INTERNATIONAL MONETARY FUND

Staff Country Reports

July 1995

IMF Staff Country Report No. 95/59

St. Kitts and Nevis—Recent Economic Developments

This report on recent economic developments in St. Kitts and Nevis was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with this member country. In releasing this document for public use, confidential material may have been removed at the request of the member.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
700 19th Street, N.W. • Washington, D.C. 20431

Telephone: (202) 623-7430 • Telefax: (202) 623-7201

Telex (RCA): 248331 IMF UR

Internet: publications@imf.org

Price: \$15.00 a copy

International Monetary Fund
Washington, D.C.

This page intentionally left blank

INTERNATIONAL MONETARY FUND

ST. KITTS AND NEVIS

Recent Economic Developments

Prepared by a staff mission consisting of
Samuel Itam, Obert Nyawata, Marijn Verhoeven, and Jingping Yang

Approved by the Western Hemisphere Department

May 3, 1995

	<u>Contents</u>	<u>Page</u>
Basic Data		iv
I.	Introduction	1
II.	The Domestic Economy	1
	1. Output, expenditure and savings	1
	2. Sectoral developments	3
	a. Agriculture, livestock and fishing	3
	b. Tourism	4
	c. Manufacturing	5
	d. Construction	5
	3. Labor market and wages	6
	4. Prices	6
III.	Public Finances	6
	1. Central Government	8
	a. Revenue	8
	b. Expenditure	9
	c. Domestic debt	9
	2. Social Security Scheme	10
	3. Public enterprises	11
	4. Public sector investment program	12
	5. Social expenditure	12
IV.	Financial Sector Developments	12
	1. Overview	12
	a. ECCB's local operations	13
	b. Commercial bank operations	15

Contents

Page

2.	Interest rates	15
3.	Nonbank financial institutions	15
V.	External Sector	16
1.	Merchandise trade	16
2.	Services and transfers	18
3.	Capital account	18
4.	External debt	19
5.	The exchange rate	19

Tables

1.	Output and Prices	2
2.	Summary of Consolidated Public Sector Operations	7
3.	Monetary Survey	14
4.	Summary Balance of Payments	17

Annexes

I.	Structure of Tax System	20-25
II.	Recent Changes in the Tax System	26-27

Appendix Tables

5.	Real GDP at Factor Cost	28
6.	Nominal GDP at Factor Cost	29
7.	Nominal GDP by Expenditure	30
8.	Selected Data on Sugar Sector and Agricultural Production	31
9.	Selected Data on Tourism	32
10.	Retail Price Index	33
11.	Consolidated Public Sector Operations	34
12.	Summary of Central Government Operations	35
13.	Summary of Central Government Revenue	36
14.	Summary of Central Government Expenditure	37
15.	Central Government Domestic Debt	38
16.	Operations of the Social Security Scheme	39
17.	Operations of the Consolidated Public Enterprises	40
18.	Operations of St. Kitts Sugar Manufacturing Corporation	41
19.	Eastern Caribbean Central Bank Local Operations	42
20.	Detailed Consolidated Accounts of Commercial Banks	43
21.	Distribution of Commercial Bank Loans	44
22.	Selected Interest Rates	45
23.	Operations of the Development Bank	46
24.	Balance of Payments	47
25.	Sugar Exports	48
26.	Merchandise Exports by Commodity Group	49
27.	Merchandise Imports by Commodity Group	50

	<u>Contents</u>	<u>Page</u>
28.	Direction of Trade	51
29.	Summary of External Public Debt	52
30.	Maturity Structure of External Public Debt	53
31.	Exchange Rates	54
 <u>Chart</u>		
1.	Selected Economic Indicators	2a

St. Kitts and Nevis: Basic Data

Social and demographic indicators

Area (sq. kilometers)	
Total	360.0
Arable land	150.1
Population (thousands, mid-1993)	42.25
Rate of population growth (percent, 1989-93)	-0.2
Population density (per sq. kilometer, 1993)	
Total	117.4
Arable land	281.5
Life expectancy at birth (years, 1993)	69.6
Infant mortality rate (per thousand, 1993)	36.4
Access to safe water (percent of population, 1993)	
Urban	100.0
Rural	...
Daily per capita caloric intake (calories, 1993)	2,639
Daily per capita protein intake (grams, 1993)	77.0
Population per physician (thousand, 1993)	2.2
Population per hospital bed (thousand, 1993)	...
Primary school enrollment (percent, 1993)	...
Unemployment rate (percent, end-1993)	...
GDP (1994)	EC\$565.1 million US\$209.3 million
GDP per capita (1994)	US\$4,954

	1991	1992	1993	Est. 1994
	(percent)			
<u>Origin of GDP (current price)</u>				
Agriculture and fishing	6.7	7.0	7.2	6.2
Manufacturing	12.0	12.1	11.6	10.7
Construction	12.7	12.0	12.0	11.9
Communications	7.7	7.4	7.1	7.2
Hotels and restaurants	9.2	9.9	10.3	10.7
Wholesale and retail trade	14.3	13.4	13.2	13.1
Government	16.5	16.8	17.3	18.9
Other services	20.9	21.4	21.3	21.3
<u>Ratios to GDP</u>				
Exports of goods and nonfactor services	61.0	61.9	60.8	60.4
Imports of goods and nonfactor services	82.0	70.5	73.7	73.4
Current account of the balance of payments	-17.2	-7.0	-12.0	-13.1
Consolidated public sector revenue & grants	27.6	29.8	29.9	31.6
Consolidated public sector expenditure	28.1	26.1	30.8	31.9
Consolidated public sector current balance <u>1/</u>	4.7	7.5	7.4	6.6
Consolidated public sector overall balance	-0.5	3.7	-0.9	-0.3
External public debt (end of period)	23.7	23.1	22.7	21.6
Total external debt (end of period)	27.6	32.7	37.3	40.9
External public debt service (in relation to exports of goods and nonfactor services)	3.8	3.5	3.2	3.9
Of which: interest payments (in relation to exports of goods and nonfactor services)	1.5	1.4	1.2	1.6
Gross domestic investment	42.9	39.1	38.7	38.8
Gross national savings	25.7	32.1	26.7	25.7
Money and quasi-money (banking system, end of period)	65.0	68.1	70.3	67.1
<u>Annual percentage changes in selected indicators</u>				
Real GDP per capita (at factor cost)	4.1	3.4	4.7	3.3
Real GDP (at factor cost)	3.9	3.0	4.5	3.2
GDP (at current market prices)	4.8	10.1	9.0	5.9
Domestic expenditure (at current prices)	-4.7	-1.1	13.4	6.0
Investment	-19.9	0.4	7.6	6.3
Consumption	6.3	-2.0	16.6	5.8
GDP deflator	1.1	7.0	3.2	2.7
Consumer prices (annual averages)	4.2	2.9	1.8	2.6
Consumer prices (end of period)	4.5	1.5	1.4	1.3
Consolidated public sector revenue	-1.8	18.9	9.1	12.1
Consolidated public sector expenditure	6.8	2.3	28.0	9.9
Consolidated public sector current expenditure	4.9	7.2	9.9	17.9

	1991	1992	1993	Est. 1994
		(percent)		
Money and quasi-money 2/	3.4	15.3	12.5	4.1
Money	2.0	6.7	15.6	-0.3
Quasi-money	3.9	17.4	12.1	4.4
Net domestic assets of the banking system 2/ 3/	5.8	11.4	9.2	6.2
Credit to public sector (net)	-3.8	-9.9	-6.4	-4.9
Credit to private sector	11.0	24.9	12.3	10.7
Merchandise exports (f.o.b. in U.S. dollars)	12.8	3.4	14.0	-3.8
Merchandise imports (c.i.f. in U.S. dollars)	-0.4	-13.3	14.1	3.1
Terms of trade (deterioration -)	-1.9	3.7	-2.2	-7.0
Nominal effective exchange rate (depreciation -)	3.3	5.4	6.4	-0.9
Real effective exchange rate (depreciation -)	3.0	3.5	5.1	-2.8
External public debt	-3.9	6.6	7.4	0.9
Total external debt	13.0	23.0	24.2	15.7

(millions of Eastern Caribbean dollars)

<u>Consolidated public sector finances</u>				
Revenue and grants	122.8	146.0	159.3	178.4
Of which: current revenue	121.4	143.7	157.9	177.7
Expenditure and net lending	125.2	128.1	164.0	180.2
Of which: current expenditure	101.7	109.1	119.9	141.4
Current account surplus or deficit (-) 1/	21.1	36.9	39.4	37.2
Overall balance	-2.4	17.9	-4.7	-1.7
External financing (net)	0.4	0.6	9.7	3.1

(millions of U.S. dollars)

<u>Balance of payments 4/</u>	1.3	10.1	3.9	0.4
Merchandise exports (f.o.b.)	31.2	32.3	36.9	35.4
Merchandise imports (c.i.f.)	110.3	95.6	109.1	112.4
Travel receipts (net)	51.3	62.4	64.1	70.6
Investment income (net)	-6.9	-10.4	-11.7	-15.0
Other services and private transfers (net)	-5.6	-1.7	-4.4	-7.2
Official transfers	0.8	0.3	0.4	1.2
Balance on current account	-28.3	-12.7	-23.7	-27.4
Official capital (net)	0.4	0.7	4.5	1.6
Commercial banks' capital (net)	3.7	6.0	-0.2	3.4
Other private capital	21.8	16.9	19.3	19.2
Errors and omissions	3.7	-0.8	4.1	3.5
Balance on capital account	29.6	22.8	27.7	27.8

International reserve position and external debt

Central Bank (imputed, net) 4/	16.1	26.2	29.9	30.3
Financial system (net)	29.4	26.7	30.3	27.6
Net international reserves (in months of imports of goods and nonfactor services)	2.0	2.5	2.7	2.8
External public debt	39.2	41.8	44.9	45.3
Total external debt	48.2	59.3	73.7	85.3

IMF data (as of February 28, 1995)

Article VIII status				
Intervention currency and rate		U.S. dollar; at EC\$2.70 per US\$1		
Quota		SDR 6.50 million		
Fund holdings of local currency		SDR 6.49 million		
As percent of quota		99.81 percent		
Reserve position in Fund		SDR 0.02 million		
As percent of quota		0.3 percent		
Total Fund credit		None		
Special Drawing Rights Department				
Cumulative SDR allocation				None
Net acquisition or utilization (-) of SDRs				--
Holdings of SDRs				--
Share of profits from gold sales				None

1/ Including grants and capital revenue.

2/ Banking system.

3/ In relation to banking system liabilities to the private sector at the beginning of the period.

4/ Including government balance at the Crown Agent.

5/ ECCB's imputed international reserves for St. Kitts and Nevis.

This page intentionally left blank

I. Introduction

The economy of St. Kitts and Nevis is highly open, with exports and imports equivalent to about 20 percent of GDP and 55 percent of GDP, respectively. Historically it has been dependent on sugar production, but significant progress at economic diversification has been made into tourism and nonsugar agriculture in recent years. St. Kitts and Nevis shares a common currency--the Eastern Caribbean dollar, which has been pegged to the U.S. dollar at the rate of EC\$2.70 per U.S. dollar since July 1976--with the other seven members of the Eastern Caribbean Central Bank (ECCB). After the general election in November 1993, the ruling party won a minority of seats but secured the support of a smaller political party and continued in office. However, following civil unrest around end-1993 and again during August-November 1994, it was agreed to hold another general election by November 1995.

Economic performance was broadly satisfactory in 1993-94 with high real GDP growth, low inflation and a favorable external position (Chart 1). Faced with increased external competition and reduced concessional aid flows, the Government has pursued a development strategy aimed at diversifying the economy away from the sugar industry towards tourism-led activities. As a result, the tourism sector has expanded rapidly, generating substantial employment opportunities and foreign exchange earnings, and the economic structure has become centered on service-oriented activities. In particular, the performance of nonsugar agriculture and light manufacturing improved significantly in recent years due to their increased linkages with the tourism sector. Unemployment remained low--12 percent, is relatively low when compared with other countries in the region and was concentrated among the unskilled. Because of improved domestic supplies, stable import prices, and relatively modest wage increases, inflation has decelerated and was below that in trading partner countries in 1994.

With higher investment required to support the diversification strategy, the Government increasingly has been focusing its attention on generating the necessary public savings to reduce reliance on external and domestic borrowing. The overall balance of payments has recorded small overall surpluses that led to a steady rise in international reserves over the recent period; at end-1994, imputed international reserves with the Central Bank was equivalent to three months of imports of goods and nonfactor services.

II. The Domestic Economy

1. Output, expenditure and savings

In 1993-94 economic activity expanded at a moderately faster pace than in the previous years, mainly due to a turnaround in public construction and nonsugar manufacturing, with real GDP growth increasing from 3 1/2 percent a year in 1991-92 to about 4 percent a year in 1993-94 (Table 1). The

Table 1. St. Kitts and Nevis: Output and Prices

	1989	1990	<u>Annual Average</u>	
			1991-92	1993-94
<hr/>				
<u>(In percent of GDP)</u>				
<u>Output</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Agriculture	7.7	6.4	7.2	6.2
Sugar	3.3	2.6	3.0	3.0
Nonsugar	4.4	3.8	4.2	3.2
Mining and quarrying	0.5	0.7	0.4	0.4
Manufacturing	14.3	12.8	12.0	11.2
Sugar	2.7	1.6	1.9	2.1
Nonsugar	11.6	11.2	10.1	9.1
Electricity and water	1.1	1.3	1.5	1.8
Construction	11.9	14.3	12.4	12.0
Service sector	71.5	70.1	72.2	73.0
Less imputed service charges	7.0	5.7	5.7	4.6
 <u>(Percentage change)</u>				
<u>Output</u>	<u>6.7</u>	<u>3.0</u>	<u>4.0</u>	<u>3.9</u>
<u>Prices (period average)</u>	<u>5.1</u>	<u>4.2</u>	<u>3.6</u>	<u>2.2</u>
Food	4.9	2.5	5.2	3.0
Fuel and light	0.8	10.7	0.9	--
Clothing and footwear	7.4	4.1	6.5	0.8
Housing	0.4	0.4	0.4	-0.2
Other services	15.6	8.3	2.1	-4.1
 <u>GDP deflator</u>	 <u>4.3</u>	 <u>9.2</u>	 <u>4.1</u>	 <u>3.0</u>

Sources: Appendix Tables 5 and 10.

CHART 1

St. Kitts and Nevis
Selected Economic Indicators, 1989-94

Sources: Data provided by the St. Kitts and Nevis authorities; and Fund staff estimates and projections.

1/ After official grants.

2/ Including errors and omissions.

This page intentionally left blank

increase in public construction was mainly in 1993, when a number of large-scale projects were initiated. Real value added in nonsugar manufacturing recovered markedly, as demand in partner countries rose. At the same time, tourism and related activities (including wholesale and retail trade, communications, and transport) continued to perform strongly.

Domestic expenditures increased by over 9 percent a year in 1993-94 compared with a decline of 3 percent a year in 1991-92 (Appendix Table 7). The increase in 1993 reflected a surge in private consumption and the start of a number of large-scale public sector projects. In 1994 the growth of private consumption and public investment slowed down and growth of domestic expenditures decelerated to 6 percent. However, public consumption rose markedly due to public wage increases and purchases of goods for the replacement and improvement of security facilities following the civil unrest in 1993 and 1994.

National savings fell from about 29 percent of GDP in 1991-92 to 26 percent of GDP in 1993-94, mainly reflecting a decline in net factor income and transfers from abroad. In the same period, the ratio of investment to GDP declined from 41 to 39 percent due to the slowdown in private investment.

2. Sectoral developments

a. Agriculture, livestock and fishing

Agricultural activity is concentrated on large-scale cultivation of sugarcane by the state-owned St. Kitts Sugar Manufacturing Company (SSMC), vegetable and fruit gardening and animal husbandry on small- to medium-scale farms, and fishing using small boats for domestic consumption. The future of sugar agriculture depends on improvements in the production capacity through new investments in machinery and plants. Nonsugar agriculture has significant growth potential because of its strong links with tourism and the possibilities for further improvement in cultivation methods, crop selection, and marketing of products.

Sugarcane production increased by 10 percent to 219,600 metric tons in 1993, but dropped by nearly 18 percent to 180,500 metric tons in 1994 (Appendix Table 8). The increase in 1993 was due mainly to a combination of favorable weather and improvements in the cultivation and harvesting methods, which permitted increasing the area harvested and led to a higher yield per acre. In 1994, an extended drought seriously damaged the sugarcane crop. The dry weather also contributed to the outbreak and spread of cane fires, some of them intentionally set during the civil unrest. In addition, the area under cultivation was reduced (from 10,400 acres in 1993 to 10,300 acres in 1994) as government-owned land was switched from sugarcane to other uses. At the same time, sugarcane production was hampered in 1994 because SSMC's equipment and machinery, which are largely obsolete, experienced frequent breakdowns that affected adversely the harvested area and the yield per acre, and because higher production costs--

particularly wages and the cost of foreign workers during the harvest season--limited funds for necessary investments.

The growth of real value added in the production of fruits and vegetables, livestock husbandry, and fishery rose from 6 percent a year in 1991-92 to 7 percent a year in 1993-94. Fruits and vegetables are mainly for domestic consumption, although limited quantities are exported to neighboring countries when there are surpluses. Production of a number of crops--particularly tomato, watermelon, yam, pumpkin, sweet potato, and breadfruit--rose markedly in 1993-94 despite the drought. This rise responded to increased demand by hotels and restaurants as tourism expanded, and greater experience by farmers with modern methods of cultivation. In addition, the growth potential in nonsugar agriculture was reinforced by the services provided by the Central Marketing Board (a government agency) to farmers in selecting and procuring seeds and other inputs, supplying technical advice on the choice of suitable crops, and on cultivation methods and marketing.

The production of meat increased by 2 percent a year in 1993-94 to 328 metric tons, after having fallen by 2 1/2 percent a year in 1991-92. Also, the production of eggs rose by about 2 percent a year in 1993-94, and reached 328,000 dozens in 1994. Small-scale fishing activities brought in 125 metric tons of fish in 1994.

b. Tourism

St. Kitts and Nevis has established a firm position in the upper end of the tourism market, attracting tourists mainly from Northern America, Europe and other Caribbean islands (Appendix Table 9). The country is visited by cruiseship passengers, stopover visitors staying at hotels or guest houses, and excursionists from neighboring islands for sightseeing and shopping. On average, each visitor spent just under US\$370 in 1994, with each cruiseship passenger spending US\$30 and each stopover visitor US\$1,000. The large variation in spending reflects the high cost of accommodation and the difference in the average length of stay (seven days for stopover visitors and one day for cruiseship passengers).

Value added in the hotel and restaurant sector (roughly equivalent to the tourism sector) increased by 6 percent in 1993-94 compared with 13 percent a year in 1991-92. This deceleration reflects a decline in the average length of stay from 5 1/2 days in 1991-92 to less than 5 days in 1993-94 perhaps as a consequence of the civil unrest of end-1993 and August-November 1994; the growth rate of stopover visitors fell from 25 percent a year in 1991-92 to 11 percent a year in 1993-94. As a result, the share of tourists who visit St. Kitts and Nevis for one day--cruiseship passengers and excursionists from neighboring islands--grew from 44 percent in 1991-92 to 52 percent in 1993-94.

The capacity of the tourism sector has increased steadily over the past years. In 1993, St. Kitts and Nevis had 1,050 rooms in 33 hotels and an

additional 543 rooms in guest houses. Project development in the Frigate Bay area on St. Kitts added 50 rooms to the existing capacity in 1994, and 120 new rooms are expected to become available in 1995. Projects to enhance the capacity of airport facilities to receive stopover visitors and to improve its services are to be carried out in 1995-99.

c. Manufacturing

The manufacturing sector is mainly comprised of sugar refinery and associated products; enclave firms producing garments and assembling electronic equipment for exports; and enterprises producing food, beverages and furniture for the domestic market. The sugar output is exported to the countries of the European Union (mainly the United Kingdom) and to the United States under preferential trade agreements. 1/ One of the larger garment factories closed down at the end of 1993 as its operation became unprofitable. The electronic assembling industry reduced its prices in 1993-94 as part of the strategy to maintain existing foreign customers and penetrate the market. As a result, the industry increased its competitiveness, expanded production markedly, and improved its prospects for growth.

Manufacturing value added increased by 3 percent a year in 1993-94 compared with 2 percent in 1991-92, reflecting a strong rise in nonsugar manufacturing that more than offset the decline in sugar production. Because of higher economic growth in partner countries and a deeper penetration of export markets, value added of nonsugar manufacturing rose by 4 1/2 percent in 1993 and 5 percent in 1994, against a contraction of 3 1/2 percent a year in 1991-92. The production of sugar increased by 5 1/2 percent to 21,318 metric tons in 1993, but fell by 6 percent to 19,980 metric tons in 1994 in line with sugarcane output. 2/

d. Construction

Value added in construction grew by 5 percent a year in 1993-94 against a contraction of 4 1/2 percent a year in 1991-92. In 1993, construction activity rebounded strongly reflecting increased government investment in a number of projects which more than offset a decline in private construction

1/ Under the arrangements, St. Kitts and Nevis can export to (i) the European Union (mainly the United Kingdom) up to 16,500 metric tons a year of domestically produced raw sugar at the price of Ecu 535 (equivalent to about US\$670) per metric ton; and (ii) the United States an amount (and at a price) determined annually (the quota for October 1994-September 1995 is 8,468 metric tons and the price is US\$380 per metric ton). The current free market price is about US\$295 per metric ton.

2/ The decline in sugar production in 1994 was less pronounced than in sugarcane output as the sucrose content of the sugarcane--determining the amount of sugar that can be distilled from a given amount of sugarcane--was relatively high due to the dry weather.

as a result of the completion of the Four Seasons Hotel. As the large-scale public projects were completed, construction activity slowed down in 1994 even with the intensification of the construction of the ECCB headquarters.

3. Labor market and wages

Unemployment in St. Kitts and Nevis is estimated at about 12 percent, low in comparison with other countries in the region, and is concentrated among the unskilled. Although jobs are available as cane cutters in the sugar sector, low wages and negative social perceptions prevent larger participation by nationals. The resulting shortage of cane cutters during the harvest season attracts workers from Guyana and St. Vincent and the Grenadines. The construction and manufacturing sectors also make use of imported labor, mainly to meet demands for certain types of skilled labor in short supply.

As of November 1994, the minimum wage law was changed to increase the existing minimum wages for shop employees and domestic servants and to extend the minimum wage law to workers in manufacturing, hotel and restaurant, and private security. The weekly minimum wages for shop employees were increased from EC\$50-EC\$165 to EC\$120-EC\$200 per week and for domestic servants from EC\$100 to EC\$150. The newly established weekly minimum wages are EC\$120 in the manufacturing sector, EC\$150 for entry level and EC\$200 for semi-skilled in the hotel and restaurant sector, and EC\$240 for security guards. The increase of the minimum wage and its extension to new categories of workers has not had a noticeable impact on employment because most of the affected workers were already being paid more.

4. Prices

The increase in the retail price index was 2 percent a year in 1993-94, significantly below the 3 1/2 percent a year recorded in 1991-92 and the inflation rate in partner countries of 3 1/2 percent a year in 1993-94 (see Table 1 and Appendix Table 10). The relatively low rise in consumer prices may indicate that increases in labor costs were offset by significant gains in productivity.

Trading of a large number of consumer items--including basic foods, household goods, fuel, building materials and furnishings--is formally subject to a system of price controls, consisting mostly of maximum markups on import prices. In fact, however, price controls are only maintained for goods imported by the Government (evaporated milk, bulk flour and rice) and gasoline, kerosene and cooking gas imported by private companies.

III. Public Finances

The public finances shifted from an overall surplus of 1 1/2 percent GDP a year in 1991-92 to an overall deficit of 1/2 percent of GDP a year in 1993-94 (Table 2). This deterioration was due to an acceleration in the

Table 2. St. Kitts and Nevis: Summary of Consolidated Public Sector Operations

(In percent of GDP)

	1989	1990	1991	1992	Prel. 1993	Est. 1994
<u>(Consolidated public sector)</u>						
<u>Revenue and grants</u>	<u>31.0</u>	<u>29.5</u>	<u>27.6</u>	<u>29.8</u>	<u>29.9</u>	<u>31.6</u>
<u>Expenditure</u>	<u>33.4</u>	<u>27.7</u>	<u>28.2</u>	<u>26.2</u>	<u>30.8</u>	<u>31.9</u>
Current	21.8	22.9	22.9	22.3	22.5	25.0
Wages	18.9	17.5	16.5	15.8	16.9	18.5
Other	3.0	5.4	6.4	6.5	5.5	6.5
Capital	11.6	4.8	5.3	3.9	8.3	6.9
<u>Current balance</u>	<u>9.1</u>	<u>6.6</u>	<u>4.7</u>	<u>7.5</u>	<u>7.4</u>	<u>6.6</u>
<u>Overall balance</u>	<u>-2.5</u>	<u>1.9</u>	<u>-0.5</u>	<u>3.7</u>	<u>-0.9</u>	<u>-0.3</u>
Foreign financing (net)	3.3	0.1	0.4	0.1	1.8	0.5
Disbursements	4.8	1.9	1.2	1.1	2.8	1.7
Amortization	-1.4	-1.7	-0.8	-1.0	-1.0	-1.1
Domestic financing (net)	-0.8	-2.0	0.2	-3.8	-0.9	-0.2
Banking system	1.8	1.7	-2.4	-5.9	-4.0	-3.3
Nonbank	-2.7	-3.7	2.6	2.1	3.1	3.1
<u>(Central Government)</u>						
<u>Revenue and grants</u>	<u>26.4</u>	<u>25.5</u>	<u>23.2</u>	<u>23.8</u>	<u>24.6</u>	<u>26.8</u>
Domestic revenue	24.4	24.7	22.1	23.3	24.3	25.5
Grants	1.9	0.8	1.1	0.6	0.3	1.3
<u>Expenditure</u>	<u>30.1</u>	<u>25.7</u>	<u>25.9</u>	<u>25.3</u>	<u>26.2</u>	<u>28.6</u>
Current	21.4	22.2	22.0	22.0	21.9	24.8
Wages and salaries	11.5	11.8	11.2	11.0	11.7	12.8
Interest payments	2.6	3.0	2.8	2.7	2.5	2.7
Transfers	3.7	3.4	3.8	3.7	3.0	3.3
Other goods and services	3.7	4.0	4.3	4.7	4.7	6.1
Capital and net lending	8.7	3.5	3.9	3.2	4.3	3.8
<u>Overall balance</u>	<u>-3.7</u>	<u>-0.2</u>	<u>-2.7</u>	<u>-1.4</u>	<u>-1.6</u>	<u>-1.8</u>
Foreign financing (net)	4.3	0.4	0.5	0.2	0.9	0.2
Drawings	4.5	1.9	1.1	0.8	1.4	0.9
Amortization	-0.2	-1.5	-0.5	-0.6	-0.5	-0.7
Domestic financing (net)	-0.6	-0.2	2.2	1.2	0.7	1.6
Banking system	1.8	1.3	0.5	-1.7	-2.2	-1.4
Nonbank	-2.4	-1.5	1.7	2.9	3.0	3.0
Current balance	5.0	3.3	1.2	1.8	2.7	1.9
(Before grants)	3.0	2.5	--	1.2	2.4	0.7

Source: Appendix Table 11.

implementation of capital projects by both the Government and the public enterprises that were financed largely through drawdowns of foreign loans. The current account surplus of the public sector (including grants and capital revenue) rose from about 6 percent of GDP in 1991-92 to 7 1/2 percent of GDP in 1993-94, reflecting stronger positions of the Central Government and the Social Security Scheme that compensated for the worsened position of the state-owned sugar company (SSMC).

1. Central Government

Following a significant reduction in 1992, the overall deficit of the Central Government remained at around 1 1/2 percent of GDP in 1993 (Appendix Table 12). The current surplus increased by 1 percentage point of GDP, despite a 15 percent increase in wages and salaries of public servants. This was attributable largely to a strong tax revenue performance due to improvements in tax administration, an increase in the surpluses of departmental enterprises, and a reduction in transfers to other public institutions. The improvement in savings allowed the Central Government to accelerate its capital expenditure without increasing its overall deficit, which was financed largely by foreign concessional loans associated with the investment projects.

The financing of the Central Government weakened in 1994. The surplus in the current account declined by about 1 percentage point of GDP and the overall deficit widened. Despite continued efforts at strengthening tax administration, the growth of current expenditure accelerated because of higher spending in bolstering security and replacing damaged jail and police equipment after the civil unrest episodes. Net foreign inflows declined reflecting increased amortization, while domestic nonbank financing increased substantially.

a. Revenue

There is no individual income tax in St. Kitts and Nevis, and indirect taxes (Annex I) account for about 60 percent of domestic revenue. Total revenue and grants increased from 24 percent of GDP in 1992 to 25 percent of GDP in 1993, reflecting increases in the receipts from corporation tax, import duties, consumption tax--mainly on imported goods--and nontax revenue from the surpluses of departmental enterprises (Appendix Table 13). The total revenue and grants rose further to 27 percent of GDP in 1994 owing to continued efforts in strengthening tax administration, particularly at Customs and Inland Revenue. These efforts included more strict inspection of invoices at the Customs, a tougher shipment valuation, and linkage of employee bonus incentives to tax collection.

Receipts from the corporation tax increased by 11 percent in 1993 and 21 percent in 1994. Tax revenue from international trade increased by

17 percent in 1993 and 9 percent in 1994. ^{1/} In 1994, the stamp tax and the foreign currency tax were replaced by a customs service charge (Annex II); collection of the new service charge more than offset the revenue loss from the elimination of stamp and foreign exchange taxes. Revenue from the hotel room tax increased by about 30 percent in 1993, reflecting the rapid growth in the tourism sector, but fell by 10 percent in 1994 because of the tax concession granted to small hotels.

Following a substantial increase in 1992, nontax revenue increased further by 16 1/2 percent in 1993 and 9 percent in 1994. This reflected significant increases in the surpluses of departmental enterprises due to improved collections by the Electricity and Water Departments.

b. Expenditure

In 1993 total expenditure of the Central Government increased by 8 1/2 percent to the equivalent of about 26 percent of GDP compared with 25 1/2 percent of GDP in 1992 (Appendix Table 14). Current expenditure increased by 8 percent, reflecting mainly the 15 percent increase in wages and salaries. Transfers to departmental enterprises and missions abroad were reduced significantly while purchases of other goods and services remained virtually unchanged. Total interest payments were slightly higher than in the previous year as interest payments on the larger stock of domestic debt more than offset the decline in interest payments on foreign debt. Capital expenditure increased by 40 percent in 1993 to the equivalent of 4 1/2 percent of GDP due to the measures taken by the Government to speed up the implementation of existing projects and the start of new projects on road maintenance, the water system, ferry pier, sea defenses and government office buildings.

Total expenditure accelerated in 1994 to the equivalent of 28 1/2 percent of GDP. In addition to a one-month salary bonus granted to civil servants at the end of 1994 (equivalent to about 1 percent of GDP), expenditure on other goods and services increased by 35 percent to 6 percent of GDP because of outlays associated with the civil unrest episodes. Total transfers increased by 1/2 percent of GDP mainly to meet bonuses to SSMC workers. Capital expenditure declined slightly to less than 4 percent of GDP in 1994 as a result of the completion of a major project of low- and middle-income housing.

c. Domestic debt

The domestic debt of the Central Government (defined as long-term debt plus overdraft from banks) declined from 35 1/2 percent of GDP at end-1992 to 32 percent of GDP at end-1994 (or EC\$182 million when it accounts for about 70 percent of total government debt (Appendix Table 15). Since end-

^{1/} In light of the agreement by CARICOM members, St. Kitts and Nevis restructured its import duties on July 1, 1993.

1992, however, the structure of the domestic debt changed significantly in as the Government reduced its overdraft with the banking system by about EC\$16 million and increased its debt to nonbanks by EC\$20 million to EC\$135 million. This was facilitated by "citizenship by investment" program that was initiated in 1993, 1/ as investors acquired government securities amounting to about EC\$11 million in 1993-94. At the same time, bank debt declined from EC\$69 million to EC\$47 million.

2 Social Security Scheme 2/

The Social Security Scheme (SSS) provides old-age pensions, sickness benefits, maternity allowances, funeral grants, disability pensions, child allowances, survivor's pensions, and injury benefits. Currently, contributions are 10 percent of wages, with 5 percent paid by the employee and 5 percent by the employer. There is a salary ceiling of EC\$62,400 per year, for contribution purposes, and the retirement age is 62 years. As the labor force is relatively young, the SSS has been able to generate large surpluses that averaged 4 1/2 percent of GDP a year in 1993-94.

Effective January 1993, social security benefits were raised significantly: the monthly minimum pension was increased from EC\$130 to EC\$150; sickness benefits were raised from 60 percent to 65 percent of average wages; maternity grants were increased from EC\$200 to EC\$300 a child; funeral grants were raised from EC\$1,000 to EC\$1,500; and a disability benefit of EC\$150 a month was introduced. Despite these increases, the current account surplus of the SSS rose from EC\$23 million in 1992 to EC\$25 million a year in 1993-94 as revenue from social security contributions increased from an average of EC\$28.5 million a year (5 1/2 percent of GDP) in 1991-92 to EC\$34 million a year (6 1/2 percent of GDP) in 1993-94, largely reflecting increases in personal income (Appendix Table 16).

The Board of the SSS has complete independence as to where its resources are invested. 3/ At the end of 1994 about 45 percent of the total assets of the SSS was in government securities (EC\$22 million) and loans to the Central Government and other public institutions (EC\$64 million) to finance capital projects--low-income housing, infrastructure and social services. These investments are considered consistent with the

1/ Foreigners investing EC\$150,000 and above in St. Kitts and Nevis automatically obtain St. Kitts and Nevis citizenship.

2/ There is a provision for at least six but not more than nine members on the Social Security Board. The Board has tripartite composition with government, employer and employee representation. A Chairman and a Deputy Chairman are appointed from among the membership. The Social Security Office is responsible to this Board. In turn, the Board is accountable to the Government via the Ministry of Labor.

3/ An Investment Committee established by the Social Security Board determines the investment policy.

social and economic objectives of the SSS; most loans carry the same interest rate as government securities (7-8 percent). As of the end of 1994, the SSS held EC\$121 million or the equivalent of 21.5 percent of GDP in deposits with commercial banks.

3. Public enterprises ^{1/}

The financial position of the consolidated public enterprises weakened in 1993, as the current balance moved from a surplus of 1 percent of GDP in 1992 to near balance in 1993 and the overall balance shifted from a surplus of 1/2 percent of GDP in 1992 to a deficit of about 4 percent of GDP in 1993 (Appendix Table 17). The deterioration in the overall balance reflected an acceleration of investment by the Air and Sea Port Authority, an increase in on-lending by the Agency Division of the Development Bank--largely financed by loans from the Caribbean Development Bank, and a worsened financial position of the SSMC. The current balance of the consolidated public enterprises moved to a small deficit in 1994 as the finances of the SSMC deteriorated further.

The overall deficit of the SSMC widened from 1/2 percent of GDP in 1992 to 1 percent of GDP a year in 1993-94 reflecting a decline in sugar exports, and SSMC's indebtedness to the commercial banks rose to EC\$38 million (6 1/2 percent of GDP) at the end of 1994 (Appendix Table 18). Capital outlays by SSMC have been constrained by the availability of financial resources and averaged less than 1/2 percent of GDP a year during 1989-94. ^{2/} As a result, the production of sugar has been interrupted by frequent breakdowns of machinery and equipment.

The Air Port Authority was merged with the Sea Port Authority into the Air and Sea Port Authority (ASPA) in the second half of 1993. The finances of ASPA remained strong after the merger as fees and charges were adjusted to reflect costs; the current account surplus averaged 1/2 percent a year in 1993-94. The capital expenditure of ASPA increased from less than 1/2 percent a year in 1991-92 to over 1 percent of GDP a year in 1993-94. Capital outlays have concentrated on the improvement and expansion of the airport, including the installation of power generators and the purchase of equipment.

^{1/} The consolidated public enterprises consist of St. Kitts Sugar Manufacturing Company, Central Marketing Corporation, the Port and Sea Authorities, Frigate Bay Development Corporation and the Agency Division of the Development Bank.

^{2/} The total value of capital assets declined from EC\$30 million in 1989 to EC\$17 million in 1994.

4. Public sector investment program

The public sector investment program (PSIP) places priority on infrastructure and social services--namely, energy, roads, water and sewerage, low-income housing, health and education--reflecting the Government's development strategy of promoting tourism, diversifying agriculture, and enhancing social welfare. In 1993-94, about 65 percent of the financing of the PSIP was in the form of foreign concessional resources, with the Caribbean Development Bank being a major creditor. The remaining financing requirement was met by domestic resources--i.e., public sector savings, commercial loans and development bond issues.

In the recent past, the implementation rate (actual spending as a percent of planned spending with financial resources being identified) was as low as 25 percent due to delays in project preparation and poor coordination between the Planning Unit, which is responsible for the design of the program, and the implementing agencies. To improve the design and monitoring of project implementation, the Development Projects Coordinating Committee (DPCC) was established in 1994 while the Planning Unit was restructured. The main task of the DPCC is to determine the priority of projects and identify financing. Some progress was made in strengthening the coordination, and the implementation rate rose to nearly 50 percent in 1994.

5. Social expenditure

Poverty is not particularly pronounced in St. Kitts and Nevis as indicated by data on health, nutrition, and education. However, a fundamental objective of the Government's development strategy is the improvement in the quality of life of the population. In particular, high priority is assigned to (i) improving the quality of primary and secondary education and fostering technical and vocational training to meet the challenges of a diversifying economy, with outlays on education averaging about EC\$21 million (4 percent of GDP) a year in 1993-94; (ii) expanding primary health care units to deliver services to remote areas, with outlays of about EC\$1.5 million a year; (iii) providing shelter and serviced-lots, and subsidies for low-income groups at an estimated cost of about EC\$1.6 million a year; and (iv) expanding social programs for the provision of free medical supplies and hospital care to children and the elderly, lunch and transportation for school children, and allowances for the handicapped and the sick, with expenditure on these programs averaging at EC\$6.5 million a year.

IV. Financial Sector Developments

1. Overview

Monetary developments in 1993-94 were broadly consistent with the country's macroeconomic objectives. The net foreign assets of the banking

system increased by the equivalent of 1 percent of broad money at the beginning of the period, while the decline in credit to the public sector created scope for the financing of private sector activities (Table 3). 1/ In 1993 broad money grew by 13 percent reflecting a widening of the deposit base as the level of economic output increased but the growth in broad money decelerated to 4 percent in 1994 reflecting a shift to nonbank financial instruments, which are not included in broad money.

a. ECCB's local operations

The ECCB's operations in St. Kitts and Nevis include issuing of currency, lending to the Central Government and transactions with commercial banks. The net imputed international reserves of St. Kitts and Nevis with the ECCB increased from EC\$70.8 million in 1992 to EC\$80.6 million in 1993 and remained virtually unchanged in 1994 (Appendix Table 19). During 1993-94, the ECCB's liabilities to the commercial banks increased by a cumulative EC\$6.4 million reflecting small increases in currency and balances in the current account which now comprise the call account and statutory reserve requirements. 2/ During the same period, net credit to the Central Government declined as more treasury bills and debentures were placed outside the banking system. 3/

In April 1993, the ECCB reduced its rediscount rate by 1 percentage point to 9 percent to reduce the cost of funds and help reduce lending rates. Also, work is underway to set up new financial institutions

1/ The banking system in St. Kitts and Nevis comprises four commercial banks, and nonbank financial institutions. Three of the commercial banks--Bank of Nova Scotia, Barclays' Bank, and Royal Bank--are foreign owned, and the fourth and largest, St. Kitts-Nevis-Anguilla National Bank is owned by the Government. The latter provides the bulk of the Government's domestic credit needs and handles the deposits of public sector entities such as the SSS. Nonbank financial institutions include credit unions, insurance companies, finance companies, a post office savings bank and a development bank.

2/ Since March 1994, statutory reserve requirements and call accounts have been merged into the current account in order to facilitate liquidity management by commercial banks. In the past, the statutory reserve account and the current account were treated separately. Reserve requirements were to be met from the former while operational requirements were met from the latter.

3/ The extent of the Central Government's borrowing from the Central Bank is controlled by the ECCB's statutes which stipulate that the ECCB's treasury bill holdings of a member country may not exceed 10 percent of the estimated current revenue in any one year and that the sum of debentures purchased or held by the ECCB should not exceed 15 percent of the ECCB's demand liabilities including currency in circulation.

Table 3. St. Kitts and Nevis: Monetary Survey

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In millions of Eastern Caribbean dollars: at end of period)						
<u>Net foreign assets</u>	<u>82.8</u>	<u>86.0</u>	<u>79.5</u>	<u>90.9</u>	<u>102.1</u>	<u>94.1</u>
ECCB (imputed reserves)	44.2	44.1	44.8	70.8	80.6	81.9
Crown Agents	14.1	14.7	17.3	18.8	19.6	19.5
Commercial Banks	24.4	27.3	17.4	1.3	1.9	-7.4
<u>Net domestic assets</u>	<u>175.5</u>	<u>193.2</u>	<u>209.4</u>	<u>242.3</u>	<u>272.9</u>	<u>296.1</u>
Net credit to the public sector	32.9	40.1	29.5	0.8	-20.6	-39.0
Net credit to central government	66.8	71.6	76.4	69.2	55.0	46.7
Net credit to local governments	4.7	5.4	3.0	2.2	4.4	5.3
Net credit to social security	-50.3	-61.8	-72.5	-91.2	-102.6	-130.1
Net credit to public enterprises	11.7	24.9	22.6	20.5	22.7	39.1
Net credit to nonbank financial institutions	-12.2	-11.3	-16.1	-19.5	-19.0	-20.4
Credit to private sector	224.0	231.9	262.5	334.6	375.6	415.9
Net other assets	-78.7	-76.8	-75.2	-81.5	-68.6	-64.5
<u>Broad money</u>	<u>258.3</u>	<u>279.3</u>	<u>288.9</u>	<u>333.2</u>	<u>374.9</u>	<u>390.1</u>
Money	57.8	55.4	56.5	60.3	69.8	68.5
Currency in circulation	22.7	21.4	23.9	23.0	28.1	28.3
Demand deposits	35.1	34.0	32.6	37.3	41.7	40.2
Quasi-money	200.5	223.8	232.5	272.9	305.2	321.6
Savings deposits	111.6	111.9	127.6	147.3	169.9	190.7
Time deposits	56.2	71.1	67.9	80.3	77.0	75.5
Foreign currency deposits	32.7	40.8	37.0	45.3	58.3	55.4
(Percentage change) 1/						
Net domestic assets	16.8	6.9	5.8	11.4	9.2	6.2
Net credit to public sector	3.4	2.8	-3.8	-9.9	-6.4	-5.0
Net credit to central government	3.4	1.9	1.7	-2.5	-4.3	-2.3
Net credit to public enterprises	7.0	5.1	-0.8	-0.7	0.6	4.4
Credit to nonbank financial intermediaries	--	0.3	-1.7	-1.2	0.1	-0.4
Credit to private sector	26.1	3.1	11.0	24.9	12.3	10.8
Other assets (net)	-14.6	0.8	0.6	-2.2	3.9	1.1
Money	7.0	-0.9	0.4	1.3	2.8	-0.3
Quasi-money	18.2	9.0	3.1	14.0	9.7	4.4
Broad Money	25.2	8.1	3.4	15.3	12.5	4.1
Income velocity of narrow money 2/	7.7	7.5	7.9	8.4	8.2	8.2
Income velocity of broad money 2/	1.7	1.6	1.6	1.6	1.5	1.5

Sources: Appendix Tables 19 and 20.

1/ In relation to broad money at the beginning of the period.

2/ Nominal GDP at market prices divided by the average stock of liquidity.

including a home mortgage bank, a venture capital company, and a regional stock exchange in order to foster the development of financial markets, financial intermediation, and the effectiveness of monetary policy.

b. Commercial bank operations

Net commercial bank credit to the public sector continued to decline in 1993-94, reflecting the accumulation of deposits by the SSS and a reduction in the Central Government's overdraft with commercial banks (Appendix Table 20). Expansion of credit to the private sector slowed from 27 1/2 percent in 1992 to about 12 1/2 percent a year in 1993-94, mainly owing to the impact of a major loan (EC\$44 million, or 13 percent of the deposit base) extended to SKANTEL (the telephone company) in the earlier period. The sectoral composition of credit remained broadly unchanged with personal loans accounting for 40 percent of total credit; loans for house and land purchase accounted for more than half of personal loans (Appendix Table 21).

The share of savings deposits in total bank liabilities to the private sector increased from an average of 48 percent in 1991-92 to 51 percent in 1993-94; savings deposits are mainly held by households. The increase in the share of savings deposits may be attributable to the maintenance of the minimum interest rate in saving deposits relative to other bank rates during the period. Time deposits fell in both 1993 and 1994, while foreign currency deposits which had increased by 29 percent in 1993 declined by 5 percent in 1994. The latter decline may reflect a reversal of currency substitution prompted by the removal of the tax on foreign currency transactions. During the period 1993-94, there also was a notable increase in treasury bill holdings by the commercial banks reflecting the attractiveness of the higher yields.

2. Interest rates

The liquidity position of the banks and the 1 percentage point reduction in the ECCB's rediscount rate contributed to a decline in the average bank lending rates from 11 percent in 1991-92 to 10 percent in 1993-94. The interest rates paid on savings deposits (4-5 percent) exceeded the stipulated minimum of 4 percent resulted from bank competition to attract large deposits (Appendix Table 22). While the upper ranges of interest rates on term deposits remained higher than that of savings deposits the lower end of the rates declined: interest rates on three months deposits dropped from 3 1/2 percent in 1992 to 1 1/2 percent by December 1994 while those on six months-to-a year declined from 5 percent to 2 percent. The spread between lending and deposit rates remained at about 5 percentage points.

3. Nonbank financial institutions

Data on nonbank financial institutions other than the Development Bank are not available. The main sources of funding for the Development Bank's

operations are the Caribbean Development Bank (CDB), the European Investment Bank (EIB) and, to a lesser extent, the Central Government and the SSS. The Development Bank's core operations involve on-lending funds to the private sector, which increased by about 7 percent a year in 1993-94 compared with about 12 percent a year in 1991-92 (Appendix Table 23). Credit to the private sector is dominated by the financing of housing development. The Development Bank also operates a division which manages the industrial estates, the affordable housing project, student loans, the agricultural input revolving fund, and the assets and liabilities of the defunct Development Finance Corporation. Outstanding credit by this division was about EC\$12 million at end-1994, or 2 percent of GDP.

V. External Sector

The external position of St. Kitts and Nevis remained relatively strong in 1993-94. The current account deficit widened slightly from the equivalent of 12 percent of GDP in 1991-92 to 12 1/2 percent of GDP in 1993-94 mainly because of a deterioration in the trade balance (Table 4). Exports increased strongly in 1993 but declined slightly in 1994, despite a significant fall in sugar exports in both years, mainly because of continued strong performance of exports of electronics. At the same time, imports rose on account of construction related materials. Earnings from tourism continued to increase in 1993-94 and net transfers from abroad (mainly from nationals living overseas) remained at the equivalent of 7 percent of GDP a year.

Official capital inflows increased sharply in 1993 in, associated with the accelerated implementation of public sector projects, but fell in 1994 as these projects came near completion. Private capital inflows remained important for the financing of hotel expansions and the construction of private homes, with direct investment accounting for over half of the total. The balance of payments recorded a cumulative surplus of about US\$4 1/2 million in 1993-94 (2 percent of GDP), maintaining the level of imputed international reserves with the ECCB at the equivalent of three months of imports of goods and nonfactor services.

External debt, mostly on concessional terms, declined from about 23 1/2 percent of GDP in 1991-92 to 22 percent of GDP in 1993-94. Debt service payments remained at about 3 1/2 percent of exports of goods and nonfactor services.

1. Merchandise trade

Sugar remained the main merchandise export, accounting for about 40 percent of total export earnings. It is exported mainly to the United

Table 4. St. Kitts and Nevis: Summary of Balance of Payments

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In millions of U.S. dollars)						
<u>Current account balance</u>	<u>-43.4</u>	<u>-44.8</u>	<u>-28.3</u>	<u>-12.7</u>	<u>-23.8</u>	<u>-27.4</u>
Trade balance	-83.1	-83.1	-79.1	-63.3	-72.2	-77.0
Exports, f.o.b.	28.6	27.7	31.2	32.3	36.9	35.4
Imports, c.i.f.	111.7	110.7	110.3	95.6	109.1	112.4
Services balance	23.3	25.9	37.5	37.2	34.9	34.8
Of which: travel (net)	36.5	39.2	51.3	62.4	64.1	70.6
Transfers (net)	16.3	12.3	13.3	13.4	13.6	14.8
Private	14.2	12.8	12.4	13.1	13.2	13.6
Public	2.1	-0.5	0.8	0.3	0.4	1.2
<u>Capital account balance</u>	<u>51.9</u>	<u>49.4</u>	<u>25.9</u>	<u>23.6</u>	<u>23.5</u>	<u>24.3</u>
Official capital (net)	6.3	1.6	0.4	0.7	4.5	1.6
Private capital	45.6	47.8	25.5	22.8	19.0	22.7
Of which: direct investment	40.8	48.8	21.4	12.5	9.3	12.6
<u>Errors and omissions</u>	<u>-2.4</u>	<u>-4.4</u>	<u>3.7</u>	<u>-0.7</u>	<u>4.2</u>	<u>3.5</u>
<u>Overall balance</u>	<u>6.0</u>	<u>0.2</u>	<u>1.3</u>	<u>10.1</u>	<u>3.9</u>	<u>0.4</u>
(In percent of GDP)						
<u>Current account balance</u>	<u>-30.3</u>	<u>-28.6</u>	<u>-17.2</u>	<u>-7.0</u>	<u>-12.0</u>	<u>-13.1</u>
Trade balance	-58.0	-52.9	-48.0	-34.9	-36.6	-36.8
Exports, f.o.b.	20.0	17.6	19.0	17.8	18.7	16.9
Imports, c.i.f.	78.0	70.5	67.0	52.7	55.2	53.7
Services balance	16.3	16.5	22.8	20.5	17.6	16.6
Of which: travel (net)	27.9	27.8	33.9	37.2	35.1	36.5
Transfers (net)	11.4	7.8	8.1	7.4	6.9	7.1
Private	9.9	8.2	7.6	7.2	6.7	6.5
Public	1.5	-0.3	0.5	0.2	0.2	0.6
<u>Capital account balance</u>	<u>36.2</u>	<u>31.5</u>	<u>15.7</u>	<u>13.0</u>	<u>11.9</u>	<u>11.6</u>
Official capital	4.4	1.0	0.3	0.4	2.3	0.8
Private capital	31.8	30.4	15.5	12.6	9.6	10.8
Of which: direct investment	28.5	31.1	13.0	6.9	4.7	6.0
<u>Overall balance</u>	<u>4.2</u>	<u>0.1</u>	<u>0.8</u>	<u>5.6</u>	<u>2.0</u>	<u>0.2</u>

Sources: Appendix Table 24; and Fund staff estimates.

1/ Including public financial institutions.

Kingdom and the United States under quota arrangements (Appendix Table 25). Given lower levels of sugar production in recent years and the price differentials, St. Kitts and Nevis exported most of its sugar to the E.U. market and only 3,445 metric tons to the United States in 1994. That notwithstanding, the country did not fill its quota of 16,500 metric tons to the EU in 1993-94. However, the arrangement with the EU allows the fulfillment of the deficiencies in a previous year's quota by current production and thus enables the country to benefit from the price advantage despite fluctuations in production. The volume of sugar exports increased by 3 percent in 1993 but fell by 6 percent in 1994 because of lower production mainly due to unfavorable weather, while the unit value fell by some 15 1/2 percent over the period 1993-94 as the quota prices were adjusted downward.

Other exports, including agricultural produce and light manufacturing products, increased marginally during 1993-94 despite the closure of a large exporting garment factory, exports of electronic products increased significantly in the face of improved price and quality competitiveness in some markets (Appendix Table 26).

In 1993 and 1994 imports increased at an annual rate of about 8 percent compared with an annual decline of about 13 percent in 1991-92 (Appendix Table 27). Imports of machinery and construction materials rebounded with the increase in building activity. Also, imports of food and manufactured goods increased in association with the tourist industry. The terms of trade deteriorated in 1993-94, but more sharply in 1994 reflecting a decline in export prices and a small increase in import prices.

Preliminary trade data show that the United States and the United Kingdom continue to be the major markets for the exports and imports of St. Kitts and Nevis, accounting for about 70 percent of exports and 60 percent of imports. The CARICOM region maintains a relatively small share of total exports and about 18 percent of imports (Appendix Table 28).

2. Services and transfers

Net receipts from services and transfers declined somewhat in 1993-94 compared with the level in 1991-92. Travel receipts increased at a slower pace, as the sector stabilized at close to capacity. Outflows of factor payments and other services increased mainly because of profit repatriation from foreign investments and increased payments for overseas advertisements by hotels.

3. Capital account

Net capital inflows more than offset the large deficits in the current account in 1993-94. These capital inflows included a significant increase in public sector borrowing in 1993 and continued large private capital--including direct investment and a drawdown of net foreign assets by commercial banks. Public sector capital inflows were mainly for the

construction of low-cost housing development and the construction of a ferry pier and sea defenses. Private capital inflows were mostly for the construction of the ECCB headquarters, residential buildings and improvements to hotel facilities.

4. External debt

In 1993-94 the stock of total external debt declined slightly to 22 percent of GDP and debt service remained at about 3 1/2 percent of exports of goods and nonfactor services (Appendix Table 29). The effective interest rate also averaged about 4 percent in 1993-94, only slightly higher than the average rate in 1991-92, reflecting in part the country's graduation from IDA eligibility (Appendix Table 30). Nevertheless, St. Kitts and Nevis obtained most of its official external loans on concessional terms from the Caribbean Development Bank and bilateral creditors. The share of external debt in total public debt increased marginally from 29 percent in 1992 to 29 1/2 percent in 1993-94.

5. The exchange rate

Measured for St. Kitts and Nevis the real effective exchange rate for the E.C. dollar appreciated by about 3 1/2 percent in 1993 but depreciated by about 3 percent in 1994 (Appendix Table 31). This pattern mainly reflected movements in the U.S. dollar relative to other major currencies and St. Kitts and Nevis' low inflation relative to that in trading partners.

St. Kitts and Nevis: Structure of Tax System

(As of March 31, 1995)

	Nature	Rates
I. <u>Taxes</u>		
1. Income tax	Personal income tax	None
	Corporation tax payable on profits	Maximum rate: 40 percent
2. Land	Cultivated land--St. Kitts	EC\$4.00 per acre per annum
	Cultivated land--Nevis	EC\$1.00 per acre per annum
	Uncultivated but cultivable <u>St. Kitts</u>	
	From 0-10 acres	EC\$5.00 per annum
	Above 10-20 acres	EC\$7.00 per annum
	Above 20-40 acres	EC\$9.00 per annum
	Beyond 40 acres	EC\$12.00 per annum
	<u>Nevis</u>	
	Uncultivable	EC\$3.00 per acre
	<u>St. Kitts and Nevis</u>	
	House lot above the annual gross rental value of EC\$600	5 percent of the gross annual rental value.
	On all land and improvements, thereon situated in any special development area (South East Peninsula)	1/2 percent of the assessed market value.
3. House	On house lot	5 percent of annual rental value

(As of March 31, 1995)

Nature		Rates
4. Condominium	Conveyance or transfer of condominium: vendor transferee	2.5 percent 2.5 percent
5. Hotel accommodation	(a) Levied on hotel accommodation including sleeping accommodation; food and beverage provided in a hotel, guest house, cottage or condominium or similar establishment for registered guests (b) on licensed restaurants	7 percent 7 percent
6. Withholding	When a resident makes any of the following payments to a nonresident in the State: a. Profits) b. Administration,) management or head) office expenses) c. Technical fees) d. Accounting audit) and expenses) e. Royalties) f. Non-life insurance) premium) g. Rent)	Tax rate 10 percent
7. Social services levy	Levy imposed on wages of every person employed	2 percent paid by employee with annual earnings above EC\$10,400 plus 2 percent paid by employer

St. Kitts and Nevis: Structure of Tax System (Continued)

(As of March 31, 1995)

	Nature	Rates
8. Chargeable services	Medical doctors, chemists, druggists, optometrists, ophthalmologist, dentists, and other professionals listed in Schedule to act.	2 1/2 percent of gross income
9. Traders	Levied on a person carrying on a business (other than a company)	2 percent of gross sales in excess of \$8,000 monthly
10. Travel	Levied on travel originating in the country.	7.5 percent of cost of fare
11. Vehicle rental levy	On the rental of a motor vehicle	5 percent of basic rental or hire charges
12. Telephone surcharge	Charge on overseas telephone calls (effective from January 1992)	5 percent
13. Aliens loans	Loans to aliens	2 1/2 percent of loan
14. Entertainment and lotteries	Entertainment to which the public is admitted on payment and on public lotteries	10 percent of admission fee
15. Stamp duty	Ad valorem and specific duties levied on a range of specific legal documents	Various charges

(As of March 31, 1995)

	Nature	Rates
16. Airport departure	All travelling abroad	\$27 for holders of foreign passports \$10 for holders of local passports
17. Cruise-ship passenger	All cruise-ship passengers	US\$3 per passenger
18. Wheel tax	Charged on all vehicles	2 percent. Ranging from EC\$200 - EC\$800, depending on the weights of vehicles. Additional EC\$1,000 charged on vehicles over 5 tons.
19. Gasoline levy <u>1</u> /	There is a levy and a surtax per liter.	Levy: EC\$0.49 to EC\$0.51 per gallon, varying with quality Surtax: EC\$0.97 to EC\$1.34 per gallon, varying with quality
20. Consumption tax on goods on professional services	Imported goods and goods produced and sold locally.	15 percent 2 1/2 percent
21. Import duties	Vary according to the nature of the items imported with lower rates for inputs and capital goods.	Average of 5-30 percent was adopted in July 1, 1993
22. Custom service charge	Imported goods and goods produced and sold locally	3 percent

II. Licenses

1. Banks	License to carry on the business of banking	EC\$5,000 per annum

(As of March 31, 1995)

	Nature	Rates
2. Travelling agents	Travel agents	EC\$250 per annum EC\$10 per visitor
3. Boats	Registration by owner of every boat under 12 tons load.	EC\$20
4. Liquor	License to sell liquor wholesale	EC\$250 per quarter
	Restaurant in St. Kitts	EC\$75 per quarter
	Restaurant in Nevis	EC\$60 per quarter
5. Liquor retail	Licence to sell retail:	EC\$100 per quarter
	Basseterre	EC\$50 per quarter
	Cayon	EC\$50 per quarter
	Tabernacle	EC\$50 per quarter
	Molineaux	EC\$50 per quarter
	Phillips	EC\$50 per quarter
	Old Road	EC\$50 per quarter
	Dieppe Bauy	EC\$30 per quarter
	Lodge	EC\$30 per quarter
	Ottleys	EC\$30 per quarter
	Challengers	EC\$30 per quarter
	Mansion	EC\$30 per quarter
	Middle Island	EC\$30 per quarter
	Newton Ground	EC\$30 per quarter
	St. Peters	EC\$70 per quarter
	Sandy Point	EC\$15 per quarter
	Beer license	
6. Motor car drivers	Including learners	EC\$30 (January to December)
	Temporary	EC\$30 (one year from date of issue)
	Instructor	EC\$25 (January to December)

Nature		Rates
7. Insurance companies	License to carry on business of insurance	Life EC\$4,500 per annum Non-life EC\$4,500 per annum Marine EC\$300 per annum
8. Business and profession	License to carry on business or trade	EC\$2.50 - EC\$1,200 per annum, depending on the nature of business.
9. Gaming machines	Anywhere within the state	EC\$15 per week per machine
10. Dog's	Anywhere within the state	EC\$2.50 per annum
11. Miscellaneous license	(a) Telecom Act Cap 203 (b) Auctioneers Act Cap 280 (c) Petroleum Act Cap 301 (d) Tax exempt certificate	EC\$5,000 per annum EC\$200 per annum EC\$2.40 per pump and \$200 per annum EC\$1 stamp
III. <u>Fees</u>		
1. Cable television		EC\$3.00 per month.
2. Insurance	On existing and new Life Insurance policies	EC\$2.00 per thousand or EC\$30 whichever is less
	Non-life premiums	5 percent
3. Fines and forfeitures	Judicial Fees L.1. Cap 5 SRO No. 6 of 1927	Various charges

1/ There are also levies and surtaxes on LPG and kerosene.

St. Kitts and Nevis: Recent Changes in the Tax System 1/

Changes in 1993

1. Social services levy

The social services levy was expanded to cover workers in Nevis effective January 1, 1993 .

2. Cruiseship passenger tax

A tax of US\$3 per cruise-ship passenger was introduced effective January 1, 1993.

3. Common External Tariff

As of July 1, 1993 St. Kitts and Nevis, along with the other members of CARICOM, approved a common external tariff, lowering custom tariffs to a 5-30 percent band from the current 0-45 percent band. Further annual reductions will be implemented in order to reach a 5-20 percent band by January 1997.

The common external tariff for other least developed countries in the CARICOM i.e., Antigua, Belize, Dominica, Grenada, Montserrat, St. Lucia and St. Vincent was set at a band of 0-5 percent. In some cases, when the tax is set at 5 percent, it will imply an increase in taxes for some commodities which currently have a zero percent tariff.

Changes in 1994

1. Social service levy

All employees earning less than EC\$10,400 per annum were exempt from the payment of the employees' portion of the social service levy effective January 1, 1994.

2. Corporation and traders tax

Small scale enterprises were exempt from the payment of corporation and traders taxes in the first three years of operation effective January 1, 1994. A deduction for capital allowances in the computation of corporation tax applied to commercial buildings. Previously it had applied to industrial building only.

1/ Changes during 1991-92 are presented in the previous document on recent economic developments (SM/93/119; 6/4/93).

3. Hotel accomodation tax

Small hotels were exempt from the payment of hotel accomodation tax in respect of occupancy during the period June 1 to September 30 each year.

4. Foreign exchange tax

The foreign exchange tax was removed effective March 1, 1994.

5. Stamp tax

The stamp tax on imported goods was removed effective March 1, 1994.

6. Customs service charge

A customs service charge at a rate of 3 percent of the c.i.f. value of imported goods was introduced effective March 1, 1994.

7. Departure tax

Departure tax payable by travellers not holding a local passport was increased from EC\$20 to EC\$27. Travellers holding local passport continue to pay EC\$20.

Table 5. St. Kitts and Nevis: Real GDP at Factor Cost ^{1/}

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In millions of Eastern Caribbean dollars)						
<u>GDP at 1977 factor cost</u>	<u>136.4</u>	<u>140.5</u>	<u>145.9</u>	<u>150.4</u>	<u>157.1</u>	<u>162.1</u>
Primary sector	12.5	10.6	11.9	11.9	12.8	12.2
Agriculture	11.7	9.6	11.1	11.0	11.8	11.3
Sugarcane	6.0	4.0	5.2	4.7	5.2	4.3
Fruits and vegetables, animal husbandry, and fishery	5.8	5.7	5.9	6.3	6.6	7.0
Mining and quarrying	0.7	1.0	0.9	0.9	1.0	1.0
Secondary sector	33.5	33.7	32.0	32.8	35.0	35.9
Manufacturing	13.9	12.1	12.1	12.6	13.2	13.3
Sugar	5.2	3.1	4.0	4.3	4.5	4.2
Other	8.6	9.0	8.1	8.3	8.7	9.1
Electricity and water	1.5	1.7	1.9	2.1	2.3	2.6
Construction	18.1	20.0	18.0	18.1	19.5	20.0
Services sector	96.5	102.2	108.3	112.4	116.5	121.4
Wholesale and retail trade	21.9	22.2	22.6	22.9	23.8	24.6
Hotels and restaurants	7.6	7.9	9.1	10.0	10.5	11.3
Transport	8.0	8.4	9.3	9.9	10.4	11.0
Communications	13.4	16.2	18.4	19.4	20.3	21.2
Banking and insurance	7.8	7.9	8.3	8.8	9.3	9.9
Real estate and housing	6.6	6.8	7.0	7.3	7.5	7.7
Government services	25.6	26.9	27.4	28.0	28.4	29.3
Other services	5.7	5.9	6.0	6.2	6.4	6.5
Less imputed service charges	6.0	6.0	6.3	6.7	7.1	7.4
(Annual percentage change)						
<u>GDP at 1977 factor cost</u>	<u>6.7</u>	<u>3.0</u>	<u>3.9</u>	<u>3.0</u>	<u>4.5</u>	<u>3.2</u>
Primary sector	-3.9	-14.8	12.4	-0.6	7.7	-4.2
Agriculture	-4.5	-17.9	14.7	-0.6	7.7	-4.7
Sugarcane	-6.9	-33.2	30.2	-8.9	10.0	-17.8
Fruits and vegetables, animal husbandry, and fishery	-1.9	-2.1	3.9	6.6	5.9	5.6
Mining and quarrying	5.8	35.6	-10.1	--	7.9	1.8
Secondary sector	3.6	0.5	-5.0	2.3	6.9	2.5
Manufacturing	1.2	-12.8	0.2	3.6	4.9	1.1
Sugar	-3.0	-40.3	27.9	7.0	5.6	-6.1
Other	4.0	3.9	-9.4	2.0	4.6	4.9
Electricity and water	2.7	9.1	11.9	11.2	11.0	11.1
Construction	5.5	10.0	-9.6	0.4	7.8	2.4
Services sector	10.5	6.0	6.0	3.8	3.6	4.3
Wholesale and retail trade	29.7	1.3	1.7	1.2	4.0	3.3
Hotels and restaurants	-1.3	4.6	15.3	10.1	4.2	8.4
Transport	6.0	5.9	10.7	5.9	5.6	5.1
Communications	15.8	21.3	13.8	5.2	4.5	4.6
Banking and insurance	9.5	2.1	5.2	5.3	6.6	5.5
Real estate and housing	2.5	3.0	2.9	3.6	2.5	3.7
Government services	3.9	5.0	2.2	2.0	1.3	3.3
Other services	3.1	3.0	2.9	3.0	2.6	2.2
Less imputed service charges	24.6	0.2	5.1	5.4	6.6	4.5

Sources: Statistical Office; and Fund staff estimates.

^{1/} See Appendix Table 6 for nominal GDP of factor cost.

Table 6. St. Kitts and Nevis: Nominal GDP at Factor Cost.

	1989	1990	1991	1992	Prel. 1993	Est. 1994
<u>(In millions of Eastern Caribbean dollars)</u>						
<u>GDP at current factor cost</u>	<u>321.3</u>	<u>361.3</u>	<u>379.3</u>	<u>418.3</u>	<u>451.3</u>	<u>478.4</u>
Primary sector	26.4	25.8	26.9	30.6	34.3	31.5
Agriculture	24.9	23.3	25.5	29.1	32.7	29.8
Sugarcane	10.6	9.3	10.7	13.3	15.8	12.0
Fruits and vegetables, animal husbandry, and fishery	14.3	14.0	14.8	15.8	16.8	17.8
Mining and quarrying	1.5	2.6	1.5	1.5	1.6	1.7
Secondary sector	87.7	102.7	98.9	107.9	114.4	116.5
Manufacturing	45.8	46.2	45.4	50.7	52.5	51.0
Sugar	8.8	5.8	6.6	8.8	10.3	8.9
Other manufacturing	37.0	40.5	38.8	41.9	42.2	42.1
Electricity and water	3.6	4.8	5.4	6.9	7.5	8.5
Construction	38.4	51.7	48.2	50.3	54.4	57.0
Services sector	229.6	253.4	275.4	300.4	324.7	353.9
Wholesale and retail trade	48.3	51.0	54.1	56.2	59.6	62.8
Hotels and restaurants	24.1	27.5	34.7	41.6	46.3	51.4
Transport	24.4	28.0	30.3	32.5	35.2	37.5
Communications	21.4	26.0	29.3	30.9	32.3	34.4
Banking and insurance	28.1	28.7	33.1	35.8	38.9	41.9
Real estate and housing	11.4	12.3	13.2	14.0	14.4	14.9
Government services	56.2	63.2	62.7	70.3	78.3	90.3
Other services	15.6	16.8	18.0	19.1	19.9	20.8
Less imputed service charges	22.4	20.7	21.9	20.7	22.0	23.5
<u>(In percent of GDP at factor cost)</u>						
Primary sector	8.2	7.1	7.1	7.3	7.6	6.6
Agriculture	7.7	6.4	6.7	7.0	7.2	6.2
Sugarcane	3.3	2.6	2.8	3.2	3.5	2.5
Fruits and vegetables, animal husbandry, and fishery	4.4	3.9	3.9	3.8	3.7	3.7
Mining and quarrying	0.5	0.7	0.4	0.4	0.4	0.3
Secondary sector	27.3	28.4	26.1	25.8	25.3	24.4
Manufacturing	14.3	12.8	12.0	12.1	11.6	10.7
Sugar	2.7	1.6	1.7	2.1	2.3	1.9
Other manufacturing	11.5	11.2	10.2	10.0	9.4	8.8
Electricity and water	1.1	1.3	1.4	1.6	1.7	1.8
Construction	11.9	14.3	12.7	12.0	12.0	11.9
Services sector	71.5	70.1	72.6	71.8	71.9	74.0
Wholesale and retail trade	15.0	14.1	14.3	13.4	13.2	13.1
Hotels and restaurants	7.5	7.6	9.2	9.9	10.3	10.7
Transport	7.6	7.8	8.0	7.8	7.8	7.8
Communications	6.7	7.2	7.7	7.4	7.1	7.2
Banking and insurance	8.7	7.9	8.7	8.6	8.6	8.7
Real estate and housing	3.6	3.4	3.5	3.4	3.2	3.1
Government services	17.5	17.5	16.5	16.8	17.3	18.9
Other services	4.9	4.6	4.7	4.6	4.4	4.3
Less imputed service charges	7.0	5.7	5.8	4.9	4.9	4.9

Sources: Statistical Office; and Fund staff estimates.

Table 7. St. Kitts and Nevis: Nominal GDP by Expenditure

	1989	1990	1991	1992	Prel. 1993	Est. 1994
<u>(In millions of Eastern Caribbean dollars)</u>						
<u>Gross domestic expenditures</u>	<u>531.6</u>	<u>564.5</u>	<u>537.8</u>	<u>531.7</u>	<u>602.7</u>	<u>637.6</u>
Consumption expenditure	306.8	326.4	347.1	340.1	396.5	418.7
Private consumption	222.4	229.4	245.4	231.0	276.7	277.3
Public sector consumption	84.5	97.0	101.7	109.1	119.8	141.4
Gross investment expenditure	224.8	238.1	190.8	191.6	206.2	218.9
Private sector investment	179.9	217.7	167.3	172.8	162.0	180.0
Public sector investment	44.9	20.4	23.5	18.8	44.2	38.9
Resource balance	-144.9	-140.6	-93.4	-42.2	-69.3	-73.6
GDP at market prices	386.7	423.9	444.4	489.5	533.4	564.0
Net factor payments from abroad	-16.5	-13.7	-18.7	-28.2	-31.6	-40.4
Net transfers from abroad	44.1	33.3	35.8	36.2	36.7	39.9
Net disposable income	414.3	443.5	461.5	497.5	538.5	563.5
<u>Gross national savings</u>	<u>107.5</u>	<u>117.1</u>	<u>114.5</u>	<u>157.4</u>	<u>142.0</u>	<u>144.8</u>
Private sector savings	72.2	88.9	93.4	120.5	102.6	107.6
Public sector savings	35.3	28.2	21.1	36.9	39.4	37.2
<u>(In percent of GDP at market prices)</u>						
<u>Gross domestic expenditures</u>	<u>137.5</u>	<u>133.2</u>	<u>121.0</u>	<u>108.6</u>	<u>113.0</u>	<u>113.0</u>
Consumption expenditure	79.3	77.0	78.1	69.5	74.3	74.2
Private consumption	57.5	54.1	55.2	47.2	51.9	49.2
Public sector consumption	21.9	22.9	22.9	22.3	22.5	25.1
Gross investment expenditure	58.1	56.2	42.9	39.1	38.7	38.8
Private sector investment	46.5	51.4	37.6	35.3	30.4	31.9
Public sector investment	11.6	4.8	5.3	3.8	8.3	6.9
Resource balance	-37.5	-33.2	-21.0	-8.6	-13.0	-13.0
Net factor payments from abroad	-4.3	-3.2	-4.2	-5.8	-5.9	-7.2
Net transfers from abroad	11.4	7.9	8.1	7.4	6.9	7.1
Net disposable income	107.1	104.6	103.8	101.6	101.0	99.9
<u>Gross national savings</u>	<u>27.8</u>	<u>27.6</u>	<u>25.7</u>	<u>32.1</u>	<u>26.7</u>	<u>25.7</u>
Private sector savings	18.7	21.0	21.0	24.6	19.3	19.1
Public sector savings	9.1	6.7	4.7	7.5	7.4	6.6
National savings/investment	47.8	49.2	60.0	82.2	68.9	66.2

Sources: Statistical Office; Appendix Table 25; and Fund staff estimates.

Table 8. St. Kitts and Nevis: Selected Data on Sugar Sector and Agricultural Production

(In thousands of pounds, unless otherwise indicated)

	1989	1990	1991	1992	Prel. 1993	Est. 1994
<u>Sugar sector production</u>						
Sugarcane ('000 metric tons)	252	169	219	200	220	181
Bagasse	480	312	322	224	408	511
Sugar ('000 metric tons)	24	15	19	20	21	20
Molasses ('000 metric tons)	--	6	7	6	7	6
<u>Agricultural production</u>						
Tomato	186	170	222	259	272	242
White Potato	667	680	540	563	600	480
Mango (number)	465	600	585	592	270	220
Cabbage	166	61	88	228	180	281
Carrots	83	165	110	150	96	128
Watermelon	40	120	170	156	170	181
Yam	56	35	20	48	85	98
Peanut	117	58	59	57	58	58
Pumpkin	256	95	125	155	155	157
Sweet Potato	400	160	189	194	205	220
Breadfruit	14	29	30	48	50	52
Avocado	70	95	105	111	32	26
Cucumber	51	72	85	92	100	109
Sweet pepper	20	27	22	22	32	67
Fresh beef (metric tons)	...	41	34	26	23	21
Fresh pork (metric tons)	...	44	41	38	33	29
Mutton (metric tons)	...	17	19	20	26	33
Broiler meat (metric tons)	...	232	233	233	233	245
Eggs ('000 dozen)	...	295	301	307	314	320

Sources: Statistical Office; and Fund staff estimates.

Table 9. St. Kitts and Nevis: Selected Data on Tourism

	1989	1990	1991	1992	Prel. 1993	Est. 1994
<u>Total visitors</u>	<u>108,684</u>	<u>109,630</u>	<u>136,737</u>	<u>171,467</u>	<u>174,279</u>	<u>209,409</u>
Cruise-ships	36,559	33,941	52,834	81,748	83,115	112,903
Excursionist	2,092	3,165	1,197	1,455	2,611	2,321
Stopover	70,033	72,524	82,706	88,264	88,553	94,185
Hotel and guest houses	41,837	43,786	50,498	55,602	56,440	61,543
Private homes	28,196	28,738	32,208	32,662	32,113	32,642
<u>Stopover visitors by nationality</u>						
United States	27,739	29,353	36,909	42,244	44,129	45,018
Canada	10,595	11,859	10,376	9,244	9,860	11,670
United Kingdom	4,186	5,536	5,488	6,559	7,332	8,335
Other Europe	949	1,820	2,042	3,306	3,542	4,348
Other	26,564	23,956	27,891	26,911	23,690	24,814
<u>Average period of stay (days)</u>	<u>6.3</u>	<u>6.4</u>	<u>5.9</u>	<u>5.1</u>	<u>5.1</u>	<u>4.6</u>
Cruise-ships	1.0	1.0	1.0	1.0	1.0	1.0
Excursionist	1.0	1.0	1.0	1.0	1.0	1.0
Stopover	9.2	9.2	9.1	9.0	9.0	8.9
Hotel and guest houses	7.0	7.0	7.0	7.0	7.0	7.0
Private homes	12.5	12.5	12.5	12.5	12.5	12.5
<u>Average expenditure per day (EC\$)</u>	<u>158</u>	<u>167</u>	<u>186</u>	<u>207</u>	<u>212</u>	<u>216</u>
Cruise-ships	63	66	74	82	84	85
Excursionist	101	107	120	134	136	137
Stopover	163	173	194	220	226	234
Hotel and guest houses	289	304	342	381	388	391
Private homes	59	61	64	66	67	69
<u>Total expenditure (EC\$'000)</u>	<u>107,858</u>	<u>117,653</u>	<u>150,712</u>	<u>182,006</u>	<u>187,380</u>	<u>206,280</u>
Cruise-ships	2,287	2,230	3,910	6,735	6,972	9,547
Excursionist	212	337	144	194	355	318
Stopover	105,359	115,086	146,659	175,077	180,053	196,415
Hotel and guest houses	84,658	93,058	120,892	148,200	153,154	168,350
Private homes	20,702	22,027	25,766	26,877	26,899	28,065
<u>(Annual percentage change)</u>						
Total visitors	-11.8	0.9	24.7	25.4	1.6	20.2
Total expenditure	5.8	9.1	28.1	20.8	3.0	10.1

Sources: Eastern Caribbean Central Bank; and Fund staff estimates.

Table 10. St. Kitts and Nevis: Retail Price Index

	Weights	1989	1990	1991	1992	Prel. 1993	Est. 1994
(January 1978=100)							
I. <u>Period average</u>							
<u>All items</u>	<u>100.0</u>	<u>185.0</u>	<u>192.8</u>	<u>200.9</u>	<u>206.6</u>	<u>210.3</u>	<u>215.9</u>
Food	50.0	170.0	174.3	184.2	192.9	197.5	204.4
Alcoholic beverages and tobacco	5.6	190.1	200.8	206.8	219.4	230.0	232.3
Housing	7.6	182.5	183.2	183.6	184.4	185.0	184.6
Fuel and light	6.6	176.1	195.0	200.0	198.5	198.5	198.5
Clothing and footwear	7.5	174.4	181.5	193.9	206.1	205.5	209.2
Furniture and domestic appliances	3.7	228.9	252.9	240.9	233.7	233.0	238.0
Household supplies	5.7	184.0	186.6	191.4	193.9	211.0	217.8
Transportation	4.3	237.4	244.9	259.2	259.2	259.2	251.6
Other goods and services	9.0	240.7	260.6	272.0	271.2	269.6	258.7
II. <u>End of period</u>							
<u>All items</u>	<u>100.0</u>	<u>189.4</u>	<u>196.4</u>	<u>205.3</u>	<u>208.4</u>	<u>211.3</u>	<u>214.1</u>
Food	50.0	171.7	176.4	193.7	195.3	199.6	203.5
Alcoholic beverages and tobacco	5.6	194.9	201.3	215.7	220.6	231.0	227.9
Housing	7.6	183.1	182.8	184.0	184.9	185.3	183.6
Fuel and light	6.6	183.8	204.6	198.5	198.4	198.5	198.5
Clothing and footwear	7.5	181.7	184.5	185.5	212.0	202.2	211.8
Furniture and domestic appliances	3.7	247.2	254.3	235.4	233.9	232.6	241.4
Household supplies	5.7	186.9	188.9	191.9	196.1	216.9	211.8
Transportation	4.3	237.7	259.2	259.2	259.1	259.2	249.0
Other goods and services	9.0	254.8	271.3	272.4	271.0	267.0	270.4
(Annual percentage change)							
I. <u>Period average</u>							
<u>All items</u>	<u>5.1</u>	<u>4.2</u>	<u>4.2</u>	<u>2.9</u>	<u>1.8</u>	<u>2.6</u>	
Food	4.9	2.5	5.7	4.7	2.4	3.5	
Alcoholic beverages and tobacco	0.3	5.6	3.0	6.1	4.8	1.0	
Housing	0.4	0.4	0.2	0.4	0.4	-0.2	
Fuel and light	0.8	10.7	2.6	-0.8	--	--	
Clothing and footwear	7.4	4.1	6.8	6.3	-0.3	1.8	
Furniture and domestic appliances	5.3	10.5	-4.7	-3.0	-0.3	2.1	
Household supplies	4.6	1.4	2.6	1.3	8.8	3.2	
Transportation	1.7	3.1	5.9	--	--	-2.9	
Other goods and services	15.6	8.3	4.4	-0.3	-0.6	-4.1	
II. <u>End of period</u>							
<u>All items</u>	<u>6.6</u>	<u>3.7</u>	<u>4.5</u>	<u>1.5</u>	<u>1.4</u>	<u>1.3</u>	
Food	4.4	2.7	9.8	0.8	2.2	2.0	
Alcoholic beverages and tobacco	4.0	3.3	7.2	2.3	4.7	-1.3	
Housing	0.5	-0.2	0.7	0.5	0.2	-0.9	
Fuel and light	5.3	11.3	-3.0	-0.1	0.1	--	
Clothing and footwear	11.7	1.5	0.5	14.3	-4.6	4.7	
Furniture and domestic appliances	16.6	2.9	-7.4	-0.6	-0.6	3.8	
Household supplies	3.4	1.1	1.6	2.2	10.6	-2.4	
Transportation	1.8	9.0	--	--	--	-3.9	
Other goods and services	19.7	6.5	0.4	-0.5	-1.5	1.3	

Source: Statistical Office.

Table 11. St. Kitts and Nevis: Consolidated Public Sector Operations

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In millions of Eastern Caribbean dollars)						
Revenue and grants	119.7	125.1	122.8	146.0	159.3	178.4
Government 1/	100.4	107.1	102.4	116.7	131.4	151.3
Public enterprises 2/	3.0	2.6	--	7.7	4.5	1.6
Social Security Scheme 3/	16.2	15.4	20.4	21.6	23.5	25.6
Expenditure	129.3	117.3	125.2	128.1	164.0	180.2
Current	84.4	96.9	101.7	109.1	119.8	141.4
Government 2/ 3/	79.2	90.6	92.5	102.1	110.4	130.2
Public enterprises 4/	--	--	0.7	--	--	--
Social Security Scheme	5.3	6.4	8.5	7.0	9.4	11.2
Capital and net lending	44.9	20.3	23.5	19.0	44.2	38.8
Government	33.8	14.9	17.4	15.8	22.8	21.3
Public enterprises	11.2	3.4	5.0	2.3	20.7	17.3
Social Security Scheme	-0.1	2.1	1.1	0.9	0.7	0.3
Current balance 5/	35.3	28.2	21.1	36.9	39.4	37.2
Of which: grants	8.9	4.8	6.4	5.1	3.5	7.2
Overall balance	-9.6	7.9	-2.4	17.9	-4.7	-1.7
Financing	9.6	-7.9	2.4	-17.9	4.7	1.7
Net foreign financing	12.9	0.6	1.6	0.6	9.7	3.1
Disbursement	18.4	7.9	5.3	5.4	15.0	9.4
Amortization	-5.5	-7.3	-3.7	-4.8	-5.4	-6.3
Net domestic financing	-3.2	-8.5	0.8	-18.5	-4.9	-1.4
Banking system	7.1	7.2	-10.6	-28.7	-21.3	-18.4
Other	-10.3	-15.7	11.4	10.3	16.3	17.0
(In percent of GDP)						
Current balance 5/	9.1	6.6	4.7	7.5	7.4	6.6
Excluding grants	6.8	5.5	3.3	6.5	6.7	5.2
Overall balance	-2.5	1.9	-0.5	3.7	-0.9	-0.3

Sources: Ministry of Finance; and Fund staff estimates.

1/ Adjusted for transfers received from public enterprises.

2/ Adjusted for transfers received from the Government and SSS contributions.

3/ Adjusted for Central Government and public enterprises contributions.

4/ Operating deficit of public enterprises.

5/ Including capital revenue and grants.

Table 12. St. Kitts and Nevis: Summary of Central Government Operations

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In millions of Eastern Caribbean Dollars)						
Revenue and grants	102.0	108.2	103.1	116.7	131.4	151.3
Tax	82.4	84.5	85.8	93.5	106.7	119.5
St. Kitts	71.2	73.5	70.6	76.7	88.2	98.7
Nevis	11.2	11.0	15.2	16.8	18.5	21.2
Nontax	10.7	18.8	10.9	18.1	21.1	23.6
St. Kitts	9.3	16.3	8.1	15.0	18.1	19.3
Nevis	1.4	2.5	2.8	3.1	3.0	4.3
Capital revenue and grants	8.9	4.8	6.4	5.1	3.6	7.8
St. Kitts	8.1	4.2	6.0	4.5	3.5	7.7
Nevis	0.8	0.6	0.4	0.6	0.1	0.1
Expenditures	116.5	109.0	115.3	123.7	139.8	161.6
Current	82.7	94.1	98.0	107.8	117.0	140.3
Wages and salaries	44.3	50.0	49.8	53.8	62.6	72.2
St. Kitts	34.5	39.3	37.6	42.6	49.7	56.9
Nevis	9.8	10.7	12.2	11.2	12.8	15.3
Other goods and services	14.3	17.1	19.0	23.0	25.3	34.3
St. Kitts	10.7	13.1	14.9	16.2	18.0	26.6
Nevis	3.6	4.0	4.1	6.8	7.2	7.7
Interest payments	9.9	12.6	12.5	13.2	13.4	15.5
St. Kitts	9.9	12.4	12.1	12.8	12.8	13.9
Nevis	--	0.2	0.4	0.4	0.6	1.6
Transfers	14.2	14.4	16.7	17.9	15.8	18.4
St. Kitts	13.0	12.7	14.7	17.1	15.6	18.4
Nevis	1.2	1.7	2.0	0.8	0.1	--
Capital and net lending	33.8	14.9	17.4	15.8	22.8	21.3
St. Kitts	31.9	12.3	14.4	13.2	21.2	18.3
Nevis	1.9	2.5	3.0	2.6	1.6	3.0
Current balance	19.3	14.0	5.2	8.9	14.4	11.0
Overall balance	-14.5	-0.9	-12.2	-6.9	-8.4	-10.3
Financing	14.5	0.9	12.2	6.9	8.4	10.3
Foreign financing	16.8	1.7	2.4	0.8	4.6	1.2
Disbursement	17.5	7.9	4.7	3.9	7.4	5.0
Amortization	0.7	6.2	2.3	3.1	2.8	3.9
Domestic financing	-2.3	-0.9	9.8	6.1	3.9	9.1
Banking system	6.9	5.6	2.4	-8.1	-12.0	-7.4
Central Bank	-4.2	3.7	-0.3	-6.3	-0.5	-2.3
Commercial banks	11.1	1.8	2.8	-1.7	-11.5	-5.1
Nonbank	-9.2	-6.5	7.4	14.2	15.9	16.5
Social Security	-1.8	-0.8	7.4	4.7	5.9	-3.7
Port Authority	0.5	1.6	1.5	0.5	0.5	-2.5
Other ^{1/}	-8.0	-7.2	-1.4	9.0	9.5	22.7
(In percent of GDP)						
Current balance	5.0	3.3	1.2	1.8	2.7	1.9
Excluding grants	3.0	2.5	--	1.2	2.4	0.7
Overall balance	-3.7	-0.2	-2.7	-1.4	-1.6	-1.8

Sources: Ministry of Finance; and Fund staff estimates.

^{1/} Includes private sector holdings of treasury bills, financing from Citizenship by Investment Program (EC\$2.4 million in 1993 and EC\$8.8 million in 1994), and checks in transit.

Table 13. St. Kitts and Nevis: Summary of Central Government Revenue

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In millions of Eastern Caribbean dollars)						
<u>Current revenue</u>	<u>93.1</u>	<u>103.4</u>	<u>96.7</u>	<u>111.6</u>	<u>127.8</u>	<u>143.5</u>
Tax revenue	82.4	84.5	85.8	93.5	106.7	119.9
Income	15.4	20.1	18.8	20.0	22.2	26.8
Property	1.7	1.9	1.9	2.5	2.5	2.7
Domestic production and consumption	11.1	7.9	11.2	13.3	14.4	16.5
International transactions	54.3	54.7	53.9	57.9	67.7	74.0
Less tax refunds	0.1	0.2	--	0.2	0.2	0.1
Nontax revenue	10.7	18.8	10.9	18.1	21.1	23.6
Surpluses of departmental enterprises	1.7	3.4	1.8	2.3	3.3	3.6
Other	9.1	15.5	9.1	15.8	17.8	20.0
<u>Capital revenue</u>	<u>1.4</u>	<u>1.3</u>	<u>1.4</u>	<u>2.3</u>	<u>2.1</u>	<u>0.7</u>
<u>Grants</u>	<u>7.5</u>	<u>3.5</u>	<u>5.0</u>	<u>2.9</u>	<u>1.5</u>	<u>7.1</u>
<u>Total revenue and grants</u>	<u>102.0</u>	<u>108.2</u>	<u>103.1</u>	<u>116.7</u>	<u>131.4</u>	<u>151.3</u>
(In percent of GDP)						
<u>Current revenue</u>	<u>24.0</u>	<u>24.4</u>	<u>21.8</u>	<u>22.8</u>	<u>24.0</u>	<u>25.4</u>
Tax revenue	21.3	19.9	19.3	19.1	20.0	21.2
Income	4.0	4.7	4.2	4.1	4.2	4.7
Property	0.4	0.5	0.4	0.5	0.5	0.5
Domestic production and consumption	2.9	1.9	2.5	2.7	2.7	2.9
International transactions	14.0	12.9	12.1	11.8	12.7	13.1
Nontax revenue	2.8	4.4	2.5	3.7	4.0	4.2
Surpluses of departmental enterprises	0.4	0.8	0.4	0.5	0.6	0.6
Other	2.3	3.7	2.1	3.2	3.3	3.5
<u>Capital revenue</u>	<u>0.4</u>	<u>0.3</u>	<u>0.3</u>	<u>0.5</u>	<u>0.4</u>	<u>0.1</u>
<u>Grants</u>	<u>1.9</u>	<u>0.8</u>	<u>1.1</u>	<u>0.6</u>	<u>0.3</u>	<u>1.3</u>
<u>Total revenue and grants</u>	<u>26.4</u>	<u>25.5</u>	<u>23.2</u>	<u>23.8</u>	<u>24.6</u>	<u>26.8</u>
(In percent of current revenue)						
Tax revenue	88.5	81.8	88.7	83.8	83.5	83.5
Income	16.5	19.4	19.4	17.9	17.4	18.7
Property	1.8	1.9	2.0	2.2	2.0	1.9
Domestic production and consumption	11.9	7.7	11.6	11.9	11.3	11.5
International transactions	58.3	52.9	55.8	57.9	53.0	51.5
Nontax revenue	11.5	18.2	11.3	16.2	16.5	16.5

Sources: Ministry of Finance; and Fund staff estimates.

Table 14. St. Kitts and Nevis: Summary of Central Government Expenditure

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In millions of Eastern Caribbean dollars)						
<u>Current expenditure</u>	<u>82.7</u>	<u>94.1</u>	<u>98.0</u>	<u>107.8</u>	<u>117.0</u>	<u>140.3</u>
Wages and salaries	44.3	50.1	49.7	53.8	62.6	72.2
Other goods and services	14.4	17.1	20.2	24.2	25.3	34.3
Interest	9.9	12.6	12.5	13.2	13.4	15.5
Domestic	8.3	8.4	9.9	10.4	11.0	11.5
External	1.6	4.2	2.6	2.8	2.4	3.9
Transfers	14.2	14.4	16.7	17.9	15.8	18.4
Departmental enterprises	2.3	2.0	2.7	1.2	1.0	1.8
Tourist Board	1.7	2.0	2.3	2.9	2.8	3.3
Public enterprises	--	--	--	--	--	2.8
Retirement benefits	5.4	5.8	6.0	6.6	6.3	6.7
External	4.9	4.6	5.7	7.1	5.6	4.0
Misc. expenditure from Trust Funds	0.1	0.1	0.1	0.1	0.1	0.1
Less: overpayments recovered	-0.2	-0.1	-1.2	-1.3	-0.1	-0.1
<u>Capital expenditure</u>	<u>33.8</u>	<u>14.9</u>	<u>17.4</u>	<u>15.8</u>	<u>22.8</u>	<u>21.3</u>
Fixed investment	31.3	8.8	15.9	14.6	19.7	19.7
Purchase of land	1.7	3.4	0.3	0.6	2.0	--
Capital transf. & net lending	0.8	2.7	1.2	0.7	1.1	1.6
<u>Total expenditure</u>	<u>116.5</u>	<u>109.0</u>	<u>115.3</u>	<u>123.7</u>	<u>139.8</u>	<u>161.6</u>
(In percent of GDP)						
<u>Current expenditure</u>	<u>21.4</u>	<u>22.2</u>	<u>22.0</u>	<u>22.0</u>	<u>21.9</u>	<u>24.8</u>
Wages and salaries	11.5	11.8	11.1	11.0	11.9	12.8
Other goods and services	3.7	4.0	4.5	4.9	4.8	6.1
Interest	2.6	3.0	2.8	2.7	2.5	2.7
Transfers	3.7	3.4	3.8	3.7	3.0	3.3
Other (incl. expenditure adj.)	--	--	-0.3	-0.2	--	--
<u>Capital expenditure and net lending</u>	<u>8.7</u>	<u>3.5</u>	<u>3.9</u>	<u>3.2</u>	<u>4.3</u>	<u>3.8</u>
Fixed investment	8.1	2.1	3.6	3.0	3.7	3.5
Purchase of land	0.4	0.8	0.1	0.1	0.4	--
Capital transfer and net lending	0.2	0.6	0.3	0.1	0.2	0.3
<u>Total expenditure</u>	<u>30.1</u>	<u>25.7</u>	<u>25.9</u>	<u>25.3</u>	<u>26.2</u>	<u>28.6</u>

Sources: Ministry of Finance; and Fund staff estimates.

Table 15. St. Kitts and Nevis: Central Government Domestic Debt 1/

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In millions of Eastern Caribbean dollars)						
<u>Domestic debt</u>	<u>150.4</u>	<u>155.9</u>	<u>173.0</u>	<u>174.5</u>	<u>175.0</u>	<u>181.8</u>
Treasury bills	14.8	17.5	28.4	38.6	58.3	64.0
ECCB	0.8	5.7	5.7	--	--	--
Commercial banks	11.6	5.5	5.7	11.3	18.7	15.2
SSS	1.0	1.0	7.6	13.4	20.6	20.6
Port Authority	--	2.0	3.5	4.0	4.4	1.9
Other 2/	1.4	3.3	5.9	9.9	14.6	26.3
Debentures	12.7	11.5	11.5	11.5	11.5	9.0
ECCB	2.7	2.2	2.2	2.2	2.2	--
Commercial banks	3.4	3.1	3.1	3.1	3.1	2.8
SSS	3.6	3.6	3.4	3.4	3.4	1.4
Other 2/	3.0	2.6	2.8	2.8	2.8	4.8
Long-term loans to St. Kitts	78.3	100.1	98.6	94.4	87.9	83.2
ECCB	7.2	6.7	6.2	5.6	5.1	4.9
National Bank 3/	9.6	28.9	27.8	26.5	22.9	22.2
Other commercial banks	3.7	8.0	7.0	6.3	5.6	5.0
SSS	57.8	56.5	55.1	54.0	52.8	51.1
Cable loan	--	--	2.4	2.0	1.5	--
Overdraft to St. Kitts	38.9	20.5	27.7	23.5	7.4	7.4
Commercial bank loan to Nevis	5.7	6.3	6.9	6.6	7.5	7.0
Citizenship by Investment Program	--	--	--	--	2.4	11.2
<u>Memorandum items</u>						
External debt 4/	59.6	66.8	65.4	70.7	71.9	73.0
Domestic interest payments	8.3	8.4	9.9	10.4	11.0	11.5
(Percentage of total domestic debt)						
<u>Domestic debt</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Treasury bills	9.8	11.2	16.4	22.1	33.8	37.4
Debentures	8.4	7.4	6.6	6.6	6.7	5.3
Long-term loans	52.1	64.2	56.9	54.1	51.0	48.9
Overdraft	25.9	13.1	16.0	13.4	4.3	4.3
Other loans	3.8	4.0	4.0	3.8	4.3	4.1
(Percentage of total debt)						
Domestic debt 3/	71.6	70.0	72.6	71.6	71.4	71.4
External debt 4/	28.4	30.0	27.4	28.4	28.6	28.6
<u>Average effective rates (domestic)</u>	<u>5.5</u>	<u>5.4</u>	<u>5.7</u>	<u>5.9</u>	<u>6.4</u>	<u>6.8</u>
<u>Domestic debt in percent in other OECS countries</u>						
(In percent)						
	<u>Antigua and Barbuda</u>	<u>Dominica</u>	<u>Grenada</u>	<u>St. Lucia</u>	<u>St. Vincent and the Grenadines</u>	
<u>Memorandum items</u>						
Total debt	11.5	32.0	35.5	31.0	30.0	
Percent of GDP	17.0	23.6	26.6	10.2	13.0	

Sources: Ministry of Finance; Eastern Caribbean Central Bank; World Bank; and Fund staff estimates.

1/ On gross basis and excluding floating debt.

2/ Excluding holdings in citizenship by investment program.

3/ Including Taiwan loan.

4/ Excluding debt to Taiwan.

Table 16. St. Kitts and Nevis: Operations of the Social Security Scheme

	1989	1990	1991	1992	Prel. 1993	Est. 1994
<u>(In millions of Eastern Caribbean dollars)</u>						
<u>Total revenue</u>	<u>21.8</u>	<u>21.0</u>	<u>27.9</u>	<u>30.2</u>	<u>33.8</u>	<u>37.5</u>
Current revenue	21.8	21.0	27.9	30.2	33.8	37.5
Government contributions	3.6	3.6	5.5	5.8	6.6	7.4
Public enterprises' contributions	2.0	2.0	2.0	2.9	3.7	4.5
Other contributions	10.0	10.3	11.7	11.9	12.7	13.8
Investment returns	5.6	5.9	7.9	9.5	10.6	11.7
Other	0.7	-0.7	0.8	0.3	0.2	0.2
<u>Total expenditure</u>	<u>5.2</u>	<u>8.5</u>	<u>9.6</u>	<u>7.9</u>	<u>10.1</u>	<u>11.4</u>
Current expenditure	5.3	6.4	8.5	7.0	9.4	10.4
Wages and salaries	0.8	0.8	0.9	1.0	1.2	1.6
Benefit	3.0	4.1	4.3	5.3	6.8	7.8
Other	1.5	1.5	3.4	0.7	1.4	1.8
Capital expenditure	-0.1	2.1	1.1	0.9	0.7	0.3
<u>Current account balance</u>	<u>16.5</u>	<u>14.6</u>	<u>19.4</u>	<u>23.2</u>	<u>24.3</u>	<u>26.3</u>
<u>Overall balance</u>	<u>16.6</u>	<u>12.5</u>	<u>18.3</u>	<u>22.3</u>	<u>23.6</u>	<u>26.1</u>
<u>Financing</u>	<u>-16.6</u>	<u>-12.5</u>	<u>-18.3</u>	<u>-22.3</u>	<u>-23.6</u>	<u>-26.1</u>
Government treasury bills	1.8	0.8	-7.4	-4.7	-5.9	3.7
Commercial banks	-14.4	-11.5	-10.7	-18.7	-11.4	-27.5
Other domestic	-4.0	-1.9	-0.2	1.0	-6.3	-2.2
<u>(In percent of GDP)</u>						
Total revenue	5.6	5.0	6.3	6.2	6.3	6.6
Total expenditure	1.3	2.0	2.2	1.6	1.9	1.9
Current balance	4.3	3.5	4.4	4.7	4.6	4.8
Overall balance	4.3	3.0	4.1	4.6	4.4	4.7

Sources: Social Security Scheme; and Eastern Caribbean Central Bank.

Table 17. St. Kitts and Nevis: Operations of the Consolidated Public Enterprises

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In millions of Eastern Caribbean dollars)						
<u>Total revenue</u>	<u>55.6</u>	<u>49.4</u>	<u>55.1</u>	<u>62.1</u>	<u>65.6</u>	<u>64.1</u>
Current revenue	52.5	47.7	52.7	59.7	63.2	61.6
Of which: transfers	--	--	--	--	--	2.8
Capital revenue	3.1	1.7	2.4	2.4	2.4	2.5
<u>Total expenditure</u>	<u>67.4</u>	<u>53.2</u>	<u>63.5</u>	<u>59.6</u>	<u>85.8</u>	<u>81.5</u>
Current expenditure	56.2	49.9	58.5	57.3	64.8	64.2
Wages and Salaries	27.7	22.9	22.6	22.4	26.3	30.7
SSS contribution	2.0	2.0	2.0	2.9	3.7	4.5
Interest	2.1	2.6	2.8	3.2	2.5	3.7
Other	24.4	22.3	31.1	28.7	32.3	25.4
Capital expenditure ^{1/}	11.2	3.4	5.0	2.3	20.7	17.3
Fixed assets	9.3	4.5	5.5	4.1	10.3	19.4
Change in stocks	1.9	-1.0	-0.1	-1.4	1.3	-2.1
Net lending	0.1	-0.2	-0.3	-0.7	9.1	--
<u>Current account balance ^{2/}</u>	<u>-0.6</u>	<u>-0.4</u>	<u>-3.4</u>	<u>4.8</u>	<u>0.8</u>	<u>-0.2</u>
<u>Overall balance</u>	<u>-11.8</u>	<u>-3.8</u>	<u>-8.4</u>	<u>2.5</u>	<u>-20.2</u>	<u>-17.4</u>
<u>Financing</u>	<u>11.8</u>	<u>3.8</u>	<u>8.4</u>	<u>-2.5</u>	<u>20.2</u>	<u>17.4</u>
External	-3.9	-1.1	-0.8	-0.3	5.1	1.9
Drawings	0.9	--	0.6	1.5	7.6	4.4
Amortization	4.8	1.1	1.4	1.8	2.5	2.4
Domestic	15.7	4.9	9.3	-2.3	15.1	15.5
Government	-0.5	-1.6	-1.5	-1.2	-0.5	0.2
Commercial banks	14.5	13.2	-2.3	-2.0	2.2	16.4
Other ^{3/}	1.7	-6.7	13.1	1.0	13.5	-1.1
<u>Memorandum items</u>						
Current account balances ^{2/}						
St. Kitts Sugar Manufacturing Corp.	-8.1	-8.3	-9.5	-2.9	-6.5	-6.3
Central Marketing Corporation	0.1	0.1	-0.2	--	0.1	0.3
Frigate Bay Development Corporation	4.4	3.7	2.4	3.1	3.2	3.4
St. Kitts Port Authority	2.9	4.0	3.9	4.5	3.8	2.4
Development Bank of St. Kitts and Nevis	0.1	0.1	--	0.1	0.1	0.1
(In percent of GDP)						
Total revenue	14.4	11.7	12.4	12.7	12.3	11.3
Total expenditure	17.4	12.6	14.3	12.2	16.1	14.4
Current account balance	-0.9	-0.1	-0.8	1.0	0.1	--
Overall balance	-3.0	-0.9	-1.9	0.5	-3.8	-3.1

Sources: Ministry of Finance; nonfinancial public enterprises; and Eastern Caribbean Central Bank.

^{1/} Includes capital expenditure of the Urban Development Corporation established in 1994.

^{2/} Includes capital revenue and current transfers from the Central Government.

^{3/} Includes Social Security Scheme, nonbank financial institutions and traders' credit.

Table 18. St. Kitts and Nevis: Operations of St. Kitts Sugar Manufacturing Corporation

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In thousands of Eastern Caribbean dollars)						
<u>Total receipts</u>	<u>34,055</u>	<u>27,119</u>	<u>31,780</u>	<u>38,392</u>	<u>39,900</u>	<u>37,104</u>
Current receipts	34,055	27,119	31,780	38,384	39,900	34,348
Transfers	--	--	--	--	--	2,756
<u>Total expenditure</u>	<u>48,585</u>	<u>34,284</u>	<u>41,712</u>	<u>40,069</u>	<u>48,885</u>	<u>42,134</u>
Current expenditure	42,119	35,468	41,313	41,296	46,437	43,417
Wages and salaries	22,111	17,259	16,386	16,443	19,391	22,064
Interests	1,200	1,600	1,963	2,382	1,694	2,520
Duties and levies	305	216	--	--	--	--
Other	18,503	16,393	22,964	22,471	25,352	18,833
Capital expenditure	6,466	-1,184	399	-1,227	2,448	-1,283
Fixed assets	4,831	--	877	504	1,122	819
Change in stocks	1,635	-1,184	-478	-2,031	1,326	-2,102
Net lending	--	--	--	300	--	--
<u>Current account balance 1/</u>	<u>-8,064</u>	<u>-8,349</u>	<u>-9,533</u>	<u>-2,912</u>	<u>-6,537</u>	<u>-6,313</u>
<u>Overall balance</u>	<u>-14,530</u>	<u>-7,165</u>	<u>-9,932</u>	<u>-1,677</u>	<u>-8,985</u>	<u>-5,030</u>
<u>Financing</u>	<u>14,530</u>	<u>7,165</u>	<u>9,932</u>	<u>1,677</u>	<u>8,985</u>	<u>5,030</u>
External (includes CSR loan)	-3,677	-62	-88	1,496	798	--
Drawing	--	--	--	1,496	798	--
Amortization	3,677	116	88	--	--	--
Domestic	18,207	7,223	2,705	181	8,187	5,030
National Bank	12,764	8,633	4,133	-2,544	3,889	8,879
Other	5,443	-1,410	-1,428	2,726	4,298	-3,849

Source: St. Kitts Sugar Manufacturing Corporation.

1/ Including current transfers from the Central Government.

Table 19. St. Kitts and Nevis: Eastern Caribbean Central Bank Local Operations

(In millions of Eastern Caribbean dollars; end of period)

	1989	1990	1991	1992	Prel. 1993	Est. 1994
<u>Net (imputed) international reserves 1/</u>	<u>44.2</u>	<u>44.1</u>	<u>44.8</u>	<u>70.8</u>	<u>80.6</u>	<u>81.9</u>
<u>Net claims on commercial banks</u>	<u>-32.3</u>	<u>-37.2</u>	<u>-35.1</u>	<u>-55.6</u>	<u>-59.8</u>	<u>-58.6</u>
Claims	0.1	--	--	--	--	3.5
Loans	--	--	--	--	--	3.5
Deposits with banks	0.1	--	--	--	--	--
Liabilities	32.4	37.2	35.2	55.7	59.8	62.1
Currency	6.9	8.4	6.7	6.8	8.2	10.6
Current account 2/	19.4	21.5	24.5	29.0	31.8	45.1
Current deposits	4.9	5.6	3.7	11.8	8.9	--
Fixed deposits	1.1	1.8	0.3	8.1	10.9	6.4
<u>Net credit to central government</u>	<u>10.8</u>	<u>14.5</u>	<u>14.2</u>	<u>7.8</u>	<u>7.3</u>	<u>5.0</u>
Treasury bills	0.8	5.7	5.7	--	--	--
Debentures	2.7	2.2	2.2	2.2	2.2	--
Temporary advances	0.1	--	0.1	--	--	0.1
Other claims	7.2	6.7	6.2	5.6	5.1	4.9
Central government deposits (-)	--	--	--	--	--	--
<u>Currency in circulation</u>	<u>22.7</u>	<u>21.4</u>	<u>23.9</u>	<u>23.0</u>	<u>28.1</u>	<u>28.3</u>
Estimated notes in circulation (issued)	27.5	27.5	28.1	27.1	33.4	35.7
Coins in circulation (issued)	2.1	2.3	2.5	2.7	2.9	3.2
Currency held by banks (-)	6.9	8.4	6.7	6.8	8.2	10.6

Source: Eastern Caribbean Central Bank.

1/ Refers to the imputed share of St. Kitts and Nevis in the international reserves of the ECCB.

2/ Since January 1994, statutory reserve requirements and call accounts were merged into the current account.

Table 20. St. Kitts and Nevis: Detailed Consolidated Accounts of Commercial Banks
(In millions of Eastern Caribbean dollars: end of period)

	1989	1990	1991	1992	Prel. 1993	Est. 1994
Net foreign assets	24.4	27.3	17.4	1.3	1.9	-7.4
Foreign assets	84.8	88.1	90.9	123.1	161.1	190.7
Foreign currency holdings	2.4	3.5	2.7	2.4	2.3	2.4
Claims on ECCB area banks	2.3	2.5	3.6	2.1	3.7	38.9
Claims on banks abroad	75.8	77.2	78.4	104.0	109.8	96.7
Other	4.4	4.8	6.3	14.5	45.2	52.6
Foreign liabilities	60.4	60.8	73.6	121.8	159.2	198.0
Balances due to ECCB area banks	12.7	11.6	21.0	28.8	55.9	60.2
Balances due to banks abroad	14.4	8.1	11.1	55.4	60.1	81.8
Nonresident deposits	33.2	41.0	41.0	36.2	41.9	54.4
Demand	3.1	3.7	3.3	4.6	4.0	5.9
Savings	19.8	23.3	17.6	15.6	18.0	20.4
Time	5.9	11.3	10.2	11.7	14.9	14.6
Foreign currency	4.4	2.7	10.0	4.4	5.0	13.5
Other	0.1	0.1	0.5	1.3	1.2	1.7
Net position with ECCB	26.7	34.7	38.7	57.1	60.5	62.3
Claims on ECCB	28.6	34.7	38.7	57.1	64.0	65.8
Currency holdings	6.9	8.4	6.7	6.8	8.2	10.6
Statutory reserves	19.5	21.6	24.5	28.0	31.7	--
Statutory deposits	--	--	--	--	--	--
Current deposits	1.1	3.9	7.2	13.9	9.4	43.0
Fixed deposits	1.1	0.8	0.3	8.5	14.1	10.2
Other claims	--	--	--	--	0.5	2.0
Liabilities to ECCB	1.9	--	--	--	3.5	3.5
Net domestic assets	194.1	205.2	217.7	259.6	290.1	311.5
Public sector (net)	22.1	25.6	15.3	-7.1	-27.9	-44.0
Central government (net)	56.0	57.0	62.3	61.4	47.7	41.7
Treasury bills	11.6	5.5	5.7	11.3	18.7	15.2
Other securities	3.4	3.1	3.1	3.1	3.1	2.8
Loans and advances	42.6	48.1	53.8	48.4	30.2	30.1
Onlending (Taiwan)	9.6	9.3	8.7	7.9	5.7	4.9
Deposits	11.2	8.9	9.0	9.3	10.0	11.4
Local governments (net)	4.7	5.4	3.0	2.2	4.4	5.3
Loans and investments	5.7	6.3	6.9	6.6	7.5	7.0
Deposits	1.0	0.9	3.9	4.4	3.1	1.6
Social Security (net)	-50.3	-61.8	-72.5	-91.2	-102.6	-130.1
Deposits	50.3	61.8	72.5	91.2	102.6	130.1
Public enterprises (net)	11.7	24.9	22.6	20.5	22.7	39.1
Loans and investments	19.7	34.5	31.6	30.2	32.5	52.5
Deposits	8.0	9.6	9.1	9.6	9.8	13.4
Other nonbank financial institutions (net)	-12.2	-11.3	-16.1	-19.5	-19.0	-20.4
Loans and investments	0.3	0.3	1.0	1.0	1.2	3.9
Deposits	12.4	11.6	17.1	20.5	20.2	24.3
Credit to private sector	224.0	231.9	262.5	334.6	375.6	415.9
Interbank float	3.0	-0.9	-0.1	-3.3	5.2	0.3
Claims	21.1	6.0	5.5	3.5	10.9	17.9
Liabilities	18.1	6.9	5.6	6.8	5.7	17.6
Net unclassified assets	-42.8	-40.1	-43.9	-45.1	-43.8	-40.4
Assets	20.0	27.0	16.3	19.9	24.4	29.8
Liabilities	62.7	67.1	60.2	65.0	68.3	70.2
Long-term foreign liabilities	9.6	9.3	8.7	7.9	5.7	4.5
Liabilities to the private sector	235.6	257.8	265.1	310.1	346.8	361.8
Demand deposits	35.1	34.0	32.6	37.3	41.7	40.2
Savings deposits	111.6	111.9	127.6	147.3	169.9	190.7
Time deposits	56.2	71.1	67.9	80.3	77.0	75.5
Foreign currency deposits	32.7	40.8	37.0	45.3	58.3	55.4

Source: Eastern Caribbean Central Bank.

Table 21. St. Kitts and Nevis: Distribution of Commercial Bank Loans

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In thousands of Eastern Caribbean dollars)						
Total	295.9	325.4	368.6	434.3	459.3	522.2
Agriculture	20.9	29.3	32.4	30.6	33.5	41.3
Fisheries	0.9	0.3	0.3	0.3	0.4	0.3
Mining and quarrying	0.3	0.3	0.2	0.2	0.5	0.7
Manufacturing	14.7	14.5	16.7	20.7	21.5	22.0
Food and non-alcoholic beverages	2.8	4.9	5.0	5.9	6.7	7.0
Clothing and accessories	4.0	1.6	1.5	2.5	2.7	1.7
Building materials, metal work	--	--	2.4	6.1	6.4	2.5
Other industries	8.0	8.0	7.7	6.3	5.7	10.8
Distributive trades	37.5	37.8	43.6	44.5	52.3	72.2
Tourism	26.3	23.2	24.1	30.9	28.3	31.1
Entertainment and catering	1.7	1.8	1.8	3.2	4.3	3.0
Transport	10.2	8.0	7.0	9.0	7.1	7.8
Public utilities	12.1	10.6	11.5	52.2	42.3	35.8
Construction and land development	11.8	11.3	14.2	15.4	23.0	37.1
Government and public corporations	48.0	54.2	69.4	62.7	43.5	42.9
Professional and other services	7.3	6.9	6.7	12.4	15.0	19.5
Financial institutions	3.1	0.6	0.4	0.4	0.5	0.3
Personal	101.1	126.6	140.2	151.7	187.2	208.2
House and land purchase	58.6	77.0	89.0	99.1	119.3	134.1
Durable consumer goods	19.4	20.1	21.9	21.0	25.1	25.2
Other personal	23.2	29.5	29.3	31.5	42.9	48.8
(As percent of total)						
Total	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	7.1	9.0	8.8	7.0	7.3	7.9
Fisheries	0.3	0.1	0.1	0.1	0.1	0.1
Mining and quarrying	0.1	0.1	0.1	0.1	0.1	0.1
Manufacturing	5.0	4.5	4.5	4.8	4.7	4.2
Food and non-alcoholic beverages	0.9	1.5	1.4	1.3	1.5	1.3
Clothing and accessories	1.3	0.5	0.4	0.6	0.6	0.3
Building materials, metal work	--	--	0.7	1.4	1.4	0.5
Other industries	2.7	2.5	2.1	1.4	1.2	2.1
Distributive trades	12.7	11.6	11.8	10.3	11.4	13.8
Tourism	8.9	7.1	6.5	7.1	6.2	6.0
Entertainment and catering	0.6	0.5	0.5	0.7	0.9	0.6
Transport	3.5	2.4	1.9	2.1	1.6	1.5
Public utilities	4.1	3.3	3.1	12.0	9.2	6.9
Construction and land development	4.0	3.5	3.9	3.5	5.0	7.1
Government and public corporations	16.2	16.7	18.8	14.4	9.5	8.2
Professional and other services	2.5	2.1	1.8	2.9	3.3	3.7
Financial institutions	1.0	0.2	0.1	0.1	0.1	0.1
Personal	34.2	38.9	38.0	34.9	40.8	39.9
House and land purchase	19.8	23.7	24.2	22.8	26.0	25.7
Durable consumer goods	6.5	6.2	5.9	4.8	5.5	4.8
Other personal	7.8	9.1	7.9	7.3	9.3	9.3

Sources: Eastern Caribbean Central Bank; and Fund staff estimates.

Table 22. St. Kitts and Nevis: Selected Interest Rates

(In percent per annum at end of period)

	December					Prel.
	1989	1990	1991	1992	1993	1994
Deposits						
Saving	4.0-6.5	4.0-6.5	4.0-5.0	4.0-5.5	4.0-5.0	4.0-5.0
Time						
Up to 3 months	4.0-7.0	4.0-7.0	4.0-7.5	3.5-7.0	2.0-5.5	1.5-5.5
Over 3 months to 6 months	4.0-7.5	4.0-7.5	4.5-7.5	4.5-7.5	2.0-6.0	1.5-6.0
Over 6 months to 12 months	4.0-8.0	4.5-9.0	5.0-9.0	5.0-8.0	2.5-7.0	2.0-7.0
Lending						
Prime	9.0-12.0	9.5-12.0	10.0-12.0	10.0-13.0	9.5-13.0	9.5-13.0
Other	9.0-23.3	9.0-23.3	10.0-23.2	8.0-15.0	9.5-21.6	9.5-15.0
Add-on Loans:						
Effective interest rate	12.6-23.3	12.6-23.3	12.6-23.3	12.6-23.3	13.6-21.6	13.6-21.6
Government						
Treasury bill <u>1</u> /	7.2	7.4	7.0	6.7	5.5	7.5
ECCB						
Banker's deposit rate	7.75-8.0	6.25-8.0	4.4	4.4	4.4	4.4
Lending rate:						
Temporary advances	10.0	10.0	10.0	10.0	10.0	10.0
Memorandum:						
U.S. dollar certificate of deposit rate <u>2</u> /	9.1	8.2	5.8	3.7	3.2	6.3

Sources: Ministry of Finance; Eastern Caribbean Central Bank; and International Financial Statistics.

1/ Effective rate.

2/ Three-month certificates.

Table 23. St. Kitts and Nevis Operations of the Development Bank 1/
(In millions of Eastern Caribbean dollars)

	1989	1990	1991	1992	Prel. 1993	Est. 1994
Balance with commercial banks	1.9	0.6	0.9	1.9	2.7	2.1
Claims	1.9	0.7	0.9	1.9	2.7	2.1
Liabilities (-)	--	0.1	--	--	--	--
Net domestic assets	15.0	19.8	24.8	22.6	23.7	25.5
Credit to Central Government	--	--	-1.0	1.0	0.8	2.1
Credit to private sector	16.2	21.5	26.0	27.0	29.3	31.2
Net unclassified assets	-1.2	-1.7	-0.2	-5.4	-6.4	-7.8
Assets	1.3	1.7	2.1	2.3	1.7	1.7
Liabilities	2.5	3.4	2.3	7.7	8.1	9.5
Medium- and long-term foreign liabilities	13.9	16.8	22.1	23.1	25.2	26.8
Caribbean Development Bank	8.8	11.0	15.0	18.2	21.3	23.3
European Investment Bank	5.1	5.8	7.1	4.9	3.9	3.5
Medium- and long-term domestic liabilities	3.0	3.6	3.6	1.4	1.2	0.8
Central Government	1.5	1.5	1.5	--	--	--
Social security scheme	1.5	2.1	2.1	1.4	1.2	0.8

Source: Development Bank of St. Kitts and Nevis.

1/ Excluding Government Agency Division.

Table 24. St. Kitts and Nevis: Balance of Payments

(In millions of U.S. dollars)

	1989	1990	1991	1992	Prel. 1993	Est. 1994
<u>Current account balance</u>	<u>-43.4</u>	<u>-44.8</u>	<u>-28.3</u>	<u>-12.7</u>	<u>-23.8</u>	<u>-27.4</u>
<u>Trade balance</u>	<u>-83.1</u>	<u>-83.0</u>	<u>-79.1</u>	<u>-63.3</u>	<u>-72.2</u>	<u>-77.0</u>
Exports, f.o.b.	28.6	27.7	31.2	32.3	36.9	35.4
Sugar	11.8	9.0	11.2	13.2	12.5	10.8
Other domestic	13.5	15.3	16.9	17.1	21.4	21.7
Re-exports	3.3	3.3	3.1	2.0	3.0	3.0
Imports, c.i.f.	111.7	110.7	110.3	95.6	109.1	112.4
<u>Services balance</u>	<u>23.3</u>	<u>25.9</u>	<u>37.5</u>	<u>37.2</u>	<u>34.9</u>	<u>34.8</u>
Receipts	54.9	58.0	72.1	82.5	85.2	93.5
Travel	39.9	43.6	55.8	67.4	69.4	76.4
Other nonfactor services	11.5	11.4	13.4	12.5	13.7	14.5
Interest	3.3	3.1	2.8	2.6	2.0	2.6
Official	0.5	--	0.4	0.5	0.5	0.5
Banks	2.4	2.3	1.7	1.4	0.8	1.4
ECCB profits	0.4	0.7	0.7	0.7	0.7	0.8
Payments	31.5	32.1	34.6	45.3	50.3	58.8
Travel	3.4	4.4	4.5	5.0	5.3	5.8
Other nonfactor services	15.5	19.3	19.8	26.7	30.4	34.3
Interest	1.6	3.2	2.4	2.3	2.1	2.9
Official	1.1	2.2	1.5	1.6	1.4	2.0
Banks	0.4	0.6	0.7	0.6	0.6	0.7
Other	0.1	0.4	0.2	0.2	0.1	0.2
Profits and dividends	7.8	5.0	7.3	10.7	11.6	14.7
Other factor services	3.1	0.3	0.5	0.6	0.9	1.0
<u>Transfers (net)</u>	<u>16.3</u>	<u>12.3</u>	<u>13.3</u>	<u>13.4</u>	<u>13.6</u>	<u>14.8</u>
Private	14.2	12.8	12.4	13.1	13.2	13.6
Receipts	19.0	19.1	14.9	14.7	15.1	15.6
Payments	4.8	6.2	2.5	1.7	2.0	2.0
Public	2.1	-0.5	0.8	0.3	0.4	1.2
Receipts	3.7	1.2	2.9	2.8	2.6	3.4
Payments	1.6	1.7	2.0	2.5	2.2	2.2
<u>Capital account balance</u>	<u>51.9</u>	<u>49.4</u>	<u>25.9</u>	<u>23.6</u>	<u>23.5</u>	<u>24.3</u>
Official capital (net) 1/	6.3	1.6	0.4	0.7	4.5	1.6
Drawings	8.6	4.5	2.7	3.0	7.0	4.5
Amortization	2.3	2.9	2.3	2.3	2.5	2.9
Private capital	45.6	47.8	25.5	22.8	19.0	22.7
Direct investment	40.8	48.8	21.4	12.5	9.3	12.6
Equity capital	5.5	1.3	0.1	0.6	1.1	1.2
Retained earnings	3.5	0.8	0.3	2.5	2.9	5.3
Land sales	9.7	4.0	4.7	5.2	5.5	5.6
Other	22.1	42.7	16.3	4.2	-0.2	0.6
Other long-term	--	--	--	4.4	10.0	6.6
Commercial banks	4.8	-1.1	3.7	6.0	-0.2	3.4
<u>Errors and omissions 2/</u>	<u>-2.4</u>	<u>-4.4</u>	<u>3.7</u>	<u>-0.7</u>	<u>4.2</u>	<u>3.5</u>
<u>Overall balance</u>	<u>6.0</u>	<u>0.2</u>	<u>1.3</u>	<u>10.1</u>	<u>3.9</u>	<u>0.4</u>

Sources: Ministry of Finance; Eastern Caribbean Central Bank; and Fund staff estimates.

1/ Includes public financial institutions.

2/ Includes short-term capital.

Table 25. St. Kitts and Nevis: Sugar Exports
(Volume in metric tons; values in thousand units,
and unit price as indicated)

	1989	1990	1991	1992	Prel. 1993	Est. 1994
Total sugar exports						
Volume (tons)	22,546	13,937	18,499	19,750	20,425	19,196
Value (US\$)	11,781	9,031	11,220	13,181	12,485	10,798
Unit value: US\$/ton	523	648	607	667	611	563
Destination						
United Kingdom						
Volume (tons)	15,111	13,698	18,358	19,690	20,425	15,751
Value (US\$)	8,340	9,031	11,220	13,181	12,485	9,240
Unit value: US\$/ton	552	659	611	669	611	587
United States						
Volume (tons)	7,005	--	--	--	--	3,445
Value (US\$)	3,441	--	--	--	--	1,557
Unit value: US\$/ton	491	--	--	--	--	452
Other						
Volume (tons)	430	243	143	101	--	--
Value (US\$)	132	75	64	45	--	--
Unit value: US\$/ton	307	309	448	446	--	--
Memorandum items (in percent)						
Share of sugar in total exports	41.2	32.7	35.9	40.8	33.9	30.5
Share of quota exports in total sugar exports	98.1	98.3	99.2	99.7	100.0	100.0

Sources: Statistical Office; St. Kitts Sugar Manufacturing Corporation; and Fund staff estimates.

Table 26. St. Kitts and Nevis: Merchandise Exports by Commodity Group 1/

	1989	1990	1991	1992	Prel. 1993	Est. 1994
<u>(In thousands of U.S. dollars)</u>						
<u>Total exports</u>	<u>25,307</u>	<u>24,370</u>	<u>28,133</u>	<u>30,289</u>	<u>33,904</u>	<u>32,485</u>
Food	11,692	7,214	10,831	11,510	11,991	12,113
Beverages and tobacco	1,114	1,755	1,491	1,726	2,057	1,848
Crude material	76	24	84	61	68	76
Chemicals	25	49	28	30	45	36
Manufactured goods	329	1,292	731	939	1,243	1,014
Electronics	8,124	10,869	10,297	11,449	13,448	12,352
Miscellaneous manufactures	3,847	3,095	4,586	4,483	4,950	4,949
Miscellaneous	101	49	84	91	90	97
<u>(In percent)</u>						
<u>Total exports</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Food	46.2	29.6	38.5	38.0	35.4	37.3
Beverages and tobacco	4.4	7.2	5.3	5.7	6.0	5.7
Crude material	0.3	0.1	0.3	0.2	0.2	0.2
Chemicals	0.1	0.2	0.1	0.1	0.1	0.1
Manufactured goods	1.3	5.3	2.6	3.1	3.7	3.2
Electronics	32.1	44.6	36.6	37.8	39.7	38.1
Miscellaneous manufactures	15.2	12.7	16.3	14.8	14.6	15.2
Miscellaneous	0.4	0.2	0.3	0.3	0.3	0.3
<u>Memorandum item</u>						
Exports as percent of GDP	19.9	17.6	18.9	17.8	18.7	16.9

Sources: Statistical Office; and Fund staff estimates.

1/ Excludes re-exports.

Table 27. St. Kitts and Nevis: Merchandise Imports by Commodity Group

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In thousands of U.S. dollars)						
<u>Total imports c.i.f. 1/</u>	<u>115,000</u>	<u>114,000</u>	<u>113,400</u>	<u>97,600</u>	<u>112,100</u>	<u>115,400</u>
Food	14,997	16,755	18,463	18,558	18,681	19,987
Beverages and tobacco	2,720	2,883	3,144	2,762	3,038	3,197
Crude material	1,950	3,108	2,079	2,153	2,528	2,421
Mineral fuel	6,259	5,529	8,648	6,247	7,053	7,816
Oil and fats	1,034	806	977	926	941	1,019
Chemicals	7,710	8,136	9,110	7,864	8,679	9,168
Manufactured goods	20,422	24,974	25,443	22,052	25,012	25,905
Machinery	33,696	32,569	25,837	22,350	27,746	27,094
Miscellaneous manufactures	12,947	15,514	16,025	13,935	15,701	16,316
Miscellaneous	13,265	3,726	3,674	753	2,720	2,477
<u>Memorandum items</u>						
Consumer goods	63,618	66,177	71,399	60,414	68,348	71,484
Intermediate goods	16,657	15,127	15,432	14,835	15,723	16,477
Of which: petroleum	5,608	4,865	5,403	5,566	5,506	5,916
Capital goods	34,725	32,696	26,568	22,350	28,029	27,439
(In percent of total imports)						
<u>Total imports, c.i.f. 1/</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Food	13.0	14.7	16.3	19.0	16.7	17.3
Beverages and tobacco	2.4	2.5	2.8	2.8	2.7	2.8
Crude material	1.7	2.7	1.8	2.2	2.3	2.1
Mineral fuel	5.4	4.9	7.6	6.4	6.3	6.8
Oil and fats	0.9	0.7	0.9	0.9	0.8	0.9
Chemicals	6.7	7.1	8.0	8.1	7.7	7.9
Manufactured goods	17.8	21.9	22.4	22.6	22.3	22.4
Machinery	29.3	28.6	22.8	22.9	24.8	23.5
Miscellaneous manufactures	11.3	13.6	14.1	14.3	14.0	14.1
Miscellaneous	11.5	3.3	3.2	0.8	2.4	2.1
<u>Memorandum items</u>						
Consumer goods	55.3	58.0	63.0	61.9	61.0	61.9
Intermediate goods	14.5	13.3	13.6	15.2	14.0	14.3
Of which: petroleum	4.9	4.3	4.8	5.7	4.9	5.1
Capital goods	30.2	28.7	23.4	22.9	25.0	23.8
(Annual percentage change)						
<u>Total imports, c.i.f. 1/</u>	<u>19.8</u>	<u>-0.9</u>	<u>-0.5</u>	<u>-13.9</u>	<u>14.9</u>	<u>2.9</u>
Consumer goods	24.8	4.0	7.9	-15.4	13.1	4.6
Intermediate goods	17.4	-9.2	2.0	-3.9	6.0	4.8
Capital goods	12.8	-5.8	-18.7	-15.9	25.4	-2.1

Sources: Statistical Office; and Fund staff estimates.

1/ Includes re-exports.

Table 28. St. Kitts and Nevis: Direction of Trade

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In thousands of U.S. dollars)						
<u>Exports 1/</u>	<u>25,307</u>	<u>24,370</u>	<u>28,133</u>	<u>30,289</u>	<u>33,904</u>	<u>32,485</u>
Total CARICOM	2,260	2,591	2,637	3,027	3,390	3,180
Total OECS	1,001	2,127	2,165	2,485	2,782	2,665
Antigua and Barbuda	512	663	675	775	867	831
Domina	83	419	427	490	548	526
Grenada	95	227	231	265	297	284
St. Lucia	6	420	427	490	548	526
St. Vincent and the Grenadines	69	111	113	129	144	138
Other	236	287	292	336	376	360
Jamaica	--	55	56	64	72	67
Barbados	229	173	176	202	226	212
Trinidad and Tobago	1,030	236	240	276	309	290
United States	13,802	13,618	12,358	14,189	16,574	15,122
United Kingdom	6,583	5,705	7,305	8,387	8,709	8,592
Other	2,662	2,456	5,833	4,686	5,231	5,591
<u>Imports 2/</u>	<u>115,000</u>	<u>114,000</u>	<u>113,400</u>	<u>97,600</u>	<u>112,100</u>	<u>115,400</u>
Total CARICOM	15,947	15,933	20,050	20,654	19,737	21,714
Total OECS	3,776	3,739	4,030	4,152	4,769	4,909
Antigua and Barbuda	1,078	883	1,031	1,062	1,220	1,256
Domina	459	585	592	610	701	721
Grenada	189	271	617	636	730	752
St. Lucia	206	494	572	589	677	696
St. Vincent and the Grenadines	1,772	1,470	1,168	1,203	1,382	1,422
Other	72	36	50	52	60	61
Jamaica	1,845	1,799	1,801	1,855	1,773	1,950
Barbados	2,673	3,081	3,056	3,148	3,008	3,310
Trinidad and Tobago	7,584	7,222	11,021	11,352	10,848	11,935
Other CARICOM	69	92	142	147	140	155
United States	42,317	48,333	47,898	49,335	50,514	53,025
United Kingdom	14,323	13,198	12,988	13,378	13,728	14,389
Canada	3,236	5,701	4,177	4,302	4,892	4,791
Japan	4,504	4,050	4,377	4,509	4,496	4,805
Other	34,673	26,785	23,910	5,422	18,734	16,676
(In percent of total)						
<u>Exports 1/</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Total CARICOM	8.9	10.6	9.4	10.0	10.0	9.8
United States	54.5	55.9	43.9	46.8	48.9	46.6
United Kingdom	26.0	23.4	26.0	27.7	25.7	26.4
Other	10.5	10.1	20.7	15.5	15.4	17.2
<u>Imports 2/</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Total CARICOM	13.9	14.0	17.7	21.2	17.6	18.8
United States	36.8	42.4	42.2	50.5	45.1	45.9
United Kingdom	12.5	11.6	11.5	13.7	12.2	12.5
Canada	2.8	5.0	3.7	4.4	4.4	4.2
Japan	3.9	3.6	3.9	4.6	4.0	4.2
Other	30.2	23.5	21.1	5.6	16.7	14.5

Sources: Statistical Office; and Fund staff estimates.

1/ Excludes re-exports.

2/ Includes re-exports

Table 29. St. Kitts and Nevis: Summary of External Public Debt

	1989	1990	1991	1992	Prel. 1993	Est. 1994
(In millions of U.S. dollars)						
<u>Total public debt (end of period)</u>	<u>37.5</u>	<u>40.6</u>	<u>39.0</u>	<u>41.8</u>	<u>44.9</u>	<u>45.3</u>
Central government	22.1	24.7	24.2	26.2	26.6	27.0
Nonfinancial public enterprises	9.0	7.7	7.1	7.0	8.9	8.4
Financial institutions	6.4	8.2	7.7	8.6	9.3	9.8
<u>Drawings</u>	<u>8.6</u>	<u>4.5</u>	<u>2.7</u>	<u>3.0</u>	<u>7.0</u>	<u>4.5</u>
Central government	6.5	2.9	1.7	1.5	2.7	1.9
Nonfinancial public enterprises	0.3	--	0.2	0.6	2.8	1.6
Financial institutions	1.8	1.6	0.7	1.0	1.4	1.0
<u>Valuation adjustment</u>	<u>-2.3</u>	<u>1.5</u>	<u>-2.0</u>	<u>2.1</u>	<u>-1.4</u>	<u>-1.2</u>
Central government	-2.3	2.0	-1.4	1.7	-1.3	--
Nonfinancial public enterprises	--	-0.9	-0.4	0.1	--	-1.2
Financial institutions	--	0.4	-0.2	0.4	-0.2	--
<u>Amortization</u>	<u>2.3</u>	<u>2.9</u>	<u>2.3</u>	<u>2.3</u>	<u>2.5</u>	<u>2.9</u>
Central government	0.3	2.3	0.9	1.1	1.0	1.4
Nonfinancial public enterprises	1.8	0.4	0.4	0.7	0.9	0.9
Financial institutions	0.2	0.2	1.0	0.5	0.5	0.5
<u>Interest payments</u>	<u>1.1</u>	<u>2.2</u>	<u>1.5</u>	<u>1.6</u>	<u>1.4</u>	<u>2.0</u>
Central government	0.6	1.6	1.0	1.0	0.9	1.5
Nonfinancial public enterprises	0.3	0.4	0.3	0.3	0.3	0.4
Financial institutions	0.2	0.3	0.2	0.2	0.2	0.2
<u>Total debt service</u>	<u>3.4</u>	<u>5.1</u>	<u>3.8</u>	<u>3.9</u>	<u>3.9</u>	<u>4.9</u>
Central government	0.9	3.9	1.8	2.2	1.9	2.9
Nonfinancial Public enterprises	2.1	0.8	0.7	1.0	1.2	1.3
Financial institutions	0.5	0.4	1.2	0.7	0.7	0.7
(In percent of GDP)						
Total debt	26.2	25.9	23.7	23.1	22.7	21.6
(In percent of goods and nonfactor services)						
<u>Total debt service</u>	<u>4.3</u>	<u>6.2</u>	<u>3.8</u>	<u>3.5</u>	<u>3.2</u>	<u>3.9</u>
Amortization	2.9	3.5	2.3	2.1	2.1	2.3
Interest	1.4	2.7	1.5	1.4	1.2	1.6

Sources: Ministry of Finance; nonfinancial public enterprises; Development Bank; and Fund staff estimates.

Table 30. St. Kitts and Nevis: Maturity Structure
of External Public Debt

	1989	1990	1991	1992	Prel. 1993	Est. 1994
<u>(In millions of U.S. dollars)</u>						
<u>Total debt outstanding</u>	<u>37.5</u>	<u>40.6</u>	<u>39.0</u>	<u>41.8</u>	<u>44.9</u>	<u>45.3</u>
Over 5 years to 10 years	7.8	7.2	3.5	5.6	6.5	6.3
Over 10 years to 15 years	3.8	3.0	3.8	3.7	3.8	3.0
Over 15 years	25.9	30.4	31.7	32.5	34.6	36.0
<u>(In percent of total debt outstanding)</u>						
Over 5 years to 10 years	20.8	17.7	9.0	11.7	14.5	13.9
Over 10 years to 15 years	10.1	7.4	9.7	9.0	8.5	6.6
Over 15 years	69.1	74.9	81.3	79.3	77.0	79.5
<u>Memorandum items</u>						
Average interest rate (percent)	3.4	5.9	3.7	4.0	3.3	4.6
Average maturity (in years)	13.2	13.5	13.1	13.9	13.8	13.8

Sources: Ministry of Finance; Eastern Caribbean Central Bank; and Fund staff estimates.

Table 31. St. Kitts and Nevis: Exchange Rates

	Units per EC\$			Indices (1990 = 100)	
	SDR	US\$	£	Nominal Effective Exchange Rate 1/	Real Effective Exchange Rate 2/
(End of period)					
1989 - Mar.	0.287	0.370	0.219	119.5	93.2
June	0.297	0.370	0.239	123.2	96.8
Sept.	0.289	0.370	0.228	122.9	95.4
Dec.	0.282	0.370	0.230	122.5	94.9
1990 - Mar.	0.285	0.370	0.225	122.3	93.4
June	0.280	0.370	0.212	120.5	91.1
Sept.	0.266	0.370	0.197	117.0	88.0
Dec.	0.260	0.370	0.192	116.3	86.3
1991 - Mar.	0.275	0.370	0.213	118.2	87.8
June	0.282	0.370	0.228	122.2	89.9
Sept.	0.271	0.370	0.211	121.2	92.0
Dec.	0.259	0.370	0.198	120.1	89.4
1992 - Mar.	0.270	0.370	0.213	122.9	91.0
June	0.259	0.370	0.195	120.0	87.6
Sept.	0.251	0.370	0.208	119.9	86.8
Dec.	0.269	0.370	0.245	126.6	91.9
1993 - Mar.	0.265	0.370	0.248	128.4	92.8
June	0.264	0.370	0.245	132.6	96.0
Sept.	0.261	0.370	0.245	132.9	94.8
Dec.	0.270	0.370	0.250	134.7	95.5
1994 - Mar.	0.262	0.370	0.250	135.1	96.4
June	0.258	0.370	0.240	134.6	97.4
Sept.	0.252	0.370	0.235	133.4	95.4
Dec.	0.254	0.370	0.237	133.5	92.9
(Annual averages)					
1989	0.289	0.370	0.226	121.3	94.5
1990	0.273	0.370	0.207	119.0	89.9
1991	0.270	0.370	0.209	120.0	89.5
1992	0.263	0.370	0.210	121.9	89.4
1993	0.266	0.370	0.246	131.8	94.6
1994	0.256	0.370	0.240	134.2	95.5

Sources: IMF, International Financial Statistics; Information Notice System; and IMF Data Fund.

1/ Based on the shares of St. Kitts and Nevis' main trading partners in exports, imports, and tourism.

2/ Based on consumer price indices.