

## RATING RELEASE

August 9, 2017

### **CariCRIS assigns 'adequate creditworthiness' ratings for The Government of Saint Lucia's proposed bond issues of EC \$208 million and EC \$261 million**

**CariBBB (Regional Scale Foreign Currency)**  
**CariBBB (Regional Scale Local Currency)**

Caribbean Information and Credit Rating Services Limited (CariCRIS) has assigned ratings of **CariBBB** (Foreign Currency and Local Currency Ratings) on its regional rating scale to the proposed debt issues of EC \$208 million and EC \$261 million<sup>1</sup> of the Government of Saint Lucia (GOSL), with a **stable** outlook. These ratings indicate that the level of creditworthiness of these obligations, adjudged in relation to other obligations in the Caribbean is **adequate**. The stable outlook is based on our expectation for continued but tepid improvement in real GDP at around 1-2% in 2017, buoyed by good outturn in construction and tourism. Also supporting the stable outlook is anticipated good control over the fiscal deficit at below 2% of GDP and debt, which is expected to measure 68.9% of GDP as at the end of FY2017/18.

The ratings on Saint Lucia continue to reflect its monetary and exchange rate stability, underpinned by its membership in a quasi-currency board arrangement, a relatively diversified economic base with modest growth, though down from last year and an external sector characterised by moderate balance of payments performances alongside a relatively low external debt position. These rating strengths are tempered by a constrained though improving fiscal position and moderate debt levels, coupled with financial sector weaknesses.

#### **ABOUT THE SOVEREIGN**

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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 km<sup>2</sup> (238 square miles). Total population is estimated at 173,966<sup>2</sup>, with the greater number of persons living around the capital, Castries. Average life expectancy is 75.1 years. Infant mortality was estimated at 12.7 deaths per 1,000 live births in 2015. The official language is English but French patois is widely spoken.

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<sup>1</sup> The proposed debt issues will be used to rollover existing debt (EC \$261 million) and budgetary support (EC \$208 million). As such, new borrowings would total only EC \$208 million.

<sup>2</sup> Ministry of Finance, Economic Affairs, Planning & Social Security

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, the most diverse in the Eastern Caribbean, producing clothing, food and beverages, corrugated cardboard boxes, handicraft and sporting goods amongst others, as well as the assembly of electronic components and the processing of lime and coconut. A relatively small financial sector also exists.

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*For more information on the Government of Saint Lucia's ratings, please visit [www.caricris.com](http://www.caricris.com) or contact:*

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