



The Performance of the Barbados Economy 2019

Charts

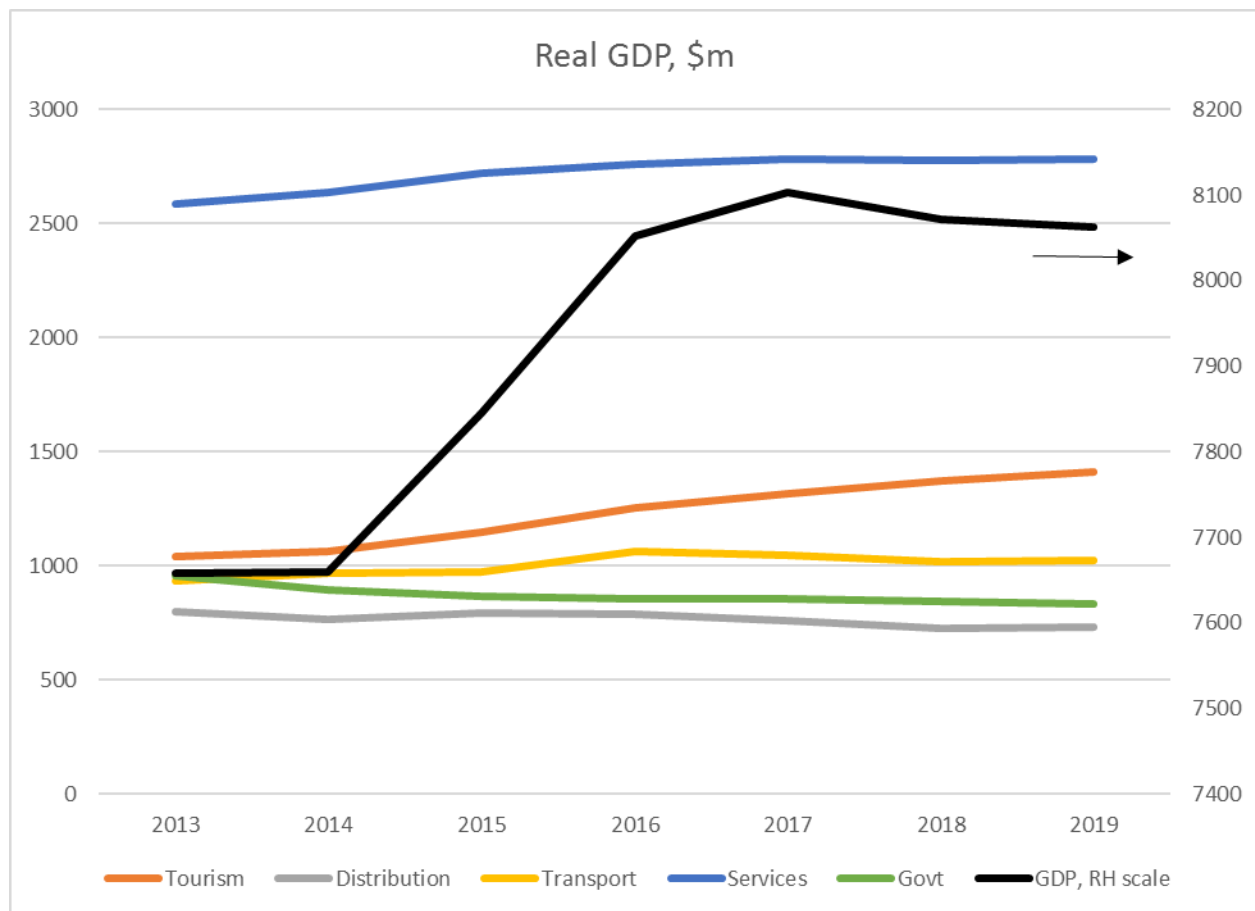
DeLisle Worrell

www.DeLisleWorrell.com

February 2020

These charts use data provided by the Central Bank of Barbados in the “Review of Barbados’ Economic Performance January to December 2019”, centralbank.org.bb.

Sectoral Growth



Tourism was the only growth sector in 2019; its contribution to real output has grown steadily over the past five years.

Finance and other services, which includes banking, insurance and international business and financial services, has stagnated since 2017.

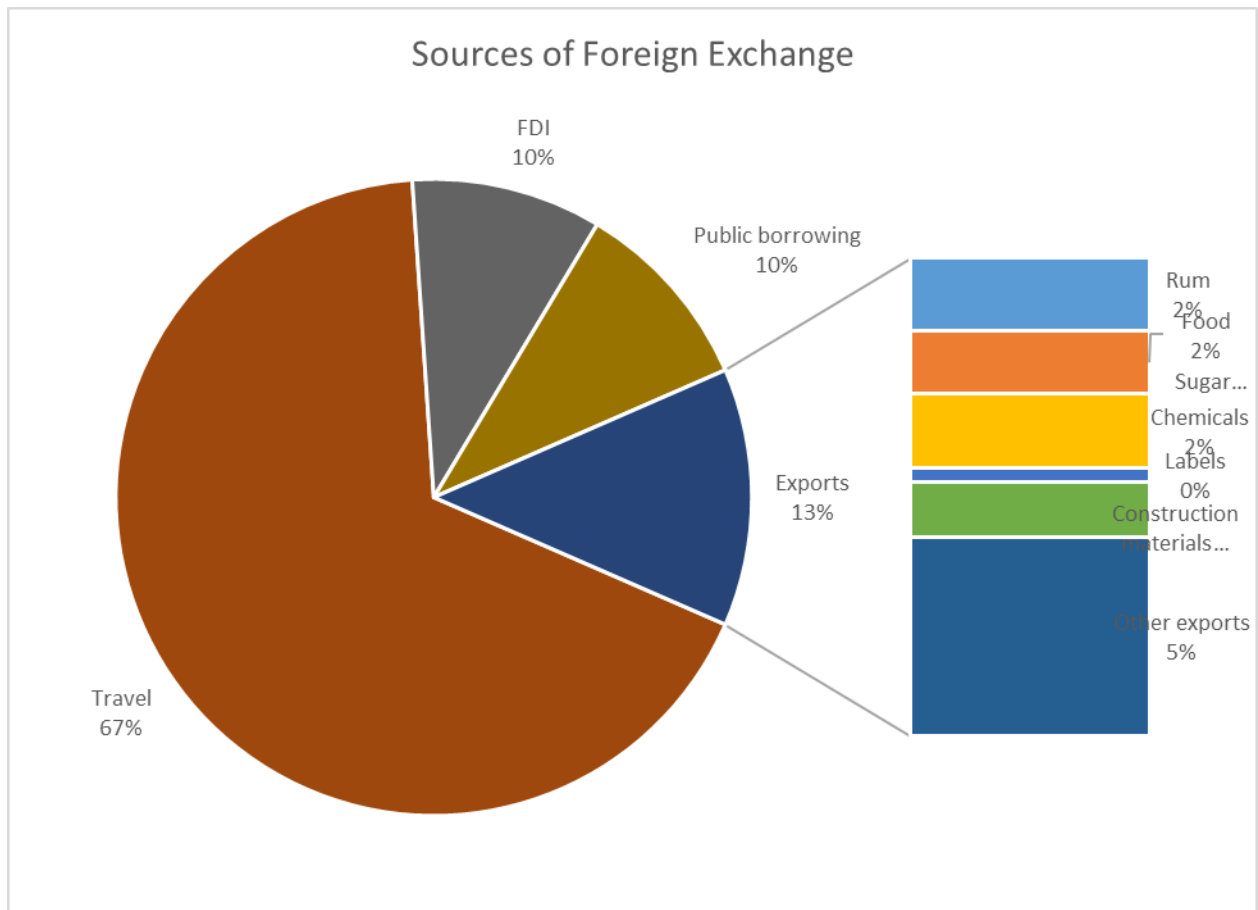
Government services have added less to output every year for the six years of data provided by the Central Bank.

Distribution, transport and communications, and manufacturing are all in decline.

Agriculture now contributes a mere one percent of GDP, and the contribution of sugar is miniscule.

The Balance of Payments

Sources of Foreign Exchange

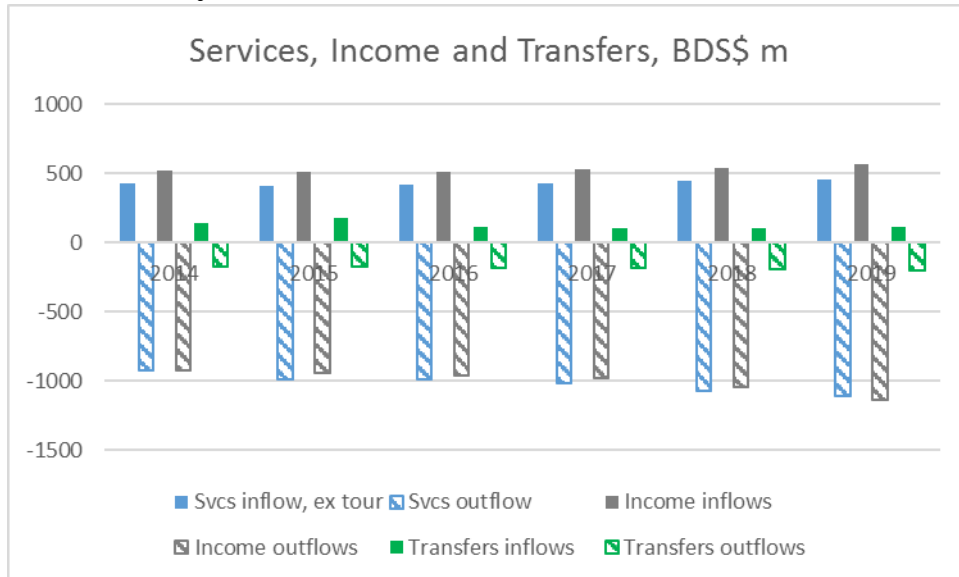


Tourism receipts provided two-thirds of foreign exchange inflows, with domestic exports contributing another 13 percent. Foreign investment inflows and Government borrowing from the IMF, IDB and CDB provided 10 percent each.

Rum, processed food, chemicals and construction materials were the most significant exports, each contributing two percent of foreign currency inflows. Sugar's contribution was 0.03 percent.

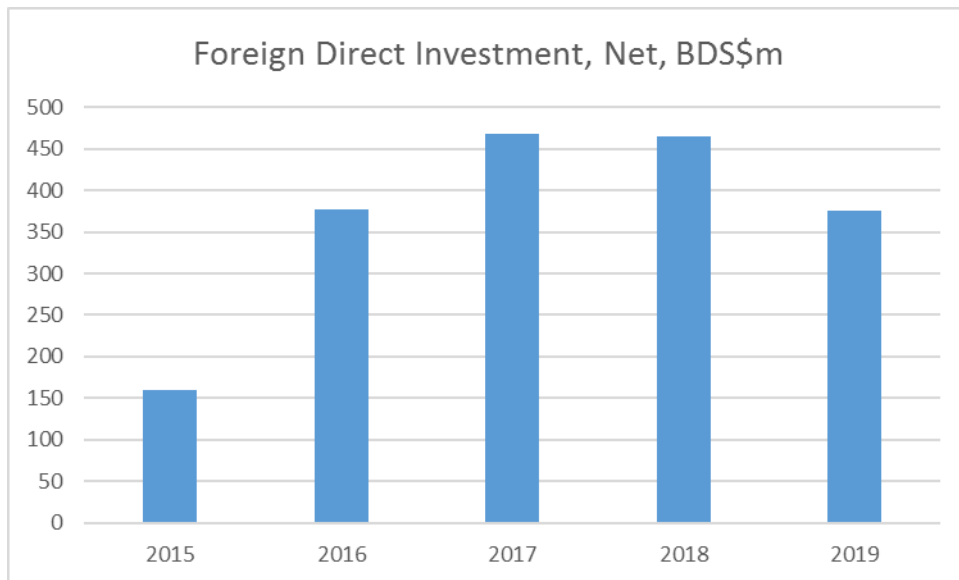
The Balance of Payments

Services, Income and Transfers



Outflows of foreign exchange for services were greater than foreign exchange inflows for international business and other foreign earnings from services (other than tourism). Outflows of income and transfers also exceeded inflows under those headings.

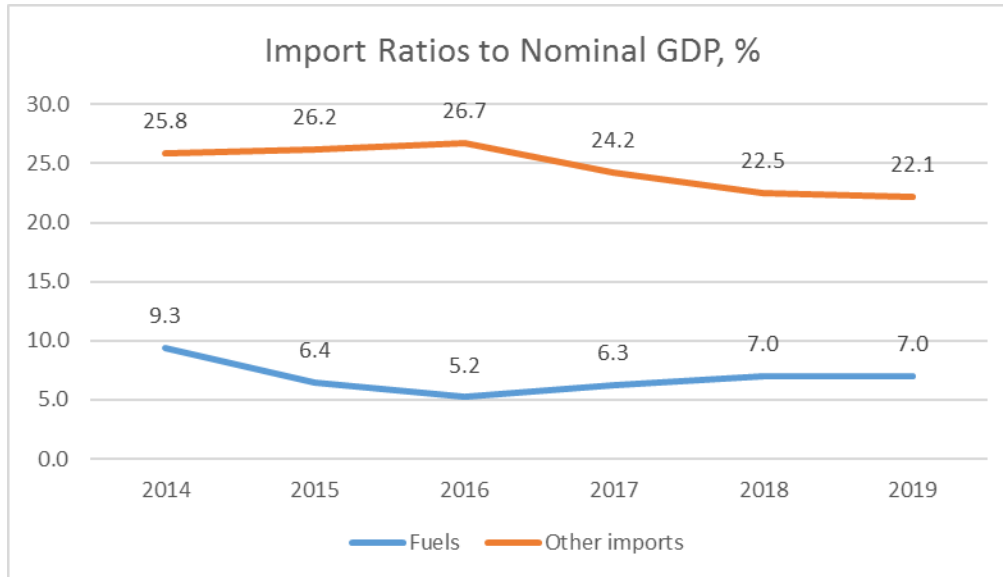
Foreign Direct Investment 2015-19



Foreign direct investment stagnated in 2018, and declined in 2019.

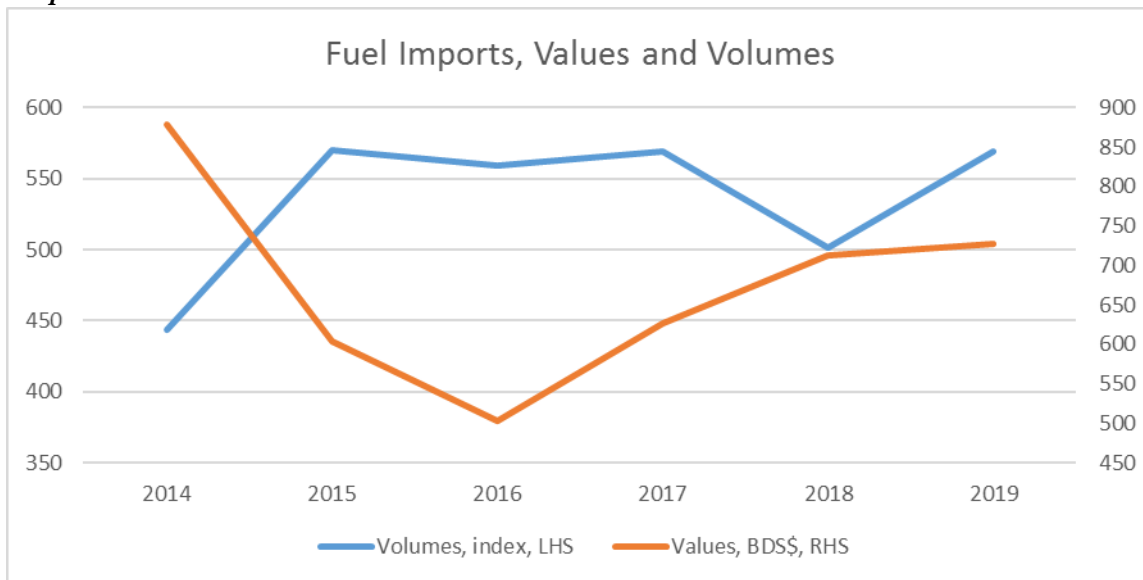
The Balance of Payments

Import Ratios



Tax measures, fiscal cutbacks and a contracting economy have reduced import ratios (excluding fuels) from almost 27 percent of GDP in 2016 to 22 percent in 2019.

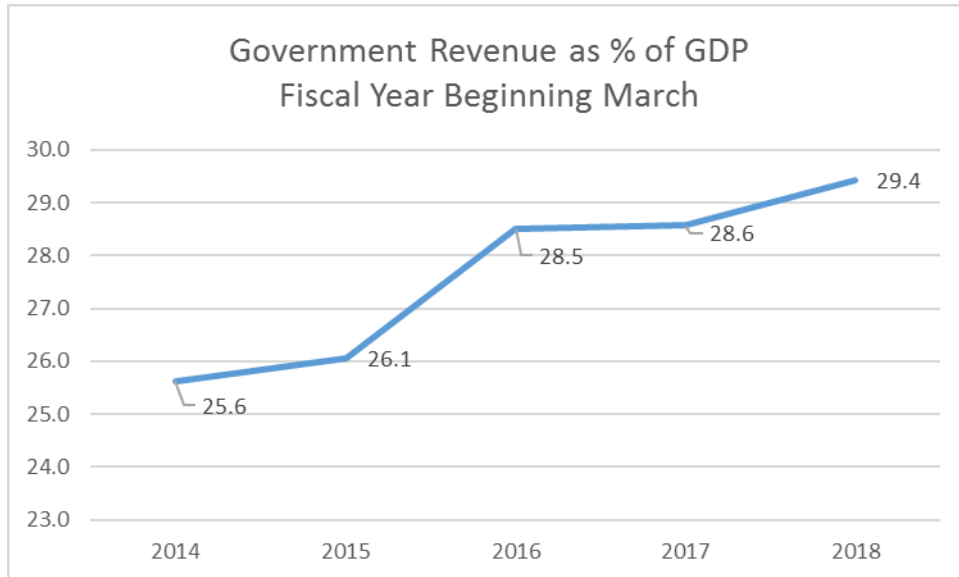
Fuel imports



The volume of fuels imported has remained virtually unchanged since 2015, but price increases between 2016 and 2018 have added 45 percent to the fuel import bill since the low of 2016. The 2019 fuel imports of \$728 million were however below the \$878 million of 2014, when the oil price rose to US\$100.

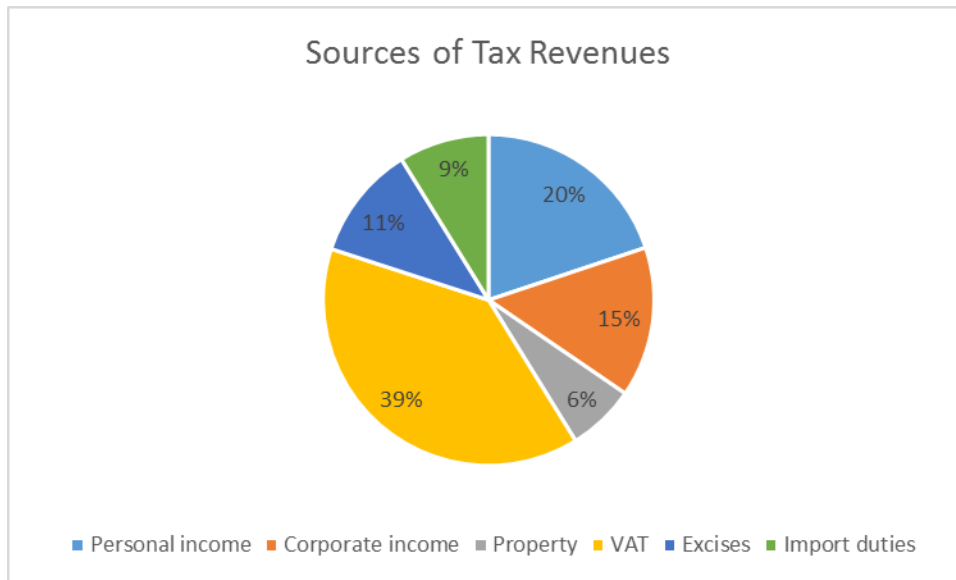
Government Revenue

The Tax Burden



The tax burden continues to increase. Government revenues absorbed 29 percent of GDP in the fiscal year ending in March 2019.

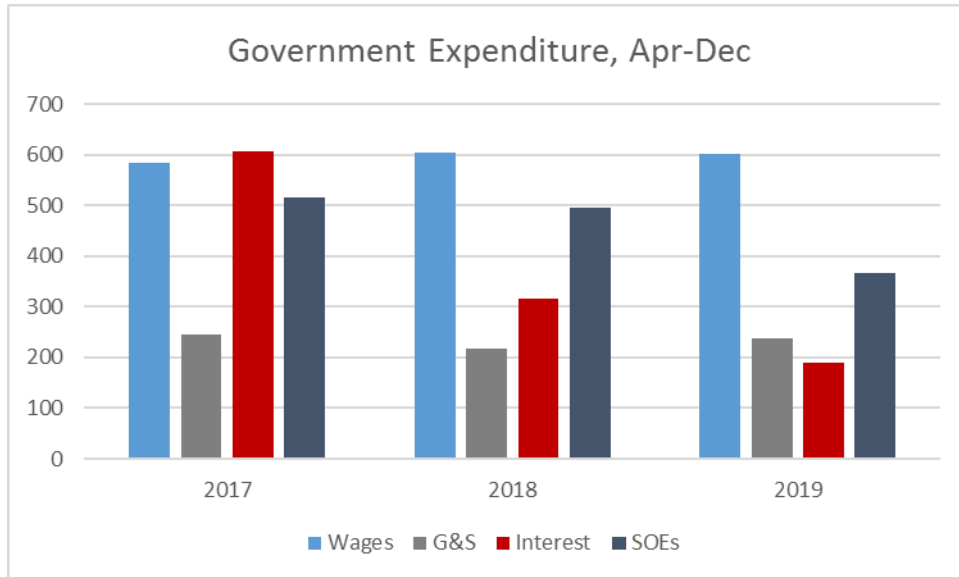
Contributions to Tax Revenue



The VAT contributes 39 percent of revenues, almost twice as the personal income tax. Corporates contribute 15 percent. All together indirect taxes (VAT, excise and import duties) contribute 59 percent.

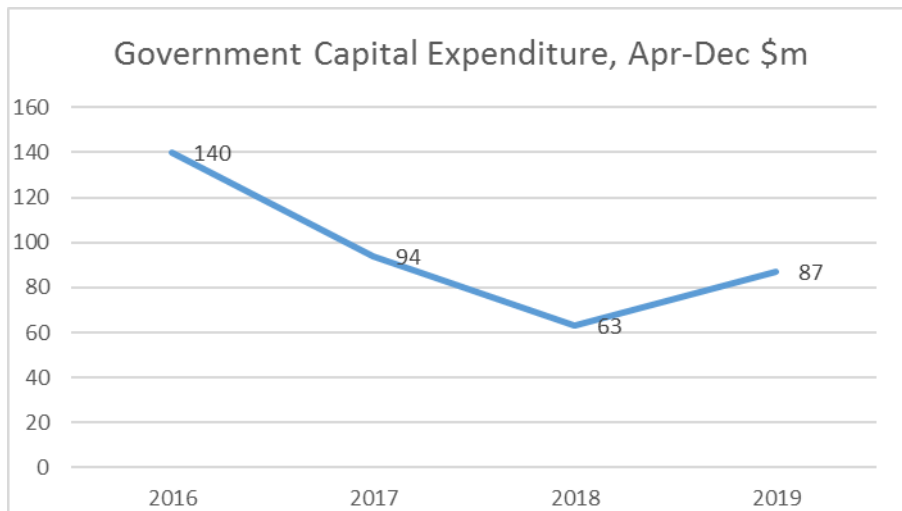
Government Expenditure

Expenditure



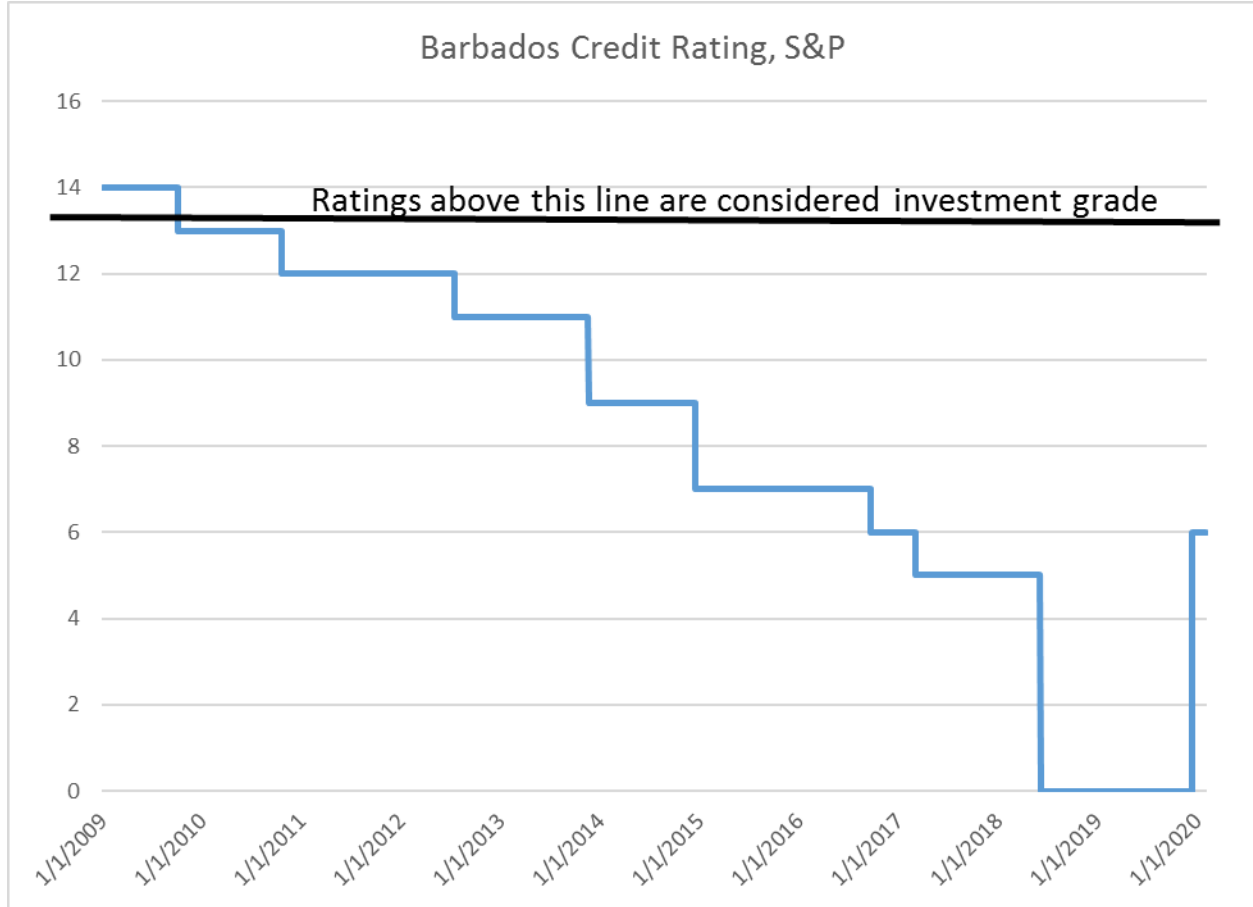
Government current expenditure has been cut by \$515 million in the April-December period 2019, compared to two years earlier. Eighty percent of that reduction, \$418 million, was in interest income lost as a result of debt restructuring. Those suffering income losses included pensioners, insurance companies, credit unions, the NIS, commercial banks, and other holders of Barbados Government debt, at home and abroad.

Capital Expenditure



Government spending on maintenance, construction of buildings, roads and facilities, acquisition of equipment and machinery, and other capital expenditure reached a low point in the 2018/19 Fiscal Year. In the current Fiscal Year spending has not yet recovered to the level of 2017/18.

Barbados' Sovereign Credit Rating, Standard and Poor's



Immediately following the Barbados Government's announcement of a moratorium on debt payments in June 2018, S&P lowered the country's sovereign credit rating by five levels, from CCC+ to Selective Default (SD), the bottom of the rating scale. With the conclusion of the external debt restructuring in December 2019, the rating was raised by six levels, to B-, the level to which it had fallen in October 2016. Barbados' US dollar debt remains seven levels below Investment Grade.