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Statistics Department Mission Statement:

'To provide timely access to comprehensive accurate reliable information on St. Lucia to Anyone, Anywhere, Anytime'.

Analysis of Indices

In consequence of developing countries time-honored dependence on imported capital and manufactured goods from developed countries, terms of trade for developing countries have generally been unfavorable. Nonetheless, an analysis of the terms of trade derived here, reveals that St. Lucia has buck this trend and is experiencing somewhat favorable terms of trade. This has been driven primarily by the favorable export prices as well as some discounting in import prices.

For the period under review (i.e. 2003) export prices for all S.I.T.C sections with the exceptions of Food and Live Animals and Beverages and Tobacco experienced increases. Corre-

spondingly, export prices for all B.E.C. groups with the exception of Food and Beverages experienced increases. In contrast, import prices only for S.I.T.C. sections, Chemicals & Related Products, N.E.S. and Miscellaneous Manufactured Articles recorded reductions. Likewise, import prices only for B.E.C group Consumer Goods not elsewhere specified recorded reductions. On the whole, the slight increases recorded in import prices were negated by increases recorded in export prices, hence the end result of favorable terms of trade for St. Lucia for the period 2003.

Additionally, an indication of the extent of discounting taking place within the tourism sector

(or more precisely hotels), is given. When compared to the base year 2002, a 2.08% reduction was recorded in the Hotels Price Index for 2003. As is evident from the Summary Table, these discounts occurred during the third and fourth quarter of 2003. In spite of the fact that the first two quarters of 2003 recorded increases in hotel prices, these increases were not significant enough to offset the reductions in prices which occurred during the last two quarters.



Saint Lucia's Foreign Trade Price Indices Report

Introduction

At the request of the Government Statistics Department of St. Lucia and with the support of the Caribbean Regional Technical Assistance Center (CARTAC) and the Eastern Caribbean Central Bank (ECCB) the task to develop export and import price indices for St. Lucia was undertaken. The first of three missions commenced from April 7—17, 2003, the second mission taking place from September 15—25, 2003 and the third mission from February 16-20, 2004. The missions were conducted by the consultant John Sundgren with assistance from the IMF Multisector Statistics Advisor of CARTAC Howard Murad, who worked closely with the Director of Statistics, Edwin St. Catherine and Statistician Curtis Mathurin.

Foreign trade price indices are important indicators for analyzing growth and inflation in an open economy like St. Lucia. Export and import price indices are essential for assessing the impact of international trade on the domestic economy. Among their most important uses are analyzing developments in the

Method Used

Export and import price indices traditionally cover foreign trade in commodities. The construction of these indices typically involves the selection of samples of commodities and their weights from foreign trade statistics, the derivation of unit values from the selected value and volume data, and the calculation of Laspeyres indices from these

trade balance, measuring foreign prices' contribution to domestic inflation and deflating nominal values of exports and imports for estimating the volume of gross domestic product. Foreign trade indices also permit decision/policy makers to break down changes in the values of exports or imports into price changes and volume changes and thus analyze whether a change in the value of exports or imports of a commodity or group of commodities can be explained by changes in prices, quantities or both.



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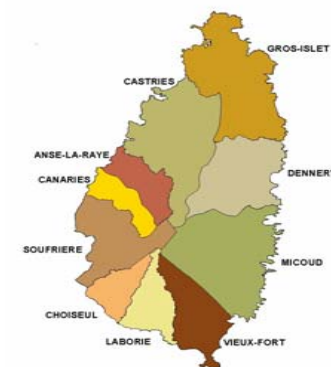
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unit values. Given St. Lucia's dependency on tourism and the huge variations and fluctuations experienced in the extrapolation of unit value data, the approach adopted here departs from the conventional methods of compiling foreign trade price indices. Consequently, coverage was expanded to also include the export and import of major

services. Contrary to traditional methods (unit value) of compiling foreign trade price indices, a direct price survey was employed to obtain the commodity and service price data from the group of selected enterprises. The selection process focused on the most important



Method Used Cont'd

commodities and services, and the largest enterprises trading in them. The final samples for commodities were reduced to include nine large exporters representing about 63 percent of the total value of exports and 56 large importers representing 48 percent of imports. The samples for services, primarily hotels (11) and restaurants (9), were selected from the census data of 2001, and their coverage surpassed 70 percent.

The excellent cooperation received from most of the sample of selected exporters and importers during the initial stages of the direct price survey (**Quarterly Price Collection Survey for Trade Indices**), made it possible to obtain comparable monthly price data for the whole year of 2003. For hotels, data on room rates were collected from six online travel agents. For restaurants, catering to tourists, and other services, price data were obtained through telephone calls or by fax.

The price indices were calculated using the Laspeyres formula. Aggregate weights were derived from the 2002 ECCB balance of payments data for St. Lucia. Where more detailed weights were needed, the ECCB weights were distributed on commodities and enterprises in proportion to their trade shares as provided by foreign trade statistics; for hotels and restaurants the distribution was made in proportion to employment data.

Summary Table

Summary of St. Lucia's Exports & Imports Price Indices

	Base year 2002	1st Qtr. 2003	2nd Qtr. 2003	3rd Qtr. 2003	4th Qtr. 2003	2003
EXPORTS PRICE INDEX						
Goods and Services Indices						
Goods	100.0	102.6	103.2	103.4	103.6	103.2
Services (Travel)	100.0	105.6	105.3	91.4	92.0	98.6
-Hotels	100.0	107.4	107.1	88.6	88.6	97.9
-Restaurants	100.0	100.0	100.0	100.0	102.3	100.6
IMPORTS PRICE INDEX						
Goods and Services Indices						
Goods	100.0	101.0	101.2	100.4	99.4	100.5
Services (Air Travel)	100.0	95.4	96.1	98.4	106.0	99.0
TERMS OF TRADE INDEX						
Goods and Services Indices						
Goods	100.0	101.5	101.9	103.0	104.2	102.7
Services*	-	-	-	-	-	-

N.B. Services (air travel) refers to St. Lucia Nationals travel abroad via selected airlines

* Terms of trade not calculated as a result of the unsatisfactory coverage of all the sub-sectors of services. Transportation and Telecommunications indices missing.



Imports Price Indices

IMPORTS PRICE INDEX BY STANDARD INTERNATIONAL TRADE CLASSIFICATION (S.I.T.C.)						
S.I.T.C.	Base Year 2002	1st Qtr. 2003	2nd Qtr. 2003	3rd Qtr. 2003	4th Qtr. 2003	2003
0. Food & Live Animals	100.0	100.1	100.5	101.5	100.0	100.5
1. Beverages & Tobacco	100.0	100.4	101.1	101.5	101.3	101.1
2. Crude Materials, Inedible, Except Fuels	100.0	98.9	98.9	98.9	111.2	102.0
3. Minerals Fuels, Lubricants & Related Materials	100.0	103.3	103.4	99.3	94.1	100.0
4. Animals & Vegetable Oils, Fats Ans Waxes	-	-	-	-	-	-
5. Chemicals & Related Products, N.E.S.	100.0	99.9	100.0	98.8	99.0	99.4
6. Manufactured Goods Classified Chiefly by Material	100.0	101.3	101.6	101.6	102.5	101.8
7. Machinery & Transport Equipment	100.0	100.4	100.9	100.4	100.6	100.6
8. Miscellaneous Manufactured Articles	100.0	100.4	99.9	99.8	99.5	99.9
9. Commodities & Transactions Not Classified According to Kind	-	-	-	-	-	-
TOTAL	100.0	101.0	101.2	100.4	99.4	100.5
IMPORTS PRICE INDEX BY BROAD ECONOMIC CLASSIFICATION (B.E.C.)						
B.E.C.	Base Year 2002	1st Qtr. 2003	2nd Qtr. 2003	3rd Qtr. 2003	4th Qtr. 2003	2003
1. Food and Beverages	100.0	100.1	100.6	101.5	100.2	100.6
2. Industrial Supplies not elsewhere Specified	100.0	101.1	101.1	100.6	102.4	101.3
3. Fuels and Lubricants	100.0	103.3	103.4	99.3	94.1	100.0
4. Capital Goods (except transport equipment), Parts and Accessories thereof	100.0	100.0	100.1	100.1	100.1	100.1
5. Transport Equipment and Parts and Accessories Thereof	100.0	101.1	102.3	101.2	102.1	101.7
6. Consumer Goods not elsewhere specified	100.0	100.0	99.9	99.9	100.0	100.0
7. Goods ness—Durable	-	-	-	-	-	-
TOTAL	100.0	101.0	101.2	100.4	99.4	100.5

Exports Price Indices

EXPORTS PRICE INDEX BY STANDARD INTERNATIONAL TRADE CLASSIFICATION (S.I.T.C.)						
S.I.T.C.	Base Year 2002	1st Qtr. 2003	2nd Qtr. 2003	3rd Qtr. 2003	4th Qtr. 2003	2003
0. Food & Live Animals	100.0	100.0	100.0	100.0	100.0	100.0
1. Beverages & Tobacco	100.0	100.0	100.0	100.0	100.0	100.0
2. Crude Materials, Inedible, Except Fuels	100.0	104.4	107.2	103.0	99.2	103.5
3. Minerals Fuels, Lubricants & Related Materials	100.0	135.0	131.3	127.4	129.3	130.8
4. Animals & Vegetable Oils, Fats Ans Waxes	-	-	-	-	-	-
5. Chemicals & Related Products, N.E.S.	-	-	-	-	-	-
6. Manufactured Goods Classified Chiefly by Materials	100.0	93.5	100.0	105.5	105.5	101.1
7. Machinery & Transport Equipment	100.0	100.6	101.8	101.8	101.8	101.5
8. Miscellaneous Manufactured Articles	100.0	100.0	105.3	105.3	105.3	104.0
9. Commodities & Transactions Not Classified According to Kind	-	-	-	-	-	-
TOTAL	100.0	102.6	103.2	103.4	103.6	103.2
EXPORTS PRICE INDEX BY BROAD ECONOMIC CLASSIFICATION (B.E.C.)						
B.E.C.	Base Year 2002	1st Qtr. 2003	2nd Qtr. 2003	3rd Qtr. 2003	4th Qtr. 2003	2003
1. Food and Beverages	100.0	100.0	100.0	100.0	100.0	100.0
2. Industrial Supplies not elsewhere Specified	100.0	93.7	100.1	105.4	105.3	101.2
3. Fuels and Lubricants	100.0	135.0	131.3	127.4	129.3	103.8
4. Capital Goods (except transport equipment), Parts and Accessories thereof	100.0	100.6	101.8	101.8	101.8	101.5
5. Transport Equipment and Parts and Accessories Thereof	-	-	-	-	-	-
6. Consumer Goods not elsewhere specified	100.0	100.0	105.3	105.3	105.3	104.0
7. Goods ness—Durable	-	-	-	-	-	-
TOTAL	100.0	102.6	103.2	103.4	103.6	103.2