



CARIBBEAN ECONOMIC PERFORMANCE REPORT

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CARIBBEAN CENTRE FOR MONEY AND FINANCE

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1.0 EXECUTIVE SUMMARY

In 2009, the Caribbean region and the global economy recorded declines in output of 2.8 and 0.6 per cent respectively. The recession that started in late 2007 reached its lowest point in 2009. There are signs of recovery in some major industrial economies and in the Caribbean, although recovery is not expected to return to the pre-crisis levels. In the short term, the strength of the recovery in the advanced industrialized economies has been largely unanticipated and fragile. The recovery remains vulnerable to the management of the unusually large debt levels and ratios that resulted from the various stimulus packages.

The rebound in the economic activity of the advanced industrialized economies is not associated with an increase in employment - so called "recovery without jobs." This might be evidence of two broad factors: utilization of excess capacity and structural transformation in these economies. There is evidence that some degree of structural transformation is taking place as manufacturing moves to some of the emerging economies and plant shut-downs occur in old economies. The important lesson for the Caribbean at this point in time is that as the direct impact of the financial crisis wanes, the old structural obstacles to economic growth become binding constraints that have to be addressed.

Monetary policymakers have been acknowledged as having a fairly good record in credible monetary policies, paying attention to inflation and output through

the use of so-called monetary policy rules and inflation targeting. The Caribbean region is no exception to this. Failures in both financial markets and regulatory activities gave rise to the crisis; nevertheless, the unanticipated growth in 2010 does indicate some degree of success in the handling of the crisis. Caribbean economies have largely reflected the positive and negative aspects of the advanced industrial countries' experience, that is, credible monetary policies with low inflation, as well as weak regulatory frameworks and performance alongside inefficient markets.

All regional economies experienced a lower rate of growth in economic activities in 2009 when compared to 2008. Of the eleven regional countries covered in this report, four countries entered the recession with a fall in output in 2008 that continued in 2009: Aruba (-2.5% to -7.6%), The Bahamas (-1.7% to -5.0%), Barbados (-0.2% to -4.8%) and Jamaica (-0.9% to -2.7%); three showed a slowdown in 2008 with a decline in 2009: Belize (-1.1%), ECCU (-7.3%) and Trinidad and Tobago (-3.2%). Three more showed a slowing down in growth in 2008 that continued in 2009 (Suriname, Guyana and Netherlands Antilles). Only Haiti showed growth in 2009 relative to 2008.

Developments in the tourism industry of the Caribbean in 2009 were influenced by reduced consumption in advanced economies and reduced international travel as a result of the A HINI virus. With the

exception of Guyana and Jamaica, all other Caribbean countries covered by this report recorded declines in stopover arrivals in 2009. The member countries of the ECCU were the most affected by the fall in visitor arrivals during 2009. Consistent with the decline in stay over arrivals, average occupancy for the Caribbean in 2009 declined by 4.1 percentage points to 61.6 percent, while the daily room rate declined by 13.5 percent as a result of heavy discounting.

Inflation in the Caribbean remained low. Credible monetary policies on the discretionary side and hard wired monetary policy rules have contributed to favourable outcome. Lower fuel and food prices on international markets have also dampened inflationary pressures. The inflation rate in the region went from 12.5 per cent in 2008 to 6.6 per cent in 2009. The average inflation rates in 2009 ranged from minus 2.13 per cent (Aruba) to 9.58 per cent (Jamaica).

As a result of the slowed economic activities in 2009, job losses occurred particularly in the private sector, mainly in distributive trades, construction and in the manufacturing sector. With the exception of Guyana where the unemployment steadied, the Caribbean economies for which data is available exhibited increases in the rate of unemployment in 2009: the rate ranged from 5.3 per cent in Trinidad and Tobago to 14.2 per cent in The Bahamas.

The overall fiscal position for all countries deteriorated during 2009 on account of declining current revenues in most countries. Reduced current revenue was

due to underperformance of taxes on international trade and lower taxes and royalties from the energy sector in commodity producing countries. Except for Guyana, the external debt stock increased in the other territories for which data were received. The highest increase came from Belize and the ECCU where Debt to GDP ratio increased by 5.0 and 4.6 percentage points respectively to 85.4 per cent and 48.4 per cent.

External reserves grew in all CARICOM countries at the end of 2009, with the exception of Trinidad and Tobago, which recorded a reduction in reserves of 7.8 per cent, having recorded an increase of 40.6 per cent in the previous year.

The prospects for Caribbean growth in 2010 hinge on the continued recovery in advanced industrial economies, in particular the growth in international tourism. For some countries in the Caribbean, their prospects depend on commodity price increases in particular international markets.

With respect to Monetary Union considerations, in 2009, meeting the convergence criteria was patchy: all the countries met the import cover criterion; all except Jamaica met the exchange rate criterion; and for the five countries for which data was available, only three met the debt service criterion; Jamaica and Trinidad and Tobago failed the inflation criterion; and only Guyana met the fiscal criterion.

2.0 INTERNATIONAL

2.1 Global Economic Growth

Global output declined by 0.6 per cent in 2009, compared to the previous year when it rose by 3.0 per cent, see Table 1. The decline is most evidence in the advanced industrialised economies, where the crisis that emerged is reflected in falling growth rates since 2007. Many economies have begun showing signs of recovery since the start of 2010, and global output is forecast to grow throughout 2010.

Table 1: GDP GROWTH OF GLOBAL ECONOMIES

	World Output	Advanced Economies	Canada	USA	Euro Area	Japan	UK	Emerging and Developing Economies	Brazil	Mexico	China	India
2007	5.2				3.0	2.0	2.6	8.3	6.1	3.3	13.0	9.4
2008	3.0	0.5	0.4	0.4	0.6	-1.2	0.5	6.1	5.1	1.5	9.6	7.3
2009	-0.6	-3.2	-2.6	-2.4	-4.1	-5.2	-4.9	2.4	-0.2	-6.5	8.7	5.7
2010	4.2	2.3	3.1	3.1	1.0	1.9	1.3	6.3	5.5	4.2	10.0	8.8
2011	4.3	2.4	3.2	2.6	1.5	2.0	2.5	6.5	4.1	4.5	7.39	8.4

Source: World Economic Outlook: Rebalancing Growth 2010 (IMF)

Table 2: CURRENT FISCAL BALANCE (% OF GDP)

	2008	2009	2010	2011
Advanced Countries	-1.3	-0.4	-0.4	-0.5
US	-4.9	-2.9	-3.3	-3.4
Euro Area	-1.5	-0.6	-0.3	-0.2
UK	-1.5	-1.3	-1.7	-1.6
Canada	0.5	-2.7	-2.6	-2.5
Japan	3.2	2.8	2.8	2.4
China	9.4	5.8	6.2	6.5
India	-2.2	-2.1	-2.2	-2.0

Source: World Economic Outlook: Rebalancing Growth 2010 (IMF)

The recovery of the advanced industrial economies stemmed from the fiscal stimulus packages implemented in an effort to boost output. These fiscal stimuli came at the cost of unusually high debt levels and ratios. An important current issue is whether growth can be sustained in the face of rising debate about the sustainability of current debt levels. There is a quest in many advanced economies for credible

fiscal adjustment strategies to stabilize, and eventually reverse, the rising public debt.

**Table 3: ADVANCED ECONOMIES:
UNEMPLOYMENT**

Unemployment increased in the advanced industrial economies in 2009 compared to 2008 (see Table 3) and are not expected to show rapid improvement. The economic recovery of these economies has been characterized as “growth without jobs.” The response of unemployment is remarkably similar across the advanced industrial countries with unemployment rising in 2009 and not forecast to fall over the medium term.

	2008	2009	2010	2011
Advanced Economies	5.8	8.0	8.4	8.0
United States	5.8	9.3	9.4	8.3
Euro Area	7.6	9.4	10.5	10.5
Japan	4.0	5.1	5.1	4.9
United Kingdom	5.6	7.5	8.3	7.9
Canada	6.2	8.3	7.9	7.5

Source: World Economic Outlook: Rebalancing Growth 2010 (IMF)

2.2 Inflation

The rate of inflation declined in 2009 for the advanced economies and emerging economies as a group. The still low levels of capacity utilization and well-anchored inflation expectations will ensure that inflation remains low. Moreover, analysts have argued that inflation expectations have held firm due to the credibility of monetary and fiscal policies, as well as public support for initiatives aimed at stabilizing the financial sector.

Table 4: GLOBAL INFLATION RATES

	Advanced Economies	USA	Japan	Euro Area	Canada	UK	Emerging Economies	Western Hemisphere	China	India
2008	3.4	3.8	1.4	3.3	2.4	2.4	9.2	7.9	5.9	8.3
2009	0.1	-0.3	-1.4	0.3	0.3	0.3	5.2	6.0	-0.7	10.9
2010	1.5	2.1	-1.4	1.1	1.8	1.8	6.2	6.2	3.1	13.2
2011	1.4	1.7	-0.5	1.3	2.0	2.0	4.7	5.9	2.4	5.5

Source: World Economic Outlook: Rebalancing Growth 2010 (IMF)

World trade volumes declined by 10.7 percent in 2009 relative to slow growth of 2.8 percent in 2008. The volume of exports from the advanced economies showed an even greater decline of 11.7 percent in 2009. Global trade is expected to pick up in 2010 and 2011, see Table 5.

Table 5: WORLD TRADE VOLUMES AND PRICES

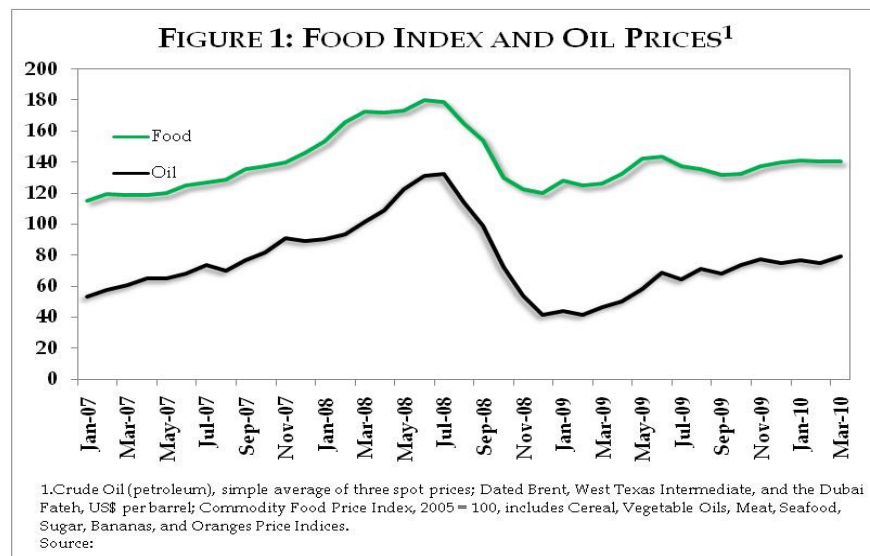
	2007	2008	2009	2010	2011
World Trade Volume	7.2	2.8	-10.7	7.0	6.1
World Trade in US dollars Price Deflators	8.3	11.4	-10.9	7.3	2.2
Volume of Exports in advanced developed economies	6.3	1.9	-11.7	6.6	5.0
Volume of Exports in Emerging and developing economies	9.7	4.0	-8.2	8.3	8.4

Source: World Economic Outlook: Rebalancing Growth 2010 (IMF)

Oil prices, having peaked in 2008, bottomed out in December 2008 and then began a slow upward rise, see Figure 2. Oil and food prices peaked in July 2008, bottomed out in December 2008 and have continued a slow bumpy rise into 2010. As can be observed in

Figure 1, the two series have moved closely together since January 2007.

Figure 1: FOOD INDEX AND OIL PRICES



The WEO Western Hemisphere publication suggests that stronger growth in emerging markets such as Asia will support commodity prices. In particular, demand in China and India would help boost commodity demand. The report forecasts that recovery by commodity producing economies that are integrated with financial

markets would be faster than tourism dependent economies and high commodity-importing economies. As a result, higher growth is forecast for commodity-producing economies compared to the tourism-based economies.

2.3 International Tourism

Growth in international tourism rebounded during the last quarter of 2009, contributing to an outturn which exceeded analysts' expectations. International tourist arrivals dropped by approximately 4.3 percent in 2009 to 880 million, but are forecast to grow by 3 to 4 percent in 2010. Consistent with the fall in international arrivals in 2009, global tourism receipts fell by about 6 percent during the review period. Caribbean tourist arrivals are reported to have fallen by 3.5 percent to 19.4 million arrivals in 2009, while international tourism receipts for the Caribbean fell by 5 percent from \$23.6 to \$22.4 billion.

**Table 6: TOURISM ARRIVALS
(PERCENT CHANGE)**

Countries	2008	2009
North Europe	-2	-8
Western Europe	-1	-4
Central/Eastern Europe	3	-8
Southern/Medit. Europe	1	-5
North-East Asia	0	-3
South-East Asia	4	0
Oceania	-1	-2
South Asia	1	-3
North America	3	-6
Caribbean	2	-2
Central America	7	-6
South America	4	-3
Sub Saharan Africa	3	6
Middle East	18	-6

Source: www.world-tourism.org

Table 7: INTERNATIONAL TOURISM FORECAST 2010

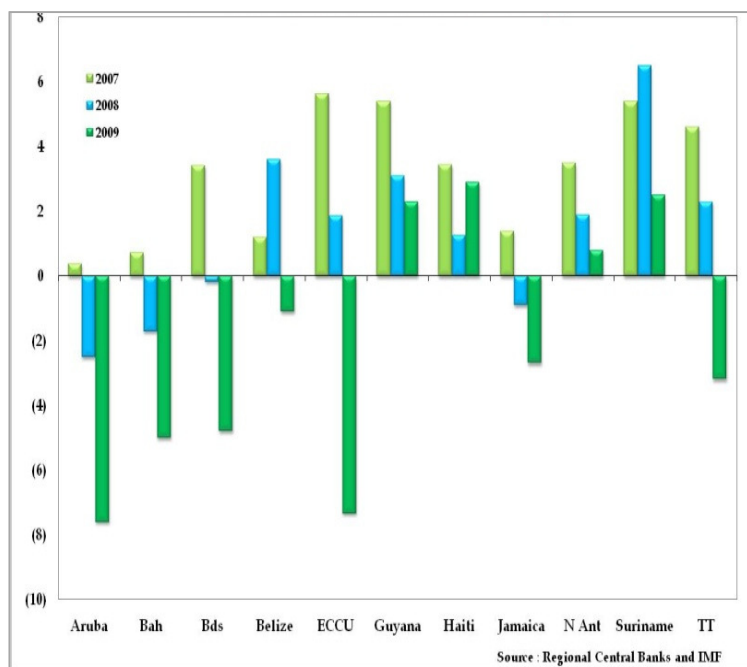
	2009	2010
World	-4	3 – 6
Europe	-6	1 – 3
Asia and the Pacific	-2	5 – 7
Americas	-5	2 – 4
Africa	5	4 – 7
Middle East	-6	5 – 9

Source: www.world-tourism.org

3.0 REGIONAL

3.1 Economic Growth

Figure 2: GROWTH RATE OF GDP (%)



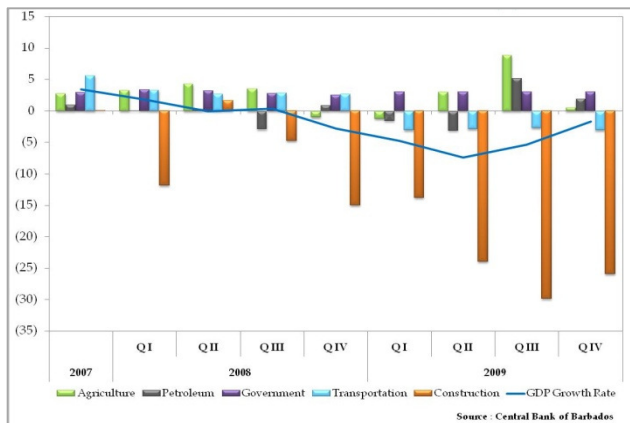
There has been a slowdown of economic activities in the region since 2007 leading to the regional decline of 2.8 per cent in 2009. All regional economies experienced a lower rate of growth in economic activities in 2009 when compared to 2008. Of the eleven regional countries covered in this report, four countries entered the recession with a fall in output in 2008 that continued in 2009: Aruba (-2.5% to -7.6%), The Bahamas (-1.7% to -5.0%), Barbados (-0.2% to -4.8%) and Jamaica (-0.9% to -2.7%); three showed a slowdown in 2008 with a decline in 2009: Belize(-1.1%), ECCU

(-7.3%) and Trinidad and Tobago (-3.2%). Three more showed a slowing down in growth in 2008 that continued in 2009 (Suriname, Guyana and Netherlands Antilles). Only Haiti showed growth in 2009 relative to 2008.

The negative growth in Aruba (-7.6%) for 2009 marks the fifth consecutive year of decline in its output. Similarly over 2005 to 2009, output in The Bahamas declined by a substantial 10.7 percentage points. For both economies, the slowing pace of economic activity in 2009 is associated with a slowdown in construction activities, adverse performance of the tourism sector and, for Aruba, inactivity of the oil refinery since mid-July 2009.

Barbados' economy contracted in 2009, moving from minus 0.2 per cent (2008) to minus 4.8 per cent (2009). This was the fifth consecutive quarter of negative growth for Barbados. The major decline in the Tourism sector impacted the other sectors. From January to September 2009 tourism value-added contracted by approximately 9.4 per cent, making it the largest nine-month decline since the early 1990's. In turn the manufacturing sector contracted by almost 14 per cent during the first three quarters of 2009, underpinned by significant reductions in electronics (52.8%), garments (56.1%), chemicals (22.0%) and wooden furniture (28.7%). The International Business and Financial Services Sector also experienced a slowdown in activities

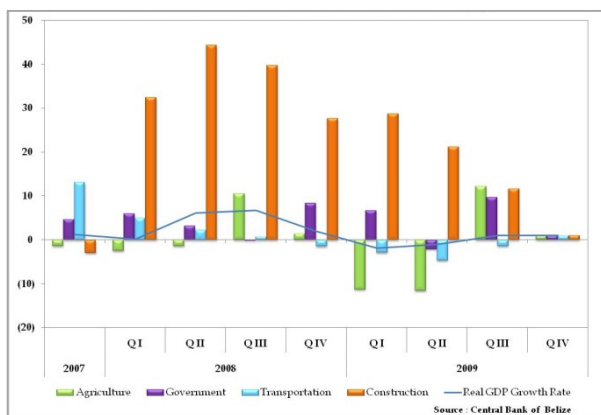
Figure 3: BARBADOS - GROWTH RATE OF GDP (%)



as the number of new licenses issued to IBC's for the first three quarters of 2009 fell by 42 per cent, which to some extent reflects the difficulties experienced by some offshore companies in the wake of the global economic downturn. The value added by the construction sector also declined by approximately 25.9 per cent, having fallen by 15.7 percent for 2009 when compared to 2008. It was significantly hampered by the downturn in private long-term financial

flows. Agriculture (3.6%), Petroleum (0.6 %) and Government (3.0%) are the only sectors to experience positive, but minimal, growth rates in 2009.

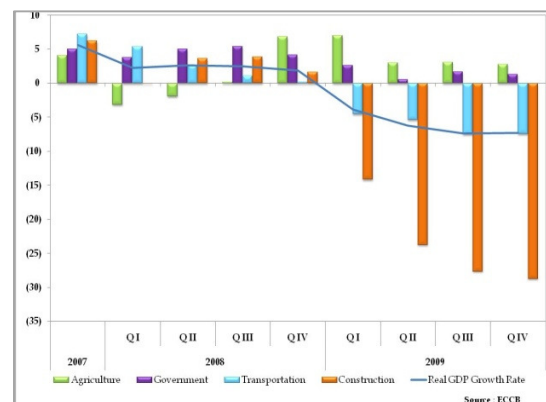
Figure 4: BELIZE - GROWTH RATE OF GDP (%)



Belize's economic activity decelerated in 2009 by 4.7 percentage points when compared to 2008 (6.4%). All sectors reported negative growth rates in the first half of 2009 with the exception of the construction sector; however in the latter half of 2009 the sectors' growth rates were positive: Agriculture (1%), Government (1%), Transportation (1%) and Construction (1%). Activity in the construction sector in Belize was volatile; it began a rapid descent in

2009, having a growth rate of 28.8 per cent (Q1 2009) falling to 1.1 percent (QIV 2009). The reductions in the production of the major export crops were largely due to the 2008 floods.

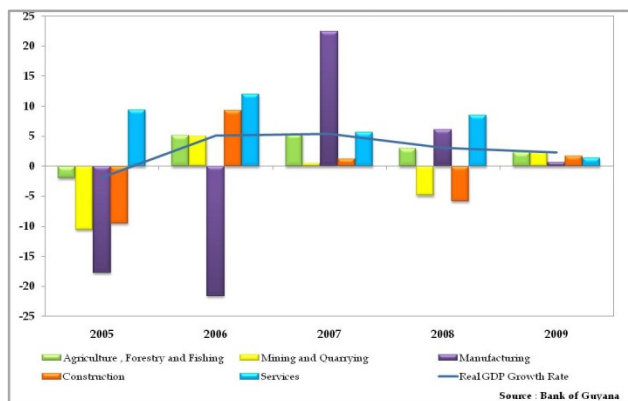
Figure 5: ECCU - GROWTH RATE OF GDP (%)



The growth rate of real GDP for the ECCU fell by 7.3 per cent in contrast to an increase of 1.9 per cent in 2008. Changes in real GDP ranged from negative 26.0 per cent in Anguilla to 1.0 per cent in Montserrat. This contraction is the largest since the GDP data series was developed, and it was also influenced by a weak external demand for manufactured goods. Consequently, output decreased in the construction, hotels and

restaurants, manufacturing, transportation, and wholesale and retail trade sectors. A closer examination of two key sectors, construction and tourism, indicates that value added in the construction sector is estimated to have decreased by 28.7 per cent in contrast to the 1.7 per cent rate of growth realised in 2008; consequently, the construction sector's share of GDP fell to 10.1 per cent from 13.2 per cent in 2008.

Figure 6: GUYANA - GROWTH RATE OF GDP (%)



The Guyanese economy continued to grow in 2009, albeit at a slower rate of 2.3 per cent compared to 3.1 per cent in 2008. This positive growth can be linked to the positive performance in all sectors' output, except from manufacturing which registered flat growth. Agriculture, Fishing and Forestry recorded a 2.8 per cent increase in real growth in 2009 due to increases in output of sugar and rice; and both the Engineering and

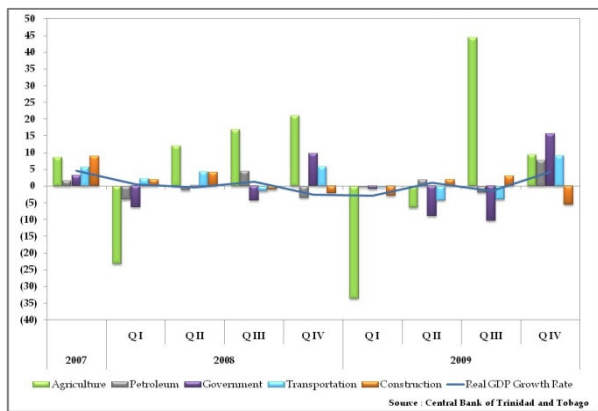
Construction and Services sectors experienced increases of 1.5 per cent and 2.7 per cent respectively in 2009. For the year 2009 Haiti, had an estimated 2.9 percent economic growth projection, which comes a year after the Caribbean nation suffered nearly \$1 billion in damage in the wake of four storms that left hundreds dead while destroying roads, bridges and agricultural fields. The 2.9 percent growth is the result of the millions of dollars in investments in agriculture, roads and bridges after the storms and also, exports rose 23 percent in 2009, largely due to duty-free textiles.

Jamaica's economy declined again for the second consecutive year by 2.7 per cent in 2009. The economy's performance reflected declines in Mining & Quarrying, Manufacture, Transport Storage & Communications and Construction. The mining and quarrying sector contracted by 50.2 per cent in 2009 compared to a decline of 2.5 per cent in 2008; and there was closure of two aluminium companies. Moderating the impact of the contraction in those industries on overall GDP was the robust growth in Agriculture, Forestry & Fishing and small increases in Electricity & Water, Hotels & Restaurants and Finance & Insurance. Agriculture, Forestry and Fishing grew significantly by 12.1 per cent in 2009 relative to a decline of 5.2 per cent in 2008.

During the third quarter of 2009, the Netherland Antilles economy grew by an estimated 0.8 per cent. The economic slowdown was a result of investment spending being stagnant, and a fall in net foreign demand, while there were increases in public consumption and investment which rose mainly due to increased expenditures on consultancy and to the implementation of the Social Economic Initiative.

In 2009 the Surinamese economy performance remained above its regional peers. Although its economic growth slowed to 2.5 per cent, it has remained positive, having contracted by 4 percentage points in 2008 for the same reasons as the other countries.

Figure 7: TT - GROWTH RATE OF GDP (%)

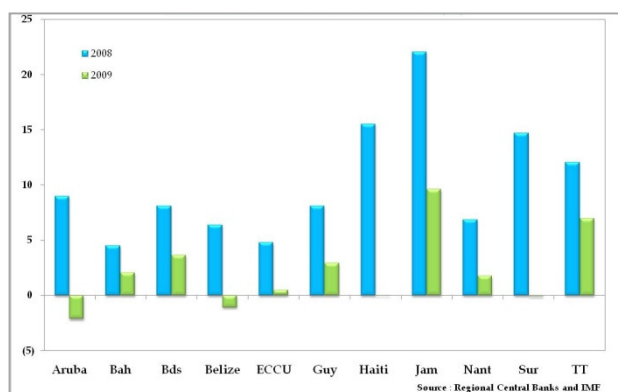


Trinidad and Tobago registered a negative growth rate of Real GDP of 3.2 per cent for 2009, after 15 years of positive growth. From 12 per cent in 2006 the rate of growth has fallen over the consecutive years. However, in the last quarter of 2009 a marginal increase of 0.8 per cent in real GDP growth was recorded and this is related almost entirely to the improved output performance of the energy sector as a result of the rising demand related to the global recovery and the coming on stream of new natural gas

production capacity. Also within this quarter, crude oil prices rose. Construction activity for 2009 contracted as several major public sector projects were completed or neared completion. Associated with declines in construction were reduced output of chemicals and non-metallic minerals, and in assembly-type and related industries. The manufacturing sector as a whole is estimated to have contracted by 5.6 per cent due to export and domestic factors.

3.2 INFLATION

Figure 8: REGIONAL INFLATION RATE (%)

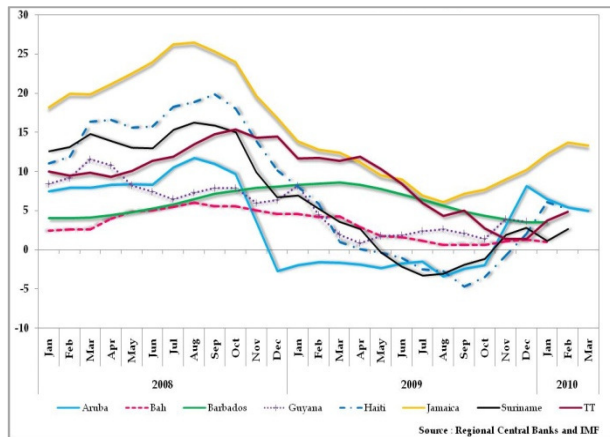


Inflation in the Caribbean remained low. Credible monetary policies on the discretionary side and hard-wired monetary policy rules that target inflation have brought about this result. Lower fuel and food prices on the international market have also dampened inflationary pressures. The average inflation rate for the Caribbean region for 2009 was 6.6 per cent compared to 12.5 per cent in 2008. These rates ranged from

minus 2.13 per cent (Aruba) to 9.58 per cent (Jamaica). The steepest annual decline for 2009 were in Haiti and Suriname, falling from 15.5 and 14.7 per cent, respectively, in 2008 to steady prices of 0.0 per cent in both cases in 2009.

For Aruba the inflation rate in 2009 was -2.13 per cent. In The Bahamas, the average inflation rate for 2009 was 2.06 per cent. In the Bahamas inflation has been falling since October 2008, reaching a low of 0.6 per cent in August 2009; the rate continued to fluctuate around 1 per cent and at end of January 2010 its reported rate was 1.02 per cent.

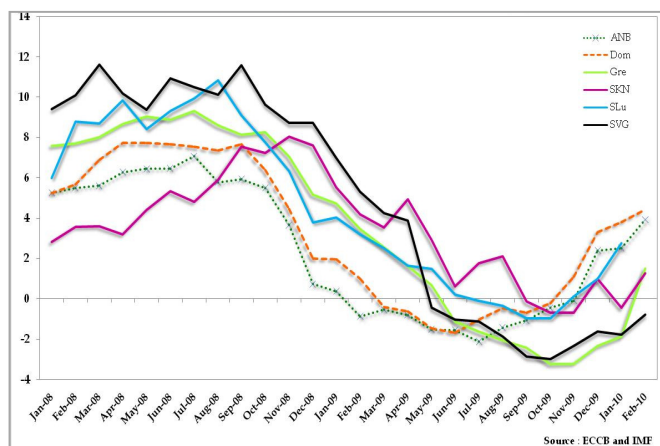
Figure 9: CARIBBEAN - INFLATION RATE (%)



Barbados' inflation rate decreased substantially from 8.1 per cent (2008) to 3.64 per cent (2009). For January - September 2009 increases were recorded for alcoholic beverages and tobacco (22.9%), food (10.7%), household operations and supplies (7.7%), medical and personal care (7.6%) and clothing and footwear (8.0). On the other hand, fuel and light and transportation registered declines of 9.4% and 4.1%, respectively. At January 2010, inflation in Barbados stood at 3.5 per cent.

In August 2009 Belize recorded a historically low inflation figure of -3.57 per cent. Inflation in Belize fell from 4.43 per cent in November 2008 to -0.39 per cent in November 2009. Prices declined in most categories with the exception being in Food and beverages and tobacco, Medical, Recreation and Personal care. Disinflation was prominent in Transportation and communication, falling by 9.6 per cent (June 2009).

Figure 10: INFLATION RATE - ECCU Countries (%)



Consumer prices in the ECCU fell by 0.6 per cent, in contrast to an increase of 3.9 per cent during 2008. For the period January to December 2009 inflation ranged from -0.6 per cent in Antigua to 2.09 per cent in St. Kitts. Lower inflation in ECCU economies in 2009 is largely attributable to a fall in international prices of some commodities including oil and food. Declines were recorded in the consumer price index in St Vincent and the

Grenadines (2.3 per cent), Grenada (2.3 per cent), Anguilla (1.4 per cent) and St Kitts and Nevis (0.2 per cent), while price increases were recorded in Saint Lucia (0.3 per cent), Antigua and Barbuda (1.4 per cent), Dominica (1.6 per cent) and Montserrat (1.7 per cent). The food sub

index, which has the largest weight, fell in four of the eight member countries. The greatest contraction was recorded in Grenada, where food prices fell by 4.7 per cent.

In Guyana the inflation rate fell considerably, to 2.91 per cent in 2009, from 8.1 per cent in 2008. Prices in the food sub index declined by 4.3 percent. Price decreases were particularly strong in the categories of fruits, vegetables, alcoholic and non-alcoholic beverages, milk, meat, fish and cereals. The price of clothing as well as medical and personal care decreased by 4.6 percent and 0.7 percent, respectively. Price increases were seen in the categories of education, housing and miscellaneous goods and services, which rose by 6.6 percent, 19.0 percent and 5.8 percent respectively. Transport & communication recorded a 3.9 percent increase from a decline of 7.4 percent in 2008.

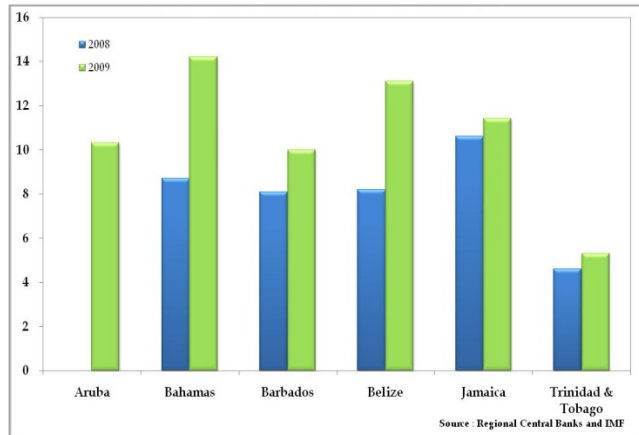
The annual average inflation rate in Jamaica fell to 9.6 per cent in 2009 from 22.0 per cent in 2008. Inflationary pressures were tempered in 2009 because of the stability of the exchange rate as well as reduced demand attributed to the contraction in the economy coupled with improved domestic agriculture production. In May 2009 there was a 41.7 per cent increase in the SCT on tobacco products which contributed to inflation in 2009. As at March 2010, annual point-to-point inflation in Jamaica was 13.33 per cent; this was largely influenced by domestic administrative price adjustments as well as the impact of drought conditions on agriculture prices.

In the Netherlands Antilles inflation remained contained for the year 2009, having fallen to a rate of 0.44 per cent in December 2009 from 7.85 per cent in December 2008. Almost all CPI components reported a deceleration for the period January to September 2009, while Housing and Transport & Communication posted a deflation of 3.3% and 2.4%, respectively. These price declines were due to lower utility, gasoline, diesel, and propane prices. Conversely, price gains in Health (2.4%) and Other (3.4%) mitigated somewhat the deflationary pressures. An analysis by island indicates that in the third quarter of 2009, St. Maarten recorded a deflation of 0.6%, while Curacao and Bonaire posted an inflation of 0.5% and 2.2%, respectively.

Suriname's annual average inflation rate fell from 14.5 percent in 2008 to less than 1 per cent in 2009. Food, energy and transportation weigh heavily in the CPI (55%) and their domestic prices fell rapidly over the year. In Trinidad and Tobago, for the same reasons as the other countries, inflation decelerated to an all time low of 1.34 per cent in December 2009 reflecting an absolute decline in food prices. On a 12-month basis the rate of increase in the food and non-alcoholic beverages sub-index slowed to 0.4 per cent compared to 29.8 per cent in 2008. For 2009, there were broad based declines in prices in Trinidad and Tobago for nearly all food items. As oil prices have begun to rise, pass through effects have begun to filter through in Suriname and Trinidad and Tobago with inflation rates recorded of 2.65 percent (February 2010) and 4.81 per cent (February 2010) respectively.

3.3 LABOUR MARKET

Figure 11: REGIONAL UNEMPLOYMENT RATE (%)



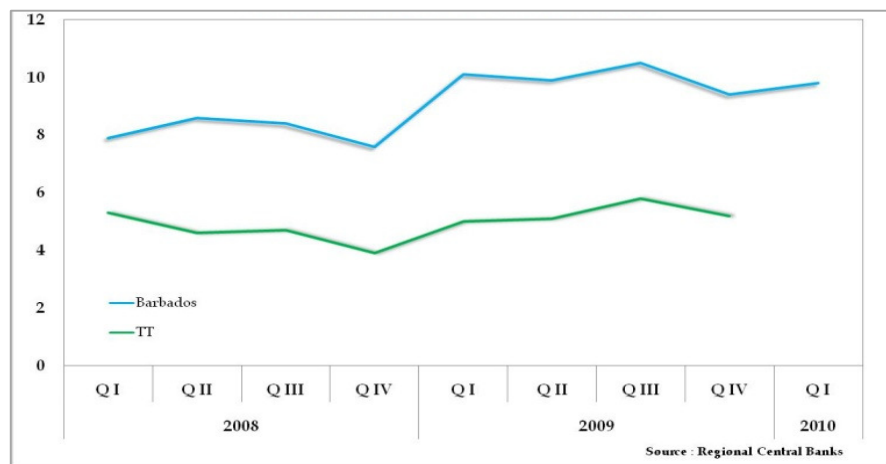
As a result of the slowed economic activities in 2009, job losses have occurred particularly in the private sector, mainly in distributive trades, construction and in the manufacturing sector. With the exception of Guyana where the unemployment steadied, the Caribbean economies for which data were available exhibited increases in the rate of unemployment in 2009, with the rate ranging from 5.3 per cent in Trinidad and Tobago to 14.2 per cent in The Bahamas.

Aruba’s unemployment rate increased to 10.3 per cent in 2009, and this can be linked to the oil refinery not being fully operational. Since July 2009, the oil refinery has been idle resulting in the layoff of contract workers; the number of direct employed workers at the refinery fell only slightly from 674 to 661 persons. Permanent closure of the oil refinery will have dire effects on the Aruban economy, so that the government has made a deal with the owners of the refinery requiring them to keep the employees on the payroll at least until June 2010.

The sharpest increase in unemployment was recorded in The Bahamas where the unemployment rate increased by 5.5 percentage points to reach 14.2 per cent (2009). Also, in Belize, for the same reason the unemployment rate was 13.1 per cent in 2009, an increase of 4.9 per cent. For the ECCU there is no data but it was reported that unemployment levels increased for 2009.

Figure 12: UNEMPLOYMENT RATE (%) - BARBADOS AND TRINIDAD AND TOBAGO

Labour market conditions have been reported to remain unchanged in Guyana. Employment in the public sector improved, with an overall increase of 2.1 percent recorded in 2009. This position reflected an increase in employment within the central government of 7.8



percent. In contrast, employment in public corporations declined by 0.9 percent. This was attributed to a 1.6 percent decline in the Guyana Sugar Company employment, the main contributor to employment in the public sector. In addition, Guyana National Newspapers Limited and Guyana Mining Enterprise posted 10.7 percent and 14.5 percent decline in unemployment, respectively.

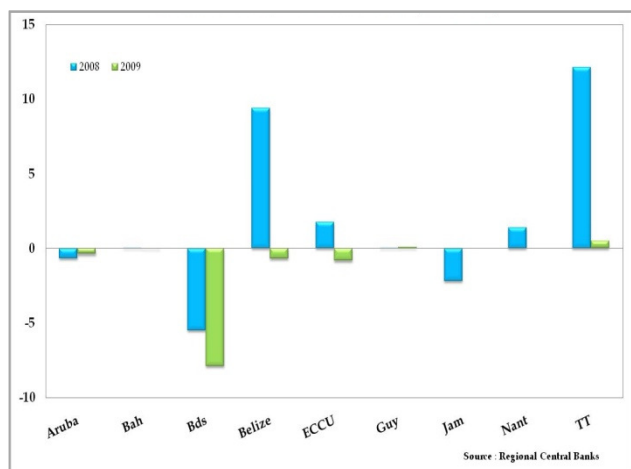
The unemployment rate for Jamaica in 2009 was 11.4 per cent, 0.8 percentage point higher than in 2008. The job seeking rate grew by 0.6 percentage point to 7.2 per cent during the review period. The increase in unemployment reflected job losses primarily in the construction, distribution and manufacture industries. There were, however, significant increases in employment in the agriculture and financial intermediation industries.

Barbados' unemployment rate increased by 1.9 percentage points in 2009 to reach 10 per cent, this being reflective of the slower pace of economic activity in the country. Most job losses in 2009 were from the Construction and quarrying and General services sectors. For 2010 it is expected employment may increase, as for the first quarter of 2010 the unemployment rate decreased marginally to 9.8 per cent (Figure 12). In Trinidad and Tobago the rate of unemployment increased from 4.6 per cent (2008) to 5.3 per cent (2009) similarly because of the decline in economic activities. Declining levels of employment were evident in all sectors, with distribution recording the largest fall (8.6 thousand people - September 2009) while completion of major projects resulted in a 4.6 thousand people from the construction sector being unemployed in the third quarter of 2009.

3.4 FISCAL ACCOUNTS

3.4.1 Current Fiscal Account

Figure 13: CURRENT ACCOUNT DEFICIT (% OF GDP)



The fiscal year 2009 proved to be a challenging one witnessed by deterioration in the fiscal accounts of most Caribbean countries. The current fiscal deficit for Aruba narrowed by 39.8 percent to reach US\$11.1 million at the end of 2009. The narrowing of the fiscal deficit was largely a result of reduced expenditure on goods, services and transfers to statutory agencies, which mitigated the lower tax intake on income and

commodities.

The current fiscal surplus for Guyana more than doubled to US\$79.2 million in December 2009 when compared to the outturn in 2008. Revenue performance in Guyana for 2009 exceeded the budget target by 5.1 percent mainly due to stronger tax intake from the Inland Revenue and Customs and Trade Administration Departments.

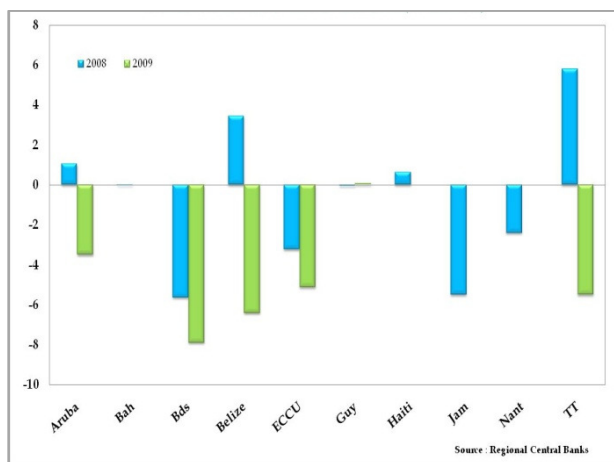
In Trinidad and Tobago, the current fiscal deficit deteriorated sharply to US\$95.6 million from US\$3152.5 million in December 2008. Similarly, in Belize the current fiscal account surplus was reversed from US\$55.8 million to a deficit position of US\$4.2 million. The current fiscal performance in both Belize and Trinidad and Tobago was partly due to a reduction of revenues from the petroleum sector in the form of royalties or taxes.

The Bahamas and the ECCU both moved from a current account surplus position to a deficit position of US\$90 million and US\$37 million respectively. The performance on the current fiscal accounts in the ECCU was largely due to a sharp decline of 8.7 percent in revenue, reflecting the contraction in economic activity as a result of the global economic downturn. The outturn on the current account for The Bahamas reflected a combination of a 7.2 percent decline (including 16.8 fall in taxes on international trade) in current revenue and a 2.5 percent increase in expenditure. In Barbados, the deficit on the current fiscal accounts almost doubled to US\$326.1 million when compared to the performance at the end of 2008. This outturn was mainly due to an increase in expenditure on wages and salaries and retroactive pay as a result of new salary rates, and an increase in transfers and subsidies to the UWI and other statutory agencies.

3.4.2 Overall Fiscal Balance

The overall fiscal position for all countries deteriorated during 2009. Aruba, Belize and Trinidad and Tobago moved from a net surplus position on the fiscal accounts in December 2008 to an overall deficit position in December 2009. Aruba moved from a surplus position of US\$28.7 million in December 2008 to an overall deficit of \$US91.2 million. This result was influenced by a fall in the yield on income tax (4.2%) and taxes on international trade (14.8%) reflecting lower consumption and economic activity as a result of the global downturn. In Belize a 10.4 percent fall in current revenue, coupled with a 7.1 percent increase

Figure 14: OVERALL FISCAL BALANCE (% OF GDP)



in current expenditure, contributed to worsening of the overall fiscal deficit. The overall balance was reversed from a net surplus position of US\$20.5 million to an overall deficit of US\$38.2 million.

Similarly Trinidad and Tobago recorded a drop in current revenue of 33.4 per cent as at December 2009 when compared to the previous year. The significant decline in revenue was mainly due to a fall in revenue from the energy sector. This was related to developments in prices on the international markets for petroleum and natural gas. Following peak petroleum prices of US\$147.3 per barrel in July 2008, the demand for petroleum declined in late 2008 and early 2009, easing pressure on prices. In the context of rising oil prices, the original budget estimates for 2008/2009 were based on an oil price forecast of US\$70 per barrel and natural gas price forecast of US\$4.00 per mmbtu, in contrast to an average outturn of f US\$57.26 per barrel of oil, and US\$4.47 per mmbtu for natural gas.

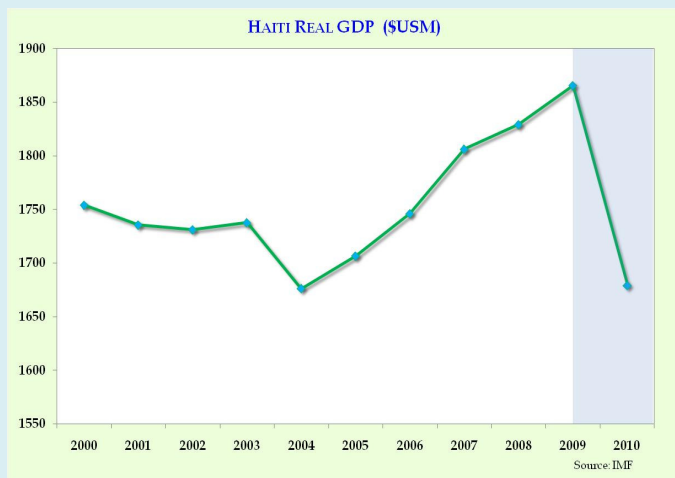
At the end of December 2009, the overall deficit for The Bahamas doubled to reach US\$402.3 million. This development was influenced by a reduction in current revenue and significant outlays on capital projects including seaport expansion and road rehabilitation projects.

For the ECCU, the overall deficit on the operations on the fiscal account for the combined ECCU member territories widened to US\$225.9 million. This amount represents 5.1 percent of GDP up from 3.2 percent of GDP in December 2008. This performance was strongly influenced by a decline of 8.7 in current revenue intake for member territories, although capital expenditure fell by 11.2 percent when compared to expenditure in 2008.

The overall deficit for Guyana increased marginally by 4.6 percent, to reach US\$67.1 million by the end of 2009 due to a 30.7 percent increase in capital expenditure on road development, housing and electrification programmes.

Box 1: International Donors Conference towards a New Future for Haiti

The United States and the United Nations (UN), in cooperation with the Government of Haiti, with the support of Brazil, Canada, the European Union, France and Spain co-hosted a ministerial conference the “International Donors’ Conference Towards a New Future for Haiti” at the United Nations in New York on March 31, 2010.



The goal of the conference was to mobilize international support for the development needs of Haiti following the disastrous earthquake which occurred on January 12, 2010. The conference aimed to mobilize and secure resources that will allow for long-term recovery of the economy of Haiti.

At the conference, Haiti presented its vision and action plan for redevelopment and identified areas where international support will be required. Countries, international organizations and other

partners demonstrated strong commitment to Haiti’s recovery effort by pledging over US\$9 billion for the reconstruction efforts. US\$5 billion of this amount has been pledged for the short term period 2010-2011. The conference agreed that assistance will support the implementation of the Haiti Action Plan for Recovery in a manner that strengthens the authority of the state, promotes human rights, protects the environment and addresses vulnerabilities. In doing so, donors affirmed that Haitians from all walks of life must be included in long-term recovery and committed to using Haitian firms and workers wherever possible in rebuilding efforts. The principles of Haitian ownership, inclusivity and sustainability were therefore at the forefront of discussions.

Countries also demonstrated commitment beyond pledging financial resources to areas such as trade facilitation and market access. For instance, the Minister of Exterior Relations for Brazil which pledged \$172 million, Ceslo Amorim, stated the following: “Countries should offer duty-free quota and free access to Haitian goods into their markets” as a means to support Haitian trade... this is a test-case for the international community to show willingness and to work together for a just and undisputed cause.”

Source: www.haiticonference.org, IMF and Central Bank of Haiti.

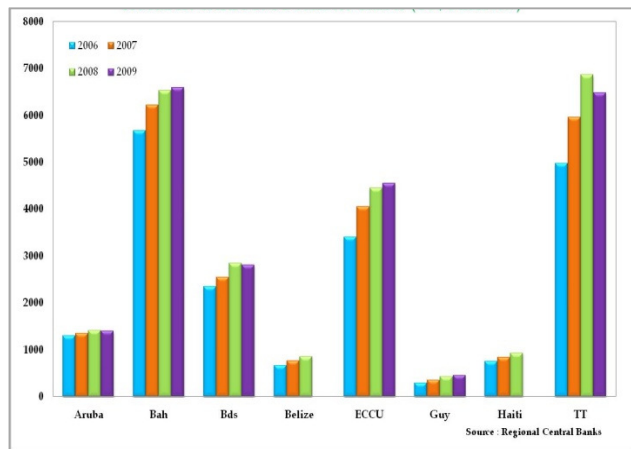
3.5 BANKING AND FINANCE

3.5.1 Domestic Credit

Trends in credit growth varied across the Caribbean countries for the year 2009, as three countries posted declines in total domestic credit, while other territories registered increases.

During the year 2009, domestic credit declined in Aruba, Barbados and Trinidad and Tobago by 0.7 percent, 1.3 percent and 5.6 percent respectively when compared to the performance in 2008. This ties in with our earlier comment on credible monetary policies and to inflation in Caribbean economies. The evidence of domestic expansion in the Caribbean is linked to movements in real economic activities.

Figure 15: CARICOM DOMESTIC CREDIT (US\$ Millions)



After strong growth of 15.2 percent for Trinidad and Tobago in 2008, domestic credit declined in 2008 due to slowdown in the economy and caution about short term business and employment prospects. Consumer and business lending dropped while credit growth for real estate mortgages eased to 7.9 percent during 2009 in contrast to an increase of 17.1 percent in 2008.

In Barbados, domestic credit fell marginally by 1.3 percent in 2009 following growth of 11.9 percent in 2008. The 2009 performance reflected increases in credit to the construction sector and for mortgage loans induced by rate reductions. Credit to the distribution, manufacturing and tourism sectors contracted, reflecting slower economic activity in those sectors during the review period.

In Barbados, domestic credit fell marginally by 1.3 percent in 2009 following growth of

Contraction in consumer credit and private sector short term loans were identified as some of the contributory factors to the marginal decline in domestic credit for Aruba in 2009. The Bahamas posted marginal growth in domestic credit of 0.9 percent in an environment of increasing unemployment and anaemic business activity.

During 2009, the ECCU and Guyana posted stronger growth in domestic credit than their regional counterparts. Following significant increase in domestic credit of 20.8 percent in 2008, growth in domestic credit in Guyana slowed to 6.7 percent in 2009. This was mainly due to slower economic activity as a result of marginal contraction in the manufacturing and other sectors. The ECCU recorded growth in domestic credit of 2.3 percent in 2009 compared to a strong showing of 9.9 percent in 2008. Increasing unemployment and reduced business certitude are among the contributory factors to slower growth in credit for the ECCU.

3.5.2 Loans and Deposits

All countries recorded growth in total deposits at financial institutions during 2009, though at varying rates. Total deposits grew by 2.7 percent respectively in Aruba and the ECCU during the review period. While this growth is comparable to the 3.3 percent growth in deposits for

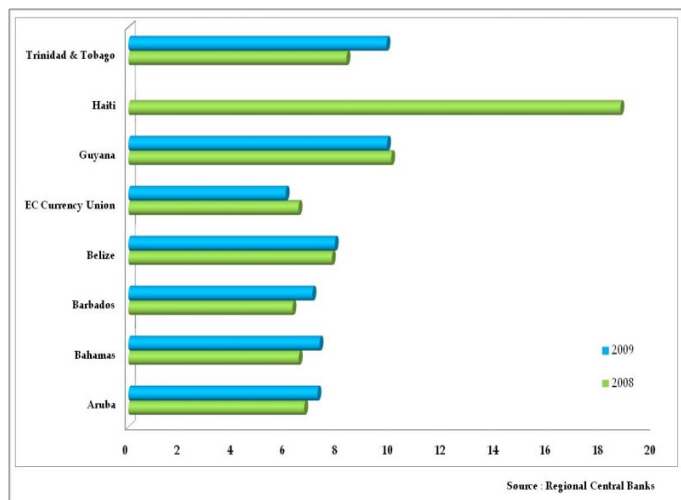
the ECCU in 2008, the figure is way below deposit growth of 12.3 percent recorded by Aruba in 2008, suggesting the impact of slower economic activity. Strong growth in deposits of 10.5 percent was noted in Guyana and 30.6 percent in Trinidad and Tobago. The growth in deposits for Guyana was consistent with the increase of 10.5 percent achieved at the end of 2008. In contrast, growth in deposits of 30.6 percent in Trinidad and Tobago outstripped the increase of 18.6 percent recorded in 2008.

3.5.3 Interest Rates and Spreads

In 2009, average loan rates increased marginally in Aruba, The Bahamas and the ECCU, but declined in other jurisdictions. In the Bahamas, the average loan rate increased by 46 basis points while the deposit rate dropped 30 basis points reflecting buoyant liquidity conditions. Similarly, the higher average loan rate and lower average deposit rate reflects high levels of liquidity within the banking system of Aruba. Average loan rates fell in Barbados, Guyana and Trinidad and Tobago, partly consistent with high levels of liquidity during the period. In Trinidad and Tobago, the Central Bank eased monetary policy resulting in a general decline of interest rates and a widening of spreads. Average deposit rates eased in all territories except the ECCU area where they advanced by 50 basis points, reflecting tighter liquidity conditions within the Currency Area.

Figure 16: COMMERCIAL BANK INTEREST RATE SPREADS (%)

The data reveal diverse trends in the direction of movement for interest rate spreads in the region. Many countries witnessed widening spreads as average loan rates fell at a slower rate than average deposit rates, while some countries experienced narrowing interest rate spreads.



During 2009, the average interest rate spread increased by 152 basis points in Trinidad and Tobago reflecting the combined effect of a drop of 165 basis points in the average deposit rate and 13 basis points in the average loan rate. In Barbados, interest rate spreads increased by 76 basis points as a result of an average reduction of 216 basis points in the deposit interest rate and 59 basis points in the loan interest rates. These patterns broadly reflect commercial banks' efforts to reduce operating cost centres perhaps in an effort to mitigate the impact in other cost centres such as non-performing assets consequent to contracting business activity, while attracting new lending business.

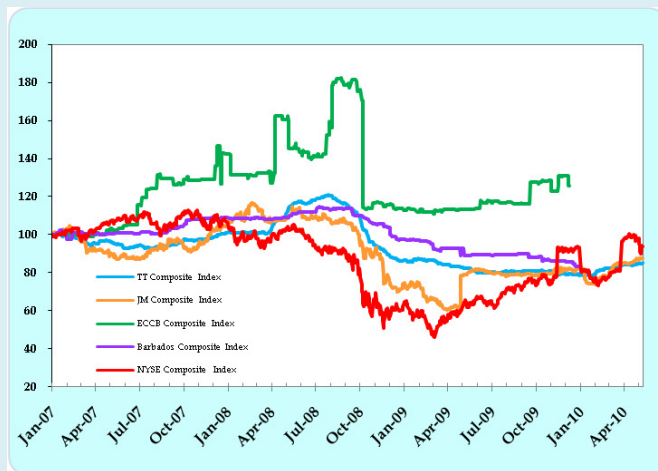
In The Bahamas and Aruba, the average interest rate spread increased by 50 and 79 basis points respectively. However, the analysis reveals that this widening of spreads was a result of higher

average loan rates, assisted by lower average deposit rates. This suggests that commercial banks in these jurisdictions sought to mitigate their losses by increasing their interest income without special promotions to attract new business.

Interest rate spreads fell marginally by 16 basis points in Guyana and 49 basis points in the ECCU during 2009. The fall in interest rate spreads in the ECCU was due largely to an increase in the average deposit rate of 50 basis points along with a marginal increase in the average loan rate. Liquidity conditions tightened in the ECCU during 2009, thus many commercial banks may have increased interest rates as they launched or intensified deposit taking initiatives. In Guyana, the widening interest rate spread was on account of an 18 basis point reduction in the average loan rate. This is consistent with the presence of excess liquidity in the banking system, where banks would seek to increase lending activity in an effort to increase efficiency of their intermediation process. In Belize the average interest rate spread increased marginally by 11 basis points due to a reduction of the average deposit rate which more than offset an increase in the average loan rate.

Box 2: Comparative Performance CARICOM and US Stock Exchanges

The US subprime mortgage crisis became apparent in 2007 and exposed significant weaknesses in the US financial system. However, it was not until the collapse of Bear Stearns in March 2008 that the markets more actively acknowledged the subprime mortgage meltdown. Thus, for purposes of this analysis, March 2008 is assumed to be the commencement of the global financial crisis.



Comparison of the composite indices for the New York Stock Exchange (NYSE) and CARICOM stock exchanges reveals that since the beginning of the crisis, regional exchanges have experienced some decline in trading activity. The chart presented demonstrates that trading activity for the Jamaica Stock Exchange has largely tracked activity in the NYSE. Activity in Trinidad and Tobago and Barbados exchanges initially declined at the onset of the crisis but for the most part remained relatively flat. This suggests that market participants are still cautious and therefore limit trading activity. In ECCU area, the ESCE index dropped sharply in October 2008 and activity

remained steady since then, and increasing in September 2009. The impact of the global crisis on the regional exchanges has therefore been limited to dampening of confidence. There is little evidence to suggest increased volatility in the activity of regional exchanges. This may primarily be due to the fact that market participants do not actively trade securities. Rather, the buy and hold approach has perhaps militated against higher volatility during the crisis period.

3.6 External Trade

Regional exports struggled in 2009, as exports declined in most territories, except for the ECCU where it actually increased by 4.1 per cent for the year largely on account of its performances in the first and second quarter. The most dramatic declines in exports were registered by Guyana where they fell by 66.4 per cent and in Trinidad and Tobago where exports halved (50.6%). The overall surplus recorded by Trinidad and Tobago was largely on account of the surplus of 24.3 per cent it recorded in the first quarter of the year. In the following quarters that country recorded dramatic declines in exports of over 50 per cent below the corresponding quarter export of the previous year. Aruba also registered significant declines in exports as they fell by 42.7 per cent.

Table 9: ANNUAL GROWTH IN EXPORTS IN CARICOM COUNTRIES 2009

	Annual Performance	I	II	III	IV
Aruba	(42.7)	(21.4)	(31.4)	(63.4)	(50.3)
Barbados	(13.7)	(6.1)	(23.4)	(21.3)	5.4
Belize	(18.1)	(19.5)	(26.7)	(21.8)	(1.2)
ECCU	4.1	23.2	2.6	(1.1)	(3.4)
Guyana	(66.4)	(3.0)	(12.1)	134.9	(34.2)
Trinidad and Tobago	(50.6)	24.3	(69.0)	(74.5)	(53.6)

Overall, the external current account performances were mixed for the countries for which data were received. Aruba (6.0%), Guyana (0.1%) and Trinidad and Tobago (8.3%) recorded surpluses on the account, but Barbados and Belize registered deficits on the account. Trinidad and Tobago

continued to record the largest surplus in the region, but the surplus was reduced from the 33.7 per cent it recorded in 2008. The surplus remained the same in Guyana as the previous year. However, the most significant improvement in the external current account performance of the region was with respect to Aruba where that country exhibited improved external current account performance for 2009. As such, its current account performance improved to reach a surplus of 6 per cent of GDP in 2009, up from a deficit of 6 per cent in the previous year. Barbados and Belize also showed improvements as they recorded a narrowing of the external current account deficits by 5.6 and 4.8 per cent respectively.

Table 8: ANNUAL GROWTH IN IMPORTS FOR CARICOM 2009

	Annual Performance	I	II	III	IV
Aruba	(55.41)	(40.7)	(36.7)	(69.2)	(74.0)
Barbados	(23.43)	(25.7)	(29.7)	(23.2)	(15.4)
Belize	(20.18)	(15.7)	(27.0)	(21.8)	(16.4)
ECCU	(17.54)	(3.6)	(24.4)	(20.0)	(20.8)
Guyana	(11.66)	(15.8)	(18.5)	(21.6)	13.4
Trinidad and Tobago	(27.15)	(31.9)	(30.4)	(35.6)	(6.9)

All territories recorded a reduction in imports. The decline in imports was larger than the decline in exports, assisting the regional countries in containing the adverse external current

account performances. Aruba recorded the largest reduction in imports which fell by over 50 per cent.

3.6.1 Tourism

Table 10: Tourist Stopover Arrivals in 2010

Destination	Period	% Change		
		Overall	Winter	Summer
Aruba	Jan only	3.1	3.1	-
Barbados	Jan-Feb	1.7	1.7	-
Curacao	Jan only	-13.5	-13.5	-
Grenada	Jan-Mar	-7.1	-7.1	-
Guyana	Jan-Mar	7.3	7.3	-
Jamaica	Jan-Feb	6.3	6.3	-
Saint Lucia	Jan-Mar	12.5	12.5	-

Source: Caribbean Tourism Organisation
(www.onecaribbean.org)

Most Caribbean economies exhibited reduced tourist stopover arrivals in 2009. However, the market rebounded at the start of 2010 in some countries. Tourist arrivals from the US and Canada increased for countries such as Saint Lucia, Jamaica and Barbados, but arrivals from Europe continued to decline in the majority of Caribbean countries.

Table 11: Tourist Stopover Arrivals in 2009

Destination	Period	% Change		
		Overall	Winter	Summer
Anguilla	Jan-Nov	-17.3	-21.8	-13.6
Antigua & Barbuda	Jan-Dec	-11.8	-13.6	-10.6
Aruba	Jan-Dec	-1.7	-6.8	1.1
Bahamas, The	Jan-Dec	-9.3	-14.2	-6.2
Barbados	Jan-Dec	-8.7	-7.2	-9.5
Belize	Jan-Dec	-5.2	-7.1	-3.8
Bonaire	Jan-Sep	-12.7	-16.3	-9.2
Curacao	Jan-Dec	-10.3	-3.0	-13.6
Dominica	Jan-Nov	-12.1	-1.4	-17.1
Grenada	Jan-Dec	-12.5	-11.4	-13.2
Guyana	Jan-Dec	6.2	-1.9	10.1
Jamaica	Jan-Dec	3.6	2.0	4.5
Montserrat	Jan-Dec	-14.3	-11.4	-15.5
St. Lucia	Jan-Dec	-5.8	-8.8	-4.1
St. Maarten	Jan-Dec	-7.4	-13.7	-2.9
St. Vincent and the Grenadines	Jan-Dec	-10.3	-8.1	-11.4
Trinidad and Tobago	Jan-Aug	-5.5	-10.5	0.1

Source: Caribbean Tourism Organisation (www.onecaribbean.org)

With the exception of Guyana and Jamaica, all other Caribbean countries covered by this report recorded declines in stopover arrivals in 2009. Guyana registered an increase in stopover arrivals of 6.2 percent while total stopover arrivals grew by 3.6 percent for Jamaica. In the cruise subsector, total arrivals increased for all countries except Jamaica which experienced a drop of 15.3 percent in 2009. Aggregate tourist arrivals

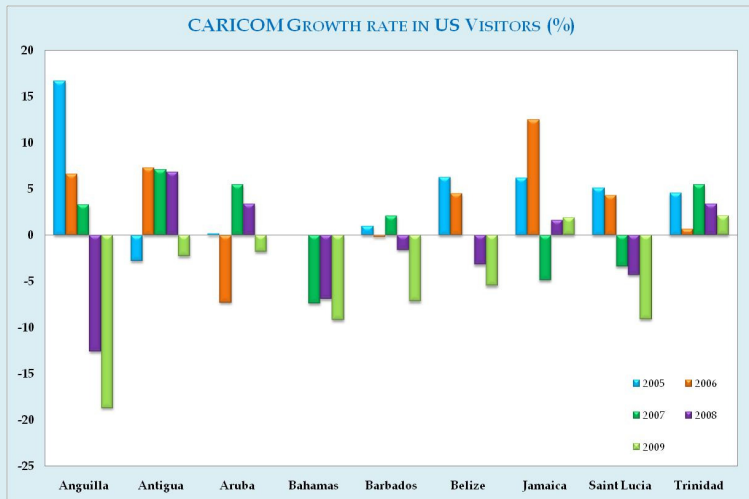
from the CTO for the wider Caribbean shows a 3.6 percent decline in total visitor arrivals for 2009 when compared to the performance in 2008.

The member countries of the ECCU were the most affected by the fall in visitor arrivals during 2009. All member countries except Saint Lucia recorded double digit declines in stopover arrivals ranging from 17.3 percent in Anguilla to 10.3 percent in Saint Vincent and the Grenadines. Among the group, Saint Lucia posted the lowest drop of 5.8 percent in total

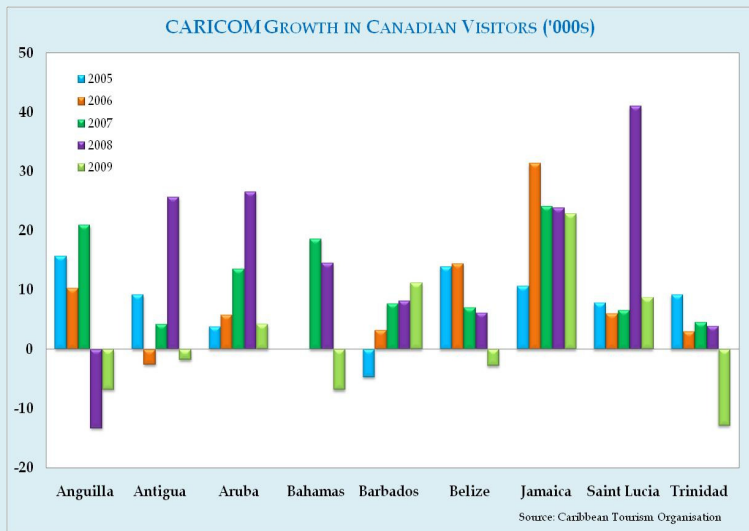
stopover arrivals in 2009. Barbados, Belize, The Bahamas, and Trinidad and Tobago registered declines in stopover arrivals of 8.7 percent, 5.2 percent, 9.3 percent and 5.5 percent respectively. Total visitor arrivals for the Dutch Caribbean declined by approximately 3.7 percent in 2009 when compared to 2008.

Consistent with the decline in stay over arrivals, average hotel occupancy for the Caribbean in 2009 declined by 4.1 percentage points to 61.6 percent, while the daily room rate declined by 13.5 percent as a result of heavy discounting. The discounting of room rates, coupled with the observation that visitors exercised considerable prudence in their spending, suggests that the region will likely observe lower foreign exchange earnings from the tourism industry in 2009 compared to the performance in 2008.

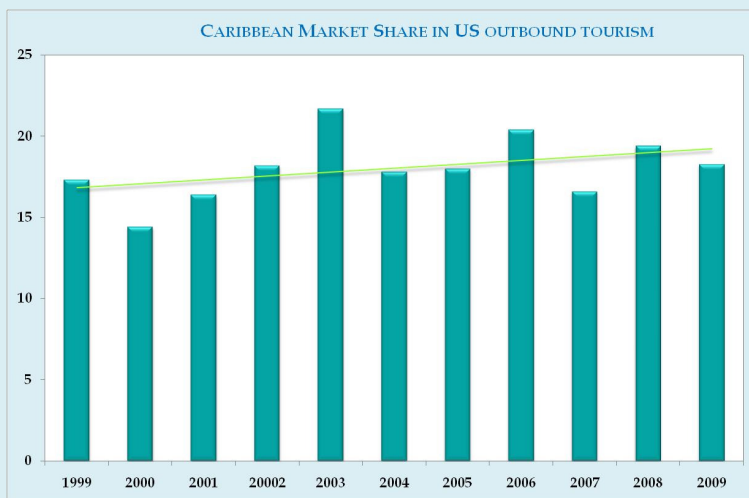
BOX 3: SOME TRENDS IN CARIBBEAN TOURISM



Data for 2009 suggest that total visitor arrivals for most Caribbean countries declined in 2009. An analysis of the performance of two of the closer source markets to the Caribbean, Canada and the United States, reveals contrasting trends. With the exception of Dominican Republic, Guyana, Jamaica, Trinidad and Tobago and the US Virgin Islands, total visitor arrivals to other Caribbean declined in 2009.



Moreover, growth in visitor arrivals from the United States market has been falling for the last 2-3 years in a number of jurisdictions including Saint Lucia, Barbados, The Bahamas and Antigua. Additionally, the Caribbean's share in US outbound tourism moved below trend in 2009, suggesting that the Caribbean is slightly losing its foothold in that market.



Developments in the Canadian market in recent years have been more favourable. Jamaica (24.1), Barbados (11.2) Saint Lucia (8.7) and Aruba (4.2) all recorded positive growth in the Canadian market. Data on Canadian outbound tourism suggest that while the number trips taken by residents of Canada fell by 3.1 percent in 2009, Canadian visits to other countries apart from the US increased by 1.3 percent during that period. In contrast, the number of US outbound visitors in 2009 declined by about 1.9 percent in 2009. This suggests that there is scope for the Caribbean to increase market share in Canadian outbound tourism. It may be strategic for countries which have not explored options in that market to pursue any potential opportunities.

3.6.2 Net Capital Flows

In general the regional economies recorded a reduction in net capital inflows when examined on a five-year interval. Aruba exhibited net outflows of 2 per cent of GDP in 2009, in contrast to the consecutive years of net inflows it received since 2005. Barbados received lower capital inflows of 7.5 per cent and 4 per cent in 2009 and 2008 respectively which was in contrast to 13 per cent of GDP it received in 2007. Net capital inflows also trended downwards for the ECCU in the last five years with capital inflows falling to 4.5 per cent, down from highs of 9 per cent and 5 per cent it received during the five year interval. The lowest capital inflows for 2009 were recorded by Belize (1.6%) and Guyana (0.2%). For Trinidad and Tobago, that country had been recording net outflows of over 14 per cent in the last five years, but in 2009 outflows halved from the 2008 level to reach 11.7 per cent.

3.6.3 Debt

The external debt stock increased in all countries for which data were received, except Guyana. The highest increase came from Belize and the ECCU where Debt to GDP ratio increased by 5.0 and 4.6 percentage points respectively. Debt also rose in Barbados (2.8%) and Trinidad and Tobago (0.4%). The Debt to GDP ratio remained constant in Guyana at 0.7 per cent. Some countries accessed loans from multilateral institutions during 2009 under standby programmes, emergency programmes, extended credit facilities and exogenous shocks facilities.

3.6.4 External Reserves

External reserves grew in all CARICOM countries at the end of 2009, with the exception of Trinidad and Tobago, which recorded a reduction in reserves of 7.8 per cent, having recorded an increase of 40.6 per cent in the previous year. Guyana recorded the highest growth of 76.3 per cent compared to the end of the previous year. The Bahamas and Belize reflected the next highest growth of 45.4 per cent and 39.4 per cent respectively.

Table 12: Growth in CARICOM External Reserves

	2008	2009
Aruba	58.8	5.6
Bahamas, The	23.9	45.4
Barbados	(15.7)	26.6
Belize	58.9	39.4
EC Currency Union	(0.8)	5.5
Guyana	13.9	76.3
Haiti	27.4	n.a.
Jamaica	(5.8)	(2.4)
Netherland Antilles	24.1	n.a.
Trinidad & Tobago	40.6	(7.8)

BOX 4 : CARICOM NEW LOAN ARRANGEMENTS WITH THE IMF 2009-2010

Country	Lending program	Loan size and Date	Remarks
Jamaica	Macroeconomic and debt restructuring programme	\$1.27 billion February 4, 2010	<ul style="list-style-type: none"> • Reform of the public sector to reduce deficit • Debt restructuring to reduce debt restructuring costs • Reforms to the financial sector to reduce risk
Grenada	Extended Credit Facility	\$13.3 million April 2010	<ul style="list-style-type: none"> • To cushion the effects of the global crisis • Support agenda of economic reforms aimed at boosting growth, reducing poverty and strengthening the private sector
Antigua	Standby Arrangement	\$125 million Agreement in principle (executive board to consider in May 2010)	<ul style="list-style-type: none"> • Restore fiscal sustainability and put Antigua on the path to sustainable growth • Reforms aimed at strengthening revenue collection, public financial management and long term sustainability of the pension fund
Haiti	Extended Credit Facility	\$100 million January 15, 2010	<ul style="list-style-type: none"> • To assist Haiti in dealing with the aftermath of a massive and devastating earthquake
Belize	Emergency Assistance	\$6.9 million February 18, 2009	<ul style="list-style-type: none"> • To support the nation's recovery efforts from serious storm damage and flooding in 2008
Dominica	Exogenous Shocks Facility	\$5.1 million July 10, 2009	<ul style="list-style-type: none"> • To assist in recovery efforts following the passage of two hurricanes in 2007-08, and to mitigate the impact of the global downturn on the Dominica economy
Saint Vincent and the Grenadines	Exogenous Shocks Facility	\$5.7 million	<ul style="list-style-type: none"> • To assist the economy in adjusting to tourism and FDI shock
Saint Lucia	Exogenous Shocks Facility	\$10.65 million July 2009	<ul style="list-style-type: none"> • To assist in mitigating the impact of the global downturn.
Saint Kitts Nevis	Emergency Assistance	\$3.5 million	<ul style="list-style-type: none"> • To assist with recovery from hurricane

4.0 ECONOMIC PROSPECTS

The prospects for Caribbean growth in 2010 hinge on the continued recovery in advanced industrial economies, in particular the growth in international tourism. For some countries in the Caribbean, their prospects depend on commodity price increases in particular international markets. Improvements in job creation are currently lagging behind the recovery in output in advanced economies. It is therefore likely that the effects of the global downturn will further impact prospects for tourism-dependent countries if the employment conditions do not improve significantly in advanced economies.

The outlook for Caribbean tourism in 2010 may be further influenced by spillovers from increasing US openness to Cuba following the US lifting of travel restrictions on residents who have family in Cuba. In the medium term, greater opening of US travel to Cuba will likely result in increased competition among Caribbean countries for US market share. Mexico experienced drastic reduction in visitor arrivals in 2009 following the impact of the A (H1N1) virus which emanated from there. In the event that tourist arrivals recover speedily in Mexico, Caribbean countries will likely face greater pressure on recovery of their tourism markets during 2010. Available data for the Caribbean for the period January to March 2010 demonstrate that some countries, such as Aruba, Barbados and Saint Lucia have already started experiencing recovery in stopover arrivals, while arrivals are still falling in other countries. Commodity exporting countries will likely recover at a faster rate as the price of oil and other commodities started recovering in late 2009.