreign exchange holdings further.

Table 3: Foreign Exchange Cash Flow

	Jan-Jun 2016	Jul-Dec 2016	Jan-Jun 2017	Jul-Dec 2017	Jan-Jun 2018	Jul-Dec 2018
BDS \$M						
Net CG*	(209.6)	(189.0)	(184.6)	(187.2)	(191.4)	306.6
Inflows	103.9	41.5	85.3	39.4	47.3	412.4
Outflows	313.5	230.5	269.9	226.6	238.6	105.8
Net CB**	152.7	(4.7)	136.9	(29.6)	218.9	122.3
Net Other	48.9	(100.8)	71.7	0.8	3.8	116.1
Change in GIR	(8.0)	(294.4)	23.9	(216.0)	31.4	544.9
GIR as at end of Jun/Dec	959.9	665.5	689.4	473.4	504.8	1,049.7

Note: *CG-Central Government, **CB- Commercial Banks

Source: Central Bank of Barbados

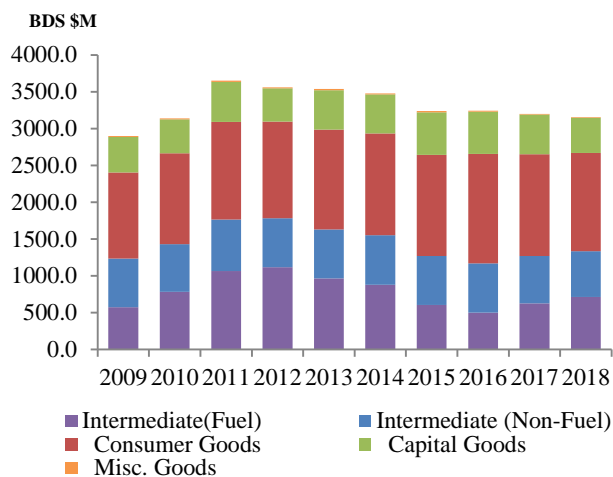
The improved performance of the foreign exchange market reflected higher net private sector inflows and a modest improvement in the external current account deficit to 3.8% of GDP. Rising tourism earnings aided in narrowing the deficit, as the sector benefitted from higher arrivals and improved room rates. Domestic exports were flat, as the gains from exports of chemicals and printed paper labels were outstripped by declines in rum and sugar exports. Total imports fell just under 2%, as non-oil purchases declined for the second consecutive year.

Capital goods and non-oil intermediate goods contracted as imports of both machinery and construction materials declined. Consumer goods also fell by 3.3%, following a 7.1% reduction the previous year. The decline was partly related to lower imports of motor vehicles imports and furniture.

Higher average international fuel prices during the year contributed to an increase in the total value of fuel imports. Prices were up by 19.9%

but they remained below the recent peaks in 2012.

Figure 3: Imports by Category

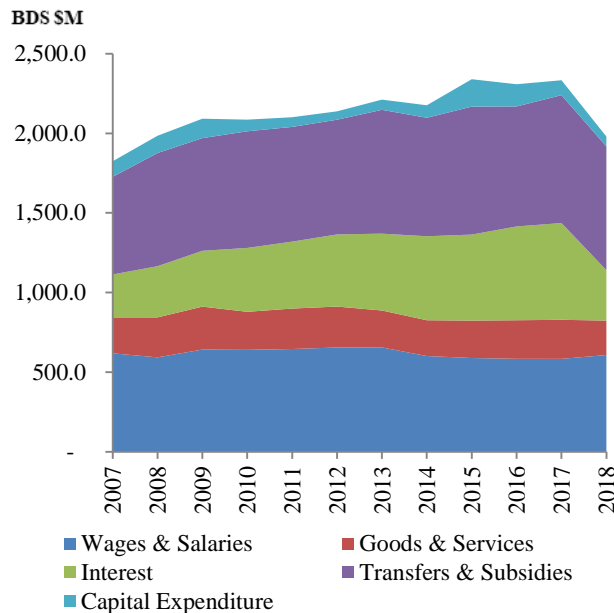


Source: Barbados Statistical Service and Central Bank of Barbados

Public Finances

Public finances between April and December 2018 improved significantly. Reduced interest costs associated with the suspension of commercial external debt payments and the lower interest rates on domestic Government securities, effective October 1, contributed to this outturn. Interest costs absorbed 16% of revenues, compared to 31% in FY 2017/18. However, the fiscal outturn also benefitted from non-interest expenditure that was lower than originally targeted, resulting from reduced transfers and low capital expenditure.

Figure 4: Expenditure by Category



Source: Ministry of Finance

Revenues were \$56 million below the target due to larger than anticipated tax refunds, the impact of lower imports and a lag in the collection of some of the recently implemented budgetary measures.

Government provided refunds of \$54 million in income tax and \$18 million in value-added tax (VAT), resulting in lower than anticipated collections from income tax and VAT.

There were also declines in excise revenue and import duties. However, the new fuel tax realised \$35 million during the period.

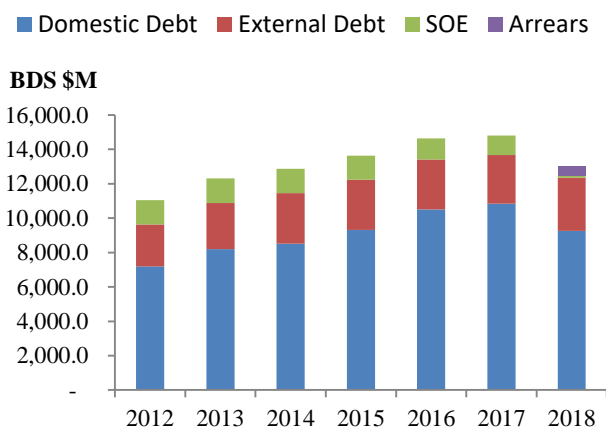
Revenue from property taxes surpassed the target by \$17 million given the collections from the tax amnesty. Corporate taxes also over-performed despite \$26 million in tax refunds, owing to significant first time payments by recently registered international business companies. The foreign exchange fee yielded \$56 million in tax receipts over the period.

Financing and Debt

The suspension of debt service and the improved fiscal outturn helped the Government to reverse the reliance on domestic funding that had been a feature of the financial landscape in recent years. Policy-based loans of \$350 million from the IDB and CDB during the last quarter of the year contributed to an overall decline in Central Bank financing of approximately \$242 million, in contrast to the increase registered in the first half of the fiscal year.

Discussions on the debt restructuring related to foreign currency denominated claims on the public sector are on-going. However, the domestic debt restructuring allowed Government to erase approximately \$2.9 billion or 29% of GDP from the stock of debt held by public sector institutions. The gross public sector debt is now equivalent to 126.9% of GDP. Given the low yield on the restructured securities, particularly in the early years, Government mitigated the impact on pensioners by accelerating repayments during the last quarter.

Figure 5: Gross Public Sector Debt



Source: Ministry of Finance

Financial Sector

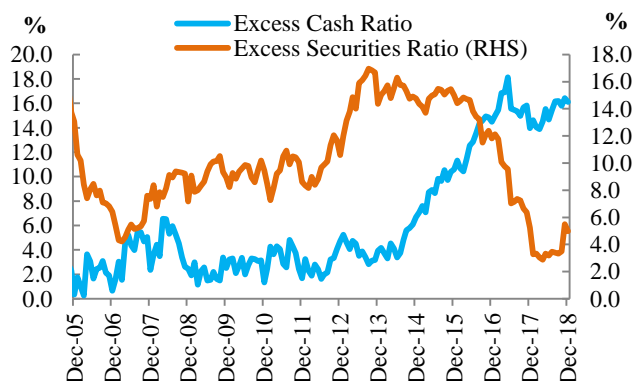
The debt restructuring and the adoption of the new accounting standard IFRS9 eroded capital in the financial services sector. However, commercial banks held adequate capital as indicated by a capital adequacy ratio of 15.6%.

Liquidity in the banking system remained high with an excess cash ratio of 16.2%, compared to 14.1% in 2017. The excess securities ratio also increased partly because the improved fiscal position allowed the Bank to reduce the commercial bank's securities requirement ratio from 20% to 17.5%.

The underlying credit to the non-financial private sector declined by approximately 0.5% after adjusting for an intra-group amalgamation of a commercial bank and a trust and finance company. Increased borrowings were registered to the distribution sector while loans to real estate and to hotels and restaurants declined.

Domestic deposits remained flat reflective of the lacklustre economic activity. The weighted average deposit rate of 0.2% was virtually unchanged from 2017, while the weighted average loan rate was 6.8%, approximately twenty basis points higher than last year.

Figure 6: Excess Reserve Ratios of Commercial Banks



Source: Central Bank of Barbados

Corporate Tax Reform

Through its Base Erosion and Profit Shifting (BEPS) initiative, the Organisation for Economic Cooperation and Development (OECD) deemed that Barbados' international business sector was ring-fenced from the domestic sector and that the associated tax regimes were harmful to international tax competition. This has been a long-standing criticism of the OECD and the Barbados government, under threat of being blacklisted by the OECD and the European Union's Tax Code of Conduct Group, reformed its international business sector regime by harmonising the legislative and tax frameworks for domestic and international companies.

As a result, Government amended 11 pieces of legislation and repealed 5 others governing the international business sector and integrated their governance and regulation in harmonised Acts for banking and insurance. In addition, new legislation was enacted to make provision for all entities operating in Barbados to have specific evidence of economic substance and also for the grant of foreign currency permits to certain entities.

The decision to converge local and international tax rates represents a bold initiative. The corporate tax rate for domestic companies (25%) and those operating previously in the international business and financial services sector (0.25-2.5%) will now transition to the structure set out below.

Taxable Income (BDS \$)	Tax Rate (%)
Less than or up to \$1M	5.5%
More than \$1M but less than \$20M	3.0%
More than \$20M but less than \$30M	2.5%
More than \$30M	1.0%

With the convergence of these rates, other revisions to the tax system have become necessary, including the inclusion of exempt insurance companies into the revenue base, the removal of the tax credit for foreign currency and, effective January 1, 2019, the reduction in permissible allowances under the Income Tax Act to those related to capital, renewable energy and research and development.

Initial scenario testing suggests that the change should be broadly revenue neutral but the change will give rise to increased reliance on international corporate taxes, low taxes for domestic companies and a need to reform other domestic taxes to safeguard the revenue base. The convergence of the tax rates becomes effective the tax year beginning January 1, 2019 but it is not anticipated to impact tax revenues collections significantly until FY2020/21.

This new tax environment creates the potential for increased foreign exchange inflows from the international business sector but this could be partly offset by higher dividend outflows by foreign-owned corporates. At the same time, it creates an opportunity for profitable companies to invest and improve their competitive position against non-Barbadian firms.

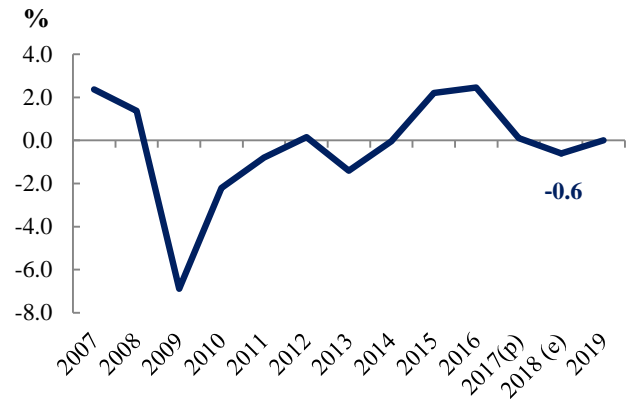
Outlook

In 2019, Government must build on the progress in restoring macroeconomic stability, and engendering confidence. Efficient and timely execution of the reforms identified in the adjustment programme, related to tax policy, revenue administration, SOE reforms and business facilitation together with the achievement of the IMF's performance targets will be crucial in helping the economy to return to a sustainable growth path.

Over the past decade, the average rate of growth was -0.7%. Revitalising growth is therefore critical but the forecast for 2019 is for growth to be flat. Tourism is expected to perform favourably due to an anticipated expansion of airlift, special events like the English cricket tour and an increase in ships docking at the port. This activity will be supported by the thrust towards Barbados emerging as a hub for medical education. The need to sustain the fiscal consolidation effort could continue to dampen economic activity. However, this trend can be reversed through higher levels of private sector investment. Several projects in the tourism, healthcare and distribution sectors have been identified for start-up in 2019. The actual commencement date of these projects will influence the degree of expansion in real economic activity.

Significant downside risks remain. In particular, the forecast for global growth, including our major source markets, has been revised downwards by the IMF from 3.7% to 3.5%. The US economy is forecasted to grow by 2.6% this year but the uncertainty related to trade tensions lingers. The latest Brexit developments can also impact economic activity in the UK, with potential effects on the pound sterling.

Figure 7 - Real GDP Growth (%)



Source: Barbados Statistical Service and the Central Bank of Barbados

Geopolitical factors could alter the outlook for international oil prices, influencing economic activity and an otherwise benign inflation environment.

The revenue measures announced in the latter part of 2018 will have a full year impact in FY2019/20 as Government strives to achieve its targeted primary surplus of 6% of GDP. However, Government must continue to manage its expenditure to avoid any shortfalls in its targeted goals.

The external debt suspension has helped to shore up reserves and the completion of the restructuring remains important to the overall stabilisation effort. Placing the debt on a downward trajectory and creating fiscal space will allow for the gradual reduction in outstanding arrears to the private sector and strengthen the medium term growth potential. These developments should contribute to a further improvement in credit ratings.

Effective programme implementation will facilitate additional access to funds from the multilateral agencies. These resources should enable the reserve cover to continue to grow in 2019.

The road ahead remains challenging, but the commitment of the Government and all Barbadians to continue the critical structural reforms will position the economy to overcome these hurdles and strengthen economic sustainability.

Table 1 - Economic Indicators

	2012	2013	2014	2015	2016	2017	2018
Nominal GDP (\$ Million) ¹	9,220.2	9,354.5	9,392.7	9,450.9	9,681.3	9,979.0	10,263.9
Real Growth (%)	0.2	-1.4	0.0	2.2	2.5	0.1	-0.6
Inflation (%)	4.5	1.8	1.8	(1.1)	1.5	4.5	3.7
Avg. Unemployment (%) ²	11.5	11.6	12.3	11.3	9.7	10.2	9.2
Gross International Reserves (\$ Million)	1,510.3	1,203.6	1,116.3	967.9	665.5	473.4	1,049.7
Gross International Reserves Cover, Weeks	18.1	14.6	13.7	12.4	8.5	6.1	13.5
BoP Current Account (% of GDP)	(8.5)	(8.4)	(9.2)	(6.1)	(4.3)	(3.8)	(3.5)
Total Imports of Goods (% of GDP)	36.6	35.9	35.2	32.5	31.8	30.5	29.2
Travel Credits (% of GDP)	20.1	20.7	18.9	20.0	21.5	21.7	21.9
Financial Account (\$ Millions)	312.7	518.4	745.6	442.3	84.2	86.3	874.5
Gross Public Sector Debt ⁴ (% of GDP)	119.8	131.5	137.0	144.2	151.2	148.4	126.9
External Debt Service to Curr. Acct. Cred.	6.4	6.4	6.7	9.5	8.0	8.3	4.9
Treasury-Bill Rate	3.6	3.2	2.6	1.8	3.1	3.2	3.2
Average Deposit Rate ³	2.5	2.5	2.5	0.4	0.3	0.2	0.2
Average Loan Rate ³	6.8	7.4	7.1	6.8	6.7	6.6	6.8
Excess Cash Ratio	4.7	3.9	6.7	10.6	14.5	14.1	16.2
Private Sector Credit Growth (%)*	10.5	(2.2)	(4.6)	0.5	1.1	3.0	4.0
Private Sector Credit (% of GDP)	62.3	60.1	57.1	57.1	56.3	56.3	56.9
Domestic Deposits (% of GDP)	86.3	87.4	86.0	89.2	90.8	88.2	86.6
Fiscal Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18^(p)	Apr-Dec 2018^(p)
Fiscal Deficit (% of GDP)	(7.9)	(10.3)	(7.6)	(9.0)	(5.3)	(4.5)	0.3
Primary Balance (% of GDP)	(1.8)	(3.7)	(0.5)	(2.0)	2.2	3.1	3.4
Interest (% of GDP)	6.1	6.5	7.0	7.0	7.6	7.6	3.1
Fiscal Current Account (% of GDP)	(6.6)	(8.5)	(5.5)	(6.6)	(3.0)	(2.8)	1.0
Revenue (% of GDP)	26.3	25.0	25.8	25.7	28.0	28.3	19.5
Expenditure (% of GDP)	34.2	35.3	33.4	34.8	33.4	32.7	19.2
<i>Non-interest Expenditure (% of GDP)</i>	28.1	28.7	26.4	27.7	25.8	25.1	15.5
<i>Capital Expenditure (% of GDP)</i>	1.3	1.8	2.1	2.5	2.3	1.7	0.7
Gov't Interest Payments (% of Revenue)	23.2	26.1	27.2	27.4	26.9	26.9	15.6

^(p) - Provisional¹ – Barbados Statistical Service and Central Bank of Barbados Estimates² - Data for 2017 and 2018 to September³ - Data to November 2018

*Reflects the financial consolidation of a finance and trust company and its parent bank

Source: Barbados Statistical Service and Central Bank of Barbados

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

	Avg contribution to GDP (%)	2012	2013	2014	2015	2016	2017^(p)	2018 ^(e)
Tradeables	26.1	1,700.4	1,659.6	1,645.1	1,717.0	1,823.2	1,870.5	1,876.8
Tourism	18.8	1,086.8	1,056.9	1,066.5	1,115.5	1,229.0	1,256.3	1,263.6
Manufacturing	6.1	503.6	490.1	468.9	491.3	485.2	508.7	505.1
of which:								
<i>Rum & Other Beverages</i>	0.8	70.1	68.2	65.2	68.4	67.5	70.8	70.3
<i>Food</i>	1.5	128.0	124.6	119.2	124.9	123.3	129.3	128.4
<i>Furniture</i>	0.2	13.9	13.5	12.9	13.5	13.4	14.0	13.9
<i>Chemicals</i>	0.4	30.3	29.5	28.2	29.6	29.2	30.6	30.4
<i>Electronics</i>	0.5	38.1	37.1	35.5	37.2	36.7	38.5	38.2
<i>All Other Manufacturing</i>	2.7	223.3	217.3	207.9	217.8	215.1	225.5	223.9
Sugar	0.0	10.6	7.1	5.9	4.7	3.4	5.4	6.1
Other Agriculture	1.2	99.4	105.5	103.8	105.4	105.7	100.1	102.0
Non-tradeables	73.9	6,091.9	6,023.0	6,034.9	6,132.4	6,218.6	6,179.7	6,121.9
Mining & Quarrying	0.5	16.3	20.7	28.8	37.4	32.4	47.0	45.7
Electricity, Gas & Water	2.6	221.3	221.0	221.3	217.4	219.0	214.8	212.4
Construction	5.1	504.0	495.0	501.7	495.7	464.3	473.0	440.3
Distribution	8.9	796.1	794.7	767.7	792.4	777.2	742.2	734.5
Transport, etc	12.9	984.5	934.3	967.0	972.6	1,065.4	1,045.7	1,042.0
Finance and Other Services	33.4	2,613.7	2,598.0	2,654.4	2,752.2	2,805.6	2,801.6	2,792.0
Government	10.5	955.9	959.3	893.9	864.7	854.7	855.6	854.9
Total		7,792.3	7,682.6	7,680.0	7,849.4	8,041.8	8,050.2	7,998.7
Nominal GDP		9,220.2	9,354.5	9,392.7	9,450.9	9,681.3	9,979.0	10,263.9
Real Growth Rates		0.2	(1.4)	(0.0)	2.2	2.5	0.1	(0.6)
Tradeables		(1.8)	(2.4)	(0.9)	4.4	6.2	2.6	0.3
Non-tradeables		0.7	(1.1)	0.2	1.6	1.4	(0.6)	(0.9)

^(p) - Provisional

^(e) - Estimate

¹ - BSS' 2010 Base Year Series

Source: Central Bank of Barbados

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

	2012	2013	2014	2015	2016	2017 ^(p)	2018 ^(e)
Current Account	(781.8)	(782.5)	(860.7)	(578.4)	(414.6)	(380.9)	(355.7)
Inflows	4,458.1	4,564.1	4,457.6	4,599.1	4,795.7	4,831.7	4,875.2
Travel	1,857.8	1,938.7	1,773.6	1,894.9	2,079.1	2,161.0	2,250.8
Other Services	418.6	417.1	429.8	412.2	418.4	429.9	444.7
Domestic Exports	532.6	521.2	539.4	486.3	504.6	509.7	510.2
Rum	82.4	86.1	78.7	76.3	77.6	83.9	79.8
Food	63.6	64.0	70.0	65.1	62.7	64.6	65.3
Sugar	22.3	15.9	18.1	7.2	7.1	13.5	0.4
Chemicals	68.0	69.6	73.6	73.9	72.2	72.5	80.3
Printed Paper Labels	20.6	24.4	24.2	22.0	23.1	22.7	26.6
Construction Materials	25.8	45.3	44.5	42.1	45.3	42.1	51.7
Other	249.3	216.5	230.3	199.7	216.8	210.4	206.2
Re-exported Goods	597.6	414.0	409.4	479.5	529.1	461.1	385.7
Net Export of Goods under Merchandising	522.5	635.2	640.3	633.9	632.2	635.4	633.8
Income	383.5	497.5	525.1	512.0	515.4	529.8	543.0
Transfers	146.3	139.7	140.0	180.3	116.7	104.7	107.0
Outflows	5,239.9	5,346.6	5,318.3	5,177.5	5,210.3	5,212.6	5,230.9
Total Imports of Goods	3,375.8	3,361.5	3,304.4	3,074.4	3,080.9	3,040.3	2,997.7
Fuel Imports	1,116.1	965.6	877.5	603.6	502.9	626.2	712.2
Other Merchandise Imports	2,259.7	2,395.8	2,426.8	2,470.8	2,578.0	2,414.1	2,285.5
Services	971.7	932.4	925.0	988.8	989.3	1,014.0	1,041.5
Income	728.3	886.7	920.0	937.9	958.3	977.6	1,003.8
General Government	146.1	140.1	166.3	164.8	166.8	167.4	164.3
Other Sectors	582.2	746.6	753.7	773.1	791.4	810.2	839.5
Transfers	164.1	166.1	169.0	176.4	181.8	180.6	187.9
Capital Account	(13.5)	(14.0)	(16.7)	(16.4)	(5.7)	(2.4)	50.9
Financial Account	312.7	518.4	745.6	442.3	84.2	86.3	874.5
Net Foreign Direct Investment	976.3	155.6	1,634.6	160.1	376.7	468.2	464.8
All Other Investment Flows	(663.6)	362.8	(889.0)	282.2	(292.5)	(381.9)	409.7
Net Long-term Public	(120.4)	199.3	96.5	(71.1)	(171.1)	(135.0)	454.7
Net Long-term Private	4.1	155.2	(1,002.6)	361.9	(44.6)	(156.8)	(20.6)
Net Short-term	(547.2)	8.3	17.2	(8.6)	(76.8)	(90.1)	(24.4)
Net Errors & Omissions	530.8	(28.5)	44.5	4.2	33.7	104.8	6.7
Overall Balance	48.2	(306.7)	(87.3)	(148.3)	(302.4)	(192.1)	576.3
Change in GIR: - increase/+ decrease	(48.2)	306.7	87.3	148.3	302.4	192.1	(576.3)

^(p) - Provisional

^(e) - Estimate

Source: Central Bank of Barbados

**Table 4 - Monetary Aggregates and Financial Stability Indicators for the Banking System
(BDS \$Millions)**

	2012	2013	2014	2015	2016	2017 ^(p)	2018 ^(e)
Net International Reserves	2,910.8	2,405.4	2,358.0	2,480.8	2,294.2	1,979.4	991.1
Monetary Authorities	1,457.7	1,116.4	1,045.2	911.3	665.9	396.8	854.8
Commercial Banks	1,453.0	1,289.0	1,312.8	1,569.5	1,628.3	1,582.6	136.2
Net Domestic Assets	4,467.8	5,590.8	5,808.6	5,941.6	6,457.0	6,716.0	7,631.3
Credit to Public Sector	1,098.0	1,785.5	2,183.4	2,749.9	3,175.3	3,505.1	1,571.5
Central Government (net)	1,278.2	1,807.0	2,100.9	2,790.8	3,406.6	3,690.9	1,864.1
Rest of Public Sector	(180.2)	(21.5)	82.5	(40.9)	(231.3)	(185.8)	(292.5)
Credit to Rest of Financial System	75.0	32.9	31.3	56.4	40.3	44.8	94.6
Liabilities to Other Financial Institutions	703.7	708.4	563.3	753.9	704.0	843.8	948.7
Credit to Private Sector	5,746.1	5,622.3	5,363.5	5,392.0	5,451.5	5,615.2	5,842.3
Medium and Long-term Foreign Liabilities	(1,451.7)	(1,326.6)	(1,316.0)	(1,366.8)	(1,348.6)	(1,291.9)	(269.8)
Net Unclassified Assets	(355.0)	(96.0)	(217.2)	(409.1)	(463.9)	(585.3)	(498.3)
Liabilities to Private Sector	7,378.6	7,996.2	8,166.5	8,422.4	8,751.2	8,695.4	8,622.4
Currency in Circulation	510.8	667.4	686.1	668.4	730.3	749.9	732.2
Demand Deposits	1,661.1	1,965.8	2,185.7	2,626.3	3,067.5	3,193.1	3,295.4
Time Deposits	1,077.1	1,094.0	943.9	786.0	667.1	607.1	495.8
Savings Deposits	4,129.6	4,269.1	4,350.8	4,341.7	4,286.3	4,145.3	4,099.3
Memo Items							
Domestic Deposits in the Banking System	7,956.7	8,175.9	8,077.9	8,429.4	8,788.4	8,798.5	8,888.7
Banking System Financial Stability Indicators¹							
Capital Adequacy Ratio (CAR)	17.9	17.6	16.4	15.8	17.2	17.0	15.6
Loan to Deposit Ratio	73.6	70.0	70.3	65.5	62.3	63.3	69.1
Liquid Assets to Total Assets	14.6	18.0	20.3	25.3	27.4	26.7	33.1
Non-Performing Loans Ratio	12.9	11.7	11.5	10.6	8.9	7.9	11.2
Provisions to Non-Performing Loans	33.9	44.9	47.7	55.5	63.2	69.6	51.5
Return on Average Assets (RoAA)	1.1	0.8	0.7	0.9	1.0	1.3	1.1

^(p) - Provisional

^(e) - Estimate

¹ Data as at September 2018

*Reflects the financial consolidation of a finance and trust company with its parent bank

Source: Central Bank of Barbados

Table 5 - Summary of Government Operations
(BDS \$Millions)

	2012/13	2013/14	2014/15	2015/16	2016/17 ^(p)	2017/18 ^(e)	Apr -Dec 2015	Apr -Dec 2016	Apr-Dec 2017 ^(p)	Apr-Dec 2018 ^(e)
Total Revenue	2,457.3	2,334.3	2,407.3	2,458.4	2,754.0	2,845.4	1,687.6	1,729.9	1,986.5	2,022.0
Tax Revenue	2,240.8	2,156.4	2,182.8	2,266.3	2,494.5	2,656.3	1,574.5	1,642.7	1,886.6	1,906.6
i) Direct Taxes	897.9	813.4	901.0	875.6	970.5	968.9	623.5	639.7	677.5	730.3
Personal	397.3	364.8	412.5	396.8	488.3	462.6	284.0	325.5	332.5	308.1
Corporate	268.6	174.7	156.1	215.2	248.2	275.1	117.4	120.5	153.0	186.8
Consolidation	0.0	14.4	28.1	36.3	3.2	0.0	26.0	3.2	0.0	0.0
Property	132.8	156.0	164.4	132.8	135.4	137.6	123.5	120.7	121.7	142.6
Municipal Solid Waste	0.0	0.0	32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial Institutions Asset Tax	0.0	0.0	26.9	29.0	32.6	48.7	22.6	22.7	37.3	37.4
Other	99.2	103.6	81.0	65.5	62.7	44.9	50.0	47.1	33.0	55.4
ii) Indirect Taxes	1,342.9	1,343.0	1,281.8	1,390.7	1,524.0	1,687.4	951.0	1,003.1	1,209.1	1,176.3
Stamp	11.2	11.6	11.0	10.1	9.4	10.5	8.1	6.5	6.9	7.9
VAT	879.0	905.6	806.2	861.4	890.3	887.3	586.8	616.3	657.7	647.1
Excises	141.3	115.4	135.9	169.0	225.6	303.1	101.9	108.3	183.3	182.5
Import Duties	201.2	193.6	223.6	231.6	245.2	218.6	155.1	168.6	168.4	156.3
Social Responsibility Levy	0.0	0.0	0.0	0.0	29.3	152.0	0.0	12.0	106.2	49.3
Other	110.2	116.8	105.1	118.6	124.3	115.9	99.1	91.3	86.6	133.2
Non Tax Revenue & Grants	216.5	177.9	224.5	192.1	259.5	189.1	113.1	87.1	99.9	115.3
Non Tax Revenue	138.9	152.1	147.7	147.5	228.4	149.0	78.6	64.1	89.2	106.9
Grants	57.6	4.7	57.5	18.1	9.8	22.0	17.0	9.0	0.0	0.0
Post Office - Revenue	20.0	21.1	19.3	26.4	21.3	18.1	17.4	14.0	10.7	8.4
Current Expenditure	3,076.6	3,124.0	2,918.7	3,085.5	3,053.0	3,123.8	2,167.4	2,168.5	2,239.5	1,917.5
Wages & Salaries	882.2	871.9	803.7	787.2	784.4	782.3	588.7	583.7	583.5	607.4
Goods & Services	391.7	382.2	341.5	441.3	385.4	364.3	235.1	242.3	245.2	216.5
Interest	568.9	608.7	653.7	672.5	741.7	764.7	540.0	589.0	607.7	316.2
External	146.6	135.3	165.3	163.7	168.0	168.0	120.4	123.5	122.9	34.6
Domestic	422.3	473.4	488.4	508.8	573.7	596.7	419.6	465.5	484.8	281.6
Transfers & Subsidies	1,233.8	1,261.2	1,119.8	1,184.5	1,141.5	1,212.5	803.6	753.5	803.1	777.5
Grants to Individuals	333.6	365.1	338.5	342.1	327.3	358.3	225.4	211.0	240.2	230.3
Grants to Public Institutions	739.9	786.4	682.9	729.6	714.4	761.2	515.7	476.6	515.9	499.5
Non-Profit Agencies	39.6	37.3	29.6	32.3	32.7	19.0	23.9	24.0	12.9	10.3
Capital Expenditure & Net Lending	121.1	169.3	193.5	36.3	225.1	171.8	190.1	157.5	111.6	73.1
Fiscal Balance	(740.4)	(958.9)	(704.9)	(863.4)	(524.1)	(450.2)	(669.9)	(596.1)	(364.6)	31.3
Primary Balance	(171.5)	(350.2)	(51.2)	(190.8)	217.6	314.5	(129.9)	(7.2)	243.1	347.6
Fiscal Balance to GDP (%)	(7.9)	(10.3)	(7.6)	(9.0)	(5.3)	(4.5)				

^(p) Provisional

^(e) Estimate

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

Table 6 - Government Financing
(BDS \$Millions)

	2012/13	2013/14	2014/15	2015/16	2016/17 ^(p)	2017/18 ^(e)	Apr-Dec 2015	Apr-Dec 2016	Apr-Dec 2017 ^(p)	Apr-Dec 2018 ^(e)
Total Financing	740.4	958.9	704.9	863.4	524.1	450.2	669.9	596.1	364.6	(31.3)
Domestic Financing	762.9	637.1	695.2	837.7	685.7	629.3	681.1	749.0	480.4	(389.2)
Central Bank	943.5	217.8	349.1	426.2	783.2	92.8	403.6	714.5	96.8	(242.4)
Commercial Banks	452.7	253.7	(141.7)	182.4	(433.5)	257.9	115.6	(240.9)	278.7	58.4
National Insurance Board	334.3	231.9	48.6	71.2	180.2	3.1	42.6	122.9	(2.8)	8.9
Private Non-Bank	285.4	121.6	62.6	108.5	94.6	(57.2)	86.3	57.4	(82.3)	(83.5)
Other	(1253.0)	(188.0)	376.7	49.4	61.3	332.8	33.1	95.2	190.1	(164.4)
Foreign Financing (Net)	(22.5)	321.8	9.7	25.7	(161.7)	(179.1)	(11.2)	(152.9)	(115.8)	357.9
Capital Markets	0.0	377.0	49.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Funds	35.1	96.0	79.0	204.1	57.2	113.8	184.1	31.0	85.2	77.3
Policy Loans	0.0	0.0	0.0	99.3	0.0	0.0	49.3	0.0	0.0	350.0
Amortisation	(146.3)	(151.2)	(118.7)	(277.8)	(218.8)	(292.8)	(244.7)	(183.9)	(200.9)	(69.4)
Divestment	88.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

(p) - Provisional

(e) - Estimate

Source: Central Bank of Barbados

Table 7 - Public Debt Outstanding
(BDS \$Millions)

	2012	2013	2014	2015	2016	2017 ^(p)	2018 ^(e)
Gross Central Government Debt¹	9,637.9	10,874.0	11,445.1	12,243.0	13,397.3	13,665.9	12,340.6
Domestic Debt	7,193.8	8,201.4	8,520.4	9,319.8	10,511.2	10,840.1	9,247.4
Central Bank ²	497.0	747.3	807.9	1,303.6	2,012.4	2,227.7	703.8
Commercial Banks	1,647.7	1,997.8	1,946.9	2,070.0	2,030.9	2,144.9	2,343.0
National Insurance	2,602.0	2,877.7	2,993.6	3,152.7	3,481.0	3,518.9	2,938.4
Insurance Companies	861.1	491.0	498.7	514.6	522.3	527.2	1,021.4
PPP	322.5	306.9	294.3	272.9	256.8	241.8	-
Other	1,263.5	1,780.7	1,978.9	2,006.1	2,207.8	2,179.7	2,240.7
External Debt	2,644.9	2,868.0	3,125.4	3,105.3	3,069.7	3,003.3	3,279.4
International Financial Institutions	718.6	733.1	882.6	1,012.4	1,062.5	1,043.7	1,311.9
Bonds	1,387.3	1,616.8	1,735.1	1,619.3	1,548.3	1,452.8	1,460.4
PPP	271.0	266.5	261.5	256.0	249.9	243.1	237.0
Bilateral	67.2	56.2	45.6	35.5	25.5	86.1	83.8
SDRs (+)	200.8	195.4	200.6	182.1	183.5	177.5	186.2
Contingent Liabilities	1,403.9	1,430.9	1,425.7	1,385.8	1,238.2	1,144.0	149.3
Domestic Debt	1,071.3	1,119.9	1,135.7	1,116.9	965.8	884.6	55.0
Foreign Debt	332.6	311.0	290.0	268.9	272.4	259.4	94.3
Gross Public Sector Debt³	11,041.8	12,304.9	12,870.8	13,628.8	14,635.5	14,809.9	13,039.9
Central Government Financial Assets	1,005.8	1,051.8	971.2	744.8	752.0	715.2	1,126.5
Central Bank	79.3	103.4	52.8	16.7	20.1	20.3	389.4
Commercial Banks	118.9	119.3	99.3	95.1	99.4	96.0	154.0
Sinking Funds	807.7	829.1	819.1	633.0	632.6	598.8	583.1
Other Public Sector Financial Assets	209.6	197.8	198.5	207.9	239.8	189.0	243.7
Public Corporations' Deposits	209.6	197.8	198.5	207.9	239.8	189.0	243.7
Gross Public Sector Debt/GDP (%)	119.8	131.5	137.0	144.2	151.2	148.4	126.9
Gross Central Government Debt/GDP (%)	104.5	116.2	121.9	129.5	138.4	136.9	120.1
External Debt/GDP (%)	26.5	28.6	31.1	30.9	29.8	28.3	30.1
Net Central Government ⁴ /GDP (%)	93.6	105.0	111.5	121.7	130.6	129.8	109.1

(p) - Provisional

(e) - Estimate

1 Gross Central Government Debt = Domestic Debt (inclusive of NIS) + External Debt (exclusive SDRs)+ Domestic Arrears

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

3 Gross Public Sector Debt = Gross Central Government Debt + Contingent Liabilities + Arrears

4 Net Central Government Debt = Gross Central Government Debt - Central Government Financial Assets

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