



**Press Release**

# **Review of Barbados' Economic Performance**

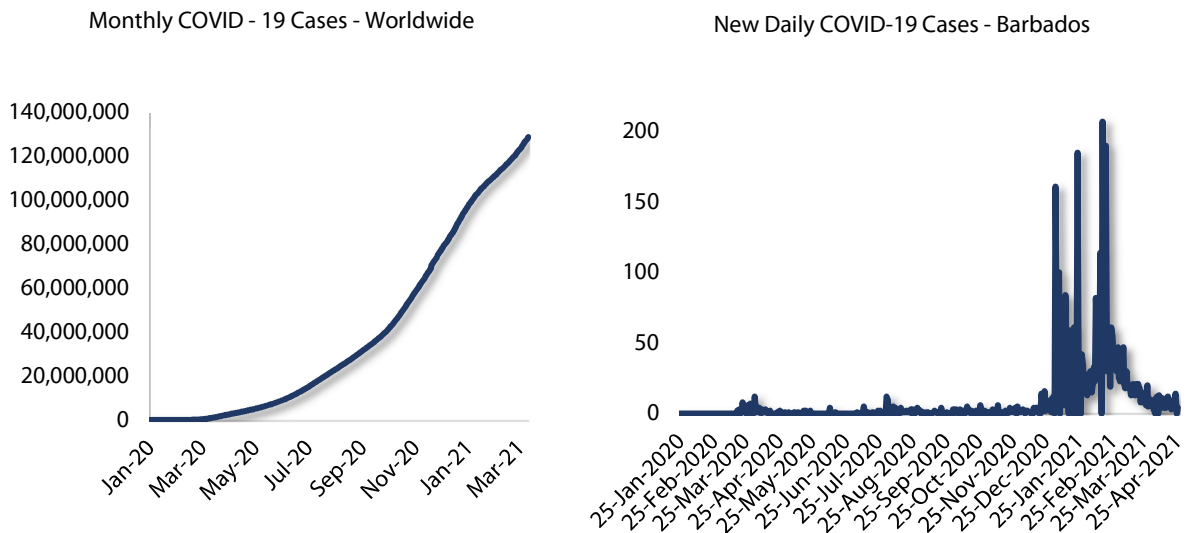
January to March 2021



## Overview

The COVID-19 pandemic continues to subdue the performance of the Barbadian economy. During the first quarter of the year, the prevalence of several more contagious strains of the virus and spikes in COVID-19 cases, both locally and in key source markets, prompted renewed shut-downs and international travel restrictions and stalled the domestic economic recovery from this protracted global public health crisis.

**Figure 1: Global Cases and Barbados Cases**



Source: John Hopkins University

Pre-COVID, forecasts were for revived domestic economic activity in 2020 as the policy measures implemented post mid-2018 took root, enabling a rebuilding of economic buffers and a restoration of confidence. These expectations were dashed by the severe impact of the virus on the key tourism sector and the spill-over effects on planned investment, consumption and other exports.

The short-term cost of the pandemic in terms of jobs and incomes, therefore, has been considerable. Safeguarding lives and livelihoods remains crucial through this pandemic, creating the need for a sharp adjustment in the economic policy stance under the programme with the International Monetary Fund.

The global economy which was also hard-hit by the virus is now poised to recover but, despite the roll-out of vaccines at home and abroad, the prospects for a robust domestic turnaround this year have been dampened. However, the reserve and financing buffers accumulated over the past year will help government to manage the needed adjustments.

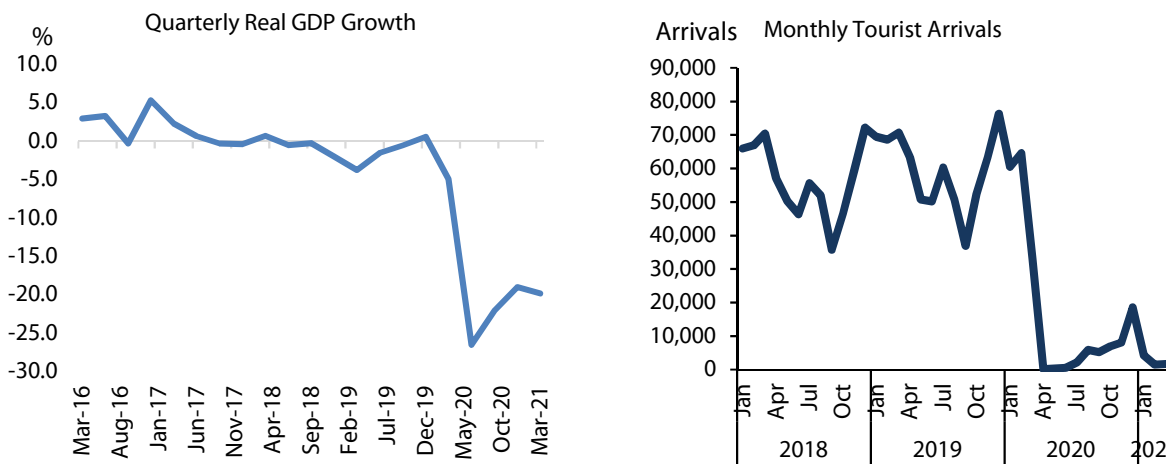
## Economic Activity

The economy recorded its fourth successive quarterly double digit decline in activity as tourist arrivals plummeted on account of the unfavourable environment for travel. The weakened tourism sector, together with the fallout in other economic activities, and depressed private spending contributed to an estimated 19.8 percent fall in output.

Tourism output plunged by an estimated 96 percent. The mild upturn in visitors registered in the fourth quarter of 2020 was reversed, with arrivals for the quarter being less than half of those in December. Pent-up travel demand supports the outlook for an eventual post-Covid-19 recovery, but tighter travel restrictions and protocols, including by Canada and the United Kingdom, and the on-going suspension of cruise operations, prevented an early resurgence.

The hotel industry heavily discounted its prices and recorded significantly lower revenue. On the upside, the use of hotels as quarantine facilities, together with staycations by residents, softened the financial impact. Even so, several hotels remained closed and reported occupancies fell to 22.3 percent compared to 67.5 percent a year earlier. The shared economy with services such as Airbnb also had reduced occupancy but the impact of reduced arrivals on the sub-sector was cushioned by the continued growth of the long-stay Welcome Stamp programme.

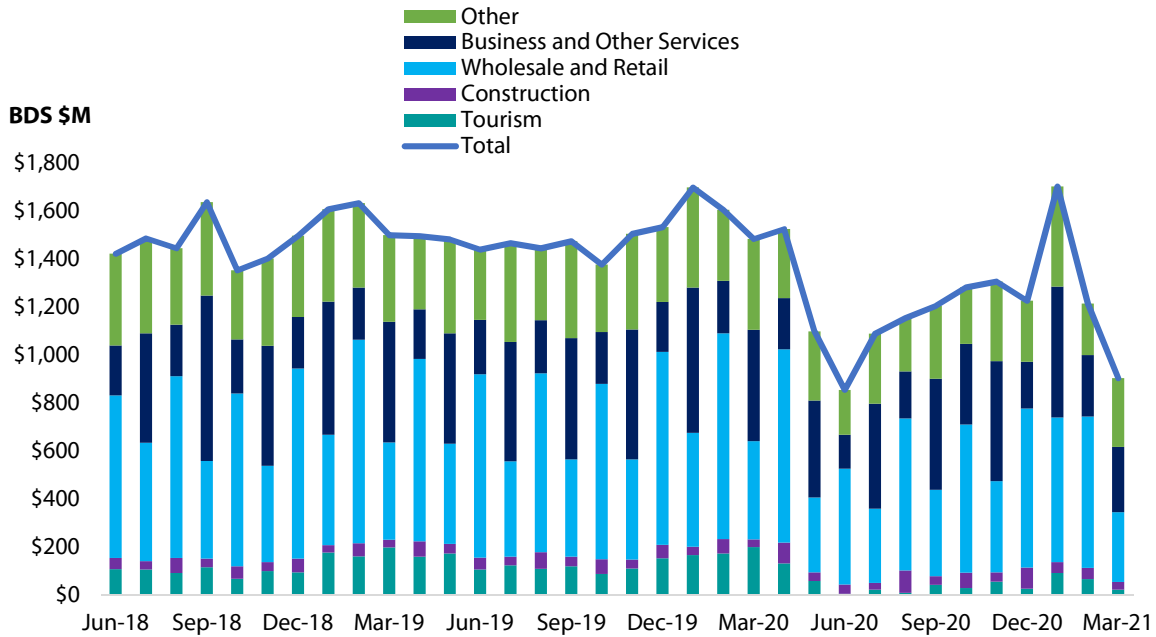
**Figure 2: Quarterly Real GDP Growth and Monthly Tourist arrivals**



Source: Barbados Statistical Service and the Central Bank of Barbados

Economic activity picked up towards year-end in 2020, but the further decline in tourism, the “National Pause” in February, the reintroduction of curfews and lower incomes again led to reduced private spending in the quarter. However, preliminary data suggests that spending in January and February was slightly greater than for April to May last year when the virus first significantly affected the economy. The depressed activity was felt acutely by restaurants, distribution, real estate, transportation and other business services.

**Figure 3: Monthly Sales by VAT registrants**



Source: Barbados Revenue Authority

Agricultural output fell, largely due to effects of lower demand on chicken production. Food crops also declined, but there was a modest increase in milk production, resulting from the expansion of the herd of cows. Sugar production also rose during the quarter.

Manufacturing registered a modest contraction as some industries were exempt from the lock-down protocols. Food and beverages, tobacco and electronic components production increased but there were significant declines in chemicals and non-metallic minerals.

Construction activity declined during the first quarter. Activity was buttressed by road works, the runway repaving project, the continuation of projects like Wyndham and other small-scale projects in January, but the partial lockdown severely impacted activity.

## Labour Market

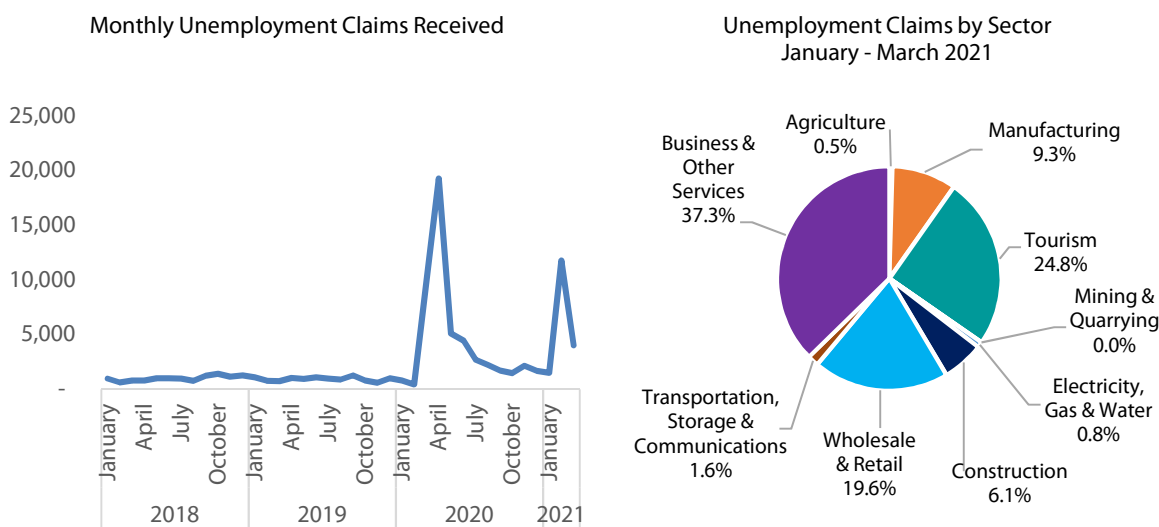
Unemployment remained elevated during the first quarter. Spiralling unemployment claims evidenced a soft labour market in 2020, but conditions improved during the last quarter with the re-engagement of persons in the hospitality sector. Government's Barbados Employment and Sustainable Transformation (BEST) programme, introduced to encourage the re-engagement of tourism workers and facilitate plant renovation and sustainable development, has led to the reengagement of over 2,100 persons.

The fourth quarter unemployment rate was estimated at 13.6 percent, compared to 8.9 percent a year earlier, with over 6,000 more persons unemployed. The rise in unemployment reduced employment

incomes and placed pressure on the social safety net. In 2020, pay-outs on unemployment claims rose sharply, but the situation began to ease during the last quarter of the year. With the renewed dampening of economic activity, there were over 6,000 more unemployment claims than for the first quarter of 2020, principally from business and other services, tourism and the wholesale and retail sectors. Some claimants were ineligible for unemployment payments, as they had not made enough contributions since exhausting their benefits in the previous year.

Unemployment statistics suggest that more persons are working part-time. In addition, as the number of unemployed persons increased in 2020, the economic conditions led to a lengthening of the time that the unemployed were in search of work.

**Figure 4: Unemployment Claims and Sectoral Unemployment Claims**



Source: National Insurance Scheme

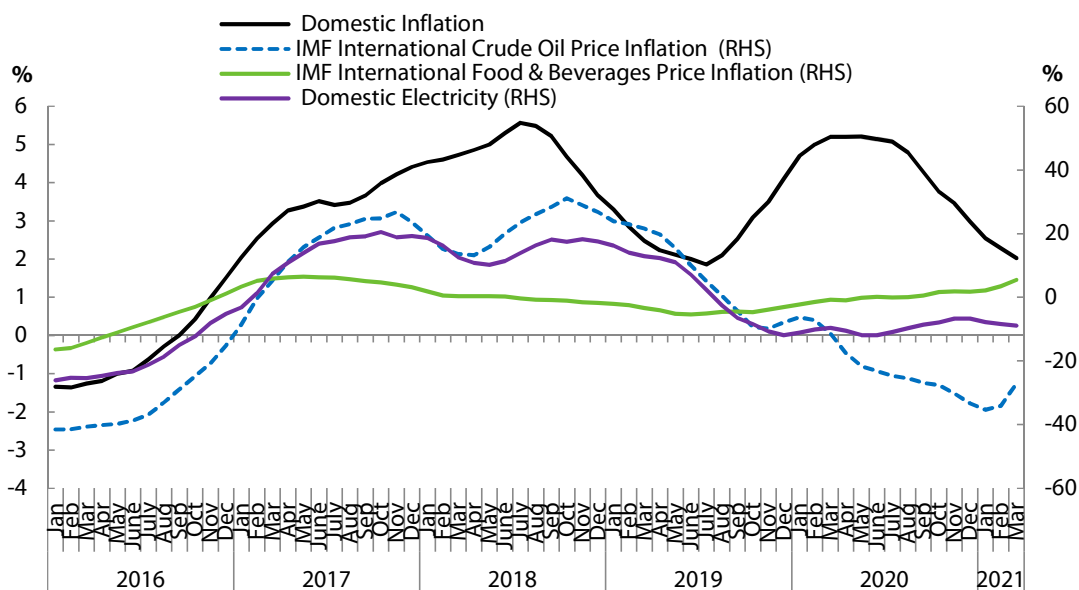
## Prices

The rate of inflation as measured by the 12-month moving average at end March slowed to 2.0 percent compared to 5.2 percent a year earlier. The slow down largely reflects the combined effect of falling international oil prices and the one-time pass-through effect of increased transportation tariffs. Prices for food and non-alcoholic beverages, which account for 30 percent of the basket that measures domestic inflation, were up by 7.7 percent, partly because of rising prices for fruits and vegetables. The lower oil prices on average pushed transportation and electricity prices down by 6.3 percent and 8.9 percent, respectively.

International oil prices have started to reverse last year’s trend, with the average price for the first quarter of 2021 soaring by 39 percent over the 12-month average of 2020. This reflects an increase in global demand, combined with a reduction in supply from the Organization of the Petroleum Exporting Countries (OPEC) and partner countries.

Similarly, international food prices have trended upwards significantly, a direct result of strong gains in vegetable, oil and meat prices resulting from weaker than expected harvests in the US, South America and Europe coupled with strong demand in China. International food prices are at their highest since June 2014.

**Figure 5: Inflation**



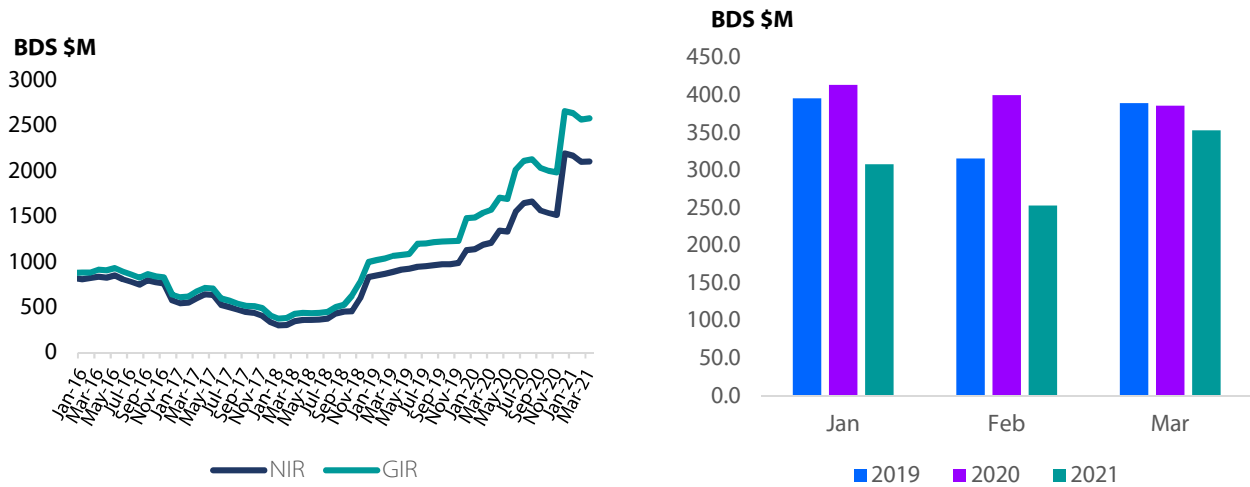
Source: Barbados Statistical Service and International Monetary Fund Primary Commodity Prices

## International Reserves

The gross international reserves decreased by \$86 million during the first quarter to \$2.6 billion. The lower earnings from tourism resulted in the Bank buying less foreign exchange from commercial banks. In addition, government made increased purchases of foreign exchange to cover debt repayments and goods and services, including for vaccines and other COVID-related expenses.

The decline in tourism earnings was accompanied by lower exports, but reduced outflows for imports and other payments cushioned the impact on reserves. The demand for foreign exchange at banks for the first quarter of 2021 actually fell by 24 percent, allowing the reserve buffers that were accumulated the previous year to stay stable. With the sharp fall in imports, the import reserve cover was estimated at 43.1 weeks. Fuel imports declined by 41 percent, as lower import volumes cushioned the impact of rising international oil prices.

**Figure 6: Gross International Reserves (GIR) and Net International Reserves (NIR) and Commercial Banks' Foreign Exchange Sales**

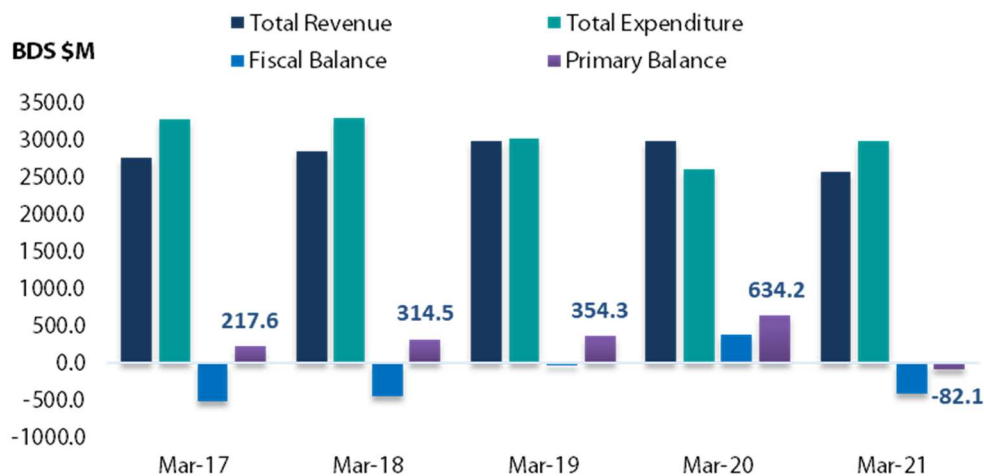


Source: The Central Bank of Barbados

## Fiscal Operations

The fiscal outturn for FY 2020/21 was substantially weaker than in the previous year as government adapted to the changed environment induced by COVID-19. At the policy level, government incurred a deficit for its primary balance of 1 percent of GDP, compared to the 6 percent surplus recorded the previous fiscal year. This outcome was in line with the revised target under the IMF programme and reflects the combined impact of the deterioration in revenues and higher non-interest expenditures. At the same time, interest payments rose as a result of the resumption of external debt service and contributed to an overall deficit equivalent to almost 5 percent of GDP.

**Figure 7: Fiscal Indicators**

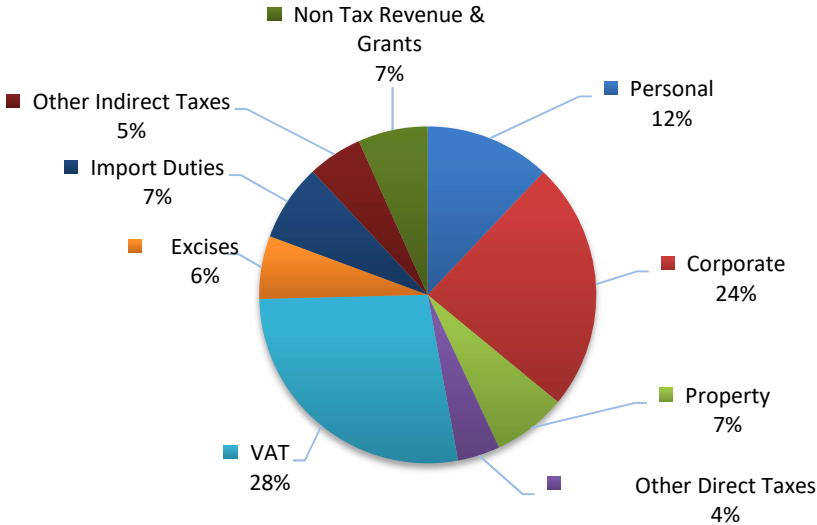


Source: Ministry of Finance

Government suffered a revenue loss of \$416 million or 5 percent of GDP during FY 2020/21, largely the result of the impact of COVID and discrete policy changes. Transaction based taxes were especially hard-hit, declining by \$498 million. The Value Added Tax accounted for more than half of the loss, the result of lower imports, including for fuel, and domestic sales and increased refunds. Excises which were affected by the reduced fuel imports and import duties also registered significant declines. Additionally, lower levels of tourist arrivals negatively impacted the receipts related to the room rate levy and the airline travel and development fee. The fuel tax also fell because of the reduced inland travel.

Taxes on incomes and assets rose by \$119 million, on the strength of a near doubling of corporate taxes which registered a \$304 million increase. Corporate taxes were boosted by increased payments by foreign exchange earning companies as well as higher final payment for corporations which had underpaid in the previous fiscal year. Falling personal income taxes (PIT) eroded almost half of the gain in corporate taxes, the result of lower employment incomes, a downward adjustment to PIT rates in July 2019 and January 2020, plus increased refunds for reverse tax credits (RTC). This increase in RTC payments mainly reflected the policy change that raised the eligible amount from persons earning below \$18,000 annually to \$25,000. In addition, decreased compliance contributed to a contraction in property taxes. Non-tax receipts also fell, as collections from the foreign exchange fee and dividend income declined.

**Figure 8: Revenue Shares FY 2020/21**



Source: Ministry of Finance

Non-interest expenditure increased by \$300 million during the fiscal year. Grants to public institutions rose by \$140 million, as some state-owned entities were indirectly impacted by COVID and requested funds to cover operating expenses. The majority of the increase stemmed from an additional \$65 million that was transferred to the Queen Elizabeth Hospital (QEH). Transfers to individuals also rose and there was an increase in subsidies. Good and services rose by \$24 million, partly the result of payments for supplies and materials. Capital expenditure increased by \$93 million over the fiscal year, with the



continuation of major projects by the Barbados Water Authority (BWA), along with the highway construction and maintenance.

## COVID and Government Spending

The economic impact of COVID was widespread, resulting in increased spending by government. Direct on-budget expenditure totalled 2 percent of GDP, but there were also indirect costs and increased outlays by the NIS for unemployment benefits. The unemployment scheme will need to be recapitalised over time.

Health care spending by the QEH, the Ministry of Health and the Barbados Living Laboratory and for personal protective equipment (PPE) and medical supplies absorbed 50 percent of the direct costs during FY 2020/21. This built on the capital spending from the previous year as government set up the physical infrastructure to help manage the onset of the crisis.

To safeguard livelihoods, Government provided support to workers employed in the tourism sector through the BEST programme and to micro and small businesses via the Trust Loan Funds and Barbados Agency for Micro-Enterprise Development (FUNDACCESS). Individuals also benefitted, receiving relief through increased welfare grants, spending on the elderly care programme, the provision of care packages, together with welfare grants for persons ineligible for unemployment benefits via the household survival programme.

### COVID-Related Expenditure FY 2020/21

Programme	BDS \$M
Health	83.6
Welfare	44.7
Economic Support	26.1
Education	11.4
Other Direct Costs	0.2
<b>Total</b>	<b>166.0</b>

Source: Ministry of Finance

Indirect costs were reflected in transfers to state-owned enterprises which suffered reduced income streams. For example, the Barbados Tourism Marketing Inc. (BTMI), which had been taken off the budget the previous year, came on budget to offset the poor performance of the Airline Travel and Development Fee while subsidies rose to cover the operational costs of the Transport Board, following reduced revenue due to low ridership.

## Debt and Financing

The weaker fiscal stance, together with higher debt service payments, increased government's borrowing requirements in FY2020/21. The rise in debt payments reflected the resumption of commercial external debt service and accelerated payments to NIS to assist with the unprecedented unemployment claims following the COVID-19 layoffs.

**Table 1: Borrowing requirement- FY 2019/20 & FY2020/21**

	FY 2019/20		FY 2020/21	
	BDS \$M	% of GDP	BDS \$M	% of GDP
<b>Gross Financing Requirement</b>	<b>21.8</b>	<b>0.2</b>	<b>1,037.8</b>	<b>12.3</b>
Primary Balance	634.2	6.0	(82.1)	(1.0)
<b>Debt Service</b>	<b>656.0</b>	<b>6.2</b>	<b>955.7</b>	<b>11.3</b>
Interest	249.7	2.4	342.6	4.1
Amortisation	406.3	3.8	613.1	7.3

Source: Ministry of Finance

Government received the majority of its financing from multilateral lending agencies in the form of policy and project loans. These funds were front loaded during the first nine months of the fiscal year and deposited with the Central Bank. However, during the last quarter of the fiscal year, government drew down on some of these deposits to meet its increased expenditure outlays.

At the end of March 2021, the public debt stock outstanding was equivalent to \$12,922 million (153 percent of GDP), compared to \$12,380 million (117 percent of GDP) at the end of the previous fiscal year. Of the 36 percentage point increase in the debt-to-GDP ratio, only 5 percentage points can be attributed to the actual increase in borrowing, while the remaining 31 percentage points is due to the contraction of the local economy.

**Table 2: Debt Changes FY 2020/21**

	BDS \$M	% of GDP FY 2020/21
<b>Gross Public Sector Debt March-2020</b>	<b>12,380.5</b>	<b>117.0*</b>
Amortisation	613.1	7.3
Domestic	425.6	5.0
External	187.5	2.2
Liabilities	1,183.0	14.0
Domestic	133.1	1.6
External	1,049.9	12.4
SOE debt	(28.4)	(0.3)
<b>Gross Public Sector Debt March-2021</b>	<b>12,922.0</b>	<b>152.5</b>

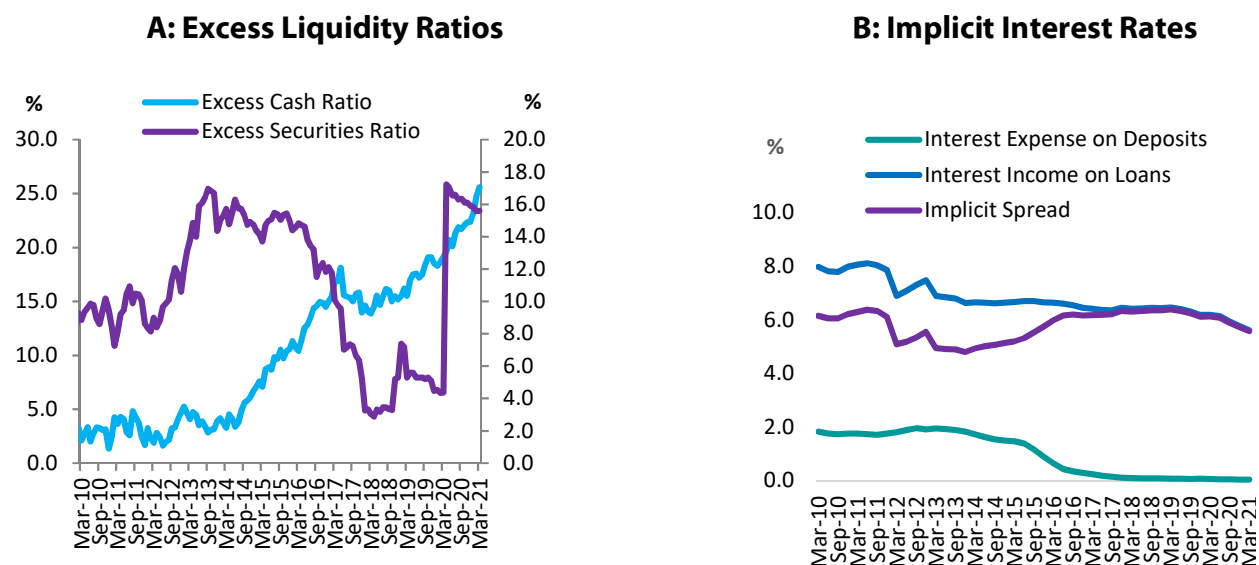
\* % GDP FY2019/20

Source: Ministry of Finance

## Financial Sector Developments

The financial system faces elevated risks arising from the impact of COVID-19, but it continues to be marked by high excess liquidity and well capitalised institutions. The further build-up of liquidity during the quarter was largely on the strength of the stimulus provided by the weaker fiscal stance and was reflected in modest deposit growth and a further reduction in credit to the private sector. As a result, deposit-taking institutions did not need to access the Central Bank’s discount window. With the high excess liquidity, interest rates remained at historically low levels.

**Figure 9: Excess Liquidity Ratios and interest rates**

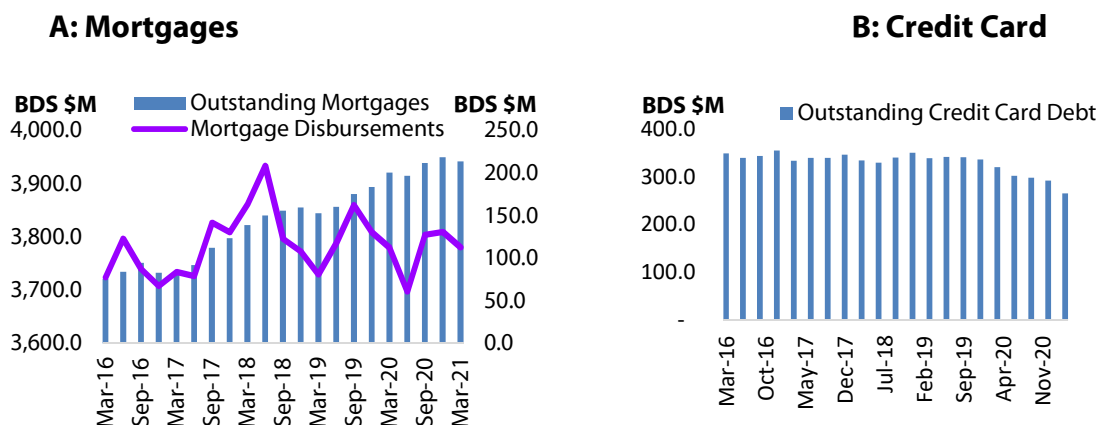


Source: The Central Bank of Barbados

Deposit growth was slower than in 2020, as foreign-currency deposits, which generally accounts for about 6 percent of total deposits, declined. Domestic-currency deposits continued to grow, partly because of larger balances held by households. With higher deposits, savings of households in deposit-taking institutions grew from 68.2 percent of GDP at end-March 2020 to 90.8 percent by the end of the first quarter of 2021.

New lending by deposit-taking institutions remains below pre-COVID levels. In 2020, new loans were 70 percent of 2019 levels and this trend was sustained into the first quarter. Outstanding credit, including for working capital, owed by companies in the utility, distribution, communication, hospitality and health sectors rose moderately, but debt of households and real estate companies fell notably, with credit card debt and mortgages registering declines during the quarter.

**Figure 10: Mortgages and Credit Card Debt Held by Deposit-Taking Institutions**



Source: The Central Bank of Barbados

Financial institutions continued to wind down their loan moratoria programmes and the nonperforming loan ratio of banks increased from 7.2 percent at end-December 2020 to 7.9 percent at the end of March 2021, reflecting a deterioration of credit quality mainly in loans to the hospitality, household and real estate sectors.

**Table 3: New Lending from Banks and Deposit-Taking Finance & Trust Companies**

<i>(BDS \$M)</i>	2019 Q1	2020 Q1	2021 Q1
<b>Total Loans</b>	<b>400.7</b>	<b>384.6</b>	<b>279.9</b>
<i>of which includes:</i>			
Hotels and Restaurants	14.2	6.6	19.5
Distribution	41.6	28.3	16.6
Construction	9.7	4.8	5.4
Manufacturing	17.8	6.9	4.8
Electricity, gas and water	1.6	42.8	25.1
Real estate, renting and other business activities	44.8	30.4	18.0
Personal	239.3	243.9	158.5

Source: Central Bank of Barbados

## Outlook

Uncertainty continues to cloud the outlook for the Barbados economy for 2021. The pace of the global economic recovery is expected to quicken this year and the IMF has recently raised its growth forecast, partly on the expectation of a revitalised US economy and the anticipated favourable impact of the vaccine roll-out across countries. Even so, significant downside risks remain and the global recovery is likely to be uneven. Of concern is the on-going uncertainty related to access to vaccines, particularly for small economies, and the limited policy space that some countries continue to have in dealing with the pandemic.

The Bank anticipates that following the sharp decline in economic activity last year, the Barbadian economy will make a modest recovery, growing within the range of 1.0 percent to 3.0 percent in 2021. This forecast for weaker growth than envisaged three months ago, reflects the impact of renewed travel restrictions in source markets, and the national pause in February, that lowered economic activity more than expected during the first quarter of the year.

The eventual outturn for 2021 will be influenced in large measure by the country's ability to contain the domestic spread of the virus and by the timing and pace of the resumption of activity in the tourism sector. As more individuals are vaccinated both locally and abroad, international air and cruise traffic is expected to resume gradually, boosting demand for ancillary services. The impact of the ongoing volcanic eruptions and resulting ash falls on growth is likely to be muted but downside risks remain from future major eruptions.

The economy remains heavily dependent on tourism. To accelerate the recovery and facilitate market diversification, tourism planners will need to explore opportunities for targeting source markets that have a low incidence of the virus and/or high level of vaccinated citizens. The Welcome Stamp initiative has tapped into non-traditional markets and it will be critical to build on this as the sector recovers. This programme offers the potential of converting these visitors into repeat tourists and investors.

To boost medium term growth prospects, promote diversification and enhance economic resilience, structural reforms that are designed to facilitate the ease of doing business and improve competitiveness will remain critical. The shocks provided by COVID-19 and more recently the ash fallout from the eruption of the La Soufrière volcano, underscore the need to accelerate the transition to a digital environment.

The uncertainty about the speed of the economic recovery, is likely to leave unemployment and under-employment at elevated levels. The re-opening of hotels, partly under the BEST programme, has eased the impact of reduced activity on employment and provided a partial safety net for some tourism services employees as unemployment benefits expired. Protracted unemployment or the reversal of the re-engagement of these employees will dampen demand further and place pressure on government to accelerate its public sector investment programme in an effort to drive the recovery.

In its FY 2021/22 Estimates, Government provided for a primary deficit of -0.3 percent. With the diminished level of economic activity and an expected fall in corporate taxes, revenue increases will not be sufficient to recover to FY 2019/20 levels. With the smaller primary surplus than originally programmed for this time, government will need to rely on the continued support of international

financial institutions. The drawdowns are unlikely to remain as large as in 2020 and as a result, government will therefore need to continue to prioritise its spending.

The debt ratio will remain elevated because of the shock to economic activity. Government remains committed to attaining the targeted 60 percent debt-to-GDP ratio, but in the context of the lost GDP as a result of COVID, consideration of a new target date may be necessary.

The country has more than adequate buffers to meet its external obligations. However, the delay in the recovery of the tourism sector, weak demand for exports, rising oil prices and reduced external borrowing from the international financial institutions, are expected to prevent further accumulation of international reserves this year.

The low interest rate environment is expected to remain unchanged in the near term. Financial institutions were proactive in 2020, offering moratoria to their customers to dampen the impact on non-performing loans. While regular business operations are resuming, some further deterioration in non-performing loans is to be expected but the financial system should remain stable. Access to funding by small and medium-sized enterprises, remains critical in avoiding increased insolvencies and the Bank will work with its licensees to create conditions for a soft landing, where feasible.

**Table 1 – Economic Indicators**

	2017	2018	2019	2020	Mar 2018	Mar 2019	Mar 2020	Mar 2021 <sup>(e)</sup>
Nominal GDP (\$ Million) <sup>1</sup>	9,971.9	10,245.8	10,595.9	8,973.7	2,668.9	2,689.4	2,674.0	2,142.8
Real Growth (%)	0.6	(0.5)	(1.3)	(18.0)	0.7	(3.7)	(4.9)	(19.8)
Inflation (%)	4.5	3.7	4.1	3.0	4.7	2.5	5.2	2.0
Avg. Unemployment (%) <sup>2</sup>	10.0	10.1	10.1	13.6 <sup>1</sup>	10.0	10.6	n.a.	n.a.
Gross International Reserves (\$ Million)	411.3	999.6	1,481.0	2,660.7	428.9	1,065.2	1,574.9	2,574.6
Gross International Reserves Cover, Weeks <sup>2</sup>	5.3	12.8	18.6	40.7	5.5	13.6	19.5	43.1
BoP Current Account (% of GDP)	(3.8)	(4.4)	(2.9)	(6.2)	1.7	4.4	0.6	(13.4)
Total Imports of Goods (% of GDP)	30.5	29.3	29.3	31.6	27.3	27.2	30.3	30.2
Travel Credits (% of GDP)	21.7	21.8	24.2	12.7	28.9	33.3	30.1	6.7
Financial Account (\$ Millions)	86.4	887.6	792.7	1,652.1	(15.7)	40.6	53.9	197.7
Gross Public Sector Debt <sup>3</sup> (% of GDP)	148.4	125.4	118.0	142.3	149.3	125.1	117.0	152.5
External Debt Service to Curr. Acct. Cred.					9.5	2.8	3.5	11.9
Treasury-Bill Rate	3.2	0.5	0.5	0.5	3.1	0.5	0.5	0.5
Implicit Deposit Rate	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0
Implicit Loan Rate	7.4	7.1	6.2	5.7	6.4	6.5	6.2	5.6
Excess Cash Ratio	14.2	16.1	18.5	22.4	14.3	17.0	19.1	25.6
Private Sector Credit Growth (%) <sup>4</sup>	3.2	0.4	0.9	(1.2)	(0.2)	(0.7)	(1.3)	(0.8)
Private Sector Credit (% of GDP) <sup>5</sup>	81.7	79.8	77.9	90.8	82.3	79.2	77.0	95.4
Domestic Currency Deposits (% of GDP) <sup>5</sup>	112.6	110.9	109.8	136.5	114.1	112.5	111.1	146.8
<b>Fiscal Year</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Jan -Mar 2018</b>	<b>Jan -Mar 2019</b>	<b>Jan -Mar 2020</b>	<b>Jan -Mar 2021</b>
Fiscal Balance (% of GDP)	-4.6	-0.3	3.6	-5.0	(0.9)	(1.0)	0.6	(4.6)
Primary Balance (% of GDP)	3.2	3.5	6.0	-1.0	0.7	(0.4)	1.2	(3.8)
Interest (% of GDP)	7.7	3.7	2.4	4.0	1.6	0.7	0.6	0.8
Fiscal Current Account (% of GDP)	-2.8	1.6	5.4	-1.8	(0.3)	0.2	1.5	(2.6)
Revenue (% of GDP)	28.8	29.2	28.2	30.3	8.7	9.1	8.0	8.2
Expenditure (% of GDP)	33.3	29.5	24.6	35.3	9.6	10.1	7.4	12.8
<i>Non-interest Expenditure (% of GDP)</i>	25.6	25.7	22.2	31.3	8.0	9.4	6.8	12.0
<i>Capital Expenditure (% of GDP)</i>	1.7	1.9	1.8	3.3	0.6	1.2	0.9	2.0
Gov't Interest Payments (% of Revenue)	26.9	12.9	8.4	13.3	18.3	7.4	7.0	9.2

<sup>(p)</sup> - Provisional

<sup>(e)</sup> - Estimate

<sup>1</sup> – Central Bank of Barbados and Barbados Statistical Service

<sup>2</sup> - Four Quarter Moving Average

<sup>3</sup> - Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt

<sup>4</sup> - 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

<sup>1</sup> End of year position

<sup>2</sup> Measures reserves against previous months imports

**Table 2 – GDP by Sector and Activity**  
(BDS \$Millions, Constant Prices<sup>1</sup>)

	Avg contribution to GDP (%)	2017	2018	2019	2020	Mar-18	Mar-19	Mar-20	Mar-21
<b>Tradeables</b>	<b>24.7</b>	<b>1,908.1</b>	<b>1,940.7</b>	<b>1,963.7</b>	<b>980.6</b>	<b>566.7</b>	<b>560.8</b>	<b>464.1</b>	<b>146.5</b>
<b>Tourism</b>	<b>17.3</b>	<b>1,314.9</b>	<b>1,342.7</b>	<b>1,379.8</b>	<b>409.1</b>	<b>419.7</b>	<b>414.2</b>	<b>323.8</b>	<b>13.1</b>
<b>Agriculture</b>	<b>1.5</b>	<b>105.5</b>	<b>121.1</b>	<b>115.5</b>	<b>117.9</b>	<b>29.3</b>	<b>27.9</b>	<b>27.8</b>	<b>26.7</b>
Sugar		5.4	6.0	4.0	4.2	0.0	1.4	1.7	2.1
Non-Sugar Agriculture		100.1	115.1	111.6	113.7	29.3	26.5	26.0	24.6
<b>Manufacturing</b>	<b>5.9</b>	<b>487.8</b>	<b>476.9</b>	<b>468.4</b>	<b>453.6</b>	<b>117.7</b>	<b>118.7</b>	<b>112.5</b>	<b>106.8</b>
of which:									
<i>Rum &amp; Other Beverages</i>	1.1	94.7	92.6	90.9	88.0	22.9	23.0	21.8	20.7
<i>Food</i>	1.5	124.0	121.2	119.1	115.3	29.9	30.2	28.6	27.1
<i>Furniture</i>	0.2	13.4	13.1	12.9	12.5	3.2	3.3	3.1	2.9
<i>Chemicals</i>	0.4	29.4	28.7	28.2	27.3	7.1	7.1	6.8	6.4
<i>Electronics</i>	0.4	36.9	36.1	35.4	34.3	8.9	9.0	8.5	8.1
<i>Other Manufacturing</i>	1.7	142.4	139.3	136.8	132.4	34.4	34.7	32.8	31.2
<b>Non-tradeables</b>	<b>75.3</b>	<b>6,193.4</b>	<b>6,119.3</b>	<b>5,991.0</b>	<b>5,542.8</b>	<b>1,530.3</b>	<b>1,457.9</b>	<b>1,455.7</b>	<b>1,392.6</b>
Mining & Quarrying	0.6	40.7	42.2	49.6	47.9	11.5	10.7	10.8	11.3
Electricity, Gas & Water	2.7	214.8	214.1	213.5	202.3	52.7	51.7	52.5	55.1
Construction	5.7	492.9	461.6	452.3	434.4	112.0	106.4	113.2	104.4
Distribution	9.3	759.2	747.7	736.8	666.2	183.1	184.8	185.3	168.1
Transport, etc	12.7	1,046.7	1,027.7	1,007.4	937.9	270.5	261.1	259.9	251.6
Finance and Other Services	34.5	2,783.5	2,784.2	2,740.4	2,463.1	686.5	661.6	653.1	621.2
Government	9.9	855.6	841.8	791.0	791.1	213.9	181.5	181.0	181.0
<b>Total</b>		<b>8,101.6</b>	<b>8,060.1</b>	<b>7,954.8</b>	<b>6,523.4</b>	<b>2,097.0</b>	<b>2,018.7</b>	<b>1,919.8</b>	<b>1,539.1</b>
<b>Nominal GDP</b>		<b>9,971.9</b>	<b>10,245.8</b>	<b>10,595.9</b>	<b>8,973.7</b>	<b>2,668.9</b>	<b>2,689.4</b>	<b>2,674.0</b>	<b>2,142.8</b>
<b>Real Growth Rates</b>		<b>0.6</b>	<b>(0.5)</b>	<b>(1.3)</b>	<b>(18.0)</b>	<b>0.7</b>	<b>(3.7)</b>	<b>(4.9)</b>	<b>(19.8)</b>
Tradeables		3.1	1.7	1.2	(50.1)	6.7	(1.0)	(17.3)	(68.4)
Non-tradeables		(0.2)	(1.2)	(2.1)	(7.5)	(1.3)	(4.7)	(0.2)	(4.3)

<sup>(p)</sup> – Provisional

<sup>(e)</sup> – Estimate

<sup>1</sup>– BSS' 2010 Base Year Series

Source: Central Bank of Barbados and Barbados Statistical Service



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

	2017	2018 <sup>(p)</sup>	2019 <sup>(e)</sup>	2020	Mar 2018	Mar 2019	Mar 2020	Mar 2021 <sup>(e)</sup>
<b>Current Account</b>	<b>(380.6)</b>	<b>(453.2)</b>	<b>(311.1)</b>	<b>(561.7)</b>	<b>45.2</b>	<b>117.5</b>	<b>16.2</b>	<b>(287.5)</b>
<b>Inflows</b>	<b>4,832.0</b>	<b>4,855.0</b>	<b>5,142.4</b>	<b>3,519.1</b>	<b>1,361.8</b>	<b>1,491.0</b>	<b>1,389.5</b>	<b>650.1</b>
Travel	2,161.4	2,230.7	2,482.5	1,148.3	771.3	895.0	805.6	142.9
Other Services	429.9	444.7	458.5	397.4	2,169.7	2,046.0	2,135.4	2,798.1
Domestic Exports	509.7	510.2	507.4	449.4	122.8	135.2	117.2	102.8
Rum	83.9	79.8	76.8	75.9	20.2	20.9	18.5	20.3
Food	64.6	65.3	66.4	61.3	15.3	15.6	16.4	14.8
Sugar	13.5	0.4	0.6	0.9	-	0.1	0.1	0.1
Chemicals	72.5	80.3	77.8	84.7	20.5	20.6	17.5	13.7
Printed Paper Labels	22.7	26.6	15.3	23.5	6.6	5.4	5.2	6.4
Construction Materials	42.1	51.7	59.1	38.2	12.8	17.2	9.7	6.0
Other	210.3	206.1	211.4	164.9	(2,056.0)	(1,922.4)	(2,015.0)	(2,706.3)
Re-exported Goods	461.1	385.7	380.8	241.0	128.0	113.3	109.4	60.5
Net Export of Goods under Merchanting	635.4	633.8	637.6	547.6	158.5	159.4	163.3	145.7
Income	529.8	543.0	565.4	338.7	100.1	104.8	108.4	73.8
Transfers	104.7	107.0	110.1	396.6	15.0	15.0	15.0	74.2
<b>Outflows</b>	<b>5,212.6</b>	<b>5,308.2</b>	<b>5,453.5</b>	<b>4,080.8</b>	<b>1,316.6</b>	<b>1,373.5</b>	<b>1,373.3</b>	<b>937.6</b>
Total Imports of Goods	3,040.3	2,997.7	3,003.7	2,843.9	728.3	732.2	810.3	647.9
Fuel Imports	626.2	712.2	728.0	510.6	184.6	187.3	210.7	124.2
Other Merchandise Imports	2,414.1	2,285.5	2,275.7	2,333.3	543.7	544.8	599.6	523.7
Services	1,014.0	1,073.9	1,148.9	553.3	301.4	312.3	288.3	159.7
Income	977.6	1,042.6	1,099.2	473.7	228.7	268.5	211.6	64.4
General Government	167.4	183.2	150.0	139.3	45.1	69.1	11.2	11.2
Other Sectors	810.2	859.5	949.1	334.3	183.6	199.4	200.3	53.2
Transfers	180.6	194.0	201.7	209.8	58.3	60.6	63.1	65.6
<b>Capital Account</b>	<b>(2.4)</b>	<b>50.9</b>	<b>(5.3)</b>	<b>(4.5)</b>	<b>56.3</b>	<b>(1.8)</b>	<b>(1.3)</b>	<b>(1.2)</b>
<b>Financial Account</b>	<b>86.4</b>	<b>887.6</b>	<b>792.7</b>	<b>1,652.1</b>	<b>(15.7)</b>	<b>40.6</b>	<b>53.9</b>	<b>197.7</b>
Net Foreign Direct Investment	468.2	464.8	375.3	509.2	90.9	108.8	110.8	137.7
All Other Investment Flows	(381.8)	422.8	417.3	1,142.9	(106.6)	(68.2)	(56.9)	60.0
Net Long-term Public	(134.9)	451.0	387.8	968.2	(59.7)	41.0	(14.4)	(33.1)
Net Long-term Private	(156.8)	(3.8)	113.0	251.3	(50.0)	(87.8)	(31.3)	105.1
Net Short-term	(90.1)	(24.4)	(83.5)	(76.7)	3.1	(21.4)	(11.2)	(12.0)
Net Errors & Omissions	68.0	102.9	5.0	93.8	(68.3)	(90.8)	25.1	177.1
Overall Balance	(228.5)	588.3	481.4	1,179.7	17.5	65.6	93.9	86.1
<b>Change in GIR: - increase/+ decrease</b>	<b>228.5</b>	<b>(588.3)</b>	<b>(481.4)</b>	<b>(1,179.7)</b>	<b>(17.5)</b>	<b>(65.6)</b>	<b>(93.9)</b>	<b>(86.1)</b>

<sup>(p)</sup>-Provisional

<sup>(e)</sup>-Estimate

Source: Central Bank of Barbados

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

	2017/18	2018/19	2019/20 <sup>(p)</sup>	2020/21	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2021
<b>Total Revenue</b>	<b>2,845.4</b>	<b>2,993.6</b>	<b>2,984.2</b>	<b>2,568.2</b>	<b>858.9</b>	<b>933.1</b>	<b>845.6</b>	<b>694.8</b>
<b>Tax Revenue</b>	<b>2,656.3</b>	<b>2,812.4</b>	<b>2,771.2</b>	<b>2,392.8</b>	769.7	870.6	757.2	596.5
<b>i) Direct Taxes</b>	<b>968.9</b>	<b>1,126.9</b>	<b>1,084.7</b>	<b>1,204.1</b>	291.4	372.7	289.3	317.3
Personal	462.6	482.1	454.7	308.4	130.1	168.4	120.2	91.9
Corporate	275.1	355.5	309.0	612.9	122.1	152.2	113.8	168.7
Property	137.6	161.3	214.7	182.5	15.9	17.9	21.9	16.0
Financial Institutions Asset Tax	48.7	44.6	47.4	45.6	11.4	7.2	16.3	11.6
Other	44.9	83.4	58.9	54.7	11.9	27.0	17.1	29.0
<b>ii) Indirect Taxes</b>	<b>1,687.4</b>	1,685.6	<b>1,686.5</b>	<b>1,188.7</b>	<b>478.3</b>	<b>497.9</b>	<b>467.9</b>	<b>279.2</b>
Stamp	10.5	10.9	11.4	7.6	3.6	3.0	2.8	1.5
VAT	887.3	940.9	966.9	706.3	229.6	272.8	262.6	187.3
Excises	303.1	271.2	250.9	158.4	119.8	86.5	64.8	28.6
Import Duties	218.6	213.8	231.6	191.4	50.2	55.5	57.5	40.1
Hotel & Restaurant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Responsibility Levy	152.0	49.4	0.1	0.0	45.8	0.1	0.0	0.0
Other of which:	115.9	199.4	225.6	124.9	29.3	80.0	80.2	21.8
Fuel Tax		68.6	82.1	63.8		42.1	20.8	9.0
Room Rate/Shared Accommodation		10.1	28.1	9.5		5.2	10.1	4.1
<b>Non-Tax Revenue &amp; Grants</b>	<b>189.1</b>	<b>181.2</b>	<b>213.0</b>	<b>175.4</b>	89.2	62.5	88.4	98.4
Non-Tax Revenue	149.0	161.5	201.3	169.5	59.8	49.9	86.8	96.4
Grants	22.0	0.1	11.8	0.0	22.0	0.1	1.6	0.0
Post Office - Revenue	18.1	19.6	0.0	5.9	7.4	12.5	0.0	1.9
<b>Current Expenditure</b>	<b>3,123.8</b>	<b>2,826.4</b>	<b>2,407.9</b>	<b>2,716.8</b>	884.3	913.7	683.0	916.4
Wages & Salaries	782.3	811.9	807.4	808.0	198.8	206.6	205.2	208.7
Goods & Services	364.3	356.3	375.5	399.8	119.1	139.9	137.0	196.8
Interest	764.7	384.9	249.7	342.6	157.0	68.6	59.6	64.0
External	168.0	48.0	62.7	144.1	45.1	13.3	11.2	16.0
Domestic	596.7	336.9	187.0	198.5	111.9	55.3	48.4	48.0
Transfers & Subsidies	1,212.5	1,273.3	975.3	1,166.3	409.4	498.5	281.2	446.8
Grants to Individuals	358.3	362.8	389.2	423.7	118.1	132.5	113.1	143.0
Grants to Public Institutions	761.2	814.8	517.6	657.3	245.3	318.0	151.1	265.4
Subsidies	51.9	51.8	31.8	49.7	30.6	26.3	6.9	27.0
Subscriptions & Contributions	22.1	25.7	20.3	20.3	9.3	13.8	5.8	6.3
Non-Profit Agencies	19.0	18.3	16.4	15.3	6.1	7.9	4.2	5.1
<b>Capital Expenditure &amp; Net Lending</b>	<b>171.8</b>	<b>197.8</b>	<b>191.8</b>	<b>276.1</b>	60.2	124.2	99.0	167.3
Capital Expenditure	<b>149.1</b>	<b>184.9</b>	<b>185.1</b>	<b>278.3</b>	55.5	122.5	97.8	168.7
Net Lending	<b>22.7</b>	<b>12.9</b>	<b>6.7</b>	<b>(2.2)</b>	4.7	1.7	1.3	(1.4)
<b>Fiscal Balance</b>	<b>(450.2)</b>	<b>(30.5)</b>	<b>384.5</b>	<b>(424.7)</b>	<b>(85.6)</b>	<b>(104.8)</b>	<b>63.6</b>	<b>(388.8)</b>
<b>Primary Balance</b>	<b>314.5</b>	<b>354.3</b>	<b>634.2</b>	<b>(82.1)</b>	<b>71.4</b>	<b>(36.1)</b>	<b>123.2</b>	<b>(324.8)</b>
<b>Fiscal Balance to GDP (%)</b>	<b>(4.6)</b>	<b>(0.3)</b>	<b>3.6</b>	<b>(5.0)</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>0.6</b>	<b>(4.6)</b>

<sup>(p)</sup>-Provisional

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

**Table 5 – Government Financing (BDS \$Millions)**

	2017/18 <sup>(p)</sup>	2018/19 <sup>(e)</sup>	2019/20 <sup>(e)</sup>	2020/21 <sup>(e)</sup>	Jan-Mar 2018	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2021
<b>Total Financing</b>	<b>450.2</b>	<b>30.6</b>	<b>(384.5)</b>	<b>424.7</b>	<b>85.6</b>	<b>104.8</b>	<b>(63.6)</b>	<b>388.8</b>
<b>Domestic Financing (Net)</b>	<b>629.3</b>	<b>(315.5)</b>	<b>(491.1)</b>	<b>(437.5)</b>	<b>148.9</b>	<b>118.3</b>	<b>(46.3)</b>	<b>417.1</b>
Central Bank	92.8	(166.4)	164.7	(66.6)	(4.0)	66.1	42.5	421.8
Commercial Banks	257.9	82.8	(86.3)	106.6	(20.8)	24.4	28.9	(1.3)
National Insurance Board	3.1	8.9	(85.2)	(207.9)	5.9	0.0	(21.3)	(39.9)
Private Non-Bank	(57.2)	(119.6)	(217.7)	(34.9)	25.1	(36.1)	(85.1)	37.1
Other	332.8	(111.2)	(58.3)	(172.8)	142.7	63.9	(11.3)	(0.6)
Arrears Payments	n.a	(10.0)	(208.3)	(61.9)	0.0	(10.0)	0.0	0.0
<b>Foreign Financing (Net)</b>	<b>(179.1)</b>	<b>346.2</b>	<b>106.6</b>	<b>862.2</b>	<b>(63.3)</b>	<b>(13.5)</b>	<b>(17.2)</b>	<b>(28.3)</b>
Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Funds	113.8	87.9	72.0	81.8	28.6	10.6	1.5	0.1
Policy Loans	0.0	350.0	150.0	968.1	0.0	0.0	0.0	0.0
Amortisation	(292.8)	(91.7)	(115.4)	(187.7)	(91.9)	(24.1)	(18.7)	(28.4)

<sup>(p)</sup>-Provisional<sup>(e)</sup> Estimate

n.a.- Not Available

Source: Central Bank of Barbados

**Table 6 – Public Debt Outstanding (BDS \$Millions)**

	2017	2018	2019	2020	Mar-18	Mar-19	Mar-20	Mar-21
<b>Gross Central Government Debt<sup>1</sup></b>	<b>13,666.0</b>	<b>12,755.8</b>	<b>12,426.6</b>	<b>12,761.3</b>	<b>13,783.4</b>	<b>12,752.6</b>	<b>12,322.6</b>	<b>12,870.1</b>
Domestic Debt	10,840.1	9,556.9	9,336.6	8,786.7	11,067.4	9,512.5	9,226.4	8,923.8
Central Bank <sup>2</sup>	2,227.7	703.8	814.1	757.0	2,230.9	724.9	823.5	834.7
Commercial Banks	2,144.9	2,340.2	2,355.2	2,340.4	2,098.9	2,337.6	2,350.9	2,335.3
National Insurance	3,518.9	2,938.4	2,880.0	2,690.6	3,524.8	2,943.8	2,858.7	2,650.2
Insurance Companies	527.2	1,114.6	807.5	816.3	741.6	1,149.3	821.5	815.8
PPP	241.8	-	-	-	240.6	-	-	-
Other	2,179.7	2,150.3	2,312.9	2,140.9	2,230.7	2,063.8	2,218.9	2,157.3
Domestic Arrears	-	309.5	167.0	41.5	-	293.0	152.9	130.5
External Debt	2,825.8	3,198.9	3,090.0	3,974.5	2,715.9	3,240.1	3,096.2	3,946.3
International Financial Institutions	1,043.7	1,379.5	1,445.5	2,407.8	1,031.6	1,366.7	1,441.7	2,391.8
Bonds	1,452.8	1,142.8	1,126.2	1,067.3	1,362.5	1,135.7	1,127.3	1,062.3
PPP	243.1	237.0	228.8	255.0	235.7	228.9	219.8	247.8
Bilateral	86.1	211.5	222.6	244.4	86.1	204.4	242.9	244.4
External Arrears	-	228.1	67.0	-	-	304.4	64.5	-
<b>Other Public Sector Debt</b>	<b>1,144.0</b>	<b>94.3</b>	<b>72.3</b>	<b>53.5</b>	<b>976.8</b>	<b>92.9</b>	<b>57.9</b>	<b>51.9</b>
Domestic Debt	884.6	-	-	-	765.7	-	-	-
Foreign Debt	259.4	94.3	66.4	53.5	211.1	92.9	57.9	51.9
Other Public Sector Arrears	-	-	6.0	-	-	-	-	-
<b>Gross Public Sector Debt<sup>3</sup></b>	<b>14,810.0</b>	<b>12,850.1</b>	<b>12,499.0</b>	<b>12,814.8</b>	<b>14,760.2</b>	<b>12,845.5</b>	<b>12,380.5</b>	<b>12,922.0</b>
<b>Central Government Financial Assets</b>	<b>715.1</b>	<b>795.0</b>	<b>739.6</b>	<b>912.3</b>	<b>733.0</b>	<b>684.8</b>	<b>573.3</b>	<b>562.5</b>
Central Bank	20.3	389.4	311.4	801.9	34.0	344.4	278.3	455.8
Commercial Banks	96.0	174.6	248.4	95.5	118.8	150.2	215.3	91.8
Sinking Funds	598.8	231.0	179.7	14.9	580.2	190.2	79.7	14.9
<b>Other Public Sector Financial Assets</b>	<b>189.0</b>	<b>221.6</b>	<b>392.6</b>	<b>426.0</b>	<b>199.0</b>	<b>246.4</b>	<b>378.4</b>	<b>493.6</b>
Public Corporations' Deposits	189.0	221.6	392.6	426.0	199.0	246.4	378.4	493.6
Gross Public Sector Debt/GDP (%)	148.4	125.4	118.0	142.3	149.3	125.1	117.0	152.5
Gross Central Government Debt/GDP (%)	136.9	124.5	117.3	141.7	139.4	124.2	116.5	151.8
External Debt/GDP (%)	28.3	33.4	29.8	44.1	27.5	31.6	29.3	46.6
Net Central Government <sup>4</sup> /GDP (%)	129.8	116.7	110.3	131.6	132.0	117.5	111.0	144.8

<sup>(p)</sup> – Provisional

<sup>1</sup> Gross Central Government Debt = Domestic Debt + External Debt+ Domestic and External Arrears

<sup>2</sup> Comprises Treasury Bills, Debentures and Ways & Means Account Balance

<sup>3</sup> Arrears= Principal, Interest and Penalties on External Debt

<sup>4</sup> Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt +Arrears

<sup>5</sup> Net Central Government Debt = Gross Central Government Debt - Central Government Financial Assets

n.a.- Not Available

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)

	2017	2018	2019	2020	Mar 2018	Mar 2019	Mar 2020	Mar 2021
<b>Monetary Authorities</b>								
Net International Reserves	334.7	832.5	1,130.8	2,195.8	348.61	890.85	1,209.79	2,096.26
Monetary Base	2,375.9	2,659.0	2,938.8	3,551.8	2,388.12	2,765.12	3,037.16	3,892.51
Net Domestic Assets	1,996.9	1,788.8	1,761.6	1,295.4	2,039.50	1,831.36	1,771.44	1,735.56
<b>Deposit-taking Institutions<sup>1</sup></b>								
Credit to Public Sector <sup>2</sup>								
Central Government (net)	2,164.5	1,896.4	1,886.7	2,053.8	2,122.23	1,927.02	1,916.94	2,067.23
Rest of the Public Sector	344.8	107.9	65.0	85.3	331.37	98.83	73.89	84.13
Credit to Rest of Financial System	248.7	274.5	255.7	253.2	271.32	267.45	269.40	258.92
Credit to the Non-Financial Private Sector <sup>3</sup>	8,151.3	8,179.1	8,254.4	8,153.7	8,135.58	8,125.75	8,147.13	8,086.27
Total Deposits	11,978.7	11,967.1	12,284.6	12,947.4	11,974.83	12,304.31	12,567.81	13,108.56
Transferable Deposits <sup>4</sup>	9,667.6	9,844.5	10,394.3	11,157.9	9,775.95	10,161.50	10,694.10	11,316.71
Non-Transferable Deposits	2,311.1	2,122.6	1,890.3	1,789.5	2,198.88	2,142.80	1,873.70	1,791.86
<b>Memo Items</b>								
Domestic Currency Deposits	11,223.9	11,365.1	11,631.0	12,254.4	11,282.84	11,553.65	11,758.51	12,445.90
Foreign Currency Deposits	754.8	602.0	653.6	693.0	692.00	750.66	809.30	662.67
Banking System Financial Stability Indicators <sup>5</sup>								
Capital Adequacy Ratio (CAR)	17.0	13.8	13.5	15.8	16.8	16.0	14.6	15.9
Loan to Deposit Ratio	64.4	63.0	61.7	57.1	63.6	66.1	59.1	55.2
Liquid Assets to Total Assets	29.7	21.8	23.6	25.1	32.5	32.9	24.5	27.7
Non-Performing Loans Ratio	7.7	7.4	6.6	7.2	6.8	7.7	6.9	7.9
Provisions to Non-Performing Loans	80.4	67.3	59.4	62.6	76.8	67.5	57.9	59.2
Return on Average Assets (12-month)	1.3	(0.2)	0.6	0.8	1.3	1.3	1.8	0.5

<sup>(p)</sup> - Provisional

<sup>1</sup> Comprises Commercial Banks, deposit-taking Finance & Trust Companies and Credit Unions

<sup>2</sup> Reflects both security holdings and loans

<sup>3</sup> Does not include credit to the non-resident sector

<sup>4</sup> These comprise of call deposits, demand deposits and savings deposits with unrestricted withdrawal privileges

<sup>5</sup> Data on commercial banking sector

Source: Central Bank of Barbados