



Government of Antigua and Barbuda

Government of Antigua and Barbuda

Prospectus

2014 RGSM Issuance Programme

for the Period January through October

180-day and 365-day EC\$ Treasury Bills

Ministry of Finance, the Economy and Public Administration
Government Office Complex
Parliament Drive
Saint John's
Antigua and Barbuda

Telephone: 1(268) 462-4860/1

Fax: 1 (268) 462-5093/1622

Email: Antigua.tbills@gmail.com or atgdebt@gmail.com

PROSPECTUS: January 2014

The Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market (RGSM). The Regional Debt Coordinating Committee and Eastern Caribbean Central Bank accept no responsibility for the content of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus.

This prospectus is issued for the purpose of giving information to the public interested in investing in Government of Antigua and Barbuda Bills and Bonds. The Government of Antigua and Barbuda accepts full responsibility for the accuracy of the information given and confirms, having made all reasonable inquiries, that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in the Prospectus misleading. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of government instruments or other securities.



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NOTICE TO INVESTORS

This Prospectus is issued for the purpose of giving information to the public and investors interested in purchasing Treasury bills, notes and bonds issued by the Government of Antigua and Barbuda through the RGSM. The Government of Antigua and Barbuda accepts full responsibility for the accuracy of the information given and confirms, having made all reasonable inquiries, that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in this Prospectus misleading.

This prospectus contains excerpts from the International Monetary Fund's Memorandum of Economic and Financial Policies 2010-2013, copies of which can be obtained from the IMF's website (www.imf.org). Statements contained in this Prospectus describing documents are provided in summary form only, and such documents are qualified in their entirety by reference to such documents. The ultimate decision and responsibility to proceed with any transaction or investment with respect to this offering rests solely with you as an investor. Therefore, prior to entering into the proposed investment, you should determine the economic risks and merits, as well as the legal, tax and accounting characteristics and consequences of this Securities offering, and that you are able to assume those risks.

This Prospectus and its content are issued for the specific Securities issues described herein. Investors are strongly encouraged to obtain qualified or seek consultation from a person qualified and licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of government securities.

ABSTRACT

The Government of Antigua and Barbuda (hereafter referred to as GoAB) is offering to raise financing through a series of issues on the RGSM between January and October of 2014. The GoAB's 2014 RGSM Issuance Programme is detailed in this Prospectus for consideration of investors and market participants in general.

Currency	Instrument	Amount	Tenor	Auction Date
US\$	T-Bond	5,000,000	7-year	22 January 2014
EC\$	T-Bill	10,000,000	365-day	19 February 2014
EC\$	T-Bill	10,000,000	180-day	24 March 2014
EC\$	T-Bill	10,000,000	365-day	26 June 2014
EC\$	T-Bill	10,000,000	365-day	8 Oct 2014
EC\$	T-Bill	10,000,000	180-day	12 Nov 2014
EC\$	T-Bill	10,000,000	180-day	3 Dec 2014

In the event there is an oversubscription in any of the Eastern Caribbean Dollar issues, the GoAB is willing to accept up to an additional five million Eastern Caribbean Dollars (EC\$5m) of the oversubscription amount issued in each of the issues. In the case of the United States Dollar issue the GOAB is willing to accept up to an additional two and a half million United States Dollars (US\$2.5m).

The securities are being offered to refinance maturing RGSM securities, assist with the Government's short-term cash flow management requirements and undertake ongoing liability management operations to lower the public sector's interest burden. The proceeds will also be used to finance government infrastructure programme.

The securities will be issued under the authority of the Treasury Bills Act (2005) and the Finance Administration Act (2006). The securities will be governed under the laws of Antigua and Barbuda.

The securities will be issued on the Regional Government Securities Market (RGSM) between the months of January and October 2014, and will be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE) under the following trading symbols:

ECSE Symbol	Instrument	Amount	Tenor	Auction Date
FAG070121	T-Bond	US\$5 million	7-year	22 January 20 21
AGB200215	T-Bill	EC\$10 million	365-day	19 February 2014
AGB210914	T-Bill	EC\$ 10 million	180-day	24 March 2014
AGB270615	T-Bill	EC\$ 10 million	365-day	26 June 2014
AGB091015	T-Bill	EC\$ 10 million	365-day	8 Oct 2014
AGB120515	T-Bill	EC\$ 10 million	180-day	12 Nov 2014
AGB020615	T-Bill	EC\$ 10 million	180-day	3 Dec 2014

Bidding for the securities will open at 9:00 a.m. and will close at 12:00 noon for EC\$ T-Bills and begin at 9:00 a.m. and will close at 11.00 a.m. for the US\$ T-Bond on the designated auction dates. Settlement for successful bids will take place on the following business day after each auction.

ISSUER INFORMATION

Issuer..... The Government of Antigua and Barbuda (GoAB)

Address..... Ministry of Finance, the Economy and Public
Administration
Government Office Complex
Parliament Drive
St. John's
Antigua and Barbuda

Email..... Antigua.tbills@gmail.com or atgdebt@gmail.com

Telephone No..... 1 (268) 462-4860/1 or 1 (268) 462-5002

Facsimile No..... 1 (268) 462-5093/1622

Contact Officials:

Mr. Whitfield Harris, Financial Secretary
Ms. Rasona Davis, Deputy Financial Secretary
Mrs. Nadia Spencer-Henry, Debt Manager
Dr. Cleopatra Gittens, Accountant General

Arrangers..... First Citizens Investment Services Ltd.

Address..... First Citizens Investment Services Ltd.
9 Brazil Street
Castries
St Lucia

Telephone No..... 1-758-450-2662

Facsimile No..... Fax: 1-758-451-7894

Contact persons..... Mrs. Carole Eleuthere-Jn Marie (Regional
Manager)

Mr Samuel Agiste (Branch Supervisor)

Date of Publication..... January 2014

Purpose of the
Issues..... GoAB intends to use the net cash proceeds of the
offerings to refinance maturing RGSM securities,
assist in the management of the Government's
short-term cash flow requirements and undertake
ongoing proactive liability management
operations to lower the Government's interest
burden. The proceeds will also be used to finance
government infrastructure programme.

Legislative Authority.....	Finance Administration Act (2006) and the Treasury Bills Act (2005), copies of which are available on the Government of Antigua and Barbuda's official website (www.antigua.gov.ag)
Intermediaries.....	A complete list of Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange (ECSE) is available in Appendix I
Taxation.....	Yields will not be subject to any tax, duty or levy by the Participating Governments of the Eastern Caribbean Currency Union (ECCU). The countries are Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Lucia, St Kitts and Nevis and St Vincent and the Grenadines.
Reference Currency.....	Eastern Caribbean Dollars (EC\$) for the T-bills.
Listing and Admission to Trading...	The securities will be listed on the ECSE and will be available for trading on the secondary market using the platform of the ECSE.
Fiscal and Paying Agent.....	Eastern Caribbean Central Securities Registry (ECCSR)
Governing Law.....	The Regional Bonds will be governed by the laws of Antigua and Barbuda

INFORMATION ABOUT THE SECURITIES

1. GoAB proposes to auction the securities on the RGSM to be traded on the ECSE.
2. The auction dates are listed in the table below
3. The instruments' will settle as listed in the table below
4. The instruments' maturity dates are listed in the table below
5. The securities will be identified by the trading symbols listed below

ECSE Symbol	Issue	Amount	Tenor	Auction Date	Settlement Date	Maturity Date
FAG070121	T-Bond	US\$5 million	7-year	22 January 2014	23 January 2014	22 January 2021
AGB200215	T-Bill	EC\$10 million	365-day	19 February 2014	20 February 2014	20 February 2015
AGB210914	T-Bill	EC\$ 10 million	180-day	24 March 2014	25 March 2014	21 Sept 2014
AGB270615	T-Bill	EC\$ 10 million	365-day	26 June 2014	27 June 2014	27 June 2015
AGB091015	T-Bill	EC\$ 10 million	365-day	8 Oct 2014	9 Oct 2014	9 Oct 2015
AGB120515	T-Bill	EC\$ 10 million	180-day	12 Nov 2014	13 Nov 2014	12 May 2015
AGB020615	T-Bill	EC\$ 10 million	180-day	3 Dec 2014	4 Dec 2014	2 June 2015

6. The interest rate ceiling offered on the securities are listed below:

Amount	Instrument	Tenor	Interest Rate
US\$5 Million	T-Bond	7-year	7.5%
EC\$10 Million	T-Bill	365-day	6.5%
EC\$10 Million	T-Bill	180-day	6%
EC\$10 Million	T-Bill	365-day	6.5%
EC\$10 Million	T-Bill	365-day	6.5%
EC\$10 Million	T-Bill	180-day	6%
EC\$10 Million	T-Bill	180-day	6%

7. The interest payment for each security will be made as follows:
 - a) At maturity for the T-bills
 - b) Semi-annually for the US\$ T-Bond

8. Principal repayments for the securities will be made as follows:
 - a) At maturity for the T-bills

- b) 10 Semi-annual payments starting 22 July 2016 for the US\$ 7-year T-Bond
9. Each investor is allowed one (1) bid in each respective series with the option of increasing the amount being tendered until the close of the bidding period.
 10. The minimum bid amount is EC\$5,000 for EC\$ T-bills and US\$1000 for the US\$ T-Bond.
 11. The Bid Multiplier will be set at EC\$1,000 for EC\$T-Bills and US\$1000 for the US\$T-Bond.
 12. The bidding period will be opened from 9 a.m. to 12 noon for EC\$ instruments on auction dates and from 9 a.m. to 11 a.m. for US\$ instruments.
 13. The method of issue will be determined by Competitive Uniform Price Auction.
 14. The Investors may participate in the auction through the services of a licensed intermediary. The current list of licensed intermediaries is as follows:

ABI Bank Limited

St. Kitts Nevis Anguilla National Bank Limited

The Bank of Nevis Limited

ECFH Global Investment Solutions Limited

Bank of St. Vincent and the Grenadines Limited

First Citizens Investment Services Limited – St. Lucia

FINANCIAL ADMINISTRATION AND MANAGEMENT

1. Debt Management Objectives

The debt management objectives of GoAB are to ensure that the proceeds of all contracted debt are used in the most effective manner and that the terms and conditions of all existing and newly contracted debt, including maturity and interest rate, result in the most efficient overall debt repayment profile, which is consistent with the periodic cash flows of the GoAB.

2. Debt Management Strategy

The debt management strategy of the GoAB is an integral part of its fiscal consolidation and reform programme. The key elements of the GoAB's debt management strategy include:

- i. Maintaining a satisfactory and prudent debt structure consistent with the Government's payment capacity;
- ii. Refinancing high cost loans and credit facilities to reduce debt servicing and to adjust the maturity profile of Central Government Debt in a way that balances lower financing cost and risk;
- iii. Supporting the development of a well-functioning domestic and regional market; and
- iv. Providing funds for the government at the lowest possible interest cost.

3. Transparency and Accountability

The GoAB is continuously seeking ways of improving its systems of accountability and transparency. With a view to adopting more prudent and transparent fiscal management practices as well as enhancing the functioning of the Regional Government Securities Market (RGSM), the GoAB intends to borrow using a variety of instruments. As a consequence, disclosure of information on the cash flow and debt stock will be made available periodically to all investors, consistent with the rules of the Regional Debt Coordinating Committee (RDCC).

4. Institutional Framework

The Debt Management Unit of the Ministry of Finance, the Economy and Public Administration administers the Government's debt portfolio on a day-to-day basis and is responsible for implementing the Government's borrowing strategy. The unit is directly accountable to the Financial Secretary and the Minister of Finance, the Economy and Public Administration.

5. Risk Management Framework

An effective and efficient debt management system as a major element of economic management is of paramount importance to the GoAB in an effort to identify and mitigate risk. The mandates of the Debt Management Unit include:

- Assisting in the formulation of debt management policies and strategies;
- Managing the debt portfolio to minimize cost with an acceptable risk profile;
- Conducting risk analysis and developing risk management policies; and
- Conducting debt sustainability analyses to assess optimal borrowing levels.

MACROECONOMIC PERFORMANCE

Economic Overview

Antigua and Barbuda is a member of the Eastern Caribbean Currency Union (ECCU). The Eastern Caribbean Central Bank (ECCB) issues a common currency (the Eastern Caribbean dollar) for all members of the ECCU, which has been pegged to the US dollar at an exchange rate of 2.7 since 1976. The currency arrangement has effectively created macroeconomic stability among the ECCU member states by managing inflationary pressures and expectations as well as creating confidence through a credible policy framework. The ECCB also manages monetary policy, and regulates and supervises domestic commercial banking institutions in its member countries.

Antigua and Barbuda is characterised by a service-based economy, with tourism and government services representing the largest sources of employment and income. Tourism and tourism-related economic activities, including sectors such as construction, financial service, transportation and real estate, account for over two-thirds of gross domestic product (GDP).

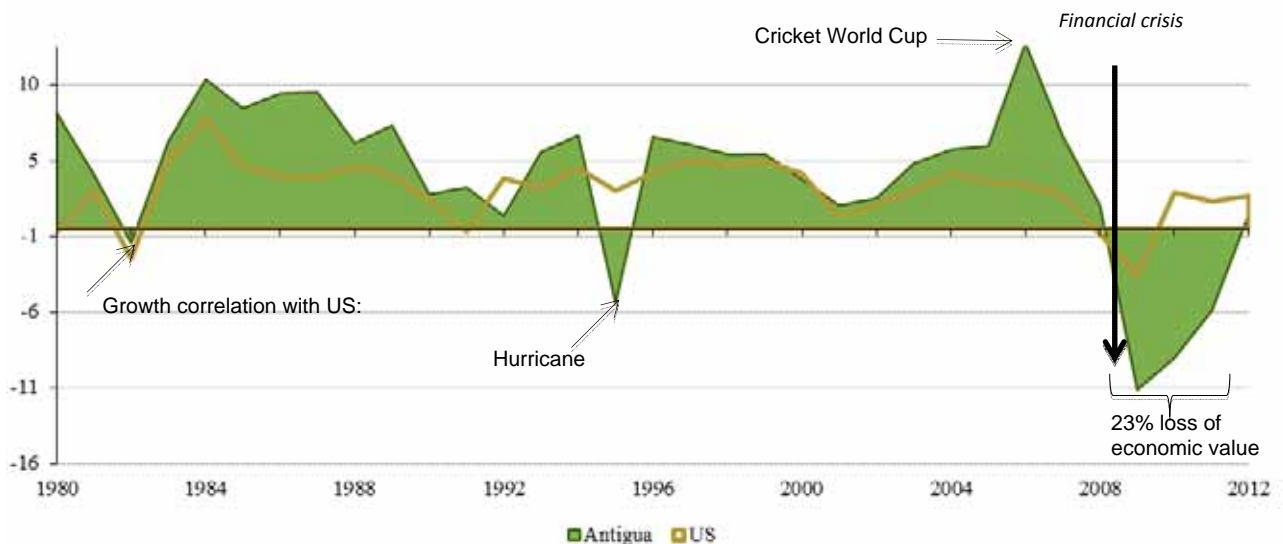
Since independence, the economic wellbeing of Antigua and Barbuda has been increasingly dependent on tourism and tourism-related activities, and growth has been positively correlated to economic activity in the United States.

Despite policy actions to encourage economic diversification in Antigua and Barbuda, mainly through efforts to foster the development of offshore financial services and online gaming activities, this trend is not expected to change significantly over the medium term.

On a GDP per capita basis, Antigua and Barbuda has the highest production per person of the six largest EC countries, contributing over 21 per cent of the region's output.

After expanding robustly during the 1980s (with annual growth rates averaging 13.6 per cent), the economy of Antigua and Barbuda began to decline in the 1990s with growth averaging 5.7 per cent (see Chart 1 below). Nonetheless, these growth rates led to substantial improvements in standards of living and helped consolidate social prosperity.

Chart 1: Real Economic Performance (annual change in %)



Source: MoF and IMF Data

In 1995 hurricane Luis devastated the island's economy, leading to a 1.4 per cent economic contraction in real terms, but activity recovered fairly quickly. In 2003, the US imposed restrictions on internet-based gaming which negatively affected economic activity. The sector has since failed to recover to the level of performance attained before the imposition of the US restriction. In 2007 Antigua and Barbuda co-hosted the Cricket World Cup, for which related infrastructural development contributed to the almost 14 per cent growth rate recorded in 2006.

The impact of the global financial crisis, however, has had a devastating effect on Antigua and Barbuda, leading to the country's worst recession in its history. During the period from 2009 through 2011, the country's real GDP lost close to 23 per cent of its value as the global slowdown severely affected economic activity through contraction on tourist arrivals, lower inflows from foreign direct investment (FDI) and remittances, and a dramatic collapse in fiscal revenue.

However, the situation has now begun to improve with GDP estimated to expand by 2.8 per cent in real terms during 2012 as tourism and related activities are showing encouraging signs of a recovery (see Table 1 below). For 2013, economic activity is expected to expand further, with growth projected at 1.2 per cent in real terms. The implementation of the Government's far reaching fiscal and structural reforms, financially supported by a three-year Stand-by facility with the International Monetary Fund (IMF) and a Policy Based Loan by the Caribbean Development Bank (CDB), aimed at creating a more dynamic and flexible economic environment, are fostering sustainable long-term economic activity.

Table 1. Selected Economic Indicators

Real Economy	2007	2008	2009	2010	2011	2012E
GDP (Market Prices) (1).	3,498.7	3,657.4	3,257.3	3,066.0	3,036.4	3,223.8
Real GDP Growth	7.2%	1.5%	(12.0%)	(7.1%)	(2.1%)	2.8%
GDP per Capita (ECS) (1).....	40,729	41,796	36,781	34,308	33,097	33,987
Annualised Inflation Rate	5.3%	0.7%	2.4%	2.9%	4.0%	1.8%
Balance of Payments (in ECS million)						
Exports.....	1,569.5	1,688.5	1,516.4	1,414.4	1,451.9	1,492.0
Gross Tourist Receipts.....	912.3	901.8	823.8	803.9	841.8	861.3
Imports.....	2,517.4	2,542.2	1,907.5	1,833.1	1,730.4	1,660.88
Current Account (% of GDP) (1).....	(29.8%)	(25.7%)	(14.2%)	(25.7%)	(34.3%)	(29.6%)
Capital and Financial Account (net).....	1,043.2	925.3	512.4	858.1	1,062.7	936.0
ECCB Net Foreign Assets.....	2,056.6	2,039.8	2,156.9	2,498.3	2,717.9	3,031.4
Public Finance (in ECS million)						
Overall Fiscal Balance (% of GDP) (1).....	(6.4%)	(6.1%)	(18.2%)	(0.3%)	(3.6%)	(1.2%)
Primary Balance (% of GDP) (1).....	(2.9%)	(3.0%)	(11.1%)	1.9%	(1.5%)	1.3%
Interest / Revenues (as % Fiscal).....	14.7%	13.2%	38.4%	9.3%	10.3.7%	11.6%
Public Debt (in ECS million).....	2,730.0	2,564.0	3,307.9	2,783.9	2,819.3	2,831.1
Gross Domestic Debt.....	1,399.3	1,614.0	1,991.1	1,595.6	1,629.3	1,639.2
Gross External Debt.....	1,331.0	950.0	1,316.88	1,188.3	1,189.9	1,191.9
Public Debt (% of GDP) (1)						
Gross Public Debt	78.0%	70.1%	101.6%	90.8%	92.8%	89.2%

Gross Domestic Debt.....	40.0%	44.1%	61.1%	52.0%	53.7%	51.6%
Gross External Debt.....	38.0%	26.0%	40.5%	38.8%	39.1%	37.6%

Sources: Ministry of Finance, IMF, Eastern Caribbean Central Bank
E–Estimated; (1) After GDP rebasing

Macroeconomic Structure

Antigua and Barbuda is a service based economy, with tourism and tourism-related industries as the dominant service sectors. However, economic diversification is improving with the construction, communications, transport, as well as banking and insurance sectors also make significant contributions to GDP. During the late 1990’s and early part of the millennium period, activity in the internet-based gaming industry contributed significantly to growth and employment in Antigua and Barbuda, but the ban on internet-based gaming imposed by the US in 2003 has led to a contraction in this sector. Unfortunately, this sector has failed to recover despite successful challenges to the US led restrictions by the GoAB at the World Trade Organisation.

Over the period 1980 to 2012 the service sectors expanded significantly. Construction has seen a significant increase as a share of GDP, averaging over 16 per cent during the past two decades. However, its contribution waned significantly over the last four of years on account of the global financial crisis, with construction accounting for less than 10 per cent of GDP in 2012.

The contribution of banking and insurance to GDP almost doubled from 6.1 per cent in 1980 to 11.3 per cent in 2010, although it declined slightly in 2011 and 2012. Similarly, the communications sector moved from accounting for 4.7 per cent of GDP in 1980 to accounting for approximately 10 per cent per cent in 2012. Conversely, the agriculture and fishing sectors have diminished in importance, moving from a contribution of 7.1 per cent in 1980 to around 1 per cent in 2012. These subsectors are expected to decline further.

Though the share of the aforementioned and other service sectors have varied over time, tourism has remained the dominant economic activity for the country, with the major subsectors accounting for over 30 per cent of GDP in 2012. The Hotels and Restaurants component of the national income has averaged almost 18 per cent between the 1980s and 2012.

Global and Regional Outlook

The IMF’s World Economic Outlook (WEO) published in October of 2013 indicates that global economic prospects will depend on the performance of advanced economies.as growth in emerging economies has slowed. During 2012, global economic output contracted, posting growth of 3.2 per cent from 4 per cent in 2011. Looking ahead global growth is projected to gradually improve, but it is likely to remain unchanged during 2013. Although the recovery from the global economic crisis continues it is expected to be slow.

In aggregate, the output in advanced economies, which are Antigua and Barbuda’s major trading partners, slowed slightly posting growth of 1.2 per cent, from 1.6 per cent in 2011, as expectations for a better recovery failed to materialise as originally expected. A number of risk factors, including high debt levels and continued fiscal imbalances in several advanced economies, asset and commodity price volatility as well as prolonged geopolitical tensions in Europe and the Middle East, are likely to continue to weigh on global economic activity.

Nevertheless, over the past six months, policy makers in advanced economies seem to have successfully reduced two of the biggest short-term threats to global growth – the threat of a euro area breakup and a sharp fiscal contraction in the United States as a consequence of political

inaction to deal with growing fiscal pressures. As such, financial stability has improved which can further boost market confidence and help stimulate economic activity in the short-term.

In the United States, private demand has been increasing on the back of improving credit conditions and stability in the housing market, however, larger-than-expected fiscal adjustments are projected to keep real GDP growth subdued. In the euro area, better funding conditions for countries in the periphery have not translated into improvements to the corporate and household sectors, given banking sector weaknesses, continue to restrict the supply of credit.

Unfortunately, economic activity among developing economies experienced a noticeable slowdown during 2012, a reflection of the sharp deceleration in demand from key advanced economies, domestic policy (fiscal and monetary) tightening, and the end of investment booms in some of the major emerging market economies. However, should consumer demand remain resilient and exports continue to rebound, most economies in Asia, sub-Saharan Africa and many economies in Latin America and the Commonwealth of Independent States may see higher outputs. Similarly, the IMF is projecting improvements in emerging Europe as demand from advanced Europe picks up. However, economies in the Middle East and North Africa are expected to continue to struggle with difficult transitions.

Table 2. Economic Performance (Change in Real GDP) – Main Trading Partners

COUNTRY	2009	2010	2011	2012E	2013P
United States	(3.1%)	2.4%	1.8%	1.7%	2.0%
Germany	(5.1%)	4.0%	3.1%	0.3%	1.1%
Japan	(5.5%)	4.7%	(0.6%)	0.4%	3.5%
United Kingdom	(4.0%)	1.8%	0.9%	0.2%	1.1%
Canada	(2.8%)	3.2%	2.6%	1.0%	2.0%

Source: IMF, World Economic Outlook Update July 2013 (www.imf.org/external/pubs/ft/weo)

In the case of Antigua and Barbuda’s main trading partners (Table 2 above), economic activity has stabilised but has not accelerated as originally expected. Unfortunately, growth prospects remain uneven among these economies. In the case of the U.K., which is the largest source market for Antigua and Barbuda, a number of negative factors, both domestic and external that could easily sink the country back into recession. And despite increasing growth in the U.S., consumption – the main component of U.S. economic activity – remains linked to growing fiscal challenges. These factors may pose serious implications not just for Antigua and Barbuda, but also for Small Island Developing States (SIDS) in general.

Economic activity for these five economies in 2012 was lacklustre at best, and according to the IMF, projected to decelerate slightly in 2013. The United States is expected to experience the highest growth rate of all, expanding by 1.9 per cent. Such situation may negatively affect the fragile recovery of the tourism sector in Antigua and Barbuda, and negatively impact the region as a whole.

For the Caribbean (CARICOM and the Dominican Republic), economic output remains depressed not only by the global overhang but also because of high debt levels, lack of fiscal space and competitiveness issues. In 2012, the IMF estimates that economic activity as a whole was unchanged and although tourism is beginning to rebound, growth in 2013 is only projected to reach 1 per cent. Notwithstanding such prospects for improvement, economic recovery in the

advanced economies remains fragile, and the Caribbean's vulnerability to external shocks, natural disasters and weather-related events can derail any slight recovery.

The general lack of growth in the Caribbean in 2012 is a consequence of the negative effects of the world economic crisis, which has magnified declines in FDI, remittances, and tourism receipts. Furthermore, high levels of public debt severely limit the space for fiscal stimulus, while low private sector investment and lack of credit sources have also hindered growth.

The rebound of the advanced economies is therefore critical to the continued recovery of the region, given that the advanced economies are the main source market for tourists and foreign direct investment flows. Additionally, according to the IMF, there is a 12 to 18 month lag between growth in advanced economies, and the impact of this growth on developing economies. In addition to slow economic recovery, ongoing fiscal initiatives in source markets, such as increases in the Air Passenger Duty implemented by the UK in 2010 among others, are likely to continue to negatively impact the price competitiveness of the region.

In the ECCU, the ECCB estimates that economic activity has shown signs of improvement with a real GDP of 0.16 per cent in 2012, following a modest growth rate of 0.4 per cent in 2011. Growth projections for 2013 and 2014 indicate that economic activity is beginning to rebound, but less than 2 per cent, the recovery remains modest and a number of challenges may continue to derail expectations. Lack of credit sources, in particular, continues to be among the most difficult challenges to overcome.

Domestic Economic Performance

Antigua and Barbuda is just beginning to recover from the worse economic recession in the country's history. From 2009 through 2011, economic output contracted by an unprecedented 22 per cent, with the majority of the contraction being experienced in 2009 alone with a decline of 12 per cent. In 2011, the rate of economic deceleration slowed, and indicators are finally pointing to gradual recovery in 2012 with real GDP increasing by 3.3 per cent. The expansion was supported by increased activity in the tourism industry and the construction sector, which helped buoy activity in ancillary sectors such as wholesale and retail as well as transport.

Chart 2: Real GDP Growth



Source: MoF

The economic contraction during the aforementioned three year period was broad based and across all sectors of GDP. The biggest declines were experienced by the Wholesale/Retail trade, as well as the Construction sectors, both of which contracted by 46 per cent and 31 per cent respectively. There has also been a significant decline in government services, which has adversely affected spending in education, health and social safety schemes such as social security. Together, the Government services components of GDP contracted by almost 52 per cent over the period from 2009 through 2011. Notwithstanding these declines, several sectors did expand over the period, including Agriculture (24.6 per cent) and Electricity and Water (17 per cent), although their overall contribution to GDP was not sufficiently significant to positively affect overall output.

In general, economic activity over the last three years has been severely affected by the impact of the global financial crisis on tourism and tourism related activities. FDI and remittances have declined substantially, placing substantial pressure on the balance of payments and fiscal positions. With little fiscal room to deal with unforeseen shocks, Antigua and Barbuda's economy experienced its worst recession in history.

The recession also coincided with mounting problems in the financial sector. The collapse of three large private financial institutions with an important presence in Antigua and Barbuda in the last three years further aggravated the economic downturn's impact on employment and the Government's fragile fiscal and debt positions. The three largest private financial institutions were British American Insurance Company (BAICO), Colonial Life Insurance Company (CLICO) and Stanford Financial Group.

Economic Outlook

Notwithstanding the challenging external environment and the impact of the financial crisis thus far, there are real positive and encouraging signs that economic activity is picking up on a sustainable basis going forward. For 2013, growth is expected to continue its gradual rebound and is projected to expand by 1.2 per cent supported by a broad based recovery in all components of economic activity. In addition, there are clear signs that the basis for sustainable economic growth is beginning to take place on the back of the Government's unprecedented structural reform agenda and fiscal consolidation programme.

While the average growth rates experienced before the crisis are not likely to return over the medium term, the outlook remains favourable with growth slowly increasing as the recovery takes hold. For 2014 and beyond, economic activity is expected to increase by 0.7 per cent and gradually increase to 2.6 per cent by 2015. Decisive fiscal and structural reform policies implemented over the past three years under the National Economic and Social Transformation plan (NEST), together with a 3-year Stand-by Arrangement with the IMF and Policy Based Loan with the CDB, have supported these developments by finally fostering a more dynamic and competitive macroeconomic environment. On June 6th 2013, Antigua and Barbuda successfully concluded its Stand-by Arrangement with the IMF.

Of note, Antigua and Barbuda's fiscal and external positions have improved significantly. The central Government's overall fiscal position is expected to finally post of surplus of 0.3 per cent of GDP in 2013, after experiencing deficits between 2009 and 2012. In 2009 alone, the overall fiscal deficit reached over 18 per cent of GDP. Policies to enhance fiscal revenue and streamline expenditures have substantially strengthened government operations, with primary surpluses

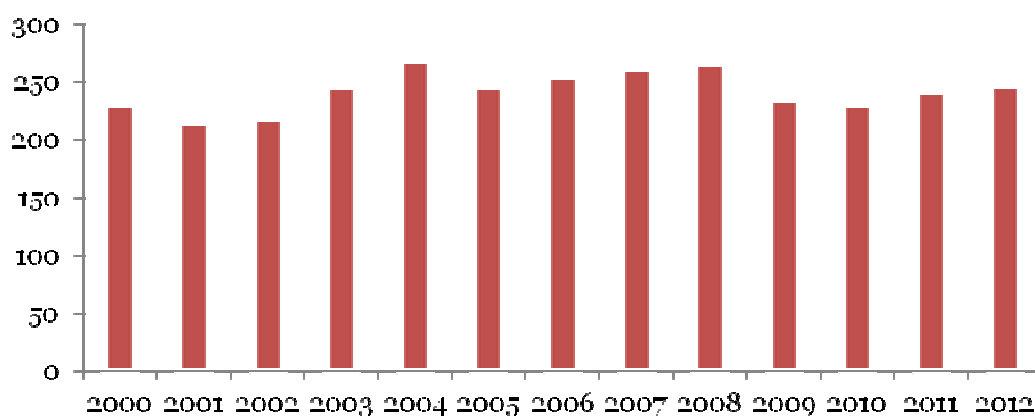
now being generated and projected to reach over 3 per cent of GDP going forward following decades of deficits.

On the external position, the current account has stabilised, reflecting a significant decline in foreign debt service payments on account of the successful debt restructuring strategy as well as FDI flows beginning to stabilise.

Tourism

Tourism grew by an annual average of about 5 per cent from 2002 to 2008 until the world financial crisis set in, impairing the economies of Antigua and Barbuda's major tourist markets – the United States and some European countries. Interestingly, total visitor arrivals stabilised between 2007 and 2009, to an average of approximately 900,000 visitors. However, overall arrivals experienced a significant decline of 16 per cent in 2010 as the global economic crisis intensified in the major countries that represent Antigua and Barbuda's source markets. Since 2011, tourism has stabilised and even though total visitors experienced a slight decline in 2012, Total Visitor Expenditure grew by 2.5 per cent. This was mainly on account of growth of 2.3 per cent in Stay Over Visitors in 2012 (see Chart 3 below). Going forward, it is expected that Tourism activity will continue to experience a gradual recovery.

Chart 3: Stay Over Visitors (thousands)

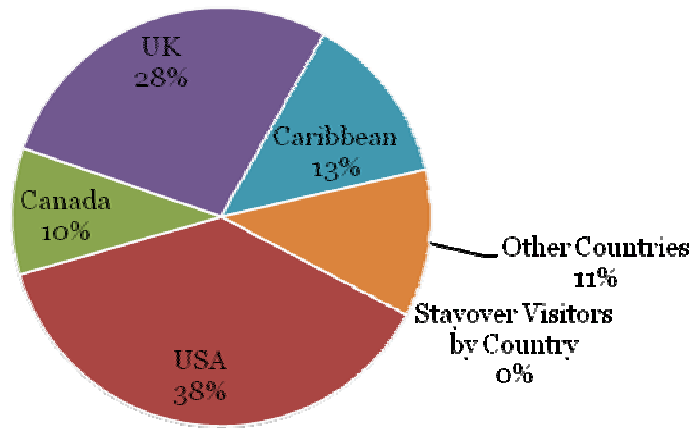


Source: Statistics Division, GoAB, ECCB

While total visitor expenditure decreased steadily from 2007 onwards, falling from EC\$912m to EC\$803m in 2010, a rebound total stay-over arrivals during 2011 and 2012, has helped edge total visitor expenditure to EC\$861m. For 2013, total visitor expenditure is expected to revert to the post-crisis average of EC\$900m, gradually increasing thereafter.

Arrivals from the US accounted for the majority of total stay over visitors by country of origin in 2012 with almost 38 per cent of the total (see Chart 4 below). Visitors from the UK followed, accounting for 30% of all visitors received. Interestingly, visitors from the US experienced the bulk of tourist growth from country of origin, increasing by 10 per cent during the year. However, visitors from the UK experienced a slight decrease of 0.7 per cent compared with 2011.

Chart 4 Stay Over Visitors by Source Country (2012)



Source: Statistics Division, GoAB, ECCB

The GoAB has taken steps to implement strategies to support and increase tourism by focusing on those attributes of the country that match the passions of potential travellers. As an integral part of the country's global tourism strategy, the Government will continue to enhance and promote traditional tourism experiences – beach tourism, residential tourism, weddings and honeymoons, meetings and conventions, soft adventure, sports tourism and festivals while developing new experiences to include nature excursions, domestic travel or “staycations” and medical tourism.

The development of medical tourism is viewed from two main angles: (1) It will serve to diversify Antigua and Barbuda's current tourism activities, with this niche being less volatile to changes in the global environment, and (2) It will provide a stream of revenue that can be used to subsidize the cost of health care in Antigua and Barbuda, an important element in efforts to strengthen the country's social safety net. The most critical component for developing this niche market is an internationally accredited health care facility. International accreditation could potentially allow medical tourists the option of using their private medical insurance to pay for medical services. This is an important factor in designing any marketing and promotion initiative in this area. In this regard, the Government is engaging all industry stakeholders, including the Board and management of the Mount Saint John's Medical Centre (MSJMC) to discuss and outline a road map for transforming the state-of-the-art MSJMC into an internationally accredited facility.

The cruise sub-sector continues to be a vital component of the country's tourism product, contributing significant revenue to the Government and being the source of livelihood for a number of persons, in spite of the reduced spending by cruise passengers. The Government continues to explore opportunities to form partnerships with potential investors that would improve and enhance the appropriate infrastructure, including visitor attractions.

The yachting sector also contributes significantly to the development of the national economy. The Government is reviewing the national strategy for the yachting sector to capitalise on the

growth potential of the sector. The national yachting strategy will be underpinned by the appropriate legislative and administrative framework.

In 2008, the GoAB signed a Memorandum of Agreement with the Antigua Hotel and Tourist Association. Under the terms of the Agreement, hotels were given concessions on capital items, operating equipment and security apparatus. In addition to current incentives to upgrade and refurbish hotel plants, new initiatives will be formulated to invigorate this important sector of the economy.

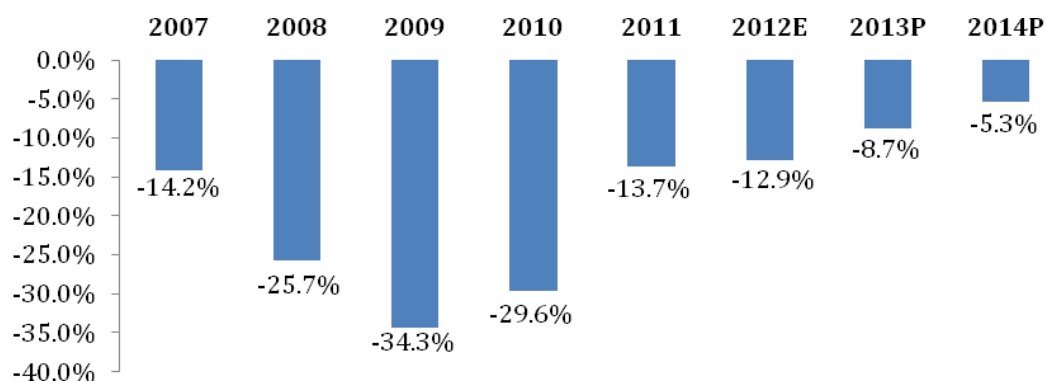
It is important to note that the GoAB is finalising plans to complete the refurbishment of the VC Bird International Airport with a view to increasing its appeal as an international and regional hub. A new passenger terminal, currently under construction with financial assistance from the People's Republic of China, is expected to be inaugurated by June of 2014. In parallel, efforts are underway to modernise and upgrade the runway as well as build new refuelling lines. These improvements are aimed at creating a state-of-the-art airport facility in Antigua and Barbuda.

Finally, economic activity during 2013 and beyond will be stimulated through a number of public and private sector projects. Financing for a number of these initiatives is still being negotiated. Once work on these projects commences, it is expected that economic output and employment will be significantly impacted. Among these projects are construction of modern office buildings and conference facilities by the State Insurance Corporation and the Antigua Department of Marine Services at a combined cost of US\$30m; a 20-room training hotel at the Antigua Barbuda Hospitality Training Institute with EUR 4.4m in funding from the European Union; and several hotels which over the medium term could amount to investment of over EC\$2b. Finally, plans are being finalised to complete the construction of the Sun Shine Hub which will create the first integrated bus terminal and car park within an industrial facility for office and retail space.

Balance of Payments

Antigua and Barbuda's external position is gradually strengthening. The Current Account Balance, as a percentage of GDP, has been steadily improving since 2009, when the deficit reached almost 35 percent. In 2012, the Current Account deficit narrowed to below 13 percent reflecting lower imports and reduced interest payments on account of the Government's efforts to restructuring its external debt.

Chart 5: Current Account Balance (% of GDP)



Source: MoF

Over the short- and medium- terms, the ECCB projects that despite a pickup in economic activity, the current account deficit should continue to shrink to about 5.3 per cent in 2014. On account of

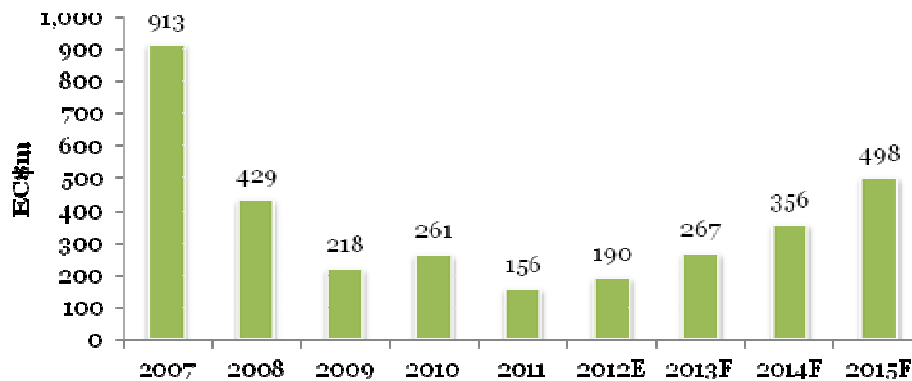
the structure of Antigua and Barbuda’s economy, the IMF in its latest *World Economic Outlook* (July 2013), projects that the current account deficit will stabilize at around 10 per cent over the medium term.

Antigua and Barbuda’s monetary position has also improved. ECCB monetary statistics show that Antigua and Barbuda’s share of net foreign assets has recovered from their low point at the height of the financial crisis. By the end of 2012, net foreign assets increased by 22 per cent to EC\$458 million. Similarly, Antigua and Barbuda’s share of foreign exchange reserves at the ECCB increased by EC\$8.8 million to a high of EC\$445 million. They had declined to a low of EC\$292 million in 2009.

Capital and Financial Account

Prior to the global financial crisis, Antigua and Barbuda had primarily funded its current account through foreign direct investment inflows. Net FDI decreased from its peak of EC\$913.0m in 2007 to EC\$155.8m in 2011. Net FDI, however, rebounded in 2012 reaching almost EC\$200 million. Both the IMF and the ECCB are projecting that the level of net FDI will gradually improve, increasing to an expected EC\$500m by 2016.

Chart 6: Net Foreign Direct Investment Flows (net)



Source: ECCB; MoF

Inflation and Monetary Policy

In general, inflation has remained in the low single digits over the past few years although it spiked in 2011 to 4 per cent on account higher food and energy costs. In 2012, however, inflation subsided sharply to below 2 per cent helped in part by an improvement in the trade weight value of the Eastern Caribbean dollar. As at September 2013, the current inflation rate is 1 per cent. The inflation rate was affected by a significant increase in the Fuel and Light component of the basket of goods.

Antigua and Barbuda is a member of the ECCB, which manages monetary policy and the exchange rate system for its eight members. The common currency, the Eastern Caribbean dollar, has been pegged to the U.S. dollar at the rate of EC\$2.70 to US\$1.00 since July 1976.

The ECCB's ability to execute its responsibility "to regulate the availability of money and credit" is constrained by the underdeveloped nature of the financial markets. This inhibits the ability of the Central Bank to influence the level of interest rates and thereby the availability of money and credit through market means. In principle, interest rates in the currency union are set at the discretion of the commercial banks, except that the ECCB regulates the minimum rate payable on savings deposits.

Commercial Bank Liquidity and Interest Rates

Liquidity in the commercial banking system has been on a fairly downward trend since April 2010, with loans to deposit ratio of 90.55% in April 2010 to 75.81% in June 2013. Over the year period, June 2012 to June 2013, the loans to deposit ratio declined by 7.34 units to 75.81% and is projected to increase to 78.9% in July 2013 showing some change in the downward trend. Interest rates on both deposits and credits remained relatively stable for the past 3 years. The weighted average deposits rate recorded a maximum of 3.23% and a minimum of 2.93%. Similarly, the weighted average lending rate recorded a maximum of 10.27% in May 2010 and a minimum of 9.04% in September 2012. As at June 2013, the weighted average lending and deposit rates are 9.37% and 2.93% respectively.

Financial Sector

Antigua and Barbuda's financial sector is dominated by both domestic "indigenous" banks (financial institutions innate to the country – see Table 3 below) and international banks, principally headquartered in Canada and the Caribbean. Deposits in Antigua and Barbuda's domestic banks have held steady since the first half of 2009 when there was a run on the Bank of Antigua as a result of the events surrounding the collapse of the Stanford Financial Group.

In July 2009 a partnership of commercial banks, with assistance from the GoAB, assumed certain assets of the collapsed Bank of Antigua and incorporated the bank's operations into the Eastern Caribbean Amalgamated Bank (ECAB). ECAB commenced business operations in October 2010 and is now one of eight commercial banks operating competitively in Antigua and Barbuda. The shareholders of ECAB are Antigua Commercial Bank, Eastern Caribbean Financial Holding Company Limited, National Bank of Dominica, St Kitts Nevis Anguilla National Bank, Bank of St. Vincent and the Grenadines and the GoAB.

In 2011, the ECCB and the Government intervened in ABI Bank to avert the financial institution's collapse and mitigate potential system risk to the banking sector in the country and the wider-ECCU. With the assistance of the ECCB and the IMF, the Government is in the process of recapitalising the bank and working to implement a plan to ensure its financial viability. As a result of these well timed actions, a major bank run has been staved off and by consequence, the potential impact of systemic risks across the ECCU has been mitigated.

Table 3. Domestic Banks

Antigua and Barbuda's Domestic Banks
ABI Bank Ltd
Antigua Commercial Bank
Caribbean Union Bank
Eastern Caribbean Amalgamated Bank

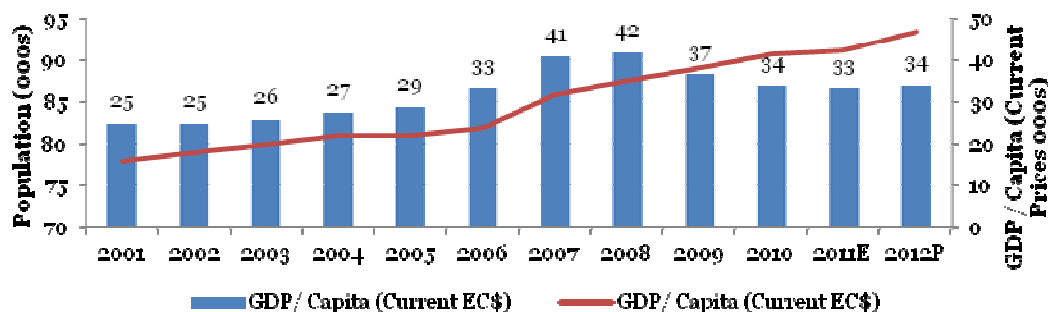
With respect to the non-bank financial sector, Antigua and Barbuda is pursuing legislative and institutional reforms to strengthen the regulatory framework and enhance the capacity of the Financial Services Regulatory Commission (FSRC) to execute its mandate as the single regulatory authority for all non-bank financial institutions. The GoAB continues to participate actively in regional initiatives to resolve the British American Insurance Company (BAICO) and Colonial Life Insurance Company (CLICO) matters. In May 2011, the ECCU governments launched a Medical Trust Fund for policyholders who have been impacted by the BAICO collapse. Further, Antigua and Barbuda and the other ECCU countries are pursuing a number of options to address BAICO's traditional life insurance portfolio. A Caricom Regional Technical Committee chaired by the Caribbean Development Bank has been established to create a regional fund to offer relief to the annuitants.

Demographics

Based on preliminary data published by the Statistics Division of the Government of Antigua and Barbuda, the 2011 Antigua and Barbuda population census revealed that the population growth rate was 15.6% in 2011 when compared to 2001. The preliminary data showed that the country has an estimated population of 83,278. Most of the country's residents are of African descent. The country is characterized by a relatively large immigrant segment, estimated at 18 per cent of current population estimates. The official language is English, and the principal religion is Christianity, of which Anglicanism and Roman Catholicism are the primary denominations.

From 2001 to 2008 GDP per capita increased from ECS\$24,713 in current prices to just over ECS\$42,000 indicating a continuous improvement in living standards. As a result of the financial crisis and the devastating recession in the country, GDP per capita has fallen to just over ECS\$34,000 in 2012. However, as the recovery takes hold going forward, living standards are likely to improve.

Chart 7: GDP per Capita



Source: IMF WEO, UN, MoF

Since 2006 the *United Nations Human Development Index* has ranked Antigua and Barbuda among the top sixty countries of the world. Antigua and Barbuda has relatively high levels of human development with low infant mortality rates (less than 10 per 1,000 births) and high adult literacy (99 per cent for both sexes aged 15 and above). Average life expectancy increased from 71.2 in 2001 to 72.6 in 2010.

Table 4. Selected Demographic Statistics

Key Indicators	2006	2007	2008	2009	2010
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Population Estimates	84,330	85,901	87,506	89,138	90,801
No. of Live births	1,207	1,295	1,452	1,418	1,255
No. of Deaths	465	471	531	507	491
Teen Births (10 to 19yrs) ^P	151	169	215	180	146
Infant Deaths under 1 year ^P	0	0	14	7	11
Crude birth rate	14.3	15.1	16.6	15.9	13.8
Crude death rate	5.5	5.5	6.1	5.7	5.4
Infant mortality rate	0.0	0.0	9.6	4.9	8.8
General fertility rate	48.2	50.7	55.9	53.6	46.5
Life expectancy at Birth (males)	73.6	71.8	71.6	72.9	74.0
Life expectancy at Birth (females)	78.5	80.6	78.1	78.7	79.7

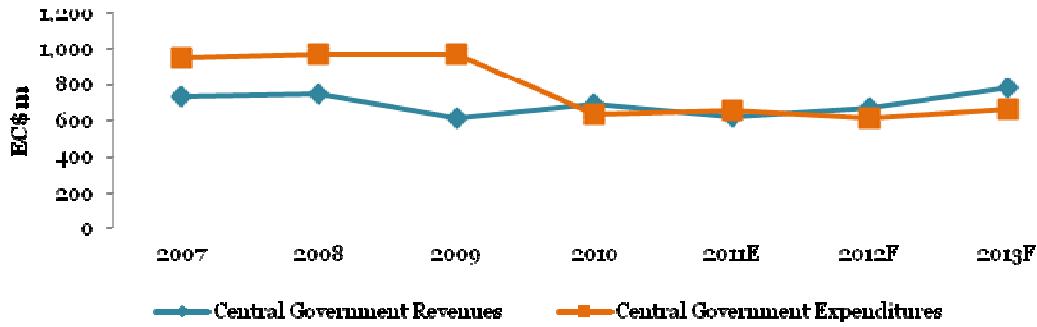
Source: Statistics Division - Ministry of Finance, the Economy and Public Administration
Date for 2011 and 2012 not yet available

Fiscal Performance

In mid-2004, the GoAB began proactively introducing reform measures to gradually adjust structural fiscal imbalances and deal with the high level of public sector debt. Personal income and value added sales taxes were introduced in 2005 and 2007 respectively and a number of initiatives to improve government operations were instituted with the objective of balancing the Government's finances. A comprehensive debt strategy was also introduced to rationalise borrowing needs and begin the process of clearing arrears. Much was achieved with the debt-to-GDP ratio decreasing to 70 per cent in mid-2008 (from a peak of 147 per cent in 2004). Unfortunately, the financial crisis forced the Government to change tracks and accelerate reforms.

In response to the impact of the global financial crisis on the economy, the Authorities moved to implement a series of revenue enhancing measures and streamline expenditures to eliminate structural imbalances once and for all. These reforms have now begun to take hold and is creating much stability in the way Government operates.

Chart 8: Behavior of Primary Balances



Source: MoF

Fiscal Consolidation Programme

In response to the impact of the global financial crisis on the economy, the GoAB implemented a series of revenue enhancing and expenditure management measures with the introduction of the 2009, 2010 and 2011 Budgets. Initially, these measures have included a flexible fuel pricing mechanisms to better align retail prices with import costs, and reforming the tax system through increasing consumption taxes in line with international best practices.

Table 5. Fiscal Consolidation Measures

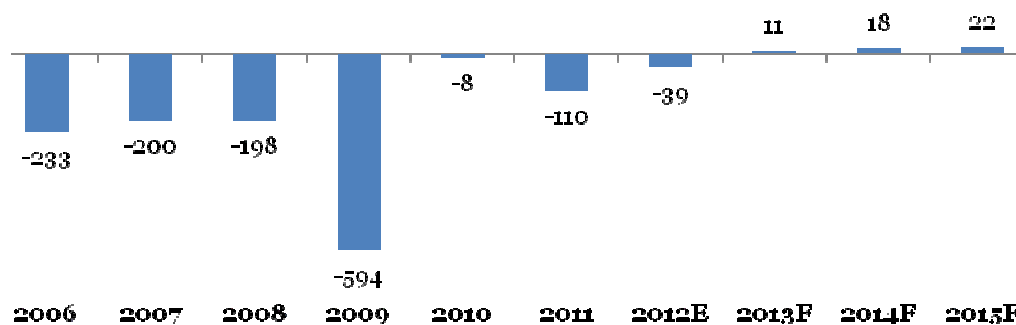
Measures
Revenue Enhancements
Increase in consumption tax on oil products
Broaden VAT base and increase enforcement
Introduction of revenue recovery charge
Increase in import duties
Increase in airport embarkation tax
Expenditure Streamlining
Reduction in current transfers and capital expenditure
Reduction in goods and services
Reduction in wages and salaries
Improvements in expenditure management and administration

With the 2010 budget, the Government took further decisive steps to address the structural fiscal imbalances. In addition to the emergency measures implemented in 2009, the 2010 budget

sought to generate primary balances going forward through further revenue management enhancements and expenditure streamlining measures. On the revenue side, the main objective was to return the tax-to-GDP ratio to 24.5 per cent over the medium term by broadening the VAT base, increasing import duties and making use excise taxes on alcoholic beverages and tobacco. On the expenditure side, the principal objective is to lower the ratio of expenditure to GDP to below 19 per cent.

Since embarking on the IMF-assisted Fiscal Consolidation Programme, Antigua and Barbuda has realized significant improvement in fiscal performance. The overall fiscal balance improved by 19 per cent of GDP over one year, from a deficit of 18.2 per cent of GDP in 2009 to a deficit of 0.3 per cent in 2010. In 2011, the overall fiscal balance registered a deficit of 3.6 per cent of GDP on account of extraordinary measures that were required to deal with ABI Bank. However, in 2012, the fiscal balance is estimated to improve significantly to record a deficit of 1.2 per cent of GDP. From 2013 going forward, the Government is projecting to maintain small overall surpluses.

Chart 9: Overall Fiscal Balance (2006 through 2015) (ECS million)



Source: MoF

Government operations have also been effectively transformed. In 2012, a primary surplus of about 1.3 per cent of GDP was recorded a second time in two decades despite the fiscal challenges and global financial crisis. Unfortunately, on the back of the extraordinary liquidity measures adopted to address ABI Bank, a primary deficit of 1.5 per cent was recorded in 2011. However, if these extraordinary measures were to be excluded, a primary surplus of 1.5 per cent would have been recorded. For 2013, the Government is expecting to reach and maintain a primary surplus of 3 per cent of GDP going forward, to further assist with efforts to lower the public sector debt.

It is important to note that fiscal performance has been achieved despite continued economic contractions and unforeseen shocks. The impact on Government revenue has been such that as much as ECS\$300 million in original projected revenue has failed to materialise. Improvement in fiscal outcomes was made possible by deliberate measures and efforts to better align expenditure with revenue outturns. This means that adjustments were made to expenditure throughout the year to ensure spending was matched to revenue.

Furthermore, the Government has embarked on a number of significant revenue and expenditure reforms to strengthen public financial management (PFM). There have been legislative reforms including the Finance Administration Act and Regulations, new Procurement legislation and changes to the ABST legislation. With the finalization of arrangements with the IMF and EU, the PFM reform project is well underway and is expected to bring about transformation in treasury

operations, budget preparation and execution, and external and internal auditing functions. The project will also promote further reforms on the revenue side to enhance administration and collection.

The Government's commitment to implement the necessary structural reforms, and beyond, are reflected in confirmation that all fiscal performance criteria and targets agreed to under the three-year Stand-by Arrangement with the IMF have been achieved. The 10th and final review under the arrangement was completed in May 2013. In its press release¹, the IMF has praised the Government for the far reaching reform measures implemented, further ascertaining that the GoAB has made "excellent progress toward achieving its goal of restoring debt sustainability and macroeconomic stability".

The IMF also commended the notable progress made on structural reforms, citing in particular the new Customs Control and Management Act (CCMA) presented to Parliament in April and the Harmonized System 2007 customs code for classifying imports.

In comments on the fiscal consolidation efforts, the IMF noted that the GoAB has come a long way, citing that these results were achieved during a period of significant economic contraction, in the face of a difficult external economic environment and domestic financial challenges.

The NEST Plan

To complement the fiscal consolidation initiatives, long-term policy responses and wide ranging structural reforms were formulated in consultation with international financial institutions, regional bodies and domestic stakeholders. These were detailed in the Government's NEST Plan introduced in 2010, which underpins the fiscal and economic reform programme going forward. Policy actions, which will take time to fully implement, include:

- Improving revenue collection at the Customs Division and Inland Revenue Department;
- Strengthening public financial management through centralisation of activities, and
- Reforming the country's social security system

The NEST plan seeks to extend policy actions to advance social transformation by improving access to, and the quality of, education and healthcare as well as capacity building initiatives. The plan also incorporates policies to strengthen financial sector stability by enhancing the regulatory infrastructure.

All the measures outlined in the fiscal and economic reform programme have been supported with financial and technical assistance from both the IMF and the CDB. In June 2010, the IMF Executive Board approved a Stand-By Arrangement (SBA) for 81 million Special Drawing Rights (US\$118m over 36 months), which has now been concluded. Similarly, the Board of Governors of the CDB approved a Policy Based Loan (PBL) for US\$30m to be disbursed over the same period as the SBA. Both arrangements were effectively monitored through periodic reviews on the basis of quantitative performance criteria and structural benchmarks.

As part of the Government's efforts to improve its operations, technical assistance has been forthcoming from a number of multilateral agencies. The IMF's Caribbean Regional Technical Assistance Centre (CARTAC) is providing assistance to implement a reform programme financed

¹ IMF press release No. 13/157 dated 8 May 2013, available at www.imf.org/external/country/ATG

by the UK Department for International Development to strengthen capacity at Customs and Inland Revenue as well as to develop measures to fortify the Financial Services Regulatory Commission (FSRC). The World Bank is assisting with the design and implementation of a plan to reform the civil service, focusing primarily on streamlining operations and managing expenditure.

Debt Dynamics

The implementation of a comprehensive debt strategy has been one of the main pillars of the Government's reform agenda, complementing, in particular, the fiscal consolidation programme and the NEST plan. The debt strategy, which has included far-reaching debt restructuring initiatives, is nothing less than a complete overhaul of how debt management has been conducted over the past decades in Antigua and Barbuda.

Over the past two years, and on the basis of the Government's continuously evolving payment capacity, agreements have been reached with the majority of the Public Sector's creditors to normalise relations and to extend the maturities of debts falling due in the near-term. These agreements have had a positive impact by lowering near term cash flow requirements and aligning future debt service payments with the Government's payment capacity.

The immediate aim of the ongoing debt management initiative has been to place the public sector debt on a downward trend, by eliminating arrears and normalising relations with all creditors. This was considered imperative to restore fiscal sustainability, reviving private sector investment and improving the country's overall credit profile. Over the long term, the Government's debt objective is to reach the overall targets set forth by the ECCB's Monetary Council for all ECCU members by 2020 – a debt-to-GDP ratio of 60 percent and a maximum interest burden, which is defined as interest due on debt to Government revenues, of 15 percent.

To achieve these objectives, a carefully designed sequenced to approach creditors to negotiate appropriate agreements was formulated. The debt strategy first focused on resolving relations with multilateral creditors, given their status as preferential creditors. This was followed by efforts to reach agreements with domestic creditors, which ensured their viability and mitigated potential implications on an already fragile economic recovery. In parallel, efforts were made to deal with debts owed to non-multilateral external creditors.

Debts owed to the CDB as well as securities issued under the Regional Government Securities Market (RGSM) have been, and will continue to be, excluded from any form of debt restructuring as these remain critical sources of financing for the Government as it follows its course of economic recovery.

On the domestic front, agreements have been completed with most creditors to normalise relations, consolidate outstanding amounts and extend maturities on the basis of the Government's payment capacity. All agreements have avoided a reduction in outstanding principal. In addition, to lowering the debt stock, some arrangements have included debt-for-asset swaps.

On the external side, the Government's strategy was anchored by an approach to the Paris Club creditor countries to restructure all outstanding arrears and short-term maturities. A breakthrough multilateral agreement was reached on 16 September 2010 to consolidate and restructure the debts owed to the Government's six Paris Club Countries – Brazil, France, Japan, Netherlands, the United Kingdom and the United States – over 17 years with five years grace periods.

Bilateral agreements have already been signed with each creditor country, with the exception of Brazil, which is awaiting domestic senate ratification of the negotiated agreement. All the bilateral agreements secured very favourable interest rates for the GoAB. Of note, the Department for International Development (DFID) of the UK agreed to forgive the Government's outstanding debt.

A number of other measures to ensure the long-term viability of debt management operations have also been steadily introduced. These have focused on centralising, streamlining and improving debt management operations on the basis of international best practices. A Debt Management Unit was created in 2009 and staffed to ensure that debt management remains a priority function at the Ministry of Finance, the Economy and Public Administration. A Debt Manager was formally appointed and empowered to execute the role, reporting directly to the Minister of Finance and the Financial Secretary. In addition, new procedures have been introduced to improve transparency, reporting and data recording. These efforts have been complemented with comprehensive training and skill building activities for the staff.

To understand what has been achieved thus far, it is necessary to review the Government's starting point. At the end of 2009, the Public Sector's debt stock stood at ECS\$3.3b or 101 per cent of GDP (after taking into account GDP rebasing undertaken by the ECCB). By December 2012, the debt stock had fallen by ECS\$500m to ECS\$2.8b, the equivalent of just under 89 per cent of GDP. This has taken place despite the massive output contraction that the country experienced over the last three years.

In July 2013, the Government and the Antigua Barbuda Airport Authority finalised an agreement with Credit Suisse to restructure all of the Airport Authority's obligations and to complete the airside works at the VC Bird International Airport. The amount of the loan from Credit Suisse is US\$94 million, of which US\$24.6 million is guaranteed by the Government and thus forms part of the debt portfolio. In addition, the People's Republic of China recently agreed to increase the value of financing to be provided to Antigua and Barbuda for the new Airport Terminal. Through the China EXIM Bank, approximately US\$43 million in additional financing is being provided to expand and complete the new terminal at the VC Bird International Airport.

In August, the Government executed a loan agreement with the Caribbean Development Bank to facilitate the provision of financing to LIAT for its fleet modernisation project. Antigua and Barbuda was required to secure US\$21.9 million in support of the fleet modernisation project. Finally, on August 14, the Government executed its first agreement with the International Bank for Reconstruction and Development for a US\$10 million loan that will be used to finance a Public and Social Sector Transformation Project.

Chart 10: Evolution of Public Sector Debt Dynamics (1998 through 2012)

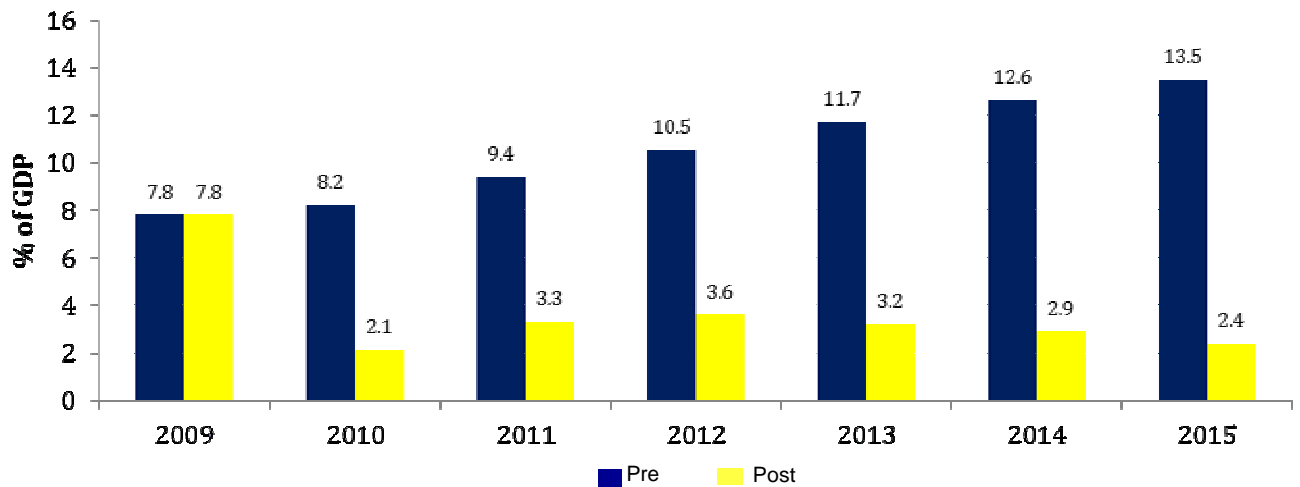
1998-2009 Average – 115.3%

Source: MoF

It is also important to note that 54 per cent of the entire debt stock was in arrears with penalty interest rates further increasing debt service requirements, which at the time were projected to absorb close to 65 per cent of revenues, when including an allowance for servicing arrears. With the implementation of the debt management strategy, the level of arrears has been significantly reduced to less than 10 per cent of the public sector's total debt stock. In addition, efforts are underway to normalise all of the remaining arrears by the end of the year.

Debt service ratios have also experienced a significant improvement. As a percentage of GDP, the interest burden has been lowered significantly. Interest payments as a percent of GDP fell to 3.6 percent or lower, in comparison to a level as high as 13.5 percent that could have materialized if the debt strategy had not been implemented.

Chart 11: Interest burden as a percentage of GDP (Pre & Post Implementaion of Debt Strategy)



Source: MoF

CURRENT ISSUES OF GOVERNMENT SECURITIES

A. EC\$ RGSM Treasury Bonds

SERIES A

Trading Symbol:	AGN280716
Issue Date:	28 July 2011
Original Amount Issued:	EC\$20,000,000
Outstanding Amount:	EC\$20,000,000
Coupon:	7.5% p.a.
Tenor:	5-Year Treasury Note
Maturity Date:	28 July 2016

SERIES B

Trading Symbol:	AGG100721
Issue Date:	29 July 2011
Original Amount Issued:	EC\$5,530,000
Outstanding Amount:	EC\$5,530,000
Coupon:	7.75% p.a.
Tenor:	10-Year Treasury Bond
Maturity Date:	29 July 2021

SERIES C

Trading Symbol:	AGN060916
Issue Date:	6 September 2013
Original Amount Issued:	EC\$17,990,000
Outstanding Amount:	EC\$17,990,000
Coupon:	6.75% p.a.
Tenor:	3-Year Treasury Note
Maturity Date:	6 September 2016

B. EC\$ RGSM Treasury Bills

Series F

Trading Symbol	AGB031213
Issue Date:	3 December 2012
Original Amount Issued:	EC\$ \$16,731,000.00
Outstanding Amount:	EC\$ \$16,731,000.00
Coupon	6.5% p.a.
Tenor:	365-day Treasury Bill
Maturity Date:	3 December 2013

Series H

Trading Symbol	AGB280614
Issue Date:	28 June 2013
Original Amount Issued:	EC\$ \$11,192,000.00
Outstanding Amount:	EC\$ \$11,192,000.00
Coupon	6.5% p.a.
Tenor:	365-day Treasury Bill
Maturity Date:	28 June 2014

Series I

Trading Symbol	AGB091014
Issue Date:	9 October 2013
Original Amount Issued:	EC\$ \$20,000,000.00

Outstanding Amount:	ECS \$20,000,000.00
Coupon	6.5% p.a.
Tenor:	365-day Treasury Bill
Maturity Date:	9 October 2014

Series J

Trading Symbol	AGB120514
Issue Date:	13 November 2013
Original Amount Issued:	ECS \$20,920,000.00
Outstanding Amount:	ECS \$20,920,000.00
Coupon	6% p.a.
Tenor:	180-day Treasury Bill
Maturity Date:	12 May 2014

C. USD RGSM Treasury Bond

SERIES A

Trading Symbol:	FAG070720	
Issue Date:	31 July 2013	
Original Amount Issued:	US\$13,100,000	(EC\$35,370,000)
Outstanding Amount:	US\$13,100,000	(EC\$35,370,000)
Coupon:	7.5% p.a.	
Tenor:	7-Year Treasury Bond	
Maturity Date:	31 July 2020	

SERIES B

Trading Symbol:	FAG100923	
Issue Date:	26 September 2013	
Original Amount Issued:	US\$5,050,000	(EC\$13,635,000)
Outstanding Amount:	US\$5,050,000	(EC\$13,635,000)
Coupon:	7.75% p.a.	
Tenor:	10-Year Treasury Bond	
Maturity Date:	26 September 2023	

**D. USD Bond Private Placement
Listed for trading**

SERIES C

Trading Symbol	FAG150626	
Issue Date:	30 June 2011	
Original Amount Issued:	US\$13,729,680	(EC\$37,070,136)
Outstanding Amount:	US\$13,729,680	(EC\$37,070,136)
Coupon	8% p.a.	
Tenor:	15-year Treasury Bond	
Maturity Date	30 June 2026	

**E. ECS Securities Privately Placed
Listed for trading**

SERIES I

Trading Symbol	AGN220313
Issue Date:	22 March 2013
Original Amount Issued:	ECS\$10,000,000

Outstanding Amount:	EC\$10,000,000
Coupon	6.5% p.a.
Tenor:	2-year Treasury Note
Maturity Date	22 March 2015

Trading Symbol	AGG300740
Issue Date:	28 September 2010
Original Amount issued	EC\$330,000,000
Outstanding Amount	EC\$330,000,000
Coupon:	6% (Step up)
Type of Issue:	30-year Treasury Bond
Maturity Date:	1 July 2040

SECURITY ISSUANCE PROCEDURES, CLEARANCE AND SETTLEMENT

The series of Treasury Securities will be issued on the RGSM and listed on the ECSE. This market operates on the ECSE trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be a Competitive Uniform Price Auction. The ECSE is responsible for disseminating market information, providing intermediaries with market access, administering the auction process and monitoring and surveilling the auctions.

The ECSE, through the Eastern Caribbean Central Securities Depository (ECCSD), will be responsible for facilitating clearance and settlement for the securities allotted. The ECCSD will ensure that funds are deposited to the account of the GoAB. The ECSE, through the Eastern Caribbean Central Securities Registry (ECCSR), will record and maintain ownership of the government securities in electronic book-entry form. The ECCSR will mail confirmation of proof of ownership letters to all investors who were successful in the auction.

The ECCSR will also process corporate action on behalf of issuing governments. Intermediaries will be responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE platform. Investors must provide the intermediaries with funds to cover the cost of the transaction. For this particular offering, investors will pay the applicable brokerage fees to the intermediaries. A list of licensed intermediaries who are members of the ECSE is provided (see Appendix I). Successful clients will be informed of their payment obligations and funds will be deducted from their respective accounts with the intermediary.

As an issuer in the RGSM, the GoAB will be subject to the rules, guidelines and procedures developed by the Regional Debt Coordinating Committee (RDCC) for the operation of the market, including ongoing reporting and disclosure requirements.

APPENDIX I

LIST OF LICENSED ECSE MEMBER BROKER DEALERS

Antigua and Barbuda

ABI Bank Ltd.

ABI Financial Centre
Redcliffe Street
St John's

Tel: 268 480 2837 / 2824
Fax: 268 480 2765
Email: abibsec@candw.ag

Principal:
Carolyn Philip

Representative:
Heather Williams

St. Kitts and Nevis

***St Kitts Nevis Anguilla
National Bank Ltd.***

P O Box 343
Central Street
Basseterre

Tel: 869 465 2204
Fax: 869 465 1050
Email:
national_bank@sknanb.com

Principals:
Winston Hutchinson
Anthony Galloway

Representatives:
Marlene Nisbett
Petronella Crooke
Angelica Lewis

The Bank of Nevis Ltd.

P O Box 450
Main Street
Charlestown
Nevis

Tel: 869 469 5564/5796
Fax: 869 469 5798
Email: info@thebankofnevis.com

Principals:
Brian Carey
Kelva Merchant

Representatives:
Lisa Jones-Herbert
Vernesia Walters

St. Lucia

***ECFH Global
Investment Solutions
Limited***

5th Fl, Financial Centre
1 Bridge Street
Castries

Tel: 758 456 6826/457 7233
Fax: 758 456 6733
Email:
capitalmarkets@ecfhglobalinvestments.com

Principals:
Beverly Ann Henry
Donna Matthew
Dianne Augustin

Representatives:
Deesha Lewis
Lawrence Jean

***First Citizens
Investment Services
Limited***

9 Brazil Street
Castries

Tel: 758 450 2662
Fax: 758 451 7984
Website: <http://mycmmb.com>

Principal:
Carole Eleuthere-Jn Marie

Representatives:
Samuel Agiste
Shaka St. Ange

St. Vincent and the Grenadines

***Bank of St. Vincent and
the Grenadines Ltd.***

P O Box 880
Cnr. Bedford and Grenville
Streets
Kingstown

Tel: 784 457 1844
Fax: 784 456 2612 / 451 2589
Email: info@bosvg.com

Principals:
Monifa Latham
Keith Inniss

Representatives:
Patricia John
Laurent Hadley

APPENDIX II

ISSUER INFORMATION

History

The Nation of Antigua and Barbuda is located in the Eastern Caribbean. It is comprised of the islands of Antigua (108 sq. ml. /280 sq. km), Barbuda (67 sq. ml. /161 sq. km.) and Redonda (1/2 sq. ml. /1.3 sq. km). The written history of the country can be traced back to 1493 when Christopher Columbus first visited the island of Antigua during his second voyage to the new continent. History records that Christopher Columbus first met the Arawak Indians living on Antigua and that before Columbus' arrival the island was known as Wadadli. Columbus renamed the island Santa Maria de la Antigua after a church in the city of Seville, Spain. The island of Antigua was colonized by the British in 1632 and fast became a part of the chain of sugar colonies. Barbuda was colonized from Antigua in 1661 and was used mainly to raise livestock, provide wood, charcoal and other provisions to the sugar plantations operating in Antigua.

Antigua was administered as a part of the British Leeward Islands Administration until 1967 when it gained associated statehood status with internal self-government. Barbuda was leased by the British Government to the Codrington Family from 1685 through 1870. On becoming a Crown Colony, Barbuda's affairs were administered from Antigua with the exception of land ownership. The British Government granted Antigua and Barbuda full independence within the Commonwealth on 1 November 1981.

After obtaining independence, Antigua and Barbuda adopted a modified Westminster parliamentary system based on the British model. A Governor General is appointed by, and represents, the British Monarch (the country's head of state), and a Prime Minister is both leader of the majority party and the head of Government. The Right Hon. Sir Vere Cornwall Bird, now deceased, was the Nation's first Prime Minister and led the country until 1994, when he retired from active politics. His party, the Antigua Labour Party (ALP) remained in Government led by the Hon. Lester Bird until March 23, 2004 when the United Progressive Party (UPP), under the leadership of Hon. Baldwin Spencer, was elected. Since the elections of 2004, the UPP has pursued anti-corruption measures through a trio of government legislation: the *Prevention of Corruption Act*, the *Freedom of Information Act* and the *Integrity in Public Life Act*.

Political Environment

The *Constitutional Order of 1981* prescribes Antigua and Barbuda's form of government and guarantees fundamental rights and individual freedoms. Enshrined in the Constitution is the establishment of the Barbuda Council, which is vested with the authority to administer the affairs of Barbuda. Constitutional amendments require the affirmative vote of a two-thirds majority of each house of Parliament and the approval of a majority of the voters in Antigua and Barbuda by referendum. Legislation requires passage by both Houses of Parliament and assent by the Governor General. The constitutional functions of the Governor General are largely of a formal or ceremonial nature.

The Parliament is a bicameral legislature, consisting of an elected House of Representatives and an appointed Senate. The House of Representatives has 17 members elected in accordance with the provisions of the Constitution. The Governor General appoints the Senate's 17 members, eleven on the advice of the Prime Minister, one on advice of the Barbuda Council, one from the business community, and four on the advice of the Leader of the Opposition. The Parliament, unless dissolved earlier, continues to serve for five years from the date of the most recent general

election. Shortly after the dissolution of Parliament, General Elections must be held to elect the members of the House of Representatives and to facilitate the appointment of a Government to administer the affairs of the country for the next five years.

Antigua and Barbuda has a history of political stability. In March 2009 the country held general elections where the United Progressive Party, under the leadership of Prime Minister, Honourable Baldwin Spencer, retained leadership of the Government. Following the 2009 elections, the opposition party, ALP, challenged three of the seats won by the UPP on the grounds of breach of electoral law. However, all three seats were eventually upheld by the Eastern Caribbean Supreme Court in October 2010.

Judicial and Legislative Environment

Antigua and Barbuda's judicial system is based on the English system, including the principles and practice of English common law. The member states of the Organization of Eastern Caribbean States (OECS) share a single supreme court, the Eastern Caribbean Supreme Court. The Supreme Court is headed by the Chief Justice, and administers the laws of each OECS member state. It has two divisions, the High Court of Justice and the Court of Appeal. The High Court of Justice meets in Antigua bi-annually and the Court of Appeal is headquartered in St. Lucia. Appeals from the Court of Appeal go to the Judicial Committee of the Privy Council in London, England, which is currently the country's court of last resort.

Antigua and Barbuda is a signatory to the Caribbean Court of Justice, which is currently the court of original jurisdiction in respect of matters pertaining to the interpretation and application of the CARICOM Treaty.

Appendix IIIA

Gross Domestic Product by Economic Activity at CONSTANT Prices (2006) 2009 to 2012 with Projections for 2013 to 2014

*All figures in millions of Eastern Caribbean Dollars
As of 30 June 2013*

	ACTUAL			ESTIMATED	PROJECTED	
	2009	2010	2011	2012	2013	2014
Gross value added in constant basic prices	2570.60	2,351.40	2,300.93	2,365.22	2,393.33	2,437.81
Indirect taxes (product taxes less subsidies)	383.5	391.8	386.5	411.4	442.3	478.7
Nominal GDP in constant market prices	2,954.20	2,743.20	2,687.42	2,776.57	2,835.64	2,916.47
Agriculture	20.1	22.3	23.6	22.2	22.1	22.7
<i>Of which: Crops</i>	12.9	13.2	13.5	14.0	14.5	14.9
<i>Livestock</i>	6.2	8.2	9.2	7.3	6.7	6.9
<i>Forestry</i>	0.9	0.9	0.9	0.9	0.9	0.9
Fisheries	20.9	19.4	19.7	20.1	20.3	20.5
Mining and Quarrying	29.3	23.9	19.3	20.5	24.7	25.3
Manufacturing	62.3	56.8	58.4	51.2	52.0	52.5
Electricity and water	97.3	98.4	106.3	104.0	103.1	105.4
<i>Of which: Electricity</i>	69.9	74.8	81.3	78.3	77.1	78.6
<i>Water</i>	27.4	23.6	25	25.8	26.0	26.8
Construction	394	256.5	194.0	213.4	237.5	242.3
Wholesale and Retail Trade	383.8	356.1	328	350.1	343.1	350.0
Hotels and Restaurants	344.4	340.5	355.4	363.3	355.3	363.4
Transportation and Storage	176.1	164	158.9	170.2	172.9	175.2
<i>Of which: Road transport</i>	112.1	105.3	101.5	106.0	111.3	112.4
<i>Sea transport</i>	2	1.7	1.7	1.7	1.6	1.7
<i>Air transport</i>	36.5	35.3	35	35.2	33.8	34.5
<i>Supporting and Auxiliary Transport Activities</i>	25.5	21.6	20.6	27.3	26.2	26.7
Communication	120.1	110.3	115.9	104.8	106.4	107.4
Financial Intermediation	243.9	232.4	234.0	230.1	232.7	235.0
<i>Of Which: Banks</i>	189	178.8	177.2	175.6	177.4	179.1
<i>Insurance</i>	54.9	53.6	56.8	54.5	55.3	55.9

	ACTUAL			ESTIMATED	PROJECTED	
	2009	2010	2011	2012	2013	2014
Activities Auxiliary to Financial Intermediation	-	-	-	-	-	-
Real estate and Housing	272.9	289.7	305.4	317.4	320.6	326.6
Public Administration, Defence & Compulsory Social Security	214.6	200.4	199.8	207.2	209.8	214.0
Education	133.6	119.9	120.6	119.6	121.0	124.7
Health and Social Work	70.8	71.6	70.9	71.8	72.8	74.3
Other Community, Social & Personal Services	40.2	41.7	44.2	46.8	47.6	48.2
Activities of Private Households as Employers	13.9	13.7	13.4	12.4	12.0	12.1
less: (FISIM) imputed banking services	67.5	65.9	66.8	60.0	60.6	61.8
Real Growth Rate (% Change YoY)	(12.0)	(7.1)	(2.1)	2.8	1.2	1.9

Sources: Statistics Division, Ministry of Finance; and Eastern Caribbean Central Bank

Appendix IIB

Gross Domestic Product by Economic Activity at CURRENT Prices (2006) 2009 to 2012 with Projections for 2013 to 2014

*All figures in millions of Eastern Caribbean Dollars
As of 30 June 2013*

	ACTUAL			ESTIMATED	PROJECTED	
	2009	2010	2011	2012	2013	2014
Gross value added in Current basic prices	2,834.40	2,628.10	2,598.70	2,746.17	2,844.34	2,964.24
Indirect taxes (product taxes less subsidies)	422.9	437.9	437.6	477.6	525.7	582.0
Nominal GDP in Current market prices	3,257.30	3,066.00	3,036.40	3,223.79	3,370.00	3,546.26
Agriculture	23.1	26.4	29.9	28.7	29.3	30.9
<i>Of which: Crops</i>	14.8	15.7	16.7	17.7	18.9	20.0
<i>Livestock</i>	7.3	9.7	12.3	10.1	9.5	9.9
<i>Forestry</i>	0.9	0.9	0.9	0.9	0.9	0.9
Fisheries	26.4	24.2	24.7	25.2	26.3	27.3
Mining and Quarrying	31.2	25.3	20.4	21.6	26.3	27.2
Manufacturing	68.4	66.9	69.0	68.9	72.4	75.7
Electricity and water	91.3	113.6	131.6	107.8	109.5	114.9
Of Which: Electricity	65.4	93.4	117.0	96.3	97.8	102.7
Water	25.9	20.2	14.6	11.5	11.7	12.2
Construction	453.3	296.5	225.4	260.3	299.9	316.6
Wholesale and Retail Trade	407.3	391	372.2	411.2	415.1	436.1
Hotels and Restaurants	333.7	334.1	350.5	362.3	360.1	373.7
Transportation and Storage	239.2	221.3	215.5	251.7	259.3	269.1
Of Which: Road transport	123.6	118.4	121.7	131.2	140.5	144.8
Sea transport	2.5	2	2.2	2.1	2.1	2.1
Air transport	80.9	71.3	55.7	77.2	76.3	80.2
Supporting and Auxiliary Transport Activities	32.2	29.6	36.0	41.2	40.4	42.0
Communication	143.9	114.7	106.3	106.9	109.5	111.7
Financial Intermediation	58.8	262.4	276.8	274.8	283.3	291.9
Of Which: Banks	-	206.5	219.9	220.2	226.8	233.6

Insurance	58.8	55.9	56.9	54.6	56.5	58.3
	ACTUAL			ESTIMATED	PROJECTED	
	2009	2010	2011	2012	2013	2014
Activities Auxiliary to Financial Intermediation	-	-	-	-	-	-
Real estate and Housing	293.2	325.8	357.3	380.7	392.4	407.6
Public Administration, Defence & Compulsory Social Security	254.8	237.8	237.2	246.0	254.1	264.3
Education	149.5	135.7	137.0	137.6	142.7	150.8
Health and Social Work	76.8	77.8	77.7	80.1	82.9	86.5
Other Community, Social & Personal Services	47.5	47.7	50.9	52.6	54.6	56.3
Activities of Private Households as Employers	14.8	15	15.2	14.6	14.2	14.5
less: (FISIM) imputed banking services	74.9	88.2	92.0	84.9	87.5	91.0
Nominal Growth Rate (% Change YoY)	(10.5)	(5.9)	(1.0)	5.9	4.5	5.2

Sources: Statistics Division, Ministry of Finance; and Eastern Caribbean Central Bank

Appendix IV

BALANCE OF PAYMENTS: Analytical Summary 2009-2017

All figures in millions of Eastern Caribbean Dollars

As of 30 June 2013

	ACTUAL			ESTIMATED	PROJECTED				
	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. CURRENT ACCOUNT	(463.0)	(787.8)	(1,040.9)	(941.0)	(456.5)	(451.2)	(327.8)	(212.0)	(335.1)
A. GOODS AND SERVICES	(371.1)	(729.7)	(947.9)	(853.7)	(391.1)	(418.8)	(278.5)	(168.9)	(279.6)
1. Goods	(1,006.1)	(1,311.3)	(1,591.8)	(1,632.0)	(1,155.9)	(1,102.1)	(1,010.6)	(934.2)	(1,035.2)
a. Merchandise	(1,104.0)	(1,416.3)	(1,659.3)	(1,664.7)	(1,159.5)	(1,096.9)	(1,040.9)	(964.5)	(1,065.3)
b. Repair on goods	0.2	0.1	0.2	0.2	0.2	-	-	-	-
c. Goods procured in ports by carriers	97.8	104.9	67.3	32.5	3.5	(5.2)	30.4	30.3	30.2
2. Services	634.9	581.7	643.9	778.3	764.8	683.3	732.1	765.4	755.5
a. Transportation	17.8	(20.8)	(17.0)	114.2	183.2	131.3	116.1	132.4	122.3
i. Sea Transport	(106.3)	(123.8)	(143.7)	(124.9)	(112.2)	(105.5)	(98.4)	(89.3)	(100.7)
ii. Air Transport	124.2	103.0	126.6	239.1	295.4	236.8	214.5	221.7	223.0
b. Travel	727.4	759.8	772.4	744.1	679.2	667.2	709.4	722.3	729.3
c. Insurance Services	(56.6)	(91.6)	(94.7)	(102.0)	(102.5)	(71.9)	(53.9)	(52.1)	(55.7)
i. Freight Insurance	(27.3)	(33.5)	(39.3)	(35.2)	(28.7)	(25.8)	(25.5)	(23.7)	(26.1)
ii. Life Insurance	(6.9)	(3.6)	(6.7)	(7.3)	(2.4)	(1.1)	(1.1)	(1.1)	(1.2)
iii. General Insurance	0.6	0.4	0.2	(1.8)	(2.2)	(4.3)	(2.3)	(2.3)	(2.2)
iv. Re-Insurance	(30.0)	(62.4)	(62.9)	(73.7)	(80.4)	(55.4)	(36.1)	(37.0)	(38.8)
v. Insurance Agents Commissions	7.0	7.6	13.9	16.0	11.2	14.6	11.1	12.0	12.6
d. Other Business Services	(52.3)	(72.7)	(15.8)	20.1	1.6	(46.4)	(51.3)	(48.7)	(51.5)
i. Construction & Engineering Services	(48.1)	(67.7)	(62.2)	(24.6)	(11.0)	(8.7)	(6.6)	(8.3)	(11.5)
ii. Legal and Accounting Services	9.9	10.9	10.9	11.0	9.8	8.9	8.7	9.0	9.2
iii. Management and Consultant	(11.8)	(9.6)	(8.9)	(5.6)	(9.4)	(19.5)	(30.9)	(31.2)	(32.7)
iv. Computer and Information Services	-	-	-	-	-	-	-	-	-
v. Royalties, Licences and Fees	(1.6)	(2.1)	(2.2)	(5.1)	(3.2)	(3.2)	(3.0)	(3.1)	(3.2)
vi. Other Business Services	(0.6)	(4.2)	46.5	44.5	15.4	(23.9)	(19.6)	(15.1)	(13.2)
f. Government Services	(1.4)	6.9	(0.9)	1.8	3.4	3.2	11.8	11.6	11.1
i. Resident Government	2.4	13.0	8.8	9.2	9.7	4.4	13.1	12.8	12.4
ii. Foreign Government	1.7	1.5	1.6	3.3	1.6	1.6	1.6	1.6	1.7
iii. Other	(5.4)	(7.6)	(11.3)	(10.8)	(7.9)	(2.8)	(2.8)	(2.9)	(2.9)

Appendix IV cont'd

		ACTUAL			ESTIMATED	PROJECTED			
		2009	2010	2011	2012	2013	2014	2015	2016
B. INCOME	(113.5)	(126.2)	(142.2)	(164.9)	(137.4)	(85.0)	(118.6)	(112.3)	(124.1)
1. Compensation of Employees	17.7	19.5	22.6	25.1	23.1	20.8	20.6	20.8	21.1
2. Investment Income	(131.2)	(145.7)	(164.8)	(190.0)	(160.5)	(105.8)	(139.1)	(133.2)	(145.2)
a. Direct Investment	(82.9)	(112.2)	(118.3)	(109.7)	(95.9)	(89.7)	(110.2)	(112.0)	(117.3)
i. Income on equity	(76.8)	(103.4)	(107.6)	(100.4)	(83.1)	(76.1)	(96.1)	(97.4)	(102.0)
a. Distributed branch profits	(42.0)	(80.2)	(74.8)	(68.9)	(69.8)	(63.0)	(82.5)	(83.3)	(87.3)
b. Reinvested Earnings	(34.7)	(23.2)	(32.8)	(31.5)	(13.3)	(13.1)	(13.6)	(14.0)	(14.7)
ii. Income on debt (interest)	(6.1)	(8.8)	(10.7)	(9.3)	(12.8)	(13.6)	(14.1)	(14.6)	(15.3)
b. Portfolio Investment	0.2	1.0	5.9	2.2	1.2	0.9	0.9	0.4	0.4
i. ECCB Investment Income	-	4.0	7.3	4.8	3.6	1.6	0.5	0.5	0.5
ii. Other 1/	0.2	(3.1)	(1.4)	(2.6)	(2.4)	(0.7)	0.4	(0.1)	(0.1)
c. Other Investment	(48.6)	(34.5)	(52.5)	(82.5)	(65.8)	(16.9)	(29.9)	(21.6)	(28.3)
i. Interest on Government Transaction	(56.9)	(61.3)	(69.9)	(79.8)	(58.3)	(17.1)	(26.8)	(18.4)	(25.0)
ii. Other	8.3	26.8	17.4	(2.7)	(7.5)	0.2	(3.1)	(3.2)	(3.3)
C. CURRENT TRANSFERS	21.6	68.1	49.2	77.6	72.0	52.6	69.3	69.2	68.6
1. General Government	2.1	14.2	(3.2)	17.8	9.7	12.4	18.4	18.5	18.5
2. Other Sectors	19.5	53.9	52.4	59.8	62.2	40.2	50.9	50.7	50.0
2. CAPITAL AND FINANCIAL ACCOUNT	512.4	858.1	1,062.7	936.0	447.9	508.7	418.0	264.2	335.1
A. CAPITAL ACCOUNT	578.7	85.3	30.0	40.0	10.2	54.9	22.6	39.5	25.4
1. Capital Transfers	578.7	85.3	30.0	40.0	10.2	54.9	22.6	39.5	25.4
a. General Government	568.7	75.3	20.0	30.0	1.2	44.7	12.6	29.2	14.6
b. Other Sectors	10.0	10.0	10.0	10.0	9.0	10.2	10.0	10.4	10.8
i. Migrant's Transfers	10.0	10.0	10.0	10.0	9.0	10.2	10.0	10.4	10.8
ii. Other	-	-	-	-	-	-	-	-	-
2. Acquisition & Disposal of Non-Produced Non-Financial Assets	-	-	-	-	-	-	-	-	-

Appendix IV cont'd

		ACTUAL			ESTIMATED	PROJECTED			
		2009	2010	2011	2012	2013	2014	2015	2016
1. Direct Investment	596.6	968.8	913.2	428.7	217.7	261.0	175.9	191.3	226.7
a. Abroad (outward)	-	-	-	-	-	-	-	-	-
b. In Reporting Economy (inward)	596.6	968.8	913.2	428.7	217.7	261.0	175.9	191.3	226.7
i. Equity	481.2	735.4	687.3	245.3	103.0	80.8	66.5	83.0	115.4
ii. Reinvested Earnings	34.7	23.2	32.8	31.5	13.3	13.1	13.6	14.0	14.7
iii. Land Sales	114.7	168.9	198.5	156.7	107.6	177.5	97.6	95.7	97.6
iv. Other	(34.0)	41.3	(5.4)	(4.8)	(6.1)	(10.4)	(1.7)	(1.4)	(1.1)
2. Portfolio Investment	28.4	66.9	(3.3)	29.2	(12.6)	(20.4)	27.4	18.2	(10.8)
a. Assets	1.3	-	(0.0)	-	-	(20.4)	0.4	0.2	17.8
b. Liabilities ^{2/}	27.2	66.9	(3.3)	29.2	(12.6)	-	27.0	18.0	(28.6)
3. Other Investment	(691.3)	(262.9)	122.9	438.1	232.5	213.1	192.0	15.2	93.8
a. Public Sector Long Term Loans	(441.4)	(69.0)	(18.3)	4.8	104.5	398.7	80.5	56.4	68.3
b. Other Public Sector Capital	-	-	-	-	-	-	-	-	-
c. Commercial Banks	(49.3)	(174.2)	41.6	321.4	90.5	37.0	94.8	(74.3)	-
d. Other Assets	(152.5)	(193.9)	(121.8)	(114.4)	(57.3)	49.4	(1.1)	110.0	36.6
e. Other Liabilities	(48.1)	174.2	221.4	226.2	94.7	(272.1)	17.8	(76.9)	(11.1)
3. NET ERRORS AND OMISSIONS	(29.9)	(28.9)	(20.8)	(10.7)	(18.8)	(24.9)	(60.1)	(30.6)	(0.0)
4. OVERALL BALANCE	19.5	41.5	1.0	(15.7)	(27.4)	32.6	30.1	21.6	-
5. FINANCING	(19.5)	(41.5)	(1.0)	15.7	27.4	(32.6)	(30.1)	(21.6)	-
Change in SDR Holdings	-	-	-	-	(52.9)	51.1	-	-	-
Change in Reserve Position with the IMF	-	-	-	-	-	-	-	-	-
Change in Government Foreign Assets	(0.1)	(0.1)	2.3	-	-	(8.5)	(0.4)	8.9	-
Change in Imputed Reserves	(19.4)	(41.3)	(3.3)	15.7	80.3	(75.2)	(29.8)	(30.5)	-

Source: Eastern Caribbean Central Bank

^{1/} The debit figure includes interest payments on bonds by the central government

^{2/} The debit figure includes principal payments on bonds by the central government

Appendix V

Summary of Central Government Fiscal Operations

All figures in millions of Eastern Caribbean Dollars

As of 30 June 2013

	ACTUAL			ESTIMATED	PROJECTED				
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total revenue and grants	609	689	623	644	756	798	846	898	951
Current revenue	606	641	597	642	726	795	843	895	948
<i>Of which: tax revenue</i>	576	578	552	598	670	749	797	849	902
Capital revenue	3	3	3	2	3	3	3	3	3
Total grants	-	45	23	-	27	-	-	-	-
Total expenditure	1,202	696	733	683	745	780	823	875	923
Total primary expenditure	968	632	670	608	656	690	731	775	821
Primary current expenditure	681	570	614	586	574	610	648	691	734
<i>Wages and salaries</i>	299	267	264	272	280	297	316	337	358
<i>Employment contributions 1/</i>	36	18	20	20	21	22	24	25	27
<i>Goods and services, incl. utilities</i>	162	117	104	115	117	124	132	141	150
<i>Pensions</i>	68	66	64	67	60	63	67	72	76
<i>Other transfers 3/</i>	116	103	162	111	96	102	109	116	123
Capital expenditure and net lending	287	65	39	18	82	80	82	84	94
Interest payments 2/	234	64	64	75	89	90	93	100	102
<i>External</i>	68	15	24	15	24	27	25	24	22
<i>Domestic</i>	166	49	40	60	65	63	67	76	80
Primary balance	(360)	57	(46)	40	100	108	115	122	130
<i>Percent of GDP</i>	<i>-11.1%</i>	<i>1.9%</i>	<i>-1.5%</i>	<i>1.3%</i>	<i>3.0%</i>	<i>3.1%</i>	<i>3.1%</i>	<i>3.0%</i>	<i>3.1%</i>
Overall balance	(594)	(8)	(110)	(39)	11	18	22	23	28
<i>Percent of GDP</i>	<i>-18.2%</i>	<i>-0.3%</i>	<i>-3.6%</i>	<i>-1.2%</i>	<i>0.3%</i>	<i>0.5%</i>	<i>0.6%</i>	<i>0.6%</i>	<i>0.7%</i>
Memo item: GDP at Market Prices	3,257	3,066	3,036	3,176	3,327	3,532	3,757	4,003	4,255

Source: Antigua and Barbuda authorities

1/ The projections are based on debt restructuring agreements already been completed

2/ Includes contributions to social Security, Medical Benefits, and Education

3/ Includes capital transfer of EC\$234 million to ABIB in 2013

Appendix VI

Public Sector Debt Stock and Projected Debt Service (2013-2017)

All figures in millions of Eastern Caribbean Dollars

As of 30 June 2013

	Stock	3rd & 4th Quarter 2013			2014			2015			2016			2017		
		P	I	Total	P	I	Total	P	I	Total	P	I	Total	P	I	Total
Total Public Sector	2,971.3	146.9	58.8	205.2	151.6	107.0	258.6	132.1	101.5	233.6	142.7	100.7	243.5	151.5	94.5	246.0
<i>of which Central Government</i>	<i>2,445.1</i>	<i>130.1</i>	<i>45.0</i>	<i>174.7</i>	<i>139.2</i>	<i>82.7</i>	<i>221.9</i>	<i>120.2</i>	<i>78.1</i>	<i>198.3</i>	<i>130.0</i>	<i>78.3</i>	<i>208.3</i>	<i>138.1</i>	<i>73.1</i>	<i>211.2</i>
<i>of which Public Sector Corpora</i>	<i>526.1</i>	<i>16.7</i>	<i>13.8</i>	<i>30.5</i>	<i>12.4</i>	<i>24.3</i>	<i>36.7</i>	<i>12.0</i>	<i>23.4</i>	<i>35.3</i>	<i>12.7</i>	<i>22.4</i>	<i>35.1</i>	<i>13.4</i>	<i>21.4</i>	<i>34.8</i>
External	1,281.7	44.1	13.4	57.5	90.7	31.1	121.8	88.2	29.2	117.5	96.8	27.1	123.9	107.8	24.8	132.6
Central Government	1,109.2	42.7	12.9	55.6	88.2	30.1	118.3	85.8	28.3	114.1	94.2	26.3	120.5	104.7	24.0	128.7
Multilateral	407.2	28.1	5.0	33.0	56.8	10.5	67.3	59.5	9.6	69.0	59.3	8.4	67.8	59.3	7.2	66.5
Bilateral	701.9	14.6	7.9	22.6	31.4	19.6	51.0	26.3	18.7	45.0	34.9	17.8	52.7	45.4	16.8	62.2
<i>of which Paris Club</i>	323.2	8.2	4.1	12.3	9.8	7.8	17.5	5.2	7.6	12.8	5.4	7.4	12.8	18.2	7.2	25.4
<i>of which non-Paris Club</i>	378.7	6.5	3.8	10.3	21.7	11.8	33.5	21.1	11.1	32.2	29.5	10.4	39.9	27.2	9.5	36.8
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Sector Corporations	172.5	1.4	0.5	1.9	2.5	1.0	3.5	2.5	0.9	3.4	2.5	0.9	3.4	3.1	0.8	3.9
Multilateral	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bilateral	104.5	1.4	0.5	1.9	2.5	1.0	3.5	2.5	0.9	3.4	2.5	0.9	3.4	3.1	0.8	3.8
Commercial	66.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	1,689.6	102.8	45.4	147.8	60.9	75.9	136.8	43.9	72.3	116.1	46.0	73.6	119.6	43.7	69.8	113.5
Central Government	1,336.0	87.4	32.1	119.1	51.0	52.6	103.6	34.4	49.8	84.3	35.8	52.0	87.8	33.3	49.2	82.5
ECCB	126.7	7.9	3.8	11.8	20.6	4.2	24.8	9.0	3.9	12.9	6.8	3.6	10.4	6.8	3.4	10.2
Commercial Loans	412.4	25.6	19.1	44.7	22.8	35.3	58.1	18.8	33.4	52.2	20.8	31.8	52.6	22.7	29.8	52.5
Overdrafts	16.1	22.8	3.1	25.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government Securities	116.0	31.0	3.9	34.9	7.7	4.0	11.6	6.7	3.5	10.1	8.2	3.0	11.2	3.8	2.4	6.2
Domestic Contractors	96.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Obligations to Statutory Bodi	433.5	0.0	2.2	2.2	0.0	9.1	9.1	0.0	9.1	9.1	0.0	13.6	13.6	0.0	13.6	13.6
Public Sector Corporations	353.6	15.4	13.3	28.6	9.9	23.3	33.2	9.5	22.4	31.9	10.2	21.6	31.7	10.3	20.6	30.9
Commercial Loans	344.4	4.7	12.0	16.7	9.9	23.3	33.2	9.5	22.4	31.9	10.2	21.6	31.7	10.3	20.6	30.9
Overdrafts	9.3	10.7	1.2	11.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Debt Management Unit, MoF

