



**PRESS RELEASE**  
**December 2012**

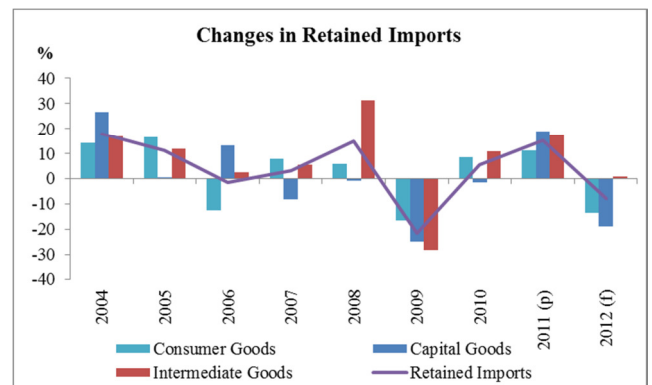
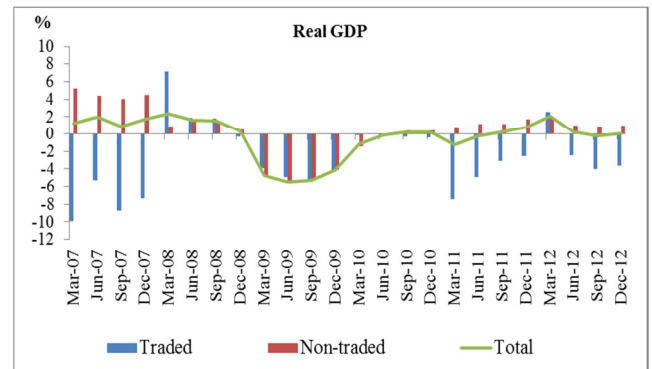
**Summary**

Barbados' foreign exchange reserves increased during the year to \$1,467 million, and the import cover at end-December stood at 18 weeks, even though there was no real growth in the economy in 2012. Output and foreign exchange from tourism contracted, with a 6.2 percent decline in long-stay arrivals and an increase of only 4.3 percent in the average length of stay. However, import expenditure was contained, and the gap between import payments and foreign earnings was smaller than for 2011. Foreign exchange inflows on the capital account held up, thanks largely to the receipt of \$167 million from the sale of Barbadian shares in the former Barbados National Bank.

The flat growth performance resulted from declines in tourism, other traded services and manufacturing. Output in the non-traded sectors grew by only 1 percent because of fiscal spending limits and the reduction in the traded sectors. Several tourism related projects were ongoing, but foreign investment in real estate projects was down about 16 percent.

The fiscal deficit for the April-December period is estimated at 6.4 percent of GDP, compared with 5.2 percent in the same period of 2011. Revenue from personal taxes was down 10 percent and VAT receipts fell 2 percent, but there was a 9 percent increase in property taxes. Subsidies to government entities rose by 2 percent, and interest payments were higher by 4 percent. Capital expenditure fell by 4 percent.

There was no additional foreign market borrowing and external debt service absorbed 6.2 percent of earnings on the external current account. The overall net debt of the



public sector, after accounting for the financial assets of government and statutory bodies, was 54 percent. The ratio of gross Government debt to GDP, when NIS is treated as part of Government, stood at 83 percent, and the ratio of external debt to GDP was 31 percent.

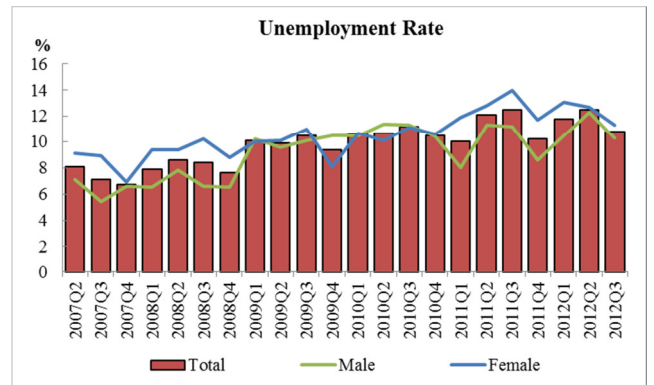
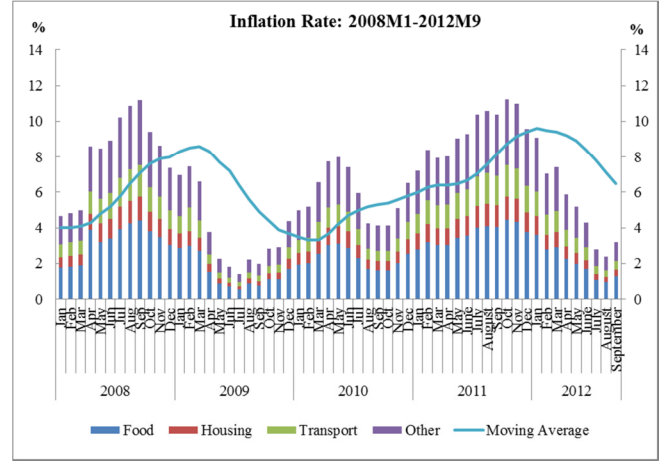
Moderation in the rate of growth in international food prices brought some relief in the rate of inflation in 2012, from 9.5 percent at the end of December 2011 to 6.5 percent at the end of September. However, there was no alleviation of the rate of unemployment, which increased slightly to an average rate of 11.7 percent over the nine month period.

Banks maintained capital positions well above the statutory requirements and remained highly profitable, with adequate levels of liquidity. However, there was further deterioration in credit quality and loans not being fully serviced on time reached 12.7 percent of total loans, compared with 11.1 percent at December 2011. Actual losses on loans were no more than 0.2 percent of total loans and advances.

### Economic Prospects

Real economic growth for Barbados in 2013 is forecast at 0.7 percent. This projection is based on the most recent IMF forecast of average growth of 1.7 percent<sup>1</sup> for Barbados' major trading partners (the US, UK & Canada), as well as an improvement in consumer expenditure in these markets of 1.2 percent. In addition, private capital inflows of \$600 million are anticipated for activity in the tourism and construction sectors. No significant gain in employment is expected. Based on current trends in international commodity prices for food, and the IMF's projection<sup>2</sup> for fuel, domestic inflation could fall to the region of 5 percent for 2013.

Barbados ranks 44<sup>th</sup> in the 2013 Global Competitiveness Index, on the strength of its well-functioning institutions, good infrastructure, high quality educational system,



<sup>1</sup> Source: The International Monetary Fund World Economic Outlook October, 2012.

<sup>2</sup> The IMF's current forecast is for the average price of fuel to decline by 1 percent to US\$105.1 for 2013.

high use of information and communication technologies (ICT), and a fairly sophisticated business community. However, with regard to the speed with which Government and the private sector engage in new projects and in the facilitation of business activities by official institutions, Barbados does poorly, by international comparisons.

With respect to agro-processing, exports of quality rum that is aged, blended and bottled in Barbados, account for 43% of rum exports. This premium segment of the market will be less severely affected by the US subsidisation of commodity rum produced in the US Virgin Islands.

Over the next five years, the potential exists for alternative energy sources to contribute more than 25 percent of Barbados' power needs, through the implementation of distributed solar and wind power generation and the installation of waste-to-energy and bio-mass cogeneration plants. Together with more efficient energy usage, this could result in a 20 percent reduction in fuel imports by 2017.

Barbados' strategy for the international business and financial services (IBFS) sector is mounted jointly with the Barbados International Business Association (BIBA), and comprises intensified marketing in Canada, together with active penetration of new markets in Latin America and elsewhere. Initiatives are designed to take advantage of Barbados' network of double taxation agreements, to leverage traditional and non-traditional markets in areas such as mining, oil and gas, renewable energy, wealth management, captive insurance, and medical services.

A regulatory system for the financial sector which meets internationally acceptable standards continues to be an essential plank of Barbados' competitiveness in the IBFS sector. The Central Bank and the Financial Services Commission, in collaboration with private financial institutions, are in the process of updating the regulatory framework, in preparation for a Financial Sector Assessment Programme (FSAP), to be conducted by the World Bank and the IMF in 2013. The FSAP provides a comprehensive overview of risk exposures

and risk management in the financial sector. The 2013 FSAP will be Barbados' third.

## The Real Economy

### Tourism

Tourism value-added contracted by an estimated 3.5 percent. There were reductions of 8.8 percent and 9.0 percent in US and UK visitors, respectively. The closure of the Almond Resorts represented an estimated loss, on average, of about one-fifth of visitors preferring an all-inclusive vacation. This coupled with the UK's Air Passenger Duty, which increased by over 8 percent and the decrease in the number of flights out of US and UK by two major carriers, were the main contributing factors to this downturn. In addition, the cessation of flights by Redjet earlier in the year contributed to the reduction in regional visitors. Persons travelling from Trinidad and Tobago rose by almost 50 percent between January and April, but subsequently slowed to 1.5 percent for the year as a whole, while visitors from other regional economies contracted by 8.1 percent.

The decline of 15 percent in cruise passenger arrivals over the January-to-December period, stemmed largely from the shift of some cruise ships to other destinations and a renewed focus on the Mediterranean region by some of the major cruise companies. The downturn in cruise activity was evident particularly during the summer period (April to December), when cruise ship calls fell by 29.5 percent.

### Manufacturing and Agriculture

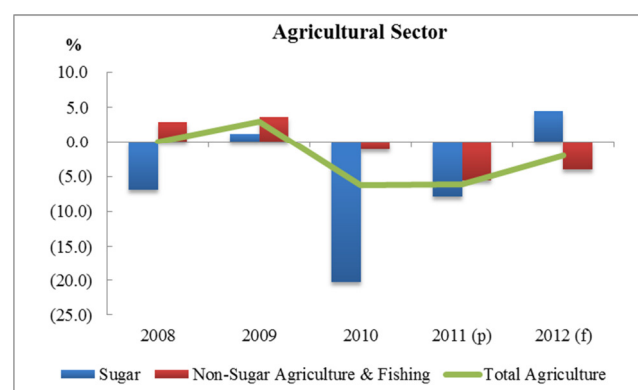
The share of manufacturing in GDP over the past two decades declined from about 9 per cent in the 1990s, to about 5 percent at the end of 2012. During the last five years, some improvement in the level of production was observed mainly in food processing, electronic components, chemicals and beverages and tobacco. These areas, however, recorded lower output levels during 2012, with the exception of food processing, which improved by 1 percent.

During 2012, output in the agricultural sector is estimated to have contracted by about 2 percent, although sugar production increased by 4.4 percent due

Tourist Arrivals By Major Source Markets				
JANUARY - DECEMBER				
MAJOR MARKETS	2011	2012 <sup>(p)</sup>	Actual Change	% CHG
U.S.A	142,414	129,821	-12,593	-8.8
Canada	71,953	71,486	-467	-0.6
U.K	189,150	172,217	-16,933	-9.0
Germany	8,401	9,027	626	7.5
Other Europe	27,458	27,600	142	0.5
Trinidad & Tobago	36,825	37,362	537	1.5
Other Caricom	64,149	58,980	-5,169	-8.1
Brazil	4,841	4,603	-238	-4.9
Other Countries	22,533	21,289	-1,244	-5.5
<b>TOTAL ARRIVALS</b>	<b>567,724</b>	<b>532,386</b>	<b>-35,338</b>	<b>-6.2</b>
<b>TOTAL CRUISE PASSENGERS</b>	<b>619,054</b>	<b>527,946</b>	<b>-91,108</b>	<b>-14.7</b>

Source: BSS and CBB Estimates

Traded Sector Performance				
	% Change		GDP (in Million BDS)	% of GDP
	2011	2012	2012	
<b>Tourism</b>	-0.2	-3.5	126.5	11.8
<b>Sugar</b>	-7.9	4.4	10.5	1.0
<b>Non-Sugar Agriculture &amp; Fishing</b>	-5.6	-4.0	33.2	3.1
<b>Manufacturing</b>	-5.3	-4.9	45.9	4.3
Food Processing	-4.1	0.8	6.2	0.6
Garments	45.6	1.9	0.9	0.1
Electronics	-8.6	-28.4	1.8	0.2
Beverages and Tobacco	-7.7	-4.0	4.7	0.4
Chemicals	-7.7	-4.7	1.5	0.1
Wooden Furniture	-37.1	43.2	0.7	0.1
Other Non-Metallic Minerals Products	6.6	-8.9	1.5	0.1
Other Manufacturing Industries	-3.7	-7.2	7.1	0.7



to higher yields and favourable weather conditions. Non-sugar agriculture was down 4 percent, the third consecutive year of decline. In spite of the uncertainty surrounding the quota system for farmers, the production of fresh milk rose by about 5 percent for the year. In contrast, chicken and fish production were lower by an average 23.4 percent. Fish landings were significantly affected by the presence of decaying seaweed during the first half of the year.

### Other Real Sector Activity

Activity in the construction sector decreased by an estimated 3 percent, a reflection of declines in the import of building materials and employment in the sector of 6 percent and 7.7 percent, respectively. Other major areas of non-traded activity recorded lower growth, subdued by the lackluster tourism performance and reduced spending.

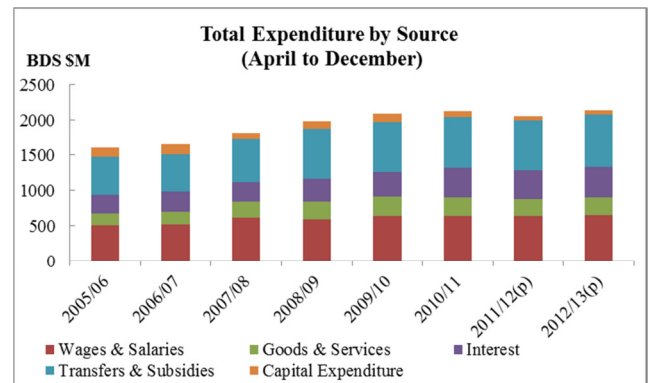
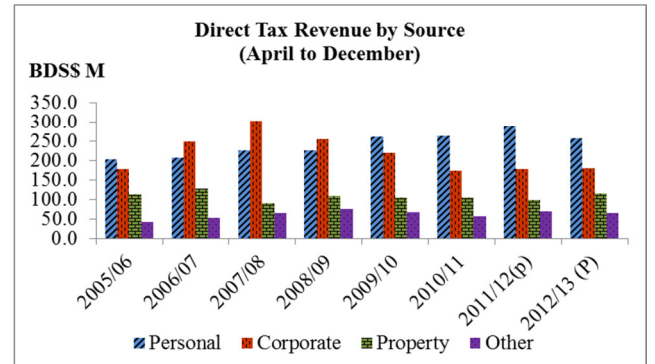
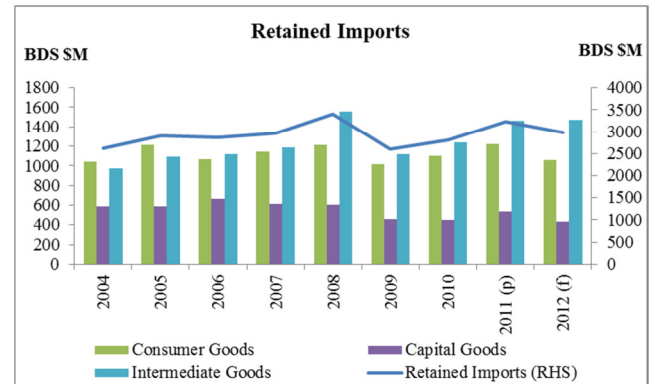
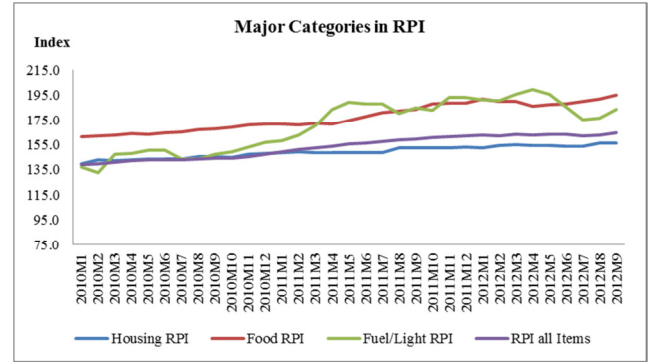
### Retail Prices

The 12-month moving average rate of inflation, the main indicator of domestic price inflation, decreased to 6.5 percent at the end of September, from 9.5 percent at the end of last year. The gradual decline in retail prices, since the end of the second quarter, has resulted from slower price increases mainly in the sub-categories of housing (by 0.21 percentage points), fuel and light (0.14 percentage points) and household operations and supplies (0.15 percentage points).

## Public Sector

VAT receipts fell by 2 percent for the first nine months of FY2012/13. There was a reduction of 10 percent in personal taxes during the year. Corporate tax receipts remained steady for the FY2012/13 period. Domestic interest payments and grants to individuals were up by 4 percent and 7 percent, respectively. There was a 4 percent reduction in capital outlays.

The majority of financing for the deficit was sourced locally from institutional investors, and external financing was reduced.



## Balance of Payments

The current account deficit narrowed to 5.7 percent of GDP in 2012, compared to a deficit of 8.5 percent for 2011. This ratio was below the 8 percent average over the preceding ten years (2001- 2011) and the average of 6.5 percent, since the reemergence of systematic current account deficits in 1995.

There was a 7.9 percent reduction in retained imports which resulted in the ratio of retained imports to GDP falling to 34.1 percent (the average for 2001- 2011) compared to 37.4 percent a year ago.

Available data up to November of 2012 indicated that imports of consumer goods fell by \$148 million, mainly as a result of reductions in imports of food and beverages, clothing and tobacco products. In addition, machinery imports were down by \$89 million. The intermediate goods category rose by \$20 million, spurred by a 3.5 percent increase in the imported price of fuel. Intermediate goods imports have risen from 40 percent of total retained imports as a result of elevated oil prices since 2007.

Foreign earnings from tourism continued to slide in 2012, falling by 4.2 percent as the ratio of travel credits to GDP fell to 20.9 percent in 2012. Sharp declines in the ratio of travel credits to GDP have sometimes been associated with recessionary conditions in the advanced economies as was the case in 1991 and 2001.

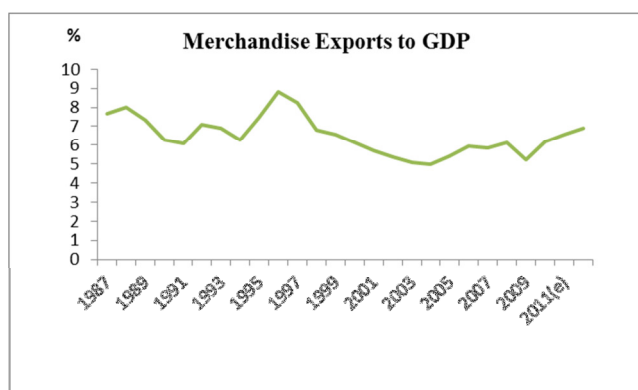
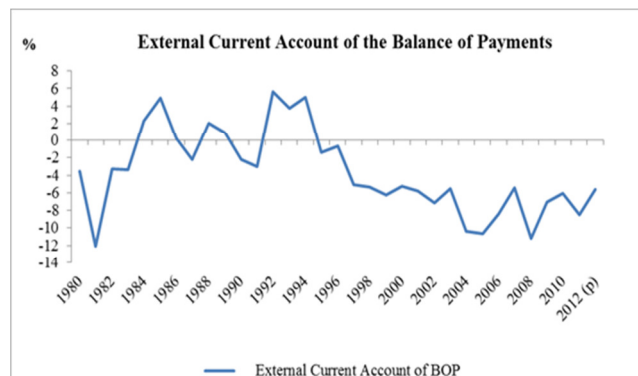
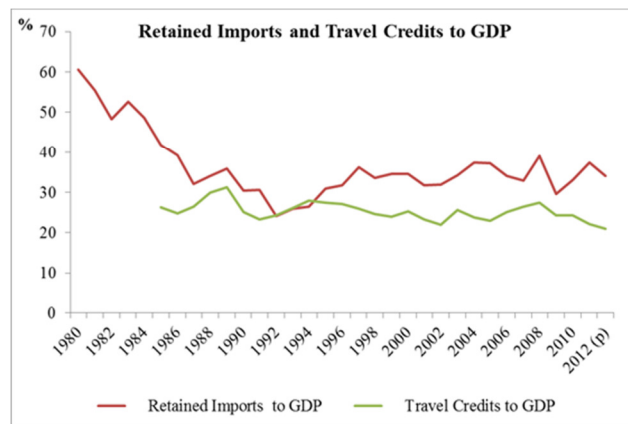
Exports of goods grew by 5 percent in 2012, primarily driven by increases in rum (\$12 million). However, chemical exports fell by 6.8 percent in 2012, after leading the expansion in exports over the past two years. Merchandise exports to GDP has trended upward from 5.2 percent in 2009 to 6.9 percent in 2012. The performance in 2012, was only slightly above the 6.5 percent average between 1986 and 2011.

The capital and financial account balance was estimated at \$617 million. Real estate flows, which are associated with villa and hotel development, were estimated at \$290 million in 2012 (3.3 percent of GDP), compared with \$347 million in 2011. The average is 6.8 percent

<b>Foreign Exchange Flows for 2012<sup>(f)</sup> (BDSSM)</b>	
Foreign Exchange Outflows	5,460.90
Financed by Foreign Exchange Inflows:	
Travel Credits	1,829.70
Other Services	1,245.80
Merchandise Exports	875.4
Income	469.3
Transfers	228.8
Capital Inflows	930.1
<b>Change in Foreign Exchange Reserves</b>	<b>+ 46.9*</b>

<sup>(f)</sup> - Forecast

\*- Excludes errors and omissions



of GDP in the boom period of 2006 to 2008.

### Financial Indicators

The NPL ratio continued to be negatively impacted by two large loans extended to the hotel sector, but other sectors have also edged up during the period.

Domestic deposits were boosted during the months of October and November, bringing the year to date deposit growth to 5.8 percent or (\$441.3 million)<sup>3</sup>. There were increased deposit holdings by private financial institutions and the National Insurance Scheme in the fourth quarter. Meanwhile, the underlying demand for credit remained weak<sup>4</sup>, rising by less than 1.5 percent. Liquidity in the system remained high. The excess cash to deposit ratio more than doubled, moving from 1.6 percent in 2011 to 4.7 percent in 2012, while holdings of excess Treasury bills also increased by \$211.0 million. The excess liquidity ratio rose to 14.7 percent. Interest rates remained largely unchanged throughout the year.

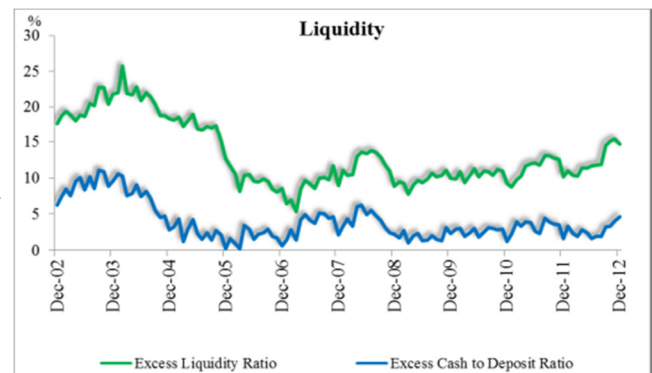
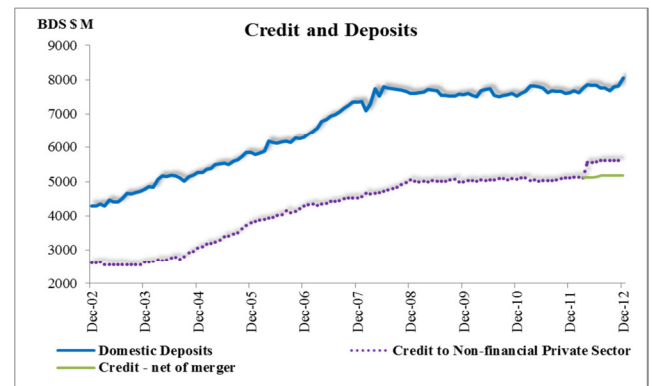
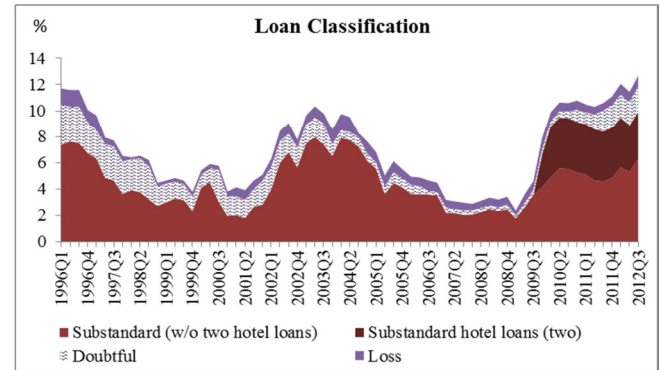
Foreign Exchange Earnings (BDS\$M)

	2008	2009	2010	2011 <sup>(P)</sup>	2012 <sup>(F)</sup>
Foreign Exchange Earnings	6,128.6	5,005.9	5,383.0	5,828.5	5,049.0
Travel	2,388.7	2,136.0	2,067.2	1,906.9	1,829.7
Other services	1,234.6	911.7	1,179.4	1,237.5	1,245.8
Food and Beverages- of which	144.1	122.2	129.8	128.6*	146.4*
Rum	66	57.2	66.8	65.4*	77.4*
Lard and margarine	19.8	18.5	18.8	17.7*	19.2*
Other Food	43	32.2	31.2	34.1*	40.2*
Other Beverages	15.3	14.2	13.1	11.5*	9.5*
Sugar	45.1	40.7	22.5	20.8	22.3
Chemicals	66.8	58.2	124	129.2*	120.4*
Electronics	23.8	16.3	19.4	20.4*	16.7*
Crude	49.6	37.4	47.2	64.4*	53.0*
Other manufacturing	183.6	173.3	171.2	148.1*	180.5*
Income	357.1	514.5	472.4	476.5	469.3
Transfers	241.1	187.1	222.3	228.9	228.8

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

<sup>(F)</sup> - Forecast

\* - January to November



<sup>3</sup> Data to December 26, 2012.

<sup>4</sup> The loan portfolio of commercial banks rose significantly, with credit to the non-financial private sector growing by 10 percent or \$512.4 million during the review period. However, this increase reflected the merger of one commercial bank and a trust company. Deducting the impact of the merger, credit to the non-financial private sector grew by less than 1.5 percent.

**Table 1: Economic Indicators**

	2005	2006	2007	2008	2009	2010	2011 <sup>(p)</sup>	2012 <sup>(e)</sup>	
Real growth (%)	4.0	5.7	1.7	0.3	-4.1	0.3	0.8	0.0	
Tradables (%)	-0.8	8.1	-7.3	-0.3	-4.3	-0.4	-2.5	-3.5	
Nontradables (%)	5.6	5.0	4.5	0.5	-4.1	0.4	1.7	1.0	
Inflation (%)*	6.1	7.3	4.0	8.1	3.6	5.8	9.5	6.5	
Average Unemployment (%)*	9.1	8.7	7.4	8.1	10.0	10.8	11.2	11.7	
Foreign Exchange Reserves (\$ Million)	1,236.5	1,194.1	1,549.9	1,359.3	1,488.7	1,435.3	1,420.3	1,467.1	
Foreign Exchange Reserves cover, weeks	15.4	16.0	20.9	16.4	21.1	18.4	16.6	18.1	
BoP current account (as % GDP)	-10.6	-8.4	-5.5	-11.2	-7.1	-6.1	-8.5	-5.7	
Net capital inflow	661.9	667.3	984.6	531.0	708.8	486.8	562.3	617.1	
Government Debt (as % of GDP), Gross	49.0	49.4	52.9	56.8	66.0	75.1	80.2	83.1	
Public Sector Debt (as % of GDP), Net	24.4	30.5	27.4	29.2	40.2	48.4	50.9	53.8	
External Debt Service to BoP current account credits	5.4	5.6	4.2	5.8	5.8	13.3	5.8	6.2	
Treasury bill rate	6.3	6.6	4.9	4.8	3.4	3.4	3.4	3.6	
US Treasury bill rate	3.9	4.8	3.0	0.0	0.1	0.1	0.1	0.1	
Average deposit rate	4.1	5.1	4.8	4.1	2.7	2.7	2.7	2.6	
Average loan rate	10.6	10.9	10.6	10.3	9.7	9.4	9.3	8.3	
<b>Fiscal Year</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>Apr-Dec 2011</b>	<b>Apr-Dec 2012</b>
Fiscal deficit (% of GDP)	-2.3	-2.8	-3.3	-5.3	-7.9	-9.0	-4.7	-5.2	-6.4
Fiscal Current Account (as % of GDP)	2.0	1.5	-0.2	-2.2	-5.5	-7.3	-3.3	-3.9	-5.1
Revenue (as % of GDP)	27.7	26.6	27.6	29.9	26.4	26.9	29.2	27.2	26.3
Expenditure (as % of GDP)	30.0	29.4	30.9	35.2	34.3	35.9	33.9	32.4	32.7
Government interest payments (as % of revenue)	13.8	14.7	13.9	15.3	18.8	21.4	20.9	23.6	25.0

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

\*- data as at September

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

	Avg contribution to GDP (%)	2005	2006	2007	2008	2009	2010	2011 <sup>(p)</sup>	2012 <sup>(e)</sup>
<b>Tradables</b>	<b>20.1</b>	<b>241.4</b>	<b>261.0</b>	<b>242.0</b>	<b>241.3</b>	<b>230.9</b>	<b>230.0</b>	<b>224.1</b>	<b>216.2</b>
Tourism	11.8	127.0	150.0	130.7	131.4	126.9	131.4	131.2	126.5
Rum & Other beverages	0.5	6.4	6.4	6.3	6.2	5.4	5.2	4.9	5.0
Food	0.8	11.8	11.7	11.5	11.3	9.9	9.5	9.0	8.5
Furniture	0.1	1.3	1.3	1.2	1.2	1.1	1.0	1.0	0.9
Chemicals	0.2	2.8	2.8	2.7	2.7	2.3	2.2	2.1	2.0
Other manufacturing	0.9	13.5	13.4	13.3	13.0	11.4	10.9	10.3	9.8
Sugar	1.0	16.4	14.5	14.6	13.6	13.7	11.0	10.1	10.5
Other agriculture	3.1	34.7	33.7	34.7	35.7	37.0	36.6	34.5	33.2
Other tradables	1.8	27.5	27.3	27.0	26.4	23.2	22.2	21.0	19.7
<b>Nontradables</b>	<b>79.9</b>	<b>789.0</b>	<b>828.1</b>	<b>865.4</b>	<b>869.8</b>	<b>834.2</b>	<b>837.9</b>	<b>851.9</b>	<b>860.2</b>
Mining and Quarrying	0.4	10.0	9.7	9.1	8.4	5.3	5.8	5.0	4.7
Electricity, etc	4.1	38.9	42.6	43.1	43.0	43.3	44.2	43.5	43.9
Construction	6.9	99.3	98.9	98.9	93.8	76.7	69.4	76.7	74.3
Distribution	22.2	215.9	230.9	246.0	244.0	232.5	237.9	238.0	238.5
Transport, etc	9.7	91.0	96.4	102.2	105.3	102.4	102.6	103.3	104.9
Finance, other svcs	20.2	185.9	197.1	208.9	213.5	207.4	209.6	212.0	217.1
Government	16.4	148.1	152.6	157.1	161.8	166.7	168.4	173.4	176.8
<b>Total</b>		<b>1,030.4</b>	<b>1,089.1</b>	<b>1,107.5</b>	<b>1,111.2</b>	<b>1,065.1</b>	<b>1,067.8</b>	<b>1,076.0</b>	<b>1,076.4</b>
<b>Nominal GDP</b>		<b>7,816.3</b>	<b>8,393.0</b>	<b>8,966.2</b>	<b>8,687.4</b>	<b>8,793.3</b>	<b>8,490.4</b>	<b>8,638.3</b>	<b>8,712.5</b>
<b>Real growth rates</b>		<b>4.0</b>	<b>5.7</b>	<b>1.7</b>	<b>0.3</b>	<b>-4.1</b>	<b>0.3</b>	<b>0.8</b>	<b>0.0</b>
Tradables		-0.8	8.1	-7.3	-0.3	-4.3	-0.4	-2.5	-3.5
Nontradables		5.6	5.0	4.5	0.5	-4.1	0.4	1.7	1.0

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

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

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

	2005	2006	2007	2008	2009	2010	2011 <sup>(p)</sup>	2012 <sup>(f)</sup>
<b><u>Current Account</u></b>	<b>-830.5</b>	<b>-703.5</b>	<b>-490.6</b>	<b>-972.5</b>	<b>-620.2</b>	<b>-517.4</b>	<b>-731.8</b>	<b>-498.9</b>
<b>Inflows</b>	<b>4,235.1</b>	<b>4,732.9</b>	<b>5,228.8</b>	<b>5,200.5</b>	<b>4,511.6</b>	<b>4,803.6</b>	<b>4,803.1</b>	<b>4,649.0</b>
Travel	1,792.2	2,113.3	2,377.3	2,388.7	2,136.0	2,068.1	1,906.9	1,829.7
Other services	1,215.0	1,093.5	1,070.1	1,234.6	911.7	1,179.4	1,237.5	1,245.8
Rum	50.7	44.3	67.5	66.0	57.2	66.8	65.4*	77.4*
Other beverages	17.9	9.8	11.8	15.3	14.2	13.1	11.5*	9.5*
Food	42.0	46.0	55.5	62.8	50.7	50.0	51.7*	59.4*
Sugar	45.4	44.6	46.2	45.1	40.7	22.5	20.8	22.3
Chemicals	56.1	60.2	74.6	66.8	58.2	124.0	129.2*	120.4*
Electronics	28.7	37.6	21.6	23.8	16.3	19.4	20.4*	16.7*
Crude	33.4	46.3	52.3	49.6	37.4	47.2	64.4*	53.0*
Other mfg	136.7	190.8	173.0	183.6	173.3	171.2	148.1*	180.5*
Income	239.8	222.1	396.5	357.1	514.5	472.4	476.5	469.3
Transfers	265.2	283.8	331.6	241.1	187.1	222.3	228.9	228.8
<b>Outflows</b>	<b>6,106.1</b>	<b>6,937.1</b>	<b>7,704.5</b>	<b>7,683.9</b>	<b>6,725.7</b>	<b>6,941.4</b>	<b>5,535.0</b>	<b>5,147.9</b>
Imports (BOP basis)	3,031.1	3,204.9	3,399.2	3,622.0	2,732.1	3,013.2	3,212.7	2,875.3
Services	1,311.5	1,383.9	1,333.1	1,472.0	1,358.2	1,465.3	1,460.1	1,445.7
Income	589.8	734.9	772.1	849.0	894.6	696.2	707.8	683.2
Transfers	134.3	118.1	219.5	187.5	146.5	144.5	139.4	137.9
<b>Capital Account</b>	<b>661.9</b>	<b>709.9</b>	<b>1,020.2</b>	<b>546.1</b>	<b>708.8</b>	<b>486.8</b>	<b>562.3</b>	<b>617.1</b>
Long term	445.0	1,319.3	1,002.5	803.2	902.2	716.2	720.0	639.2
Public	217.5	66.9	28.9	-122.5	423.1	321.2	33.7	17.6
Private	227.4	1,252.4	973.6	925.7	479.1	395.1	686.3	621.6
Short term	173.4	-591.2	-169.9	-284.2	-193.4	-229.5	-157.6	-22.1
Errors	30.3	76.4	28.8	-71.3	-32.7	91.2	739.6	660.1
<b><u>Overall balance</u></b>	<b>-138.3</b>	<b>82.8</b>	<b>558.4</b>	<b>-497.8</b>	<b>78.8</b>	<b>60.6</b>	<b>570.1</b>	<b>778.3</b>
<b><u>Change in FXR: + increase/- decrease</u></b>	<b>138.3</b>	<b>-82.8</b>	<b>-558.4</b>	<b>497.8</b>	<b>-78.8</b>	<b>-60.6</b>	<b>-570.1</b>	<b>-778.3</b>
IMF Basis: - increase/+ decrease	-45.9	42.3	-355.8	190.6	-129.3	53.4	15.0	-46.9
Commercial banks: + increase/- decrease	-184.2	125.1	202.6	-307.2	-50.5	114.0	585.1	731.5

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

<sup>(f)</sup> - Forecast

\* - January to November

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

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12 <sup>(p)</sup>	2011 <sup>(p)*</sup>	2012 <sup>(e)*</sup>
<b>Tax Revenue</b>	<b>2,042.3</b>	<b>2,130.8</b>	<b>2,337.0</b>	<b>2,396.1</b>	<b>2,156.3</b>	<b>2,168.7</b>	<b>2,374.1</b>	<b>1,672.2</b>	<b>1,636.9</b>
<i>i) Direct Taxes</i>	859.2	976.5	1,050.0	1,038.4	951.1	883.7	945.0	630.9	618.2
Personal	306.3	306.7	334.9	375.5	386.3	395.3	411.8	286.6	256.8
Corporate	359.9	445.5	521.0	447.2	372.8	294.2	298.4	177.1	179.9
Property	137.4	151.4	103.1	120.9	113.3	118.2	150.9	98.1	106.5
Other	55.6	73.0	91.0	94.8	78.7	75.9	83.9	69.1	75.0
<i>ii) Indirect Taxes</i>	1,183.1	1,154.2	1,286.9	1,357.7	1,205.2	1,285.0	1,429.0	1,041.2	1,018.7
Stamp	22.0	26.9	22.0	18.7	11.3	11.9	11.7	9.0	10.2
VAT	682.7	674.8	789.6	800.1	703.8	764.7	938.9	683.4	666.6
Excises	172.2	145.3	164.3	165.1	147.0	146.0	170.5	116.1	110.4
Import Duties	180.5	186.5	197.3	219.4	178.4	191.4	195.7	144.0	143.8
Other	125.8	120.8	113.7	154.4	164.7	171.0	112.2	88.7	87.7
<b>Non Tax Revenue &amp; Grants</b>	<b>119.2</b>	<b>105.7</b>	<b>134.7</b>	<b>201.3</b>	<b>167.4</b>	<b>114.3</b>	<b>152.1</b>	<b>114.5</b>	<b>107.0</b>
Non Tax Revenue	97.0	87.7	111.4	180.8	111.1	88.9	114.5	84.2	68.6
Grants	0.0	0.0	4.0	7.5	35.6	2.8	14.3	14.3	25.4
Post Office - Revenue	22.2	18.0	19.3	13.0	20.7	22.6	23.3	16.0	13.0
<b>Current Expenditure</b>	<b>2,001.6</b>	<b>2,112.4</b>	<b>2,492.2</b>	<b>2,786.7</b>	<b>2,811.5</b>	<b>2,900.1</b>	<b>2,810.4</b>	<b>2,039.8</b>	<b>2,084.4</b>
Wages & Salaries	687.5	698.6	809.0	832.7	861.1	860.2	869.0	644.6	649.4
Goods & Services	233.2	263.3	361.9	420.6	417.3	378.4	396.3	254.1	250.5
Interest	298.9	329.9	343.6	396.4	437.4	487.6	527.8	420.8	436.0
External	105.7	119.2	140.5	148.9	153.6	147.5	148.4	98.7	101.2
Domestic	193.1	210.7	202.2	247.5	283.8	340.0	379.4	322.1	334.9
Transfers & Subsidies	782.1	820.6	977.7	1,137.0	1,095.7	1,174.0	1,017.3	720.3	748.5
<i>Grants to Individuals</i>				257.8	279.3	304.2	294.0	216.9	232.4
<i>Grants to Public Institutions</i>				824.7	756.1	808.2	658.4	456.3	467.2
<i>Subscriptions and Contributions</i>				19.9	23.3	25.9	25.0	16.2	16.8
<i>Non-Profit Agencies</i>				34.6	37.0	35.7	39.9	30.9	32.1
<b>Capital Expenditure &amp; Net Lending</b>	<b>340.1</b>	<b>357.6</b>	<b>276.4</b>	<b>270.2</b>	<b>205.9</b>	<b>146.5</b>	<b>118.2</b>	<b>88.8</b>	<b>86.1</b>
Capital Expenditure	252.4	249.5	238.2	232.0	167.7	108.3	91.8	60.8	58.1
Net Lending	87.8	108.1	38.2	38.2	38.2	38.2	26.4	28.0	28.0
<b>Fiscal Balance</b>	<b>-180.3</b>	<b>-233.5</b>	<b>-297.0</b>	<b>-459.5</b>	<b>-693.7</b>	<b>-763.6</b>	<b>-402.5</b>	<b>-342.0</b>	<b>-426.6</b>
<b>Fiscal Balance to GDP (%)</b>	<b>-2.3</b>	<b>-2.8</b>	<b>-3.3</b>	<b>-5.3</b>	<b>-7.9</b>	<b>-9.0</b>	<b>-4.7</b>	<b>-5.2</b>	<b>-6.4</b>

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

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

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

\* - April to December

**Table 5: Public Debt Outstanding (BDS\$ Millions)**

	2005	2006	2007	2008	2009	2010	2011	2012
<b>Government</b>								
External Debt (of which)	1,554.6	1,915.8	1,993.4	1,978.2	2,395.3	2,712.0	2,757.9	2,630.7
SDRs (+)	0.2	0.1	0.2	0.1	170.2	171.6	184.0	174.7
PPP-Prison	-	288.0	288.0	285.2	282.2	278.8	275.1	271.0
Domestic Debt (of which)	2,315.9	2,343.2	2,644.5	2,861.8	3,405.3	3,661.4	4,162.0	4,588.7
PPP-Justice Improvement	-	43.4	73.3	103.0	127.1	132.3	132.9	-
PPP-Coast Guard	12.9	61.9	59.5	52.6	47.9	43.3	38.7	34.1
PPP-ABC Highway	-	-	135.0	135.0	161.7	155.2	148.6	142.1
Debentures	1,225.3	1,261.4	1,418.2	1,585.4	1,820.1	1,962.7	2,279.7	2,566.3
T-bills	622.7	488.7	569.6	529.4	735.2	890.8	953.4	1,238.1
<b>Gross Government Debt*</b>	<b>3,870.5</b>	<b>4,259.0</b>	<b>4,637.9</b>	<b>4,840.0</b>	<b>5,800.6</b>	<b>6,373.3</b>	<b>6,920.0</b>	<b>7,219.4</b>
Total Government Assets (-)	1,454.6	1,269.0	1,486.1	1,644.4	1,633.0	1,728.8	1,835.0	1,776.1
Government Assets	853.9	701.3	765.2	825.9	872.3	968.0	1,074.2	1,015.3
Deposits	424.7	212.2	213.7	219.4	239.8	351.3	363.2	205.0
Central bank	295.5	112.8	97.0	61.2	90.2	233.1	263.6	79.3
Commercial Banks	129.1	99.4	116.7	158.3	149.6	118.3	99.6	125.7
Sinking Fund	429.2	489.1	551.6	606.5	632.5	613.3	711.0	810.3
Sinking funds for dom. debt	306.0	329.6	355.3	371.3	409.2	425.6	470.9	537.0
Sinking funds for fgn. debt	123.2	159.5	196.3	235.2	223.3	187.7	240.1	273.3
Other Government Assets**	600.7	567.8	720.8	818.5	760.8	760.8	760.8	760.8
Liquid NIS Assets	424.8	400.9	505.8	525.7	468.0	468.0	468.0	468.0
Cash	10.6	16.3	16.1	13.1	10.8	10.8	10.8	10.8
Due From Banks and Fin. Inst	414.2	384.6	489.7	512.6	457.2	457.2	457.2	457.2
External Assets of NIS	175.9	166.9	215.0	266.9	292.7	292.7	292.7	292.7
<b>Net Government Debt</b>	<b>2,416.0</b>	<b>2,990.0</b>	<b>3,151.8</b>	<b>3,195.5</b>	<b>4,167.6</b>	<b>4,644.6</b>	<b>5,085.0</b>	<b>5,443.3</b>
<b>Public Sector</b>								
Gross Government Debt	3,870.5	4,259.0	4,637.9	4,840.0	5,800.6	6,373.3	6,920.0	7,219.4
Debt Held By Central Bank (-)	74.7	0.6	20.5	-	101.8	95.0	223.7	208.0
T-Bills	74.1	-	19.9	-	26.8	20.0	148.7	133.0
Debentures	0.6	0.6	0.6	-	75.0	75.0	75.0	75.0
Public Corporations' Debt (+)	863.6	871.3	975.6	1,000.7	1,295.0	1,377.6	1,395.0	1,295.0
Domestic	716.1	734.5	762.0	796.6	1,067.2	1,062.8	1,090.1	1,000.1
External	147.5	136.7	213.5	204.0	227.8	314.8	304.8	294.9
<b>Gross Public Sector Debt</b>	<b>4,659.4</b>	<b>5,129.7</b>	<b>5,592.9</b>	<b>5,840.6</b>	<b>6,993.8</b>	<b>7,656.0</b>	<b>8,091.2</b>	<b>8,306.4</b>
Net Government Debt	2,416.0	2,990.0	3,151.8	3,195.5	4,167.6	4,644.6	5,085.0	5,443.3
Other Central Bank Assets (-)	1,082.3	1,141.2	1,464.2	1,442.4	1,535.9	1,513.3	1,551.2	1,612.5
Foreign Assets	833.4	888.5	1,244.9	1,045.2	1,126.1	1,150.2	1,174.1	1,262.8
Other Foreign Assets	833.2	888.5	1,244.7	1,045.0	955.9	978.5	990.1	1,088.1
SDRs	0.2	0.1	0.2	0.1	170.2	171.6	184.0	174.7
Domestic Assets	248.8	252.7	219.3	397.2	409.8	363.1	377.1	349.7
Public Corporations' Deposits	212.9	162.5	185.4	213.8	289.4	306.6	311.7	240.0
<b>Net Public Sector Debt</b>	<b>1,909.7</b>	<b>2,556.9</b>	<b>2,457.2</b>	<b>2,540.0</b>	<b>3,535.5</b>	<b>4,107.3</b>	<b>4,393.3</b>	<b>4,677.9</b>
Gross Government Debt/GDP	49.4	50.7	51.7	55.7	66.0	75.1	80.2	83.1
Gross Public Sector Debt/GDP	59.5	61.1	62.4	67.2	79.5	90.2	93.8	95.6
Net Government Debt/GDP	30.8	35.6	35.2	36.8	47.4	54.7	59.0	62.7
Net Public Sector Debt/GDP	24.4	30.5	27.4	29.2	40.2	48.4	50.9	53.8
Memo Debt Held by NIS (-)	1,100.9	1,253.9	1,404.0	1,673.0	1,867.3	2,213.8	2,380.9	2,601.9
T-Bills	30.4	125.4	120.8	128.5	122.8	185.3	270.9	303.4
Debentures	1,070.5	1,128.5	1,283.3	1,544.6	1,744.5	2,028.5	2,110.0	2,298.4

\* Equivalent to Central Government debt based on the IMF's Public Sector Statistics: Guide for Compilers and Users

\*\* Due to data unavailability, balances have been kept at 2009 levels

**Table 6: Government Financing (BDS \$Millions)**

	2011				2012			
	Q2	Q3	Q4	Apr - Dec	Q2	Q3	Q4	Apr - Dec
Overall Fiscal Balance (CBB basis)	-95.4	-107.8	-138.4		-130.7	-146.3	-199.8	
<b>Total Financing</b>	<b>95.4</b>	<b>107.8</b>	<b>138.4</b>	<b>341.6</b>	<b>130.7</b>	<b>146.3</b>	<b>199.8</b>	<b>476.8</b>
<b>Domestic Financing</b>	<b>131.6</b>	<b>135.1</b>	<b>20.7</b>	<b>287.4</b>	<b>164.3</b>	<b>173.2</b>	<b>123.0</b>	<b>460.5</b>
Central Bank	42.9	48.9	-114.4	-22.5	35.3	109.9	79.7	224.9
Commercial Banks	168.8	-16.4	13.6	166.0	66.0	92.7	-6.6	152.1
National Insurance Scheme	9.1	29.9	14.4	53.4	80.7	63.7	43.6	188.0
Private Non-Bank	39.2	28.8	99.1	167.1	128.2	69.8	110.9	308.9
Other Public Sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-128.5	43.9	8.1	-76.5	-145.8	-162.9	-104.6	-413.3
Divestment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Foreign Financing (net)</b>	<b>-36.2</b>	<b>-27.3</b>	<b>117.7</b>	<b>54.1</b>	<b>-33.6</b>	<b>-26.9</b>	<b>76.7</b>	<b>16.2</b>
Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Funds	1.4	6.2	12.1	19.7	2.4	4.0	22.4	28.7
Policy Loans	0.0	0.0	140.0	140.0	0.0	0.0	0.0	0.0
Amortisation	-37.6	-33.5	-34.4	-105.6	-36.0	-30.8	-35.6	-102.5
Divestment	0.0	0.0	0.0	0.0	0.0	0.0	90.0	90.0

**Table 7: Key FSIs for the Domestic Commercial Banking System**

	2006	2007	2008	2009	2010	2011	2012*
<b>Solvency Indicators</b>							
Capital Adequacy Ratio (CAR)	14.6	16.4	16.1	17.5	17.1	19.3	19.6
<b>Liquidity Indicators</b>							
Loan to deposit ratio (%)	65.0	56.1	63.7	65.5	67.2	70.9	75.6
Demand deposits to total deposits (%)	35.9	36.4	34.8	36.6	35.2	32.1	27.3
Liquid assets, % of total assets	7.7	9.5	9.0	10.8	11.5	12.0	13.2
<b>Credit Risk Indicators</b>							
Total assets (growth rate, %)	10.9	23.5	4.2	-5.6	-1.5	-4.7	11.2
Loans and advances (growth rate, %)	18.7	4.9	12.4	0.9	1.0	-0.5	6.4
Non-performing loans ratio (%)	4.5	2.9	3.4	7.9	10.8	11.1	12.7
Substandard loans/ Total loans (%)	3.5	2.1	2.5	6.7	9.1	8.7	9.9
Doubtful loans/ Total loans (%)	0.3	0.3	0.4	0.4	1.0	1.8	1.9
Loss Loans / Total loans	0.7	0.5	0.6	0.9	0.7	0.6	0.8
Provisions to non-performing loans (%)	34.1	52.0	63.4	41.5	37.4	32.9	36.5
<b>Foreign Exchange Risk Indicators</b>							
Deposits in Foreign Exchange (% of total deposits)	14.2	18.9	14.8	13.3	12.9	6.6	4.0
<b>Profitability Indicators</b>							
Return on Equity (ROE)	19.5	19.3	17.3	15.6	11.3	6.1	6.2
Return on Assets (ROA)	2.0	1.8	1.4	1.6	1.1	1.0	1.1

\* - January to September