

RATING RELEASE

November 22, 2019

CariCRIS assigns 'adequate creditworthiness' ratings for The Government of Saint Lucia's Proposed EC \$215 million and EC \$261 million Bonds

*Cari***BBB** (Regional Scale Foreign Currency)

*Cari***BBB** (Regional Scale Local Currency)

Caribbean Information and Credit Rating Services Limited (CariCRIS) has assigned initial ratings of *Cari***BBB** (Foreign and Local Currency Ratings) to the proposed EC \$215 million and EC \$261 million debt issues of the Government of Saint Lucia (GOSL). These ratings indicate that the level of creditworthiness of these debt obligations, adjudged in relation to other debt obligations in the Caribbean, is **adequate**.

CariCRIS has also assigned a **stable** outlook on the ratings. The stable outlook is based on our expectation for an improvement in real GDP to around 1.5% in 2019, due to continued good performance of the tourism sector. Additionally, with a net increase in debt of EC \$215 million, the GOSL's debt/GDP ratio increases marginally to about 66%; a moderate debt level by Caribbean standards, with Saint Lucia remaining as one of the least indebted countries in the ECCU.

The ratings on Saint Lucia continue to reflect its monetary and exchange rate stability underpinned by membership in a quasi-currency board arrangement. Additionally, the Country has a relatively diverse economic base and growth prospects are good, which CariCRIS expects to be driven by tourism and construction activities. Other rating strengths are the Sovereign's good external sector performance, low level of external debt and moderate debt burden. However, tempering these rating strengths are the constrained fiscal position and stressed financial sector indicators, though, some improvement in the latter is noted.

ABOUT THE SOVEREIGN

Saint Lucia, “Helen of the West Indies”, is situated in the Eastern Caribbean, at the northern end of the Windward Island chain. The total area of Saint Lucia is approximately 616 km² (238 square miles). Total population is estimated at 173,165, with the greater number of persons living around the capital, Castries. Average life expectancy is 75.7 years. Infant mortality was estimated at 12.7 deaths per 1,000 live births in 2015. The official language is English, but French patois (Kwéyòl) is widely spoken.

Tourism is the mainstay of the economy with the main markets being the United States of America (USA), the United Kingdom (UK), the Caribbean and Canada. Agriculture, specifically bananas, also plays a significant role in the economy. There is a small manufacturing sector which is the most diverse in the Eastern Caribbean. The sector is involved in the production of clothing, food & beverage, corrugated cardboard boxes, the assembly of electronic components and agro-processing.

For more information on the Government of Saint Lucia's ratings, please visit www.caricris.com or contact:

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