



**GOVERNMENT OF
ANTIGUA AND BARBUDA
P R O S P E C T U S**

FOR
91-day Treasury Bills
(April 2008 – June 2008)

Ministry of Finance and the Economy
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PROSPECTUS DATE: April 2008

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“This prospectus is issued for the purpose of giving information to the public. 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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PROGRAM SUMMARY - TERMS AND CONDITIONS

Issuer: THE GOVERNMENT OF ANTIGUA AND BARBUDA

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Contact Persons: Dr. The Hon. L. Errol Cort, Minister of Finance and the Economy
Mr. Whitfield Harris, Financial Secretary
Mr. Dean Evanson, Deputy Financial Secretary
Mrs. Nadia Spencer-Henry, Debt Management Advisor
Mrs. Ernestine Hodge, Accountant General (Ag.)

Arranger: ABI Bank Limited

Trustee Agent: ABI Trust (Antigua) Limited

**Fiscal and
Paying Agent:** Eastern Caribbean Central Bank

Use of Proceeds: Refinancing maturing treasury bills

Face Value: EC\$17,000,000.00 Treasury Bills to be auctioned in each month during the period April 2008 to June 2008. The treasury bills will be auctioned on the following dates:

07 April 2008 – trading symbol AGB080708

08 May 2008 - trading symbol AGB080808

05 June 2008 - trading symbol AGB050908

Tenor: The Treasury Bills will be issued with tenors of 91 (ninety one) days

Settlement Dates/Issue Dates: 08 April 2008 – trading symbol AGB080708

09 May 2008 – trading symbol AGB080808

06 June 2008 – trading symbol AGB050908

Principal Repayment: Bullet at maturity

Issue Price: Maximum bid price is 6.50%

Discount Rate: \$ 98.379

Method of Issue: Determined by a Competitive Uniform Open Price Auction

Bidding Period: 9:00 a.m. to 12:00 noon on auction days

Security Identifications: By trading symbols AGB080708, AGB080808 and AGB050908, respectively

Placement of Bids: Investor participation in the auction must take place through the services of any of the licensed intermediaries that are members of the Eastern Caribbean Securities Exchange (ECSE).

Interest Payment: Interest will be computed on the basis of a 365-day year

Listing: Duly registered with the ECSE. Treasury Bills will be traded on the Regional Government Securities Market (RGSM) using the platform of the ECSE

Minimum Bid: EC\$5,000.00

Maximum Bid: EC\$17,000,000.00

Bid Multiplier: EC\$1,000.00

Bids per Investor: Each investor will be allowed one bid with the option of improving their price (interest rate) and increasing the amount being tendered up until the close of the bidding period. Investors' participation in the auctions must be through the services of a licensed intermediary that is a member of the ECSE.

Taxation: All payments by the Issuer in respect of the Treasury Bills (as defined in "Terms and Conditions of the Treasury Bills") will be made effectively free and clear of any present or future withholding taxes for or on account of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of Antigua and Barbuda or within any political subdivision thereof or any authority therein having power to tax ("Taxes")

Status of the Securities: The Treasury Bills will constitute direct, unsecured and unconditional obligations of the Issuer, respectively, and will at all times rank at least *pari passu* in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law.

Governing Law:

The Treasury Bills will be governed by and constructed in accordance with the Antigua and Barbuda Treasury Bills Act (2005), which is available on the Government of Antigua and Barbuda official website (www.antigua.gov.ag)

Licensed ECSE Intermediaries:

- ABI Bank Limited – Antigua and Barbuda
- Antigua Commercial Bank Limited
- Bank of Nevis Limited
- Bank of Saint Lucia Limited
- National Commercial Bank (SVG) Limited
- National Mortgage Finance Company of Dominica Limited
- National Bank of Anguilla Ltd.
- St. Kitts Nevis Anguilla National Bank Limited
- Republic Finance and Merchant Bank Ltd. (FINCOR) – Grenada
- Caribbean Money Market Brokers Ltd (CMMB) - St. Lucia
- Caribbean Money Market Brokers Ltd (CMMB) – Trinidad and Tobago

EXECUTIVE SUMMARY

The Government of Antigua and Barbuda proposes to raise EC\$17 million monthly during the period April 2008 to June 2008 through the issuance of 91-day Treasury Bills to be auctioned on the Regional Government Securities Market (under trading symbols respectively). During the bidding periods, which will be open at 9:00 a.m. on the auction days and closed at 12:00 noon on the same days, bids of amounts not less than EC\$5,000 and in multiples of EC\$1,000 will be processed through intermediaries licensed by the Eastern Caribbean Securities Regulatory Commission. The proceeds of this issue will be used to refinance maturing treasury bills.

The United Progressive Party, which assumed office in 2004, has set about improving its relationship with its creditors, improving the credit worthiness of Antigua and Barbuda and implementing a comprehensive debt strategy that is expected to bring the debt to GDP ratio down from a high of 140 per cent at the end of 2003 to the ECCB benchmark of 60 per cent within ten years. All the indicators suggest that this target is achievable. In fact, the debt to GDP ratio has been on a downward trend since 2004. Preliminary estimates for 2007 indicate a further decline in the debt to GDP ratio to 97.0 per cent. This was made possible by the Government's successful negotiation of debt forgiveness along with efforts to improve debt management. Specifically, the Government of Antigua and Barbuda, with the assistance of the Canadian International Development Agency (CIDA) engaged a reputable international firm to assist in formulating and to implement a comprehensive debt strategy.

The Government has given the undertaking that the debt being contracted by these issues of Government treasury bills will not be affected in any way by the implementation of the Debt Strategy. In fact, these issues are considered to be an important component of the debt reduction initiatives of the Government in that it will help to bring down the debt to GDP ratio by retiring expensive debt and by promoting economic growth.

The Government has demonstrated its determination to honour all of its commitments and undertakings in respect of the securities it issues. It has honoured all obligations in respect of the Treasury Bills security issued on the RGSM, including the timely payment of interest and repayment of principal. The Government treasures this record and intends to ensure that Antigua and Barbuda establishes a solid reputation as an excellent and meticulous debtor that is among the most respected sovereign issuers in the Caribbean region and beyond. The

Government views such a reputation as a critical component of the friendly investment climate in Antigua and Barbuda.

While any debt issue entails some risk for creditors, there are a number of positive factors that would help to mitigate any risk associated with this issue. These are as follows:

- The economy of Antigua and Barbuda has, over the years, achieved growth rates¹ that are higher than the average rates of the OECS and that have pushed the per capita income of Antigua and Barbuda to a level that is the highest in the OECS and among the highest in the entire Caribbean. In fact, over the 25 year period from 1980 to 2004, the economy of Antigua and Barbuda expanded in real terms in every year with the exception of 1995. In keeping with this trend, the growth rates for 2005 and 2006 were 5.47 per cent and 12.22 per cent respectively and for 2007 the Antigua and Barbuda economy is estimated to grow at a rate of 6.3 per cent. Further, it is projected that the economy will continue to expand at an average real growth rate of at least 4 per cent per annum over the medium-term.
- Over the medium-term, private sector projects totaling about US\$800 million and public sector projects totaling \$600 million will be implemented. These projects, which include airport expansion, road development and repairs, the upgrading and expansion of various educational facilities and infrastructure, and the implementation of an impressive array of private sector hotel and housing development projects, will not only exert positive influences on the economic growth rate over the medium term, but will also significantly accelerate the transformation of the economy of Antigua and Barbuda and boost competitiveness.
- The progressive expansion of the economy of Antigua and Barbuda has taken place within the context of a relatively stable macroeconomic climate characterized by low inflation, a stable exchange rate that has been pegged against the US Dollar at EC\$2.70 per US Dollar since July 1976 and frequent overall balance of payment surpluses.

The key sectors of the economy, tourism (represented by the hotels and restaurants sector) and construction have continued to perform quite well. Between 2004 and 2007, total visitor arrivals

¹ *Source: Statistics Division-Government of Antigua and Barbuda and Eastern Caribbean Central Bank*

increased by an average rate of 9.0 per cent per annum. The tourism sector is estimated to have grown by 3.0 per cent in 2007 and is projected to grow at an average rate of about 6.0 per cent per annum between 2008 and 2012. With respect to construction, the sector grew at an annual average rate of over 17.0 per cent between 2004 and 2007. It is estimated that the sector will grow at a rate of 12.0 per cent in 2007 while projections for the period 2008 to 2012 indicate the construction sector will grow at an annual average rate of 5.0 per cent. The Government is continuing its efforts to diversify the economy and to promote financial services and internet gaming as key economic sectors. Internet gaming proved to be a very viable industry generating over \$2.0 billion in revenue during the early 2000s and providing employment for over 2000 Antiguan and Barbudans. As a result of its dispute with the United States, Antigua and Barbuda has seen revenues from the sector decline to about \$948 million for 2007 and employment has fallen by over 80 per cent. The Government, however, remains committed to seeing this sector thrive and will continue to pursue initiatives that will secure the future of internet gaming and, in general, the financial services sector in Antigua and Barbuda.

- The fiscal performance of Antigua and Barbuda has improved substantially in recent years. For instance in 2007, there was growth in current revenue of about 16 per cent which allowed for further narrowing of the current account deficit from 3.3 per cent of GDP in 2006 to an estimated 1.74 per cent of GDP in 2007. The overall deficit is also estimated to have narrowed from 8.58 per cent of GDP in 2006 to 7.60 per cent of GDP in 2007. Over the medium term, it is expected that the current account and overall balances will continue to improve as the Government persists with its fiscal reform initiatives.
- The Government of Antigua and Barbuda has demonstrated considerable commitment to the change and reform process and has shown the political will required to take difficult decisions aimed at turning around the fiscal position of Antigua and Barbuda and honouring its financial obligations and commitments. In particular, the Government re-introduced the personal income tax; implemented the Antigua and Barbuda Sales Tax; implemented a modernized property tax system, and is pursuing a Public Sector Transformation Programme along with a number of other fiscal reform measures that are expected to, among other things, reduce expenditure on wages and salaries by 20 per cent. These initiatives will be supported by a number of institutional reform programmes such as Treasury reorganization, strengthening the Inland Revenue Department and a Customs Renewal Programme. The initiatives at the Treasury are intended to enhance expenditure management and efforts to strengthen the Inland Revenue Department are intended to ensure more efficient tax administration and effective

revenue collection. The Customs Renewal Programme, which is slated for completion by the end of the first quarter of 2008, will improve the level of service offered to the public and will also enhance the capacity of this critical revenue collecting department.

- The Government has successfully honoured its promise to ensure that all investors in securities issued on the RGSM were repaid in full and on time. To this end, all issues of treasury bills were repaid upon maturity and the scheduled payments in respect of the United States dollar bond and the Eastern Caribbean dollar bond were also executed.

Of course, like all developing countries, Antigua and Barbuda faces significant threats in the international environment. However, the fact that the Government took its internet gaming case to the World Trade Organization (WTO) demonstrates the resolve and capacity of the Government in coping with development challenges. Moreover, although trade liberalization poses a serious threat to developing countries, Antigua and Barbuda is better placed than most of these countries to face this threat. In particular, Antigua and Barbuda has made considerable strides in transforming its economy into a service economy, and does not depend on protection and preferences for primary goods as is the case with many developing countries, including a number of Caribbean countries. In addition, the introduction of the Antigua and Barbuda Sales Tax and the reintroduction of the personal income tax should help to protect the revenue base of Antigua and Barbuda from possible erosion arising from the reduction of duties and border taxes under various international trade agreements.

In summary then, it seems that the excellent prospects for the economy of Antigua and Barbuda, as well the Government's strong commitment to initiating change and honouring its financial obligations, would serve to significantly reduce any risks associated with investment in the securities being offered through this prospectus.

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 Columbus first visited Antigua during his second voyage. History records that Columbus met 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 Seville, Spain. 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.

Antigua was administered as a part of the British Leeward Islands Administration until 1967 when it gained associated status with internal self government. Barbuda was leased by the British Government to the Codrington Family from 1685 – 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 November 1, 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, under the leadership of Hon. Baldwin Spencer, was elected.

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 Barbuda Affairs. 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 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 2004, the country had its first change of political administration in twenty-eight years. Prime Minister, Honourable Baldwin Spencer, whose United Progressive Party came into office on March 23, 2004, currently leads the Government.

Demographics

At the end of 2003, Antigua and Barbuda's population was estimated at seventy-nine thousand three hundred and ten (79,310). The country's last population census was in 2001. The country is characterized by a relatively large immigrant population estimated at eighteen per cent of current population estimates. Average household size experienced a decline from the 1991 Census to 3.1 persons per household. The number of households in Antigua and Barbuda increased 25.4 per cent from 1991 to 2001. Data from the 2001 Population and Housing Census reflects a de-urbanization trend in Antigua and Barbuda. The population in St. John's City increased by 1.3 per cent compared to between 29 and 38 per cent for districts outside the city limits.

Most of the residents are of African descent. Based on data on the number of children in school under age sixteen and the number of persons on pension, Antigua and Barbuda's dependency ratio is estimated at 684 per 1000. It is significant to note that old age dependency is 216 per 1000. The official language is English, and its principal religion is Christianity of which Anglicanism and Roman Catholicism are the primary denominations.

Table I: Vital Statistics 1999-2004

PARTICULARS	1999	2000	2001	2002	2003	2004
No. of Live Births	1329	1528	1366	1201	1242	1272
No. of Deaths	509	447	457	434	437	527
Teen Births	190	196	229	170	209	184
Infant Deaths under 1 year	28	33	21	19	18	35
Crude Birth Rate	18.29	21.13	18.04	15.58	15.81	15.87

Crude Death Rate	7.00	6.18	5.88	5.66	5.56	6.57
Infant Mortality Rate	21.07	21.60	15.37	15.80	17.49	27.52
Life Expectancy at Birth (Males)	70.33	72.18	72.68	73.90	73.88	73.88
Life Expectancy at Birth (Females)	76.21	78.14	78.14	78.99	78.71	78.71

Source: Antigua and Barbuda Statistics Division

Antigua and Barbuda is characterized by a fairly high standard of living with birth rates and mortality rates comparable to developed countries. Life expectancy has been increasing steadily as a result of improvements in the social services provided and the overall quality of life. Further, the 2006 United Nations Human Development Index ranks Antigua and Barbuda among the tops sixty countries of the world with high human development.

The provision of a core of “free health care” services has been a major component of the Government’s health care policy. There is free post-natal care, child health care and vaccinations provided through a network of at least nine clinics across the twin-island State. The elderly are also provided for with free medical check-ups and pharmaceuticals, and the provision of a basic minimum pension.

The Government of Antigua and Barbuda’s education policy caters for free primary and secondary education. The Education Act makes school attendance compulsory for all persons between ages five to sixteen. Free textbooks are provided to all public and private schools through the Board of Education which is also responsible for the maintenance of all government schools. In 1999 the Government, through the Board of Education, embarked on a Basic Education Project to overhaul the physical educational plan. Tertiary education is provided locally at a subsidized rate for studies up to the second year of certain University of the West Indies Bachelors degree programmes, and grants are available for overseas studies.

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. Moreover, the Caribbean Court of Justice could replace the Privy Council as the court of last resort if the Government of Antigua and Barbuda decides to pursue this proposal by CARICOM and initiate the stipulated procedures for any necessary constitutional or legislative amendment.

Macroeconomic Performance

I. The Structure of the Economy

Antigua and Barbuda may be classified as a service economy, with the tourism industry as the dominant service sector. The construction, communications, transport, and banking and insurance sectors also make significant contributions to Gross Domestic Product (GDP) in Antigua and Barbuda. During the late 1990's and early millennium period, activity in the internet gaming industry also made a significant contribution to growth and employment in Antigua and Barbuda but the ban on internet gaming imposed by the United States of America (USA) has constrained the growth of this sector. Despite Antigua and Barbuda's successful challenge of this ban at the WTO level, the USA has yet to comply with the ruling made by various WTO panels. The impact of the ban and non-compliance by the US has been a significant reduction of revenues generated by the sector – from over \$2 billion in the early 2000s to about \$948 million in 2007. The livelihood of many Antiguan and Barbuda was also affected due to an over 80 per cent decline in employment in the sector. Despite these challenges, the Government remains committed to the diversification of the economy and the expansion of internet gaming and the financial services sector as a whole.

An analysis of the contribution of various sectors to the economy of Antigua and Barbuda over the period 1980 to 2007 reveals that the service sectors have grown significantly over the period. The contribution of banking and insurance to GDP has increased significantly from 5.4 per cent in 1980 to 10.7 per cent in 2007. Similarly, the communications sector moved from accounting for a mere 2.9 per cent of GDP in 1980 to approximately 10.1 per cent in 2007. Conversely, the agriculture sector has diminished in importance moving from a

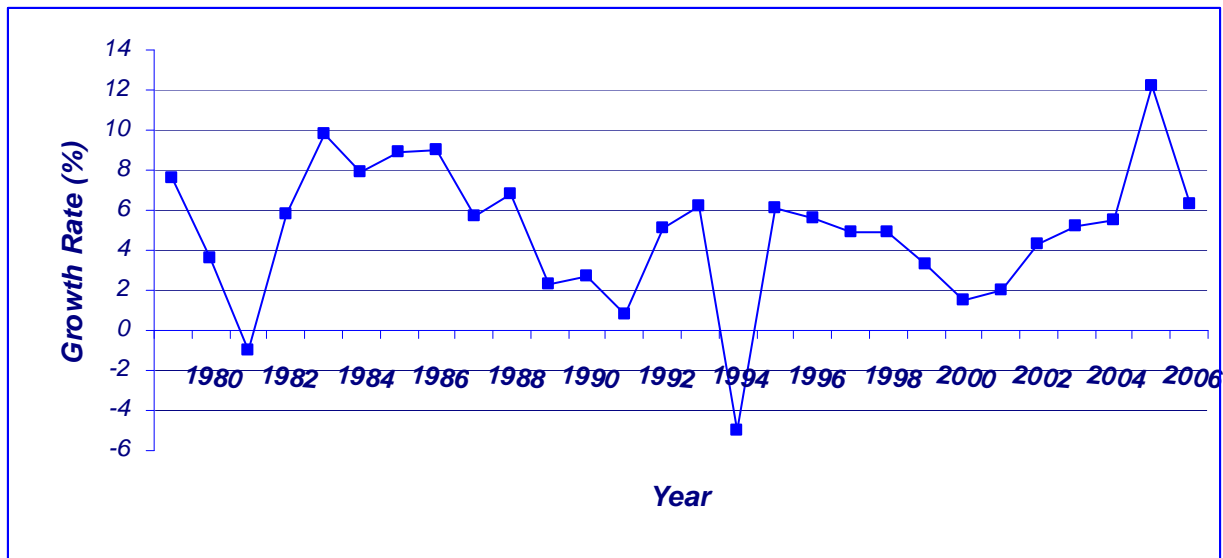
contribution of 8.2 per cent in 1980 to 2.8 per cent in 2007. From 2000 onwards, the tourism sector has remained the dominant sector, but its contribution to economic activity as reflected in the Hotels and Restaurants component of the GDP statistics, has fluctuated somewhat. For instance, the contribution of the Hotel and Restaurant Sector has ranged from as high as 17.6 per cent in 1994 to as low as 11.6 per cent in 2001. In subsequent years, the tourism industry has accounted for an average of about 12 per cent of GDP. The full details of the contributions of the various sectors to the GDP of Antigua and Barbuda are provided in Appendices 3,4 and 5.

II. Trends in Economic Growth

As the largest economy in the OECS, Antigua and Barbuda has a strong history of growth in Gross Domestic Product (GDP). This is supported by an average real GDP growth rate of about 5.0 per cent over the period 1980 to 2007 (see chart I).

The fluctuations in economic growth in the 1990's in particular, are partly attributed to a series of natural disasters and external economic shocks over which the Government had no control. However, notwithstanding these shocks, Antigua and Barbuda recorded positive growth in each of the past twenty five years with the exception of 1995 – when the country was devastated by Hurricane Luis. The continued demonstration of such resilience by the economy of Antigua and Barbuda would greatly enhance the ability of the Government to meet its future debt obligations.

Chart I Antigua and Barbuda: Real GDP Growth 1980-2007



Source:

Statistics Division-Government of Antigua and Barbuda and Eastern Caribbean Central Bank

Real GDP growth in Antigua and Barbuda averaged about 7.0 per cent in the 1980's and 3.3 per cent in the 1990's and compared favourably with average real GDP growth for the OECS countries of 5.9 per cent in the 1980's and 3.3 per cent in the 1990's. Moreover, since 2000 the growth rate of Antigua and Barbuda has not only exceeded the average growth rate in the OECS but has been on an upward trajectory with growth amounting to 5.2 per cent in 2004, 5.5 per cent in 2005, and 12.2 per cent in 2006 and a preliminary estimate of 6.3 per cent in 2007. These growth rates exceed those recorded in the United States, one of the major trading partners of Antigua and Barbuda.

The strong economic performance in 2007 was primarily driven by construction and supported by tourism and the other services sectors. Specifically, output of the construction sector grew by an estimated 12.0 per cent in 2007 following growth of 35.0 per cent 2006, reflecting work on major private and public sector construction projects. Activity in the tourism industry grew by 3.0 per cent primarily resulting from an increase in the number of stay over arrivals. Of the other services sectors increases were also recorded for "electricity and water" (11.1 per cent), communications (7.0 per cent), "banking and insurance" (6.3 per cent) "wholesale and retail trades" (5.0 per cent) and "transportation" (4.9 per cent).

III. Inflation

Inflation, measured by the change in the consumer price index (CPI), has been relatively low historically, mirroring price adjustments in Antigua and Barbuda’s major trading partner. The average inflation rate for the period 2002 to 2006 was 2.3 per cent with annual inflation rates ranging between 1.8 per cent and 2.8 per cent. In 2007 the CPI grew by 4.8 per cent primarily reflecting inflationary pressures in the USA associated with persistent increases in the price of oil and the depreciation of the US dollar against other major currencies.

Sectoral Developments

I. Tourism Sector

The Tourism industry and its ancillary service sub-sectors, represent the most significant generator of foreign exchange for Antigua and Barbuda. While other sectors such as Communications, and Banking and Insurance have improved in terms of their contribution to GDP, the Tourism sector still remains the leading driver of economic growth in Antigua and Barbuda.

Over the period 2003 to 2007, tourism as represented by the hotels and restaurants sector, grew at an average rate of about 4.3 per cent per annum. Total visitor arrivals increased by 49.8 per cent between 2003 and 2007 with stay over arrivals growing by 9.5 per cent and cruise passenger arrivals increasing by 75.3 per cent.

Table II: Antigua and Barbuda Tourism Statistics for the Period 2003 to 2007

Indicator	2003	2004	2005	Rev. 2006	Est. 2007
<i>Total Visitor Arrivals</i>	640,381	808,158	729,653	864,057	959,091
<i>Stay over Visitors</i>	239,185	267,627	245,380	253,669	261,786
<i>Cruise Passengers</i>	383,834	522,753	466,851	583,673	672,788

<i>Cruise Ship Calls</i>	294	375	321	355	380
<i>Gross Visitor Expenditure (EC\$M)</i>	740.55	839.91	835.53	882.22	911.97

Source: ECCB and CTO Estimates

2004 represented a watershed year with respect to the performance of the tourism industry. Activity in the industry as measured by the level of output in the “hotels and restaurant” sector grew by 6.8 per cent, reflecting increases in all categories of visitors. Total visitor arrivals increased by 26.2 which reflected an 11.9 per cent increase in stay over arrivals and a 36.2 per cent increase in the number of cruise ship passengers. Total visitor expenditure rose by 13.4 per cent to \$839.9 million in 2004. In 2005 the level of activity in the industry declined following the record performance in 2004 but this level of activity was well above the 2003 level. The decline in stay-over arrivals in may have been attributed to pressure from rising international petroleum prices on the cost of air travel along with the closure of one major hotel for renovations.

Activity in the industry rebounded in 2006 and 2007 to record growth rate of 2.5 per cent and 3.0 per cent respectively. The number of stay-over arrivals increased in 2006 (3.4 per cent) and 2007 (3.2 per cent) partly resulting from a number of new properties opening ahead of Cricket World Cup 2007. Cruise passenger arrivals also rebounded during this two year period, increasing by 10.6 per cent in 2006 and 7.0 per cent in 2007. Consistent with this performance, total visitor expenditure grew from \$740.6m in 2003 to \$911.9m in 2007.

II. Internet Gaming

The internet gaming sector has demonstrated significant potential for the Antigua and Barbuda economy. The presence of a strong incentives system together with the implementation of appropriate legislative and regulatory frameworks has produced a strong comparative advantage for Antigua and Barbuda in the internet gaming sector.

Licensing fees for internet gaming companies in Antigua and Barbuda range from US\$50,000 to US\$80,000. Revenues from the internet gaming industry over the period 1996 to 2000 approximated US\$25 million. Salaries in the sector range from US\$15 to US\$18 per hour and the number of gaming companies in Antigua

has exceeded 100. This sector has been adversely affected by the ban imposed by the United States on internet gaming. However, the Government of Antigua and Barbuda challenged this restriction at the level of the WTO in August 2004, and won the case. The United States challenged the WTO 2004 panel ruling at the WTO Appellate Body in early 2005. In April 2005, the Appellate Body issued a report which essentially upheld the findings of the WTO Panel report, but on slightly different premises.

The report of the WTO Appellate Body lacked the definitive findings of the previous Panel report and therefore in some circles, the report was interpreted to suggest that the United States won the appeal. The report however, recommended that the WTO Dispute Settlement Body request that the United States conform to its obligations under the GATS. The United States has yet to comply with the WTO rulings and has, in fact, instituted more restrictive legislation to limit market access. Further, the US announced in 2007 its intention to withdraw its commitments under the GATS in respect of the cross border provision of internet gaming services.

In response, Antigua and Barbuda made a submission to the WTO for the suspension of intellectual property rights. Again, Antigua and Barbuda prevailed where its request was granted and the panel of arbitrators ruled that Antigua could apply trade sanctions through the suspension of US intellectual property rights. Also, in the same decision, the panel granted Antigua and Barbuda damages in the amount of US\$21 million per year until such time that the United States complies with the WTO ruling.

Public Sector Analysis

I. Fiscal Performance

Since commencing its comprehensive fiscal reform programme, the Government of Antigua and Barbuda has realised significant improvement in fiscal performance compared to the period 1998 to 2003, which was characterised by chronic and widening fiscal deficits along with a number of other macroeconomic difficulties. Over the period 1998 to 2003 the current account and overall deficits averaged 5.9 per cent and 7.2 per cent of GDP respectively. On the other hand, for the period 2004 to 2007, the current account and overall deficits averaged 3.0 per cent and 6.7 per cent of GDP respectively. This improvement in fiscal balances was driven by significant increases in revenue and efforts to curtail expenditure. A summary of the Government's fiscal performance between 2003 and 2007 is presented in Table III below.

Estimates of the fiscal out turn for 2007 indicate that current revenue increased by about 16.0 per cent while current expenditure increased by 8.4 per cent over revenue and expenditure recorded for 2006. With respect to capital expenditure, there was a 10.4 per cent decline in capital expenditure compared to 2006 where there was major capital investment in preparation for Cricket World Cup 2007. The strong revenue performance and efforts to ensure greater efficiencies in expenditure resulted in a further narrowing of the current account and overall deficits. In 2007, the current account deficit declined to 1.74 per cent of GDP while the overall deficit narrowed to 7.6 per cent of GDP.

Table III: Antigua and Barbuda Summary of Fiscal Accounts 2003:2007 (EC\$M)²

	2003	2004	2005	2006 Prel.	2007 Est.
Current Account Balance	(118.6)	(83.5)	(77.6)	(89.8)	(52.2)
<i>Current Revenue</i>	427.1	472.1	493.5	602.7	698.3
<i>Current Expenditure</i>	545.6	555.5	571.1	692.5	750.5
Overall Balance	(193.5)	(111.2)	(132.6)	(233.2)	(227.6)
<i>Total Revenue & Grants</i>	433.3	499.6	532.7	682.9	723.4
<i>Total Expenditure</i>	626.8	610.8	665.3	916.2	951.0
Primary Balance	(81.8)	(4.3)	(35.7)	(117.6)	(100.3)

Source: Ministry of Finance and the Economy.

II. Revenue and Expenditure Profile

Indirect taxes account for the major portion of the revenue base of Antigua and Barbuda yielding an average of 83 per cent of current revenue between 2004 and 2007. These taxes include taxes on international trade and taxes on domestic production and consumption. With the Government's efforts to streamline the tax system through its tax reform programme, there has been significant growth in the amount of revenue generated from these and all other taxes. Over the period 1998 to 2003 the Government collected an average of \$393 million in tax revenue. On the other hand, average tax revenue for the period 2004 to 2007 is estimated at \$526 million. The average collection from taxes on international trade for the period 1998 to 2003 was \$204.4 million compared to about \$290 million for the period 2004 to 2007. For 2007, revenue from this source is estimated at \$275.2 million which is approximately 15 per cent below the \$325.5 million collected in 2006. Taxes on

² Totals may vary due to rounding. – Data as at January 2008

domestic production and consumption include stamp duties and the Antigua Barbuda Sales Tax (ABST)³. Revenue from taxes on domestic production and consumption averaged \$67 million for the period 1998 to 2003. For the period 2004 to 2007, these taxes generated average revenue of about \$147 million. Specifically, for 2007 taxes on domestic production and consumption generated \$270.6 million in revenue which represents a 127 per cent increase over the \$119.4 million collected in 2006. It should be noted that this major increase in revenue from taxes on domestic production and consumption and the decline in the revenue collected from taxes on international trade is mainly due to the restructuring of the tax system - in particular the introduction of the ABST.

Revenue from direct taxes, which generated an average of 16 per cent of current revenue between 2004 and 2007, is estimated at \$109.9 million in 2007. This represents a 10.5 per cent decline in revenue from this source compared to 2006. This decline, for the most part, represents a return of the corporate income tax to its trend levels following the significant increase in revenue from this tax measure recorded in 2006. The spike in revenue from the corporate tax in 2006 was a result of the Government's collection of outstanding back taxes. Another key direct tax is the personal income tax which was reintroduced in April 2005. Revenue from this tax measure is estimated at \$51.1 million for 2007. This represents a 22 per cent increase over revenue generated by the personal income tax in 2006.

The Government also received revenue from non-tax sources which accounted for an average of 7 per cent of current revenue between 2004 and 2007. Non-tax revenue is estimated at \$42.5 million for 2007, which represents a 21 per cent increase over the yield in 2006.

Wages and salaries account for the greatest proportion of current expenditure. Between 1998 and 2003 wages and salaries represented an average of 48 per cent of current expenditure. For the period 2004 to 2007 wages and salaries average share of current expenditure was 41.5 per cent. Expenditure on wages and salaries for 2007 is estimated at \$284.3 million, which is a 6 per cent increase over expenditure on wages and salaries in 2006. Interest payments are estimated at \$127.3 million or about 17 per cent of current expenditure for 2007 representing a 10 per cent increase over 2006. Capital expenditure averaged \$65.9 million between 1998 and 2003. This compares to an average of \$143.4 million for the period 2004 to 2007 where there was significant

³ The ABST replaced the hotel taxes, the restaurant and catering services tax, the telecommunications tax and the consumption tax in January 2007.

investments in infrastructural development – both for CWC 2007 preparations and for non-CWC related purposes. For 2007, capital expenditure is estimated at \$200.5 million or 21 per cent of total expenditure of Central Government. This represents a 10 per cent decline compared to 2006 when a significant proportion of expenditure in preparation for CWC 2007 occurred.

It is expected that the fiscal strategies being pursued by the Government will continue to yield positive outcomes on the fiscal accounts. In fact, the budget projections for 2008 anticipate a current account surplus of nearly 1 per cent of GDP. By 2014, Antigua and Barbuda is projected to experience a current account surplus of 2.6 per cent of GDP and a primary surplus of 2.9 per cent of GDP. Also, the overall deficit will narrow to 1.7 per cent of GDP. Appendix 6 provides full details of the actual and projected fiscal performance of the Government of Antigua and Barbuda.

III. Public Debt

Total public sector debt for Antigua and Barbuda comprised of Central Government domestic and external debt and Government guaranteed domestic and external debt. At the end of 2007, total public sector debt stood at \$2.89 billion or about 97.0 per cent of GDP compared to about 138.9 per cent of GDP in 2003. This decline in the debt stock is the result of the Government's success in renegotiating two external loans and receiving debt forgiveness in excess of EC\$500 million along with the repayments of a number of high interest loans in 2006.

Total external debt amounted to \$1.42 billion or 47.3 per cent of GDP in 2007 while domestic debt amounted to \$1.48 billion or 49.3 per cent of GDP. The debt service ratio amounted to 27.85 per cent in 2003 and declined to about 14.3 per cent in 2007. Details of the Government of Antigua and Barbuda Public Sector Debt may be found in Appendix VII.

The Government, with the assistance of an international investment firm, developed a debt management strategy that is expected to facilitate further improvements in the debt profile. The Government has started implementing this strategy with the objective of, inter alia, reducing the debt to GDP ratio to a more manageable level.

Balance of Payments

Preliminary estimates of the balance of payments for 2007 show an overall surplus of \$4.3 million compared with one of \$41.2 million in 2006. As a percentage of GDP the overall surplus declined from 0.8 per cent to 0.1 per cent as the net inflows on the capital and financial account was sufficient to offset a 31.19 per cent increase in the current account deficit to \$1,094.1 million (36.5 per cent of GDP).

The larger current account deficit primarily reflected developments on the goods and services accounts. The merchandise trade deficit grew by 17.0 per cent to \$1,656.7 million (55.2 per cent of GDP), reflecting larger import payments. Merchandise import payments rose by 16.8 per cent to \$1,727.4 million, partly associated with persistent increases in international oil prices and the expansion in economic activity. The surplus on the services account decreased by 6.8 per cent to \$550.7 million (18.3 per cent of GDP), partly reflecting increased outflow for transportation associated with the growth in imports.

On the income account, net outflows fell by 6.6 per cent to \$161.5 million (5.4 per cent of GDP). The decline in 2007 was attributed to lower debt service payments by the public sector. Interest obligations on the stock of external debt decreased by 19.6 per cent to \$88.8 million, reflecting the Government's ongoing efforts at fiscal consolidation.

Net inflows on the capital and financial account grew by 30.9 per cent to \$1,124.36 million (37.5 per cent of GDP). This was partly associated with a 4.4 per cent increase in net inflows of direct investments to \$ 1,061.5 million. Capital grants of \$10.0 million were recorded in 2007. Commercial bank transactions resulted in a net inflow of \$33.6 million, signalling the drawing down of external assets.

Table IV: Antigua and Barbuda Balance of Payments Summary 2004:2007

	2004	2005	2006 Rev.	2007 Est.
Current Account Balance	(258.47)	(462.6)	(834.54)	(1,094.09)
<i>Goods and Services</i>	(157.59)	(369.71)	(720.76)	(988.17)
<i>Current Transfers</i>	22.58	21.60	59.20	55.62
Capital and Financial Account Balance	326.04	492.45	859.09	1,124.36
<i>Direct Investment</i>	216.99	576.6	1,010.81	1,055.56
Overall Balance	17.34	19.54	41.20	4.31

Source: Eastern Caribbean Central Bank (ECCB)

Outlook for the Medium Term

I. International and Regional Environment

The International Monetary Fund (IMF) projects global economic growth of 4.1 per cent for 2008, which is down eight percentage points compared to 2007. The effects of turbulent financial markets on the real economy; a weakening US economy due to that country's sagging housing market and risks to its the banking sector; slippages in housing markets in other advanced economies; and inflationary pressures due to volatile oil prices and significant increases in prices of key commodities and raw materials such as wheat, barley, cotton and copper. The IMF Managing Director stated in February 2008 that "Emerging markets need to join industrial countries in the macroeconomic and regulatory policy response. Such a collaborative approach offers the best hope for ensuring the stability of the global economy."⁴

Despite these global economic risks along with ongoing volatility in the market for crude oil, which has generally increased the cost of air and sea travel, moderate growth in the tourism industry is projected over the medium term. This projected expansion in tourism arrivals in 2008 is attributable to the opening of three major hotels, increased marketing and additional airlift out of USA and Europe. As the Government continues its efforts to re-brand the Antigua and Barbuda tourism product, to access non-traditional markets in a major way, and focuses on rolling out its new integrative approach to tourism management, the sector is projected to grow significantly over the medium term.

The countries in the region face possible erosion of their revenue base with the full implementation of the CARICOM single market and economy (CSME). Manufacturers from a number of the OECS countries may face difficulties due to competition from other CARICOM countries. Given that manufacturing accounts for only a small proportion of GDP in Antigua and Barbuda, this adverse impact of the CSME is not likely to be felt as significantly in this country as in other OECS countries. Moreover, the Government is already taking steps to enhance revenue collections from direct revenue sources such as the personal income tax, and from other taxes such as the Antigua and Barbuda Sales Tax that are not as vulnerable to changes in trade agreements and treaties as import duties. On a more general note, a number of activities are slated for 2008 that should

⁴ IMF website – www.imf.org

better prepare the OECS countries in general and Antigua and Barbuda in particular to take full advantage of the opportunities presented by the Caricom Single Market.

The forces of globalization have left small, open economies like those of the OECS with no other option but to deepen their integration processes. At this time the OECS Authority, which is comprised of the Heads of Governments of the OECS Member States, is committed to a road map that would guide the countries of the sub-region along a path towards Economic Union. In this regard, a revised OECS Treaty is being considered which seeks to establish an appropriate legal framework for the OECS countries as they move in this direction. In an OECS Economic Union all Member Countries, including Antigua and Barbuda, would be expected to reap the benefits derived from a shared economic space that is underpinned by coordinated macro-economic objectives, harmonized legislation, synchronized policies including labour policies, similar governance arrangements and transparent business practices that are enhanced by appropriate use of cross-border technologies.

While there are some challenges and risks at the international and regional levels, Antigua and Barbuda remains in a position to effectively confront these challenges and to capitalize on some of the opportunities provided in the global economy. This should be facilitated by the Government's ongoing pursuance of fiscal and other economic policies aimed at macroeconomic stability, private sector development and promoting economic growth through investment.

II. Constraints and Opportunities for Economic Growth in the Medium Term

Constraints

As a small open economy, the economic prospects for Antigua and Barbuda are dependent on developments in the external economy. The country is highly dependent on trade in services for its economic survival. Thus, policy changes in the international policy environment and other economic shocks could exert much influence on the major sectors of the economy.

i. Increasing World Fuel Prices and the Likely Impact on the Economy

The gradual increase in international petroleum prices may have implications for developments in the national economy, particularly the tourism industry. The continued climb in petroleum prices has been caused mainly

by the increasing incidents in global terrorism and demand pressure from developed Asian economies such as China and India. Fuel prices have reached a peak of over US\$100 per barrel in recent times, and the upsurge in fuel prices has caused many airlines to increase the fuel surcharge on airline tickets. This has increased the cost of air and sea transportation and by extension, vacations. Airline companies have also responded by cutting the number of scheduled flights and certain flight routes. Thus, the tourism industry in Antigua and Barbuda and the rest of the Caribbean may be adversely affected, if fuel prices continue on the upward trend.

The increase in international petroleum prices has also increased production costs, thus increasing the price of goods emanating from the main source market, the United States. Continued pressure on prices may have inflationary consequences in the domestic market. The risks presented by the increase in oil prices are also faced by other OECS countries and by all countries of the world that are net consumers of oil.

ii. United States Immigration Policy and Likely impact on the Tourism Industry

The Government of the United States of America enunciated a new policy for nationals travelling out of the United States on vacation. The new policy requires all nationals travelling from the Caribbean and other areas outside of the USA to present a passport on return to the United States. This policy became effective on December 31, 2006. Previous policy had allowed for United States nationals to present any valid identification card. The full impact of this policy on the number of US tourists visiting the Caribbean and other destinations has yet to be determined. However, for Antigua and Barbuda there was no adverse impact of this policy in 2007 as the total visitor arrivals from the US grew by over 7 per cent compared to 2006.

Opportunities

i. United States Policy on Online Betting and the Likely Impact on Internet Gaming

The Government of the United States had imposed a restriction on the use of credit cards to facilitate online betting. This policy had an adverse impact on the internet gaming industry in Antigua and Barbuda, as growth in sales was restricted. Antigua and Barbuda utilised the WTO system to challenge the restrictions imposed by the United States and was successful at each phase of the dispute settlement process. The most recent decision granted in favour of Antigua and Barbuda allows the twin-island nation to apply trade sanctions in respect of US intellectual property rights. This decision further strengthens Antigua and Barbuda's position and should facilitate a move towards resolution of this matter in a mutually beneficial manner.

ii. Debt Restructuring, Fiscal Reform and Consolidation

The Government of Antigua and Barbuda has embarked on a programme of debt restructuring aimed at reducing the overall burden of the debt. To this end, the Government of Antigua and Barbuda in 2004, renegotiated the terms of its domestic debt with commercial banks. This process resulted in the generation of significant savings in terms of the cost of domestic debt servicing. Further, the Government through negotiations with some of its external creditors was able to secure a net reduction of Central Government debt by over EC\$500 million. In addition to these initial efforts the Government, with financial assistance from the Canadian International Development Agency (CIDA), commenced a comprehensive debt management project in 2005. The London-based firm, Houlihan Lokey Howard and Zukin (Europe) Ltd., was contracted to develop and implement a debt strategy for Antigua and Barbuda which would, inter alia, enhance debt management, reduce the overall debt burden and ensure debt sustainability. The strategy is currently being implemented, again with the financial support of CIDA, and this should be completed by mid-2008.

In the area of fiscal reform and consolidation, the Government of Antigua and Barbuda implemented a number of measures between 2005 and 2007 that were aimed at streamlining expenditure and broadening the revenue base. In particular, the Government re-introduced the personal income tax in 2005, introduced the Antigua Barbuda Sales Tax on 29th January 2007, and implemented a modernized and updated property tax system in January 2007. The ABST replaced several taxes including the consumption tax, hotel taxes, the travel tax and the telecommunications tax.

As part of the effort to create a leaner and more efficient tax system, the Government also eliminated a number of taxes. These include the entertainment tax, radio license, TV license and dog license, the 2% gross turn-over tax and the 3% tax on loans to non-citizens. The overall result of the tax reform initiative has been a steady increase in revenues such that the tax revenue to GDP ratio now stands at about 22 per cent compared to 18.8 per cent in 2003 – i.e. before the commencement of the fiscal reform efforts.

In addition to the tax reform initiatives, the Government has also embarked on a Public Sector Transformation Programme (PSTP). This Programme commenced at a time when wages and salaries accounted for over 45 per cent of recurrent expenditure and over 50 per cent of recurrent revenue. The Government's efforts in this area commenced in 2004 where the correction of several employment anomalies resulted in the termination of over four hundred (400) public sector employees. A significant portion of these employees represented persons who had achieved the age of retirement but had not yet left the public service.

The PSTP continued in 2006 with the Voluntary Separation Package (VSEP) initiative whereby public servants were given the opportunity to leave the public service or opt for early retirement. Over 1,000 civil servants opted for voluntary separation and/or early retirement. The payment of separation/retirement packages commenced in 2006 and continued in 2007. Once completed this initiative is projected to generate annual savings of about \$20 million on the Government's wage bill. It should be noted that wages and salaries are currently estimated at 38 per cent of current expenditure and 41 per cent of current revenue representing a decline of over 7 and 9 percentage points respectively.

These measures reflect a high degree of political will and the strong commitment of the Government to raising the taxes necessary to enable public sector entities to meet their debt obligations and to carry out the functions of Government. The measures have already facilitated a reduction in the gap between revenue and expenditure and provide the Government of Antigua and Barbuda with greater degrees of freedom in implementing its agenda for growth and development. In addition, the policy of enhancing debt management and refinancing expensive commercial debt should also reduce the amount of resources allocated for debt servicing and release more funds to be used by the Government to finance its capital development programme.

iii. Incentives, Private-Public Sector Partnerships, and Facilitating Investment

The Government of Antigua and Barbuda continues to place significant emphasis on private sector development and encouraging investment. Efforts undertaken to date include the reduction of the corporate income tax, providing support to small businesses and enacting small business development legislation.

To provide support to small businesses, the Government collaborated with the Stanford Group of Companies to establish the *Empowerment for Ownership Initiative*. This is a \$10 million revolving fund through which loans are granted to micro and small business ventures at low interest rates, and on concessionary terms. As of October 31 2007, 149 loans totalling over \$5.4 million were approved under this initiative. These loans have been granted to businesses engaged in varying types of economic activity. The sectors in which these businesses operate include wholesale and retail trade, information technology, agriculture, manufacturing, fishing, restaurant and catering, transportation and education services. As a direct result of the resources provided under this Initiative, these businesses have created additional employment for over 325 persons in Antigua and Barbuda.

In the Budget Statement for fiscal year 2005, the Government announced that it would create an Antigua Barbuda Investment Authority (ABIA) to help simplify the process of investing in Antigua and Barbuda and to level the playing field for existing and potential investors. To facilitate the establishment of the ABIA, Government enacted the Antigua and Barbuda Investment Authority Act and the Antigua and Barbuda Investment Code. The ABIA serves as a one-stop-shop for investors and will provide guidance to investors wishing to start-up business in Antigua and Barbuda; assist in explaining investment incentives; provide support services for local and foreign investors; and provide technical assistance to micro and small businesses. With the establishment of the ABIA, the granting of concessions to investors will no longer be discretionary. Instead, investors will be granted incentives based on the viability of their projects and the projects' compatibility with the economic and developmental objectives of Antigua and Barbuda. With the generous support of the United States Agency for International Development (USAID) Caribbean Open Trade Support, the Investment Authority commenced operations in May 2007.

As at February 6 2008, the ABIA has facilitated foreign and local investment to the value of over \$390 million and over \$38 million in concessions were processed and granted to these investors. The investors comprised 79 locally owned businesses and four foreign owned businesses. These businesses are expected to generate additional employment for over 937 persons. The sectors in which these investments are concentrated include manufacturing, construction, agriculture, education, information services, energy and tourism.

To support its efforts to encourage investment in Antigua and Barbuda, the Government secured Antigua and Barbuda's membership in the World Bank's Multilateral Investment Guarantee Agency (MIGA). MIGA provides guarantees to investors undertaking investment projects in developing countries and also offers technical assistance to improve the investment climate and promote investment opportunities in developing countries. The Government anticipates that its membership in MIGA should help improve investor confidence and improve the credibility of Antigua and Barbuda.

The Government views micro and small businesses as critical for the promotion of economic performance and the creation of employment. These types of businesses, however, require financial support and fiscal incentives, particularly during the early stages of operations. With this in mind, Government sought to articulate a formal policy for micro and small business development by enacting the Small Business

Development Act in November 2007. The Act provides fiscal incentives and concessions for small businesses and offers technical assistance for small business owners in areas such as budgeting, product development, marketing, development of business plans and general management procedures. In addition, the legislation allows for the establishment of a Loan Guarantee Scheme to be administered by the Antigua and Barbuda Development Bank. The Government has gone one step further in its effort to promote the development of small businesses by enshrining in the legislation the provision that it will reserve at least 25% of the procurement of its goods and services for small businesses registered under the Act.

Finally, the Government of Antigua and Barbuda has further reduced the corporate income tax rate from 30 per cent to 25 per cent in an effort to encourage further private sector investment within the economy. Further, the rate would be reduced to 22.5 per cent for financial institutions that offer commercial lending rates of no more than 10 per cent and mortgage interest rates of no more than 7 per cent.

III. Medium Term Outlook and Forecasts

The Government intends to facilitate private sector-led growth in Antigua and Barbuda over the medium term, through the implementation of a comprehensive incentives framework, maintenance of sound macroeconomic fundamentals and promoting and facilitating investment. The Government of Antigua and Barbuda recognizes the importance of maintaining a sound macroeconomic environment and therefore will continue to implement effective fiscal policies that will bring about further improvements on the fiscal accounts. In addition, once the debt strategy is fully implemented, the overall impact in the medium term should be a lower debt burden and movement towards greater debt sustainability.

The Antigua and Barbuda economy is projected to grow at a rate of 4.55 per cent in 2008, fuelled primarily by developments in tourism and supported by construction and the other service sectors. Output in the tourism industry is forecasted to expand by 8.0 per cent in 2008 partly attributable to an increase in the number of hotel rooms. The completion of two major hotel projects is expected to complement the existing stock of hotel rooms which currently stands at 3,910 including the Sandals Mediterranean Village and the Verandah Hotel which had soft openings in 2007 but will be in full operation in 2008.

The increase in the number of hotel rooms in 2008 will be supported by additional airlift from North America and Europe. Three major airlines -Delta, Continental and American Airlines - will begin weekly direct flights

from New York, New Jersey and Florida. In addition, seat capacity will be increased on existing flights originating out of Atlanta, Charlotte, Philadelphia, Toronto and London.

The performance of the industry in 2008 will be further strengthened by the increased marketing of the destination. In addition to the marketing done by the various hotels which has a spill-over effect on the destination as a whole the government will continue to play a pivotal role in promoting the destination worldwide. This will ensure that the country receives maximum benefit from the tourism industry given the importance of the industry to the overall growth and development of the country. Between 2009 and 2012, tourism in Antigua and Barbuda is forecasted to remain strong growing at an annual average rate of almost 6 per cent.

New and ongoing projects are expected to contribute to increased construction activity in 2008. In the private sector, work is projected to intensify on the building and expanding of a number of hotels and condominium developments including La Perla, Emerald Cove, Pineapple Beach Resort and the Hodges Bay Club. In addition, the construction of private homes will contribute to the growth in economic activity. Activity in the public sector will focus on roads and other infrastructural development initiatives including the Sunshine Community Hub and Phase I of the Airport Development Project. Overall, the construction sector is projected to grow by 9.5 per cent in 2008 and by an average annual rate of 4 per cent between 2009 and 2012.

Consistent with the developments in construction and tourism in 2008, growth in output is expected in the other service sectors including “wholesale and retail trade”, “transport”, “communication” and “banking and Insurance”.

In the Financial sector monetary liabilities and domestic credit are projected to increase as economic activity expands. In the external accounts, the merchandise trade deficit is likely to widen, fuelled by an increase in payments for imports associated with rising oil prices and an expansion in economic activity, particularly tourism and construction. Gross travel receipts are expected to increase, driven by growth in stay-over arrivals. Consumer prices are forecast to increase, in line with the rise in inflation in the major trading partner countries.

Finally, fiscal and debt performance should further improve in 2008 and over the medium term. For 2008, a current account surplus equivalent to nearly 1 per cent of GDP is projected and the overall fiscal deficit is

expected to narrow further to about 2 per cent of GDP. Additionally, a primary surplus of about 1 per cent of GDP is projected for 2008. Between 2009 and 2014, the country is expected to record larger current account surpluses with the current account surplus exceeding 2.5 per cent of GDP by 2014. Further, the overall deficit should continue to shrink falling below 2 per cent of GDP by 2014. The debt to GDP ratio is expected to decline over the medium term falling below 80 per cent by 2014. Overall, the fiscal and other economic policies of the Government will position Antigua and Barbuda to attain greater macroeconomic sustainability and to achieve high and sustainable levels of economic growth over the medium term.

Current Issues of Government Securities on Regional and International Markets

a. Treasury Bills

There are currently three (3) 91 day Treasury Bills listed on the Eastern Caribbean Securities Exchange (ECSE).

- The total outstanding issue amount is XD\$51.0 million.
- They are each XCD17 million 91 day Treasury Bills.
- The T-bill AGB 040408 was listed on January 4, 2008, AGB070508 was listed on February 6, 2008 and AGB040608 was listed on March 5, 2008.
- The T-bill AGB040408 will be redeemed on April 4, 2008; AGB070508 will be redeemed on May 7, 2008 and AGB040608 will be redeemed on June 4, 2008.

b. Treasury Note

There is currently one treasury note listed on the Eastern Caribbean Securities Exchange (ECSE).

- The total outstanding issue amount XD\$30 million.
- Tenor is a 5-year Treasury Note.
- The Treasury Note, AGN280711, was listed on 28 July 2006.
- The Treasury Note, AGN280711, will be redeemed on July 28, 2011

c. Bonds

- The total outstanding issue amount USD26.0m (XD\$70.20) million.
- Tenor is a 7-year Bond.
- The Bond, FAG070713, was listed on 26 July 2006.
- The Bond, FAG070713, will be redeemed on July 26, 2013

d. Private Placement Bond

Within the last 18 months the Government of Antigua & Barbuda issued a US\$14.295 Million (EC\$38.597 Million) Amortised Guaranteed Long-term Bond via private placement.

- The issue date was November 19th, 2004
- The interest rate was 9.0 per cent.
- The total number of investors was fourteen (14) with no single investor holding more than 20 per cent.

- The interest payment is paid in arrears on the basis of a 360-day year and is paid quarterly.
- The principal payment is paid quarterly in arrears.
- The proceeds were used for refinancing current borrowings.
- The bond's tenure is 10 years.
- The security offered was a direct, general and unconditional charge upon the Consolidated Fund of Antigua and Barbuda for the payment of all principal and interest. A bond repayment reserve account was established as an escrow account for the tenor of the bonds at ABI Bank Ltd and the conditions were as follows:
 - All bond payments must be paid into this account, which will be used to meet quarterly payments to the investors.
 - There must be a minimum balance of at least two (2) quarterly instalments held in this account throughout the tenor of the bonds.

The Government of Antigua and Barbuda has ensured that the escrow account has been funded in accordance with its agreement with the ABI Bank Ltd. thereby ensuring that all investors in the treasury note and bonds receive principal and interest payment as stipulated in the amortisation schedule. Further, the Government has established a debt service account with the ABI Bank Ltd. to facilitate payment of interest and principal on all securities issued on the RGSM. This debt service account is funded on a monthly basis and the balance in this account is in accordance with the debt servicing requirements for the treasury bills and bonds. It should be noted that since first issuing securities on the RGSM in March 2006, Antigua and Barbuda has repaid each treasury bill when it matured and also made the scheduled repayments on the United States dollar and Eastern Caribbean dollar bonds in January 2007, July 2007 and January 2008.

Security Issuance Procedures and Settlement

The treasury bill will be issued on the Regional Government Securities Market (RGSM). This will operate on the Eastern Caribbean Securities Exchange trading platform for both primary issuance and secondary trading.

The pricing methodology to be used for selling the securities will be that of open price auction. The ECSE and its subsidiaries are responsible for processing clearance and settlement of securities and providing the intermediaries with access to their settlement projections report, which indicates the obligations of the intermediary.

Intermediaries are responsible for interfacing with prospective creditors collecting applications for subscription and processing bids on the ECSE platform. A list of licensed intermediaries is provided in **Appendix II**. Successful investors will be informed of their payment obligations and funds deducted from their respective accounts with the intermediaries. As an issuer on the RGSM, the Government of Antigua and Barbuda will be subject to the rules and procedures established by the Regional Debt Coordinating Committee (RDCC) for the operation of the market including on going reporting and disclosure requirement.

Calendar of Events - Upcoming Issues

- The Government of Antigua and Barbuda will continue to issue its Treasury Bills on the RGSM on a monthly basis to assist with short term financing requirements.

APPENDIX I. SUMMARY OF ECONOMIC DATA

This summary highlights some key economic data contained in this prospectus. You should read this summary together with the more detailed information elsewhere in the Prospectus. Further information on the Government and economy of Antigua and Barbuda may be found on the Government Website – www.antigua.gov.ag

	2005 Act./Rev.	2006 Rev./Prelim.	2007 Est.
<i>Real Sector</i>			
Real GDP Growth Rate	5.47	12.22	
Inflation Rate	2.0	1.7	4.8
Visitor Expenditure (EC\$M)	835.53	882.22	911.97
<i>External Sector</i>			
	<i>In Per cent of GDP</i>		
Current Account Balance (BOP)	(462.6)	(834.54)	(1,094.09)
Services Balance	636.93	590.56	550.66
<i>Central Government</i>			
	<i>In Per cent of GDP</i>		
Total Revenue and Grants	22.61	25.13	24.15
Total Expenditure and Net lending	28.16	33.71	31.75
Overall balance	(5.61)	(8.58)	(7.60)
Current Account Balance	(3.29)	(3.30)	(1.74)
Public Sector Debt	110.91	109.49	96.58

APPENDIX II. LIST OF LICENSED INTERMEDIARIES

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Anguilla		
National Bank of Anguilla Ltd	P O Box 44 The Valley <i>Tel: 264-497-2101</i> Fax: 264-497-3310 Email: nbabankl@anguillanet.com	Principal: Selwyn Horsford Representative: Idona Reid
Antigua and Barbuda		
ABI Bank Ltd.	ABI Financial Centre Redcliffe Street St John's <i>Tel: 268 480 2824</i> Fax: 268 480 2765 Email: abibsec@candw.ag	Principal: Casroy James Carolyn Philip Representative: Laura Abraham
Antigua Commercial Bank Ltd.	ACB Financial Centre P O Box 3089 St John's <i>Tel: 268 481 4200</i> Fax: 268 481 4158 Email: acb@candw.ag	Principal: Peter N Ashe Representatives: Sharon Nathaniel
Dominica		
National Mortgage Finance Company of Dominica Ltd.	64 Hillsborough Street Roseau <i>Tel: 767 448 4401/4405</i> Fax: 767 448 3982 Email: ncbdom@cwdom.dm	Principal: Caryl Phillip-Williams Representatives: Dawn Yankey Marilyn Edwards Debra Gordon

Grenada		
Republic Finance and Merchant Bank Ltd. (FINCOR)	NCB House Grand Anse St George's Tel: 473 444 1875 Fax: 473 444 1879 Email: fincorec@caribsurf.com	Principals: Wilma Williams Representatives: Mark Salina
St Kitts and Nevis		
St Kitts Nevis Anguilla National Bank Ltd.	P O Box 343 Central Street Basseterre <i>Tel: 869 465 2204</i> Fax: 869 465 1050 Email: national_bank@sknab.com	Principals: Winston Hutchinson Anthony Galloway Representatives: Marlene Nisbett Desilu Smithen Petronella Edmeade- Crooke
The Bank of Nevis Ltd.	P O Box 450 Charlestown Nevis <i>Tel: 869 469 5564</i> Fax: 869 469 5798 E mail: bon@caribsurf.com	Principals: Hanzel Manners Kevin Huggins Representatives: Lisa Jones Vernesia Walters
St Lucia		
Bank of St Lucia Ltd.	P O Box 1862 Bridge Street Castries <i>Tel: 758 456 6000</i> Fax: 758 456 6190 Email: bankofsaintlucia@candw.lc	Principals: Donna Matthew Beverley Henry Carla Morton-Campbell Representatives: Trevor Lamontagne Lawrence Jean

Caribbean Money Market Brokers Ltd. (CMMB St Lucia)	9 Brazil Street Castries <i>Tel: 758 450 2662</i> <i>Fax: 758 451 7984</i> <i>Email: info@mycmmb.com</i>	Principals: Carole Eleuthere-Jn Marie Sharmaine Rosemond Representatives: Anderson Soomer
St Vincent and the Grenadines		
National Commercial Bank (SVG) Ltd.	P O Box 880 Cnr. Bedford and Grenville Streets Kingstown <i>Tel: 784 457 1844</i> <i>Fax: 784 456 2612</i> <i>Email: natbank@caribsurf.com</i>	Principal: Keith Inniss Jeffrey Ledger Representative: Patricia John Rashida Stephens
Trinidad and Tobago		
Caribbean Money Market Brokers Ltd. (CMMB)	No. 1 Richmond Street, Ground Floor Furness Court, Independence Square Port of Spain <i>Tel: 868 623 7815/5153</i> <i>Fax: 868 624 4544/9833; 627 2930</i> <i>Email: info@mycmmb.com</i>	Principals: Brent Salvary Leslie St Louis Representatives: Vishwatee Jagroop

Appendix III. GDP by Economic Activity At Basic Prices In Constant (1990) Prices (EC\$M)

SECTOR	Rev 2005	Prelim 2006	Est 2007	Proj 2008	Proj 2009	Proj 2010	Proj 2011	Proj 2012
Agriculture	47.38	48.74	50.36	51.59	52.84	54.13	55.77	57.13
Crops	13.74	14.01	14.30	14.58	14.87	15.17	15.47	15.78
Livestock	11.43	11.66	11.89	12.12	12.36	12.61	12.92	13.18
Forestry	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79
Fishing	21.42	22.28	23.39	24.09	24.82	25.56	26.58	27.38
Mining & Quarrying	28.70	41.62	44.11	45.88	47.71	46.81	47.75	48.70
Manufacturing	35.20	36.96	39.73	41.72	43.80	44.50	46.28	47.67
Electricity & Water	56.28	59.32	65.87	71.14	76.83	79.45	82.01	84.47
Electricity	44.00	46.79	51.47	55.59	60.03	62.43	64.31	66.24
Water	12.28	12.53	14.40	15.56	16.80	17.02	17.70	18.23
Construction	235.51	317.94	356.09	389.92	409.42	297.66	306.59	318.86
Wholesale & Retail Trade	126.65	138.76	145.70	154.44	162.16	165.45	171.24	178.09
Hotels & Restaurants	174.50	178.77	184.13	198.86	208.81	221.34	234.62	248.69
Transport	171.28	194.17	203.73	219.34	233.26	252.67	263.70	275.24
Road Transport	86.92	99.56	102.45	109.11	114.56	127.67	132.77	138.08
Sea Transport	30.68	36.76	42.27	46.50	51.15	52.69	54.27	55.89
Air Transport	53.68	57.85	59.01	63.73	67.55	72.32	76.66	81.26
Communications	160.50	168.53	180.32	183.93	187.61	196.99	206.84	217.18
Banks & Insurance	167.46	179.24	190.50	198.76	206.50	215.47	223.87	232.59
Banks	149.05	159.64	170.02	177.67	184.77	193.09	200.81	208.84
Insurance	18.41	19.60	20.48	21.10	21.73	22.38	23.05	23.74
Real Estate & Housing	106.08	113.51	119.18	122.76	126.44	130.23	134.14	138.16
Government Services	244.33	257.57	263.39	246.54	252.76	259.08	264.26	269.55
Other Services	91.80	99.51	105.98	112.87	118.51	119.76	124.55	129.54
Less Imputed Service Charge	147.06	152.94	161.35	168.62	175.36	179.74	185.14	190.69
TOTAL	1,498.61	1,681.68	1,787.75	1,869.12	1,951.30	1,903.80	1,976.47	2,055.16
GROWTH RATE	5.47	12.22	6.31	4.55	4.40	4.00	3.82	3.98

Source: Statistics Division-Government of Antigua and Barbuda and Eastern Caribbean Central Bank

Appendix IV. Percentage Contribution of GDP By Economic Activity, At Basic Prices In Constant Prices

SECTOR	Rev 2005	Prelim 2006	Est 2007	Proj 2008	Proj 2009	Proj 2010	Proj 2011	Proj 2012
Agriculture	3.16	2.90	2.82	2.76	2.71	2.84	2.82	2.78
Crops	0.92	0.83	0.80	0.78	0.76	0.80	0.78	0.77
Livestock	0.76	0.69	0.66	0.65	0.63	0.66	0.65	0.64
Forestry	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04
Fishing	1.43	1.32	1.31	1.29	1.27	1.34	1.34	1.33
Mining & Quarrying	1.92	2.47	2.47	2.45	2.45	2.46	2.42	2.37
Manufacturing	2.35	2.20	2.22	2.23	2.24	2.34	2.34	2.32
Electricity & Water	3.76	3.53	3.68	3.81	3.94	4.17	4.15	4.11
Electricity	2.94	2.78	2.88	2.97	3.08	3.28	3.25	3.22
Water	0.82	0.74	0.81	0.83	0.86	0.89	0.90	0.89
Construction	15.72	18.91	19.92	20.86	20.98	15.64	15.51	15.51
Wholesale & Retail Trade	8.45	8.25	8.15	8.26	8.31	8.69	8.66	8.67
Hotels & Restaurants	11.64	10.63	10.30	10.64	10.70	11.63	11.87	12.10
Transport	11.43	11.55	11.40	11.73	11.95	13.27	13.34	13.39
Road Transport	5.80	5.92	5.73	5.84	5.87	6.71	6.72	6.72
Sea Transport	2.05	2.19	2.36	2.49	2.62	2.77	2.75	2.72
Air Transport	3.58	3.44	3.30	3.41	3.46	3.80	3.88	3.95
Communications	10.71	10.02	10.09	9.84	9.61	10.35	10.46	10.57
Banks & Insurance	11.17	10.66	10.66	10.63	10.58	11.32	11.33	11.32
Banks	9.95	9.49	9.51	9.51	9.47	10.14	10.16	10.16
Insurance	1.23	1.17	1.15	1.13	1.11	1.18	1.17	1.16
Real Estate & Housing	7.08	6.75	6.67	6.57	6.48	6.84	6.79	6.72
Government Services	16.30	15.32	14.73	13.19	12.95	13.61	13.37	13.12
Other Services	6.13	5.92	5.93	6.04	6.07	6.29	6.30	6.30
Less Imputed Service Charge	9.81	9.09	9.03	9.02	8.99	9.44	9.37	9.28
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Statistics Division-Government of Antigua and Barbuda and Eastern Caribbean Central Bank

Appendix V. Rate of Growth of GDP By Economic Activity, At Basic Prices In Constant Prices

SECTOR	Rev 2005	Prelim 2006	Est 2007	Proj 2008	Proj 2009	Proj 2010	Proj 2011	Proj 2012
Agriculture	2.98	2.87	3.33	2.43	2.43	2.44	3.03	2.44
Crops	3.23	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Livestock	1.96	1.98	1.98	1.98	1.98	1.98	2.50	1.98
Forestry	-	-	-	-	-	-	-	-
Fishing	3.48	4.00	5.00	3.00	3.00	3.00	4.00	3.00
Mining & Quarrying	26.82	45.00	6.00	4.00	4.00	2.00	2.00	2.00
Manufacturing	3.80	5.00	7.50	5.00	5.00	4.00	4.00	3.00
Electricity & Water	6.43	5.39	11.06	8.00	8.00	4.00	3.21	3.00
Electricity	4.19	6.34	10.00	8.00	8.00	4.00	3.00	3.00
Water	15.31	2.00	15.00	8.00	8.00	4.00	4.00	3.00
Construction	19.50	35.00	12.00	9.50	5.00	4.00	3.00	4.00
Wholesale & Retail Trade	3.93	9.56	5.00	6.00	5.00	3.00	3.50	4.00
Hotels & Restaurants	(1.09)	2.45	3.00	8.00	5.00	6.00	6.00	6.00
Transport	(2.33)	13.36	4.92	7.66	6.35	4.33	4.36	4.38
Road Transport	1.96	14.54	2.90	6.50	5.00	4.50	4.00	4.00
Sea Transport	(7.67)	19.82	15.00	10.00	10.00	3.00	3.00	3.00
Air Transport	(5.64)	7.77	2.00	8.00	6.00	5.00	6.00	6.00
Communications	8.01	5.00	7.00	2.00	2.00	5.00	5.00	5.00
Banks & Insurance	9.75	7.03	6.28	4.34	3.89	4.34	3.90	3.90
Banks	10.28	7.10	6.50	4.50	4.00	4.50	4.00	4.00
Insurance	5.68	6.46	4.50	3.00	3.00	3.00	3.00	3.00
Real Estate & Housing	3.50	7.00	5.00	3.00	3.00	3.00	3.00	3.00
Government Services	2.93	5.42	2.26	(6.40)	2.52	2.50	2.00	2.00
Other Services	2.19	8.40	6.50	6.50	5.00	2.50	4.00	4.00
Less Imputed Service Charge	8.00	4.00	5.50	4.50	4.00	2.50	3.00	3.00
TOTAL	5.47	12.22	6.31	4.55	4.40	4.00	3.82	3.98

Source: Statistics Division-Government of Antigua and Barbuda and Eastern Caribbean Central Bank

Appendix VI. Government of Antigua and Barbuda Fiscal Performance: 2003-2014

In Per cent of GDP

	2003	2004	2005	Prel. 2006	Est. 2007	Budg. 2008	Proj. 2009	Proj. 2010	Proj. 2011	Proj. 2012	Proj. 2013	Proj. 2014
Total revenue and grants	21.28	22.61	22.54	25.13	24.15	27.08	25.57	25.99	24.87	24.83	25.17	25.04
Current revenue	20.97	21.36	20.88	22.18	23.31	24.15	23.76	24.58	24.59	24.58	24.92	24.81
Of which: tax revenue	18.79	19.32	19.25	20.89	21.89	22.73	22.34	23.16	23.18	23.16	23.50	23.40
Capital revenue	0.15	1.00	0.75	0.19	0.17	0.17	0.16	0.15	0.14	0.13	0.12	0.12
Capital grants	0.16	0.24	0.91	2.77	0.67	2.13	1.06	0.70	0.13	0.13	0.12	0.11
Total expenditure	30.78	27.64	28.16	33.71	31.75	29.06	28.87	27.93	28.01	28.03	27.47	26.72
Current expenditure	26.79	25.14	24.17	25.48	25.05	23.98	24.37	23.43	23.51	23.53	22.97	22.22
Wages and salaries	12.28	11.36	10.67	9.87	9.49	9.42	9.21	8.86	9.24	9.56	9.31	8.99
of which: transfers for job training												
Contrib. to soc. security, MBS	1.40	1.25	1.21	1.10	1.07	1.18	1.15	1.11	1.16	1.21	1.18	1.14
Goods and services	4.94	4.97	4.63	4.64	4.51	5.08	4.92	4.69	4.52	4.36	4.21	4.02
Interest payments	5.48	4.84	4.10	4.25	4.25	2.99	4.70	4.63	4.59	4.57	4.61	4.58
Pensions, other transfers	2.69	2.71	3.56	5.62	5.74	5.31	4.39	4.15	3.99	3.83	3.67	3.49
Capital expenditure & net lending	3.99	2.50	3.99	8.23	6.69	5.08	4.50	4.50	4.50	4.50	4.50	4.50
Current account balance	(5.82)	(3.78)	(3.29)	(3.30)	(1.74)	0.80	(0.01)	1.71	1.09	1.05	1.96	2.59
Primary Balance	(4.02)	(0.19)	(1.51)	(4.33)	(3.35)	1.01	1.41	2.69	1.45	1.38	2.31	2.90
Overall balance	(9.50)	(5.03)	(5.61)	(8.58)	(7.60)	(1.98)	(3.29)	(1.93)	(3.14)	(3.19)	(2.30)	(1.68)

Source: Ministry of Finance and the Economy

Appendix VII. Government of Antigua and Barbuda Public Sector Debt: 2003-2014

	Actual 2003	Actual 2004	Actuals 2005	Preliminary 2006	Estimat 2007	Projections 2008	Projections 2009	Projections 2010	Projections 2011	Projections 2012	Projections 2013	Projections 2014
Central Government Total Debt (EC\$)	2,658,824,287.26	2,904,368,419.13	2,405,575,098.77	2,763,486,523.58	2,692,106,552.47	2,797,710,487.66	2,900,271,903.45	2,938,014,266.73	3,046,998,056.16	3,176,477,252.09	3,281,070,959.20	3,369,132,050.05
(% of GDP at market prices)	130.55%	131.44%	101.81%	101.68%	89.87%	88.88%	87.45%	82.71%	81.19%	79.99%	78.11%	75.23%
Total Public Sector Debt	2,856,737,603.26	3,131,173,724.13	2,620,525,509.97	2,975,662,697.08	2,893,174,536.07	3,059,459,046.66	3,080,642,907.15	3,109,079,049.03	3,218,062,838.46	3,347,542,034.39	3,452,135,741.50	3,540,196,832.35
(% of GDP at market prices)	140.26%	141.70%	110.91%	109.49%	96.58%	97.20%	92.89%	87.52%	85.74%	84.30%	82.18%	79.05%
Total Public Sector External Debt	1,558,022,000.00	1,692,997,000.00	1,104,700,054.10	1,542,524,203.24	1,417,835,027.74	1,620,354,996.73	1,675,282,066.52	1,755,873,409.10	1,904,269,885.53	2,037,821,354.76	2,142,892,299.87	2,220,689,810.72
(% of GDP at market prices)	76.50%	76.62%	46.76%	56.76%	47.33%	51.48%	50.51%	49.43%	50.74%	51.32%	51.01%	49.58%
Total Public Sector Domestic Debt	1,298,715,603.26	1,438,176,724.13	1,515,825,455.87	1,433,138,493.84	1,475,339,508.33	1,439,104,049.93	1,405,360,840.63	1,353,205,639.93	1,313,792,952.93	1,309,720,679.63	1,309,243,441.63	1,319,507,021.63
(% of GDP at market prices)	63.77%	65.08%	64.16%	52.73%	49.25%	45.72%	42.37%	38.09%	35.01%	32.98%	31.17%	29.46%
Central Government Total Debt Service Payments	118,922,299.00	136,229,617.00	145,129,420.40	91,200,624.00	100,027,368.00	136,449,281.00	198,797,300.33	206,203,798.44	213,563,381.13	219,991,269.92	230,956,890.36	242,122,202.51
(% of GDP at market prices)	5.84%	6.17%	6.14%	3.36%	3.34%	4.33%	5.99%	5.80%	5.69%	5.54%	5.50%	5.41%
Principal	79,536,785.00	92,088,813.00	107,980,837.60	77,334,435.30	29,647,546.00	42,253,641.00	42,942,851.00	41,808,933.00	41,298,976.00	38,580,150.00	37,483,347.00	37,097,820.00
(% of GDP at market prices)	3.91%	4.17%	4.57%	2.85%	0.99%	1.34%	1.29%	1.18%	1.10%	0.97%	0.89%	0.83%
Interest	39,385,514.00	44,140,804.00	37,148,582.80	52,020,515.00	70,379,822.00	94,195,640.00	155,854,449.33	164,394,865.44	172,264,405.13	181,411,119.92	193,473,543.36	205,024,382.51
(% of GDP at market prices)	1.93%	2.00%	1.57%	1.91%	2.35%	2.99%	4.70%	4.63%	4.59%	4.57%	4.61%	4.58%
Central Government External Debt Service Payments	53,259,748.00	55,903,512.00	80,864,481.80	55,220,214.00	59,662,402.00	74,247,547.00	164,756,751.33	175,906,696.44	186,594,336.13	195,655,707.92	206,621,327.36	217,786,638.51
(% of GDP at market prices)	2.61%	2.53%	3.42%	2.03%	1.99%	2.36%	4.97%	4.95%	4.97%	4.93%	4.92%	4.86%
Principal	46,559,785.00	45,491,313.00	69,826,511.30	39,180,109.00	29,647,546.00	42,253,641.00	42,942,851.00	41,808,933.00	41,298,976.00	38,580,150.00	37,483,347.00	37,097,820.00
(% of GDP at market prices)	2.29%	2.06%	2.96%	1.44%	0.99%	1.34%	1.29%	1.18%	1.10%	0.97%	0.89%	0.83%
Interest	6,699,963.00	10,412,199.00	11,037,970.50	16,040,105.00	30,014,856.00	31,993,906.00	121,813,900.33	134,097,763.44	145,295,360.13	157,075,557.92	169,137,980.36	180,688,818.51
(% of GDP at market prices)	0.33%	0.47%	0.47%	0.59%	1.00%	1.02%	3.67%	3.78%	3.87%	3.96%	4.03%	4.03%
Central Government Domestic Debt Service Payments	65,662,551.00	80,326,105.00	64,264,938.60	35,980,410.00	40,364,966.00	62,201,734.00	34,040,549.00	30,297,102.00	26,969,045.00	24,335,562.00	24,335,563.00	24,335,564.00
(% of GDP at market prices)	3.22%	3.64%	2.72%	1.32%	1.35%	1.98%	1.03%	0.85%	0.72%	0.61%	0.58%	0.54%
Principal	32,977,000.00	46,597,500.00	38,154,326.30	25,500,000.00	53,494,104.00	35,509,915.00	38,978,177.00	31,399,009.00	44,269,699.00	21,799,975.00	22,277,216.00	12,013,699.00
(% of GDP at market prices)	1.62%	2.11%	1.61%	0.94%	1.79%	1.13%	1.18%	0.88%	1.18%	0.55%	0.53%	0.27%
Interest	32,685,551.00	33,728,605.00	26,110,612.30	35,980,410.00	40,364,966.00	62,201,734.00	34,040,549.00	30,297,102.00	26,969,045.00	24,335,562.00	24,335,563.00	24,335,564.00
(% of GDP at market prices)	1.60%	1.53%	1.11%	1.32%	1.35%	1.98%	1.03%	0.85%	0.72%	0.61%	0.58%	0.54%
Central Government External debt service payments/export	3.93%	4.22%	5.82%	3.75%	3.72%	4.77%	10.27%	10.65%	10.97%	11.16%	11.45%	11.71%
Central gov. debt service/curr. Revenue	27.85%	28.86%	29.41%	15.13%	14.32%	17.95%	25.23%	23.62%	23.14%	22.54%	22.06%	21.79%

Source: Ministry of Finance and the Economy