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How are external forces impacting growth, trade, and investment in the Caribbean?

IDB Group

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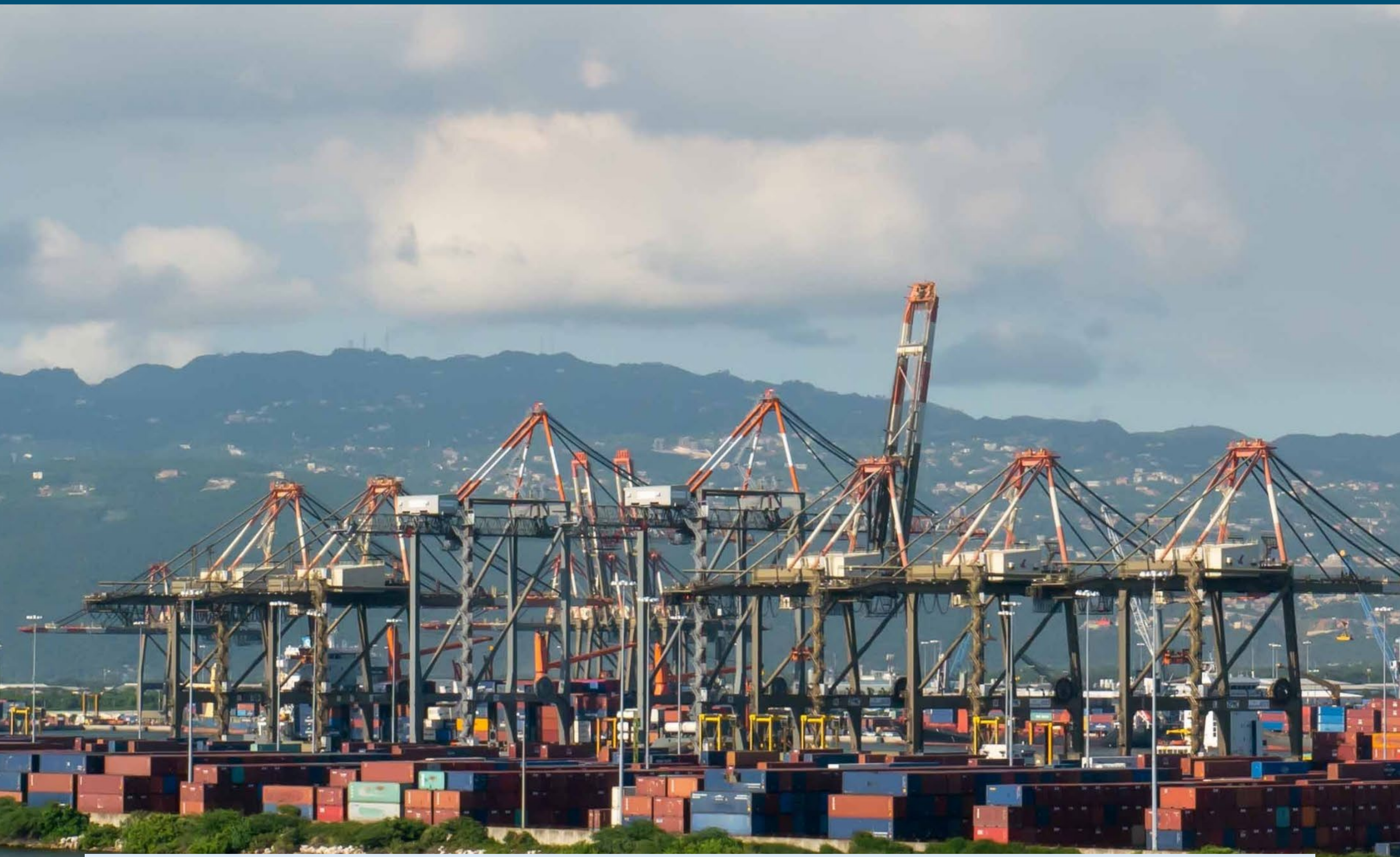

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The Caribbean as used in this report includes the following six IDB-member countries: The Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago. The cutoff date for this report was November 28, 2025.

Executive Summary

This edition of the Caribbean Economics Quarterly examines global and U.S. policy shifts, the evolution of commodity markets, and the implications for growth, trade, and investment across the six countries that constitute the IDB's Caribbean Country Department: The Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago. It concludes with detailed country sections highlighting the differing shocks, risks, and opportunities each economy faces.

The global economic landscape in 2025 has been characterized by continued volatility stemming from major shifts in the U.S. trade policy and heightened uncertainty across global markets. Notwithstanding these developments, the Caribbean has so far demonstrated relative resilience, with minimal impact on local economies. Moderating growth in the United States and China amid high trade barriers is expected to offset a mild recovery elsewhere over 2025–2026, supported partly by temporary factors such as front-loaded consumption in the first half of 2026 and digital investments in the United States. For the Caribbean, the near-term outlook remains mixed. Most economies continue to expand—driven by strong tourism performance in The Bahamas and Barbados, robust offshore oil production in Guyana, and stable non-energy activity in Trinidad and Tobago and Suriname.

Only a small value of goods bound for the United States—less than 5 percent of total exports—was directly impacted by U.S. tariffs. The Caribbean exports mostly services, oil and gold which were not subject to a tariff. However, some small exporters in the seafood and rum industries were heavily impacted.

The region's vulnerability to external shocks remains high. Weakening labor markets in the United States (the Caribbean's largest trade and investment partner), cautious investor sentiments, potential inflationary pressures from import price pass-through due to tariff-induced price hikes, and evolving global supply-chain patterns present downside risks. For tourism-dependent economies, some all-inclusive travel may be more sensitive to changes in employment and household income.

Commodity prices are expected to fall slightly over the next two years, led by energy prices. This will help alleviate the current account balance for oil importing countries. And by tempering the oil boom in Guyana, it could reduce macroeconomic volatility.

The most recent significant regional shock to the Caribbean was Hurricane Melissa, which made landfall in Jamaica as a Category 5 storm. Total damages have been estimated to be US$ 8.8 billion, creating severe disruption to agriculture, services, and Jamaica's critical tourism sector. Given Jamaica's economic weight in the region, this disaster is expected to weigh heavily on aggregate Caribbean growth forecasts.

Amid these challenges, opportunities remain. Diversification within tourism and services, renewed interest in renewable energy, technology-focused foreign direct investment, Guyana's continued oil expansion and the large oil investments in Suriname present important upside potential. The Caribbean's geographic diversification in trade also offers some insulation from global tensions.

After discussing the regional outlook, the report has six separate sections discussing these developments as they impact: The Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago. A country selected indicators table is included at the end of each section.

Regional Overview

How is the Region Doing? External Forces Are Impacting Trade, Growth, and Investment in the Caribbean

Valerie Mercer-Blackman and Monique Graham

The global economic landscape in 2025 has been marked by uncertainty and volatility, but with minimal direct impact on the Caribbean. The shifting winds in the global economy are largely due to ongoing changes in trade policies by the United States and subsequent adjustments by other countries. However, some resilience seems to be holding. The International Monetary Fund (IMF) forecasts only a slight decline in growth in 2025 and 2026 as temporary effects such as front-loaded consumption and investment in anticipation of the tariff hikes fades towards the end of 2025. Amid this changing landscape, early data suggests that Caribbean countries remain vulnerable to the shifting trade winds. Nonetheless, except for the devastating losses of economic activity caused by Hurricane Melissa in Jamaica, indicators this year point to continued growth for the rest of the Caribbean countries.[1]

Having said that, the dust has yet to settle on a number of changes to the global landscape. Compared to the beginning of the year, the resolution of some uncertainty, and the better-than-expected performance of the United States in the second quarter despite historically high effective tariff rates, supported continued growth

1 This report focuses on the six member countries of the IDB's Caribbean Country Department (CCB): The Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago.

in the Caribbean. The United States is by far the largest trading partner for the Caribbean, accounting for 43 percent of trade.

Against this backdrop, this issue of the Caribbean Economics Quarterly will examine the following questions:

- What are the changing patterns in the near-term outlook globally and for the United States, particularly in the areas of commodity prices, trade, and investment?
- How are these changes impacting the Caribbean economic outlook? The analysis will focus on various channels of impact, including the direct impact on the region's exports to the United States and indirect impacts, such as those on economic activity (especially tourism and oil production), inflation, and foreign direct investment.
- What is the near-term outlook and what are the risks for Caribbean countries?

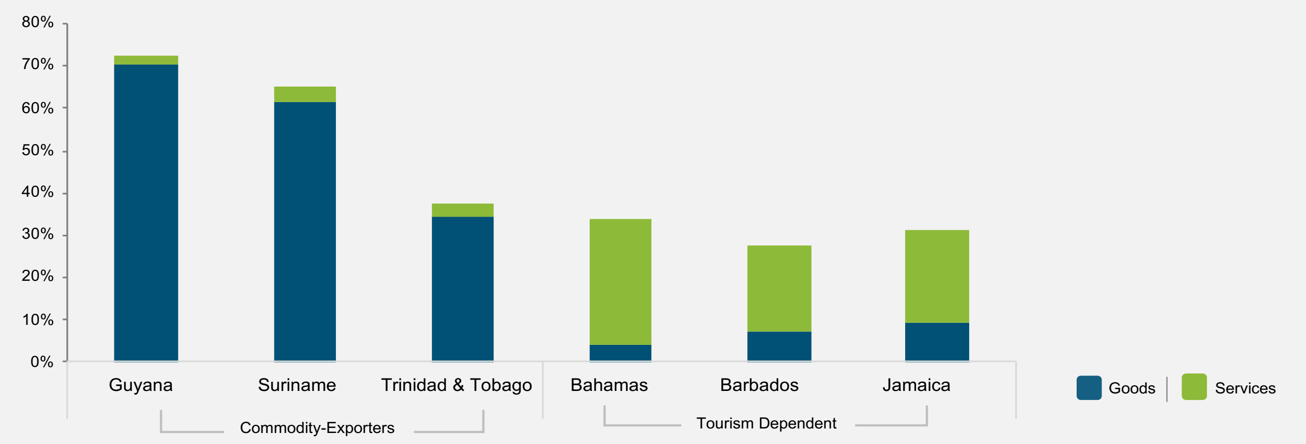
At present, the changing trends that are impacting production value chains amid a sharp reconfiguration of global trade and investment patterns are not likely to directly impact the Caribbean, in large part because the region as a whole is relatively well diversified geographically. Caribbean countries are predominantly either tourism exporters or commodity exporters (Figure 1.1). However, there are concerns that inflationary pressures on some goods could manifest through the import price pass-through. Moreover, there are some signs of a weakening labor market in the United States amid low consumer confidence. If incomes there remain stagnant, discretionary expenses such as vacation spending may be affected, impacting tourism in the Caribbean. Finally, shifting policies may be keeping investors on the sidelines. However, despite the small size of Caribbean countries and its implications for state capacity, as well as the region's vulnerability to climate change, the Caribbean has an opportunity to keep diversifying within the energy and services sectors.

This Regional Outlook starts by discussing the global outlook, with a focus on the economic outlook of the United States, the Caribbean's largest trading partner. It also examines commodity markets and shifting trade patterns that have been so prevalent in 2025 and that provide some insights into the implications for the Caribbean, specifically the impact of U.S. tariff policies and commodity prices on the region's trade and growth outlook, inflation, and prospects for foreign direct investment (FDI). The country sections shine a spotlight on the individual countries, with the Jamaica section highlighting the devastating effects of Hurricane Melissa on that country's economy.

Caribbean countries are major tourism/services, or fossil fuel exporters.

Figure 1.1

Share of Exports of Goods and Services in the Caribbean, 2019–2024 Average (Percent of GDP)



Source: UN Comtrade database | Note: The share of exports for Jamaica and Bahamas are the average over 2019–2023.

Some Signs of Distress in the Global Economy Impacting Emerging Markets and the Caribbean

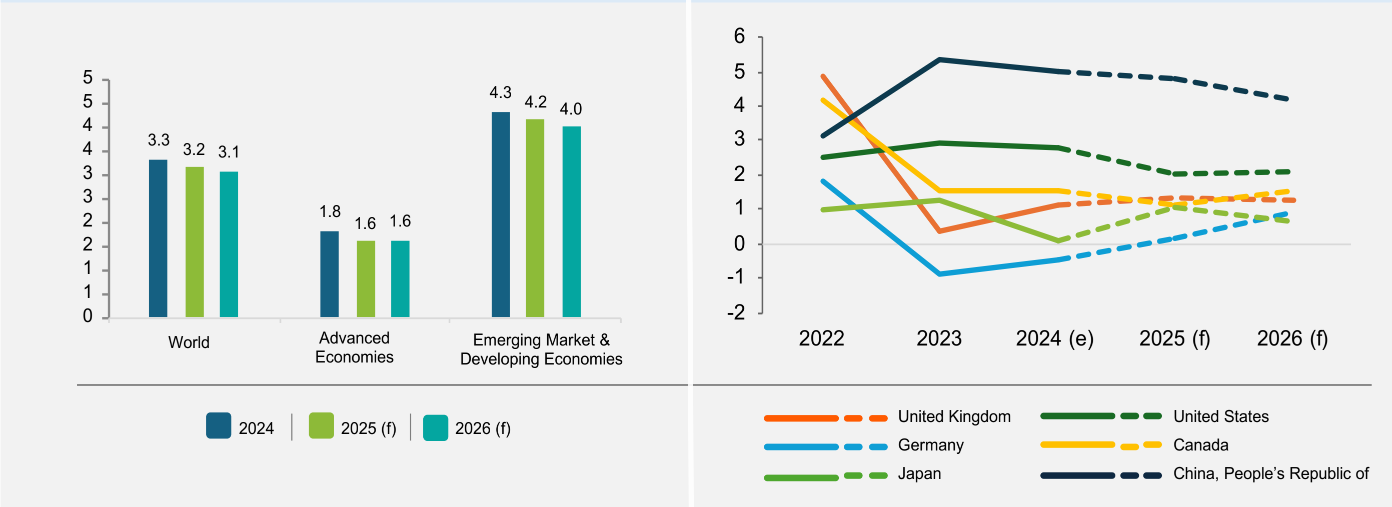
The global economy is adjusting to a barrage of new policy measures that are reshaping trade and investment around the world. The high reciprocal tariff rates announced in the second quarter of 2025 by the United States were somewhat tempered by the third quarter, thanks to subsequent deals and backing down on some announcements. But the environment remains volatile. Temporary factors that supported activity in the first half of 2025—such as front-loading of U.S. imports—are fading. Though downside risks are high, the global economy is expected to remain resilient: the IMF forecasts slightly slower global growth, from 3.3 percent in 2024 to 3.2 percent in 2025 and 3.1 percent in 2026 (Figure 1.2, panel A). Although global growth by country groups is expected to moderate only slightly, the largest economies, the United States and China, will see lower growth in 2025 (Figure 1.2, panel B).

Global growth slightly decelerating driven by lower growth in the United States and China.

Figure 1.2: Global Growth Trends

1.2A: Global Real GDP Growth, (annualized percent)

1.2B: Real GDP Growth in Major Economies (percent)



Source: IMF (2025a). Note: f: forecast.

Emerging markets and developing countries have shown surprising resilience to the U.S. tariffs and constant policy shifts. In its latest projection, the IMF forecasts growth in emerging markets and developing countries to soften only slightly to 4.2 percent in 2025 and 4 percent in 2026 from 4.3 percent in 2024. Declining growth rates in China due to structural factors are being offset by some minor improvements elsewhere. Nonetheless, the outlook is increasingly vulnerable to external and domestic headwinds.

In contrast, growth in advanced economies is likely to fall moderately in 2025, especially in the United States, directly affecting the Caribbean. The IMF forecasts growth in advanced economies to decline from 1.8 percent in 2024 to 1.6 percent in 2025, despite an important recovery in the euro area and Japan.[2] The bulk of the decline in advanced economy growth will likely come from the United States, where growth is expected to decline from 2.8 percent in 2024 to 2 percent in 2025. Going forward, developments in the United States are likely to have a major effect on the Caribbean through tourism demand, appetite for investment, and the inflationary effect of tariffs on prices of some imports into the Caribbean. This analysis thus turns briefly to the expected impact of the recent policies on the U.S. economic outlook.

Despite the historically high effective tariff rates imposed in the United States this year, the data up to September do not show a significant effect on economic activity. The front-loading of imports in the early part of the year and into May in anticipation of high tariff rates and possible retaliation led to a surge in U.S.

2 Germany, in particular is expected to recover from its recession in 2024 despite headwinds from elevated trade policy uncertainty earlier in 2025.

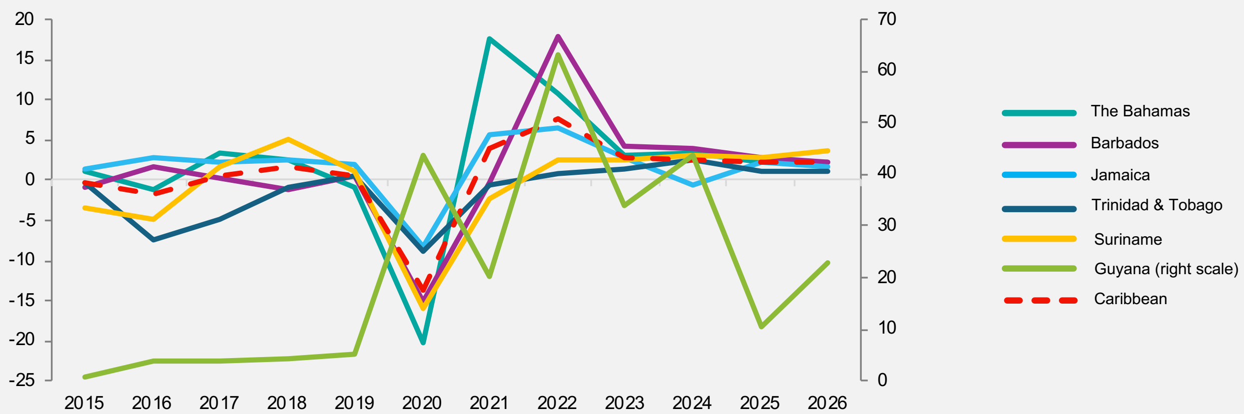
consumption. Second quarter GDP growth of 3.8 percent (annualized rate) in the United States reflected improved net exports (as imports and goods investment fell dramatically), a decline in government consumption, and an offsetting increase in intellectual property investment. The IMF thus revised its forecast for U.S. GDP growth for 2025 from 1.8 percent in April to 2 percent in October. The boost from growth in the construction of Artificial Intelligence (AI) data centers and policies to extend corporate tax rate cuts has been reflected in sharp growth in equity markets and thus healthy growth of national income, in particular high-income earners.

Evolving global conditions have thus far had a limited impact on near-term growth in the Caribbean. For now, growth for 2025 and 2026 is expected to remain relatively strong, according to the IMF's October forecasts. Growth in the Caribbean remained solid in 2025 as a result of expanding tourism and construction activities in tourism-dependent countries and higher energy production in commodity-intensive countries (Figure 1.3). Guyana's oil production remained exceptionally strong and continues to drive regional growth. Other commodity-exporting countries, including Suriname and Trinidad and Tobago, are expected to see increased growth due to a resilient non-energy sector. Based on IMF data, Caribbean economies (excluding Guyana) are expected to grow by about 2.2 percent in 2025 and 2026. However, the devastation caused by Hurricane Melissa in Jamaica in October 2025 is likely to weigh heavily on regional output, with growth for 2025 expected to fall well below earlier forecasts due to extensive infrastructure damage and disruptions to tourism, and agriculture. Jamaica's GDP constitutes about a quarter of GDP of the Caribbean countries analyzed in this Regional Outlook.

The growth of Caribbean countries is expected to remain stable, except for Guyana which will continue growing by double-digits reflecting its oil boom.

Figure 1.3

Real GDP Growth in the Caribbean, 2015–2026 (Percent)



Source: IMF (2025a) | Notes: Real GDP for the Caribbean is based on a simple average of Caribbean countries and excludes Guyana

Amid these changes, U.S. inflation remains above the Federal Reserve target but has not seen the tariff-induced surge that had been expected. Twelve-month core inflation (excluding volatile food and energy) was 3 percent in September 2025, still above the U.S. Federal Reserve target of 2 percent. In addition to the impact of tariffs on import demand and thus growth in the United States, the fear was that the tariffs could lead to a one-off increase in the prices of goods, including intermediate goods. Given the highly interlinked global value chains, increases in input prices would cascade into higher prices of final goods. For example, steel, aluminum, and refined copper products have a tariff rate of 50 percent, and these are used in many manufacturing goods. However, these price increases have so far been more muted for three reasons. First, the North American manufacturing industry, particularly the auto industry, remained free of tariffs as long as the local content rules of the United States-Mexico-Canada Free Trade Agreement were satisfied. It appears that Canada and Mexico have actively used these provisions to avoid the 25 percent tariffs imposed by the United States in the second quarter of 2025. Second, except for China, most countries have not retaliated against the U.S. tariffs, avoiding what could have been a spiraling trade-war-induced price escalation. Finally, importers have not yet passed on the tariff-induced price increases to consumers as a result of various adjustments such as: (i) changes in customs classifications; (ii) trade diversion through third countries to comply with rules of origin (so called "place-of-origin washing"); or (iii) a reluctance to raise prices on a large scale.[3] However, this may be a temporary phenomenon that could change in the next few months, as the data may not be fully reflecting some effects. This is important because U.S. inflation—particularly in goods—could be passed on to Caribbean countries through higher import prices.

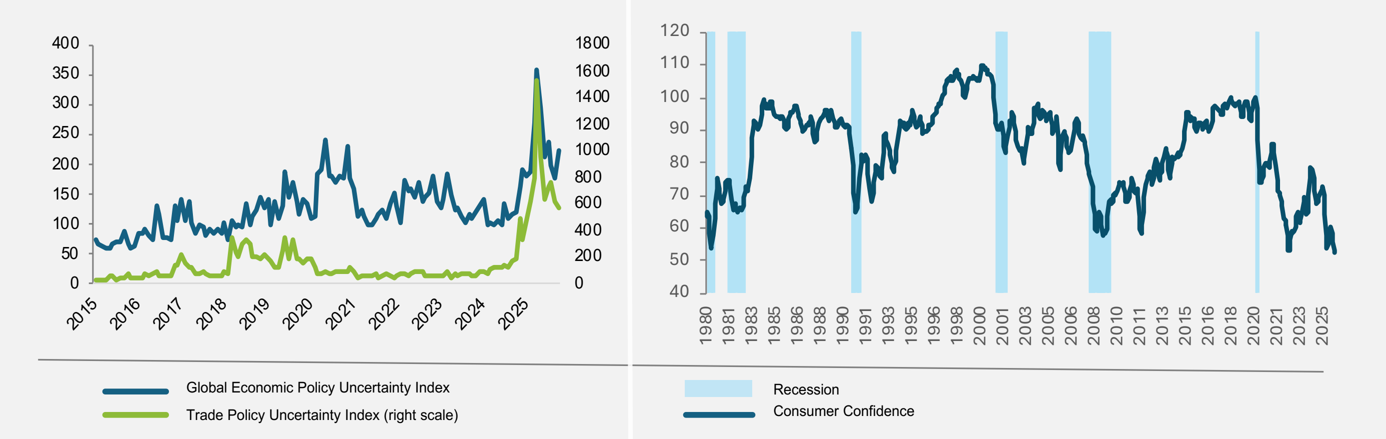
Going forward, shifting policies could have a major impact on investment, labor markets, and incomes in the United States in 2026, posing some important downside risks. Data up to August suggest that the U.S. economy is benefiting from a (largely cash-financed) AI investment boom in information technology (IT) hardware (especially in the first quarter) and software (in the second quarter). Data centers consume a large amount of electricity, so demand for energy has grown as well. This boom was the result of investment plans made by IT companies years before recent tariff policies took shape. However, this growth spur may fade, for four possible reasons. First, such firms are betting that these technologies will take productivity to new levels, but the rate of adoption is uncertain, so it is unclear when the benefits will translate to growth in the near term. Second, the subsidies for renewable energy investments under the Inflation Reduction Act will expire at the end of 2025, which means that purchases of electric vehicles and installation of wind and solar sites in the United States are likely being front-loaded, temporarily boosting growth. Third, despite some recent improvement, high levels of trade policy uncertainty and U.S. policy uncertainty throughout 2025 have significantly reduced investment, particularly in manufacturing, as firms wait on the sidelines until the regulatory environment and the outlook for demand is more certain (Figure 1.4, panel A). In turn, consumer sentiment in the United States is at its lowest level since 1980, even outside of a recession (Figure 1.4, panel B). This does not bode well for the purchase of durable goods and non-discretionary spending, such as vacations abroad. Finally, the labor market may weaken, reducing U.S. consumer spending. High restrictions on visas and migrant workers and cuts in funding for basic research will impact the supply of skilled and unskilled labor in the United States, while lower investment in labor-intensive sectors has reduced the demand for labor. However, it is too early to tell the extent to which these phenomena will affect U.S. economic growth.

High uncertainty and low confidence levels in the United States may weaken firm investment and consumer spending.

Figure 1.4: Economic Uncertainty and Consumer Sentiment in the United States

1.4A: Policy Uncertainty (2017 = 100)

1.4B: U.S. Consumer Sentiment (index value, 1996=100)



Panel A: Davis, 2016. The Economic Policy Uncertainty index was constructed based on newspaper coverage frequency, proxying for movement related to policy-related economic uncertainty including close presidential elections, government shutdowns, debt-ceiling wars, and major disputes over fiscal policy. The trade policy uncertainty index is a sub-index of the Economic Policy Uncertainty index and reflects the frequency of articles in American newspapers that discuss policy-related economic uncertainty and also contain one or more references to trade policy. Panel B: University of Michigan Survey of Consumers.

Note: 3-month moving average of the monthly index.

3 Even so, uncertainty regarding the final set of tariffs reduced trade activity globally, as importers to the United States held off on shipping goods in hopes of an agreement with partners or a legal clarification from the U.S. Supreme Court.

In Parallel, the Downward Trend in Commodity Prices Brings Macroeconomic Relief

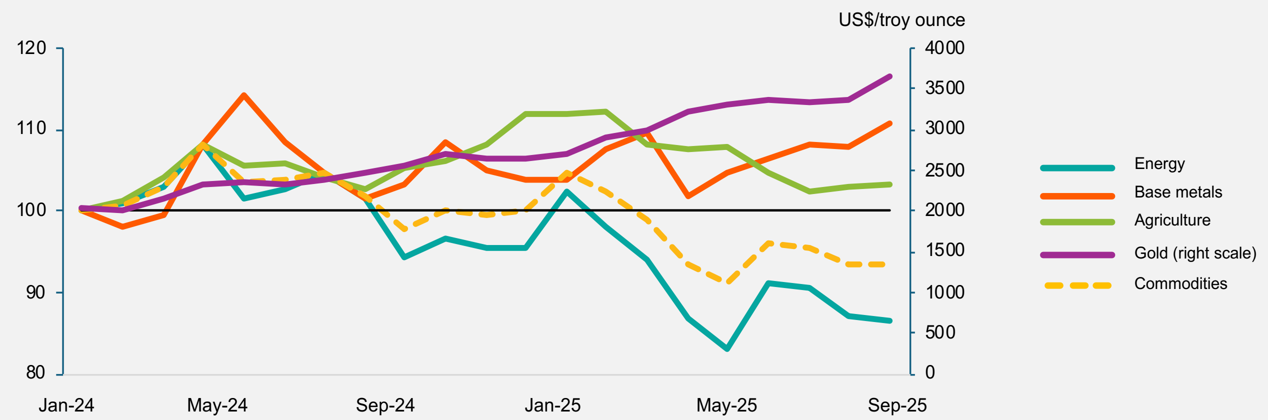
Movements in commodity prices have a major impact on Caribbean economies. As small economies, they rely heavily on air transport and import much of their food and basic goods, all of which are energy-intensive. Three of the six countries analyzed in this Regional Outlook are major oil exporters (Guyana, Suriname, and Trinidad and Tobago), while The Bahamas and Jamaica refine oil as well.[4] But together with Barbados, The Bahamas and Jamaica rely on oil (and gas) imports for 100 percent of their domestic energy use. Trinidad and Tobago is also a major exporter of natural gas and fertilizer (which uses natural gas as an input). Jamaica produces alumina (aluminum oxide) and bauxite used for aluminum production, and Trinidad and Tobago produces steel and fertilizers using natural gas as inputs. Guyana and Suriname produce and export gold.

Commodity prices have fallen since the beginning of 2025, largely driven by lower energy prices (Figure 1.5). The sharp decline in oil prices in 2025 reflects sluggish oil demand growth in China and excess global oil supply. Geopolitical events, trade tensions, and political uncertainty have contributed to short-term volatility of all commodity prices (World Bank 2025a). Energy and metal prices have held steady, with agricultural prices easing amid favorable global supply conditions. Metal commodities have felt the impact of tariffs, but mostly through widening price differentials in major exchanges. For example, in the case of copper, the anticipation of high copper tariffs led to the U.S.-based COMEX copper exchange to post higher prices than the London Metals Exchange in the first half of 2025 (the gap has since disappeared). Strong investment in renewable energy and associated infrastructure—particularly in China—has boosted demand for the main base metals, aluminum and copper.

Commodity prices are declining, led by falling energy prices despite rising metal prices.

Figure 1.5

Commodity Price Index, January 2024–September 2025 (January 24 = 100)



Sources: World Bank (2025a); Bloomberg, L.P.; and the International Energy Agency.| Notes: Gold prices are in nominal U.S. dollars. toz = troy ounce

Lower oil prices and higher natural gas prices in the near term bode well for the Caribbean. Brent crude oil prices are expected to average US$68/barrel in 2025 and continue on a downward trend to average US$60/barrel in 2026 (World Bank 2025a). This represents a 16 percent decline from 2024. Lower energy prices will reduce the import bill for The Bahamas, Barbados, and Jamaica; while tempering the oil boom in Guyana. With China's objective to decarbonize the transport sector by 2030 and beyond, as well as ample global supplies, futures markets suggest continued softening of oil prices. However, prices of natural gas are expected to diverge

4 Oil refining for the U.S. market would only have an effect on net exports if throughput and distillation issues widened the difference between the crude petroleum and the products.

on the global market in 2026, increasing in the United States in line with growing electricity demand (World Bank 2025a). This will be supportive for Trinidad and Tobago, a natural gas exporter, because most exports are priced in relation to the U.S. benchmark price, the “Henry Hub.” Trinidad and Tobago is also a large methane and fertilizer producer, and fertilizer prices are expected to rise by 21 percent in 2025, according to the World Bank, and remain elevated due to higher input costs (mainly nitrogen and natural gas), resilient consumption, and trade restrictions and sanctions.

Metals prices will also be mostly supportive of Caribbean growth, since some countries in the region export metals. Base metal prices are estimated to increase by 5 percent in 2025 and marginally increase in 2026 amid resilient global demand for base metals such as aluminum and copper (Reliable Plant undated). Moreover, precious metals, primarily gold, continue to see strong demand for investment purposes.

The recent surge in gold prices will also benefit Suriname and, to a lesser extent, Guyana. Gold prices reached a record high of US$4,000/ounce in November 2025, as investors sought safe-haven assets amid rising geopolitical and policy uncertainty, and as central banks increased purchases. Gold prices are forecast to stay high through 2027, especially if trade and political tensions persist (World Bank 2025b). Suriname and Guyana are major gold exporters, but the historic surge in gold prices to unprecedented levels has also led to some unsafe and sometimes illegal practices in gold mining in Suriname, with harmful effects on the ecosystem.

Recent Tariff Hikes in the United States Have Had a Marginal Direct Impact on the Caribbean but Could Indirectly Impact the Region

Caribbean trade was not as directly affected by the recent tariffs because the U.S. tariff hikes mainly targeted trade in intermediate and final manufacturing goods. The two main Caribbean exports to the United States, tourism (because it is a service export), and oil and gas, were not subject to tariffs (Figure 1.6, panels A and B). All other goods imports to the United States, except for commodities and refined products, have been subject to a 10 percent tariff levy since April 2025, the minimum for practically all countries. Only 27 percent of Caribbean exports are non-commodity goods. Most fertilizer-exporting countries, including Trinidad and Tobago, saw their tariff rates increase to 15 percent starting in early October from the prior 10 percent imposed in April (Kleinschmidt 2025). However, in November, the United States reversed the decision and applied zero tariffs on fertilizer imports from Trinidad and Tobago.

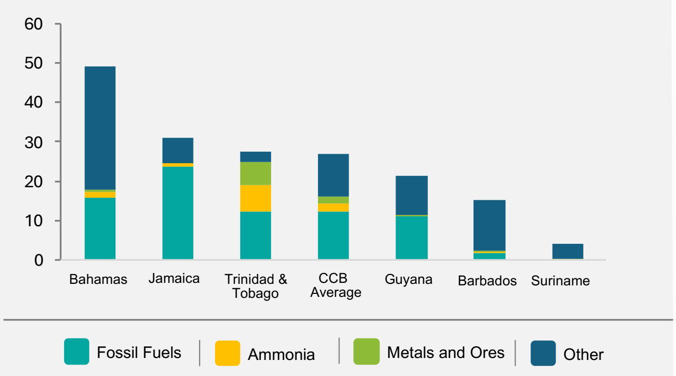
Refined metals and ores were subject to the highest global tariffs. In May, U.S. steel and aluminum tariffs were hiked from 25 to 50 percent, regardless of origin.[5] Trinidad and Tobago has an important iron ore smelting and steel-producing facility in Point Lisas, but its exports to the United States are miniscule, so it will not be affected through this channel.

5 Semi-finished copper products (not raw or refined) were hit with a 50 percent tariff starting in August. However, Caribbean countries are not major producers of copper or refined copper.

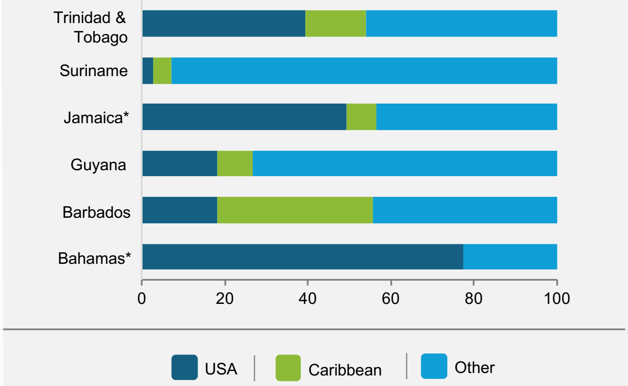
Except for The Bahamas, most Caribbean exports are not destined to the United States

Figure 1.6: Caribbean Export Patterns and Key Destinations

1.6A: Share of Total Exports of Goods by Caribbean Countries Destined for the United States, 2023 (Percent)



1.6B: Average Share of Caribbean Exports by Destination, 2019–2024 Average



Source: panel A: Atlas of Economic Complexity (using the UN Comtrade database); panel B: UN Comtrade database.

Note: Ammonia also includes fertilizers and all chemical products. Fossil fuels include petroleum, refined petroleum products, and natural gas. CCB refers to the six member countries of the IDB's Caribbean Country Department.

Note: includes goods and services. * = the share of exports for Jamaica and The Bahamas reflects the average for 2019–2023.

The 50 percent tariff on aluminum exports to the United States has a small direct effect on Jamaica, but is unlikely to impact aluminum production in Trinidad and Tobago and Suriname. Alumina accounted for 40 percent of total Jamaican goods exports in 2024, but historically, only a small share of that alumina was destined for the United States, with most of it going to Europe (Jamaica Observer 2025). Trinidad and Tobago has historical involvement in the aluminum supply chain, such as Alcoa's loading facility for alumina shipments from Suriname, which also uses its hydroelectric power to produce aluminum from bauxite. However, neither country exports aluminum to the United States.

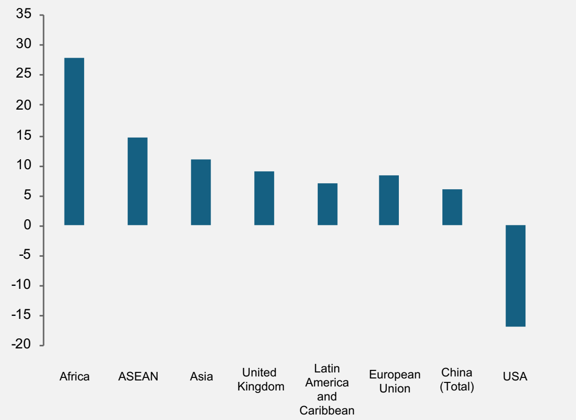
Intensification of Protectionist Trade Has Contributed to a Notable Reshaping of Global Trade Patterns, Creating Opportunities for the Caribbean

Since the increase in tariffs on the major U.S. trading partners and subsequent retaliatory decisions, several economies have redirected trade flows to other regions to cushion the economic impact and maintain growth. Notable changes have been seen in Chinese exports, with increased trade with the Association of Southeast Asian Nations, European Union, and African markets. The uptick in exports to these regions is sizable, with year-over-year change of 15 percent, 8 percent, and 28 percent, respectively in the first nine months of 2025 relative to 2024. Meanwhile Chinese exports to the United States have declined by 17 percent during the same period (Figure 1.7, panel A). This is a continuation of shifting trade patterns that started during the first U.S. China conflict in 2017: there has been a notable decline in the direct share of U.S. imports from China between 2017 and 2025, with a corresponding increase in imports from economies such as Viet Nam, Taiwan Province of China, and Mexico (Figure 1.7, panel B). In short, China is exporting less to the United States, and the United States is buying less from China Despite this movement in trade away from China, U.S. indirect supply-chain links to China remain largely intact: Chinese firms appear to be mitigating the effects of tariffs by increasing exports to and FDI into third countries such as Viet Nam and Mexico, which then export to the United States (Alfaro and Chor 2025). Other economies, including the United Kingdom and Canada, continue to explore trading partners outside of the United States to maintain global competitiveness.

China is exporting less to the United States, and the United States is buying less from China.

Figure 1.7: Chinese Exports, and Changes in U.S. Import Shares

1.7A: Chinese Exports, January to September 2024 and 2025 (Percent change, year-over-year)



17B: Changes in U.S. Import Shares, 2017–2025 (Percentage points)

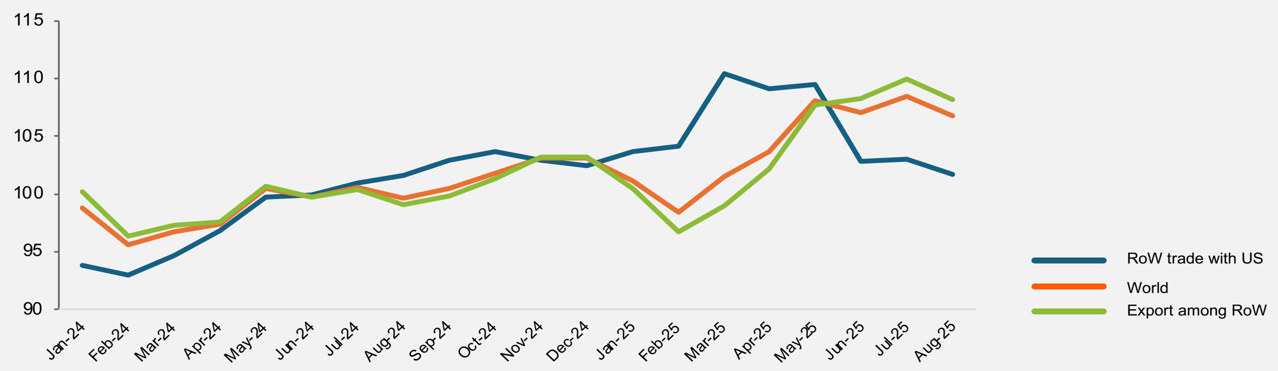
Sources: Haver Analytics, U.S. Census Bureau; UN Comtrade database; and U.S. Bureau of Economic Analysis.
Note: The year-over-year changes reflect the January to September period for 2024 and 2025. ASEAN: Association of Southeast Asian Nations.

Trade is not declining globally, just shifting, and the Caribbean may be able to do the same. The World Trade Organization predicts that the volume of merchandise trade will moderately expand by the end of 2025 relative to 2024 (WTO 2025). Figure 1.8 shows that exports among non-U.S. (rest of world) and world total exports continue to rise in tandem, whereas exports to the United States have significantly moderated following the front-loading surge early in 2025, and continued to do so up to August 2025. This shows that there has been a re-shifting of world-U.S. trade, but not yet a decline in total world trade. For the Caribbean, this bodes well for the possibility of finding new partners for some of the exports affected by the baseline 10 percent tariff imposed by the United States. The tariff is likely to have more pronounced short-term effects at the industry levels, particularly for small exporters. In Barbados, the tariff is reported to be negatively affecting the spirits industry, which contributed almost half of total goods exports in 2024, prompting a need for that country to find new markets quickly. The crustacean and salt industry in The Bahamas will also be affected, up to an estimated 16 percent of export value.

Global trade is not declining, but U.S. trade has begun to lag behind.

Figure 1.8

Global Real Goods Exports, 2024–2025 (U.S. dollar value; 2024=100)



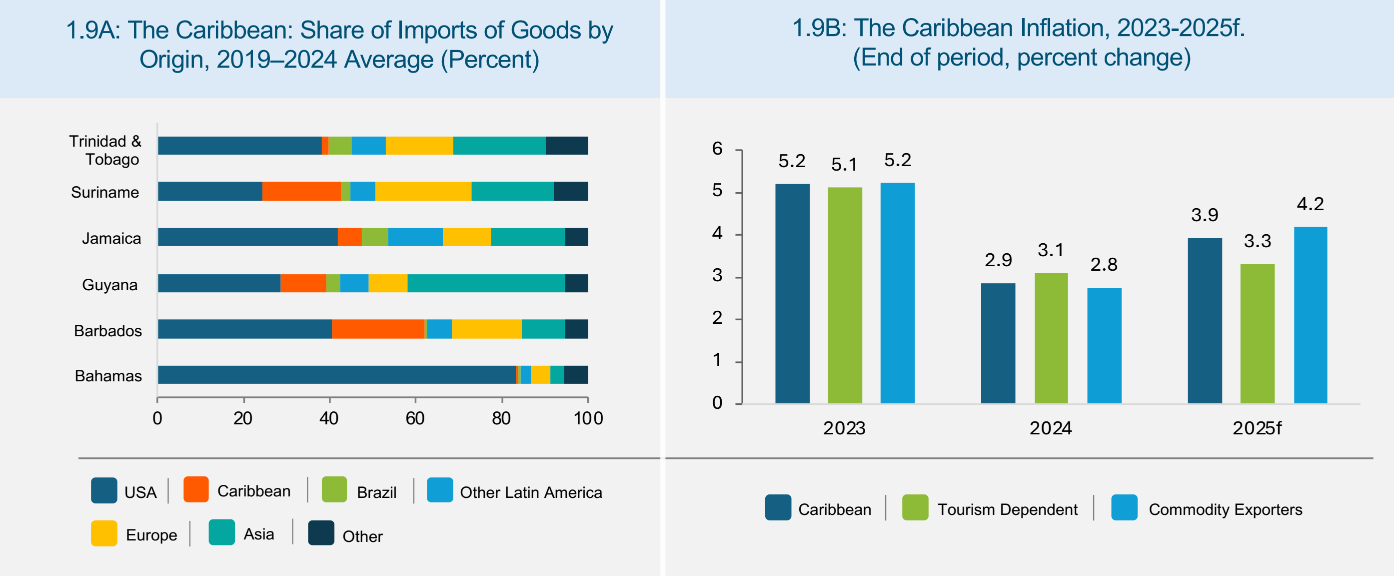
Sources: International Monetary Fund International Trade Goods (ITG) database.| Note: RoW: rest of world.

Going forward, the indirect effects of U.S. policies in the near term, including tariffs, pose risks for the Caribbean. The continued easing of monetary policy as of November 2025 suggests that the U.S. Federal Reserve is more concerned that growth may weaken than about inflation. Whether it ultimately addresses inflation or lower growth, both will negatively impact the Caribbean in several possible ways:

- If the tariffs lead to higher prices on consumer goods, this will pass through to Caribbean country import prices. Since the United States is one of the Caribbean's primary trading partners, prices of imports from the United States to the region will already incorporate the effects of the tariffs. In 2023, approximately 43 percent of Caribbean goods imports originated from the United States, and they consisted of diverse products (from autos and machines to food and construction material). Notably, The Bahamas stood out, with an average of more than 80 percent of its imports sourced from the United States between 2019 and 2023, significantly above the regional average and its peers (Figure 1.9, panel A). Annualized inflation in the Caribbean is expected to rise moderately in 2025 to 3.9 percent, up from 2.9 percent in 2024 (Figure 1.9, panel B). However, if tariff-induced price hikes have yet to take effect, the pass-through of import prices to inflation could be much higher. On the other hand, declining energy prices and prices of energy-intensive food imports will help offset possible increases in the prices of manufactured goods—which account for between 7 to 30 percent of imports in tourism-dependent Caribbean countries.
- If tariff-induced costs of imports from the United States rise, some countries might be able to source some basic goods from other markets. However, this may be more difficult for some products. For example, Guyana is importing some specialized machinery and equipment and vehicles for its oil sector and investment projects in large part from the United States. These products are likely to see tariff-induced price hikes.

Diversified import sources and low inflation, especially in tourism-exporting Caribbean countries, will limit inflation passthrough from higher US tariffs.

Figure 1.9: Caribbean Imports and Inflation Trends



Source: UN Comtrade database.
Note: The share of imports for Jamaica and The Bahamas reflects the average for 2019–2023

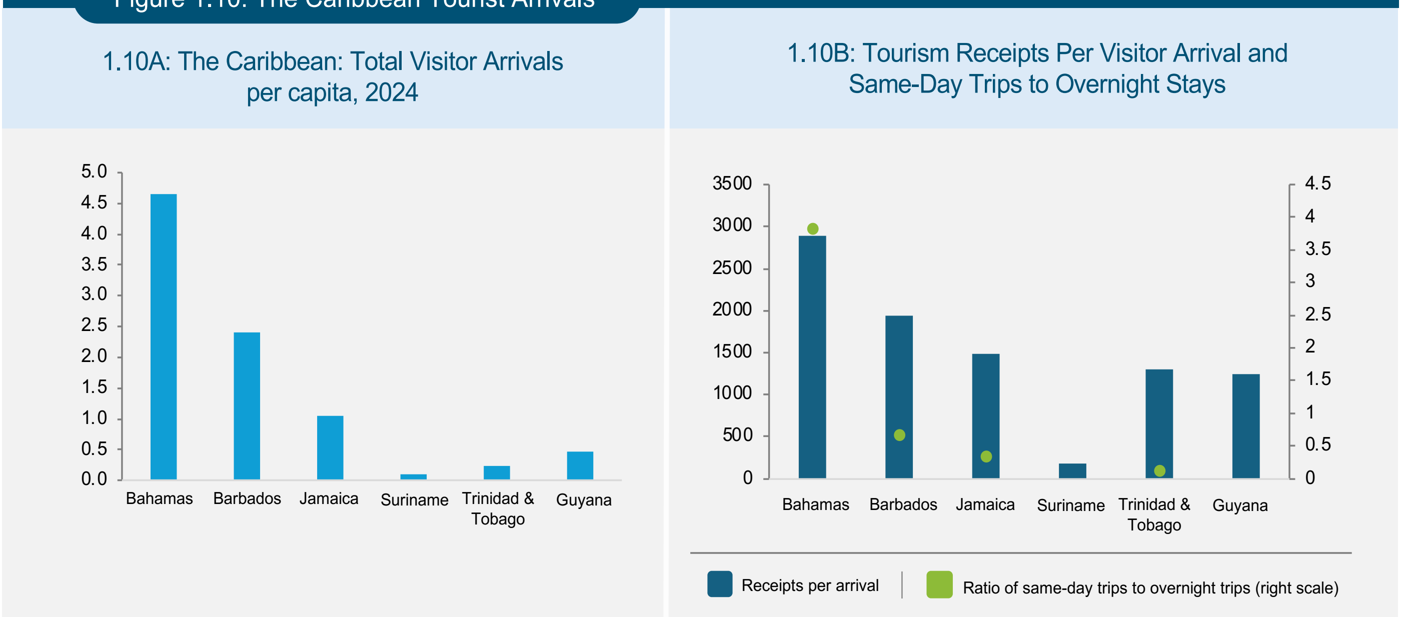
Source: IMF (2025b).
Note: Inflation for the Caribbean represents a weighted average and only includes the six countries analyzed in this Regional Outlook.

- **If U.S. growth falls below the IMF's baseline forecast for 2026 of 2.1 percent, this will reduce demand for tourism in the Caribbean, particularly affecting travel from budget-sensitive visitors.** The United States remains one of the largest sources of tourist arrivals in the Caribbean, accounting for approximately 16.8 million arrivals out of a total of about 34.2 million arrivals in 2024 (Caribbean Tourism Organisation 2025). Consequently, weaker economic growth and reduced household purchasing power could lower outbound tourism demand as U.S. consumers reduce discretionary spending. One of the characteristics of income growth in the United States in 2025 is the skewed distribution in favor of more wealthy households. This means that high-end luxury travel is likely to thrive, possibly favoring The Bahamas and Barbados. However, all-inclusive vacation packages, which target budget travelers, could be negatively impacted if the U.S. economy sours. Business travel is also likely to suffer if growth slows and firms cut costs.

- **Other types of travel will be less sensitive to the direction of U.S. economic growth.** In the case of Jamaica, travel to the country over the next few months will be dominated by visitors involved in rescue and reconstruction following Hurricane Melissa. The fourth quarter will see declines in tourism as one of the main tourism spots in and around Montego Bay recovers from the destruction of hotels and related assets. On the other hand, travel by the Caribbean diaspora and family members tends to be much less sensitive to U.S. economic activity, and is more common in Trinidad and Tobago, Guyana, and Jamaica. However, in The Bahamas and Barbados, the number of tourists on average surpass the size of the resident population by many times, highlighting the key economic importance of this industry for these countries (Figure 1.10, panel A). Cruise travel may also be negatively affected by weaker demand from U.S. tourists, although spending per cruise-bound tourist—common in The Bahamas—tends to be very low compared to visitors who stay overnight or stay in off-market rental properties. Barbados and Jamaica, for example, have lower rates of same-day trips (cruise stopover visitors) to overnight stays compared to The Bahamas. However, they also have lower spending per tourist than The Bahamas on average (Figure 1.10, panel B). If U.S. tourists decide to stay for less time or reduce visits amid a weakening economy, for example, this would especially impact Barbados.

The structure of tourism differs among Caribbean countries.

Figure 1.10: The Caribbean Tourist Arrivals



Sources: UN Tourism Data Dashboard; and Our World in Data.

Notes: For the ratio of same-day trips to overnight trips, a country with a ratio greater than one has more trips by visitors who leave the same day than those who stay overnight. The ratio reflects the most recent data, which is from 2022; Tourist arrivals for Suriname is for 2021.

Looking Ahead: Trends in Foreign Investment Could Provide Opportunities for the Caribbean

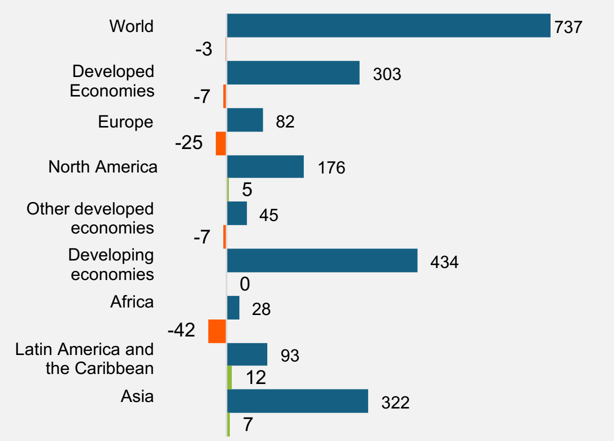
Trade policy and political uncertainty have also heightened investor uncertainty, negatively impacting FDI. Preliminary data from the United Nations Conference on Trade and Development (UNCTAD) shows that global investment and prospects for FDI remain weak following two consecutive years of decline. Investment trends for the first half of 2025, relative to the same period in 2024, show a 3 percent decline in the value of FDI globally, reflecting deepening investor uncertainty and tightening financial conditions (Figure 1.11, panel A). This reduction is largely driven by a 23 percent decline in the value of cross-border mergers and acquisitions.

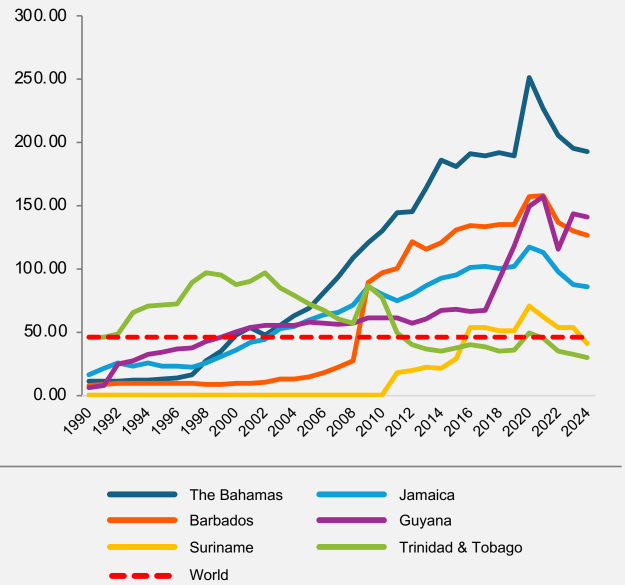
Global investment is shifting towards high-tech products and markets while FDI stock to GDP is high and growing in the Caribbean.

Figure 1.11: Foreign Direct Investment By Region

1.11A: Investment Trends by Region: Billions of Dollars and Percent Change in Foreign Direct Investment, Relative to 2024 (Half-year average)

1.11B: Foreign Direct Investment Stock 1990–2024 (Percent of GDP)





Source: UNCTAD, based on information from the Financial Times, fDi Markets (www.fDimarkets.com), Foreign Direct Investment/Multinational Enterprise database, and LSEG Data & Analytics.

Note: FDI: foreign direct investment. Data on FDI stock excludes financial centers in the Caribbean and special-purpose entities in reporting countries.

A deeper look at the changes by country and sector shows contrasting yet notable shifts, with investment moving away from infrastructure and manufacturing to more technology-related and AI-focused projects and energy-transition-related investments. Reflecting these shifts, primarily in advanced economies, the value of investment in international project finance declined by almost one-third in 2025 (half-year average) compared to the same period in 2024, whereas the value of investment in digital projects surged by almost 50 percent (UNCTAD 2025). On the other hand, foreign investment in developing regions was flat, highlighting the growing divergence between innovation-driven economies and those more reliant on tangible capital formation.

FDI remains vital to the Caribbean's competitiveness and economic diversification. Its importance to specific economic activities—including services (financial, information and communication technology, and tourism), manufacturing (food and beverages and chemicals), and natural resources (mainly oil, gas, and metal or mineral mining)—has grown over the past three decades. More recently, however, the increase in global demand for more technology-focused and AI-related activities has seen subsequent expansion in FDI inflow to these areas. Such investments support capital formation and infrastructure development in the Caribbean. Currently, the FDI stock represents more than 100 percent of GDP on average for the tourism-dependent countries, way above the global average of 46.2 percent of GDP, reflecting the small size of the countries and their openness (Figure 1.11, panel B). FDI flows at the country level are largely driven by key sectors, mainly tourism in The Bahamas and Jamaica (Mooney and Zegarra 2020)—and energy production.

While the FDI stock is yet to return to pre-pandemic levels, governments have identified specific sectors to promote portfolio diversification and sustained positive FDI growth. In The Bahamas, the launch of the world's first digital currency in 2020 positioned the country as a regional fintech hub. The government continues to encourage investment in fintech and blockchain technologies, digital assets, and the creation of new technology-based entities, while strengthening its high-end tourism developments (Office of the Prime Minister 2025; Paradigm Advisor 2025). In Barbados, under its "Barbados 2035 Plan," the government is advancing blue and green economy initiatives and aims to establish itself as the regional hub for health, education, and professional services, with a potential investment pipeline of US$11.6 billion (Prime Minister's

Office of Barbados 2024). Of note, its offshore medical schools attract students from Africa, Canada, and the United States, and are becoming increasingly appealing amid tightening U.S. immigration policies (World Education Services 2024). In Jamaica, FDI priorities focus on renewable energy and the use of wind, solar, and liquefied natural gas (LNG), which now accounts for 10 percent of electricity generation (Jackson, 2025; Weston, 2025). The recent acquisition of Jamaica's LNG ports and power and heat co-generation plant is expected to expand LNG production and trade, further strengthening energy infrastructure. Other sectors for potential FDI investment include knowledge-based outsourcing and logistics and supply-chain management.

Among energy-producing countries, investment in Guyana's oil boom is noteworthy, with new opportunities also emerging in Suriname and Trinidad and Tobago despite periods of low or even negative growth in the past. Since 2009, Trinidad and Tobago has seen a sharp decline in its FDI-to-GDP stock ratio. Despite diminishing natural resources, the boost in investment by ExxonMobil in August 2025 signals renewed investor confidence in the country's oil production. Nevertheless, there remains a need for expansion in its non-energy industries, the current driver of real GDP growth. Likewise, the FDI stock for Suriname is expected to grow by the end of 2030, mainly supported by the GranMorgu offshore project, after slowing and sometimes negative growth for the past five years. This additional investment is expected to boost the country's supply of oil in 2028 and drastically improve revenue generation and GDP growth. Guyana continues to lead among commodity-producers, owing to its fast-growing oil sector. Foreign investments have surged, with record-breaking investments reaching 158 percent of GDP in 2021, reinforcing resilience amid global uncertainty.

Although these investments continue to provide necessary economic boosts, diversification to mitigate sectoral volatility and create resilience from shifting trade and investment flows is paramount. An analysis by UNCTAD argues that other factors may be at play outside of the traditional economic determinants of FDI, such as increased investor caution due to shifts in international production and global value chains, rising protectionism, and growing geopolitical tensions (UNCTAD 2024). In this vein, more funding is directed towards the services sector over manufacturing, as well as environmental technologies such as wind and solar energy. This presents an opportunity for the Caribbean to diversify energy sources and the types of services that are traded, including knowledge, skill, and information-intensive activities. Furthermore, ongoing trade tensions could impact the reliability and extent of investment by U.S.-based companies in the region, reinforcing the need for the Caribbean countries to diversify to attract investors from other countries.

Despite Risks, a Stable Outlook

The risks to economic growth and stability in the Caribbean continue given the region's vulnerability to external shocks, albeit to varying extents across countries. The ongoing trade tensions between major economies could further elevate import and food commodity prices, leading to higher inflation and constraining the ability of central banks to adjust monetary policy. On the upside, as food importers seek to diversify source markets, some have turned to the Latin America and Caribbean region for supplies. This could help to create buffers and reduce reliance on the United States for trade. In addition to these global risks, the Caribbean's vulnerability to natural disasters such as hurricanes, flooding, and drought also remain ongoing threats, underscoring the importance of proactive disaster risk management, including the establishment of dedicated contingency funds to support recovery efforts.

Mounting pressures from trade policy shifts are compounded by the recent occurrence of one of the strongest hurricanes ever recorded in the Atlantic Basin. Hurricane Melissa is the strongest storm to ever make landfall in Jamaica, causing damage estimated at US$8.8 billion (IDB 2025). Ravaging the western parts of the island, the hurricane severely disrupted critical components of the economy, including primary sources of local agricultural produce and the epicenter of tourism. As a result, an uptick in inflation and a notable contraction in the Jamaican economy, and by extension the Caribbean economy (excluding Guyana), is anticipated. However, a multi-layered disaster financing strategy, including a catastrophe bond—the first ever issued in the Caribbean—are expected to provide critical buffers during the recovery process.

In the near term, the commodity-exporting countries of Trinidad and Tobago, Guyana, and Suriname will be unevenly affected if growth in the United States is lower. Guyana is managing a historic oil boom, so softening oil prices, if anything, will ease short-term macroeconomic management of the windfall. With break-even prices as low as US$28 per barrel in Guyana, profitability remains likely even in a low-price environment. Suriname is subject to large output fluctuations because of narrow production base, so lower oil prices and flattening gold prices could help the authorities achieve macro stabilization. Moreover, Suriname's exports are more geographically diverse, with only 4 percent of its exports bound to the United States. Trinidad and Tobago will be impacted the most. As a mature oil producer, it needs high prices to maximize its oil revenue. Aluminum demand is expected to be high in the coming years as it is an input into many renewable energy technologies in many countries outside the United States. Alcoa is signing investment agreements with Trinidad and Tobago to make this happen (Reliable Plant undated).

In conclusion, despite heightened uncertainty, slower growth in the United States, and shifting global trade and investment patterns, the outlook for the Caribbean remains broadly positive. To date, the region has not experienced significant adverse effects from the recent U.S. tariff increases, and most economies continue to demonstrate resilience. The following country sections take a closer look at how these dynamics are unfolding locally, examining how each economy is navigating the evolving global environment, the specific risks and vulnerabilities they face, and the policy measures that are shaping their economic performance and outlook.

Country Section

The Bahamas

Jose Luis Saboin and Angelo Mazzocca

Recent Macroeconomic Trends: Healthy GDP and Trade Growth

GDP in The Bahamas is estimated to have grown by 3.4 percent in 2024, supported by healthy growth of tourism, especially cruise arrivals. The figure reflects important revisions following improved GDP data collection methods from The Bahamas National Statistics Institute, including wider coverage of economic activity across the entire archipelago. Before the revision, the economy was expected to have grown 1.8 percent. For the first half of 2025, real GDP grew 4.7 percent versus the same period for 2024.

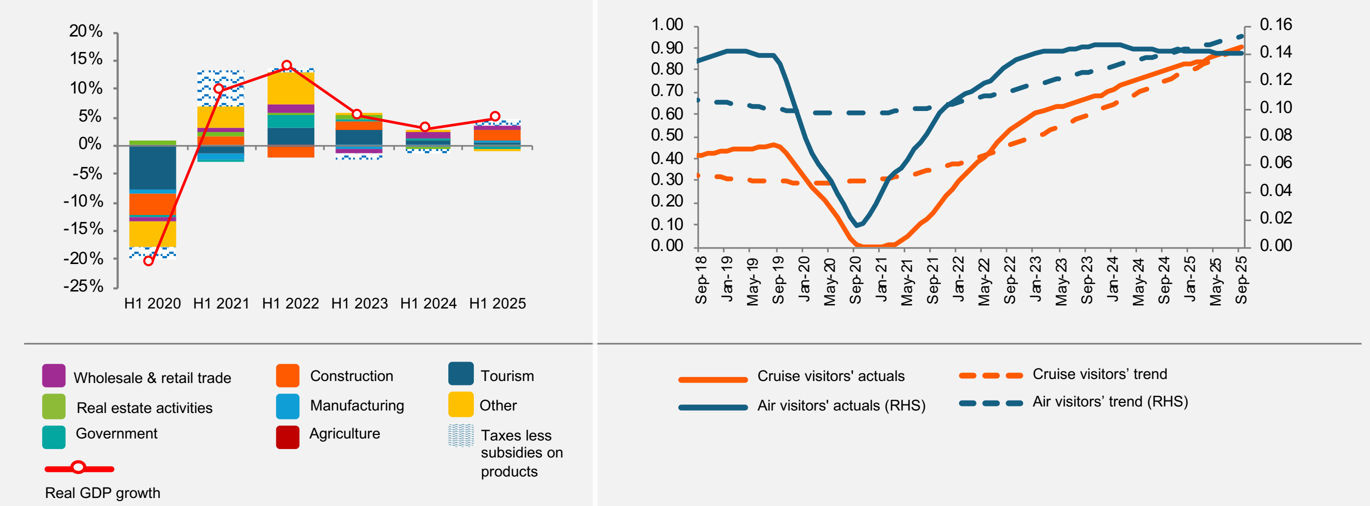
Tourism, construction, and wholesale and retail trade were the main contributors to growth, offsetting lower government spending (Figure 2.1, panel A). The tourism sector sustained its record-breaking performance into the first three quarters of 2025. Total arrivals reached 9.11 million, an 8.7 percent increase over the same period in 2024, putting it on track to exceed the full-year 2024 total of 11.2 million. This growth was entirely driven by the cruise segment, where arrivals rose 11 percent to 7.7 million, more than offsetting a 1.9 percent contraction of the air segment (to 1.32 million). A structural analysis reveals that the cruise segment continues to operate above its trend level, whereas the air segment has remained below trend since late 2024 (Figure 2.1, Panel B). In October, the International Monetary Fund (IMF) revised up its GDP growth forecast for 2025 for The Bahamas to 2.2 percent (from 1.7 percent in April) and to 2.1 percent in 2026 (from 1.6 percent). Those rates are higher than the 10-year pre-COVID average growth rate of 1 percent.

The Bahamas' growth remains strong, sustained by record-high tourist arrivals.

Figure 2.1: Growth in The Bahamas, alongside Tourist Arrivals

2.1A: Shares of GDP by Sector, 2020:H1 to 2025:H1 (Percent)

2.1B: Tourist Arrivals by Mode, 2018–2025 (in millions)



Sources: Bahamas National Statistics Institute; and authors' calculations

Inflation in The Bahamas remains nearly flat, despite pressures on housing and utilities' prices with the annual rate around 0.4 percent in May 2025. This stability, however, masks divergent trends. A deceleration trend is driven by lower and more stable global fuel prices, which have curbed costs in both tradable and non-tradable categories (Figure 2.2, panel A). Offsetting these trends are housing and utility price increases due to both rate adjustments and seasonal summer demand. This suggests that the pass-through from international price increases is limited so far. Consequently, annual inflation is projected to remain below 1 percent in 2025 and 2026, only gradually converging toward its long-term equilibrium of 2 percent by 2029 (IMF 2025a).

Exports of goods go primarily to the United States, while imports from the United States may become more expensive. The United States remains The Bahamas' main trading partner, accounting for over 60 percent of total trade flows from The Bahamas' main partners and over 90 percent of total exports in 2024 (Figure 2.2

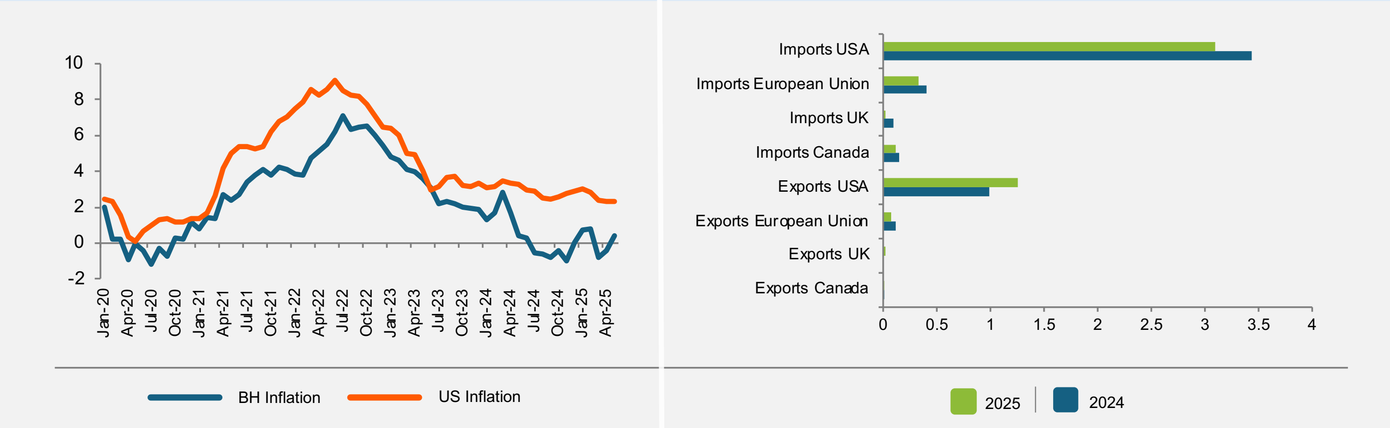
panel B). In the first quarter of 2025, the United States accounted for nearly 77 percent of non-oil exports of goods and services, though mostly services. The Bahamas is also highly dependent on the United States, with 84 percent of non-oil imports originating in the United States. Higher prices of imports could reduce affordability for Bahamians. Still, goods imports decreased (from January to July 2025), with imports from the European Union and from the United States falling 21 and 10 percent, respectively.

Inflation in The Bahamas is contained despite U.S. price pressures and strong trade reliance.

Figure 2.2: Inflation and Trade Flows in The Bahamas

2.2A: Inflation: United States and The Bahamas, 2020–2025 (Percent)

2.2B: Trade Flows with The Bahamas' Main Trading Partners, January-August (Percent change)



Source: Eurostat; UK Office of National Statistics; U.S. Census Bureau; Statistics Canada; and IMF (2025a).

Exports have continued their long-term growth trend, reflecting deep integration into global trade and investment flows, led by services such as tourism and air-maritime logistics. Over the last two decades, The Bahamas has maintained a highly open economy, with an openness index averaging 78 percent since 2005 and surpassing 90 percent in 2024, indicating a record-high level of trade openness.[6] Both imports and exports have shown steady growth, with faster export growth leading to a narrowing of the trade deficit over the last 10 years. In the first half of 2025, exports (US$ 3.64 billion) and imports (US$ 3.40 billion) of goods and services remained flat year-over-year. Nevertheless, the trade surplus rose modestly to 3.1 percent of GDP (annualized) from 3.0 percent of GDP in the first half of 2024.

Economic Impact of U.S. Tariffs

The Bahamian economy has so far shown resilience to tariff hikes by the United States. This is largely attributable to transitory factors such as the front-loading of trade and investment strategies coupled with inventory management (IMF 2025a). Still, the main channels through which U.S. trade policies could impact The Bahamas are (i) the possibility of a U.S. or global recession or sharp deceleration (which could reduce tourist visits to The Bahamas); and (ii) higher inflation expectations in the United States (which could contribute to worsening consumer confidence). If inflation does rise, it could pass through to higher import prices in The Bahamas and, through a reduction in U.S. consumer purchasing power, reduce travel to The Bahamas.

Part of this may be because the expected "tariff shock" has been smaller than what had been anticipated, particularly on tourism. From January to September 2025, total visitor arrivals for The Bahamas reached 9.1 million (an 8.7 percent year-over-year increase), aligning with authorities' expectations that 2025 is going to be another record year. However, the cruise sector is expected to be the main driver of this surge, while the more lucrative stopover segment has experienced a slight contraction, with year-to-date air arrivals for 2025 falling by almost 2 percent year-over-year. Some attribute this decline to a drop in U.S. consumer confidence, which indirectly affects tourist flows. To circumvent these global trends, the Ministry of Tourism is pivoting to diversify

6 The openness index is measured by adding total exports and imports of goods and services over nominal GDP in .U.S. dollars.

its source markets, including capitalizing on a 75 percent surge in Canadian arrivals by adding 27 new flights and executing targeted marketing missions to the Midwest in the United States and to Europe.

On the goods exports side, the potential impacts from the tariff shock could be felt in the crustacean and salt industries. The main exported goods from The Bahamas are crustaceans (mainly lobster) and salt. From 2021 to 2023, the average annual goods export value of these commodities to the United States reached US$52.7 million, representing 16 percent of average annual total national goods export value, and 52 percent of the average annual total exports of these products (although only 25 percent of average annual total exports to the United States). These goods are important not only in the Bahamian export basket, but also an important share of exports to the United States. It is estimated that if a U.S. 10 percent tariff is properly enforced and with a full pass-through, it will have an impact of between US$15.9 million and US$49.2 million, equivalent to 5 percent and 16 percent, respectively, of the average annual total export value to the United States over the last three years.

Efforts to diversify goods imports were already under way before the new U.S. trade policy announcement. The Bahamian government had already launched a Trade Diversification Program to reduce reliance on U.S. imports amid concerns of the rising cost of living. Elevated prices partly stem from duties on re-imported goods, but recent efforts are yielding results as food importers source breadbasket items from Latin America. This early implementation of an import diversification strategy prior to the introduction of new U.S. tariff policies positions The Bahamas to mitigate potential adverse impacts on trade and economic stability. Regarding policy responses, the government has adopted a cautious “wait and see” approach, understanding that uncertainty in U.S. policy and potential impacts via higher global prices could reduce tourism if economic growth decelerates in the United States. The diversification program continues to be a key strategy, and relies on the Caribbean Community (CARICOM) coordinating trade negotiations with the United States.

Risks to the Outlook on the Downside

The continued growth trend is subject to uncertainty. According to the IMF (2025a), the Bahamian economy is expected to grow at or above potential during 2025 (1.5 to 2 percent) and 2026 (in the 2-3 percent range). Risks to the outlook lean mostly to the downside. First, continued global policy uncertainty could slow consumption and investment. This is why planning for scenarios and maintaining predefined response plans will foster readiness and credibility. Second, possible oil and food price surges driven by climate-related shocks or geopolitical tensions present additional challenges, particularly for small-island developing states like The Bahamas that rely heavily on commodity imports. In this regard, the steady implementation of ongoing energy and disaster risk reforms is essential to mitigate these main sources of risks. Third, although fiscal consolidation efforts have been remarkable and are expected to continue, a potential increase in borrowing costs (for example, if risk premia increase) could amplify existing fiscal vulnerabilities. Medium-term fiscal consolidation should continue to be balanced by combining expenditure efficiencies with measures to strengthen revenue mobilization. Upside risks to this outlook might come from the reinvigorated momentum for structural reforms. In addition, accelerated productivity gains driven by advancements in Artificial Intelligence have the potential to deliver broad-based economic benefits. Efforts to increase connectivity, improve official data availability, and improve digital skills at the individual and firm-level will be essential.

The Bahamas: Macroeconomic Outlook, 2022–2025

(Percent of GDP unless otherwise indicated)

Indicator	2022	2023	2024 (e)	2025 (f)
Real Sector[1]				
Real GDP Growth	10.9	3.0	3.4	2.2
Real GDP Per Capita (U.S. Dollars)	34,802	37,828	38,792	39,726
Nominal GDP (Percent Change)	15	10	4	4
Inflation (End of Period)	5.5	1.9	0.03	0.6
Private Sector Credit	41	38	39	39
External Sector[2]				
Exports of Goods and Services (Constant Price Growth)	53	8	10	8
Largest Export as Share of GDP (Tourism)	30	31	34	
Imports of Goods and Services (Constant Price Growth)	0	15	12	11
Current Account	-8.9	-7.0	-7.6	-7.6
Foreign Direct Investment	-2	-1	0	
Total Reserves (Months of Import Cover)	5	5	4	5
Central Government				
General Government Revenue	20	20	20	21
General Government Expenditure	26	23	21	22
Current Expenditure (Fiscal Year)	23	21	19	20
Capital Expenditure (Fiscal Year)	2	2	2	2
Fiscal Balance	-5.5	-3.7	-1.2	-0.8
Primary Balance	-1.3	0.3	2.7	3.3
Debt Indicators				
Central Government Debt	83	77	73	73
Central Government Debt Over Revenues (Percent)	414	394	368	347
External Public Debt	38	34	33	33
External Debt Service as Percent of Goods and Services	14	13	20	

Source: IMF (2025a); World Bank, World Development Indicator database; Ministry of Finance; and Central Bank of The Bahamas

Note: e - estimated, f - forecasted;

1 GDP per capita base year is 2018

2 2005 base year for exports and imports of goods and services

Country Section

Barbados

Cloe Ortiz de Mendivil

Recent Macroeconomic Growth and Trade Trends

The economy of Barbados has continued its growth momentum in 2025, but the recovery has been slow. Real GDP growth is forecast to be 2.8 percent, and real GDP is expected to surpass its peak of 2008 by the end of the year.[7] Following the onset of the global financial crisis, Barbados faced years of low growth and recurrent fiscal deficits. In 2018, the country embarked on a transformation journey, with support from the International Monetary Fund (IMF). Despite initial progress, the country was severely affected by the COVID-19 pandemic due to its high dependence on the tourism sector. Its strong commitment to the reform agenda in the years since has been a key factor in driving the recovery.

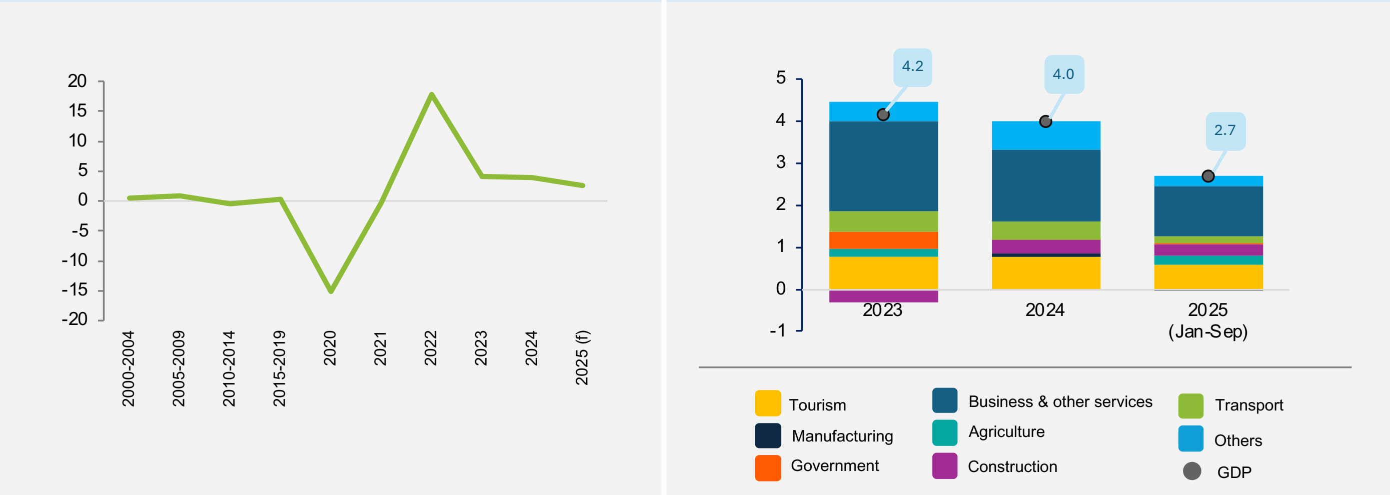
Growth so far in 2025 has been strong, buoyed by tourism. Real GDP grew 2.7 percent in the first nine months of 2025 and is expected to close the year at that same rate (Figure 3.1, panel A). The main sectors that contributed to the expansion were tourism, construction, and business and other services. The tourism sector grew by 9 percent year-over-year. Visitor arrivals in the first nine months were 7.3 percent higher than in the same period in 2019, with a particularly strong showing in the first quarter. On the construction front, the sector expanded by 6.1 percent, spurred by a variety of projects in the hotel, residential, and commercial sectors, as well as public investment in roadworks and cultural heritage sites. Business and other services rose by 3.1 percent, and agricultural output increased significantly, by 10.1 percent, although its contribution to the economy remains low (Figure 3.1, panel B).

Barbados growth recovery continues, buoyed by tourism.

Figure 3.1: Real Economic Growth in Barbados

3.1A: Real GDP Growth, 2000–2025 (Percent)

3.1B: Decomposition of Real GDP Growth by Sector, 2023–2025 (Percent)



Source: IMF (2025a, 2025b) and Central Bank of Barbados
Note: f: forecast.

Exports in Barbados are well-diversified geographically. The trade deficit stood at 2.8 percent of GDP in 2024 and is expected to deepen to 3.5 percent in 2025 (Figure 3.2 panel A). Barbados is a net exporter of services, particularly tourism, and a net importer of goods. Within tourism exports, the Barbados Statistical Service reports that visitors come mainly from the United Kingdom and the United States, followed by Canada. Regarding goods, the main trading partner is the United States, which was the destination of 17 percent of domestic exports and the source of 41 percent of total imports of goods on average between 2020 and 2024 (Figure 3.2 panel B). The main export product is rum, which accounted for 17 percent of goods exports during that same period and was equivalent to 0.7 percent of GDP. Margarine and sweet biscuits each account for 5 percent each of domestic exports.

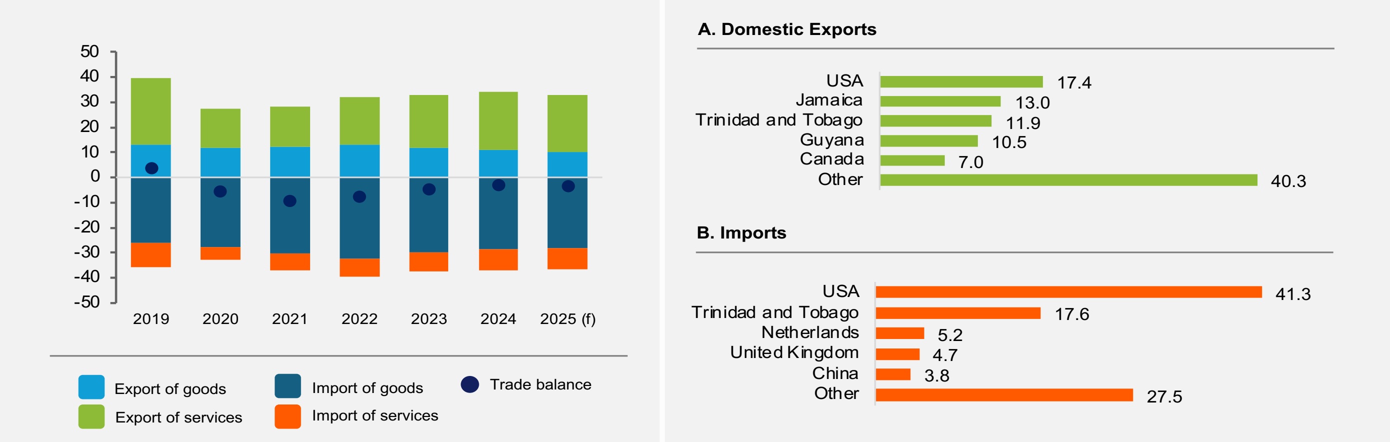
7 However, in per capita terms the country will not surpass the level of 2008 until 2027.

Barbados has only a small trade deficit and a services surplus and exports are well-diversified geographically but imports still are highly dependent on the United States.

Figure 3.2: Trade Dynamics in Barbados

3.2A: Trade Balance, 2019–2025 (Percent of GDP)

3.2B: Share of Total Trade in Goods, 2000–2024 Average (Percent)



Source: IMF (2025a) and UN Comtrade database

Note: Exports of goods include domestic exports, re-exports, and net export of goods under merchanting. f: forecast.

Economic Impact of U.S. Trade Policies

The announcement of new tariffs in the United States in April and subsequent changes throughout the year have increased uncertainty. Despite Barbados not being a large exporter of goods, there are several channels through which the economy can be impacted by U.S. tariffs.

- **First, the country is highly dependent on imported goods, which were equivalent to 29 percent of GDP in 2024.** The United States was the main source market, accounting for 39 percent of total imported goods. Barbados imports not only food but also a variety of goods such as articles of paper and plastic, furniture, household equipment, and electronics. Many of these items are not necessarily produced in the United States, and thus their price will be affected by tariffs imposed on other countries, such as China, possibly leading to rising inflation in Barbados. Although inflation in the United States has not risen as much as initially anticipated, there is fear of a delayed pass-through effect as the front-loading of imports that went into inventories gets drawn down, implying that prices may spike in the near future.
- **In addition, the local economy is concentrated in the tourism industry, with approximately one-third of visitors arriving from the United States.** Although imports of services have not been targeted yet, tariffs on goods, by raising inflation, can reduce disposable income in the United States, thus affecting leisure travel decisions. Growth prospects for the United States stand at 2 percent for 2025 and 2.1 percent for 2026 (IMF 2025a). Although forecasts have been revised slightly upward compared to six months prior, they are still below projections one year ago, before trade policy changes were announced.
- **Finally, Barbados will not be largely affected through the goods export channel because its exports of goods to the United States were equivalent to only 0.6 percent of GDP in 2024.** However, at the industry level the impact is starker. The spirits industry will likely be the most affected. Rum exports to the United States amounted to US$18 million in 2024 and represented 46 percent of total exports. For other spirits, liqueurs, and cordials, the United States is also an important destination, with exports representing 30 percent of the total and amounting to US$2.7 million.

Risks to the Growth Outlook Depend Heavily on U.S. Policies

The outlook for Barbados in the medium term remains uncertain. Real GDP growth for 2025 was revised down by the IMF from 3 percent in April to 2.7 percent in October (IMF 2025a). Even though Barbados is benefiting from above-average winter seasons, the competition from other tourism destinations is high and more consistency is needed year-around. Despite recent easing of trade tensions, delayed pass-through effects could materialize in the near future due to inflationary pressure in the United States, increasing the price of imported products to Barbados. On the domestic side, despite progress made in recent years, public debt remains elevated, and investment needs are large, especially in light of the country's vulnerability to climate change. Lastly, the conclusion of the IMF program in June 2025 brings some uncertainty regarding the continuity of implementation of the reform agenda.

Barbados: Macroeconomic Outlook, 2022–2025

(Percent of GDP unless otherwise indicated)

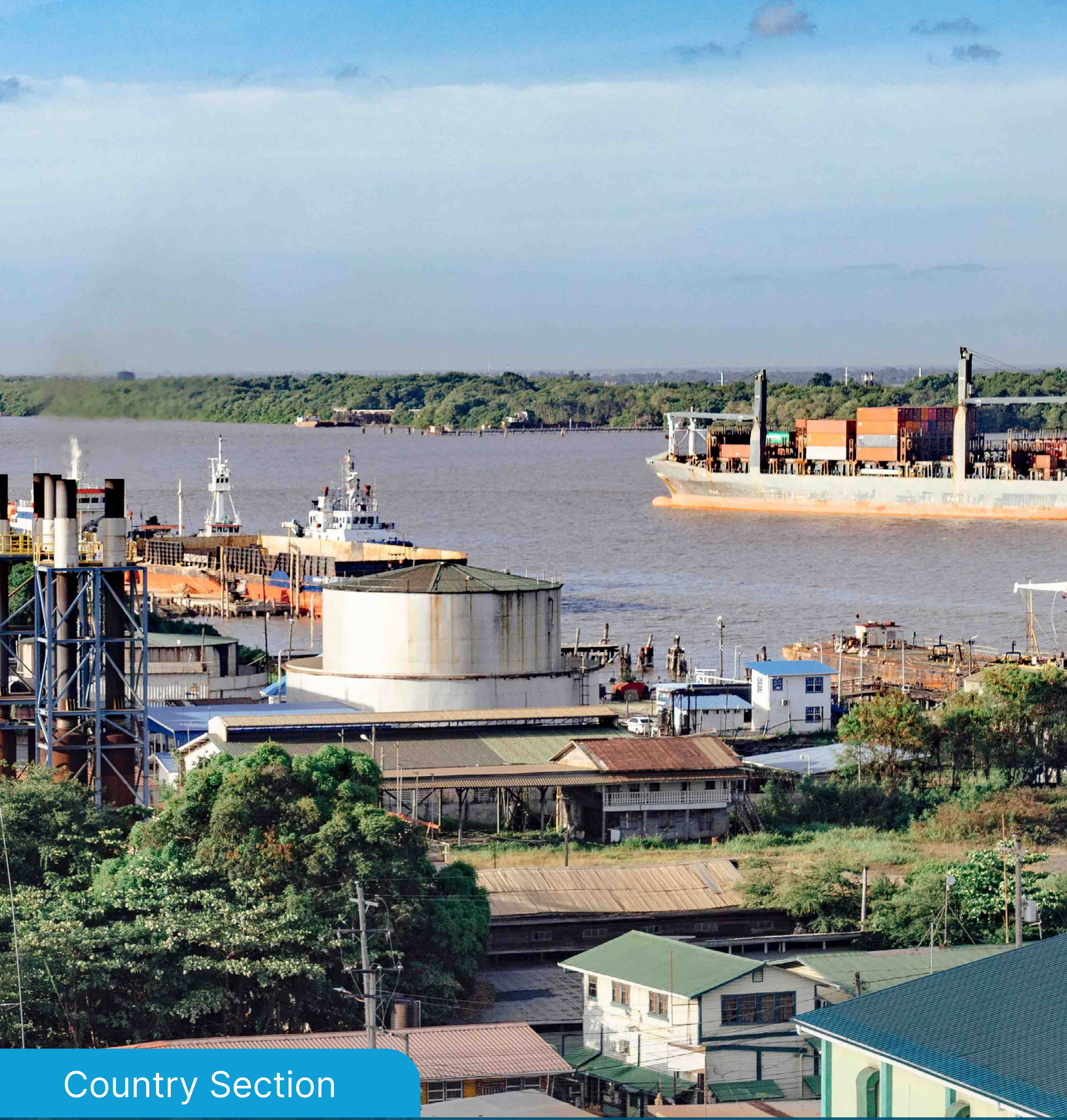
Indicator	2022	2023	2024 (e)	2025 (f)
Real Sector[1]				
Real GDP Growth	17.8	4.1	4.0	2.7
Real GDP Per Capita (U.S. Dollars)	18,959	19,734	20,475	
Nominal GDP (Percent Change)	19	7	7	5
Inflation (End of Period)	3.8	3.2	0.4	3.3
Private Sector Credit	67	64		
External Sector[2]				
Exports of Goods and Services (Constant Price Growth)	22	14	9	1
Largest Export as Share of GDP (Tourism)	4	5	5	
Imports of Goods and Services (Constant Price Growth)	7	10	5	8
Current Account	-9.9	-8.8	-4.5	-6.3
Foreign Direct Investment	3	3	4	
Total Reserves (Months of Import Cover)	7	7	7	7
Central Government				
General Government Revenue	28	27	29	27
General Government Expenditure	29	28	30	28
Current Expenditure (Fiscal Year)	24	24	24	
Capital Expenditure (Fiscal Year)	3	3	4	
Fiscal Balance	-1.9	-1.7	-0.9	-0.3
Primary Balance	2.4	3.5	4.3	4.4
Debt Indicators				
Central Government Debt	111	109	103	
Central Government Debt Over Revenues (Percent)	430	441	378	
External Public Debt	40	41	40	

Source: IMF (2025a); World Bank, World Development Indicator database; and Central Bank of Barbados

Note: e - estimated, f - forecasted;

1 GDP per capita base year is 2016

2 2005 base year for exports and imports of goods and services



Country Section

Guyana

Travis Mitchell and Lisa Hussain

Recent Macroeconomic Trends

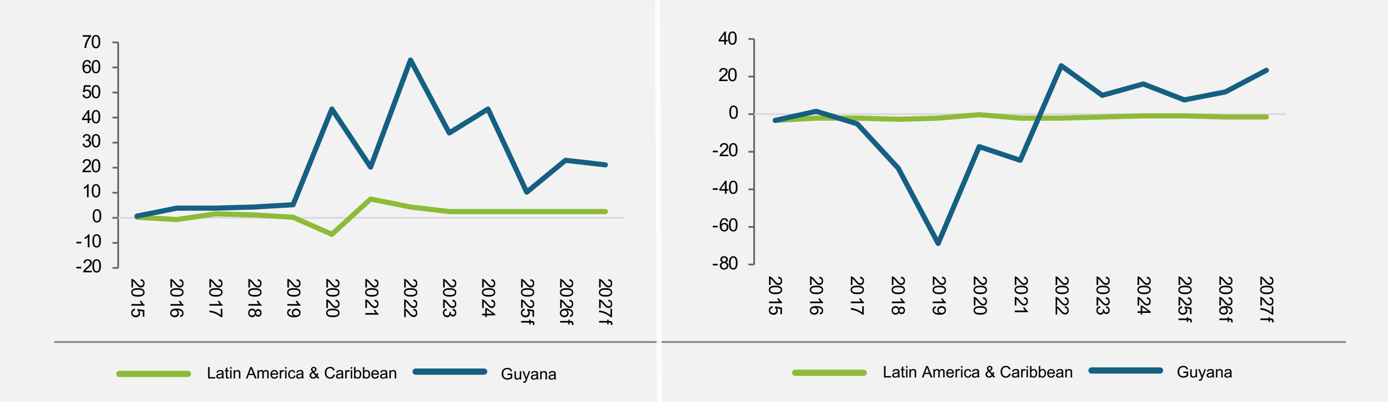
Guyana's oil boom is driving unprecedented growth (Figure 4.1, panel A). With a population of just 800,000, Guyana is now the largest oil producer per capita in the world and the fastest-growing economy across Latin America and the Caribbean. Oil production in Guyana grew from 120,000 barrels per day (bpd) in 2019 to an estimated 650,000 bpd in 2024 and 900,000 bpd in November 2025. This translated into unprecedented real output expansion, which averaged 41 percent during the past six years, and rapidly increasing per capita income levels. In 2024, oil's share of GDP increased by 58 percent, raising the oil share to 75 percent in that year compared to an insignificant share in 2019. In comparison, non-oil GDP grew by 13.1 percent following consecutive expansions of 12.3 percent and 11.1 percent in 2023 and 2022, respectively, (Government of Guyana Budget Speech 2025).

Real GDP growth is moderating amid lower oil prices, leading to a strong current account surplus.

Figure 4.1: Guyana's Real Growth and Current Account Trends

4.1A: Real GDP Growth of Latin America and the Caribbean, and Guyana, 2015–2025 and forecasts 2025-2027 (Percent)

4.1B: Current Account Balance: Latin America and the Caribbean, and Guyana, 2025-2027 (Percent of GDP)



Source: IMF 2025a.

Export revenues have also made fiscal funds available for capital investment. Fiscal resources are plentiful in Guyana given oil revenue, which has mostly financed planned spending of almost 25 percent of GDP. Revenues are now projected to top US$5 billion (20 percent of GDP) by 2025. However, not all oil profits are earmarked for withdrawal and for financing development. A sizable amount is kept in the country's Natural Resource Fund, established to manage the volatility in oil prices, ensure cross-generational benefits, and create fiscal space that will allow the country to respond to shocks (IMF 2025c).

Spillovers from increased public sector investment have benefited the services sector, and could support greater manufacturing production down the road. In these initial years of its oil boom, Guyana has prioritized investment in infrastructure development, human resource capacity, and institutions. Accordingly, the construction sector has underpinned recent non-oil sector growth owing to large-scale public sector projects. These include roads, bridges, hospitals, and a gas-to-energy infrastructure project slated to reduce electricity costs by 50 percent, a significant development given that the frequency of power outages in Guyana is the highest in the region (Beuerman et al. 2024). Similarly, manufacturing has shown great potential, with growth rising by double digits in the past two years. This is notable in part because of a gas-to-energy project that has come on stream, but also due to ongoing improvements in regional connectivity, human capacity, and digitization—all of which could be a boon for future manufacturing and trade.

Guyana's trade and current account balances have been significantly boosted by its exports of oil, with the current account turning positive in 2022 for the first time in almost 43 years (Figure 4.1, panel B). Guyana's export-to-GDP ratio grew from an average of 33 percent from 2015–2019 (mainly exports of gold, rice, bauxite, and sugar) to an average of 70 percent from 2020 and 2024, primarily because of crude oil exports (87 percent of total exports in 2024). Crude oil exports helped turn the current account positive after years of successive deficits (although the deficits just before and after Guyana's oil boom were related to the import of floating production storage and offloading vessels). The trade surplus is now expected to grow to 21 percent between 2025 and 2030 despite increasing import intensity (69 percent of GDP) linked to the imports of capital goods, including heavy-duty equipment and machinery to support construction (IMF 2025a).

Economic Impact Will Depend Largely on Oil Prices

The economic impact on Guyana from the possible reduction in oil prices will be somewhat mitigated because volume is expected to expand. Continued global policy uncertainty and subdued growth of oil demand are weighing negatively on oil prices. According to the World Bank, oil prices are expected to decline by 12.9 percent to US$68 per barrel in 2025 and US$60 per barrel in 2026. Moreover, they are expected to stay in this range in 2030 (IMF 2025a). If these developments materialize, Guyana could see a reduction in profit from oil, a reduction in government revenues, and a curtailment in planned investments. However, oil production is anticipated to rise to 1.5 million bpd by 2029 due to three additional oil projects coming on stream. This will amount to a doubling of the current production volume, which at projected prices still secures profitability. Specifically, as long as oil prices stay above US$28 per barrel, Guyana's break-even price, the oil sector will remain profitable and attractive to investors. Investments in Guyana's oil sector were forecast to reach US$77 billion between 2019 and 2028 (Rystad Energy 2024).

Despite imposition by the United States of reciprocal trade tariffs at 38 percent for Guyana, overall trade is unlikely to be materially affected, or to lead to trade diversion. The United States is one of Guyana's major trading partners. However, oil is exempt from the reciprocal tariffs, and it represents on average 91 percent of total exports between the United States and Guyana, according to the UN Comtrade database. Similarly, other export commodities such as gold are exempted from U.S. tariffs, while aluminum exports carry a lower tariff of 25 percent. In any case, gold and aluminum exports make up a very small percentage of the Guyana-United States trade volume. However, the U.S. tariffs could affect Guyana's efforts to diversify its economy, especially within the agriculture and manufacturing sectors.

At the same time, growing policy uncertainty and ongoing tariff wars could fuel even higher import prices, particularly food imports, further increasing inflationary price pressures and worsening the terms of trade. Inflationary pressures are rising and could complicate monetary policy if they continue. Annual food prices in Guyana rose by 8.2 percent in August 2025, and are expected to drive inflation to 3.6 percent, higher than the 2.9 percent inflation rate a year earlier (Figure 4.2). Relatedly, Guyana's terms of trade have worsened, owing to persistent increases in import prices, which have been matched by a contraction in the price of oil: Guyana's terms of trade index fell by 32.4 percent and 0.3 percent in 2023 and 2024, respectively, but remained steady at an index of 47 percent in September 2025 (IMF 2025a)[8]. As such, if this trend continues, there will be upward pressure on inflation (from higher import prices) and even higher demand for foreign currency (News Source Guyana 2025). This will constrain the Central Bank's efforts to contain inflation, stabilize the real effective exchange rate, and tame Dutch Disease.[9]

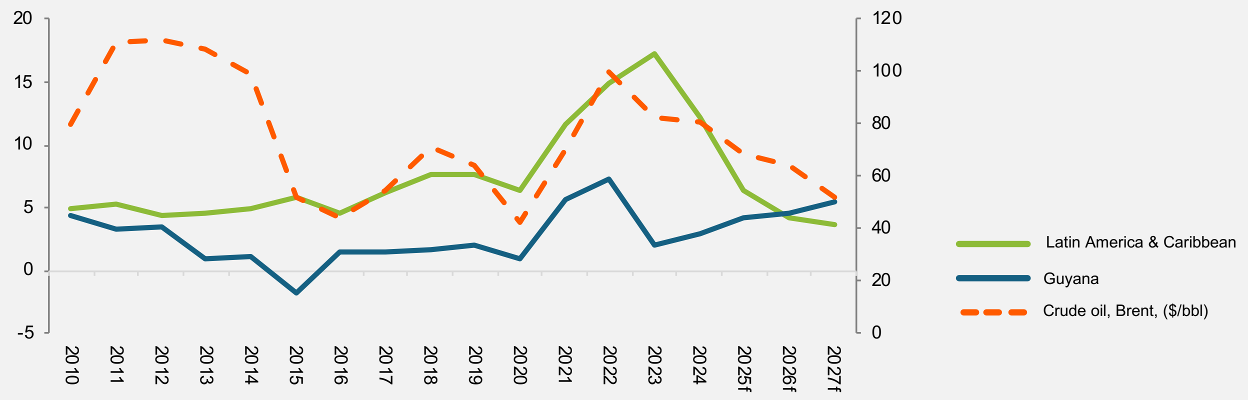
8 This movement in the terms of trade means that for every dollar of exports earned, Guyana has been paying more for imports

9 Defined as the situation where a country's new-found wealth, say from discovery of a commodity such as gold or oil, raises the value of their currency through boom exports and exports revenues, causing the country's non-gold/oil exports to become more expensive and less competitive. See Ebrahimzadeh (undated)

Driven by higher prices for food, inflation is rising but remains contained as oil prices moderate.

Figure 4.2

Brent Oil Prices and Inflation in Latin America and the Caribbean (LAC) and Guyana, 2010–2030 (Percent)



Source: IMF (2025a).

A Favorable Outlook But Need to Monitor For Signs of Dutch Disease.

Growth in Guyana will remain robust in the medium term, but upskilling its labor force poses an important challenge. Guyana's economy remains strong, underpinned by expectations of continued oil production and non-oil sector growth, with growth expected to average 14 percent between 2026 and 2030 (IMF 2025a). The government is aware that it has to promote a major increase of human capital and has made provision for free tertiary education, such as funding thousands of scholarships and as well as supporting vocational training (Government of Guyana Budget Speech, 2025; Guyana Times, 2025). In addition, the government is encouraging re-migration, especially of teachers and nurses (News Room Guyana, 2025).

In the short to medium term, however, growth in Guyana could be exposed to further risks. Downside risks for Guyana's economy may arise from the materialization of Dutch Disease, reflected in the appreciation of the real effective exchange rate, a loss of non-oil sector competitiveness, slower growth, and inflation. In its 2025 Article IV report on Guyana, the IMF indicated that there are not yet clear signs of Dutch Disease. However, there are signals worth monitoring, including the increased concentration of the oil sector, higher and persistent government spending, the rise in inflation, an appreciating real effective exchange rate, and growth and labor trends in the non-oil sectors (such gold mining and agriculture) (IMF 2025c).

Guyana: Macroeconomic Outlook, 2022–2025

(Percent of GDP unless otherwise indicated)

Indicator	2022	2023	2024 (e)	2025 (f)
Real Sector[1]				
Real GDP Growth	63.3	33.8	43.6	10.3
Real GDP Per Capita (U.S. Dollars)	17,365	23,101	32,932	
Nominal GDP (Percent Change)	83	15	46	2
Inflation (End of Period)	7.2	2.0	2.9	4.3
Private Sector Credit	20	20	15	
External Sector[2]				
Exports of Goods and Services (Constant Price Growth)	100	39	54	10
Largest Export as Share of GDP (Oil)	114	82	95	
Imports of Goods and Services (Constant Price Growth)	7	24	32	2
Current Account	25.9	9.9	16.4	7.9
Foreign Direct Investment	-20	-7	35	
Total Reserves (Months of Import Cover)	1	1		
Central Government				
General Government Revenue	15	18	16	20
General Government Expenditure	20	24	23	25
Current Expenditure	11	11	10	12
Capital Expenditure	8	12	13	14
Fiscal Balance	-5.1	-5.8	-7.3	-4.9
Primary Balance	-4.8	-5.4	-7.0	-4.6
Debt Indicators				
Central Government Debt	25	27	24	29
Central Government Debt Over Revenues (Percent)	140	129	149	143
External Public Debt	18	13	12	
External Debt Service as Percent of Exports of Goods[3]	1	1	1	

Source: IMF (2025a); World Bank, World Development Indicator database; and Central Bank of Guyana

Note: e - estimated, f - forecasted;

1 GDP per capita base year is 2012

2 2012 base year for exports and imports of goods and services

3 Only merchandise exports

Country Section

Jamaica

Victor Gauto and Wendel Ivey

Hurricane Melissa Upends Recent Economic Activity

The potential impact of U.S. tariffs and other global developments has been overshadowed in Jamaica by the devastating effects of Hurricane Melissa on people's livelihood and economic activity. This country section first describes the economic impact and how the level of preparedness before the hurricane struck helped to mitigate what could have been much worse. It then describes other aspects of the near-term outlook for trade and growth.

Jamaica was as prepared as it could be to mitigate the devastating impact of the recent hurricane.

The social and economic effects of Hurricane Melissa, the worst storm ever to make landfall, are in the process of being assessed. The hurricane made landfall on the southwest coast on October 28 as a Category 5 storm with sustained winds of 295 km/h. It then moved across the country to the northeast along the island's western end, sparing eastern Jamaica from the most intensive winds and other effects. The last major hurricane to make landfall in Jamaica was Hurricane Gilbert in 1988, a Category 3 hurricane that traversed the island from east to west, causing an estimated US$4 billion in damage, or about 65 percent of GDP, and claiming some 45 lives (PIOJ 2009). The extent of Hurricane Melissa's damages was estimated to be US$ 8.8 billion or 41 percent of 2024 GDP by the World Bank and IDB (IDB 2025). Hurricane Melissa flattened the communities in its path, destroying homes, businesses, and government infrastructure such as hospitals and schools, and also claimed 45 lives, similar to Hurricane Gilbert in 1988. The most affected regions are in the west, referred to as Jamaica's breadbasket, which produces fruits and vegetables, livestock, and fishing. One of the greatest tourist hubs in all the Caribbean, Montego Bay, is also in the west, and the storm negatively impacted hundreds of hospitality workers there as a result of both temporary and indefinite hotel closures. However, the industry has taken measures to reduce the economic fallout as it works to reopen the doors of these hotels. Several hotels announced they would reopen in November/December, while others said they would reopen in May 2026.[10]

Disaster preparation was extensive, and these efforts were pivotal to protecting people and reducing the loss of life. Jamaica was bracing for a hurricane many days before it landed and closed schools and government offices the week before. The government continuously communicated with the public about the weather and how to prepare. The Meteorological Service of Jamaica provided detailed weather updates about the storm, which quickly ramped up from a tropical storm (sustained winds up to 120km/h) on October 25 to a Category 5 hurricane (sustained winds up to 295km/h) on October 27, a day before landfall. The Office of Disaster Preparedness and Emergency Management provided guidance on hurricane preparation, issued evacuation orders from vulnerable low-lying areas, and announced the availability of more than 800 shelters for tens of thousands of people throughout the country.

To mitigate disaster risk, Jamaica has developed strong institutional frameworks to face the disproportionate fiscal challenges Caribbean island economies endure from the risk of natural disasters. In 2022, Jamaica publicly unveiled the National Natural Disaster Risk Financing (DRF) Policy,[11] a multilayered strategy for disaster risk financing with a framework addressing relief, recovery, and reconstruction from a variety of climate events. The framework's scope addresses all events, from high-frequency, low-severity events such as sustained rains to low-frequency, high-severity events such as the recent hurricane. The framework is based on the concept of risk layering, meaning that different levels of risk are covered by diverse financial instruments, each being the best instrument for the risk it is intended to address. The government retains the risk of covering low-severity, high-frequency climate events and transfers part of the risk of covering low-frequency, high-severity events through various insurance facilities. By retaining risk, the government assumes the cost of climate-related damage either through government resources or by accessing finance. By transferring risk, the government purchases an insurance facility and in the event of a qualifying climate event the government receives a payout for relief, recovery, and reconstruction (Figure 5.1, panel A).

10 For a list of hotel reopenings, see the Visit Jamaica website at https://www.visitjamaica.com/travel-alerts/hotel-reopenings/#:~:text=Planning%20a%20trip%20to%20Jamaica?%20Check%20verified,with%20guidance%20from%20Jamaica's%20official%20tourism%20authority (accessed 25 November 2025).

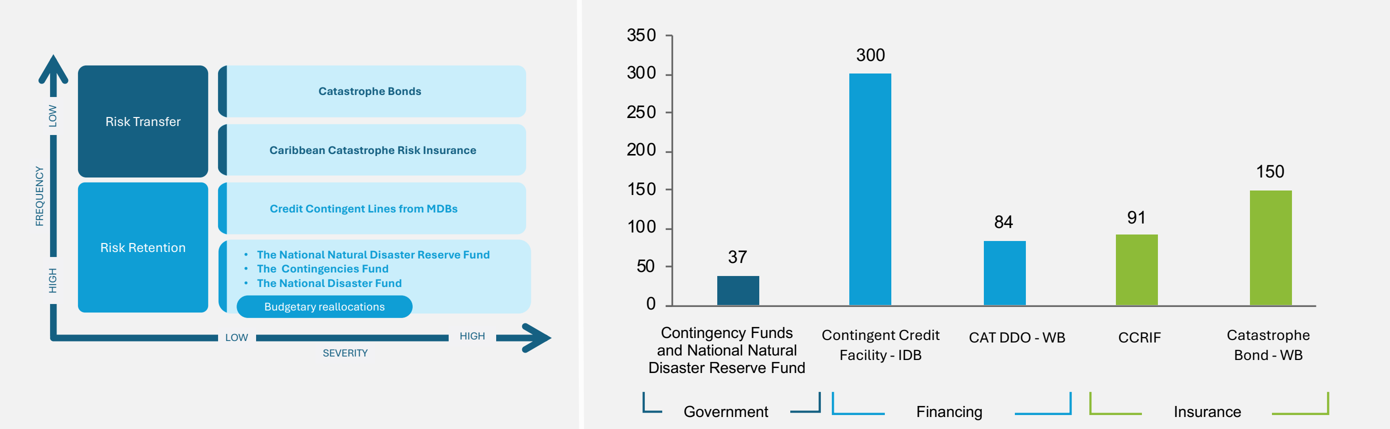
11 For more information on the DRF, see the Ministry of Finance and the Public Service website at https://www.mof.gov.jm/media/national-natural-disaster-risk-financing-policy-nndrfp/ (accessed 25 November 2025).

Jamaica's well-developed multi-layered Disaster Risk Financing Framework served it well after Hurricane Melissa, as it has secured US$662 million in post-disaster financing.

Figure 5.1: Jamaica's Disaster Risk Financing Structure and Post-Disaster Resources

5.1A: Jamaica's Disaster Risk Financing Framework by Frequency and Severity of Disaster

5.1B: Disaster Risk Financing Resources Available Following Hurricane Melissa by Type, US$ Million



Sources: The Gleaner, "Building Robust Disaster Risk Financing," 28 July 2024, available at https://jamaica-gleaner.com/article/commentary/20240728/nigel-clarke-building-robust-disaster-risk-financing-framework; Opening Budget Presentation 2025; and authors' estimates.

Note: In panel B, risk retention resources are shown in orange (government resources) and blue (contingent credit facilities); risk transfer resources are shown in green. MDBs: multilateral development banks; CCRIF: Caribbean Catastrophic Risk Insurance; CAT DDO WB = Catastrophe Bond Drawdown Option Insurance of the World Bank.

Under this multi-layered financing framework, the government has at its disposal US$662 million for recovery efforts for Hurricane Melissa. The layers of the DRF policy begin with the government's budget, then move up to financing resources, with potential large insurance payouts at the top of the framework. Total government resources make up US$37 million or 5.6 percent of total available financing, while contingent credit facilities make up US$384 million or 58.0 percent. The contingent credit facilities include the IDB's Contingent Loan for Natural Disaster Emergencies facility, recently increased to US$300 million. The Catastrophe Deferred Drawdown (CAT DDO) with the World Bank for US$42 million (scalable to US$84 million), signed in March 2025, is also part of the contingent financing structure. Finally, the framework includes two insurance facilities for a total of US$241, making up 36 percent of available financing. The two facilities are the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the recently renewed Catastrophe Bond (CAT Bond) for US$150 million, issued with World Bank support. Both insurance facilities are risk transfer instruments and do not increase the government's level of debt (Figure 5.1, panel B).

Considering the extent of the damage to Jamaica from Hurricane Melissa, medium-term GDP growth projections will be revised downward. GDP growth had been recovering well since the COVID-19 pandemic, with an average growth rate of 2.4 percent for fiscal years 2022 and 2024 (fiscal years run from April to March). Fiscal year 2025 had weakened due to a contraction of 0.5 percent attributable in part to Hurricane Beryl which struck in July 2024 and caused damage of around US$350 million or 1.9 percent of GDP. Following Hurricane Beryl, GDP growth rebounded to 0.4 percent in the first quarter of 2025 and 1.9 percent in the second quarter. Agriculture, construction, and real estate grew by 6.4 percent, 2.9 percent, and 2.4 percent, respectively, in the first half of 2025. However, several economic activities in the western part of Jamaica have been affected by Hurricane Melissa, including agriculture and tourism. Preliminary government estimates indicate that in the short term, GDP could contract between 8 and 13 percent in last quarter of 2025.

The hurricane will have a much bigger impact on trade than U.S. tariffs.

The United States is Jamaica's largest trading partner. Over 2021–2023, about 55 percent of total exports went to the United States, many of which were subject to the 10 percent baseline tariff levied on most countries beginning in April 2025. Jamaica previously benefited from the Caribbean Basin Initiative, through which almost

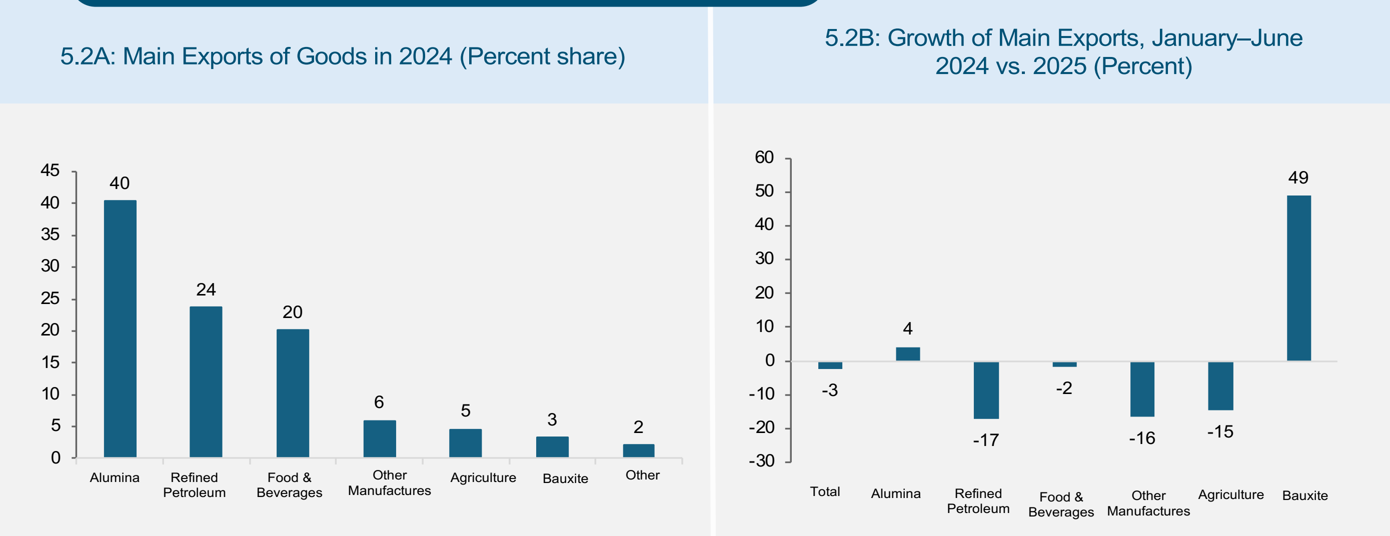
90 percent of its exports to the United States entered under preferential terms. In 2024, three products made up over 80 percent of these exports: alumina and bauxite (43 percent), refined petroleum reexports (24 percent), and manufactured food and beverage products (20 percent) (Figure 5.2, panel A).

The uncertain global context has introduced some drag on Jamaica's main exports. In the first half of 2025, the value of total exports declined by 2.5 percent relative to 2024, with the largest decline of 17.2 percent in refined petroleum (Figure 5.2, panel B). There were also significant declines in other manufactured products (including chemicals and tobacco products) and agriculture products, which fell by 16.4 percent and 14.5 percent, respectively. Alumina and bauxite exports increased by 4.1 percent and 48.5 percent in the first half of 2025, respectively. Although, the United States began applying a 50 percent tariff on aluminum products in June 2025. An average of 9 percent of alumina exports went to the United States over 2019-2023.

The impact of Hurricane Melissa is expected to further reduce agricultural exports. Given the hurricane damaged crops in western Jamaica, where a large part of the country's food is produced, the agriculture sector is expected to have contracted further in the second half of the year. The west has the highest concentration of land under cultivation and an ecosystem that is supported by over 35,000 registered farmers producing ground provisions, vegetables, and other crops vital for the sustenance of food security in Jamaica. Juxtaposing Melissa's impact signals potential crop shortages and inflationary pressure over the next couple of months.

Before Hurricane Melissa and the increase in U.S. tariffs, alumina was Jamaica's main export, with its input, bauxite, growing rapidly.

Figure 5.2: Composition of Export Goods and Recent Trends



Source: Statistical Institute of Jamaica (STATIN).

The Long Road Ahead

Jamaica faces a long road to recovery that will require extensive resources. The government's robust lines of defense against natural disasters will help create positive momentum for the recovery, but the extent of the damage is likely to exceed this amount available for disaster relief (Figure 5.1). At the same time, the framework provides immediate resources to address Jamaica's most urgent challenges. These include providing medical attention, shelters, and food security, and restoring energy, water, and transportation. About 60 percent of households country-wide and almost 100 percent in western Jamaica remained without power at the end of October.

More resources will be needed for Jamaica's recovery. Leaning on the experience in the aftermath of Hurricane Gilbert, high levels of resources will be critical to build back better in the first three to four years after Melissa. Importantly, as noted by McCloud, Ivey, and Taylor (2025) in their economic analysis of Hurricane Gilbert, resources must be strategically directed towards the development of productive infrastructure and institutional systems that will strengthen Jamaica's long-term economic landscape and competitiveness. Otherwise, any short-run economic gains realized after the hurricane are likely to be eroded over time if priority is only given to capital replacement. From a household perspective, remittance inflows from the Jamaican diaspora living in the United States, United Kingdom, and Canada are also channels through which the most affected Jamaicans may be able to sustain consumption levels and contribute to the rebuilding efforts.

In the medium term, Jamaica will leverage the flexibility built into its fiscal framework. The country has almost achieved its long-time objective of reducing the debt-to-GDP ratio to 60 percent of GDP by 2028. At 62.4 percent of GDP in 2025, the objective has practically been achieved, but rebuilding from such a natural disaster will require flexibility. This flexibility was introduced in Jamaica's legislation in 2014 as part of Jamaica's Fiscal Responsibility Framework. In the aftermath of Hurricane Melissa, the government has called for the temporary suspension of fiscal rules to support relief and recovery efforts. Both, strategically directing resources towards the development of productive resources and suspending Jamaica's fiscal rules are timely steps, as the government announced on December 1, that multilateral partners had committed US$ 6.7 billion for recovery and reconstruction over the next three years (JIS 2025).

Jamaica: Macroeconomic Outlook, 2022–2025

(Percent of GDP unless otherwise indicated)

Indicator	2022	2023	2024 (e)	2025 (f)
Real Sector[1]				
Real GDP Growth	6.4	2.7	-0.5	2.1
Real GDP Per Capita (U.S. Dollars)	6,820	7,755	7,965	8,405
Nominal GDP (Percent Change)	17	14	3	6
Inflation (End of Period)	9.4	6.9	5.0	4.5
Private Sector Credit	51	49	50	
External Sector[2]				
Exports of Goods and Services (Constant Price Growth)	36	17	-1	2
Service Export as Share of GDP	20	24		
Imports of Goods and Services (Constant Price Growth)	12	11	-1	12
Current Account	-0.7	2.7	3.1	1.8
Foreign Direct Investment	1	2	1	2
Total Reserves (Months of Import Cover)	6	6	7	7
Central Government				
General Government Revenue	29	28	31	30
General Government Expenditure	28	28	31	30
Current Expenditure	27	26	29	29
Capital Expenditure	2	2	2	2
Fiscal Balance	0.3	0.04	0.2	0.01
Primary Balance	5.5	5.3	5.5	4.8
Debt Indicators				
Central Government Debt	74	67	63	60
Central Government Debt Over Revenues (Percent)	256	240	206	199
External Public Debt	47	46	40	
External Debt Service as Percent of Exports of Goods and services	48	44	54	46

Source: IMF (2025a); World Bank, World Development Indicator database; Bank of Jamaica; Ministry of Finance and the Public Service; and United Nations Comtrade database

Note: e - estimated, f - forecasted;

1 GDP Per Capita base year is 2015

2 2005 base year for exports and imports of goods and services

Country Section

Suriname

Liliana Castilleja and Naiema Suliman

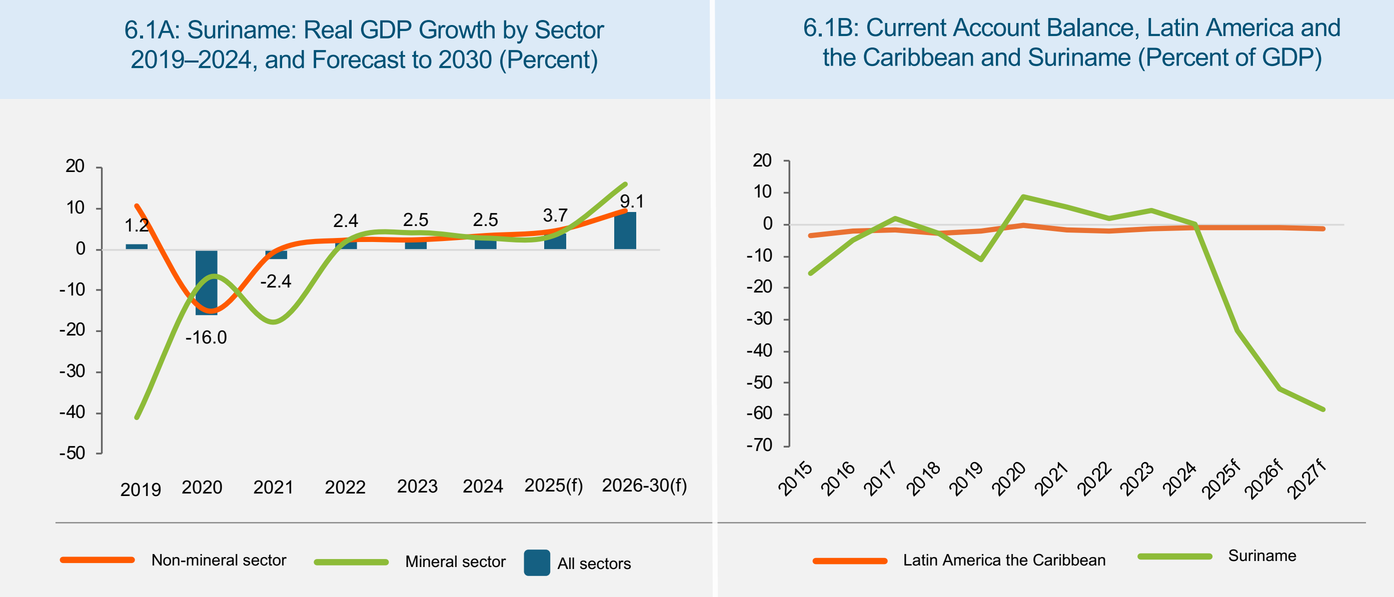
Recent Macroeconomic Trends

Growth in 2025 in Suriname will be propelled by investment in the oil sector. Suriname's GDP growth in 2025 is projected at 2.7 percent according to the International Monetary Fund (IMF 2025) and 3.7 percent by official sources (Planning Office Suriname 2025), continuing the recovery that began in 2024 (3 percent). In 2025, the main drivers of growth have been private consumption and investment, especially linked to preparations for offshore oil production.[12] These expenditures are expected to drive mineral sector growth of 3.6 percent and non-mineral sector growth of 4.5 percent, with the former underpinned by continued expansion in construction, and the latter by increased wholesale and retail trade and manufacturing (Figure 6.1, panel A). Overall, the structure of growth continues to be dominated by the mineral sector, although services and construction are gaining importance as domestic demand recovers (Planning Office Suriname 2025).

Compared to expectations at the start of the year, overall GDP growth is broadly in line with forecasts. Trade with the United States is not large. Instead, the anticipated oil boom, with production set for 2028, continues to shape medium-term expectations. However, risks remain from global trade tensions, commodity price volatility, and the narrow sectoral base.

Growth remains mainly driven by the mineral sector, yet the non-mineral economy is steadily gaining ground. Suriname's external accounts are shifting from small surpluses to large deficits due to upcoming oil-related investments.

Figure 6.1: Real Growth and Current Account Trends in Suriname



Sources: Suriname General Bureau of Statistics (2025) for 2019–2022; and Planning Office Suriname (2025) for 2023–2030; panel B: IMF (2025a)
Note: Values are calculated as the average of the designated period. f: forecast.

Trade Patterns Dominated by Commodity Exports

Despite a narrow export base, Suriname is well-diversified geographically. In 2024, the net trade balance for goods and services reached US$25 million (0.6 percent of GDP), while the current account stood at 0.2 percent of GDP (Figure 6.1, panel B). However, with major oil-related investments expected in 2025, both balances could shift to deficits of around 35 percent and 33 percent of GDP, respectively (IMF 2025a). Gold remains the dominant export commodity, accounting for about 84 percent of total goods exports in 2025, followed by oil (8 percent), wood and wood products (2 percent), and fish (2 percent) (Figure 6.2, panel A).[13] In the case of services, Suriname runs a large deficit in trade, where transport has the largest share of imports, accounting for 17 percent of total service imports (sea, air, and related logistics). Suriname's main export destinations in 2024 were the United Arab Emirates, Switzerland, and Guyana, while its principal import partners were the

12 Private consumption was the principal contributor to economic growth in 2024, adding 5.5 percentage points. Data come from the Ninth Review of the IMF's Extended Fund Facility Program (April 2025). Data from this source are available for the demand side but not the supply side.

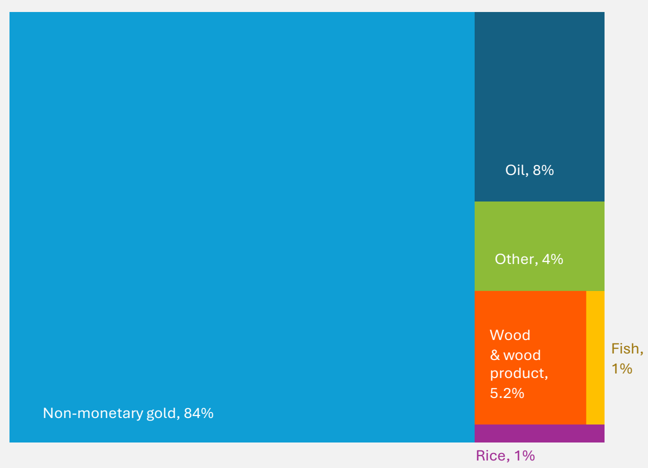
13 See Centrale Bank van Suriname, External Sector Statistics, available at https://www.cbvs.sr/ (accessed 29 October 2025).

United States, the Netherlands, and China (Suriname General Bureau of Statistics 2025). During 2025–2028, the current account will remain in deficit due to the imports for oil-related investments.

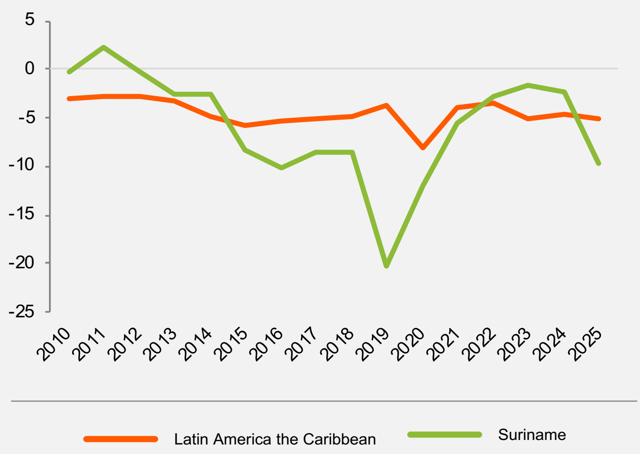
Gold has dominated Suriname's exports in 2025, accounting for 84 percent, but oil production is projected to surpass gold exports from 2028, which could reverse the large fiscal balances.

Figure 6.2: Suriname's Main Exports and Fiscal Performance

6.2A: Exports of Goods (percent of total, 2025:Q2)



6.2B: Fiscal Balance, 2010-2030 (Percent of GDP)



Source: Panel A: Central Bank of Suriname; Panel B: IMF (2025a).

The Economic Impact of U.S. Policies and Foreign Direct Investment in Oil

Unlike broad-based tariffs, it is specific policies in the United States that are impacting Suriname on the margin. In particular, the recent U.S. sanctions targeting Surinamese companies linked to illicit gold trading signal a shift in the U.S. approach to regional enforcement and transparency. These measures might disrupt not only the operations of sanctioned firms but could also send a broader message to Suriname and neighboring countries about the risks of opaque financial practices and environmental violations. Potentially, the sanctions could prompt Suriname to accelerate reforms in governance and resource management (Garcia 2025).

Suriname stands at a pivotal moment, as major offshore oil discoveries promise to transform its economic landscape in 2028. The country's investment landscape is already changing, driven by growing foreign direct investment (FDI) interest in oil and gas. In October 2024, a final investment decision for the GranMorgu offshore project in Block 58 confirmed an investment by TotalEnergies and the APA Corporation of approximately US$10.5 billion to US$12 billion between 2025 and 2031. This paves the way for first oil production expected in 2028 and is projected to dramatically boost Suriname's GDP and fiscal revenues (Figure 6.2, panel B).

The impending oil boom will test Suriname's ability to use export proceeds to promote development and diversify through appropriate capital investments. After years of subdued inflows, inward FDI will begin to surge to approximately US$2.8 billion (24 percent of GDP) by 2030 (IMF 2025a). If managed responsibly, this windfall could support sustainable and inclusive long-term growth, helping Suriname diversify beyond its historical reliance on natural resource extraction and reduce its vulnerability to the volatility of commodity prices. However, the concentration of FDI in oil and gas underscores the vulnerability of limited diversification and leaves the economy exposed to commodity price volatility and project delays. The challenge lies in leveraging this capital to catalyze broader economic development rather than reinforcing dependence on extractive industries. Tourism in Suriname holds significant promise as a driver of sustainable and diversified economic growth. With its rich cultural diversity, vast rainforests, and unique biodiversity, Suriname is well-positioned to develop eco-tourism and heritage-based experiences that attract international visitors.

Suriname also faces some downside risks. Some potential risks to the growth outlook over the short to medium term include delays in oil production or lower-than-expected output from new offshore fields. Another potential risk is commodity price volatility, especially for oil and gold, which could adversely affect export earnings, fiscal revenues, and debt sustainability, given Suriname's heavy reliance on these sectors. Finally, there is a need for continued reform momentum, improved institutional capacity, and enhanced transparency. Setbacks in these areas could erode investor confidence and stall progress on fiscal consolidation and debt reduction. Addressing these risks through prudent management and sustained reforms will be crucial for Suriname to realize its growth potential.

Suriname: Macroeconomic Outlook, 2022–2025

(Percent of GDP unless otherwise indicated)

Indicator	2022	2023	2024 (e)	2025 (f)
Real Sector[1]				
Real GDP Growth	2.4	2.5	3.0	2.7
Real GDP Per Capita (U.S. Dollars)	7,081	7,195	7,335	
Nominal GDP (Percent Change)	18	-5	29	1
Inflation (End of Period)	54.6	32.6	10.1	10.6
Private Sector Credit	19	17	16	
External Sector[2]				
Exports of Goods and Services (Constant Price Growth)	9	-10	-6	-8
Largest Export as Share of GDP (Gold)	50	55	50	
Imports of Goods and Services (Constant Price Growth)	8	0	16	74
Current Account	1.9	4.3	0.2	-33.4
Foreign Direct Investment	-0.2	-2	-1	
Total Reserves (Months of Import Cover)	6	7	8	
Central Government				
General Government Revenue	27	27	27	28
General Government Expenditure	30	29	29	37
Current Expenditure	3	3	2	
Capital Expenditure	0.2	0.5	1	
Fiscal Balance	-2.7	-1.7	-2.4	-9.6
Primary Balance	1.0	1.4	0.3	-5.8
Debt Indicators				
Central Government Debt	117	98	87	89
Central Government Debt Over Revenues (Percent)	436	359	326	321
External Public Debt	83	76	69	
External Debt Service as Percent of Exports of Goods and Services	1	1	1	

Source: IMF (2025a); World Bank, World Development Indicator database; Suriname's Electronic Government Database (EGDSS)

Note: e - estimated, f - forecasted;

1 GDP Per Capita base year is 2015

2 2015 base year for exports and imports of goods and services

Country Section

Trinidad & Tobago

Onoh-Obasi Okey and Nirvana Satnarine-Singh

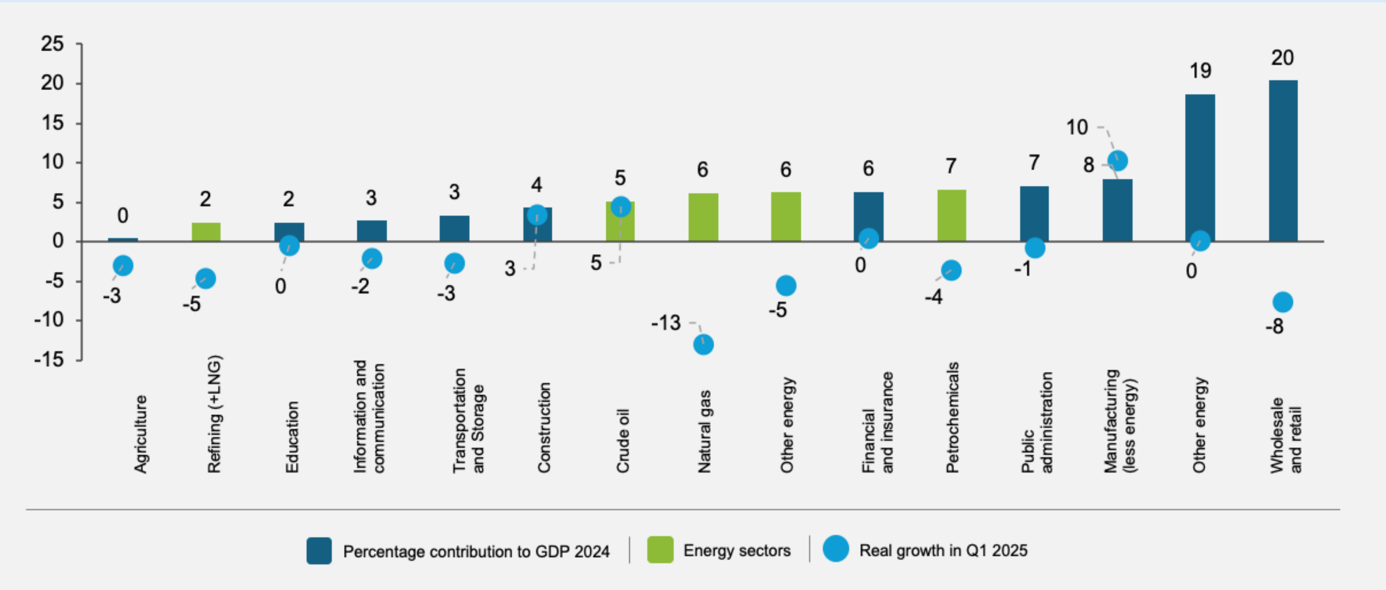
Recent Macroeconomic Trends

Recent economic growth in Trinidad and Tobago has been primarily driven by the non-energy sector, although the energy sector continues to be a significant contributor to GDP, revenue, and exports. In 2024, the economy grew by 2.5 percent in real terms. The non-energy sector posted its fourth consecutive year of growth, expanding by 3.3 percent year-over-year in 2024. However, compared to pre-COVID levels, progress remains modest, with only a 2.3 percent increase since 2019. Within the non-energy GDP, wholesale and retail trade contributed 20 percent, while manufacturing contributed 8 percent to GDP (Figure 7.1) and has been growing the most, at 13 percent year-over-year and 34 percent relative to 2019 (pre-COVID). The energy sector contributed 26 percent of GDP in 2024, a decline compared to the average of 31 percent for the previous 10 years. From a fiscal and external perspective, stable energy prices since 2023, compounded by production constraints due to mature fields, limited the overall economic performance of the sector. Decline is expected to persist in the short to medium term amid supply uncertainty and recent petrochemical plant closures. According to the most recent GDP data, real GDP shrank by 2.1 percent in the first quarter of 2025, as both the energy and non-energy sectors contracted by 4.8 percent and 1 percent respectively.

The sectors that are large contributors to GDP have been experiencing negative or zero growth in 2025

Figure 7.1

GDP Contribution and Growth by Sector (Percent)



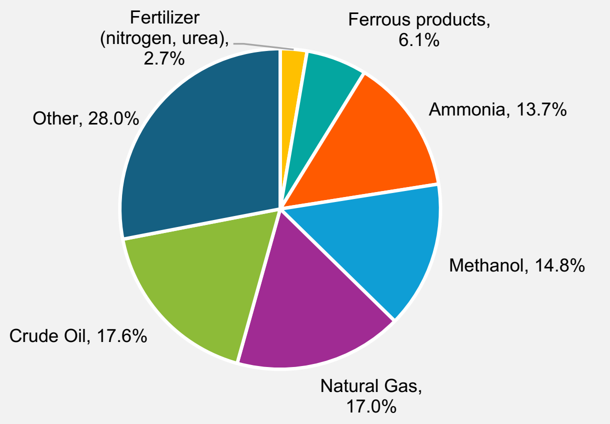
Source: Central Statistical Office of Trinidad and Tobago | Note: LNG: liquefied natural gas.

In 2024, trade made up 77 percent of GDP, highlighting the economy's reliance on international markets. Trinidad and Tobago posted current account surpluses from 2021–2024 because of its status as a net commodity exporter. Energy exports continue to dominate, accounting for 80 percent of exports on average over the last decade. The top exported commodities in 2024, by value, were crude oil (18 percent of goods exports), natural gas (17 percent), methanol (15 percent) and ammonia (14 percent) (Figure 7.2, panel A). In the first half of 2025, exports declined 27 percent year-over-year, with the key change to the trade composition relative to the same period in 2024 being a 90 percent decrease in oil exports. This was partially countered with a 70 percent increase in natural gas exports, while for the petrochemical components, methanol exports declined by 11 percent and exports of fertilizer (nitrogen and urea) increased by 65 percent. Service receipts were on a gentle incline in 2024, reaching the highest level since 2015, though still largely outstripped by service imports. In terms of export destinations, the United States has the largest market share at 39 percent, followed by Guyana, Belgium, and the Netherlands. Collectively, exports within the Caribbean Community (CARICOM) accounted for around 16 percent of the total (Figure 7.2, panel B).

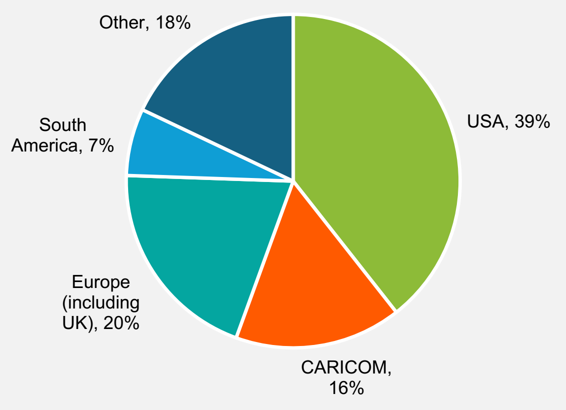
High concentration of exports in the hydrocarbon and petrochemical industries and having the United States as the main market increases vulnerability to global shocks.

Figure 7.2: Trinidad and Tobago's Key Goods Exports and Destinations

7.2A: Main Exports, 2024 (Percent)



7.2B: Top Export Destinations, 2024 (Percent)



Source: Central Statistical Office of Trinidad and Tobago | Note: CARICOM: Caribbean Community.

Relatively Limited Economic Impact of U.S. Tariffs

Since the United States is Trinidad and Tobago's main trading partner, the country could be affected by shifts in U.S. trade policy. In terms of exports, petroleum oils account for the largest share of goods exported to the United States. Along with liquid natural gas, petroleum oils were exempt from the reciprocal tariffs announced in April 2025. Non-energy goods exported to the United States, such as ferrous products from iron, received the lowest reciprocal tariff rate of 10 percent. The imposition of tariffs on non-energy products exported to the United States could erode profit margins and reduce vital foreign exchange inflows. However, direct impacts in the short term are likely to be negligible, since non-energy products make up a much smaller share of goods exported to the United States.[14] Any substitution by U.S. importers would depend on the extent to which the same goods such as petroleum oils can be sourced elsewhere at a cheaper price. Otherwise, the risk of any dampening in demand for Trinidad and Tobago's exports in the short term is likely to be minimal.

Indirect impacts of global trade policy shifts include potential price increases that could trickle down to the economy. Higher domestic prices in the United States due to tariff effects would raise the cost of imported goods in Trinidad and Tobago. Finally, while inflation levels are relatively low in Trinidad and Tobago compared to regional peers, increased import costs could widen the gap between demand and supply of foreign exchange.

Geopolitical tensions had the most significant impact on Trinidad and Tobago's trade position and pose a downside risk. To address declining energy output, Trinidad and Tobago sought licenses from the U.S. Office of Foreign Asset Control to access Venezuelan gas. The first license in January 2023 enabled development of the Dragon gas project, 17 km from Trinidad and Tobago's waters. In May 2024, a second license allowed exploration of the Cocuina-Manakin gas field, straddling the shared border. The licenses were revoked in April 2025 before being restored in October 2025. However, the Venezuelan authorities subsequently withdrew from the negotiation. These agreements were critical to sustaining the energy sector, which has faced 20 years of falling output due to depleting reserves. The two fields were expected to supply up to 350 million cubic feet of gas daily.

14 For 2022–2024, exports to the United States accounted for on average 41 percent of total exports. Of the goods exported to the United States, petroleum oils accounted for 35 percent, while ferrous products from iron, ammonia and liquid natural gas (LNG) made up 19 percent, 17 percent, and 12 percent, respectively, according to the UN Comtrade database.

Amid ongoing geopolitical tensions, Trinidad and Tobago has accelerated domestic exploration efforts to safeguard its energy future. Having a project pipeline is vital for energy sector sustainability, given the persistent decline in oil and gas output and long lead times for new energy projects. The Energy Chamber of Trinidad and Tobago (2025) notes rising upstream investment, including Cypre, Manatee, and Calypso.[15] In August 2025, ExxonMobil signed a Production Sharing Contract for ultra-deepwater exploration, marking its return after two decades and signaling renewed investor confidence. Despite falling output, Trinidad and Tobago's infrastructure, location, and skilled workforce continue to attract foreign direct investment. Moreover, greater renewable energy projects could help generate scarce foreign exchange inflows and supplement domestic electricity generation.[16]

Growth Outlook Dotted with Risks

External forces, in particular, could impact the economic outlook. The IMF (2025a) projects growth of 1 percent for Trinidad and Tobago in 2025 and 2026, with that growth expected to be driven again by the non-energy sector. In the medium term, the deepwater exploration agreement with ExxonMobil along with other projects can stimulate energy sector production, while tensions between the United States and Venezuela may increase uncertainty about energy sources over the near term. The balance is tilted to the downside amid heightened uncertainty in international trade policy, ongoing geopolitical friction, and global transition to energy independence through green sources. On the domestic front, lower export earnings from the energy sector could stifle the foreign currency inflows needed to foster diversification efforts and maintain a healthy reserve position.

Trinidad and Tobago's borrowing capacity remains stable in the short term, but risk mitigation measures are required to maintain this position. In October 2025, Standard and Poor's (S&P) Global Ratings Report affirmed Trinidad and Tobago's BBB- credit rating (S&P 2025). The country holds the highest sovereign rating of the six countries in the IDB's Caribbean Country Department due to its substantial reserve buffers limiting financing risks in the short term.[17] However, Trinidad and Tobago is at risk of being downgraded following S&P's revision of the outlook from stable to negative (S&P 2025). The downgrade risk stems from gradual erosion of fiscal and external buffers, declining energy output, limited progress on economic diversification and low long-term economic growth. The materialization of the downgrade risk could lead to increased borrowing costs on the international market, causing continued reliance on domestic market financing, which is already saturated with government paper.

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15 Cypre is in the execution phase, having delivered its first gas in the first quarter of 2025. Phase 2 of the project began in the third quarter of 2025. Manatee secured its final investment decision in July 2024 and is projected to start production in 2027. Calypso is advancing towards its final investment decision, with production unlikely to occur before 2030 (Energy Chamber of Trinidad and Tobago 2025).

16 The Brechin Castle Solar Farm, located on 238 hectares of land northeast of the Point Lisas Industrial Estate, is designed to deliver up to 92 megawatts of solar power and is expected to be fully operational by the end of 2025.

17 Net official reserves stood at US$4.7 billion as at September 2025, according to the Central Bank of Trinidad and Tobago (CBTT) Data Centre; see https://www.central-bank.org.tt/statistics/data-centre/ (accessed 25 November 2025). Foreign assets held by the Heritage and Stabilization Fund amounted to US$6.3 billion as of June 2025; see the CBTT Economic DataPack at https://www.central-bank.org.tt/ (accessed 25 November 2025).

Trinidad and Tobago: Macroeconomic Outlook, 2022–2025

(Percent of GDP unless otherwise indicated)

Indicator	2022	2023	2024 (e)	2025 (f)
Real Sector[1]				
Real GDP Growth	0.9	1.5	2.5	1.0
Real GDP Per Capita (U.S. Dollars)	20,042	17,616	17,949	18,121
Nominal GDP (Percent Change)	17	-12	2	1
Inflation (End of Period)	8.7	0.7	0.5	2.2
Private Sector Credit	37	45	47	
External Sector[2]				
Exports of Goods and Services (Constant Price Growth)	31	-28	-1	4
Largest Export as Share of GDP (Energy)	50	34	31	
Imports of Goods and Services (Constant Price Growth)	13	-11	12	0
Current Account	17.5	11.8	4.8	4.9
Foreign Direct Investment	-3	-6	-4	
Total Reserves (Months of Import Cover)	9	8	8	
Central Government				
Central Government Revenue	31	31	28	
Central Government Expenditure	29	34	33	
Current Expenditure	27	31	31	
Capital Expenditure	2	2	3	
Fiscal Balance	1.4	-2.4	-5.6	
Primary Balance	3.9	1.0	-1.4	
Debt Indicators				
Central Government Debt	55	66	67	
Central Government Debt Over Revenues (Percent)	197	204	247	
External Public Debt	17	21	22	
External Debt Service as Percent of Exports of Goods and Services	2	6	7	

Source: IMF (2025a); World Bank, World Development Indicator database; and Central Bank of Trinidad and Tobago

Note: e - estimated, f - forecasted;

1 GDP Per Capita base year is 2015

2 2012 base year for exports and imports of goods and services

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