



Press Release

Review of Barbados' Economic Performance

January to September 2020

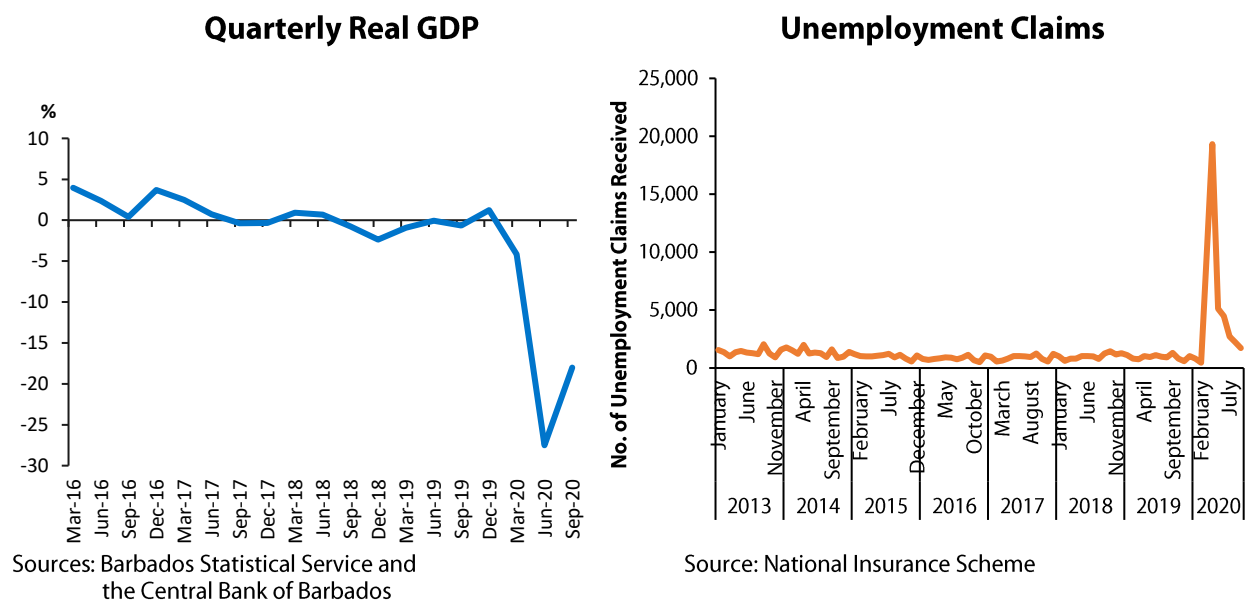


Overview

The COVID-19 pandemic continues to create substantial challenges for the Barbadian economy. Economic activity was stronger between July and September than in the previous three months as Government reopened the national borders to international air traffic and ended the island-wide lockdown that had worsened the economic contraction in the previous quarter. However, unfavourable health and economic conditions in source markets and the prevailing uncertainty associated with travel protocols led to only a mild restart of tourism activity. As a result, economic activity for the quarter remained well below 2019 levels, falling by an estimated 18 percent, and preliminary data now suggests that economic output declined by over 16 percent during the first nine months of 2020.

The re-opening of the economy enabled some individuals to return to work but unemployment in the key tourism and hospitality sector remained high. Some workers are working shorter hours and layoffs persisted into the quarter as the private sector adapted to the altered economic environment. The spike in unemployment insurance claims led to over 32,000 claims being paid between late March and September. However, given the combined impact of the re-engagement of some employees and the statutory termination of unemployment insurance for others, the number of persons expected to draw on unemployment insurance will decline in coming months.

Figure 1: Real GDP Growth and Unemployment Claims



The Barbados Employment and Sustainable Transformation Plan

COVID-19 has severely impacted household incomes and corporate balance sheets. Unemployment insurance payments mitigated the initial effect on households, but Government also extended the social safety net by increasing welfare payments, and providing a wage subsidy for up to five employees of small businesses and a business interruption benefit for the self-employed. Given the prolonged crisis, Government recently unveiled the Barbados Employment and Sustainable Transformation (BEST) Plan which seeks to safeguard jobs in the tourism sector, minimise bankruptcies, and strengthen the competitiveness of the sector as normalcy returns. The programme is capped at \$300 million and is accessible to firms that re-engage as many employees as possible at 80 percent of their normal salaries for up to a maximum of two years, provided tourism revenues remain below 90 percent of 2019. Workers are expected to up-skill by participating in training offered by the National Training Initiative.

In addition to financing the return of employees, an important component of the BEST programme is to finance a range of transformational investments including:

- Green initiatives such as water conservation and water harvesting measures, as well as the implementation of renewable energy sources.
- Digitisation of all processes and systems, including payment methods, to lower costs and facilitate service improvement
- Engagement with and investing in local suppliers of food, furniture and other supplies.

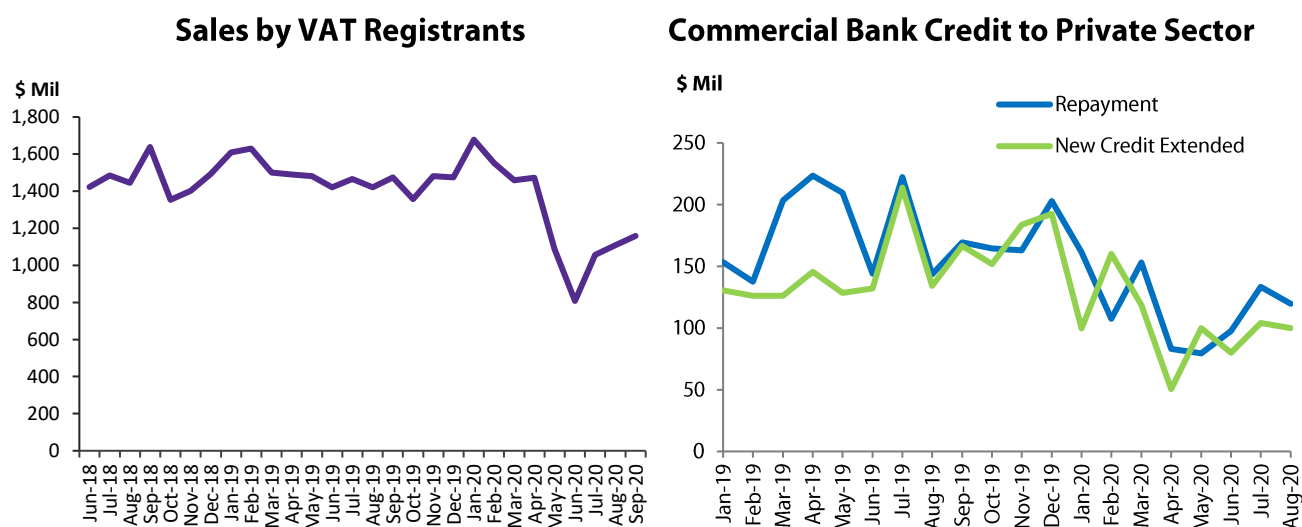
Firms that obtain funding under BEST are required to issue a redeemable preference share to Government. This share initially pays a step-up coupon from profits after the second year. Firms may redeem the share at any time, while Government reserves the right to convert its share into ordinary voting capital when coupons are not paid. Until the investment is repaid, firms are unable to pay dividends, sell assets or raise management compensation, unless agreed. There is also a capped provision (\$500,000 per employer) for grants, where firms make matching contributions to cover wage or transformational payments.

The Enterprise Growth Fund Limited is responsible for implementing this programme.

Planned investments have been delayed and the private sector has experienced depressed sales. With the protracted layoffs, some firms now face the risk of incurring substantial severance costs as severance claims have begun to rise. However, Government has recently introduced its BEST programme, that is targeted at re-engaging workers in the tourism sector, reducing demand for severance, promoting the up-skilling of workers and enhancing the long-term competitiveness of the industry.

In the interim, some firms have availed themselves of the temporary cash flow relief that lending institutions have provided on existing loans. the overall demand for credit has slowed and loans outstanding have fallen below 2019 levels. Net lending to utilities, tourism, real estate and distribution sectors increased post-COVID. At the same time, household debt, particularly for credit cards, declined during the same period.

Figure 2: Sales by VAT Registrants and Commercial Bank Credit to the Non-Financial Private Sector



Source: Barbados Revenue Authority

Source: Central Bank of Barbados estimate

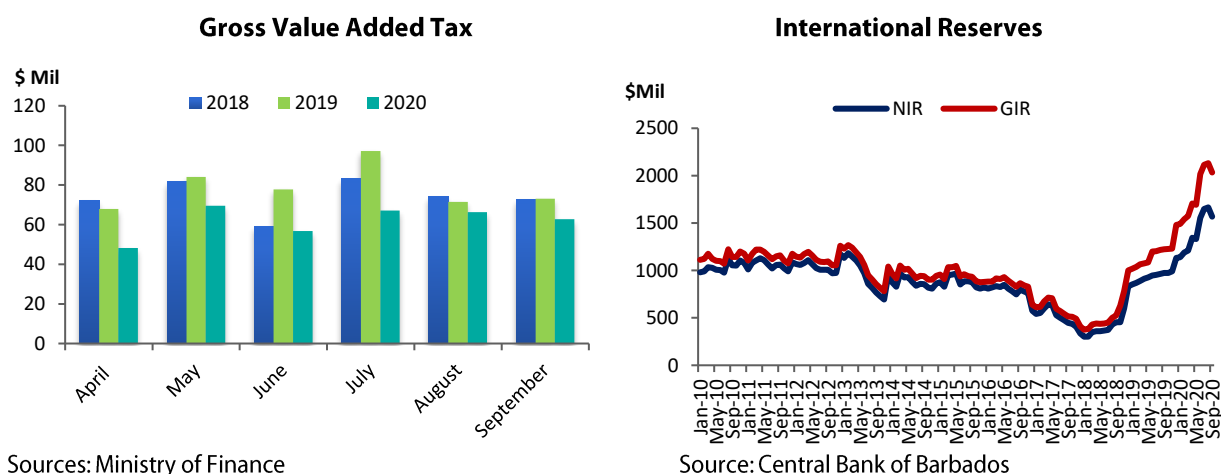
Financial institutions have had to raise provisions against the risk of higher levels of non-performing loans, resulting from weakened corporate balance sheets and heightened unemployment. However, despite the negative impact of provisions on their profits, commercial banks remain adequately capitalised. The financial system continues to be marked by a high level of liquidity amid historically low interest rates as monetary policy remains accommodative. Recent stress tests suggest that these liquidity and capital buffers will enable the banking system to withstand the economic shock.

The impact of the economic slowdown on the public finances persisted into the July to September quarter as revenues were again weaker than for the previous year. However, while corporation taxes drove revenues in the first quarter, increased transaction-based taxes and early payments of property taxes boosted collections and enabled a partial recovery of revenue during the July quarter. Non-interest expenditure also rose, partly due to higher capital expenditure and the response to the need for COVID-19 related expenditures.

The primary surplus for the first half of the fiscal year was substantially lower than for the corresponding period in 2019 but, given the decision to relax current year fiscal targets, it remained above the target agreed with the International Monetary Fund (IMF) under the Extended Fund Facility (EFF) arrangement. The performance under the programme over the past two years has helped to catalyse additional funding from international financial institutions and compensate for the impact of the smaller primary surplus. The increased borrowing, together with the sharp decline in economic activity, led to an increase in the debt to GDP ratio. This rise is intended to be temporary, enabling Government to navigate the crisis and minimise the adverse effects on households and businesses.

The international reserves which, were heavily boosted by borrowings from multilateral organisations in the second quarter of 2020, continued to strengthen, despite higher public sector debt service payments. For the July to September period, reserves were up by \$18 million, representing 28 weeks of import cover. The on-going growth of reserves reflects the adequacy of foreign exchange in the banking system, occasioned by the performance of corporate taxes and non-tourism related foreign exchange flows and weak private sector demand.

Figure 3: Gross Value Added Tax (VAT) and International Reserves



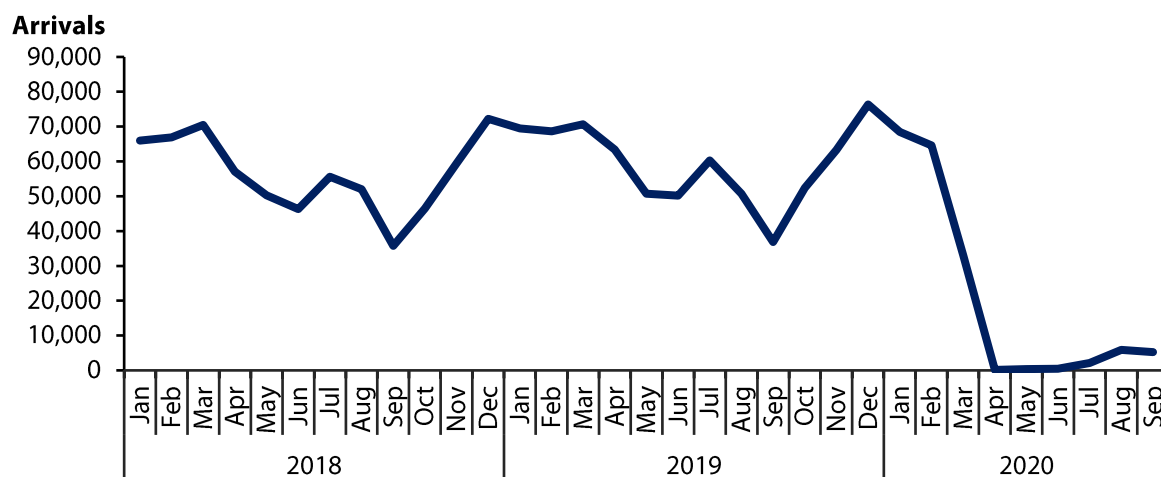
Economic Activity

Barbados experienced a third successive quarter of double-digit decline in economic output due to COVID-19. The deep recession reflects the pass-through effects on the rest of the economy of the absence of any significant tourism sector activity. The labour market continued to face elevated levels of unemployment, but the growth in the number of unemployment claims slowed during the quarter. Unemployment benefits paid out have exceeded \$120 million since the onset of the crisis and cushioned the loss in employment income.

Tourism

Tourism output recorded an estimated 66 percent decline for the nine months ending September 2020 as long-stay arrivals for the third quarter of the year were negligible. Airlift slowly increased following the reopening of borders, but capacity remained substantially lower than in the preceding year. Most hotels remained closed during the quarter, reflecting the diminished demand.

Figure 4: Tourism Arrivals



Sources: Barbados Statistical Service and Central Bank of Barbados

Agriculture

The non-sugar agriculture sector grew by 2.9 percent for the first nine months of 2020. Improvements in weather conditions aided efforts to boost food crop production, and there were also increased fish catches. At the same time, closure of hotel and restaurant reduced demand for poultry and other select meat products. Milk production, which has been facing a secular decline, was also below last year's output despite the importation of heifers in the

second quarter, as many of the animals were not as close to calving as anticipated. Sugar cane harvesting also registered a small increase in activity for 2020.

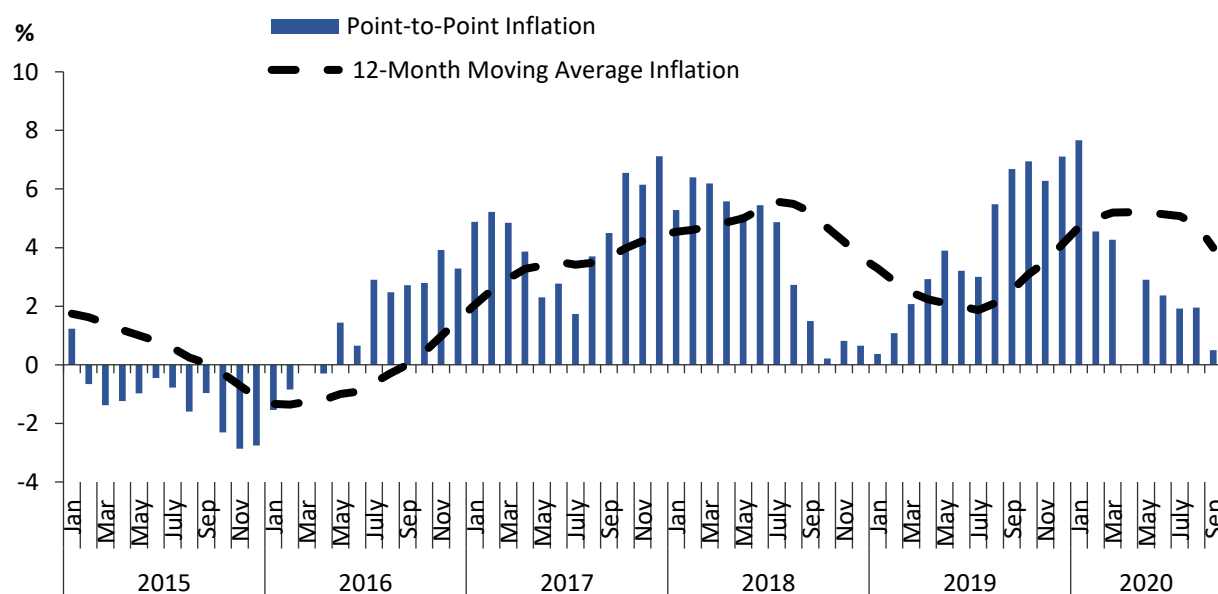
Non-Traded Activity

The non-traded sectors experienced moderate improvements relative to the second quarter's performance but the continued weak demand resulted in the overall fall-off in activity during the first nine months of 2020. For the July to September quarter, preliminary estimates suggest that the wholesale and retail sector made a partial recovery from the sharp decline one quarter earlier, as the reopening of more businesses and the resumption of schools helped to boost demand and slow the deterioration in activity. There was modest activity in the construction sector, but with the delay in some of the major investment projects, activity in the sector remained weak over the nine-month period.

Prices

Inflationary pressures have eased in recent months. Inflation as measured by the twelve-month moving average and on a point to point basis fell to 4.0 percent and 0.5 percent, respectively at the end of September 2020. This outturn is partially a reflection of low international oil prices on fuel and electricity costs, as well as declines in prices for imported goods including clothing and footwear.

Figure 5: Retail Prices



Sources: Barbados Statistical Service

Fiscal Operations

Government recorded a small fiscal deficit of \$22 million for the first half of FY2020/21. The primary surplus contracted to \$154 million compared to the \$418 million recorded the previous year. This outcome was well above the targeted performance of \$27 million under the EFF and was mainly due to the larger than forecast growth in corporate taxes which partly compensated for the decline in other taxes.

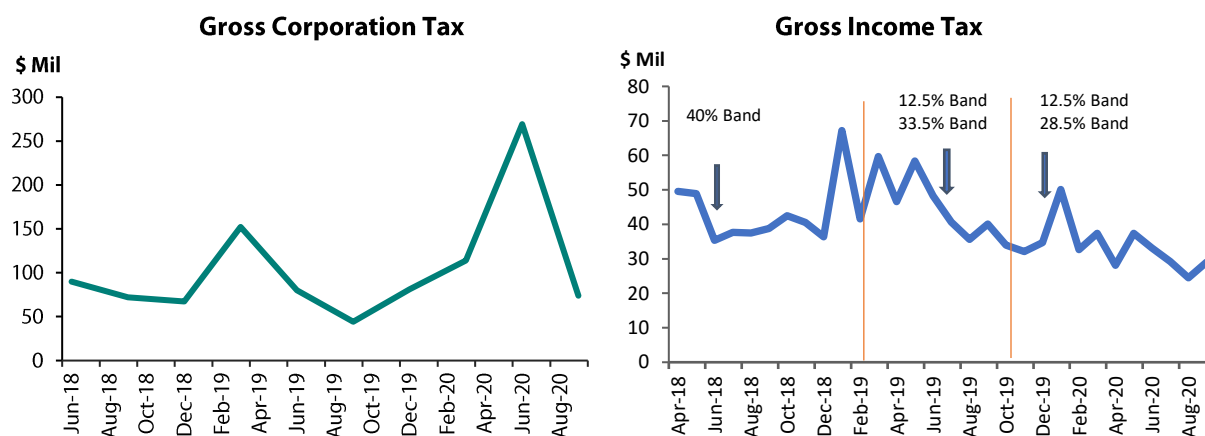
Revenue

Tax revenue for the first half of the fiscal year declined by \$170 million when compared to the same period in the previous year. Unlike the other major taxes which fell, corporate taxes rose by \$216 million during the review period. This reflects the combined impact of the higher tax rates on companies that derive their income solely from foreign exchange earning activities and from higher profitability in the past year. However, as anticipated at the time of the corporate tax reform when tax rates were harmonised, there were lower collections from other companies.

Weakened domestic demand, particularly during the lockdown period at the onset of the pandemic, impaired receipts from transaction-based taxes. VAT, excises and import duties combined for a decline of \$203 million or 1.7 percent of GDP, with VAT accounting for more than 70 percent of the fall. Given the gradual reopening of the economy in the second quarter, these receipts recovered slightly, but collections for both VAT and Excises remained below 2019/20's outturn. The fuel taxes and tourism-based taxes were also lower because of the reduced level of economic activity.

The PIT suffered the second largest fall of any tax category, down by \$110 million. Reduced employment income and the PIT reforms of July 2019 and January 2020 lowered PAYE receipts. In addition, the PIT was also impacted by the transfer of refunds for higher reverse tax credit payments and for outlays associated with the new compensatory income credit.

Figure 6: Gross Corporation Tax and Gross Monthly Income Tax



Sources: Ministry of Finance

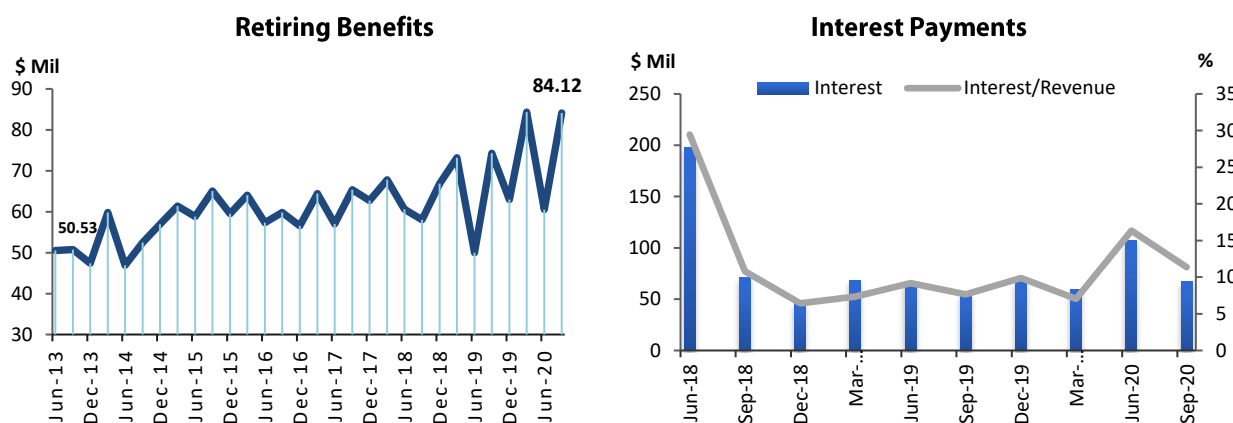
Property tax receipts also fell over the first half of the fiscal year. This decline was largely attributed to the late issuance of land tax bills and, more generally, the weak economic environment.

Non-tax revenue also declined. The foreign exchange fee, which accounted for more than half of non-tax revenue in 2019, contracted because of the reduced demand for foreign exchange during the six-month period.

Expenditure

Non-interest expense increased by \$62 million during the first half of the fiscal year. Capital expenditure accounted for \$41 million of the higher spending, primarily due to funds provided for the Water Supply Network Upgrade Project administered by the Barbados Water Authority, as well as the purchase of electric buses by the Transport Board. Retiring benefits rose, reflecting the growing trend in pension outlays as more persons in the public sector retire. In addition, COVID-related expenses contributed to the rise in expenditure as Government sought to mitigate the impact of the pandemic on individuals. Transfers to the welfare department were up and the Household Survival Programme benefitted from a \$6 million disbursement.

Figure 7: Retiring Benefits & interest Payments



Sources: Ministry of Finance

Grants to public institutions registered a modest decline as lower operational expenses for most of the entities that receive grants led to savings of \$11 million in that category. There was a modest increase in goods and services, but wages and salaries remained stable.

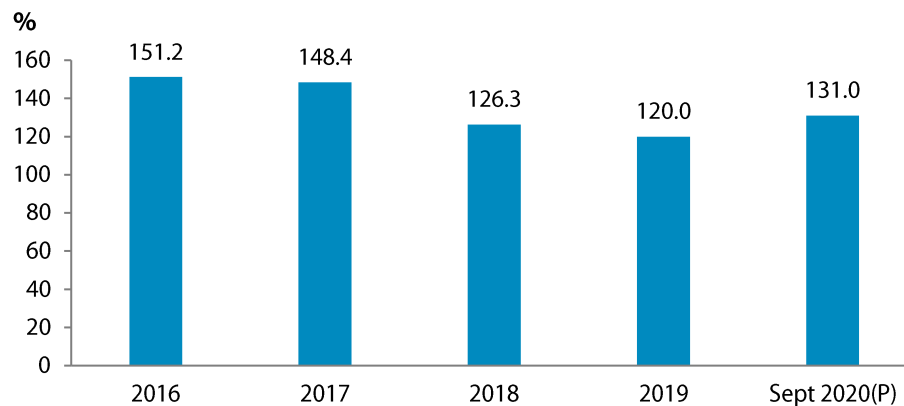
The resumption of external debt repayments increased interest expenses over the period. The impact of the lower revenue raised the ratio of the interest-revenue ratio for the six-month period to 14 percent compared to 8.4 percent in 2019.

Debt and Financing

Government relied primarily on foreign sources for its financing during the first half of FY 2020/21. Of the \$375 million received over the review period, 91 percent represented policy loans to supplement the revenue shortfalls induced by the COVID-19 pandemic, while the remainder was for project funds specifically earmarked for on-going capital works.

Public sector debt outstanding fell by 0.2 percent during the first nine months of the year as Government continued to reduce its other indebtedness, in line with the domestic and external debt restructurings. However, the debt-to-GDP ratio rose to 131 percent as at September 2020, due to the reduced economic output. The increased foreign borrowing raised its share of overall indebtedness to 36 percent from 30 percent at the end of 2019.

Figure 8: Debt to GDP



Sources: Ministry of Finance and Central Bank of Barbados

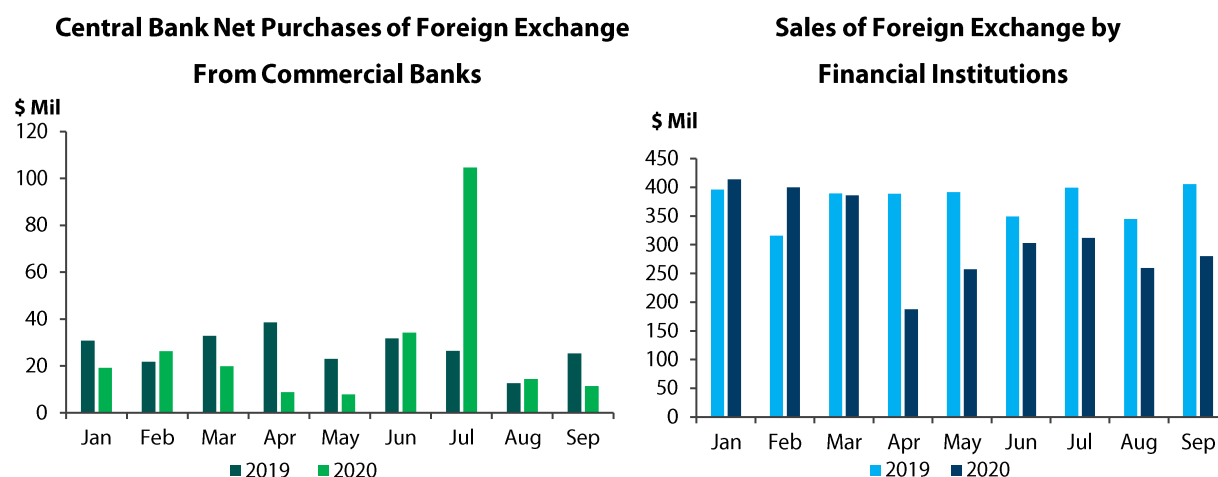
External Sector Developments

Gross international reserves remained strong during the quarter, reaching \$2,035 million at the end of September 2020. The growth of \$554 million for the nine months was driven by policy-related borrowings from the International Monetary Fund (IMF) and Inter-American Development Bank (IDB). These inflows were supported by purchases of foreign exchange from the banking system that more than offset the higher Government outflows needed to cover debt service and COVID related spending.

Earnings from tourism fell by more than half, and the current account deficit worsened during the first nine months of the year, relative to the same period of 2019. Commodity exports also weakened, but the surplus of foreign exchange sold to the Central Bank partly reflected the increase in corporation taxes paid in foreign currency, as well as other foreign exchange inflows that were sufficient to meet the reduced demand created by the economic downturn. Imports,

particularly for consumer goods and fuels, declined but there were higher imports of capital goods, partly for public utilities.

Figure 9: Purchases and Sales of Foreign Exchange

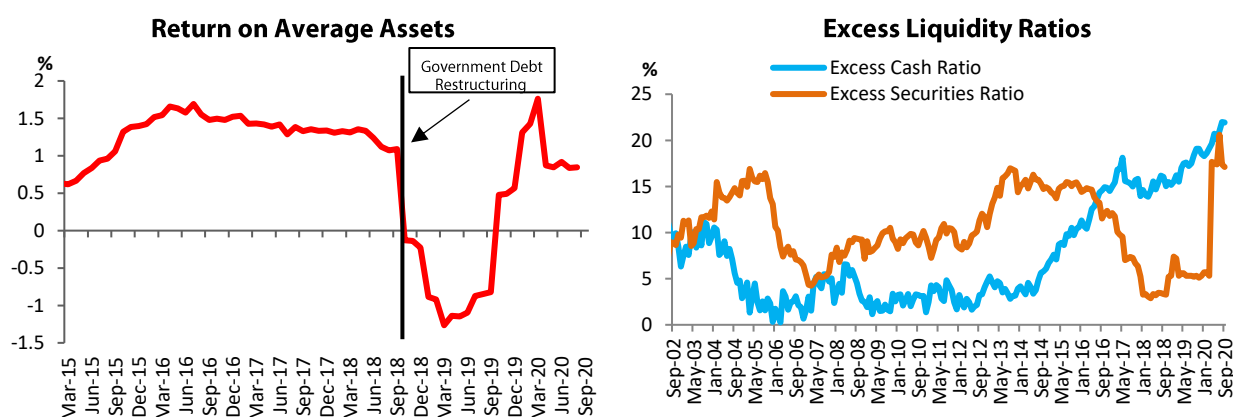


Source: Central Bank of Barbados

Financial Sector Developments

Conditions in the financial sector remained stable during the third quarter of 2020. Non-performing loans rose slightly and financial institutions increased their provisions against bad loans, in the wake of the weakening of economic activity and the demand for deferred payments on existing loans. Profitability slowed in the second and third quarters, but preliminary data on the banking system suggest that capital buffers remain well above the prudential standard of 8 percent. Additionally, liquidity in the banking sector continued to accumulate, resulting in an excess cash ratio of 21.9 percent at end September.

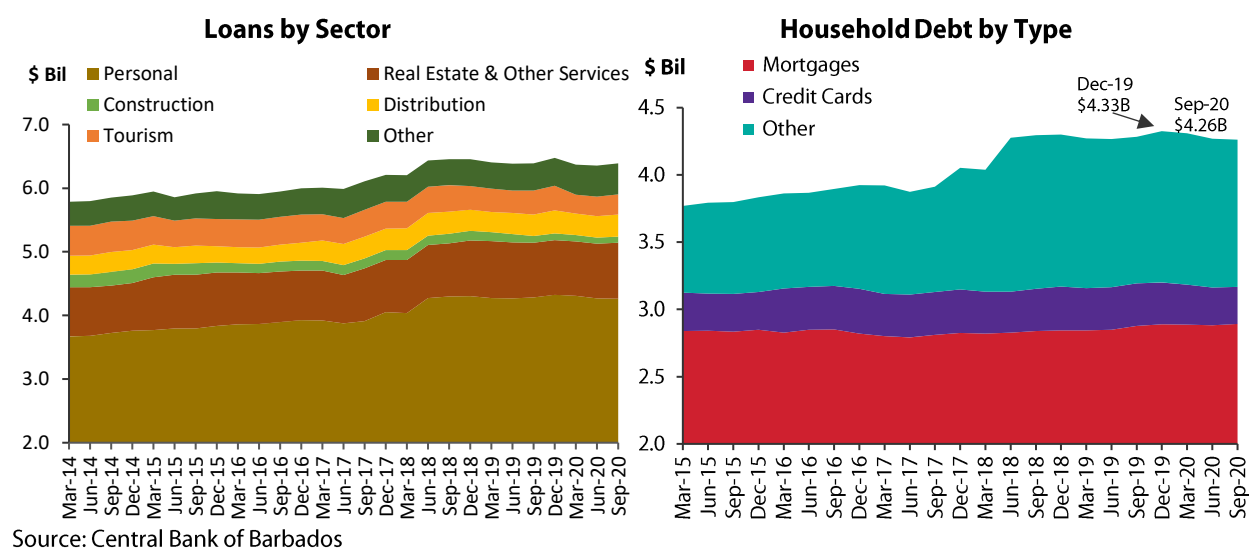
Figure 10: Banks' Profitability and Liquidity



Source: Central Bank of Barbados

Credit to the non-financial private sector by deposit-taking institutions¹ maintained its downward trajectory, falling by 1.1 percent. The contraction was concentrated in the banking sector, where new lending to utilities was offset by reductions in loans to the personal, tourism and distribution sectors. The reduced lending to tourism was influenced by the early repayment of a large loan during the first quarter. Almost half of the reduction in household debt was attributable to lower credit card indebtedness. New lending for the April to September period was lower than in 2019 but repayments also declined as banks offered deferred payment arrangements to customers in the face of the economic downturn. Loans subject to moratoria have begun to fall, particularly those accounts with values under \$100,000.

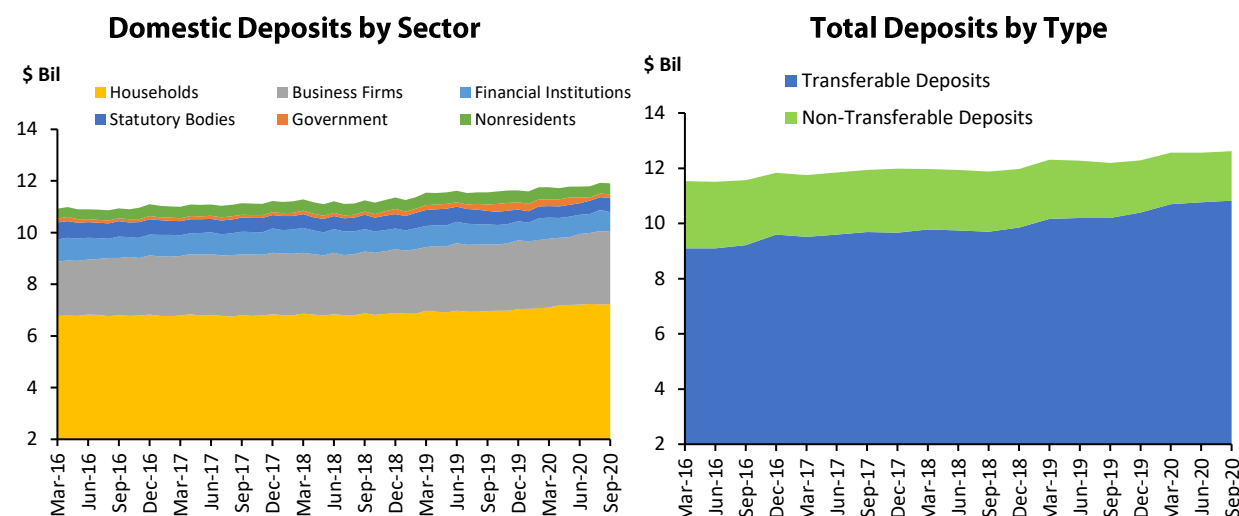
Figure 11: Credit to the Non-Financial Private Sector by Commercial Banks and the Finance & Trusts Companies



Domestic-currency deposits grew during the nine-month period, rising by 2.4 percent. The increase was partly reflected in higher deposit balances of individuals, as the on-going reduction in government's domestic indebtedness and the cash flow relief from deferred payments compensated for lost employment income. Deposits of the non-financial private sector companies, particularly the domestic real estate, renting and other business sector also rose during the period. Given the on-going low interest rate environment, term deposits at financial institutions continued to decline. Foreign-currency deposits also fell marginally as private sector firms continue to drawdown on foreign investment flows accumulated during the first quarter of 2020.

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

Figure 12: Total Deposits of the Financial Sector

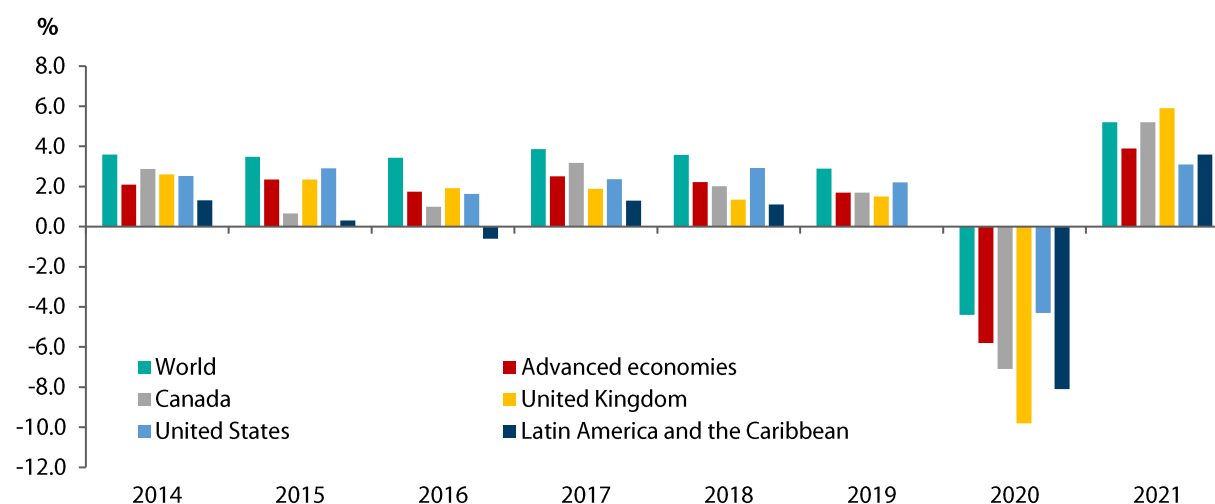


Source: Central Bank of Barbados

Outlook

In its most recent World Economic Outlook, the International Monetary Fund forecast a gradual recovery of the global economy. The decline in GDP growth for 2020 is now less pronounced than estimated in June and a partial recovery is anticipated in 2021. However, substantial downside risks remain and the impact of the health crisis on economies remains uneven. The prolonged nature of the pandemic and the absence of proven vaccines threaten the pace of recovery, particularly for Caribbean-type economies that are heavily reliant on the full-scale resumption of global travel.

Figure 13: Global Growth Forecast



Sources: International Monetary Fund, World Economic Outlook Database

The Bank anticipates that following the double-digit decline in economic growth in 2020, the Barbados economy will rebound gradually in 2021. However, the extent of the recovery will depend on several factors, including the effectiveness of policy measures in spurring a revival.

Barbados' tourism planners anticipate a pick-up in airlift in the current quarter and a return to near normalcy in 2021. By November, most hotels and restaurants expect to reopen to accommodate an upturn in arrivals but the recovery of cruise tourism is likely to be further delayed as scheduled calls continue to be postponed. However, the persistence of COVID-19 infections in our main source markets and the uncertainty associated with travel protocols are likely to prevent a full return to 2019 levels by 2021. This could constrain the recovery of tourism earnings and dampen the recovery of the ancillary sectors that support the industry.

These economic conditions have created a challenging economic policy environment. The Bank has eased monetary and prudential policies to safeguard financial stability. Government has initiated several programmes to temper the adverse impact of the decline in economic activity and to minimise sustained job losses. In this regard, the Welcome Stamp programme that encourages non-nationals to work remotely from Barbados for up to a year is an encouraging development which, as the on-island presence of Ross University students and faculty has demonstrated, has the potential to stimulate activity and partly offset the impact of the overall reduction in the number of tourists.

The Barbados Employment and Sustainable Transformation (BEST) plan, the \$40 million twelve-month COVID Relief Programme and Government's planned acceleration of its capital works programme are other initiatives intended to boost employment and incomes while providing temporary support for the balance sheet and cash flows of businesses.

As crucial as Government's role is in stabilising this difficult situation, quickening the pace of the recovery also requires innovation and dynamism from the private sector. Implementation of large private sector investments can serve to accelerate growth and create jobs, regenerate confidence so badly damaged by the crisis and enhance the island's competitive position.

Financial institutions provided initial cash flow relief to enable borrowers to adapt to the sudden loss of income. Given the length of the economic contraction and the loss of jobs, financial institutions need to continue working with their clients to determine those cases in which extensions of moratoria or selective debt restructurings are now appropriate to manage

potential risks of default. Borrowers are encouraged to engage their financial institutions early in search of sustainable solutions as it is important that our firms and households emerge from this shock with adequate financial buffers.

Access to new credit will be vital for firms to enable them to contribute to economic revival by repositioning themselves to compete in the post-COVID environment. Firms will need to enhance the efficiency of their operations and, in some cases diversify their product range or the mode of delivery of goods and services. We must stimulate growth by enhancing our global competitiveness through continuous improvements in business facilitation, training, leveraging of technology and by increasing our productivity.

The recovery faces other challenges. The recent blacklisting of Barbados is untimely and undeserved and early removal from the list is urgently needed. Oil price increases have been restrained but, the more rapid the global economic turnaround, the faster the potential for a recovery in oil prices, with implications for domestic inflation and the international reserves. The sustained focus on alternative energy is therefore needed.

Figure 14: West Texas Intermediate (WTI) Short-term Energy Outlook for Crude Oil Prices

\$USD per barrel



Sources: U.S. Energy Information Administration, Short-Term Energy Outlook, October 2020

The fiscal cost of the pandemic has been severe and Government has relaxed its fiscal and debt targets in FY 2020/21. We have to continue to adapt the programme to ensure that it remains appropriate to the economic conditions. Funding from multilateral organisations remains necessary to compensate for the lost revenue. These resources may raise public sector

indebtedness in the short term, but Government's commitment to fiscal and debt sustainability means a reversion to larger primary surpluses will be needed as economic conditions settle.

This pandemic is testing our resilience as individuals and as a nation. Its effects underscore the message that we have preached for decades that small island developing states are vulnerable to economic shocks, whether economic, climatic or now pandemic. Our well-being cannot be measured by per capita income alone and we have to continue to lobby the international community to rethink how it treats with small states. None of us can predict how long the pandemic will last, but working collaboratively we will manage the uncertainty created by the pandemic so that we can emerge from this crisis with households and businesses intact.

Table 1 – Economic Indicators

	2015	2016	2017	2018	2019 ^(e)	Sept 2017	Sept 2018	Sept 2019	Sept 2020
Nominal GDP (\$ Million) ¹	9,430.0	9,660.0	9,956.3	10,173.4	10,399.9	7,479.0	7,504.1	7,730.7	6,683.5
Real Growth (%)	2.4	2.6	0.6	(0.4)	(0.1)	1.0	0.3	(0.6)	(16.3)
Inflation (%) ²	(1.1)	1.5	4.5	3.7	4.1	2.9	4.7	2.5	4.0
Avg. Unemployment (%) ³	11.3	9.7	10.0	10.1	10.1	10.2	9.2	10.8	n.a
Gross International Reserves (\$ Million)	878.0	639.8	411.3	999.6	1,481.0	516.1	525.6	1,226.9	2,034.8
Gross International Reserves Cover, Weeks	11.2	8.2	5.3	12.8	18.6	6.6	6.7	15.7	28.1
BoP Current Account (% of GDP)	(6.1)	(4.3)	(3.8)	(4.0)	(2.5)	(3.1)	(3.1)	(0.7)	(5.1)
Total Imports of Goods (% of GDP)	32.6	31.9	30.5	29.5	29.5	29.1	28.9	27.7	31.6
Travel Credits (% of GDP)	20.1	21.5	21.7	22.4	24.9	21.7	22.4	24.7	14.2
Financial Account (\$ Millions)	442.3	84.2	86.4	887.6	792.7	129.6	287.1	357.8	812.2
Gross Public Sector Debt ⁴ (% of GDP)	144.2	151.2	148.4	126.3	120.0	148.2	156.5	122.3	131.0
External Debt Service to Curr. Acct. Cred.	9.5	8.0	8.3	4.9	3.6	8.7	6.9	3.3	6.0
Treasury-Bill Rate	1.8	3.1	3.2	0.5	0.5	3.1	3.1	0.5	0.5
Implicit Deposit Rate	0.9	0.3	0.1	0.1	0.1	0.2	0.1	0.1	0.1
Implicit Loan Rate	6.7	6.5	6.5	6.4	6.2	6.4	6.4	6.5	5.9
Excess Cash Ratio	11.1	15.7	14.2	16.1	18.5	16.0	15.4	17.8	21.9
Private Sector Credit Growth (%) ⁵	1.6	1.5	3.2	0.4	0.9	2.4	0.4	(0.4)	(1.1)
Private Sector Credit (% of GDP) ⁵	82.5	81.7	81.9	80.4	79.4	81.2	80.4	78.4	85.8
Domestic Currency Deposits (% of GDP) ⁵	113.8	114.9	112.7	111.7	111.8	111.9	110.6	111.2	125.1
Fiscal Year	2015/16	2016/17	2017/18	2018/19	2019/20	Apr-Sep2017	Apr-Sep2018	Apr-Sep2019	Apr-Sep2020
Fiscal Balance (% of GDP)	(9.0)	(5.3)	(4.6)	(0.3)	3.7	(2.8)	0.2	2.8	(0.2)
Primary Balance (% of GDP)	(2.0)	2.2	3.2	3.5	6.1	1.0	2.8	4.0	1.7
Interest (% of GDP)	7.0	7.5	7.8	3.8	2.4	3.8	2.6	1.2	2.0
Fiscal Current Account (% of GDP)	(6.6)	(3.0)	(2.8)	1.6	5.5	(2.0)	0.5	3.2	0.6
Revenue (% of GDP)	25.7	27.8	28.8	29.3	28.7	12.8	13.1	14.0	14.1
Expenditure (% of GDP)	34.7	33.1	33.4	29.6	25.0	15.7	12.9	11.1	14.3
<i>Non-interest Expenditure (% of GDP)</i>	27.7	25.6	25.7	25.9	22.6	11.9	10.2	10.0	12.3
<i>Capital Expenditure (% of GDP)</i>	2.5	2.3	1.7	1.9	1.8	0.8	0.3	0.4	0.9
Gov't Interest Payments (% of Revenue)	27.4	26.9	26.9	12.9	8.4	29.5	20.2	8.4	14.0

^(p) - Provisional

^(e) - Estimate

¹ - Central Bank of Barbados and Barbados Statistical Service

² - Twelve-Month Moving Average

³ - Four Quarter Moving Average

⁴ - Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt

⁵ - Based on consolidated data for deposit-taking institutions (Commercial Banks, Finance & Trust Companies and Credit Unions)

n.a. - Not Available

Source: Barbados Statistical Service and Central Bank of Barbados

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

	2015	2016	2017	2018	2019	Sep 2017	Sep 2018	Sep 2019 ^(p)	Sep 2020 ^(e)
Tradeables	1,746.3	1,850.9	1,913.2	1,986.9	1,999.1	1,405.8	1,481.8	1,478.0	776.6
Tourism	1,144.8	1,256.7	1,314.9	1,370.4	1,416.1	964.8	1,022.4	1,046.8	354.7
Agriculture	110.2	109.0	105.5	121.1	113.8	77.2	92.0	83.0	85.5
Sugar	4.7	3.4	5.4	6.0	4.0	5.4	6.0	4.0	4.2
Non-Sugar Agriculture	105.4	105.7	100.1	115.1	109.8	71.8	86.0	79.0	81.3
Manufacturing	491.3	485.2	492.8	495.4	469.2	363.9	367.4	348.2	336.4
of which:									
<i>Rum & Other Beverages</i>	95.4	94.2	95.7	96.2	91.1	70.6	71.3	67.6	65.3
<i>Food</i>	124.9	123.3	125.3	125.9	119.3	92.5	93.4	88.5	85.5
<i>Furniture</i>	13.5	13.4	13.6	13.6	12.9	10.0	10.1	9.6	9.3
<i>Chemicals</i>	29.6	29.2	29.7	29.8	28.2	21.9	22.1	21.0	20.2
<i>Electronics</i>	37.2	36.7	37.3	37.5	35.5	27.5	27.8	26.3	25.4
<i>Other Manufacturing</i>	143.5	141.7	143.9	144.7	137.0	106.3	107.3	101.7	98.2
Non-tradeables	6,100.1	6,201.2	6,190.2	6,083.7	6,063.0	4,603.4	4,544.4	4,514.9	4,236.7
Mining & Quarrying	37.4	32.4	40.7	41.7	41.6	27.9	31.1	30.9	29.5
Electricity, Gas & Water	217.4	219.0	214.8	214.1	211.8	161.6	160.4	157.5	150.6
Construction	495.7	482.8	492.9	461.6	445.2	374.7	346.4	331.0	323.1
Wholesale & Retail	793.8	785.9	756.9	728.2	728.6	552.6	536.1	534.3	470.2
Transport, etc	972.6	1,065.3	1,045.6	1,018.0	1,023.6	769.2	756.5	758.6	706.2
Finance and Other Services	2,718.5	2,761.1	2,783.6	2,778.3	2,778.6	2,075.9	2,094.7	2,086.8	1,941.6
Government	864.7	854.7	855.6	841.8	833.6	641.6	619.3	615.7	615.5
Total	7,846.3	8,052.1	8,103.4	8,070.6	8,062.1	6,009.2	6,026.2	5,992.9	5,013.3
Nominal GDP	9,430.0	9,660.0	9,956.3	10,173.4	10,399.9	7,479.0	7,504.1	7,730.7	6,683.5
Real Growth Rates	2.4	2.6	0.6	(0.4)	(0.1)	1.0	0.3	(0.6)	(16.3)
Tradeables	6.5	6.0	3.4	3.9	0.6	5.1	5.4	(0.3)	(47.5)
Non-tradeables	1.3	1.7	(0.2)	(1.7)	(0.3)	(0.2)	(1.3)	(0.6)	(6.2)

^(p) – Provisional

^(e) – Estimate

¹ – BSS' 2010 Base Year Series

Source: Central Bank of Barbados and Barbados Statistical Service

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

	2015	2016	2017	2018 ^(p)	2019 ^(e)	Sept 2017	Sept 2018	Sept 2019 ^(p)	Sept 2020 ^(e)
Current Account	(578.4)	(414.8)	(380.6)	(403.0)	(256.3)	(228.2)	(230.2)	(52.1)	(342.0)
Inflows	4,599.1	4,795.5	4,832.0	4,905.2	5,197.2	3,629.5	3,673.1	3,959.9	2,863.0
Travel	1,894.9	2,079.1	2,161.4	2,280.9	2,537.3	1,626.2	1,679.9	1,911.5	948.0
Other Services	412.2	418.4	429.9	444.7	458.5	338.3	349.4	360.1	315.7
Domestic Exports	486.3	504.6	509.7	510.2	507.4	372.6	384.9	381.9	340.9
Rum	76.3	77.6	83.9	79.8	76.8	63.9	62.5	60.7	59.4
Food	65.1	62.7	64.6	65.3	66.4	46.1	47.3	48.5	46.5
Sugar	7.2	7.1	13.5	0.4	0.6	4.8	0.3	0.4	0.8
Chemicals	73.9	72.2	72.5	80.3	77.8	49.6	56.4	59.0	62.9
Printed Paper Labels	22.0	23.1	22.7	26.6	15.3	17.5	20.9	15.3	18.0
Construction Materials	42.1	45.3	42.1	51.7	59.1	30.4	37.5	46.3	28.9
Other	199.7	216.6	210.3	206.1	211.4	160.3	160.0	151.8	124.4
Re-exported Goods	479.5	529.1	461.1	385.7	380.8	323.9	280.0	305.0	202.1
Net Export of Goods under Merchenting	633.9	632.2	635.4	633.8	637.6	476.6	475.4	478.2	453.2
Income	512.0	515.4	529.8	543.0	565.4	405.0	415.1	432.4	276.6
Transfers	180.3	116.7	104.7	107.0	110.1	87.0	88.4	90.7	326.4
Outflows	5,177.5	5,210.3	5,212.6	5,308.2	5,453.5	3,857.6	3,903.3	4,011.9	3,205.0
Total Imports of Goods	3,074.4	3,080.9	3,040.3	2,997.7	3,003.7	2,174.8	2,170.7	2,140.9	2,111.2
Fuel Imports	603.6	502.9	626.2	712.2	728.0	445.7	516.7	534.5	395.7
Other Merchandise Imports	2,470.8	2,578.0	2,414.1	2,285.5	2,275.7	1,729.1	1,654.0	1,606.4	1,715.5
Services	988.8	989.3	1,014.0	1,073.9	1,148.9	795.7	819.5	857.7	503.9
Income	937.9	958.3	977.6	1,042.6	1,099.2	739.3	759.3	853.4	423.6
General Government	164.8	166.8	167.4	183.2	150.0	118.2	117.0	130.5	86.9
Other Sectors	773.1	791.4	810.2	859.5	949.1	621.1	642.3	722.9	336.7
Transfers	176.4	181.8	180.6	194.0	201.7	147.8	153.7	159.9	166.3
Capital Account	(16.4)	(5.7)	(2.4)	50.9	(5.3)	(2.1)	52.4	(4.5)	(3.7)
Financial Account	442.3	84.2	86.4	887.6	792.7	129.6	287.1	357.8	812.2
Net Foreign Direct Investment	160.1	376.7	468.2	464.8	375.3	351.2	315.2	301.5	276.8
All Other Investment Flows	282.2	(292.5)	(381.8)	422.8	417.3	(221.6)	(28.1)	56.3	535.5
Net Long-term Public	(71.1)	(171.1)	(134.9)	451.0	387.8	(79.5)	(51.9)	132.1	397.2
Net Long-term Private	361.9	(44.6)	(156.8)	(3.8)	113.0	(71.4)	32.1	(23.4)	172.7
Net Short-term	(8.6)	(76.8)	(90.1)	(24.4)	(83.5)	(70.7)	(8.4)	(52.3)	(34.5)
Net Errors & Omissions	88.0	97.9	68.0	52.7	(49.8)	(23.1)	5.0	(73.9)	87.3
Overall Balance	(64.5)	(238.2)	(228.5)	588.3	481.4	(123.8)	114.3	227.3	553.9
Change in GIR: - increase/+ decrease	64.5	238.2	228.5	(588.3)	(481.4)	123.8	(114.3)	(227.3)	(553.9)

^(p) - Provisional

^(e) - Estimate

Source: Central Bank of Barbados

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

	2015/16	2016/17	2017/18	2018/19	2019/20 ^(p)	Apr-Sep 2017	Apr-Sep 2018	Apr-Sep 2019	Apr-Sep 2020 ^(p)
Total Revenue	2,458.4	2,754.0	2,845.4	2,993.6	2,984.2	1,267.0	1,333.4	1,454.4	1,252.0
Tax Revenue	2,266.3	2,494.5	2,656.3	2,812.4	2,771.2	1,211.4	1,247.4	1,370.4	1,200.5
i) Direct Taxes	875.6	970.5	968.9	1,126.9	1,084.7	405.4	472.6	583.0	643.8
Personal	396.8	488.3	462.6	482.1	454.7	236.9	227.7	241.7	130.9
Corporate	215.2	248.2	275.1	355.5	309.0	110.7	161.7	124.1	340.2
Property	132.8	135.4	137.6	161.3	214.7	13.1	28.4	171.5	132.9
Financial Institutions Asset Tax	29.0	32.6	48.7	44.6	47.4	22.4	26.6	17.2	22.1
Other	65.5	62.7	44.9	83.4	58.9	22.3	28.3	28.4	17.7
ii) Indirect Taxes	1,390.7	1,524.0	1,687.4	1,685.6	1,686.5	806.0	774.7	787.4	556.8
Stamp	10.1	9.4	10.5	10.9	11.4	4.6	5.0	6.3	3.3
VAT	861.4	890.3	887.3	940.9	966.9	451.1	442.9	471.3	324.0
Excises	169.0	225.6	303.1	271.2	250.9	125.0	114.5	114.8	68.5
Import Duties	231.6	245.2	218.6	213.8	231.6	106.8	99.1	102.8	93.4
Social Responsibility Levy	0.0	29.3	152.0	49.4	0.1	55.7	49.3	0.1	0.0
Other of which:	118.6	124.3	115.9	199.4	225.6	62.8	64.0	92.2	67.6
Fuel Tax				68.6	82.1	0.0	4.5	38.4	31.9
Room Rate/Shared Accommodation				10.1	28.1	0.0	1.5	11.3	3.4
Non Tax Revenue & Grants	192.1	259.5	189.1	181.2	213.0	55.6	86.0	83.9	51.4
Non Tax Revenue	147.5	228.4	149.0	161.5	201.3	48.9	80.1	73.9	47.4
Grants	18.1	9.8	22.0	0.1	11.8	0.0	0.0	10.0	0.0
Post Office - Revenue	26.4	21.3	18.1	19.6	0.0	6.7	5.9	0.0	4.0
Current Expenditure	3,085.5	3,053.0	3,123.8	2,826.4	2,407.9	1,461.5	1,280.0	1,119.1	1,196.3
Wages & Salaries	787.2	784.4	782.3	811.9	807.4	386.4	382.3	399.0	399.3
Goods & Services	441.3	385.4	364.3	356.3	375.5	159.0	140.1	145.0	153.0
Interest	672.5	741.7	764.7	384.9	249.7	373.5	269.5	122.6	175.1
External	163.7	168.0	168.0	48.0	62.7	73.7	19.6	31.9	73.5
Domestic	508.8	573.7	596.7	336.9	187.0	299.8	249.9	90.7	101.5
Transfers & Subsidies	1,184.5	1,141.5	1,212.5	1,273.3	975.3	542.6	488.1	452.5	468.9
Grants to Individuals	342.1	327.3	358.3	362.8	389.2	156.6	142.3	180.8	210.2
Grants to Public Institutions	729.6	714.4	761.2	814.8	517.6	350.2	314.3	235.5	224.9
Subsidies	60.5	47.8	51.9	51.8	31.8	17.6	17.1	18.6	16.8
Subscriptions & Contributions	19.9	19.4	22.1	25.7	20.3	9.5	7.2	10.1	9.8
Non-Profit Agencies	32.3	32.7	19.0	18.3	16.4	8.7	7.3	7.5	7.2
Capital Expenditure & Net Lending	236.3	225.1	171.8	197.8	191.8	83.7	34.2	39.5	77.2
Capital Expenditure	216.6	205.4	149.1	184.9	185.1	76.2	25.8	36.5	77.5
Net Lending	19.7	19.7	22.7	12.9	6.7	7.5	8.4	3.0	(0.3)
Fiscal Balance	(863.4)	(524.1)	(450.2)	(30.5)	384.5	(278.2)	19.2	295.7	(21.5)
Primary Balance	(190.8)	217.6	314.5	354.3	634.2	95.3	288.7	418.3	153.6

^(p) – Provisional

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

Table 5 – Government Financing
(BDS \$Millions)

	2015/16	2016/17	2017/18 ^(p)	2018/19 ^(e)	2019/20 ^(e)	Apr-Sept 2017	Apr-Sept 2018	Apr-Sept 2019	Apr-Sept 2020
Total Financing	863.4	524.1	450.2	30.6	(384.5)	278.2	(19.2)	(295.7)	21.5
Domestic Financing	837.7	685.7	629.3	(315.5)	(491.1)	337.5	(23.0)	(263.1)	(296.0)
Central Bank	426.2	783.2	92.8	(166.4)	164.7	46.1	101.8	175.6	(43.0)
Commercial Banks	182.4	(433.5)	257.9	82.8	(86.3)	210.7	58.4	(62.2)	115.0
National Insurance Board	71.2	180.2	3.1	8.9	(85.2)	(3.4)	8.9	(42.6)	(41.1)
Private Non-Bank	108.5	94.6	(57.2)	(119.6)	(217.7)	(24.5)	(28.7)	(104.8)	(54.5)
Other	49.4	61.3	332.8	(111.2)	(58.3)	108.6	(163.4)	(95.8)	(210.5)
Arrears Payments	n.a	n.a	n.a	(10.0)	(208.3)	0.0	0.0	(133.3)	(61.9)
Foreign Financing (Net)	25.7	(161.7)	(179.1)	346.2	106.6	(59.3)	3.8	(32.6)	317.5
Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Funds	204.1	57.2	113.8	87.9	72.0	56.2	46.5	17.1	34.2
Policy Loans	99.3	0.0	0.0	350.0	150.0	0.0	0.0	0.0	341.3
Amortisation	(277.8)	(218.8)	(292.8)	(91.7)	(115.4)	(115.4)	(42.7)	(49.7)	(58.0)

^(p) - Provisional

^(e) - Estimate

n.a. - Not Available

Source: Central Bank of Barbados

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

	2015	2016	2017	2018	2019	Sep-17	Sep-18	Sep-19	Sep-20
Gross Central Government Debt¹	12,243.0	13,397.3	13,665.9	12,755.8	12,426.6	13,616.2	14,899.7	12,550.8	12,426.3
Domestic Debt	9,319.8	10,511.2	10,840.1	9,247.4	9,169.6	10,761.4	12,101.3	9,275.3	9,024.8
Central Bank ²	1,303.6	2,012.4	2,227.7	703.8	814.1	2,174.7	2,007.6	740.9	806.8
Commercial Banks	2,070.0	2,030.9	2,144.9	2,340.2	2,355.2	2,060.8	2,099.6	2,359.4	2,345.4
National Insurance	3,152.7	3,481.0	3,518.9	2,938.4	2,880.0	3,510.7	3,533.7	2,901.3	2,817.6
Insurance Companies	514.6	522.3	527.2	1,114.6	807.5	564.6	824.3	1,118.4	820.5
PPP	272.9	256.8	241.8	-	-	247.0	236.9	-	-
Other	2,006.1	2,207.8	2,179.7	2,150.3	2,312.9	2,203.6	2,212.2	1,989.9	2,154.1
Arrears	n.a	n.a	n.a	309.5	167.0	-	1,186.9	165.5	80.5
External Debt	2,923.2	2,886.2	2,825.8	2,970.8	3,023.1	2,854.8	2,798.4	3,275.6	3,401.5
International Financial Institutions	1,012.4	1,062.5	1,043.7	1,379.5	1,445.5	1,012.1	1,092.5	1,302.8	1,776.2
Bonds	1,619.3	1,548.3	1,452.8	1,142.8	1,126.2	1,509.8	1,138.7	1,130.0	1,127.3
PPP	256.0	249.9	243.1	237.0	228.8	243.1	237.0	228.8	262.3
Bilateral	35.5	25.5	86.1	211.5	222.6	89.8	211.5	197.3	235.8
Arrears ³	-	-	-	228.1	67.0	-	118.8	416.6	-
Other Public Sector Debt	1,385.8	1,238.2	1,144.0	94.3	66.4	1,061.6	940.9	97.9	54.9
Domestic Debt	1,116.9	965.8	884.6	-	-	837.9	833.2	-	-
Foreign Debt	268.9	272.4	259.4	94.3	66.4	223.7	107.8	89.8	54.9
Arrears	-	-	-	-	6.0	-	-	8.1	-
Gross Public Sector Debt⁴	13,628.8	14,635.5	14,809.9	12,850.1	12,499.0	14,677.8	15,840.6	12,648.7	12,481.2
Central Government Financial Assets	744.8	752.0	715.2	795.0	739.6	739.1	701.7	588.0	498.0
Central Bank	16.7	20.1	20.3	389.4	311.4	24.4	21.9	184.7	404.5
Commercial Banks	95.1	99.4	96.0	174.6	248.4	95.8	95.6	214.4	93.5
Sinking Funds	633.0	632.6	598.8	231.0	179.7	618.9	584.2	188.9	-
Other Public Sector Financial Assets	207.9	239.8	189.0	465.8	374.3	203.3	237.3	339.7	498.1
Public Corporations ¹ Deposits	207.9	239.8	189.0	465.8	374.3	203.3	237.3	339.7	498.1
Gross Public Sector Debt/GDP (%)	144.2	151.2	148.4	126.3	120.0	148.2	156.5	122.3	131.0
Gross Central Government Debt/GDP (%)	129.5	138.4	136.9	125.4	119.3	137.5	147.2	121.3	130.5
External Debt/GDP (%)	30.9	29.8	28.3	31.4	29.7	28.8	27.6	31.7	35.7
Net Central Government ⁵ /GDP (%)	121.7	130.6	129.8	117.6	112.2	130.0	140.2	115.7	125.2

(p) - Provisional

(e) - Estimate

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

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

³ Arrears = Principal, Interest and Penalties on External Debt

⁴ Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt +Arrears

⁵ 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)**

	2014	2015	2016	2017	2018	2019	Sept 2017	Sept 2018	Sept 2019	Sept 2020 ^(p)
Monetary Authorities										
Net International Reserves	861.7	821.4	574.9	334.7	832.5	1,130.8	448.1	453.3	970.6	1,567.2
Monetary Base	1,585.0	1,989.8	2,481.5	2,375.9	2,659.0	2,938.8	2,434.1	2,598.1	2,896.0	3,444.0
Net Domestic Assets	669.2	1,137.6	1,869.3	1,996.9	1,788.8	1,761.6	1,948.0	2,105.2	1,880.0	1,815.1
Deposit-taking Institutions¹										
Credit to Public Sector ²										
Central Government (net)	3,847.1	2,186.7	2,063.6	2,164.5	1,896.4	1,886.7	2,089.3	2,166.0	1,887.9	2,047.6
Rest of the Public Sector	641.3	422.6	368.2	344.8	107.9	65.0	348.7	300.7	58.5	60.5
Credit to Rest of Financial System	415.5	293.3	276.7	248.7	274.5	255.7	240.9	269.4	279.0	259.4
Credit to the Non-Financial Private Sector ³	7,658.1	7,781.1	7,895.2	8,151.3	8,179.1	8,254.4	8,086.1	8,181.1	8,150.3	8,166.6
Total Deposits	10,816.1	11,372.5	11,837.7	11,978.7	11,967.1	12,284.6	11,936.1	11,881.2	12,186.8	12,560.1
Transferable Deposits ⁴	8,349.4	8,946.4	9,589.1	9,667.6	9,844.5	10,394.3	9,682.3	9,704.1	10,193.2	10,775.6
Non-Transferable Deposits	2,466.7	2,426.0	2,248.5	2,311.1	2,122.6	1,890.3	2,253.7	2,177.1	1,993.6	1,784.5
Memo Items										
Domestic Currency Deposits	10,354.1	10,727.3	11,097.5	11,223.9	11,365.1	11,631.0	11,140.3	11,250.9	11,559.8	11,910.8
Foreign Currency Deposits	462.0	645.1	740.2	754.8	602.0	653.6	795.8	630.3	627.0	649.4
Banking System Financial Stability Indicators⁵										
Capital Adequacy Ratio (CAR)	16.4	15.8	17.0	17.0	13.8	13.5	17.0	15.8	13.1	15.8
Loan to Deposit Ratio	72.2	66.7	63.7	64.4	63.0	61.7	64.0	66.7	61.3	58.7
Liquid Assets to Total Assets	22.5	28.2	31.5	29.7	21.8	23.6	29.6	33.4	23.2	23.9
Non-Performing Loans Ratio	11.1	10.2	8.6	7.7	7.4	6.6	6.8	11.2	7.1	7.2
Provisions to Non-Performing Loans	47.7	55.5	62.7	80.4	67.3	59.4	68.5	51.5	56.0	66.0
Return on Average Assets (12-month)	0.6	1.4	1.5	1.3	(0.2)	0.6	1.3	1.1	(0.8)	0.8

^(p) – Provisional

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

² Reflects both security 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