



Press Release

Review of Barbados' Economic Performance

January to June 2020

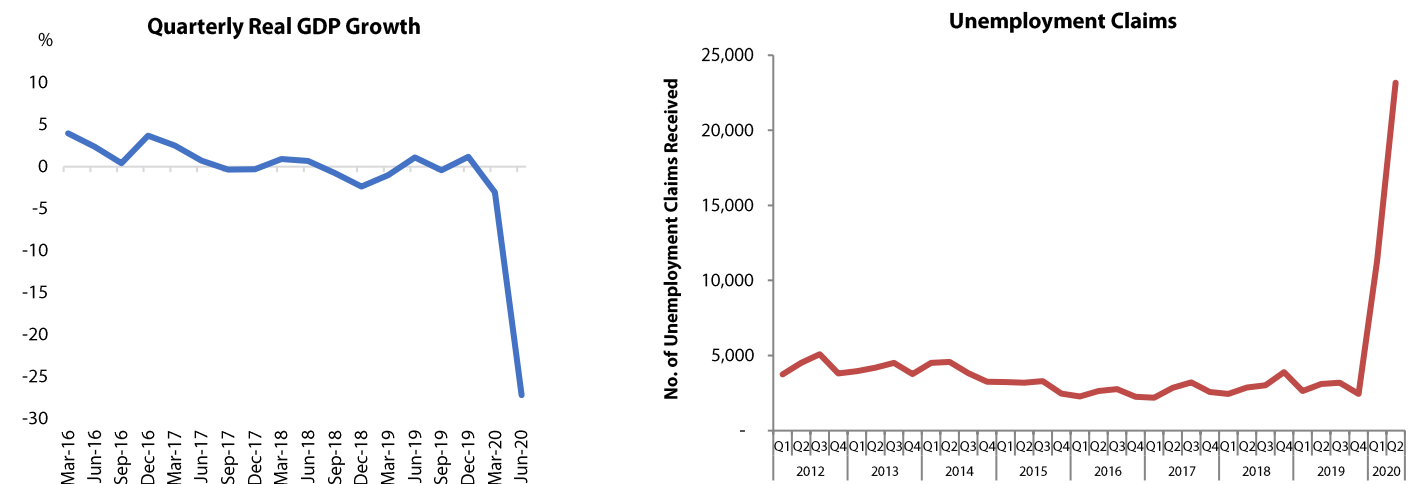


Overview

In my economic briefing for the first quarter of the year, I cautioned that the COVID-19 pandemic had so altered the global economic outlook that the Barbados economy faced the prospect of a double-digit decline in economic activity in 2020. During the April to June quarter, the impact of COVID-19 spread across the Barbadian economic landscape. The virtual cessation of activity in the tourism sector, combined with curfews and temporary business closures, deepened the initial contraction that was realised during the first three months of the year. Preliminary data now suggests that economic output fell by 27 percent in the second quarter, resulting in an overall decline of almost 15 percent over the first six months of 2020.

As tourism arrivals plummeted, the depth of the recessionary conditions underscored the importance of the tourism sector, highlighting its linkages to other sectors such as agriculture, distribution and transportation. Layoffs in the tourism and restaurant industries were therefore accompanied by additional job losses in other sectors which experienced diminished cashflows. As a result, unemployment insurance claims between late March and end-June surged to in excess of over 33,000. Some private sector firms also temporarily reduced wage rates and hours worked, in an effort to cut operating costs and contain the overall impact on employment levels. During the month of July, new claims slowed as businesses started to re-open.

Figure 1: Real GDP Growth and Unemployment Claims



Source: Barbados Statistical Service and Central Bank of Barbados

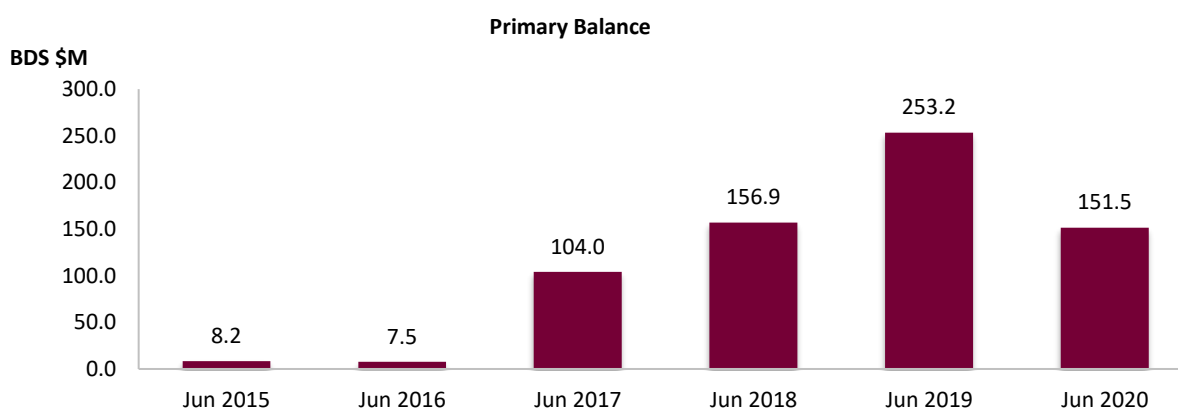
Source: National Insurance Scheme

To minimise the impact of the crisis on businesses and individuals, Government increased health care spending, accelerated payment of unemployment insurance claims, increased welfare outlays for households ineligible for unemployment benefits and extended grants to small businesses that maintained all or most of their workers. Unemployment insurance payments have exceeded \$70 million so far and further expenditure is anticipated in light of the expected protracted nature of job losses this year.

Lending institutions offered moratoria on existing loans to their clients to cushion the effects of rising unemployment and lower incomes on economic activity. Technology also kept segments of the economy functioning by facilitating remote work in the public and private sectors. Despite these initiatives, domestic consumption weakened and was accompanied by falling commodity exports. Several investments that were planned to kick-start growth in the economy this year have been deferred, partly because of the uncertainty created by the pandemic.

As anticipated, the reduced economic activity affected the public finances during the first quarter of fiscal year 2020/21. The primary balance, the difference between Government's revenue and non-interest expenditure, fell by just over \$100 million relative to the previous year, but it outperformed the target agreed with the International Monetary Fund (IMF). The combined effects of reduced incomes, lower personal income tax rates, deferred issuance of land tax assessments and the contraction in consumer spending depressed revenue below 2019 levels. These losses were partly offset by substantial revenue gains from corporation tax, as the tax reform of 2018 yielded improved collections from firms operating with foreign currency permits.

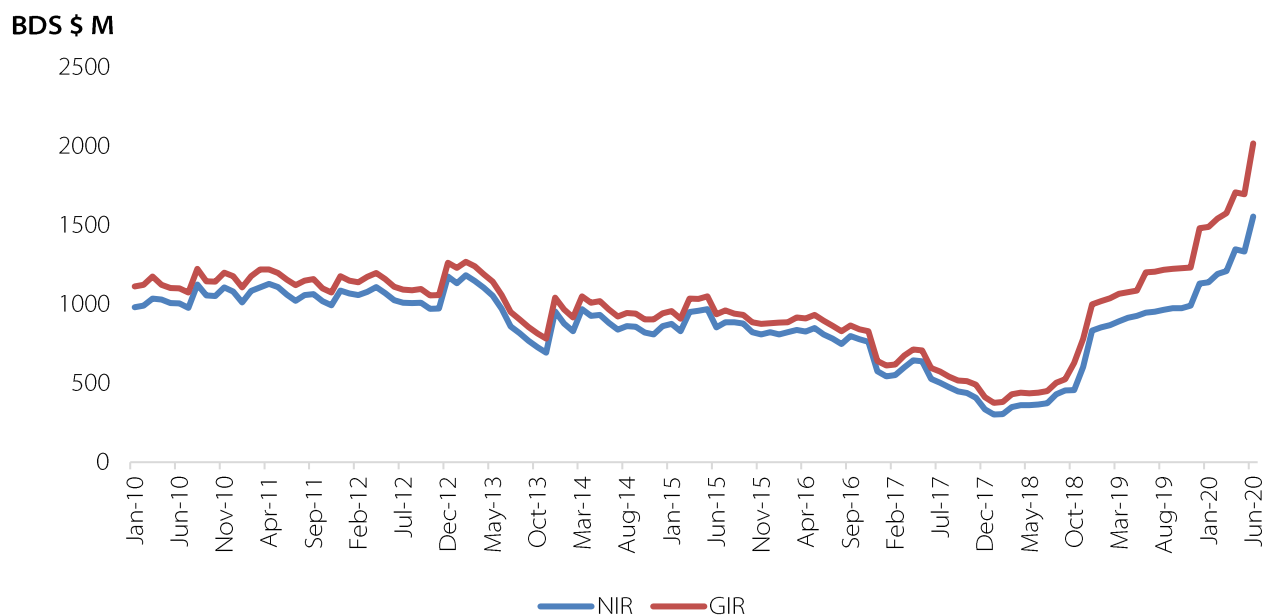
Figure 2: Primary Balances June 2015 – June 2020



Sources: Ministry of Finance

The performance of international reserves also exceeded expectations. Reserves rose by \$536 million for the half year to over two billion dollars or 27 weeks of import cover. This growth was largely attributable to borrowings from the Inter-American Development Bank (IDB) and the IMF, including through an augmentation of the IMF Extended Fund Facility to provide budgetary support for Government during the financial year. Tax revenue that was sourced in foreign exchange and continued net purchases from the banking system also contributed to the reserve accumulation. Public sector external debt service payments rose slightly as Government began to pay interest on its restructured debt, but these outflows remained substantially below pre-debt restructuring levels and placed no pressure on reserves.

Figure 3: GIR and NIR Monthly (2010-2020)

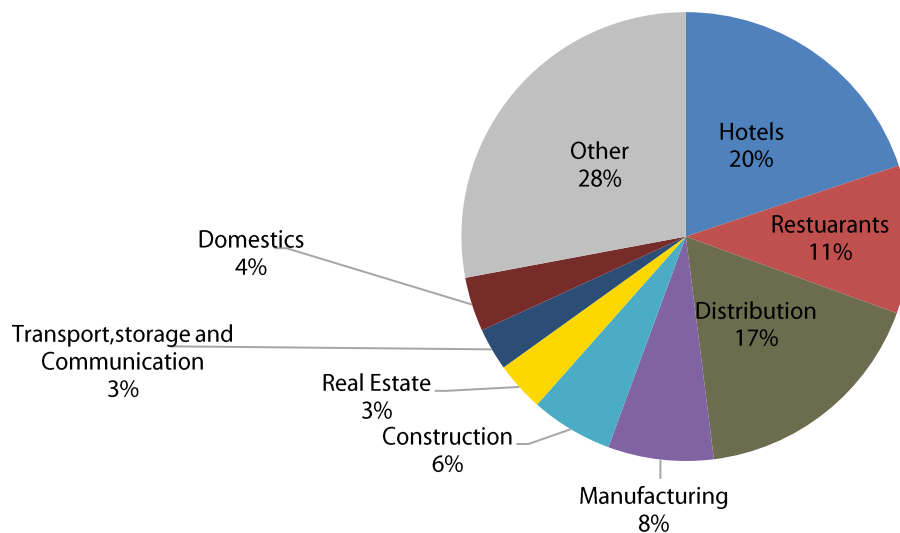


Source: Central Bank of Barbados

Economic Activity

The slump in economic activity during the second quarter was broad-based with significant contractions in tourism, construction, distribution, transportation and storage and other business services sectors. Preliminary data suggest that over 30 percent of the unemployment claims were related to hotels and restaurants, but there were substantial job losses in other tourism related industries, including real estate. The distribution sector accounted for 17 percent of job losses.

Figure 4: Sectoral Distribution of Unemployment Claims

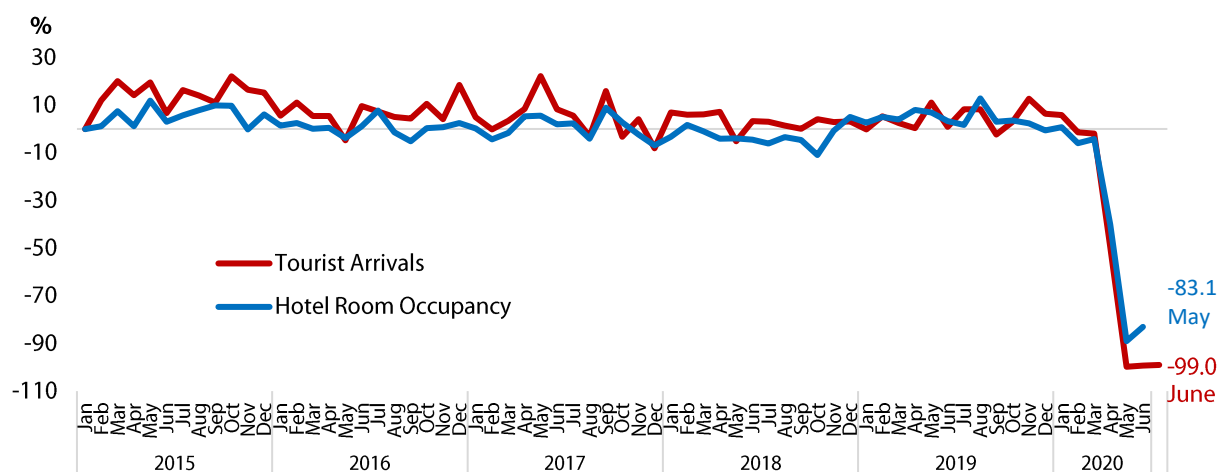


Source: National Insurance Scheme

Tourism

Output in the tourism sector declined by more than 50 percent over the first half of the year, with long-stay visitor arrivals declining by an estimated 54 percent and cruise passengers by 34 percent. With ports of entry around the world closed to commercial passengers during the second quarter, except for repatriation and medical emergencies, arrivals from all major markets were decimated. Barbados' humanitarian efforts to facilitate the repatriation of thousands of cruise crew members enabled modest activity through the air and seaports, but this could not compensate for the lost incomes in hotels, restaurants, tourist attractions, car rentals, duty free sales etc..

Figure 5: Tourist Arrivals and Occupancy



Sources: Barbados Statistical Service, Central Bank of Barbados and Smith Travel Research

Agriculture

Total agricultural output increased by 3.7 percent, the result of an improved performance of the non-sugar agricultural sub-sector. Fish catches increased for the first time in over two years as the presence of sargassum abated while there was also increased production of food crops and chicken. However, the disruption in demand caused by the closure of hotels and restaurants led to excess supply of chicken and an eventual 40 percent cut in production in June. Milk production suffered from drought conditions which reduced the quality of grazing pastures and from the closure of one farm. The recent importation of heifers is expected to reverse the trend of lower production. A prompt start to the sugar cane season enabled increased harvesting of cane but increased production of higher quality molasses for the rum industry lowered sugar output. More than half of the sugar produced was retained for domestic consumption.

Non-Traded Activity

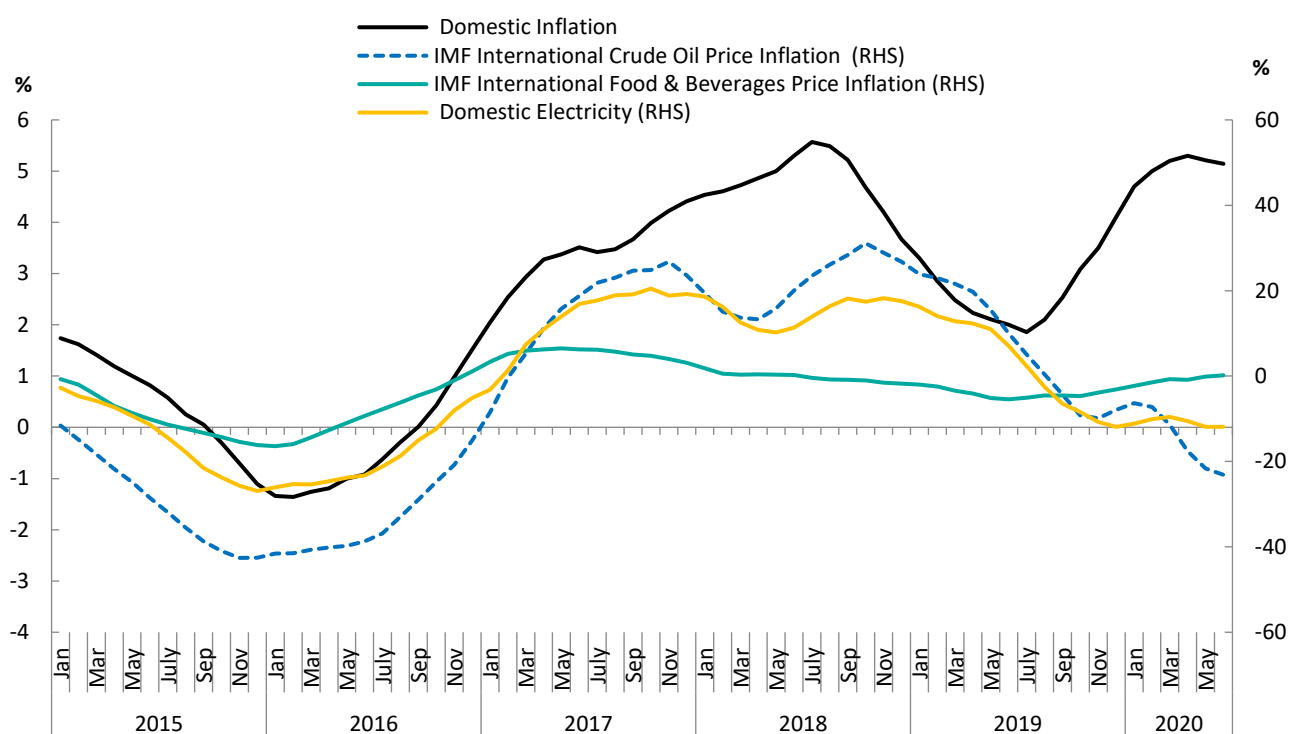
Activity in the non-traded sectors fell by 6.3 percent for the first six months of the year, driven by a 13.3 percent slump in non-traded output in the second quarter. Wholesale and retail activity is estimated to have fallen by 26 percent during the April-June period, as consumer demand weakened and the opportunities to spend were restricted by social distancing requirements and reduced business hours. Construction activity contracted by almost 9 percent in the quarter, offsetting most of the first quarter gains derived from projects like the Harrison's Point isolation

centre, the repaving of the Grantley Adams Airport runway and the resumption of work at Wyndham. These projects had boosted activity relative to the weak performance in 2019.

Prices

The twelve-month moving average of domestic prices as measured by the Barbados Statistical Service was 5.2 percent at the end of June. Declining global oil prices lowered transportation and electricity prices and the inflation was largely attributed to higher fish and vegetable prices, particularly during the latter half of 2019.

Figure 6: Twelve-month Moving Average Inflation

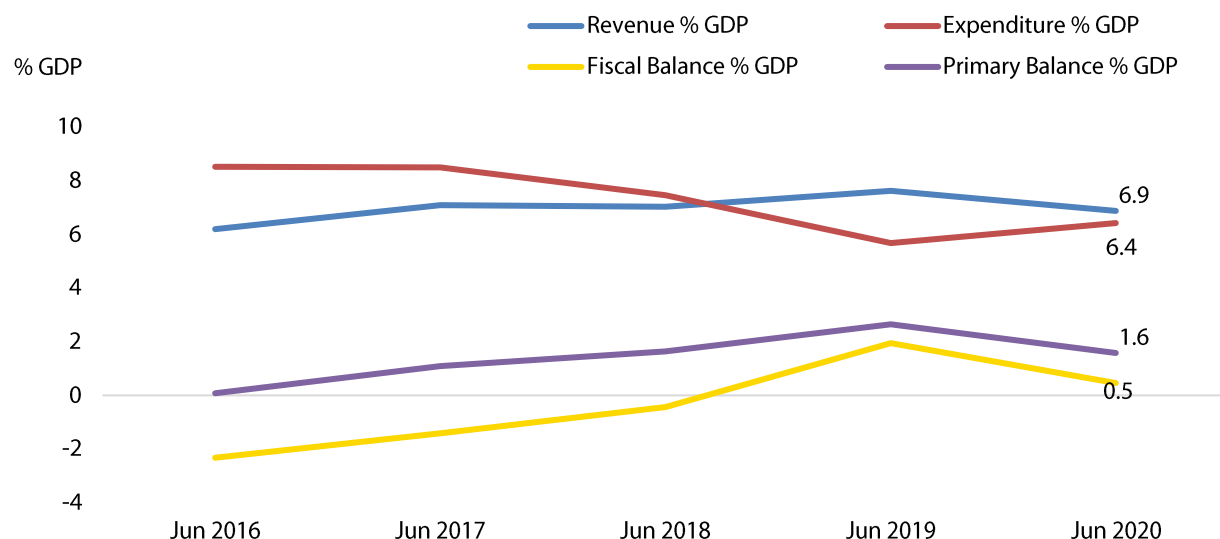


Sources: Barbados Statistical Service and International Monetary Fund Primary Commodity Prices

Fiscal Operations

Given the anticipated effects of COVID-19, including the need for increased health-related expenditures and countercyclical measures, Government renegotiated the primary surplus target for FY2020/21 from 6 percent to 1 percent of GDP. The primary balance for the quarter did weaken but a stronger than forecast revenue outturn resulted in a primary surplus equivalent to 1.6 percent of annual GDP during the quarter.

Figure 7: Fiscal Indicators Apr -June (% GDP)

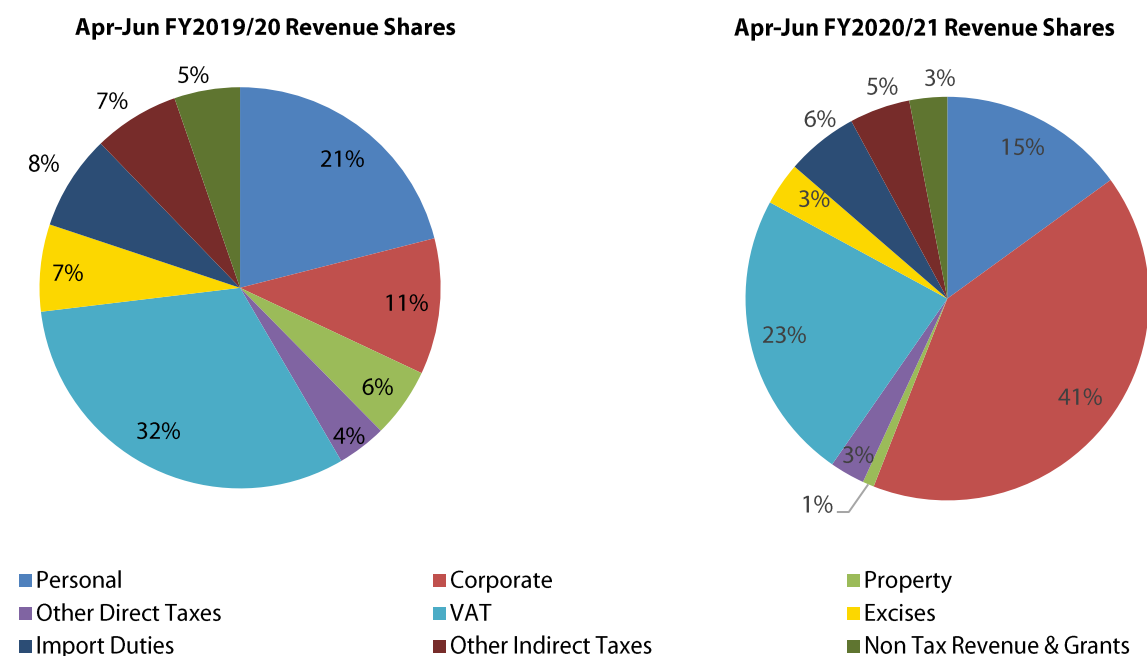


Sources: Ministry of Finance

Revenue

The reduced economic activity adversely affected revenue which fell by 10 percent during the first quarter of FY2020/21. Transaction based taxes fell by 37 percent, with the value added tax, excise taxes and import duties falling by \$77 million, \$29 million and \$18 million, respectively. Fuel tax collections and the room rate levy also declined. The overall impact on direct taxes was less severe, due to a \$189 million increase in the corporate tax, principally from the international business sector. However, personal income taxes fell by \$55 million, reflecting reduced employment incomes coupled with the fall in the personal income tax rate from 40 percent to 28.5 percent on the upper tax bands. Additionally, the shift in the issuance of land tax bills to the second quarter of FY2020/21 resulted in a \$35 million fall in property taxes over the comparable period. Non-tax revenue was \$16 million lower than the previous period, almost half of which was attributable to the weakening of foreign exchange fee collections.

Figure 8: April to June Fiscal Year Comparative Revenue Shares

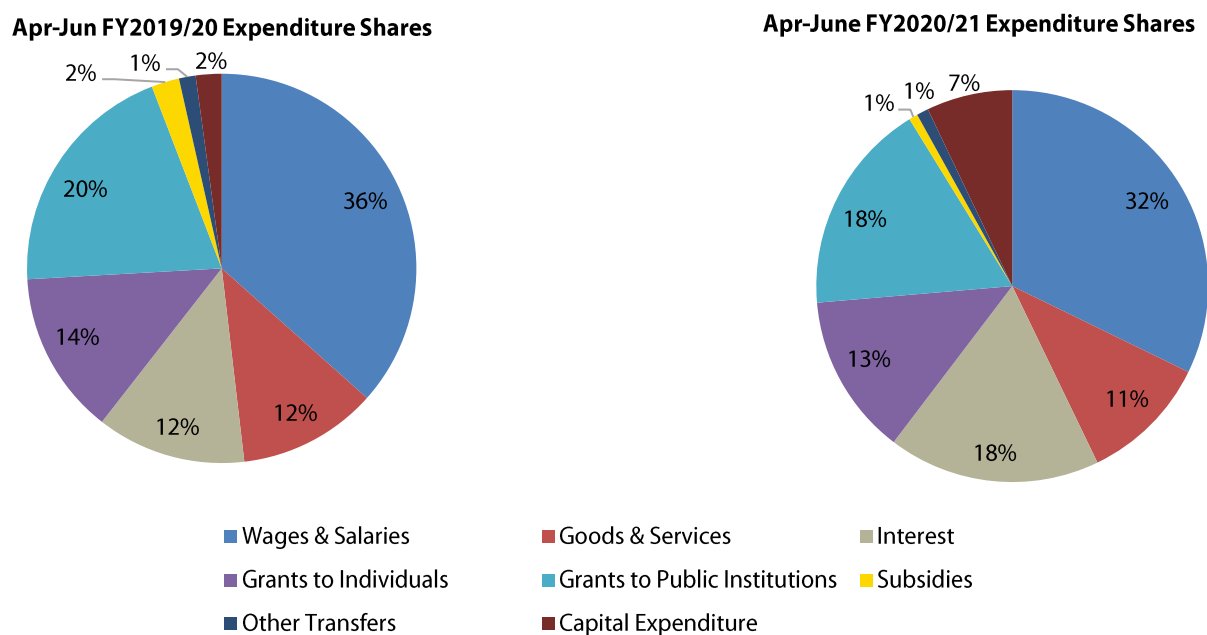


Source: Ministry of Finance

Expenditure

Non-interest spending increased by 6.4 percent because of a \$32 million increase in capital outlay, mainly related to the Water Supply Network Upgrade Project. The savings generated by the Government from reducing spending deemed as non-essential at this time were offset by COVID related spending. Goods and services increased marginally, while wages and salaries were on par with the same period last fiscal year. Grants to individuals increased as a result of increased welfare payments and retiring benefits to individuals, but grants to public institutions fell marginally. Interest expenses increased by \$40 million, given the resumption of external debt service on commercial loans.

Figure 9: April to June Fiscal Year Comparative Expenditure Shares

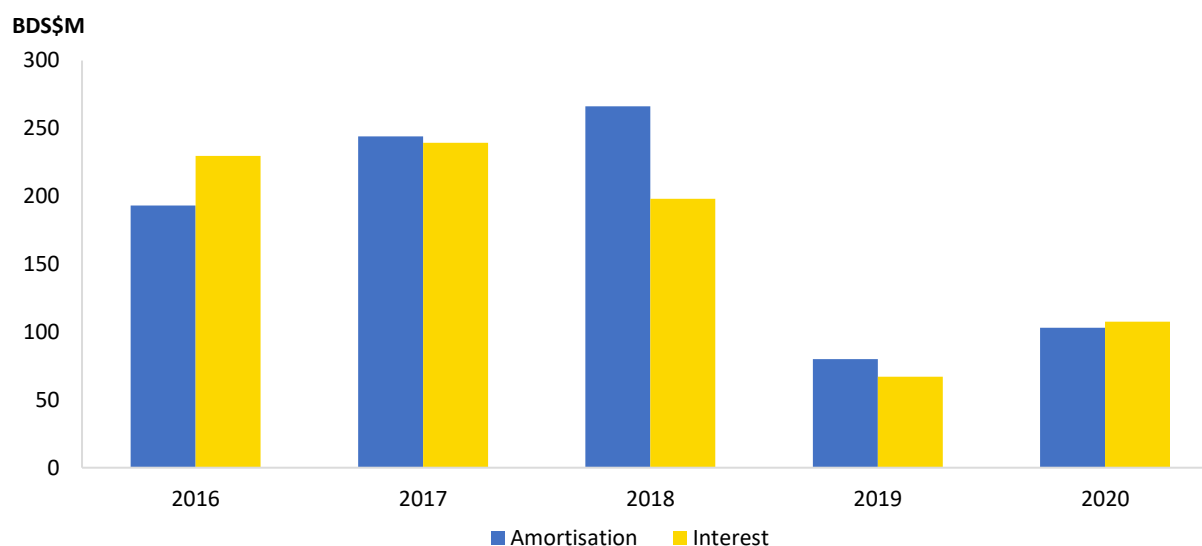


Source: Ministry of Finance

Debt and Financing

During the quarter the Central Bank reduced its net lending to Government which received budgetary support from IDB (\$160 million) and the IMF (\$181.3 million). These borrowings allowed Government to accumulate deposits at the Central Bank in anticipation of a lower primary balance outcome for FY 2020/21. Amortisation payments were higher compared to the same period last year, but the combined impact of the borrowing and the contraction of economic activity raised the debt ratio to 124.7 percent of GDP.

Figure 10: Debt Service (April – June)



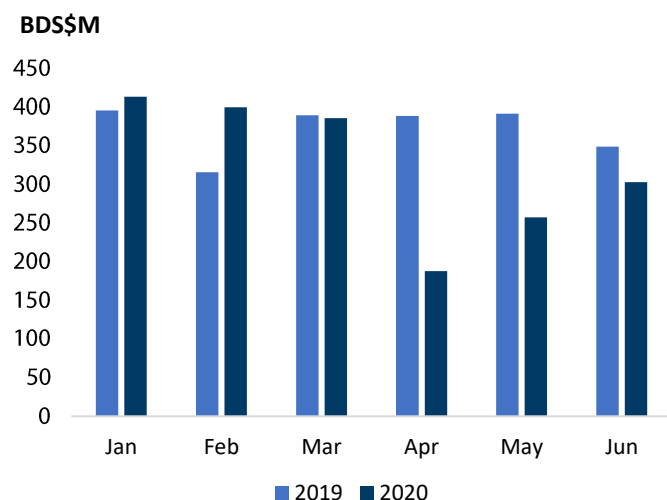
Sources: Ministry of Finance and Central Bank of Barbados

External Sector Developments

The stock of the gross international reserves increased by \$536 million for the first half of 2020. This accumulation raised reserves to \$2,017 million at the end of June, pushing the import-reserve cover to more than double the twelve-week benchmark.

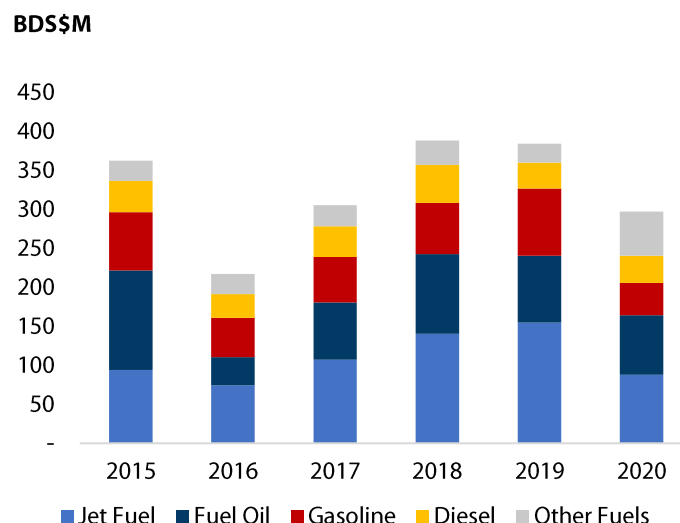
Foreign currency liquidity in the banking system remained stable, enabling modest transactions on the inter-bank market and continued sales of foreign exchange to the Central Bank. The closure of Barbados' borders reduced inflows of foreign exchange during the second quarter as the significant decline in travel receipts led to a deterioration in the external current account. Exports also fell but the widening of the deficit was contained by a reduction in total imports of goods, particularly on account of a substantial drop in the price of oil and reduced demand for most consumer goods. Sales of foreign exchange by financial institutions, including for credit card-based transactions, were almost 35 percent lower than for the corresponding quarter in 2019.

Figure 11: Sale of Foreign Exchange by Financial Institutions



Source: Central Bank of Barbados

Figure 12: Fuel Imports (January-June)



Source: Barbados Statistical Service

Government related outflows rose for the half year, the result of higher debt service and COVID related expenses. However, increased public sector inflows, mainly associated with a \$160 million IDB policy-based loan and a drawdown of funds totalling \$278 million under the IMF Extended Fund Facility arrangement, compensated for the adverse effects of the larger current account deficit.

Table 1: Changes in Gross International Reserves

BDS \$M	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2020
Net Central Government	(210)	(185)	(191)	(147)	220
Inflows	104	85	47	28	431
Outflows	313	270	239	175	210
<i>of which: Debt Service</i>	255	195	167	83	102
Net Commercial Banks	153	137	219	179	166
Net Other	73	4	1	173	149
<i>of which: IMF Financing</i>				98	96
Change in GIR	16	(43)	29	204	536

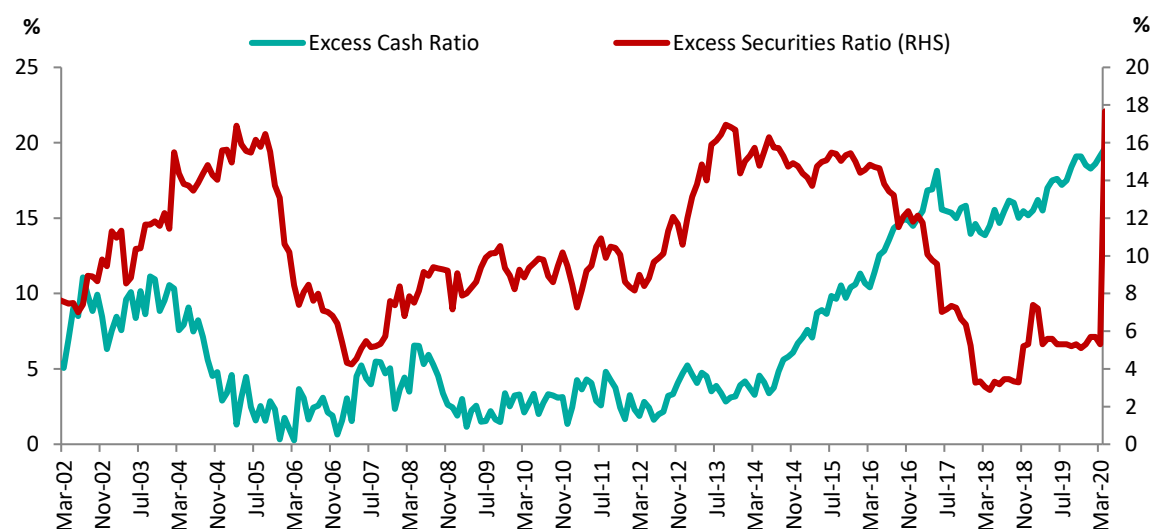
Source: Central Bank of Barbados

Financial Sector Developments

The financial sector remained stable during the first half of 2020. The banking system was still well-capitalised, but there was a modest increase in non-performing loans. Some corporates and households availed themselves of the moratoria on loans offered by lending institutions, some of which increased their provisions in the event of a worsening of credit quality post the moratoria.

The financial system continued to record high levels of liquidity, with the excess cash ratio for banks rising from 18.5 percent at end-December 2019 to 20.1 percent at the end of June 2020. As for the excess securities ratio, this indicator spiked relative to March 2020 due to the reduction of banks' required security holdings from 17.5 percent to 5 percent of domestic-currency deposits effective April 1, 2020. Neither banks nor licensed finance companies needed to access the Central Bank's temporary liquidity facility during the period. Interest rates remained relatively stable.

Figure 13: Banking Sector Liquidity



Source: Central Bank of Barbados

Domestic-currency deposits grew more slowly during the first six months of 2020 than for the corresponding period of 2019. Households, non-financial private corporations and public sector entities were the main drivers of domestic-currency deposit growth. Foreign-currency deposits also increased, partly on the strength of private sector foreign investment flows during the first quarter of the year.

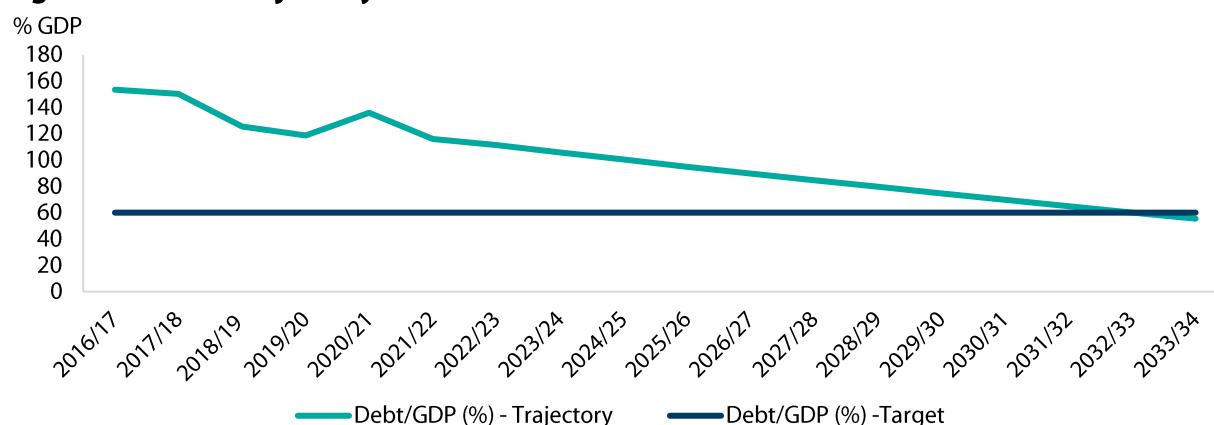
For the third consecutive year, credit to the non-financial private sector by deposit-taking institutions declined during the first half of the year, falling by 1.5 percent as loan repayments by the personal, distribution, hotels & restaurants, manufacturing, construction, real estate and health care sectors outweighed new credit.

Outlook

The global outlook remains highly uncertain. However, the Barbados economy faces this challenging period from a position of relative strength. The improvements in the public finances and the demonstrated commitment to fiscal reform and discipline over the past two years have enabled Barbados to access additional financial resources from the international financial institutions. Loans already received are expected to be buttressed by more funding later in the fiscal year, ensuring that Government faces no financing constraints and that it is able to make a seamless transition from a planned six percent primary surplus to a one percent surplus in the current fiscal year.

This temporary deviation, predicated on an estimated loss in revenue of about 4 percent of GDP, has altered the path of fiscal consolidation of the Barbadian economy without compromising Government's medium-term policy objective of reducing the debt ratio and placing the public finances on a sustainable path. Current year borrowing, including via the Barbados Optional Saving Scheme (BOSS), and reduced economic activity have raised the debt ratio, but we expect a reversal of this situation as fiscal policy tightens when global economic conditions improve. This reversion should enable Government to achieve its stated goal of reducing the debt ratio to 60 percent of GDP by FY2033/34.

Figure 14: Debt Trajectory



Sources: Ministry of Finance and Central Bank of Barbados

BOSS PROGRAMME

The Barbados Optional Saving Scheme (BOSS) was established by Government to help stabilise the economy which is facing the fiscal challenges presented by the COVID-19 pandemic. The disruption in the labour market has put pressure on the National Insurance Unemployment Fund, at a time when Government is coping with significantly lower revenues and higher COVID-related expenditures.

BOSS is an 18-month initiative established by Government in July 2020 to generate economic activity by shifting a portion of its spending on wages to the capital works programme. The scheme is earmarked for public servants within central government or select state-owned enterprises that receive transfers from Government.

Workers, whose income after statutory deductions (NIS and income taxes) exceeds \$36,000, are allocated bonds monthly on a sliding scale, and are provided with the immediate option of converting some or all of the bonds to cash by selling them to the Central Bank. Employees may vary their demand for bonds from month to month by indicating the respective adjustment to their payroll no later than the 5th of each month.

The Central Bank is the Registrar, Transfer and Paying Agent for the bonds but, on the request of the worker, it will purchase the bonds on payday and place them for sale on the secondary market. Persons may also sell the bonds directly to friends or family as well as trade them at a subsequent date on the market.

Individuals may elect to take up to 25% of their net income in bonds, subject to an overall cap on issuance of \$8.5 million each month. Over the life of the programme, the maximum issuance approximates at 1.7 percent of current GDP and it is not projected to alter the Government's debt target of a 60% debt-to-GDP ratio by FY2033/34. The bonds will be amortised on a monthly basis beginning four years after their issuance.

Table 1: Percentage of Wages Converted to Bonds

Annual Net Salary	Net Salary Converted to bonds (%)
Under \$36,000	0%/choice of up to 25%
\$36,001-\$50,000	7%
\$50,000-\$100,000	12%
over \$100,000	17%
Government Pensioners	0%/choice of up to 25%

The terms of the bonds are listed in Table 2.

Table 2: Bond Characteristics

4-year bond
5 per cent interest rate per annum.
Interest accrued paid in January and July
Principal paid at the end of 4 years from date of issuance of bond
No withholding tax on the interest earned
Stamp duty not payable
Tradable on the Secondary Bond Market
Protected from restructuring
Early redemption feature (after 24 months of date of issue)

For the month of July, 2020, \$4.6 million in bonds were issued, and of this amount \$1.2 million was retained by public servants. The remainder (\$3.4 million) was sold on the secondary market to individuals and institutions.

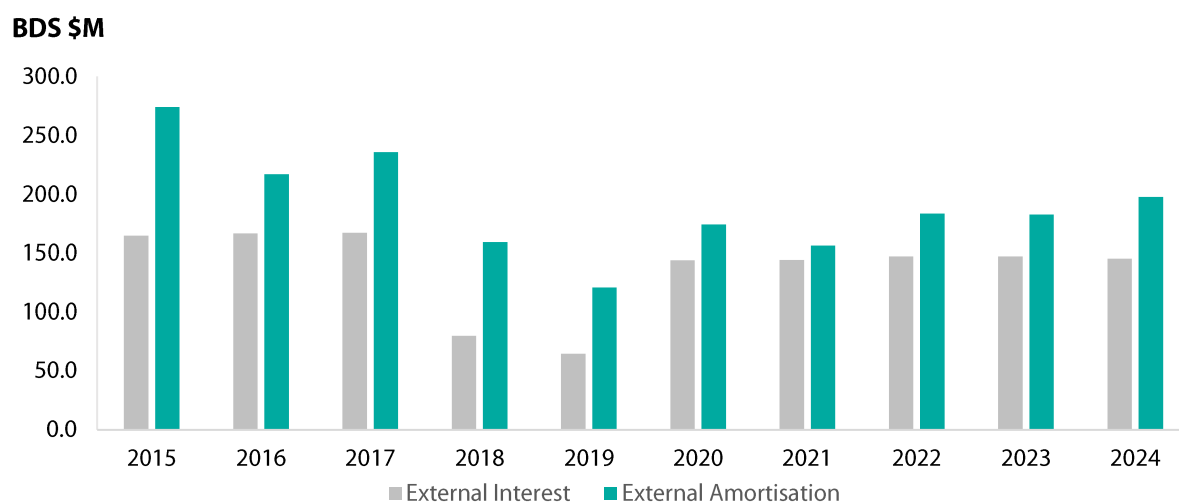
Persons interested in purchasing bonds can download an application form, available on the Bank's website, www.centralbank.org.bb, and indicate their interest in making a lump sum purchase or a monthly purchase. Persons who cannot be accommodated in the month in which they apply will be rolled over into subsequent issues.

Traditionally, most public servants limit their investments to real estate or deposits in banks or credit unions. Bonds and equities are often held to maturity. This bond instrument directly issued to public servants offers the potential of broadening the investment horizon of the new bondholders and it creates the opportunity for the development over time of a more vibrant capital market.

While the first fiscal quarter's performance was stronger than anticipated because of the higher corporate taxes, the on-going global uncertainty mandates continued careful management even as Government attempts to provide some stimulus through increased capital spending to offset the decline in overall economic activity and the re-prioritising of other expenditures.

At the same time, the accumulation of reserves up to the end of June, a further strengthening in July and planned borrowings will provide adequate buffers to withstand economic shocks such as a prolonged global economic contraction or rising oil prices. External debt service for the remainder of 2020 and into the near term therefore remains stable and manageable.

Figure 15: External Debt Service (2015-2024)



Source: Ministry of Finance

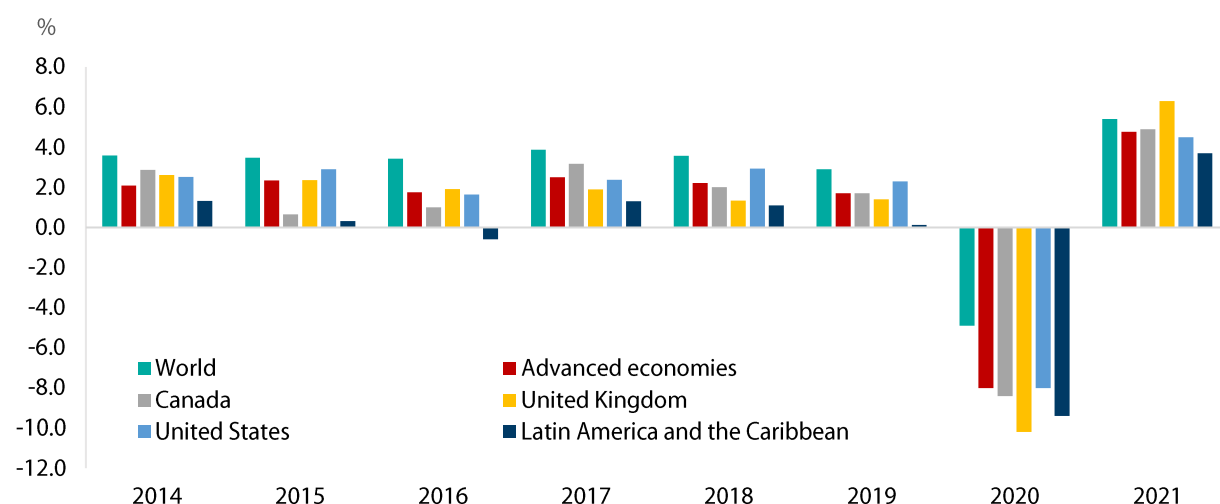
Despite these positives, we are conscious that the IMF has been lowering its global outlook for growth in 2020, amid concerns of an intensification of the virus and fears of a second wave of infections. Indeed, at June, the IMF forecast for global growth this year was -4.9 percent, down 1.9 percentage points from -3.0 percent in April.

Barbados has recently re-opened its borders, but key source markets continue to be badly affected by the virus. There is some pent-up demand for global travel, but the absence of a vaccine, the inability of some travellers to easily obtain tests for the virus and concerns about protocols when they do travel, represent significant downside risks to a rapid recovery in the tourism sector. In

addition, reduced airlift from international markets, high airfares and uncertainty related to regional transportation links will temper the pace of the revival of tourism activity.

The re-opening of borders will enable some businesses to restart their operations and re-engage employees currently relying on unemployment insurance. However, some additional job losses can be expected as firms adapt to the reduced economic activity and uncertainty. We anticipate that some private sector investment projects may start during the second half of the year, complementing Government's planned enhanced capital works programme. Implementation of these projects, along with a partial resumption of tourism related activity, is critical for slowing the economic decline experienced in recent months and for creating the foundation for recovery in 2021. However, these projects are unlikely to prevent a double-digit decline in output for the year.

Figure 16: Global Growth Forecast



Sources: International Monetary Fund, World Economic Outlook Database

This crisis has exposed our vulnerability to severe economic shocks and it is testing our resilience. Revitalising economic activity is crucial to the well-being of the country. But a speedy turn-around hinges on several factors, including the pace of the global economic recovery and the reduction in the uncertainty that affects decision making. The revival also depends on our ability to safeguard the health of our firms during this period, to implement reforms that enhance business facilitation and enable swift project execution. Our ability to attract and jump-start investment projects that will create jobs, boost economic activity and earn or save foreign exchange remains critical to the recovery. Sustainable growth will require us to broaden our economic levers through

diversification and to adapt to this changed environment by using technology, boosting productivity and enhancing service quality.

Table 1 – Economic Indicators

	2015	2016	2017	2018 ^(p)	2019 ^(e)	Jun 2017	Jun 2018	Jun 2019 ^(p)	Jun 2020 ^(e)
Nominal GDP (\$ Million) ¹	9,430.0	9,660.0	9,956.3	10,173.4	10,399.1	5,205.0	5,119.7	5,255.7	4,596.9
Real Growth (%)	2.4	2.6	0.6	(0.4)	(0.1)	1.6	0.8	(0.5)	(14.9)
Inflation (%) ²	(1.1)	1.5	4.5	3.7	4.1	2.9	4.7	2.5	5.2
Avg. Unemployment (%) ³	11.3	9.7	10.0	10.1	10.1	9.7	10.0	10.6	n.a
Gross International Reserves (\$ Million)	878.0	639.8	411.3	999.6	1,481.0	596.3	440.0	1,204.0	2,016.5
Gross International Reserves Cover, Weeks	11.2	8.2	5.3	12.8	18.6	7.6	5.6	15.3	26.9
BoP Current Account (% of GDP)	(6.1)	(4.3)	(3.8)	(4.0)	(2.5)	(3.0)	(2.2)	(0.7)	(8.0)
Total Imports of Goods (% of GDP)	32.6	31.9	30.5	29.5	29.5	28.7	28.9	28.6	28.7
Travel Credits (% of GDP)	20.1	21.5	21.7	22.4	24.9	23.7	25.1	27.7	17.6
Financial Account (\$ Millions)	442.3	84.2	86.4	887.6	792.7	148.5	157.4	288.8	867.7
Gross Public Sector Debt ⁴ (% of GDP)	144.2	151.2	148.4	126.3	120.0	158.5	156.7	124.5	124.7
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	6.1
Excess Cash Ratio	11.1	15.7	14.2	16.1	18.5	16.0	15.4	17.8	20.1
Private Sector Credit Growth (%) ⁵	1.6	1.5	3.2	0.4	0.9	0.6	(0.2)	(0.7)	(1.5)
Private Sector Credit (% of GDP) ⁵	82.5	81.7	81.9	80.4	79.2	79.8	80.0	77.9	89.0
Domestic Currency Deposits (% of GDP) ⁵	113.8	114.9	112.7	111.7	111.6	111.4	110.2	111.5	129.1
Fiscal Year	2015/16	2016/17	2017/18	2018/19^(p)	2019/20^(e)	Apr-Jun 2017	Apr-Jun 2018	Apr-Jun 2019	Apr-Jun 2020
Fiscal Balance (% of GDP)	(9.0)	(5.3)	(4.6)	(0.3)	3.7	(1.4)	(0.4)	1.8	0.5
Primary Balance (% of GDP)	(2.0)	2.2	3.2	3.5	6.1	1.1	1.5	2.4	1.7
Interest (% of GDP)	7.0	7.5	7.8	3.8	2.4	2.4	1.9	0.6	1.2
Fiscal Current Account (% of GDP)	(6.6)	(3.0)	(2.8)	1.6	5.5	(0.8)	(0.2)	1.9	0.9
Revenue (% of GDP)	25.7	27.8	28.8	29.4	28.6	6.9	6.6	7.0	7.2
Expenditure (% of GDP)	34.7	33.1	33.4	29.7	24.9	8.2	7.0	5.2	6.7
<i>Non-interest Expenditure (% of GDP)</i>	27.7	25.6	25.7	25.9	22.5	5.8	5.1	4.6	5.5
<i>Capital Expenditure (% of GDP)</i>	2.5	2.3	1.7	1.9	1.8	0.6	0.2	0.1	0.5
Gov't Interest Payments (% of Revenue)	27.4	26.9	26.9	12.9	8.4	35.4	29.5	9.2	16.3

^(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

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

	2015	2016	2017	2018 ^(p)	2019 ^(e)	June 2017	June 2018	June 2019 ^(p)	June 2020 ^(e)
Tradeables	1,746.3	1,850.9	1,913.2	1,986.9	1,998.3	977.8	1,056.5	1,054.8	638.0
Tourism	1,144.8	1,256.7	1,314.9	1,370.4	1,416.1	676.5	741.6	763.2	354.9
Agriculture	110.2	109.0	105.5	121.1	112.9	55.3	63.7	53.6	55.6
Sugar	4.7	3.4	5.4	6.0	3.2	5.4	5.3	2.7	2.4
Non-Sugar Agriculture	105.4	105.7	100.1	115.1	109.7	49.9	58.3	50.9	53.2
Manufacturing	491.3	485.2	492.8	495.4	469.2	246.0	251.2	237.9	227.5
of which:									
<i>Rum & Other Beverages</i>	95.4	94.2	95.7	96.2	91.1	47.8	48.8	46.2	44.2
<i>Food</i>	124.9	123.3	125.3	125.9	119.3	62.5	63.9	60.5	57.8
<i>Furniture</i>	13.5	13.4	13.6	13.6	12.9	6.8	6.9	6.6	6.3
<i>Chemicals</i>	29.6	29.2	29.7	29.8	28.2	14.8	15.1	14.3	13.7
<i>Electronics</i>	37.2	36.7	37.3	37.5	35.5	18.6	19.0	18.0	17.2
<i>Other Manufacturing</i>	143.5	141.7	143.9	144.7	137.0	71.8	73.4	69.5	66.4
Non-tradeables	6,100.1	6,201.2	6,190.2	6,083.7	6,063.1	3,086.3	3,039.9	3,019.5	2,829.4
Mining & Quarrying	37.4	32.4	40.7	41.7	41.6	18.8	22.1	21.9	21.2
Electricity, Gas & Water	217.4	219.0	214.8	214.1	211.8	107.6	107.1	104.5	99.8
Construction	495.7	482.8	492.9	461.6	445.2	246.2	228.7	219.3	216.0
Distribution	793.8	785.9	756.9	728.2	728.6	376.0	362.0	360.1	315.2
Transport, etc	972.6	1,065.3	1,045.6	1,018.0	1,023.6	521.2	511.6	511.6	475.0
Finance and Other Services	2,718.5	2,761.1	2,783.6	2,778.3	2,778.7	1,387.6	1,395.1	1,388.6	1,290.9
Government	864.7	854.7	855.6	841.8	833.6	428.9	413.3	413.6	411.3
Total	7,846.3	8,052.1	8,103.4	8,070.6	8,061.3	4,064.1	4,096.4	4,074.2	3,467.5
Nominal GDP	9,430.0	9,660.0	9,956.3	10,173.4	10,399.1	5,205.0	5,119.7	5,255.7	4,596.9
Real Growth Rates	2.4	2.6	0.6	(0.4)	(0.1)	1.6	0.8	(0.5)	(14.9)
Tradeables	6.5	6.0	3.4	3.9	0.6	6.5	8.1	(0.2)	(39.5)
Non-tradeables	1.3	1.7	(0.2)	(1.7)	(0.3)	0.2	(1.5)	(0.7)	(6.3)

^(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)	June 2017	June 2018	June 2019 ^(p)	June 2020 ^(e)
<u>Current Account</u>	(578.4)	(414.8)	(380.6)	(403.0)	(256.6)	(155.6)	(114.7)	(34.5)	(393.1)
Inflows	4,599.1	4,795.5	4,832.0	4,905.2	5,197.2	2,473.7	2,530.2	2,735.8	2,021.2
Travel	1,894.9	2,079.1	2,161.4	2,280.9	2,537.3	1,233.2	1,282.6	1,456.5	863.6
Other Services	412.2	418.4	429.9	444.7	458.5	168.8	174.0	178.7	173.0
Domestic Exports	486.3	504.6	509.7	510.2	507.4	247.5	252.0	265.2	219.9
Rum	76.3	77.6	83.9	79.8	76.8	41.5	42.4	42.1	34.7
Food	65.1	62.7	64.6	65.3	66.4	30.3	32.1	31.5	32.1
Sugar	7.2	7.1	13.5	0.4	0.6	0.3	0.2	0.1	0.2
Chemicals	73.9	72.2	72.5	80.3	77.8	35.0	38.8	41.6	38.5
Printed Paper Labels	22.0	23.1	22.7	26.6	15.3	11.2	12.7	11.8	9.8
Construction Materials	42.1	45.3	42.1	51.7	59.1	18.2	25.4	31.5	20.4
Other	199.7	216.6	210.3	206.1	211.4	111.1	100.4	106.6	84.2
Re-exported Goods	479.5	529.1	461.1	385.7	380.8	220.2	213.1	214.2	154.2
Net Export of Goods under Merchanting	633.9	632.2	635.4	633.8	637.6	317.7	316.9	318.8	311.8
Income	512.0	515.4	529.8	543.0	565.4	246.7	252.9	263.6	258.8
Transfers	180.3	116.7	104.7	107.0	110.1	39.5	38.8	38.8	39.8
Outflows	5,177.5	5,210.3	5,212.6	5,308.2	5,453.8	2,629.3	2,644.9	2,770.4	2,414.2
Total Imports of Goods	3,074.4	3,080.9	3,040.3	2,997.7	3,003.7	1,493.6	1,479.2	1,505.0	1,412.1
Fuel Imports	603.6	502.9	626.2	712.2	728.0	305.7	388.9	384.6	297.7
Other Merchandise Imports	2,470.8	2,578.0	2,414.1	2,285.5	2,275.7	1,187.9	1,090.2	1,120.4	1,114.4
Services	988.8	989.3	1,014.0	1,073.9	1,148.9	569.1	584.3	596.6	439.3
Income	937.9	958.3	977.6	1,042.6	1,099.5	462.8	473.5	556.5	446.2
General Government	164.8	166.8	167.4	183.2	150.3	95.0	94.6	119.5	66.5
Other Sectors	773.1	791.4	810.2	859.5	949.1	367.8	378.9	437.1	379.7
Transfers	176.4	181.8	180.6	194.0	201.7	103.7	107.9	112.2	116.7
Capital Account	(16.4)	(5.7)	(2.4)	50.9	(5.3)	(2.6)	53.5	(3.9)	(3.3)
Financial Account	442.3	84.2	86.4	887.6	792.7	148.5	157.4	288.8	867.7
Net Foreign Direct Investment	160.1	376.7	468.2	464.8	375.3	234.1	181.8	227.7	283.2
All Other Investment Flows	282.2	(292.5)	(381.8)	422.8	417.3	(85.6)	(24.4)	61.1	584.5
Net Long-term Public	(71.1)	(171.1)	(134.9)	451.0	387.8	(39.8)	(81.9)	138.8	397.5
Net Long-term Private	361.9	(44.6)	(156.8)	(3.8)	113.0	16.5	49.1	(32.8)	168.8
Net Short-term	(8.6)	(76.8)	(90.1)	(24.4)	(83.5)	(62.3)	8.5	(44.8)	18.3
Net Errors & Omissions	88.0	97.9	68.0	52.7	(49.5)	(33.8)	(67.6)	(46.0)	64.1
Overall Balance	(64.5)	(238.2)	(228.5)	588.3	481.4	(43.5)	28.6	204.4	535.5
<u>Change in GIR: - increase/+ decrease</u>	64.5	238.2	228.5	(588.3)	(481.4)	43.5	(28.6)	(204.4)	(535.5)

^(p) – Provisional

^(e) – Estimate

Source: Central Bank of Barbados

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

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20 ^(p)	Apr-Jun 2017	Apr-Jun 2018	Apr-Jun 2019	Apr-Jun 2020 ^(p)
Total Revenue	2,407.3	2,458.4	2,754.0	2,845.4	2,993.6	2,984.2	677.3	672.4	728.8	657.7
Tax Revenue	2,182.8	2,266.3	2,494.5	2,656.3	2,812.4	2,771.2	654.2	625.5	690.2	637.8
i) Direct Taxes	901.0	875.6	970.5	968.9	1,126.9	1,084.7	236.5	247.0	303.0	392.4
Personal	412.5	396.8	488.3	462.6	482.1	454.7	131.8	113.8	153.3	98.7
Corporate	156.1	215.2	248.2	275.1	355.5	309.0	78.9	89.8	79.9	269.3
Property	164.4	132.8	135.4	137.6	161.3	214.7	4.6	10.2	41.0	6.0
Financial Institutions Asset Tax	26.9	29.0	32.6	48.7	44.6	47.4	10.8	15.5	9.5	11.0
Other	81.0	65.5	62.7	44.9	83.4	58.9	10.4	17.8	19.4	7.4
ii) Indirect Taxes	1,281.8	1,390.7	1,524.0	1,687.4	1,685.6	1,686.5	417.7	378.4	387.2	245.4
Stamp	11.0	10.1	9.4	10.5	10.9	11.4	1.8	2.3	3.1	0.9
VAT	806.2	861.4	890.3	887.3	940.9	966.9	236.0	212.8	229.7	152.9
Excises	135.9	169.0	225.6	303.1	271.2	250.9	67.1	53.8	51.2	22.6
Import Duties	223.6	231.6	245.2	218.6	213.8	231.6	64.0	44.0	55.8	37.9
Hotel & Restaurant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Responsibility Levy	0.0	0.0	29.3	152.0	49.4	0.1	13.8	40.3	0.0	0.0
Other of which:	105.1	118.6	124.3	115.9	199.4	225.6	35.0	25.3	47.3	31.1
Fuel Tax	0.0	0.0	0.0	0.0	68.6	82.1	0.0	0.0	14.7	9.1
Room Rate/Shared Accommodation	0	0	0	0	10.1	28.1	0.0	0.0	6.1	2.8
Non Tax Revenue & Grants	224.5	192.1	259.5	189.1	181.2	213.0	23.1	46.9	38.6	19.9
Non Tax Revenue	147.7	147.5	228.4	149.0	161.5	201.3	19.1	46.9	35.5	19.9
Grants	57.5	18.1	9.8	22.0	0.1	11.8	0.0	0.0	3.2	0.0
Post Office - Revenue	19.3	26.4	21.3	18.1	19.6	0.0	4.0	0.0	0.0	0.0
Current Expenditure	2,918.7	3,085.5	3,053.0	3,123.8	2,826.4	2,407.9	756.6	693.4	529.3	570.7
Wages & Salaries	803.7	787.2	784.4	782.3	811.9	807.4	192.0	182.7	197.9	197.9
Goods & Services	341.5	441.3	385.4	364.3	356.3	375.5	66.5	70.4	62.5	65.2
Interest	653.7	672.5	741.7	764.7	384.9	249.7	239.5	198.0	67.1	107.5
External	165.3	163.7	168.0	168.0	48.0	62.7	50.5	11.2	20.4	59.9
Domestic	488.4	508.8	573.7	596.7	336.9	187.0	189.0	186.9	46.7	47.6
Transfers & Subsidies	1,119.8	1,184.5	1,141.5	1,212.5	1,273.3	975.3	258.6	242.2	201.8	200.0
Grants to Individuals	338.5	342.1	327.3	358.3	362.8	389.2	71.7	70.8	73.4	81.7
Grants to Public Institutions	682.9	729.6	714.4	761.2	814.8	517.6	170.0	155.5	108.5	107.9
Subsidies	49.5	60.5	47.8	51.9	51.8	31.8	7.9	6.8	12.5	4.4
Subscriptions & Contributions	19.3	19.9	19.4	22.1	25.7	20.3	4.6	4.8	4.4	3.5
Non-Profit Agencies	29.6	32.3	32.7	19.0	18.3	16.4	4.4	4.4	3.0	2.4
Capital Expenditure & Net Lending	193.5	236.3	225.1	171.8	197.8	191.8	56.2	20.1	13.4	43.1
Capital Expenditure	173.1	216.6	205.4	149.1	184.9	185.1	50.0	15.0	11.6	43.6
Net Lending	20.4	19.7	19.7	22.7	12.9	6.7	6.2	5.1	1.8	-0.5
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fiscal Balance	(704.9)	(863.4)	(524.1)	(450.2)	(30.5)	384.5	(135.5)	(41.2)	186.1	44.0
Primary Balance	(51.2)	(190.8)	217.6	314.5	354.3	634.2	104.0	156.9	253.2	151.5

^(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-Jun 2017	Apr-Jun 2018	Apr-Jun 2019 ^(e)	Apr-Jun 2020 ^(e)
Total Financing	863.4	524.1	450.2	30.6	(384.5)	135.5	41.2	(186.1)	(44.0)
Domestic Financing	837.7	685.7	629.3	(315.5)	(491.1)	165.9	55.1	(157.6)	(355.7)
Central Bank	426.2	783.2	92.8	(166.4)	164.7	(19.4)	85.2	99.3	(212.2)
Commercial Banks	182.4	(433.5)	257.9	82.8	(86.3)	171.3	57.5	10.5	33.1
National Insurance Board	71.2	180.2	3.1	8.9	(85.2)	(16.7)	7.3	(21.3)	(21.3)
Private Non-Bank	108.5	94.6	(57.2)	(119.6)	(217.7)	(5.3)	(35.5)	0.8	(40.5)
Other	49.4	61.3	332.8	(111.2)	(58.3)	36.0	(59.4)	(222.4)	(64.8)
Arrears Payments	n.a	n.a	n.a	(10.0)	(208.3)	0.0	0.0	(24.5)	(50.0)
Foreign Financing (Net)	25.7	(161.7)	(179.1)	346.2	106.6	(30.4)	(13.9)	(28.5)	311.7
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	55.1	13.2	3.9	5.0
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)	(85.5)	(27.1)	(32.4)	(34.6)

^(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	Jun-17	Jun-18	Jun-19	Jun-20 ^(p)
Gross Central Government Debt¹	12,243.0	13,397.3	13,665.9	12,755.8	12,426.6	13,571.0	15,141.3	12,726.4	12,383.0
Domestic Debt	9,319.8	10,511.2	10,840.1	9,247.4	9,169.6	10,688.3	11,194.2	9,203.8	8,905.4
Central Bank ²	1,303.6	2,012.4	2,227.7	703.8	814.1	2,131.6	2,282.3	734.4	715.3
Commercial Banks	2,070.0	2,030.9	2,144.9	2,340.2	2,355.2	2,022.9	2,137.5	2,333.1	2,347.7
National Insurance	3,152.7	3,481.0	3,518.9	2,938.4	2,880.0	3,493.2	3,532.1	2,922.5	2,837.4
Insurance Companies	514.6	522.3	527.2	1,114.6	807.5	535.4	824.3	1,193.7	815.7
PPP	272.9	256.8	241.8	-	-	248.2	240.6	-	-
Other	2,006.1	2,207.8	2,179.7	2,150.3	2,312.9	2,257.1	2,177.3	2,020.1	2,189.4
Arrears	n.a	n.a	n.a	309.5	167.0	-	1,200.0	279.0	82.0
External Debt	2,923.2	2,886.2	2,825.8	2,970.8	3,023.1	2,882.6	2,645.9	2,845.1	3,395.5
International Financial Institutions	1,012.4	1,062.5	1,043.7	1,379.5	1,445.5	1,034.1	916.1	1,283.3	1,763.0
Bonds	1,619.3	1,548.3	1,452.8	1,142.8	1,126.2	1,515.5	1,409.0	1,135.7	1,127.3
PPP	256.0	249.9	243.1	237.0	228.8	243.1	237.0	228.8	269.5
Bilateral	35.5	25.5	86.1	211.5	222.6	89.8	83.8	197.3	235.8
Arrears ³	-	-	-	228.1	67.0	-	101.2	398.4	-
Other Public Sector Debt	1,385.8	1,238.2	1,144.0	94.3	66.4	1,089.1	976.8	91.4	56.5
Domestic Debt	1,116.9	965.8	884.6	-	-	850.4	765.7	-	-
Foreign Debt	268.9	272.4	259.4	94.3	66.4	238.7	211.1	91.4	56.5
Arrears	-	-	-	-	6.0	-	-	6.7	-
Gross Public Sector Debt³	13,628.8	14,635.5	14,809.9	12,850.1	12,499.0	14,660.1	16,118.1	12,817.7	12,439.4
Central Government Financial Assets	744.8	752.0	715.2	795.0	739.6	776.5	685.7	583.8	715.7
Central Bank	16.7	20.1	20.3	389.4	311.4	46.8	2.2	254.5	482.3
Commercial Banks	95.1	99.4	96.0	174.6	248.4	103.1	103.4	139.7	233.5
Sinking Funds	633.0	632.6	598.8	231.0	179.7	626.6	580.2	189.6	-
Other Public Sector Financial Assets	207.9	239.8	189.0	465.8	374.3	190.9	192.2	246.4	400.6
Public Corporations' Deposits	207.9	239.8	189.0	465.8	374.3	190.9	192.2	246.4	400.6
Gross Public Sector Debt/GDP (%)	144.2	151.2	148.4	126.3	120.0	158.5	156.7	124.5	124.7
Gross Central Government Debt/GDP (%)	129.5	138.4	136.9	125.4	119.3	146.7	147.2	123.5	124.1
External Debt/GDP (%)	30.9	29.8	28.3	31.4	29.7	31.2	26.7	31.5	34.0
Net Central Government ⁴ /GDP (%)	121.7	130.6	129.8	117.6	112.2	138.3	140.6	117.8	116.9

^(p) – Provisional

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

² Comprises Treasury Bills, Debentures and Ways & 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)**

	2015	2016	2017	2018	2019	June 2017	June 2018	June 2019	June 2020 ^(p)
Monetary Authorities									
Net International Reserves	821.4	574.9	334.7	832.5	1,130.8	526.8	364.8	941.3	1,553.9
Monetary Base	1,989.8	2,481.5	2,375.9	2,659.0	2,938.8	2,461.3	2,524.7	2,845.0	3,210.2
Net Domestic Assets	1,137.6	1,869.3	1,996.9	1,788.8	1,761.6	1,893.7	2,117.0	1,860.7	1,598.8
Deposit-taking Institutions¹									
Credit to Public Sector ²									
Central Government (net)	2,186.7	2,063.6	2,164.5	1,896.4	1,886.7	2,046.6	2,172.7	1,931.5	1,958.8
Rest of the Public Sector	422.6	368.2	344.8	107.9	65.0	354.1	321.7	110.4	43.1
Credit to Rest of Financial System	293.3	276.7	248.7	274.5	255.7	247.1	281.8	265.1	265.0
Credit to the Non-Financial Private Sector ³	7,781.1	7,895.2	8,151.3	8,179.1	8,254.4	7,942.1	8,137.7	8,121.3	8,129.7
Total Deposits	11,372.5	11,837.7	11,978.7	11,967.1	12,284.6	11,840.0	11,939.6	12,269.2	12,561.6
Transferable Deposits ⁴	8,946.4	9,589.1	9,667.6	9,844.5	10,394.3	9,589.7	9,750.7	10,197.0	10,763.4
Non-Transferable Deposits	2,426.0	2,248.5	2,311.1	2,122.6	1,890.3	2,250.3	2,188.9	2,072.2	1,798.2
Memo Items									
Domestic Currency Deposits	10,727.3	11,097.5	11,223.9	11,365.1	11,631.0	11,091.4	11,208.3	11,625.2	11,787.0
Foreign Currency Deposits	645.1	740.2	754.8	602.0	653.6	748.6	731.3	643.9	774.7
Banking System Financial Stability Indicators ⁵									
Capital Adequacy Ratio (CAR)	15.8	17.0	17.0	13.8	13.5	17.2	16.0	12.6	15.2
Loan to Deposit Ratio	68.0	65.1	66.5	63.3	62.6	65.3	66.3	61.4	60.2
Liquid Assets to Total Assets	28.2	31.5	29.7	21.8	23.6	30.7	32.0	24.1	24.8
Non-Performing Loans Ratio	10.2	8.6	7.7	7.4	6.6	7.3	7.7	7.1	6.8
Provisions to Non-Performing Loans	55.5	62.7	80.4	67.3	59.4	65.0	67.5	56.4	69.1
Return on Average Assets (12-month)	1.4	1.5	1.3	(0.2)	0.6	1.4	1.2	(1.1)	0.9

^(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