CARIBBEAN ECONOMICS QUARTERLY

VOLUME 16, ISSUE 02 | AUGUST 2026

Fiscal Resilience, Debt Reduction, and Domestic Resource Mobilization in the Caribbean

IDB

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Keywords
Caribbean, The Bahamas, Barbados, Guyana, Jamaica, Suriname, Trinidad and Tobago, debt, debt sustainability, fiscal balance, economic outlook, subsidies, revenue mobilization, tax revenue, GDP growth, tourism, sovereign wealth fund.

JEL codes
E1, E3, F4, O54, O11, O23

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Acknowledgments

This *Caribbean Economics Quarterly* is produced by the economics team of the Caribbean Country Department of the Inter-American Development Bank (IDB). Preparation of this report was led by Valerie Mercer-Blackman (Regional Economic Advisor for the Caribbean) and Henry Mooney (Economics Principal Specialist) under the general supervision of Anton Edmunds (IDB General Manager for the Caribbean).

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Monique Graham led the coordination of tables and figures in the report. Jomain McKenzie (Communications Senior Specialist) coordinated dissemination and design. Abrahim Simmonds was responsible for the layout. David Einhorn edited the report.

The Caribbean economies discussed in this report include the following six member countries of the IDB's Caribbean Country Department: The Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago. They are referred to as Caribbean-6 throughout the report. The cutoff date for this report was July 17, 2026.

Executive Summary

This issue of the *Caribbean Economics Quarterly* examines how the six members of the IDB Caribbean Department—The Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago (referred to as the Caribbean-6)—have managed fiscal policy and public debt since the COVID-19 pandemic. It also looks at policies that can support the next phase of fiscal resilience in the region.

The regional fiscal environment has become more challenging since 2019, in part because of persistently high global interest rates. Importantly, borrowing costs have increased largely due to tighter global financial conditions rather than a broad deterioration in investor perceptions of Caribbean sovereigns. As a result, many governments face rising debt-service costs even where credibility and market access have been maintained. This means that debt management, fiscal prudence, and the creation of buffers have become even more important than ever.

Added to this has been a series of large external shocks, with the latest being high and volatile energy prices resulting from disruptions to the Strait of Hormuz. The effects on Caribbean economies will be more severe the longer the disruptions last (as discussed in a Special Focus of the last Caribbean Economics Quarterly)

The experience of the Caribbean-6 since the pandemic has been mixed but generally encouraging. Barbados and Jamaica demonstrate that substantial debt reduction is possible despite severe external shocks, provided that governments maintain credible fiscal frameworks, strong institutions, and sustained policy discipline. Guyana remains a unique case, benefiting from rapidly growing oil revenues and relatively low debt levels, with its challenge centered on managing resource wealth prudently rather than on conventional fiscal consolidation. The Bahamas has achieved one of the strongest post-pandemic recoveries, supported by the tourism rebound and improvements in fiscal balances. Public debt remains above pre-pandemic levels due to the spike in 2021 from the combined effects of Hurricane Dorian and the pandemic, but the trajectory since then is one of improvement. Suriname has implemented significant reforms under a program supported by the International Monetary Fund, including introduction of a value-added tax (VAT), subsidy reform, and debt restructuring. While progress has been substantial, fiscal vulnerabilities remain. Trinidad and Tobago remains constrained by the volatility of hydrocarbon revenue, rigid spending, and weak non-energy revenue performance.

Most of the Caribbean-6 countries are expected to continue on a declining debt-to-GDP ratio path even under adverse scenarios, highlighting the progress that has already been achieved. Simulations of a negative growth shock suggest that debt ratios would rise slightly relative to baseline projections across most countries and thus debt-reduction targets would be delayed.

A central finding of the report is that the next phase of fiscal resilience will depend heavily on domestic resource mobilization. The first stage of post-pandemic adjustment benefited from tourism recovery, commodity-price effects, and the withdrawal of emergency support measures. Going forward, governments will require stronger and more resilient tax systems to finance debt reduction, climate adaptation, and infrastructure investment.

Country circumstances differ considerably. The Bahamas must strengthen VAT compliance and modernize property taxation. Barbados should continue improving tax expenditure management and the transparency of incentives. Guyana needs to keep strengthening institutions to preserve its non-oil tax base and manage growing petroleum revenues. Jamaica's success demonstrates the value of administrative reform and compliance improvements. Suriname's priorities are to consolidate VAT implementation and strengthen tax administration, while Trinidad and Tobago must reduce dependence on hydrocarbon revenues by strengthening non-energy taxation.

Looking forward, this issue examines the factors that could help determine the next phase of debt reduction and fiscal resilience. Across the region, several common priorities emerge. These include modernizing tax administration through digital technologies; rationalizing tax incentives and exemptions; integrating revenue policies with broader fiscal frameworks; and increasing taxpayer experience through better services and accountability. For hydrocarbon producers, strong fiscal rules and sovereign wealth funds are critical to smooth volatility and preserve wealth for future generations.

The country chapters highlight recent economic activity and debt and macroeconomic responses. The Bahamas has achieved strong fiscal consolidation and robust tourism growth. Barbados continues to reduce debt through disciplined fiscal management under the Barbados Economic Recovery and Transformation Program. Guyana's expanding oil production presents a timely opportunity to strengthen institutions, responsibly manage resource wealth, and channel revenue toward sustainable and inclusive long-term development. Jamaica faces significant reconstruction costs following Hurricane Melissa but remains committed to long-term fiscal discipline. Suriname is stabilizing after a period of macroeconomic distress following the COVID-19 pandemic and preparing for future oil production. Trinidad and Tobago continues to face structural fiscal challenges associated with its dependence on hydrocarbons.

Regional Overview

Resilience amid Higher-for-Longer Interest Rates: Debt, Revenue, and Reform in the Caribbean

Henry Mooney, Monique Graham, and Valerie Mercer-Blackman

1.1. Introduction

As interest rates remain stubbornly high and financial pressures test the global economy, fiscal policy and high debt levels in developing and advanced economies are coming to the forefront. In this vein, this edition of the Caribbean Economics Quarterly focuses on macro-fiscal performance, successes, and risks facing the six members of the IDB's Caribbean Country Department: The Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago (referred to as the Caribbean-6).

In particular, the discussion focuses on two key questions:

(i) How have the Caribbean-6 countries fared in terms of fiscal consolidation since the COVID-19 pandemic?

(ii) What factors can help support the next phase of debt reduction and fiscal resilience?

In most cases, the analysis finds that finance ministries have navigated the last several years relatively well despite several intervening shocks. Debt ratios have fallen from pandemic peaks in half of the countries. For most, fiscal frameworks are more credible than in earlier episodes of stress, and the toolkit for managing natural disaster risks has broadened materially. However, these relative successes do not imply that governments have gained much additional room to maneuver. Debt stocks remain high for most, and financing conditions have tightened sharply since 2022 as rising interest burdens have become an increasingly important part of the fiscal arithmetic.

Against this backdrop, three findings stand out. First, the tightening of global financial conditions since 2022 has been driven more by higher base rates than by a generalized deterioration in sovereign spreads. The practical implication for Caribbean finance ministries is that even countries with broadly stable market perceptions face materially higher borrowing costs as U.S. long-term rates remain elevated. This reinforces the importance of prudent fiscal policy, stronger institutions, structural reforms, and the use of buffers and resilient financing instruments.

Second, while shocks have affected all countries, focused reforms and policy action have borne considerable fruit for those countries that have prioritized them. Barbados and Jamaica are excellent examples of countries that have reduced debt significantly despite outsized shocks. Guyana remains the outlier as a low-debt, high-revenue oil exporter whose challenge is not conventional debt sustainability but rather the prudent management of fast-rising resource revenues. In other countries, the scope and pace of consolidation have been influenced by policy rigidities, revenue volatility, and tax structures. Against this backdrop, tax reform should be seen as a key dimension of fiscal resilience.

Broadening tax bases, rationalizing exemptions and incentives, strengthening compliance, and balancing the administrative advantages of indirect taxation with the equity and revenue-stabilizing benefits of stronger direct-tax instruments are all critical pillars of sustainable future growth.

Finally, along similar lines, the next stage of fiscal resilience will depend on institutions. This includes stronger tax administration, more transparent governance of tax expenditures, better use of property, income, corporate, and resource-related taxation where feasible, careful management of spending, and, for hydrocarbon exporters, rules and savings arrangements that separate temporary windfalls from permanent fiscal capacity.

These and related issues are discussed in detail in the following sections. The country chapters that follow discuss fiscal and debt issues in the context of recent macroeconomic developments and challenges.

1.2. The External Backdrop: Rising Global Interest Rates

The fiscal environment facing Caribbean economies in 2026 is being shaped by a number of related external forces. The first is the persistence of high global interest rates; the second is the legacy of the pandemic and subsequent commodity-price shocks, and their impact on debt across emerging market and developing economies; and the third is the increasingly severe implications of natural disasters for vulnerable economies that continue to have direct fiscal consequences for the Caribbean, even when the broader regional macro environment appears stable.

The most important implication for fiscal policy is that the cost of financing has remained high, even when sovereign spreads have not widened dramatically for most countries. This implies that while many Caribbean countries have maintained or in some cases improved their credibility, they still pay more for financing, given that the global risk-free rate has shifted upward. For Caribbean sovereigns, this means that debt-service burdens can rise even in the absence of a classic market-stress episode. It also means that debt-management choices, including with respect to currency composition, maturity structure, and contingency planning, have become more important relative to previous periods of abundant low-cost global liquidity.

Tight global financial conditions add to the region's shock exposure. Debt levels in many emerging market and developing economies remain above pre-pandemic benchmarks, while the return of higher-for-longer U.S. rates has reduced the space for discretionary support (IMF 2026a, 2026b). For the Caribbean, these pressures interact with structurally high shock exposure, including volatility in tourism receipts, dependence on imported fuel and food in several economies, and the recurrent fiscal cost of extreme weather events.

The recent energy price shock will also test policymakers. The uncertainty from high and volatile energy prices resulting from disruptions to the Strait of Hormuz could contribute to higher global interest rates and make creditors more risk averse. To date the global energy supply has been maintained—albeit at higher prices—but the effects on Caribbean economies will be more severe the longer the impasse because energy supply may be more permanently impacted. The impact on the Caribbean and the policy responses is discussed in the Special Focus of the last Caribbean Economics Quarterly (Mercer-Blackman 2026).

These tighter global conditions have affected the rise in borrowing costs for Latin America and the Caribbean since 2022. Borrowing costs have not changed much since 2022 despite a sustained narrowing of regional spreads because they have been offset by a notable 200 basis point increase in U.S. interest rates (Figure 1.1). This implies that as countries refinance maturing debt, they are now doing so in a world in which the base rate itself is materially higher than in the pre-tightening period, which weighs on investment and growth. The possibility of second-round effects of higher energy prices has raised expected policy rate paths through 2026, despite crude oil prices falling from earlier highs, and a number of central banks in both advanced and emerging market economies have already been raising policy rates (IMF. 2026g). Given economic growth in the United States fueled by Artificial Intelligence, the U.S. Federal Reserve, in particular, is unlikely to reduce policy rates soon.

Borrowing costs in the region have remained high due to tight global financial conditions rather than sovereign spreads.

Figure 1.1

Latin America and Caribbean Sovereign Yield by Interest Rates and Spreads (basis points)

Sources: Ayres and Juvenal (2026); and Bloomberg.
Note: The Latin America and Caribbean Emerging Market Bond Index (EMBIG LATAM) spread includes various Latin American countries, but only Jamaica and Trinidad and Tobago from the Caribbean

Given thin external-market issuance for several Caribbean sovereigns, individual bond spreads should be interpreted cautiously and not treated as a complete sovereign yield curve. The broader conclusion is nevertheless clear. Refinancing risk has increased because countries are rolling over debt in an environment where the global base rate—represented by the 10-year U.S. Treasury note yield—is materially higher than during the period prior to 2022.

1.3. Fiscal Consolidation in the Caribbean since the COVID-19 Pandemic

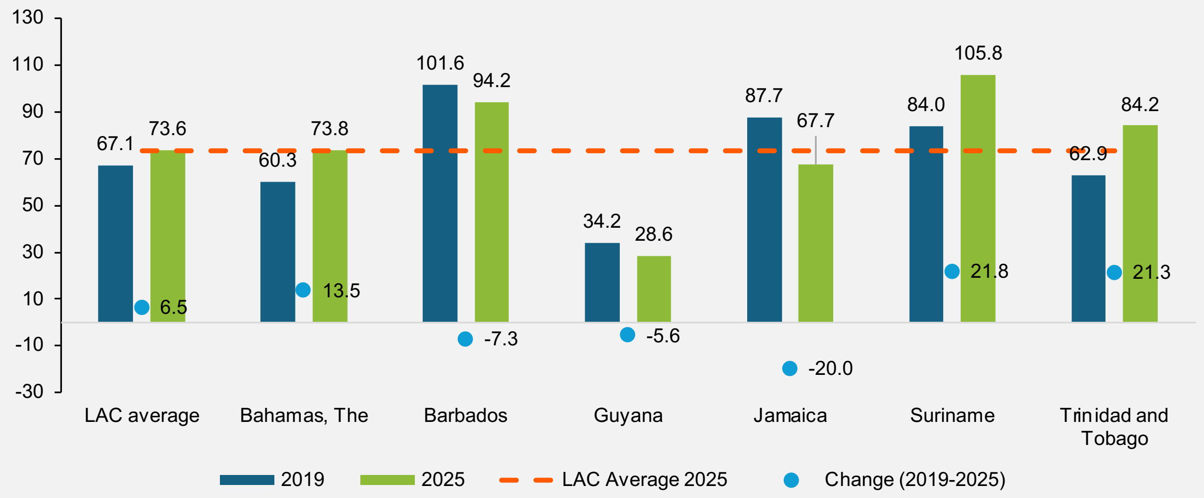
This section first looks at basic debt indicators. While the current global context remains challenging, the relative performance of the Caribbean-6 economies over the half decade following the pandemic compared to other emerging market and developing economies provides considerable insight. A basic way to judge fiscal consolidation is to ask whether debt ratios are lower than they were prior to the pandemic, and whether they are moving in the right direction.

For the Caribbean-6 economies, the answer is mixed. In 2025, debt was higher than the Latin American and Caribbean average in Barbados, Suriname, and Trinidad and Tobago (Figure 1.2), and it had increased—sometimes significantly—between 2019 and 2025 in The Bahamas, Suriname, and Trinidad and Tobago based on the latest World Economic Outlook data from the International Monetary Fund (IMF 2026a). The strong consolidations in Jamaica and Barbados show that sustained adjustment is possible, even from very high starting points, including via sustained institutional reforms and strong policy discipline, despite intervening external shocks. Guyana remains a low-debt case, driven by continued strong resource revenues, making it an outlier within the sample. By contrast, The Bahamas, Suriname, and Trinidad and Tobago entered 2025 with debt burdens materially higher than in 2019. In the case of The Bahamas, the devastating effects of Hurricane Dorian in 2019, followed by the drop in tourism during the pandemic, pushed the debt-to-GDP ratio to 100 percent by the end of 2020. It has since declined. All in all, what differentiates the performance of these economies is the combination of the intensity of shocks that they have faced, as well as their economic structures, state of economic institutions, and policy choices in the intervening years.

Barbados, Guyana, and Jamaica saw a decline in debt levels in the six years prior to 2025.

Figure 1.2

Public Debt: Levels and Change, 2019 versus 2025 (percent of GDP)

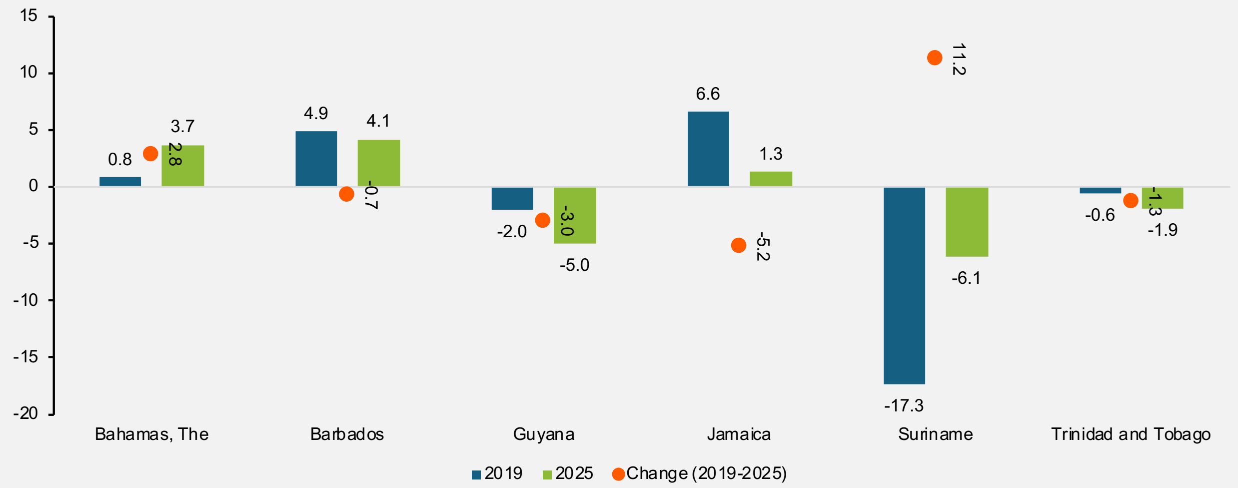


Source: Authors' calculations based on IMF (2026a).
Note: Public debt refers to the International Monetary Fund's World Economic Outlook (WEO) general government gross debt category, where available. The Latin America and Caribbean (LAC) comparator is the IMF WEO LAC aggregate. Values for 2025 are IMF estimates or projections.

Both the level and change in fiscal primary balances since the pandemic differ across the Caribbean-6 economies. Only two, The Bahamas and Suriname, have seen an improvement in primary balances over the intervening period (Figure 1.3). In all other cases, there has been some degree of deterioration. In terms of levels, three of the six countries maintain primary surpluses, which should have a moderating influence on public debt levels, other factors notwithstanding.

Figure 1.3

Primary Fiscal Balance: Levels and Change, 2019 versus 2025 (percent of GDP)



Source: Authors' calculations based on IMF (2026a).
Note: Primary balance refers to the International Monetary Fund's World Economic Outlook (WEO) general government primary net lending/borrowing category, where available. The Latin America and Caribbean comparator is the IMF WEO Latin America and the Caribbean aggregate. Values for 2025 are IMF estimates or projections.

The debt trajectory of each of the Caribbean-6 countries since 2019 has been driven by many factors. The country chapters discuss these and other related successes, challenges, and reform priorities that the countries are currently facing in detail.

The Bahamas has achieved one of the clearer post-pandemic fiscal recoveries, as evidenced by a strong improvement in the primary surplus since 2019. This was driven in large part by the reopening of tourism, which supported the recovery of growth and revenue. Despite this improvement, public debt levels remain elevated, reflecting the legacy of COVID-19 and Hurricane Dorian. Since 2019, The Bahamas has pursued fiscal reforms focused on deficit reduction, debt management, and revenue enhancement. IMF (2026c) emphasizes the need for additional revenue-enhancing and expenditure-optimizing measures, including stronger tax administration and rationalization of tax expenditures. Against this backdrop, the core policy challenge now is to lock in recent gains and avoid a return to weaker fiscal arithmetic through policy slippages.

Barbados remains a high-debt economy, but its direction has been favorable. Debt reduction since 2019 has been driven by improving fiscal policies and maintaining strong primary surpluses. These improvements have been supported by the homegrown Barbados Economic Recovery and Transformation (BERT) Plan and associated fiscal and structural reforms, including state-owned enterprise reform, revenue measures, and changes to the corporate tax framework. The IMF has emphasized that Barbados' fiscal adjustment has helped put debt on a firm downward path while supporting institutional credibility and climate-resilience reforms (IMF 2026d). Like The Bahamas, the challenge now is to continue along this path, including through measures to insulate the economy and public finances from future external shocks.

Guyana presents a distinct economic profile in the region, given large hydrocarbon resource discoveries and related revenues. Guyana is one of the fastest-growing economies in the world, supported by rapidly expanding oil production, strong non-oil growth, and large public infrastructure investment. As such, it is characterized by very low levels of public debt ratios and strong resource revenues, which provide uncommon fiscal latitude. Looking forward, the challenge is not fiscal consolidation, but rather to calibrate spending, establish savings mechanisms, and build strong institutions to ensure that resource windfalls are managed transparently and support intergenerational equity. This also points to the need to ensure that expenditure and investments are carefully selected to support faster growth, particularly in non-oil sectors (IMF 2025a).

Jamaica's debt and fiscal successes highlight the potentially outsized dividends of institutional reform and sound policies, particularly in the face of shocks. Prior to 2020, Jamaica was on an aggressive trajectory of debt reduction. The pandemic forced a temporary disruption, in part because of the significance of tourism for the economy, although the government deployed much-needed support measures. Despite these challenges, Jamaica's fiscal rules and broader economic policy frameworks have minimized deviations from debt reduction targets, underscoring the fact that the country's institutional reforms have helped it respond prudently to recent shocks and natural disasters (IMF 2025b). Looking forward, Jamaica's challenge will be to contend with disaster-related risks while remaining focused on longer-term reform and consolidation goals. Continued progress with public sector reforms, scaling up productive public investment, and embedding resilient financing mechanisms will be crucial.

Suriname remains the most fragile fiscal story among the Caribbean-6. The country has implemented extensive fiscal reforms since the pandemic under an IMF-supported program to resolve a severe macroeconomic crisis marked by high inflation, debt distress, and weak confidence. These reforms included introduction of a broad-based value-added tax (VAT), reductions in fuel subsidies, debt restructuring with creditors, and steps to strengthen central bank independence. The most recent IMF program reviews note that the objectives of the IMF's Extended Fund Facility arrangement were broadly achieved, including declining inflation, lower public debt, and strengthened central bank autonomy. However, the reviews also emphasized the need to maintain fiscal discipline and strengthen fiscal rules ahead of future oil revenues (IMF 2025c, 2025d). Looking forward, the priority is to continue strengthening economic institutions and policy capacity in order to transparently manage the expected windfall in resource revenues, and to not delay needed reforms.

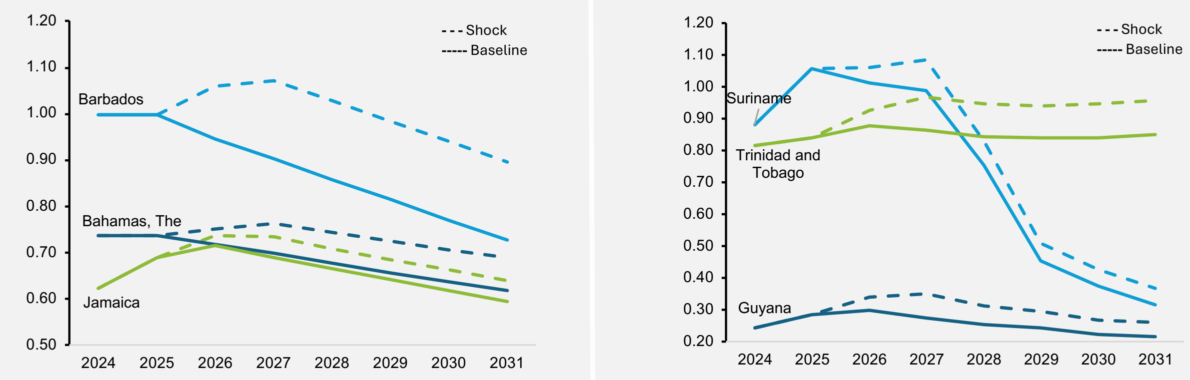
Trinidad and Tobago saw both public debt and primary deficits increase from 2019 through the end of 2025, despite several policy and structural reforms. The government has pursued reforms aimed at curbing debt, reducing reliance on energy revenues, and modernizing tax collection, including measures to improve compliance, address transfer-pricing risks, and upgrade customs and revenue systems. However, broad-based energy subsidies, rigid current spending, and reliance on volatile hydrocarbon revenues continue to limit fiscal flexibility. Looking forward, it will be important to focus on fiscal consolidation, protection of vulnerable households, rebuilding of buffers, and continued structural reform to diversify the economy and strengthen resilience. The priorities should continue to be rationalization of energy pricing and subsidies, strengthening of non-energy revenues, and clearer savings and stabilization mechanisms to smooth hydrocarbon revenue volatility (IMF 2024, 2026e).

Going forward, debt-to-GDP levels are expected to fall in most of the Caribbean-6 countries by 2031. Using the IDB's Debt Sustainability Framework, underpinned by key macroeconomic assumptions from the IMF's April 2026 World Economic Outlook, a one-standard-deviation adverse shock to real GDP growth was simulated over the period from 2026 to 2027 to assess risks to debt sustainability (IMF 2026f). The results indicate that public debt-to-GDP ratios across the Caribbean-6 would deteriorate relative to baseline projections over the medium term in most countries, slowing the pace and, therefore, delaying the achievement of debt-to-GDP targets. Nonetheless, with the exception of Trinidad and Tobago, the downward trajectory would continue.

All countries except Trinidad and Tobago are expected to see declining debt paths, with a delay if there is a hypothetical negative GDP shock.

Figure 1.4: Debt Sustainability Analysis: Baseline versus Adverse Shock Scenario, 2024–2031 (percent)

1.4a. Tourism-dependent Countries | 1.4b. Oil-producing Countries



Sources: Authors' calculations; and IMF (2026f).

Table 1.1. IMF World Economic Outlook Baseline Assumptions, U.S. Treasury Note Yields, and Oil Prices (percent)

	2024	2025	2026p	2027p	2028p	2029p	2030p	2031p
Bahamas, The	3.4	2.8	2.1	1.9	1.8	1.6	1.5	1.5
Barbados	3.4	2.7	2.5	2.2	2.0	2.0	2.0	2.0
Guyana	43.8	19.3	16.2	19.7	22.1	12.8	11.5	1.1
Jamaica	-0.5	-0.1	-1.2	3.1	1.8	1.5	1.5	1.5
Suriname	1.7	1.5	3.9	4.4	28.5	43.5	3.1	2.9
Trinidad and Tobago	2.5	0.8	0.8	3.0	3.5	2.8	2.1	1.8
United States	2.8	2.1	2.3	2.1	2.1	1.9	1.8	1.8
US 10-year Treasury Note yields (annual average)	4.21	4.29	4.32					
Oil prices and Brent futures (US$/barrel)	78.7	67.4	85	78	74	72	71	

Sources: IMF (2026a); Haver Analytics; International Commodity Exchange; and World Bank Pink Sheet.

Note: U.S. Treasury Note yield is an annual average of returns. For 2026, the value represents the average as of July 9, 2026. Oil prices for 2026 to 2030 reflect Brent oil futures contract prices as of July 17, 2026 on the International Commodity Exchange. p: projecte

Among tourism-dependent countries, the simulated shock to public debt varies. Barbados is projected, under such a simulation to experience a larger deterioration of its debt ratio relative to Jamaica and The Bahamas. Panel a of Figure 1.4 shows that a one-standard-deviation negative shock to real growth in 2026 in Barbados is expected to increase debt from 99.8 percent in 2025 to 106 percent in 2026. Debt is projected to further increase in 2027 to about 107 percent of GDP before assuming a downward trajectory in the long run. For The Bahamas and Jamaica, the shock is also projected to slow progress in reducing public debt burdens. Although debt ratios continue to decline after the initial increase associated with the shock, the higher debt stock accumulated during the shock period delays the achievement of existing debt-reduction targets. In Jamaica, this could postpone the attainment of the 60 percent debt-to-GDP target by 2028. Similarly, achieving debt targets of 50 percent by FY2030/2031 in The Bahamas and 60 percent by FY2035/2036 in Barbados would be delayed by several years.

Simulations for oil-producing countries indicate a similarly decreasing trend in the medium to long term, with the exception of Trinidad and Tobago. A negative shock to real GDP growth in that country exacerbates an already rising public debt trajectory, largely reflecting persistent challenges in the energy sector. Based on the shock scenario, the debt-to-GDP ratio is projected to average around 95 percent between 2026 and 2031 (Figure 1.4, panel b). In contrast, Guyana and Suriname exhibit a more resilient debt trajectory, with deviations from the baseline narrowing considerably by 2028. The relatively rapid convergence toward the baseline path may reflect stronger post-shock economic recovery, supported in part by the performance of the oil sector amid a favorable commodity-price environment, which helps strengthen fiscal and debt dynamics (Table 1.1).

The simulations suggest that recent improvements in debt indicators remain vulnerable to adverse growth developments. Although debt trajectories generally remain sustainable under the shock scenario, the slower pace of debt reduction highlights the importance of maintaining fiscal discipline and supporting growth-enhancing reforms to preserve substantial gains in fiscal consolidation.

Ultimately, the trajectory of debt and fiscal sustainability hinges not just on stocks, but also on flows and underlying policy settings. Fiscal balances, particularly programmable fiscal balances supported by medium-term expenditure frameworks, are the most obvious reflection of a country's fiscal policy settings. Primary fiscal balances net out the influence of debt service on existing liabilities, and instead focus largely on policy choices.

The next section focuses on promising avenues for continued progress with consolidation through revenue mobilization. Admittedly, durable improvements in fiscal and debt sustainability would require a wide variety of policies and reforms, the discussion of which is well beyond the scope of this report. But one priority area for reform is common to all of the Caribbean-6 economies: the structure and composition of taxes. Against this backdrop, the next section examines the factors that might influence the next phase of fiscal consolidation by focusing on taxation and related priorities for the Caribbean.

1.4. Revenue Mobilization and Tax Reforms: Key Priorities for Fiscal Sustainability

Revenue mobilization is central to the next phase of fiscal consolidation in the Caribbean. The first stage of post-pandemic adjustment depended heavily on the rebound in tourism, commodity-price effects, and the withdrawal of emergency support. The next stage will be more demanding. Governments will need revenue systems that are broad enough to support debt reduction, resilient enough to withstand shocks, and credible enough to finance enhanced disaster resilience, infrastructure, and social spending without undermining growth (IMF 2026b; OECD and IDB 2026).

The starting point for the analysis is that the region collects less revenue than what it needs for development and disaster resilience. Tax revenues averaged 20.7 percent of GDP in the Caribbean in 2023, below the averages of 21.6 percent of GDP for Latin America and 21.4 percent of GDP for other small island developing states, and far below the average of about 34 percent of GDP for Organisation for Economic Co-operation and Development (OECD) countries (OECD and IDB 2026).[1] This does not mean that Caribbean countries should mechanically converge to OECD tax ratios. But it does mean that fiscal space in the region is constrained by limited domestic resource mobilization as financing needs rise.

The composition of tax revenue is just as important as the level. Caribbean tax systems rely heavily on indirect taxes, which accounted for 51 percent of total tax revenues in 2023, compared with 44 percent in Latin America, 32 percent in the OECD, and 65 percent in other small island developing states. This reflects the practical importance of the VAT, excise taxes, import duties, and other taxes on goods and services in small, open economies, where taxing income can be more difficult because of informality, administrative constraints, profit-shifting, and volatile corporate profits (OECD and IDB 2026; OECD et al. 2026; IMF 2026b).

The relatively greater reliance in the Caribbean on indirect taxes more than direct taxes creates both strengths and vulnerabilities. Indirect taxes can be relatively efficient, broad-based, and easier to administer than income taxes, particularly where informality is high. Direct taxes, by contrast, can strengthen equity and capture income from high earners, corporations, property, and resource rents, but they require stronger administration (Box 1.1). The challenge for Caribbean countries is therefore not to choose between direct and indirect taxes, but to design a more balanced and resilient tax mix (OECD and IDB 2026).

Box 1.1. Direct and Indirect Taxation in Small, Open Caribbean Economies

Indirect taxes, especially value-added and excise taxes, are often attractive in small, open economies because they are broad-based, relatively transparent at the point of collection, and can generate revenue even where income reporting is incomplete. They are also less tied to the profitability of a small number of firms or sectors. For tourism-dependent economies, well-designed consumption taxes can capture part of visitor spending, while for import-dependent economies they can be collected efficiently at customs.

The main drawback of indirect taxes is distributional: since lower-income households spend a larger share of their income on consumption, poorly designed value-added tax (VAT) exemptions or rate structures can either weaken revenue or fail to protect the intended households. For this reason, international evidence generally supports broad VAT bases, combined with targeted transfers and social spending, rather than extensive exemptions.

Direct taxes include personal income taxes, corporate income taxes, property taxes, and taxes on resource rents. These can better support progressivity and help ensure that higher-income households, profitable firms, landowners, and extractive sectors contribute to the fiscal effort. They are especially important for economies with resource revenues or concentrated income because they can help prevent revenue systems from relying excessively on consumption and trade taxes. However, their effectiveness depends on administrative capacity, including for taxpayer registration, third-party information-gathering, valuation systems, audit capacity, transfer-pricing expertise, and enforcement.

For the Caribbean, the practical implication is sequencing. Countries should preserve the revenue productivity of indirect taxes, while gradually strengthening direct-tax instruments, especially property, personal income, and corporate taxes and resource-revenue governance.

For a more detailed discussion of related issues, see Acosta-Ormaechea, Pienknagura, and Pizzinelli (2022), IMF (2024), OECD and IDB (2026), OECD, et al. (2026); and PwC (2026).

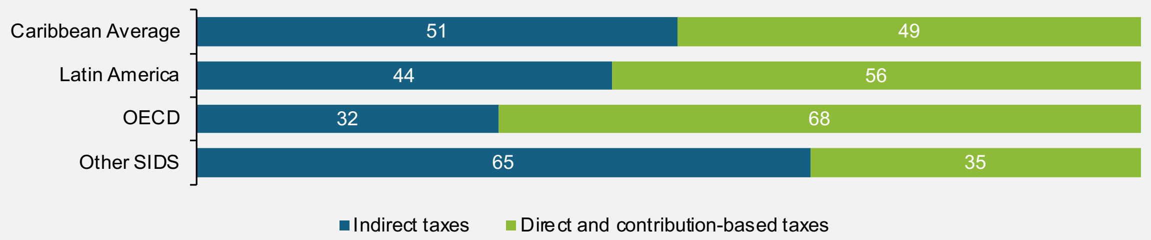
1 The Caribbean average includes nine countries: The Bahamas, Barbados, Belize, Cuba, the Dominican Republic, Guyana, Jamaica, St. Lucia, and Trinidad and Tobago.

In this regard, there is no single Caribbean tax structure model (Figure 1.5). Trinidad and Tobago and Barbados rely more heavily on direct and contribution-based revenues, whereas The Bahamas remains the clearest low-direct-tax case. Guyana and Suriname combine indirect taxation with resource-related revenue considerations, and Jamaica sits closer to a balanced structure after years of fiscal and tax reform. These differences matter because they shape the sequencing of reforms. Countries that rely heavily on indirect taxes need to protect VAT productivity while improving equity and property taxation. Resource-rich economies need stronger non-resource tax bases and resource-revenue governance.

Caribbean countries tend to depend more on indirect taxes for revenue compared to other regions, although they do not depend on them as much as other small states.

Figure 1.5

Tax Revenue and Structures in the Caribbean and Comparator Groups, 2023 (percent share of total tax revenue)



Source: OECD and IDB (2026).
Note: Indirect taxes include value-added taxes and other taxes on goods and services. Direct and contribution-based revenues include income taxes, corporate income taxes, and social security contributions. OECD: Organisation for Economic Co-operation and Development; SIDS: small island developing states

1.5. Country-Specific Tax Regime Characteristics and Priorities for Reform

Tax reform is a key priority for countries across the region, but identifying specific areas for reform requires a deeper understanding of the prevailing context and conditions. This section draws from recent IMF assessments, OECD and IDB (2026), and other sources to highlight some of the common challenges and opportunities facing the Caribbean-6 economies. Several governments are moving ahead with many of these reforms.

The Bahamas remains distinctive because until recently it has operated without personal and other income-based taxes, relying instead on the VAT, import duties, stamp taxes, property taxes, and business license fees. Against this backdrop, it will be critical for The Bahamas to preserve revenue stability from consumption taxes, while reducing distortions from concessions and dependence on import duties. The government's reform priorities include strengthening VAT compliance, rationalizing tariff and investment concessions, improving property valuation and enforcement, and ensuring that any future corporate minimum tax or international tax measures are aligned with the broader objective to protect the domestic revenue base without undermining competitiveness (IMF 2026c; OECD and IDB 2026; OECD et al. 2026; PwC 2026).

Barbados has a relatively mature tax framework and significant experience with fiscal adjustment, debt reduction, and international tax reform. It will be important for Barbados to continue to focus on rationalizing tax expenditures, improving incentive governance, and adapting to the global minimum tax environment. The priority should be to preserve revenue gains from fiscal consolidation while strengthening transparency around tax incentives, limiting overlapping concessions, improving property taxation, and ensuring that corporate tax reforms remain consistent with international tax standards and domestic revenue needs (IMF 2026d; OECD and IDB 2026).

Guyana is undergoing a major transformation driven by offshore oil production, so it should avoid excessive dependence on rents, royalties, and commodity-linked revenues. Guyana's reform priority is therefore to preserve and strengthen the non-oil tax base even as petroleum revenues expand. This requires stronger tax administration, careful monitoring of resource revenues through transparent fiscal rules, limits on discretionary incentives, improved transfer-pricing capacity in extractive industries, and continued modernization of VAT, income tax, and customs administration (IMF 2025a; OECD and IDB 2026; PwC 2026).

Jamaica provides one of the region's strongest examples of tax reform supporting fiscal consolidation. This has resulted in considerable improvements over the past decade in terms of tax efficiency and revenue performance. Looking forward, IMF (2025b) highlights the importance of continued broadening of the base and the need to address remaining tax expenditures and compliance gaps. Reforms should therefore focus on preserving the credibility of the fiscal framework, developing digital tax administration, reducing residual exemptions and special regimes, strengthening property taxation where feasible, and ensuring that revenue gains support debt reduction, climate resilience, and high-priority public investment (OECD and IDB 2026; OECD et al. 2026; PwC 2026).

Suriname has faced significant macroeconomic instability, inflation, and debt stress, making revenue reform central to fiscal recovery. Tax expenditures in Suriname have been large, so VAT implementation would constitute a major step toward a more efficient revenue system. The immediate priorities are to consolidate VAT implementation, reduce exemptions and concessions, strengthen compliance in an economy marked by informality and dollarization, and rebuild credibility through transparent medium-term fiscal adjustment (IMF 2025c, 2025d; OECD and IDB 2026; OECD et al. 2026; PwC 2026).

Trinidad and Tobago has historically relied on hydrocarbon revenues collected through petroleum taxes, royalties, and related fiscal instruments. As a result, the country faces significant volatility of resource-related revenues, underscoring the need to strengthen non-energy taxation. Reforms should focus on broadening the non-energy revenue base, modernizing and simplifying tax administration, improving VAT and income-tax compliance, reducing arrears, rationalizing incentives, operationalizing and modernizing property taxation, and using fiscal institutions and savings mechanisms to smooth hydrocarbon revenue volatility (IMF 2024, 2026e; OECD and IDB 2026; OECD et al. 2026; PwC 2026).

Table 1.2 summarizes key structural features of the six Caribbean tax systems as well as the reform priorities discussed above. It is not intended as an exhaustive discussion of system characteristics or reform priorities, but rather as an effort to highlight key challenges and opportunities across the region.

Table 1.2. Structural Features and Tax System Reform Priorities

	System Profile	Main Instruments	Key Weaknesses	Priority Reforms
The Bahamas	No broad-based personal or corporate income tax; heavy reliance on the value-added tax (VAT), trade-related taxes, property taxes, and fees.	VAT; import duties; stamp taxes; property taxes; business license fees.	Narrow direct-tax base; equity concerns; reliance on trade and consumption taxes.	Strengthen VAT compliance; rationalize concessions; modernize property taxation.
Barbados	Mature mixed system shaped by fiscal adjustment and international tax reform.	VAT; personal income tax; corporate income tax; property tax; import duties; social contributions.	Complex incentives; competitiveness pressures; need to preserve revenue after corporate tax changes.	Improve tax expenditure reporting; reduce inefficient incentives; strengthen property taxation.
Guyana	Dual model combining non-oil taxation with rapidly rising oil revenues.	VAT; income taxes; customs duties; excises; royalties; profit oil; resource revenues.	Risk of oil dependence; need to preserve non-oil revenue effort as oil GDP and resource revenues expand; capacity constraints.	Preserve the non-oil base; strengthen resource-revenue governance; anchor revenues in fiscal rules.
Jamaica	Broad-based reform model linked to fiscal consolidation and debt reduction.	General consumption tax; personal income tax; corporate income tax; customs duties; excises; property taxes.	Informality; residual exemptions; special regimes; compliance gaps.	Continue base-broadening; deepen digital administration; sustain compliance gains.
Suriname	System in transition after macroeconomic instability and introduction of the VAT.	VAT; income taxes; customs duties; excises; resource-related revenues.	Implementation challenges; informality; inflation effects; dollarization; weak administration.	Consolidate VAT implementation; reduce exemptions; strengthen direct-tax administration and update tax parameters affected by inflation; strengthen compliance.
Trinidad and Tobago	Resource-dependent model exposed to hydrocarbon revenue volatility.	Petroleum taxes; royalties; corporate income tax; VAT; customs duties; excises; business levy.	Volatile energy revenues; weak non-energy base; VAT gaps; arrears; underdeveloped property-tax implementation.	Strengthen non-energy revenues; improve compliance; rationalize incentives; operationalize property taxation.

Sources: Prepared by the authors based on OECD and IDB (2026), OECD et al. (2026), PwC (2026), and IMF Article IV consultation and program documents listed in the References, including The Bahamas (IMF 2026c), Barbados (IMF 2026d), Guyana (IMF 2025a), Jamaica (IMF 2025b), Suriname (IMF 2025c, 2025d), and Trinidad and Tobago (IMF 2024, 2026e).

1.6. Cross-Country Reform Priorities

Across the Caribbean-6 countries, evidence points to several common core reform priorities.

- **Rationalize tax expenditures.** Governments should replace discretionary waivers, broad VAT exemptions, and tax holidays with transparent, rules-based incentives. These incentives should be limited in duration, evaluated regularly, and reported in budget documents. Where incentives are retained, expenditure-based instruments should be used instead of broad income-tax exemptions because the former are more closely linked to actual investment and less likely to erode the tax base.

- **Modernize tax administration.** Much "low-hanging fruit" in this area takes advantage of digital technologies such as more digital filing, online payment, integrated taxpayer databases, risk-based audits and cross-checking of invoices, stronger customs-tax coordination, and data matching.

- Strengthen stable and progressive revenue sources such as property taxation and, where feasible, personal income taxation.

- **Continue international tax cooperation, including implementation of transparency standards, beneficial ownership rules, transfer-pricing capacity, and alignment of global minimum taxes.** Many Caribbean countries have made major strides in this area.

- **Integrate revenues with fiscal frameworks so that revenue increases support debt sustainability, climate resilience, and inclusive public investment rather than only short-term consolidation.** For oil exporters, it is critical to develop a sovereign wealth fund to manage macroeconomic volatility from oil price changes and save for future generations while investing in development. Trinidad and Tobago has managed its fund well, and Guyana is using its fund to reinvest in its economy. Suriname should learn from these cases and implement its sovereign wealth fund as soon as possible.

- **Improve tax services to reorient attitudes and behaviors of taxpayers regarding the need to pay taxes.** Tax compliance around the world depends not only on enforcement but also on trust, transparency, and taxpayer services.

Governments should therefore simplify registration and filing, expand taxpayer education, communicate more clearly how revenue is used, and link tax reform to visible improvements in public services and investments in resilience.

1.7. Conclusions

Most Caribbean countries have managed to reduce their debt-to-GDP profile since 2019, and many have pushed ahead with fiscal reform despite exposure to a series of shocks. This Regional Overview has examined two important questions. The first is how the Caribbean-6 economies have fared in terms of fiscal consolidation since the COVID-19 pandemic. The answer is cautiously positive, but uneven. All the countries except Trinidad and Tobago have managed to consolidate debt. The second question focused on factors that could help determine the next phase of debt reduction. Future fiscal resilience will depend on strengthening institutions by building more productive, modern, fair, and resilient revenue systems.

The analysis finds that tax reform can be an important bridge between these two questions. If the first lesson is that debt reduction has been possible but uneven, and the second is that future fiscal resilience will depend on stronger institutions, then the practical implication is that Caribbean countries need more productive, fair, and resilient revenue systems. The tax agenda should not be framed as a choice between direct and indirect taxation. Indirect taxes will remain essential, as they are administratively feasible in small, open economies. But they must be protected from excessive exemptions and paired with targeted social spending to address equity concerns. Direct taxes should be strengthened where feasible to improve progressivity and diversify the revenue base.

At the same time, exposure to hurricanes, tourism cycles, imported inflation, and commodity-price shocks means that fiscal consolidation cannot be separated from resilience planning. The overall policy message is therefore that durable debt reduction requires stronger revenue systems, while credible tax reform depends on fiscal institutions that can translate additional revenue into lower debt, disaster resilience, productive investment, and public trust. These and related issues are discussed in detail in the country chapters that follow.

Country Section

The Bahamas

Jose Luis Saboin and Angelo Mazzocca

The Bahamas has so far managed to weather the geopolitical uncertainty over the last year from a position of improved macroeconomic and institutional strength. The government has completed a sustained post-COVID fiscal consolidation since the FY2022/2023 fiscal year (ending June 2023), achieving a primary surplus of 3.7 percent of GDP in FY2024/2025 compared to 0.1 percent in FY2022/2023, and an overall deficit of just 0.5 percent of GDP, the smallest in 25 years. The government has proactively insulated the domestic economy from the energy shock through a forward fuel hedging strategy executed by The Bahamas Power and Light (BPL), which has helped to preserve household purchasing power. This country chapter discusses macroeconomic and fiscal developments, tourism sector activity, and risks to the outlook.

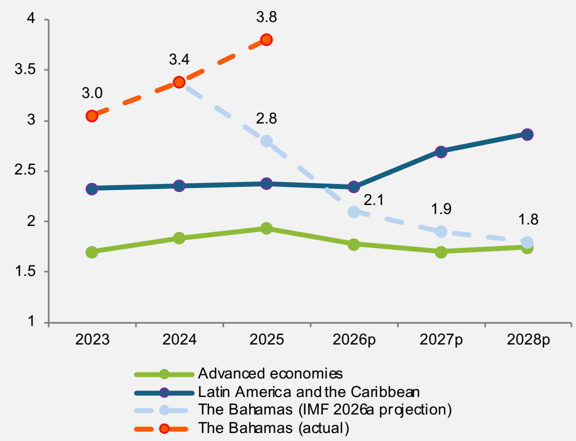
2.1. Recent Macroeconomic and Fiscal Developments

Growth in The Bahamas has been higher than expected. The Bahamian economy grew by an estimated 3.8 percent in 2025, its fourth consecutive year of above-trend expansion. This was much higher than the International Monetary Fund (IMF) forecast of 2.8 percent in October 2025, and consistent with a steady return toward trend growth (Figure 2.1, panels a and b). Even though the IMF forecast came before the 2025 update from the Bahamas National Statistical Institute, its medium-term outlook suggests a deceleration toward trend growth, a view that is generally shared by the authorities in the recently published 2026 Fiscal Strategy Report. Still, the medium-term growth prospects of The Bahamas are significantly higher than the 10-year pre-pandemic growth rate of 1 percent. Moreover, even if not accounting for higher growth in 2025, the IMF did not revise the growth projections in the medium term, which implies that the outlook for The Bahamas is against the trend of downward revisions across many regional peers. This reflects the economy's structural resilience across all sectors and the effectiveness of its policy buffers, discussed further below.

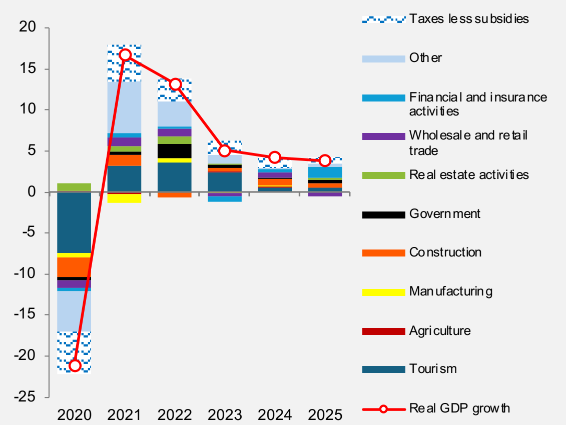
GDP Growth in The Bahamas has surpassed expectations and is broad-based across sectors.

Figure 2.1: GDP Growth in The Bahamas has surpassed expectations and is broad-based across sectors

2.1a. GDP Growth Outlook, 2023–2028
(year-over-year percent change)



2.1b. GDP Growth Decomposition, 2020–2025
(year-over-year percent change)



Sources: Bahamas National Statistics Institute; and IMF (2026a).
Note: p: projected.

Inflation remains below the regional average. Consumer price inflation in March 2026 posted a year-over-year change of 3.1 percent, driven mainly by a rise in the restaurant and hotels components. IMF (2026a) projects a stable outlook of 1.8 percent for 2026, well below the Latin American and Caribbean average of 6.6 percent, reflecting a moderate pass-through of higher import and freight costs due to the oil price shock, but partially offset by the containment of energy costs due to the BPL hedge.

Fiscal performance has been a defining strength of the Bahamian macro landscape. Total government revenue grew 0.2 percentage point to reach 21 percent of GDP in FY2024/2025. The main drivers were value-added tax revenue (0.12 percentage point) and taxes on international trade (0.68 percentage point), the latter reflecting higher import volumes consistent with strong domestic activity. On the expenditure side, total outlays reached 21.5 percent of GDP, producing an overall deficit of -0.5 percent of GDP, the smallest in 25 years. The primary surplus reached 3.7 percent of GDP, positioning The Bahamas as the second-strongest primary fiscal performer among the Caribbean-6, behind only Barbados (4.1 percent), and well ahead of the Latin American and Caribbean average of -0.3 percent (Figure 2.2, panel a).

Fiscal policy credibility has improved. Sovereign credit upgrades from all three major rating agencies in late 2025 and early 2026 reflect international confidence in the government's fiscal and debt strategies, reinforced by the re-election of the Progressive Liberal Party administration led by Prime Minister Philip Davis in May 2026, the first incumbent re-election in nearly three decades. This also provides economic policy continuity and reduces the risk of fiscal reversals.

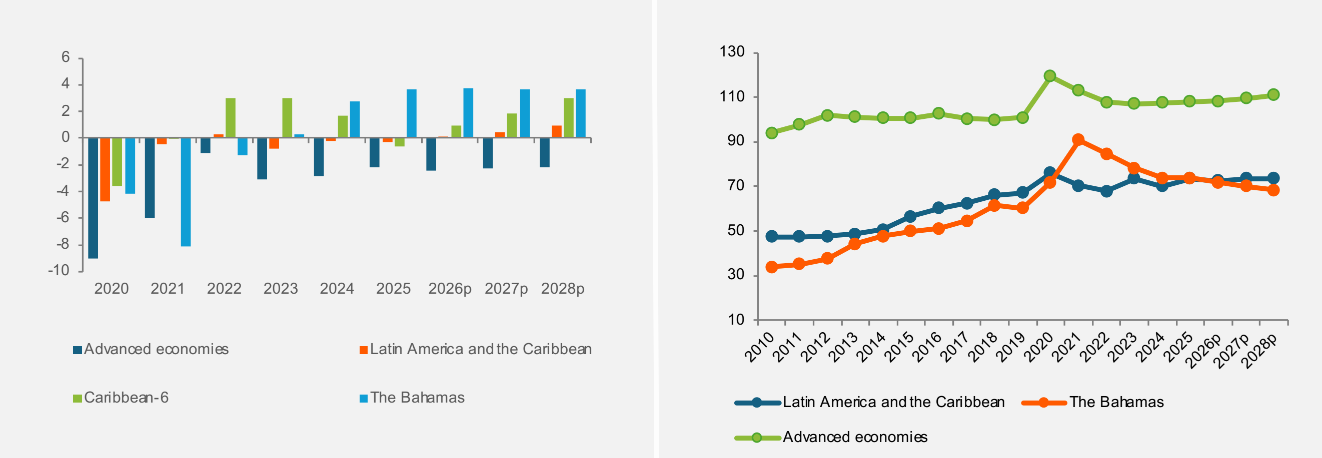
Government debt continues a downward path. Government debt declined from a peak of 91 percent of GDP in FY2020/2021 to 74 percent in FY2024/2025. The IMF expects it to fall to 72 percent this fiscal year (FY2025/2026) and reach 62 percent in FY2030/2031, assuming that GDP growth converges toward 1.5 percent through 2027–2030. While the trajectory is firmly downward, debt remains slightly above the Latin American and Caribbean average of 73 percent of GDP and above pre-COVID levels, limiting the fiscal space to absorb a severe and prolonged external shock (Figure 2.2, panel b). Interest payments reached 4.1 percent of GDP in FY2024/2025, but are estimated to decrease to 3.9 percent of GDP by FY2027/2028 as deficit reduction, concessional financing, and improved market access, signaled by sovereign credit upgrades, translate into more favorable refinancing conditions.

A switch to a positive fiscal primary balance is reflected in debt-to-GDP ratios declining much faster than comparators.

Figure 2.2: Global Growth Trends

2.2a. Primary Balance, 2020–2028 (percent of GDP)

2.2b. Debt-to-GDP Ratio, 2010–2028 (percent)



Source: IMF (2026a). Note: p: projected.

Prudent risk-sharing policies have paid off. In December 2025, two months before the Iran conflict escalated, BPL locked in approximately 2.5 million barrels of fuel oil at US$65 per barrel, providing 365 days of protection through calendar year 2026 at a time when Brent crude prices averaged US$100 per barrel for three months, and remained well above US$70 for most of the first half of 2026. The hedge decouples domestic electricity tariffs from global spot prices, shielding households, hotels, and businesses from energy-driven cost pressures. Fuel costs represent approximately 74 percent of total consumer electricity bills in The Bahamas (Mercer-Blackman et al. 2026), making the hedge's coverage directly consequential for disposable income and operating margins. Still, the hedge does not cover fuel prices at the pump, leaving the transportation channel open to oil price pressures. Table 2.1 shows that The Bahamas is projected to save US$43 million (0.25 percent GDP) with respect to expected post-shock bills using IMF oil price forecasts.

Table 2.1. Expected Bahamas Power (BPL) and Light Oil Hedge Operation Savings in 2026

	Price (U.S dollars per barrel)	Volume Imported (millions of barrels)	Total Cost/Savings (millions of U.S. dollars)
Outcome assuming no hedge	82.2*	2.5	205.5
BPL hedge estimate	65	2.5	162.5
2026 savings	17.2	-	43.0

Sources: Office of the Prime Minister; and IMF (2026a). * IMF (2026a) oil price forecast.

Healthy growth and continued institutional reform, particularly in the energy sector, have generally improved expectations. The IMF forecasts' vintage comparison presented in Table 2.2 captures better-than-expected macroeconomic outcomes: fiscal and growth metrics have been revised upward, but so has inflation. Taken together, the BPL hedge and the broader energy sector reform under way since 2024, anchored by the Electricity Act, the Natural Gas Act, and a target of 30 percent renewable penetration by 2030, signal a meaningful improvement in the government's institutional capacity to manage the energy vulnerabilities that have historically transmitted directly into fiscal costs, inflation, and external imbalances.

Table 2.2. Key International Monetary Fund Forecast Revisions for The Bahamas

Indicator and Period	October 2025 IMF World Economic Outlook	April 2026 IMF World Economic Outlook
Real GDP growth, 2025 (percent)	2.2	2.8
Real GDP growth, 2026 (percent)	2.1	2.1
Primary balance, FY2025/2026 (percent of GDP)	3.45	3.72
Overall balance, FY2025/2026 (percent of GDP)	-0.62	-0.31
Government revenue, FY2025/2026 (percent of GDP)	21.8	22.0
Gross debt, FY2025/2026 (percent of GDP)	72.8	71.9
Current account, 2026 (percent of GDP)	-7.3	-9.1
Consumer Price Index end-of-period inflation, 2026 (percent)	1.4	1.8

Sources: IMF (2025e) and IMF (2026a) forecasts.

2.2. Focus on a Key Sector: Tourism

The Bahamian tourism sector posted a strong performance in 2025 and into 2026. The period saw record visitor arrivals and major new and ongoing foreign and local investment projects across the archipelago.

Foreign investment in the tourism sector is expected to post a healthy increase. In terms of investment, announced and active projects total around US$3.5 billion, spanning MSC Group's US$1.5 billion cruise infrastructure package in Grand Bahama (Weller Development Partners 2024), Royal Caribbean's US$200 million Royal Beach Club Paradise Island (Royal Caribbean International 2025; Robards 2025), and luxury resort developments in Eleuthera, the Exumas, and Abaco totaling over US$1.3 billion (Southworth 2026; Sterling Global Financial 2023; Nixon 2026). Several projects are already operational or under construction, directly supporting employment and construction activity independent of near-term visitor volume fluctuations. This is consistent with the IMF's 2025 Article IV assessment, which identified ongoing hotel and airport infrastructure projects as a key upside risk to the growth outlook. The assessment expects US$209 million (1.2 percent GDP) in net foreign direct investment inflows this year, US$$263 million (1.5 percent of GDP) next year, and US$339 million (1.9 percent of GDP) on average from 2028 to 2030 (IMF 2026c)

Visitor arrivals also suggest healthy growth in tourism. In 2025, visitor arrivals reached a record 12.5 million, surpassing the 2024 figure of 11.2 million (11.4 percent growth) and the pre-COVID 2019 peak of 7.2 million (72 percent growth). Grand Bahama arrivals nearly doubled to 1.09 million, driven by new cruise infrastructure, while Family Islands' arrivals grew 9.9 percent, reflecting the expansion of cruise itineraries across the outer island network.

Most of the growth of tourism visits comes from cruise arrivals, which account for 85 percent of total arrivals. This mode of tourism tends to generate lower average per-visitor economic value than stopover visitors (e.g., hotel occupancy, food and beverage spending, and VAT contributions). However, the government is reassessing the impact of cruise tourism activity in the Bahamian economy. Stopover arrivals declined 2.6 percent to 1.82 million, the second annual decline since the rebound in 2021. The softening was concentrated in the third quarter of 2025, when stopover visits fell 6 percent year-over-year, the sharpest quarterly decline in the post-COVID recovery period.

Despite the underperformance of 2025 air arrivals, the first five months of 2026 showed a meaningful recovery. Total air arrivals grew 4.8 percent year-over-year, with all five months registering positive growth. Air arrivals from March to May grew a healthy 4.9 percent year-over-year despite the Iran conflict starting in late February. New Providence air arrivals were up 5.8 percent year-over-year in the same period. This resilience during peak season is consistent with the structural advantages of the Bahamian tourism market. The majority of stopover visitors originate from the United States, especially the East Coast, where short flight times to Nassau mean that fuel represents a smaller share of total airfare costs compared to long-haul Caribbean competitors.

The BPL fuel hedge carries a direct implication for tourism sector competitiveness. Stable electricity tariffs, locked at the US$65/barrel equivalent through December 2026, protect hotel and resort operating margins from the cost pressures that are compressing margins across higher-energy-cost Caribbean competitors. For an archipelago where energy represents a significant share of hotel operating costs (e.g., air conditioning, water desalination, cold chains, and food and beverage operations), this insulation will translate into a relative cost advantage while high oil prices last. Combined with the proximity advantage on airfares, the hedge contributes to making The Bahamas one of the more insulated Caribbean destinations in terms of the demand and cost pressures of geopolitical events.

2.3. Outlook

The Bahamas enters the current period of global energy uncertainty from a position of proven fiscal strength and resilient structural tourism. IMF (2026a) has reassured the steadiness of the fiscal consolidation path, even as the current account absorbs the main impact of the shock. Yet, three risks warrant monitoring over the coming quarters:

i. **The BPL fuel hedge expires in December 2026.** The hedge provides electricity price insulation only through the end of calendar year 2026. If Brent crude oil prices remain above US$65, the full cost adjustment will hit in 2027 unless the hedge is renewed and widened. The fiscal and tourism competitiveness implications of expiration of the hedge without a successor strategy represent the most significant medium-term risk.

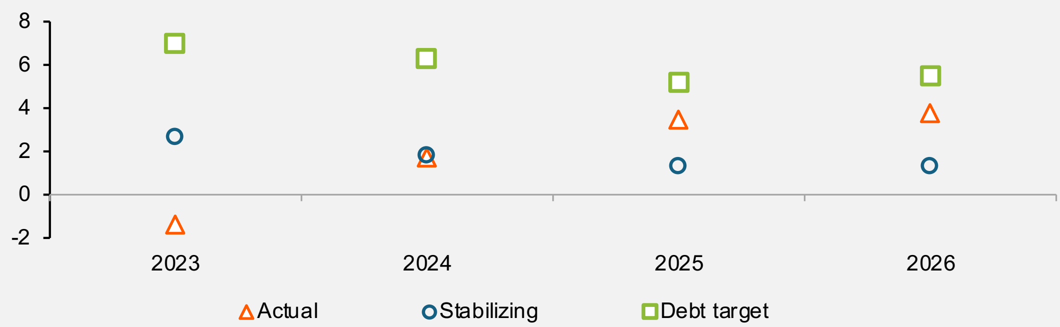
ii. **Stopover demand sustainability.** The recovery of air arrivals in the first quarter of 2026 is encouraging but concentrated during the peak season. Performance of the sector in the latter part of 2026 will demonstrate whether the 2025 stopover decline is transitory (reflecting the shorter-flight advantage of The Bahamas for many North American tourists) or reflects a structural shift towards the cruise visitor market. Nevertheless, a sustained decline in stopover visitors would directly compress VAT and tourism-related fiscal revenue, with implications for the upcoming and medium-term fiscal outturns.

iii. **Debt constraints.** Government debt of 73.2 percent of GDP as of March 2026, while on a declining path, limits the hard-won fiscal space to absorb a severe and prolonged external shock. Maintaining the primary surplus trajectory while maintaining and increasing access to concessional financing and mobilizing private sector funds are essential to protecting the credit trajectory (Figure 2.3).

Despite progress on the fiscal front, The Bahamas still a way to go to reach the target.

Figure 2.3

The Bahamas: Fiscal Space (percent of GDP)



Source: authors and Haver Analytics
Note: Fiscal space describes the primary balance gap between current debt levels and the point at which it becomes sustainable. It is also a measure of a government's ability to spend more without jeopardizing its debt trajectory.

Table 2.3. The Bahamas: Selected Economic Indicators, 2022–2026 (percent of GDP unless otherwise indicated)

Indicator	2022	2023	2024	2025(e)	2026(f)
Real Sector 1/					
Real GDP growth	13.2	5.1	4.2	3.8	2.1
Real GDP per capita (U.S. dollars)	33,166	33,805	34,567	35,149	35,531
Nominal GDP (percent change)	15	11	4	7	3
Inflation (end of period)	5.5	1.9	0.03	0.7	1.8
Private sector credit	41	38	39	38	39
External Sector 2/					
Exports of goods and services (constant price growth)	42.7	5.0	6.2	6.2	4.6
Largest export as share of GDP (tourism)	30	31	34	31	
Imports of goods and services (constant price growth)	-1	15	13	6	6
Current account	-8.9	-7.0	-7.6	-10.0	-9.1
Foreign direct investment	4	2	2		
Total reserves (months of import cover)	5	5	5	5	5
Central Government (Fiscal Year)					
General government revenue	20	20	20	21	22
General government expenditure	26	23	21	22	21
Current expenditure (fiscal year)	23	21	19	20	20
Capital expenditure (fiscal year)	2	2	2	2	2
Fiscal balance	-5.5	-3.7	-1.2	-0.5	0.1
Primary balance	-1.3	0.3	2.7	3.7	4.2
Debt Indicators (Fiscal Year)					
Central government debt	83	77	72	71	74
Central government debt over revenues (percent)	414	394	368	347	346
External public debt	38	34	32	32	32
External debt service as percent of goods and services	13	13	17	27	

Sources: IMF (2026a); World Bank, World Development Indicators database; Ministry of Finance; and Central Bank of The Bahamas (2026).
Note: e: estimate; f: forecast. The fiscal year runs from July to June. Central government fiscal estimates for 2025/2026 reflect a 12-month rolling sum (April 2025–March 2026) based on Ministry of Finance monthly reports.

1/ The real GDP base year is 2018.

2/ 2005 is the base year for exports and imports of goods and services.

Country Section

Barbados

Daniel Hernaiz Diez de Medina and Cloe Ortiz de Mendivil

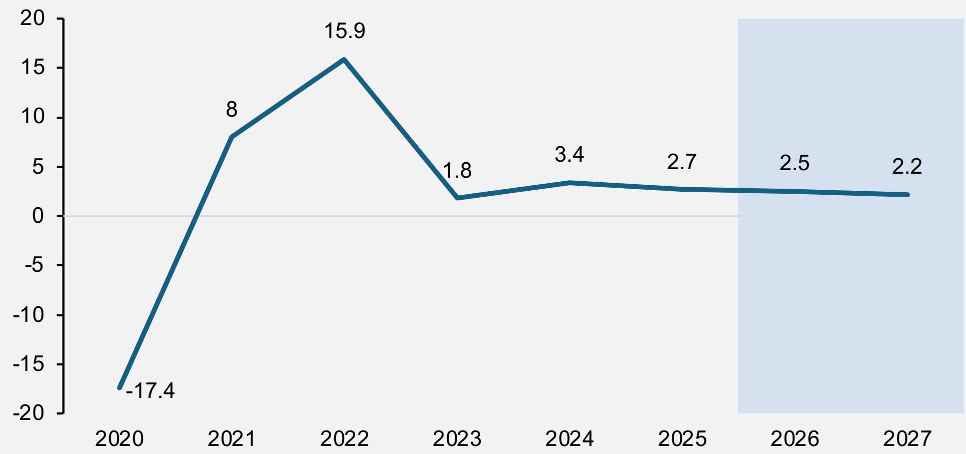
3.1. Economic Activity

Stable and contained inflation continued during the first quarter of 2026 in Barbados, even as global geopolitical tensions intensified. As highlighted in the Central Bank's latest Review of Barbados' Economic Performance, real GDP expanded by an estimated 1.7 percent in in the first quarter of 2026, supported by sustained activity in tourism, business and other services, and construction (Central Bank of Barbados 2026b). Overall, the economy is expected to grow by 2.5 percent this year (Figure 3.1). Point-to-point inflation rose to 1.3 percent in February 2026 from a decline of 0.3 percent in February 2025, driven mainly by stronger demand for restaurant dining. The 12-month rate up to February was 1.1 percent. The unemployment rate stood at 7.2 percent at the end of December 2025.

Growth in Barbados is expected to moderate in 2026 and 2027

Figure 3.1

Barbados: GDP growth (percent)



Source: IMF (2026a).

Tourism and agricultural activity expanded, while manufacturing contracted. Total arrivals increased by 1.2 percent in the first quarter of 2026 with respect to 2025, reaching 237,194 visitors, with gains in all main source markets: United Kingdom (1 percent), United States (0.5 percent), and Canada (1.3 percent). In contrast, manufacturing output declined by 2.3 percent in the first quarter of the year, driven by lower production of food, beverages, furniture, and chemicals that outweighed gains in construction-related materials. Agriculture sector output increased for a sixth consecutive quarter, with overall production growth of 4.1 percent, supported by stronger fishing and livestock production.

A key development was the staff-level agreement approved in June between the International Monetary Fund (IMF) and Barbadian authorities on a 36-month precautionary Stand-By Arrangement for US$257 million. The arrangement provides insurance against external shocks while supporting reforms under the Barbados Economic Recovery and Transformation Plan 2026 focused on productivity, competitiveness, fiscal sustainability, financial market development, human capital, and climate resilience. Against this backdrop, authorities have followed a prudent foreign exchange management policy, ensuring the availability of ample reserve assets. Also, as mentioned above, the government has ensured multilateral funding against external contingencies. Finally, authorities have implemented a series of policies to cushion the population from the impact of international energy-price swings on the domestic cost of living. External conditions are expected to normalize eventually, but the outlook remains subject to unusually high levels of uncertainty and the balance of risks is tilted to the downside, particularly in relation to global geopolitical tensions and their impact on energy prices.

3.2. Fiscal Developments

Fiscal performance in Barbados was solid in FY2025/2026. The overall fiscal deficit narrowed to 0.3 percent of GDP, compared with a deficit of 0.8 percent of GDP in FY2024/2025 (Figure 3.2, panel a). The primary surplus reached 4.2 percent of GDP, above the 4 percent surplus recorded the year prior. Both direct and indirect tax revenue collection were above expectations, driven by large corporate income tax receipts and strong economic activity in construction and retail. The public sector debt ratio continued to decline, supported by economic growth and primary surpluses, falling to 94.9 percent, down 4 percentage points from the end of FY2024/2025.

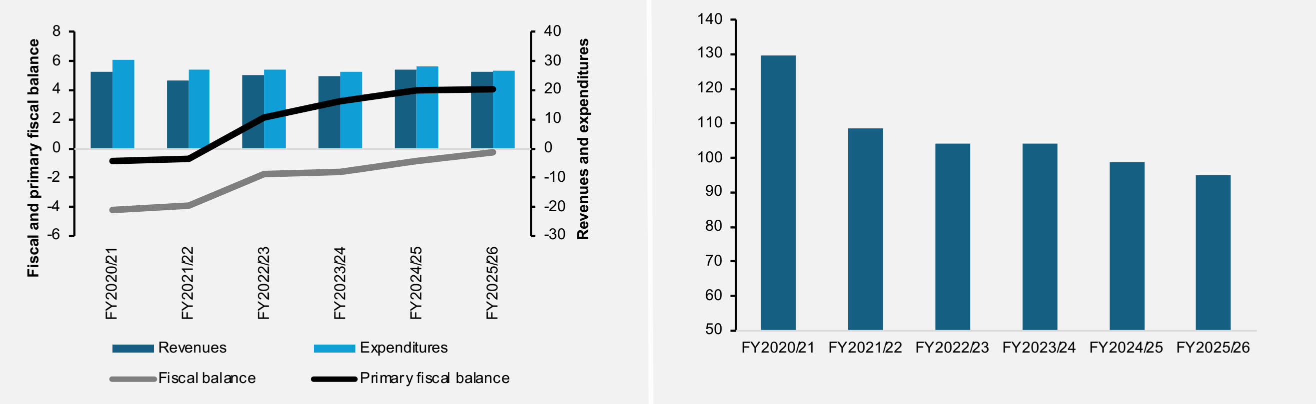
Fiscal performance has improved in recent years. The COVID-19 pandemic had a strong impact on the fiscal stance in Barbados. On the one hand, revenue collection significantly dropped due to subdued economic activity, and on the other, public spending rose because of support provided to businesses and households in distress. Government revenues reached a low of 23.2 percent of GDP in FY2021/2022 but have since risen to 26.5 percent of GDP (Figure 3.2, panel a). Expenditure peaked in FY2020/2021 at 30.6 percent of GDP and stood at 26.7 percent of GDP in FY2024/2025. The government has implemented measures to increase collection, such as a corporate tax reform and steps to rationalize spending. In addition, fiscal space has freed up, allowing capital expenditure to rise to 4.1 percent in FY2025/2026 compared to pre-pandemic figures below 2 percent. Moving forward, government priorities in terms of fiscal policy include strengthening revenue policy and administration, continuing with the review and rationalization of tax concessions, increasing compliance, modernizing customs and tax administration, and enhancing public financial management.

Improved fiscal performance in Barbados has led to declining debt.

Figure 3.2

3.2a. Barbados: Fiscal Performance, 2020–2026 (fiscal years, percent of GDP)

3.2b. Barbados: Gross Public Sector Debt, 2020–2026 (fiscal years, percent of GDP)



Source: IMF (2026a).
Note: The numbers in panel b differ from previously reported debt-to-GDP ratios due to revised and rebased GDP figures recently released by the authorities. The upward revision of nominal GDP has lowered the public-debt-to-GDP ratio. See Central Bank of Barbados (2026a).

The debt trajectory has been on a downward path as a result of improved fiscal performance, despite a setback during the onset of the pandemic. The debt-to-GDP ratio reached a high point of 134.6 percent in FY2017/2018, prompting debt restructuring. Although progress was under way and the ratio dropped by 33 percentage points in two years, it spiked again in FY2020/2021 to 129.6 percent. As pressure from the pandemic eased and economic growth strengthened, the debt burden decreased (Figure 3.2. panel b). Furthermore, recent liability management operations have helped improve the debt service profile. Barbados is on track to achieve its goal of reaching a debt-to-GDP ratio of 60 percent by FY2035/2036.

The commitment to the reform agenda and adherence to fiscal prudence has led to steady improvements in Barbados' sovereign credit ratings. The country regained access to international capital markets in June 2025, when it issued a US$500 million bond with a 10-year maturity and an 8 percent interest rate. Net proceeds were used for liability management. This marks the first international bond issuance since debt restructuring in 2018. Standard & Poor's last upgrade took place in October 2025, with a rating of B+ and a stable outlook. Moody's sovereign credit rating for Barbados stands at B2 with a stable outlook, while Fitch's rating is at B+ with a positive outlook.

3.3. Dealing with External Shocks

Ample policy support has been provided to tackle recent pressures on the cost of living. Inflation in Barbados has a large import price pass-through to general inflation, a challenge during large swings in international energy prices. For example, the escalation of geopolitical tensions in 2022 led to a hike in oil prices, and inflation in Barbados increased to 4 percent from 2 percent the prior year. Price spikes in recent months are expected to impact inflation in the second quarter of 2026 (Mercer-Blackman et al. 2026).

With higher import prices, particularly for food and energy, the government has announced measures in the FY2026/2027 budget aimed at temporarily easing pressures on the cost of living. It has expanded transfers and subsidies for vulnerable households through measures that include:

- An electricity subsidy through which the government will absorb 50 percent of any increase to the Fuel Clause Adjustment (FCA). Recalculated monthly, the FCA reflects the cost of fossil fuels and purchased energy, and is applied uniformly to each kWh consumed across customer categories.
- A reduction of 10 cents per liter on excise taxes on gasoline and diesel for three months and a cap on the value-added tax.
- Reductions on duties for food, personal care, and construction items.
- A cost-of-living cash transfer of US$50 per month during one year for lower-income pensioners, seniors over 65 years old without a pension, and welfare recipients.
- Higher reverse tax credit.
- Increased income thresholds for tax credits.
- Increased tax-free allowances for pensioners.
- An automatic 2 percent increase in the national minimum wage.

These measures can temporarily ease the burden of the increased cost of living. However, it is important that they be well-targeted and not made permanent, so as to not compromise the fiscal stance.

At the macro level, the economy has buffers against external shocks. The country's fixed exchange rate regime helps keep observed inflation under control and inflation expectations anchored. Moreover, Barbados has international reserve assets, and authorities have recently secured the availability of IMF funding against external contingencies.

Despite tremendous progress in recent years in fiscal consolidation and debt reduction, important risks remain for Barbados. On the domestic front, the authorities will need to maintain primary surpluses above 4 percent of GDP through at least 2032 to stay on track with their objective to lower the debt-to-GDP ratio to 60 percent by FY2035/2036. At the same time, persistent cost-of-living pressures could lead to prolonged support for vulnerable households through higher transfers and subsidies, making it more challenging to achieve the targeted primary surplus. On the external front, global instability could bring pressure on oil and commodity prices and cause tighter financial conditions. Finally, natural disasters remain an underlying threat. The authorities' continuous commitment to implementing the reform agenda helps mitigate these possible risks.

Table 3.1. Barbados: Selected Economic Indicators, 2022–2026 (Percent of GDP unless otherwise indicated)

Indicator	2022	2023	2024	2025(e)	2026(f)
Real Sector 1/					
Real GDP growth	15.9	1.8	3.4	2.7	2.5
Real GDP per capita (U.S. dollars)	24,518	24,877	25,626	26,310	26,891
Nominal GDP (percent change)	16	5	5	6	6
Inflation (end of period)	3.8	3.2	0.4	1.6	2.7
Private sector credit	61	59	59	59	
External Sector 2/					
Exports of goods and services (constant price growth)	15	5	12	0	6
Largest export as share of GDP (tourism)	14	16	17	17	
Imports of goods and services (constant price growth)	3	5	8	12	1.3
Current account	-0.7	2.7	2.9	1.2	-6.0
Foreign direct investment	4	3	3	4	
Total reserves (months of Import cover)	6	7	7	6	
Central Government					
General government revenue	25	25	27	27	26
General government expenditure	27	26	28	27	26
Current expenditure (fiscal year)	24	24	24	23	23
Capital expenditure (fiscal year)	3	4	3	4	5
Fiscal balance	-1.7	-1.6	-0.8	-0.3	-0.1
Primary balance	2.2	3.3	4.0	4.1	4.1
Debt Indicators					
Central government debt	106	106	100	96	91
Central government debt over revenues (percent)	413	419	363	356	345
External public debt	40	42	40	39	37

Sources: IMF (2026a); World Bank, World Development Indicator database; and Central Bank of Barbados.
Note: e: estimate; f: forecast.

1/ The real GDP base year is 2023.
2/ 2005 is the base year for exports and imports of goods and services.

Country Section

Guyana

Travis Mitchell and Lisa Hussain

4.1. Introduction

Guyana's output performance strengthened further in 2025, promoting socioeconomic development while helping to insulate the country against increased global uncertainty and associated risks. Guyana released its 2024 Labour Force Survey and preview of the 2022 Household Census in April 2026, with the surveys respectively highlighting improved labor and population dynamics. Guyana's unemployment rate fell from 14.5 percent in the third quarter of 2021 to 6.8 percent during the same period in 2024. In addition, Guyana's population increased to 900,000, up from 700,000 a decade earlier (Guyana Bureau of Statistics 2022, 2024).

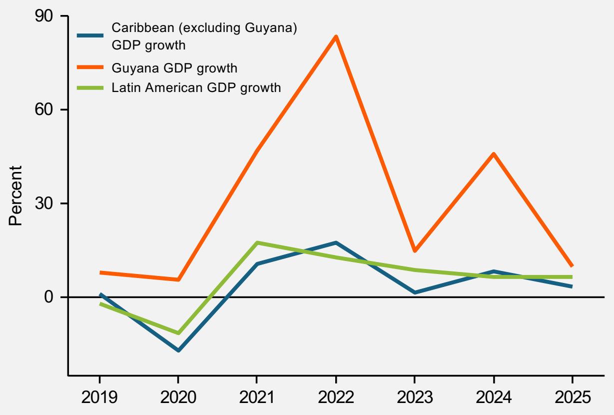
4.2. Output Performance

In 2025, Guyana's GDP grew by 19.3 percent (Figure 4.1, panel a). This followed an expansion of 43.8 percent in 2024, surpassing initial International Monetary Fund (IMF) expectations of 10.1 percent projected in October 2025 (IMF 2025b). Oil output growth was slower at 21.1 percent, mirroring the trend in international oil prices, but was buoyed by a ramp-up in oil production late in the fourth quarter as the sector welcomed the coming on stream of a new oil extraction vessel (Ministry of Finance of Guyana 2026). Despite the deceleration in oil GDP growth, the mining and quarry sector's share of the economy increased to 79 percent, from 67 percent in 2022 and 51 percent in 2021 (Figure 4.1, panel b), while non-oil sector GDP growth continued to expand, increasing from 13 percent in 2024 to 15 percent in 2025 (Ministry of Finance of Guyana 2026).

Guyana's GDP growth rate continues to be higher than that of the rest of Latin America and the Caribbean.

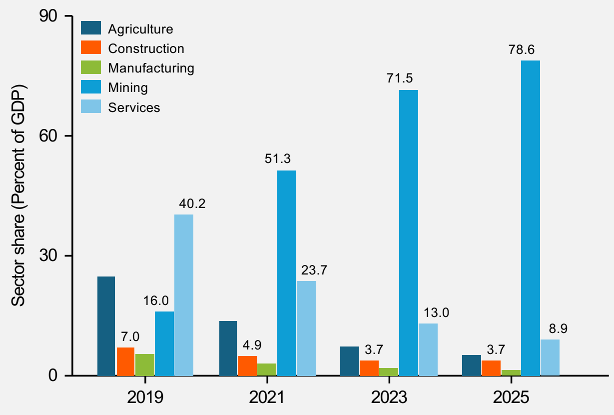
Figure 4.1

4.1a. GDP Growth trends



Source: IMF (2026a).

4.1b. Composition of GDP



Source: Authors' calculations based on SDMO (2026), IMF (2026a), and IMF(2026h)

4.3. Growth in Prices

Price growth for Guyana was higher at the end of 2025, with inflation at 2.9 percent year-over-year. Costs of miscellaneous items rose markedly during the period, but the average consumer price level was underpinned by a further increase in the price of food, which has had the greatest impact on inflation. Food prices in 2025 rose by 4.4 percent, medical care by 4.9 percent, and miscellaneous items by 6.8 percent (Figure 4.2, panel a).

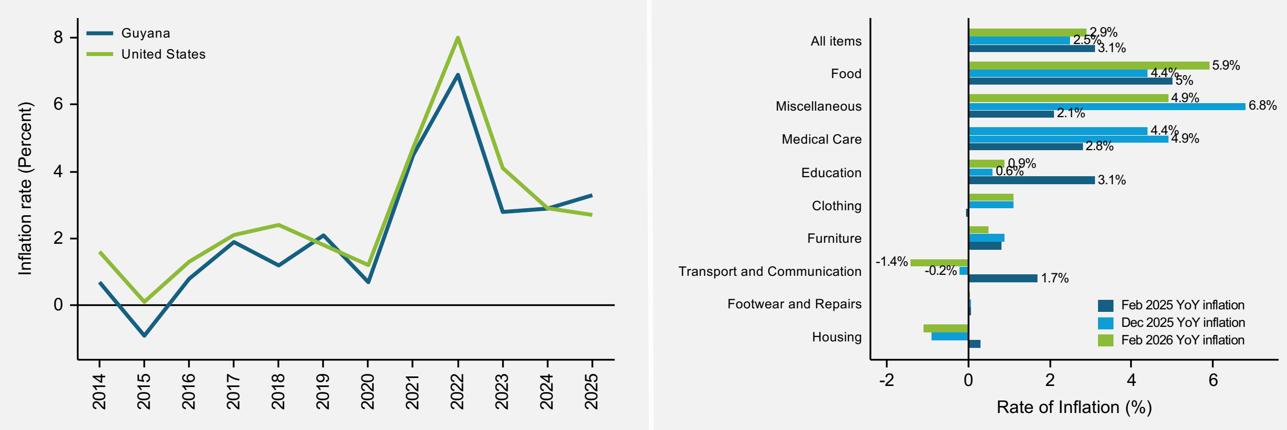
However, the latest data show that inflation pressure eased early in 2026 prior to the ramp-up in international oil prices. In February 2026, Guyana's year-over-year inflation rate was 2.6 percent, again underpinned by higher food prices, which rose by 5.9 percent, but with headline price growth curtailed marginally owing to lower prices for education and transport and communication compared to the same month in 2025 (Figure 4.2, panel b; see also Bank of Guyana 2026).

Food prices continue to drive inflation in Guyana.

Figure 4.2

4.2a. Trend in Inflation

4.2b. Inflation Disaggregation



Source: IMF (2026a).

Source: Authors' calculations based on SDMO (2026), IMF (2026a), and IMF(2026h)

4.4. Fiscal and Debt Sustainability

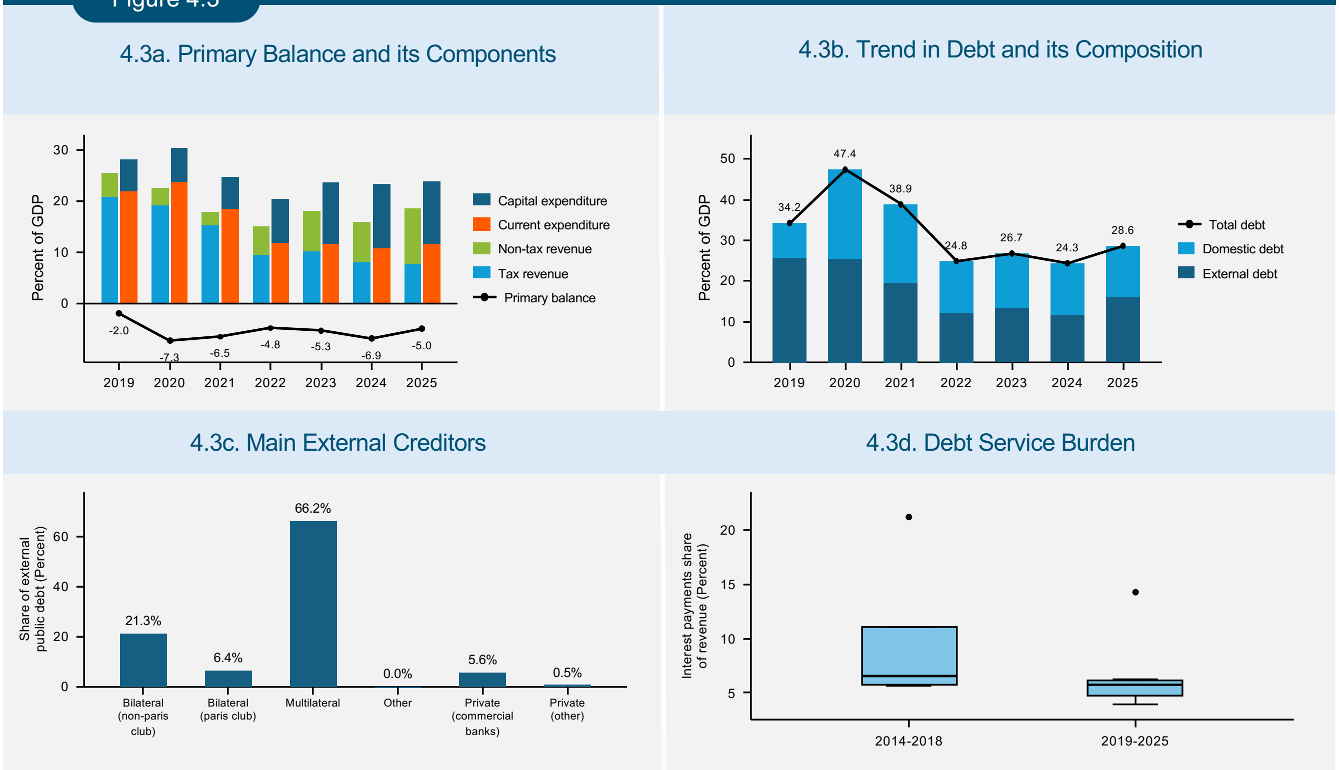
The government of Guyana's fiscal deficit has improved, as reflected in the primary balance, which fell to -5 percent in 2025 from -6.9 percent in 2024. Higher overall expenditures, driven in part by increased transfer payments linked to the government's issuance of universal cash grants (current expenditure), were offset by a larger increase in revenues—specifically, receipts of non-tax revenues, the majority of which were comprised of oil profit withdrawals (85.1 percent).

Also underlying the improved fiscal outturn was lower capital spending. In a bid to close its large infrastructure gap, Guyana has invested heavily, with capital spending jumping from 21.8 percent of total expenditures in 2019 to 50.5 percent in 2023 and 53.8 percent in 2024, driving an overall fiscal expansion. However, the IMF has recommended that the government bring these expenditures down, with the aim of balancing the books in the medium term (IMF 2025a). In 2025, capital spending as a share of total expenditure fell to 50.7 percent, and as a share of GDP fell from 11.5 to 10.2 percent, marking the first decline in the government's capital expenditure ratios since oil production began (IMF 2026a).

Overall debt levels continue to be highly sustainable. The 2025 financing gap led to increased holdings of external debt and a slight increase in the total debt ratio to 28.6 percent from 24.3 percent in 2024. Consequently, the external share of total debt rose to 56.3 percent (IMF 2026a). However, Guyana's overall debt portfolio remained highly concessional, as the country's debt continues to be held primarily by multilateral creditors (66.2 percent). In addition, the government's debt service costs have fallen significantly, from an average of around 7 percent to 5 percent, comparing mean debt service to revenue ratios from 2014 to 2018 (pre-oil), and from 2019 to 2025, respectively (Ministry of Finance of Guyana 2026). Fiscal and debt developments are summarized in Figure 4.3.

Guyana's fiscal stance is improving and debt remains highly sustainable.

Figure 4.3



Source: IMF (2026a).

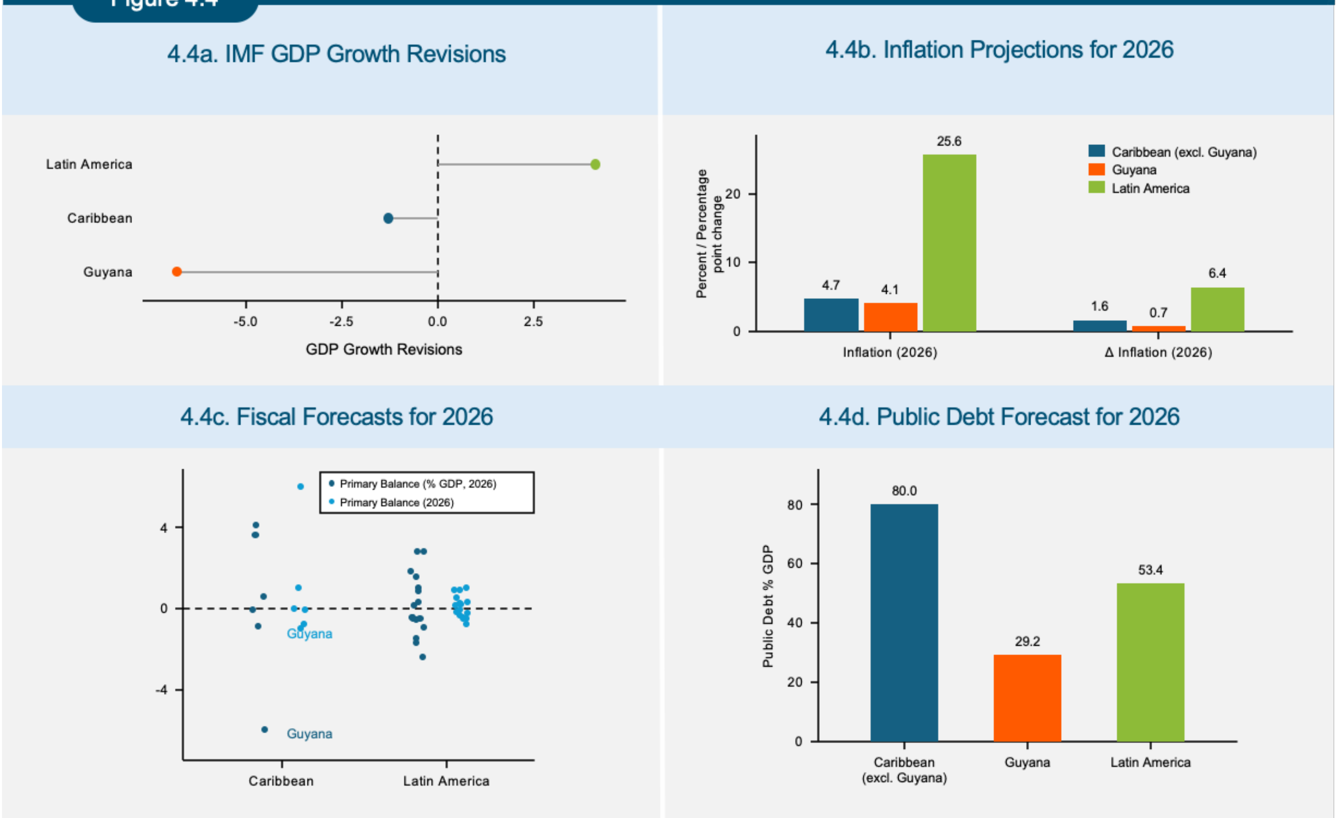
4.5 Macroeconomic Outlook and Policy

The outlook for Guyana is still highly uncertain, given persistent geopolitical tensions that continue to push up international oil prices. Although Guyana transitioned to become a net oil exporter in 2019, the country still produces 90 percent of its energy from imported oil. As a result, electricity and fuel prices continue to be channels through which the Guyanese economy can be negatively impacted. Moreover, as Guyana is now an oil producer, oil shocks can lead to Dutch disease risks, spurred on by an influx of oil revenues and excessive government spending.

Within this context, the IMF forecasts that Guyana's GDP growth expansion in 2026 will be smaller than originally predicted (IMF 2025b, 2026a), but with manageable macro-fiscal risks (Figure 4.4). The government is helping to mitigate much of the current oil price shock through maintenance of a zero-rate tax on fuel promised in its 2026 Budget (News Room Guyana 2026); introduction of a new universal cash grant (US$500); maintenance of electricity subsidies; and assistance to key sectors, including education. As a result, the government is expected to run a larger primary deficit than originally budgeted. Nevertheless, macro-fiscal risks are expected to remain largely contained given Guyana's withdrawal rules, which limit oil profit withdrawals from its Natural Resource Fund; high concessionality of the debt portfolio; a low debt service ratio; and continued high GDP growth.

Guyana's outlook is highly uncertain but likely to remain positive.

Figure 4.4



Source: IMF (2026a).

It is also expected that inflation pressures in Guyana will increase. The IMF forecasts further deviation of the Guyana inflation rate from the U.S. price trend, indicating the possibility of extended real effective exchange rate appreciation. This is a key barometer for Dutch disease risks. However, appreciation of Guyana's real effective exchange rate has been relatively subdued, growing at an annual rate of about 0.01 percent on average between 2019 and 2025, the same rate of growth as five years prior.

In this regard, proactive and vigilant policy-making is highly advisable, despite the probability of larger-than-usual forecast errors and the possible unreliability of forward estimates. Forecasts for this year could be unreliable because of the volatile geopolitical environment. Nonetheless, increased unpredictability naturally points to the need for careful economic management, including coordinated fiscal and monetary policies, especially in a context such as that of Guyana, which is so exposed to external energy price risks. In Guyana, balancing fiscal and financial sector support for development and growth with monetary efforts to stabilize the exchange rate, while also targeting acceptable levels of inflation, is of even greater importance in the current environment. The government's efforts to reduce the country's import dependence, particularly on food and crude oil, are consistent with these policy objectives.

Table 4.1. Guyana: Selected Economic Indicators, 2022–2026 (percent of GDP unless otherwise indicated)

Indicator	2022	2023	2024	2025(e)	2026(f)
Real Sector 1/					
Real GDP growth	63.3	33.8	43.8	19.3	16.2
Real GDP per capita (U.S. dollars)	15,723	20,529	28,344	32,207	36,680
Nominal GDP (percent change)	83	15	46	10	25
Inflation (end of period)	7.2	2.0	2.9	2.5	5.7
Private sector credit	20	20	15		
External Sector 2/					
Exports of goods and services (constant price growth)	102	38	55	15	17
Largest export as share of GDP (oil)	70	61	66	55	
Imports of goods and services (constant price growth)	8	49	34	-3	16
Current account	-6.5	0.1	-3.4	-3.5	-3.0
Foreign direct investment	-20	-7	35		
Total reserves (months of import cover)	1	1	1		
Central Government					
General government revenue	15	18	16	19	16
General government expenditure	20	24	23	24	22
Current expenditure 3/	11	11	10	12	
Capital expenditure 4/	8	12	13	14	
Fiscal balance	-5.1	-5.6	-7.3	-5.4	-6.4
Primary balance	-4.8	-5.3	-6.9	-5.0	-5.9
Debt Indicators					
Central government debt	25	27	24	29	29.2
Central government debt over revenues (percent)	162	147	151	154	181.9
External public debt	11	9	8	9	
External debt service as percent of exports of goods 5/	1	1	1	1	

Sources: IMF (2026a); World Bank, World Development Indicators database; and Central Bank of Guyana.
Note: (e): estimate; (f): forecast.

1/ The real GDP base year is 2012.
2/ 2012 is the base year for exports and imports of goods and services.
3/ Relative to IMF data, government of Guyana data on current expenditure for the respective years are 11, 10, 9, 9, and 9 percent of GDP.
4/ Relative to IMF data, government of Guyana data on capital expenditure for the respective years are 9, 11, 11, 10, and 10 percent of GDP.
5/ Only merchandise exports.

Country Section

Jamaica

Victor Gauto and Wendel Ivey

Hurricane Melissa caused physical and economic damage in Jamaica estimated at US$12.2 billion, or 56.7 percent of GDP, including major damage to housing and a significant impact on the tourism and agriculture sectors. Notably, the country's ambitious fiscal targets were postponed for two years to allow for reconstruction investment. Although Hurricane Melissa has been the driving factor influencing the economy, the global context is also likely to introduce headwinds to Jamaica's recovery.

5.1. Recent Macroeconomic and Fiscal Developments

GDP growth in Jamaica has been significantly impacted by the two recent hurricanes. GDP contracted by 0.54 percent in 2024 when Hurricane Beryl hit in July of that year and is estimated to have declined an additional 0.06 percent in 2025 after Hurricane Melissa hit in October 2025. Based on the pace of recovery and disbursement of funds to the most affected areas in the aftermath of Melissa, a category 5 storm, the economy may remain depressed over the medium term. This is in great contrast to 2021 and 2022, when Jamaica was rebounding from the COVID-19 pandemic with growth rates of 5.7 percent and 6.4 percent, respectively. GDP is projected to continue contracting through 2026 by 1.15 percent before beginning a recovery in 2027, with 3.14 percent projected growth (IMF, 2026a). Forecasts before the hurricane were for GDP growth of 2.1 percent in 2025 (Figure 5.1, panel a). Government GDP growth projections on a fiscal year basis (April to March) are appropriately more conservative, projecting GDP growth rates of -4.5 percent and -0.5 percent in FY2025/2026 and FY2026/2027, respectively, before growing by 3.3 percent in FY2027/2028 and 2.6 percent in FY2028/2029.

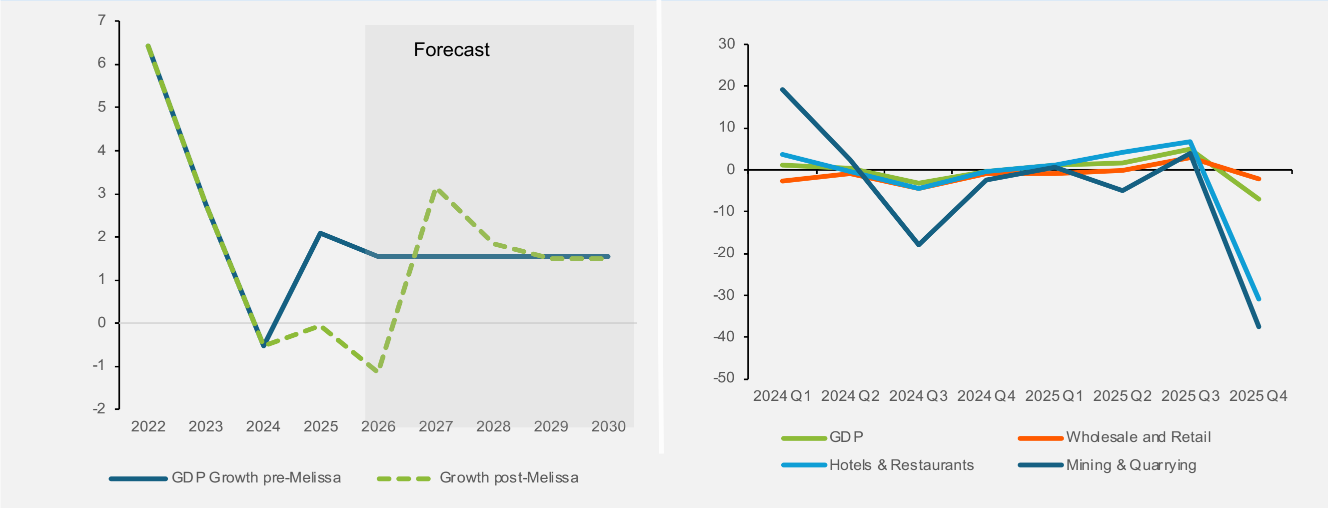
Several sectors experienced large contractions in the last quarter of 2025 when Hurricane Melissa hit. Quarterly GDP growth contracted by 7.1 percent in that quarter, driving annual GDP to contract by 0.1 percent for the year. The mining and quarrying sector, which makes up 1 percent of the economy, had the greatest contraction of 37.5 percent. This was followed by hotels and restaurants, which constitute about 6 percent of the economy, and which contracted 31 percent. On an annual basis, the hardest hit sector was hotels and restaurants, which contracted by 5.4 percent (Figure 5.1b).

Jamaican has experienced a marked impact of Hurricane Melissa on economic activity.

Figure 5.1

5.1a. Jamaica: GDP Growth and Fiscal Balance, 2022–2030 (percent of GDP

5.1b. Jamaica: Quarterly GDP Growth, 2024–2025 (percent)



Sources: IMF (2026a); and Statistical Institute of Jamaica,
Note: quarterly GDP not seasonally adjusted.

The fiscal balance and the debt-to-GDP ratio were greatly affected by Hurricane Melissa. The fiscal balance, which averaged 0.34 percent of GDP over 2021–2024, is projected to decline to -3.8 percent in 2025 and average -2.9 percent over 2025–2030, well below the average fiscal deficit of -0.6 percent for that period projected before the hurricane.

The higher fiscal deficit in 2026 is mainly driven by recovery and reconstruction priorities following Hurricane Melissa. While total revenues are projected to remain stable in FY2026/2027, increasing by 1 percent relative to the previous fiscal year, expenditures are projected to increase by 14.5 percent, driving the fiscal balance to a deficit of almost 5 percent (Figure 5.2, panel b). Recovery and reconstruction priorities are also driving higher levels of capital expenditures, expected to increase from 1.6 percent of GDP in FY2025/2026 to 2.1 percent in FY2026/2026 (Ministry of Finance and Public Service, 2026). This represents an increase of about 65 percent, with capital expenditure reaching almost US$500 million.

Despite these spending increases, the government remains firmly committed to maintaining fiscal discipline and maintaining its credibility. The government is maintaining its objective to reduce the debt-to-GDP ratio to 60 percent, which was postponed to 2030 due to the hurricane. Furthermore, credit rating agencies such as S&P Global and Fitch reaffirmed Jamaica's credit rating at BB and BB-, which are two and three steps away from an investment-grade rating, respectively. Moody's improved Jamaica's rating to Ba3, three steps away from investment-grade.

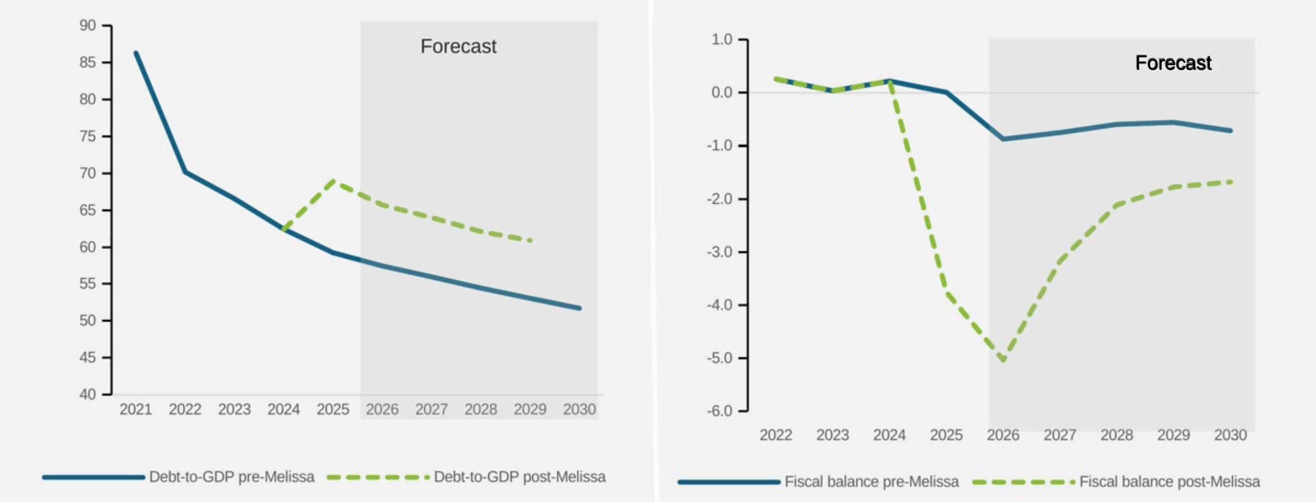
Higher overall balances are driving an increase in the level of debt to GDP. The debt-to-GDP ratio was previously projected to decline to almost 50 percent of GDP by 2030. However, the hurricane modified that trajectory, increasing the ratio from 62.4 percent at the end of FY2024/2025 to 68.9 percent at the end of FY2025/2026, as shown in panel a of Figure 5.2. The postponement of the fiscal target to achieve a debt-to-GDP ratio of 60 percent by FY2027/2028 was approved by Parliament. The projected target is now 60.9 by FY2029/2030.

Reconstruction expenditure amid recovery from Hurricane Melissa has delayed fiscal and debt consolidation relative to forecasts from a year ago.

Figure 5.2

5.2a. Jamaica: Fiscal Balance and Forecast, 2022–2030 (percent of GDP)

5.2b. Jamaica: Gross Public Debt, 2021–2030 (percent of GDP)



Sources: IMF (2026a); Jamaica Ministry of Finance and Public Service (2026).

5.2. Key Sectors in Focus: Tourism, Mining, and Agriculture

Jamaica's tourism sector is firmly recovering, led by the private sector. As of May 2026, several hotels were already in operation. Authorities have communicated that hotels are expected to fully re-open by December 2026, with that lengthy recovery period signaling the extent of the damage caused by Hurricane Melissa in October 2025. However, sector earnings are projected to decline by only 3 percent in FY2026/2027, while visitor arrivals are projected to decline by 1 percent (James, 2026). Jamaica hosts approximately 2.2 million stopover visitors and more than 1 million cruise passengers per year (Jamaica Tourism Board 2026a). In 2025, about 70 percent of visitors came from the United States, 13 percent from Canada, and 10 percent from Europe (Jamaica Tourism Board, 2026b).

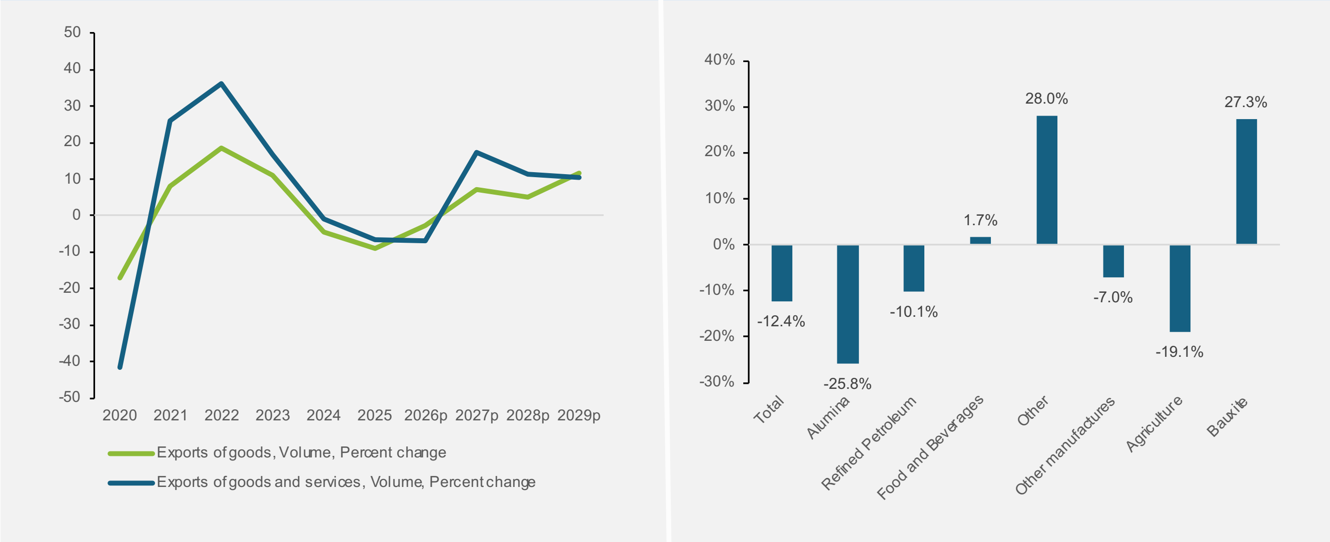
The tourism industry is not expected to fully recover until 2027, and higher energy prices in 2026 could add to import costs. Goods and services export growth is projected to contract by 6 percent in both 2025 and 2026 before growing back by 17 percent in 2027 (IMF 2026a). A large share of service export growth in 2027 could be attributed to tourism (Figure 5.3 panel a). The trade balance is likely to be affected due to higher oil prices in the first half of 2026, similar to what happened in the first half of 2022. In 2022, Jamaica imported 2 percent fewer barrels of oil, but the cost was more than 60 percent higher (MSET, 2024).

Jamaica's exports are expected to continue growing.

Figure 5.3

5.3a. Jamaica: Volume of Goods and Services Export Growth and Projections, 2020–2028 (percent change)

5.3b. Jamaica: Goods Export Growth, 2025 (percent)



Source: IMF (2026a).
Note: p: projected.

Source: Statistical Institute of Jamaica.

Other sectors facing challenges in the aftermath of the hurricane and the global context include mining and agriculture. The mining sector contracted by 9 percent in 2025, following moderate quarterly output in the first three quarters of the year and a large contraction in the fourth quarter (-37.5 percent). The mining sector was reported to have been moderately affected by the hurricane. However, Jamaica's largest export, alumina, which accounted for 42 percent of total exports in 2024, fell by 26 percent in 2025 (Figure 5.3 panel b). In 2024, the main destinations for alumina were the Russian Federation, the Netherlands, Iceland, and Canada, suggesting that the decline in alumina exports may be unrelated to tariffs and exports to the United States. Average alumina prices were lower in 2025 relative to 2024, which could also explain the decline. The agriculture sector was fundamentally impacted by the hurricane, but it was also potentially impacted by U.S. tariffs. The sector grew by 2.9 percent in 2025 but contracted by 17.7 percent in the fourth quarter of 2025. Agriculture exports declined significantly, falling by 19 percent in 2025. For context, approximately 65 percent of total agricultural exports went to the U.S. market in 2024, according to the United Nations Comtrade database.

Going forward, Jamaica faces a long road to recovery from the hurricane. The fiscal balance and debt levels immediately reflect the government's hurricane recovery reaction, reflecting a higher-than-planned fiscal deficit and debt-to-GDP ratio. The government will continue to have access to significant financing resources for reconstruction, and it remains firmly on course to achieve a debt-to-GDP ratio of 60 percent in the medium term. Finally, as the economy continues to recover, climate risks remain latent, highlighting the significance of continuing to introduce further resilience through insurance, financing, and fiscal buffers (OECD and IDB, 2026).

Table 5.1. Jamaica: Selected Economic Indicators, 2022–2026 (percent of GDP unless otherwise indicated)

Indicator	2022	2023	2024	2025(e)	2026(f)
Real Sector 1/					
Real GDP growth	6.4	2.7	-0.5	-0.1	-1.2
Real GDP per capita (U.S. dollars)	4,599	4,720	4,690	4,682	4,622
Nominal GDP (percent change)	20	14	4	4	5
Inflation (end of period)	9.4	6.9	5.0	4.5	4.3
Private sector credit	46	45	45		
External Sector 2/					
Exports of goods and services (constant price growth)	36	17	-1	-7	-7
Service exports as share of GDP	24				
Imports of goods and services (constant price growth)	12	11	-1	12	10
Current account	-20.5	-18.2	-17.1	-20.2	-19.8
Foreign direct investment	2	2	1	1	
Total reserves (months of Import cover)	6	6	7	8	7
Central Government					
General government revenue	27	28	30	30	28
General government expenditure	27	28	30	34	33
Current expenditure	25	26	28	33	31
Capital expenditure	2	2	2	2	2
Fiscal balance	1.0	-1.20	-5.9	-5.5	-4.6
Primary balance	5.3	5.2	5.4	1.3	0.6
Debt Indicators 3/					
Central government debt	77	73	62	69	66
Central government debt over revenues (percent)	282	265	206	229	232
External public debt	61	63	64	60	58
External debt service as percent of exports of goods and services	48	44	54	46	

Sources: IMF (2026a); World Bank, World Development Indicators database; Bank of Jamaica; Jamaica Ministry of Finance and Public Service; and United Nations Comtrade database.
Note: (e):estimate; (f): forecast.

1/ The real GDP base year is 2015.
2/ 2005 is the base year for exports and imports of goods and services.
3/ Central government external debt service.

Country Section

Suriname

Liliana Castilleja-Vargas and Naiema Suliman

While near-term risks are leaning to the downside for Suriname because of the current geopolitical context, the medium-term outlook remains favorable, anchored in expected oil-driven growth and improved fiscal and external dynamics. This country chapter discusses the near-term macroeconomic and fiscal challenges as Suriname seeks to broaden its economic base.

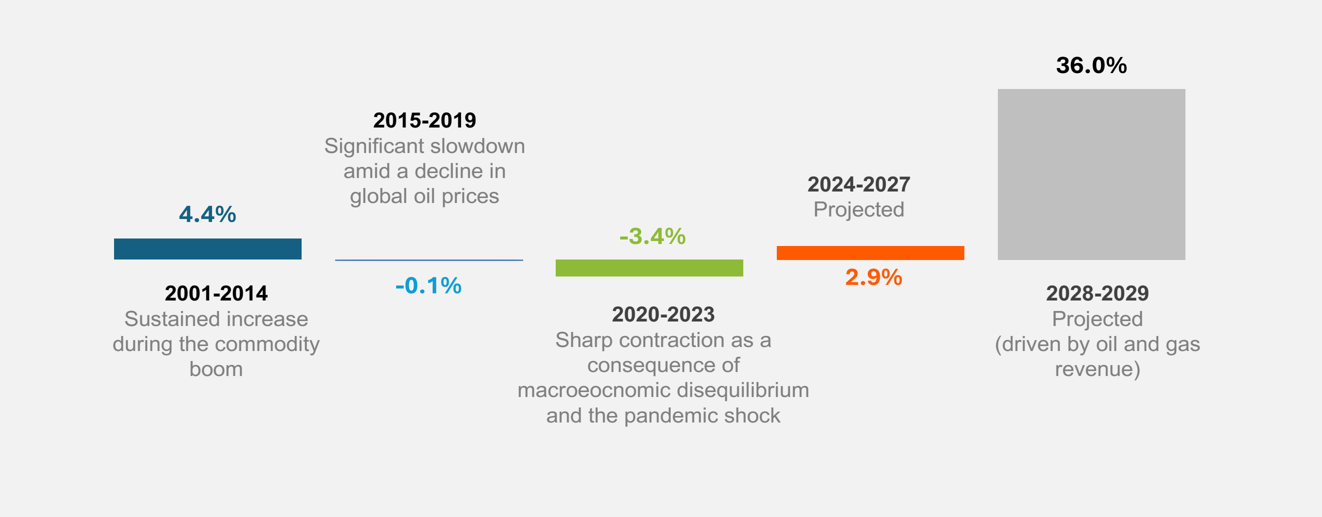
6.1. Recent Macroeconomic and Fiscal Developments

Recent economic developments in Suriname reflect a combination of temporary shocks and underlying structural transitions. Economic growth decelerated to around 1.5 percent in 2025, down from 1.7 percent in 2024, primarily driven by a contraction in gold production despite high international prices. This slowdown masks relative resilience in non-resource sectors, which have continued to expand robustly. Looking ahead, growth is expected to recover to about 3.9 percent in 2026 and stabilize at around 4 percent in the near term, supported by strengthening domestic demand and investment. Over the medium term, as mentioned, the outlook is highly influenced by large-scale oil investments. In 2028, real economic growth is projected to reach 28.5 percent (IMF 2026a), reflecting the base effect of first-oil production at the GranMorgu offshore oil field, which is, until now, a one-time spike in output rather than a structural acceleration. Figure 6.1. illustrates the significant impact of the oil boom on projected GDP growth compared with previous years

The economic transformation from new oil production in Suriname will accelerate growth in 2028–2029

Figure 6.1

Suriname: Changes in Real GDP Growth (percent)



Source: IMF (2026a).

Phasing out subsidies and improving tax administration helped to reduce the fiscal deficit from 12 percent of GDP in 2020 to 9.6 percent of GDP in 2025. In addition, because of a restructuring plan adopted years ago between the government and its main creditors, public debt dropped significantly from 121 percent of GDP in 2020 to 100 percent in 2025. Projections indicate that both the fiscal deficit and the debt-to-GDP ratio will keep declining. However, fiscal outcomes moderated in 2025. The overall fiscal deficit widened sharply from about 3.4 percent in 2024 to 9.6 percent in 2025, reflecting pre-election fiscal slippage, increased subsidies, and one-off central bank recapitalization.[2] While revenues increased modestly, expenditure growth significantly outpaced them, interrupting the consolidation path. As of July 1, 2026, the 2026 budget had been approved, with a projected deficit of around 5.1 percent of GDP (Republic of Suriname 2026b). Nevertheless, International Monetary Fund (IMF) projections show that fiscal balances are expected to improve gradually as oil production ramps up, with the deficit narrowing to around 4.7 percent of GDP in 2026 and

2 The Central Bank of Suriname (CBvS) undertook a significant recapitalization during 2024–2025 amounting to about SRD 9.4 billion (approximately US$255 million). The recapitalization, supported by a combination of government injections and bond issuance, aimed to strengthen the government balance sheet, restoring credibility, and underpinning monetary policy effectiveness.

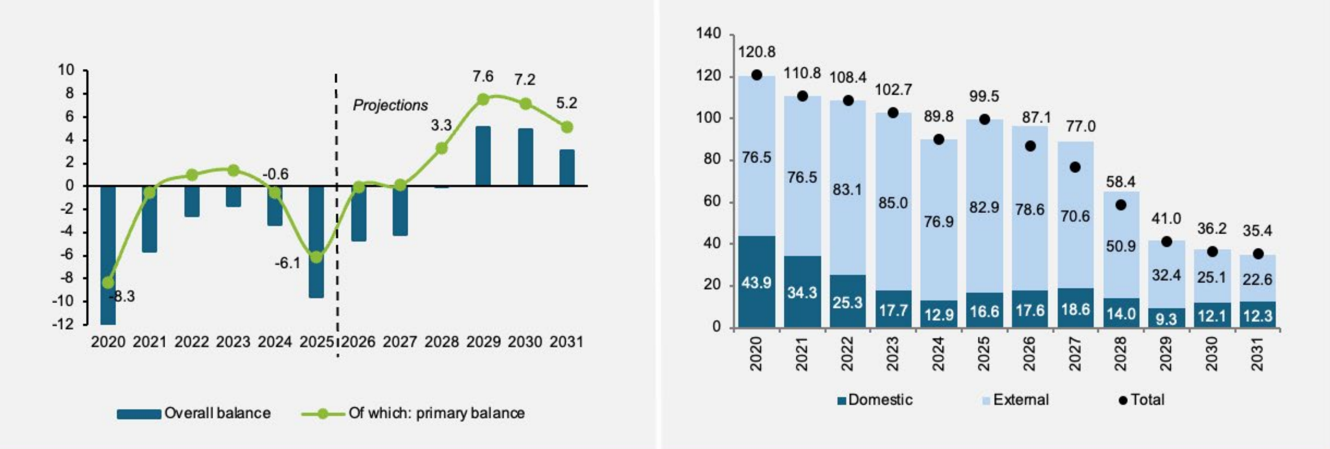
eventually turning into a surplus over the medium term (IMF 2026a). Figure 6.2 shows Suriname's fiscal balance and public debt as a share of GDP, both projected to improve steadily as oil revenues rise.

Suriname's fiscal and debt indicators are expected to improve starting in 2028

Figure 6.2

6.2a. Suriname: Fiscal Balance, 2020–2031
(percent of GDP)

6.2b. Suriname: Public Debt, 2020–2031
(percent of GDP)



Source: IMF (2026a).

Source: Authors' calculations based on SDMO (2026), IMF (2026a), and IMF(2026h)

As a small, open economy heavily reliant on imports, Suriname faces substantial macroeconomic challenges regarding inflation and exchange rate depreciation. Given ongoing geopolitical conflicts, Suriname is more vulnerable to rising oil prices despite being an oil producer because it relies more on imports than it gains from exports. With oil and gas making up over a third of the country's energy mix, domestic energy costs are highly influenced by fluctuations in global oil prices. Although inflation dropped sharply from 60 percent in 2020 to 13 percent by the end of 2025, it has remained relatively high during 2026 as inflationary pressures increase. Despite renewed foreign exchange interventions by the Central Bank (IMF 2026h), the Surinamese dollar depreciated by about 9 percent against the U.S. dollar between the end of 2024 and the end of 2025, increasing import costs and fueling inflation in an economy heavily dependent on imported goods. To limit the impact of international oil price increases on society, a temporary price cap method was introduced in the first quarter of this year, thereby placing additional pressure on government finances (Republic of Suriname 2026a).

6.2. Suriname's Main Challenge: Diversifying Its Economic Base

Suriname's economic structure remains highly concentrated in natural resources. Mining, particularly gold, has traditionally been the backbone of economic activity, accounting for most exports (84 percent) in 2025, while oil played a smaller but growing role (8 percent) during the year (CBvS 2026). However, the economy is entering a transformational phase with large-scale investments in offshore oil and gas. In this context, the extractive sector will shift from a gold-centered model to an oil-driven economy. This shift is expected to reinforce the extractive sector's dominance within the economy, potentially overshadowing other industries, and shaping the country's development trajectory for years to come.

Suriname has the chance to turn its natural resource wealth into lasting prosperity by moving beyond extraction. Unlocking Suriname's future growth hinges on nurturing these sectors with high potential, particularly those anchored in sustainable natural resources such as tourism and ecotourism, where the country's cultural diversity is a key asset. Likewise, sustainable agribusiness, including modernized agriculture and responsible fisheries, can drive job creation and broaden the economic base if supported by investments in technology, research, and infrastructure (Vargas 2026). In addition, sectors such as food and beverage processing and renewable energy present substantial opportunities for diversification and long-term development. Fostering these industries will not only broaden Suriname's economic base but also support inclusive and resilient growth for the country's future.

Suriname has recently strengthened its fiscal framework through the introduction of fiscal rules and the reform of the Savings and Stabilization Fund of Suriname (SSF). This fund aims to ensure macroeconomic discipline and the sustainable management of natural resource revenues. The framework establishes targets for public debt and limits on expenditure, while mandating that all mineral revenues be channeled into the SSF, which will operate independently and invest largely in foreign assets. The authorities are still working to make both the fiscal rules and the SSF fully operational and effective in practice. In addition to ongoing economic reforms, a favorable final investment decision for the GranMorgu offshore oil field in Block 58, where production is expected to begin in 2028,[3] is driving a positive medium-term outlook.

The SSF is a crucial component of Suriname's long-term financial and macroeconomic health. Suriname's implementation and operation of the fiscal frameworks and savings mechanism approved in 2024, together with its continued macroeconomic discipline and active policies to support non-resource sectors, provide a sound basis for meeting this challenge. Without these mechanisms, there is a risk that the economy will deepen its dependence on volatile commodities rather than achieve a more resilient and diversified growth path. The effectiveness of institutions, notably the SSF, is a crucial step toward transforming Suriname's resource wealth into lasting, inclusive prosperity, ensuring that large oil export earnings are strategically invested in the economy. As the SSF becomes fully operational, it will help to stabilize growth and promote sustainable development, preventing resource flows from driving short-term, procyclical spending.

Table 6.1. Suriname: Selected Economic Indicators, 2022–2026 (percent of GDP unless otherwise indicated)

Indicator	2022	2023	2024	2025(e)	2026(f)
Real Sector 1/					
Real GDP growth	2.4	2.4	1.7	1.5	3.9
Real GDP per capita (U.S. dollars)	975	657	734	651	630
Nominal GDP (percent change)	54	36	15	19	34
Inflation (end of period)	54.6	32.6	10.1	11.4	12.0
Private sector credit	19	24	20	20	19
External Sector 2/					
Exports of goods and services (constant price growth)	9	-10	-6	-14	-3
Largest export as share of GDP (gold)	49	52	46	48	
Imports of goods and services (constant price growth)	17	-1	27	64	11
Current account	4.0	5.8	4.1	2.6	7.1
Foreign direct investment	0	-15	-15	-44	-40
Total reserves (months of import cover)	6	6	6	4	4
Central Government					
General government revenue	26	27	26	28	25
General government expenditure	28	29	29	37	30
Current expenditure	38	26	26	26	
Capital expenditure	3	3	3	3	
Fiscal balance	-2.6	-1.7	-3.4	-9.6	-4.7
Primary balance	1.0	1.4	-0.6	-6.1	0.0
Debt Indicators					
Central government debt	112	98	88	106	87
Central government debt over revenues (percent)	436	359	340	355	323
External public debt	108	78	74	87	74
External debt service as percent of exports of goods	4	6	7	31	

Sources: IMF (2026a, 2026h); Central Bank of Suriname; and Suriname's Electronic Government Database.
Note: (e): estimate; (f): forecast.

1/ The real GDP base year is 2015.
2/ 2015 is the base year for exports and imports of goods and services.

3 In October 2024, the final investment decision for the GranMorgu offshore project in Block 58 was signed between the French company TotalEnergies and the government to extract around 700 million barrels of oil.

Country Section

Trinidad and Tobago

Onoh-Obasi Okey and Nirvana Satnarine-Singh

Despite contractions in its oil and gas output since 2014, Trinidad and Tobago remains heavily reliant on the energy industry as a key contributor to exports, fiscal revenues, and external buffers. Higher global energy prices because of the conflict in the Middle East in early 2026 are expected to support waning buffers in the short term. However, although long-standing fuel and electricity subsidies help to shield households and firms from global energy price volatility, they also impose a significant fiscal cost, particularly during periods of elevated commodity prices when the gap between domestic and market prices widens. This dynamic contributes to procyclical expenditure patterns but can constrain fiscal space and savings. This country chapter discusses the intricate relationship between the energy sector, economic activity, and the fiscal performance of Trinidad and Tobago.

7.1. Recent Macroeconomic and Fiscal Developments

Trinidad and Tobago's growth dynamics are expected to remain subdued in 2026 following lower-than-expected growth in 2025. Real GDP growth is estimated at 0.8 percent for 2025, driven by a 1.2 percent expansion of the non-energy sector, which buffered the estimated 0.5 percent decline in the energy sector (IMF 2026a). According to the Central Statistical Office, official data for the first three quarters of 2025 show that real GDP expanded by 0.2 percent, with energy output increasing by 2.2 percent and non-energy output falling by 0.6 percent.

Fiscal performance remains subject to volatile global energy prices, and the interest burden has been rising. The revision of budgeted oil and gas prices in FY2024/2025 resulted in a downward adjustment to originally estimated government revenues accompanied by higher-than-initially-budgeted expenditure and therefore a wider projected fiscal deficit. Even so, at the end of the fiscal year in September 2025,[4] with weighted average gas prices surging above mid-budget estimates, the final deficit outcome was 16 percent below the mid-budget projections, reaching TT$8.1 billion or about 5 percent of GDP (Ministry of Finance of Trinidad and Tobago 2026). Notably, the widening gap between the primary and overall surplus indicates an increasing interest burden, as public sector debt has been rising. The primary balance is expected to reach a surplus of 1.3 percent of GDP in FY2026/2027 and 2 percent of GDP in FY2027/2028. In contrast, the overall balance will be in deficit, averaging 2.7 percent of GDP for 2026–2031 (Figure 7.1, panel b).

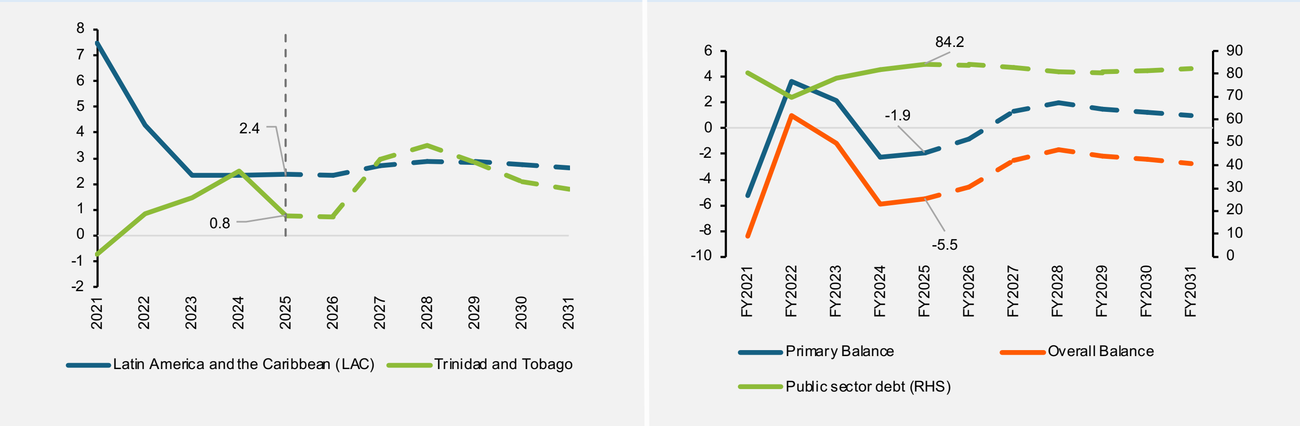
Public sector debt has been increasing consistently over the past decade. The debt-to-GDP ratio reached 84 percent in FY2024/2025 and is expected to remain elevated in the medium term, hovering between 81 and 84 percent from 2026 to 2031 (Figure 7.1 panel b). Despite this elevated debt level, short-term external debt buffers remained sufficient, given that the external-debt-to-GDP ratio was 21 percent of GDP in FY2024/2025 but the Heritage and Stabilization Fund (HSF) was valued at around 25 percent of GDP and net official reserves stood at 21 percent of GDP. Although this level is above international adequacy benchmarks at approximately six months of import cover, reserves have been declining due to lower energy sector output and, by extension, lower foreign exchange earnings.

GDP growth and fiscal balances in Trinidad and Tobago are projected to moderately strengthen in the medium term, but public debt is expected to remain elevated.

Figure 7.1

7.1a. GDP Growth in Trinidad and Tobago and Latin America and the Caribbean, 2021–2031 (percent)

7.1b. Trinidad and Tobago: Fiscal and Debt Ratios, FY2021–FY2031 (percent of GDP)



Source: IMF (2026a).

4 The fiscal year runs from October to September.

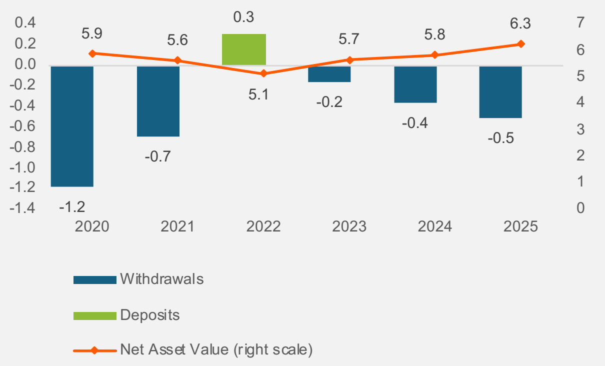
Increased energy prices have created an opportunity to rebuild fiscal buffers through both the HSF and energy revenues. If actual energy prices rise above the budgeted price, the rules that govern the HSF require the government to deposit 60 percent of excess revenue into the fund, as happened in 2022 and 2023 when a total of US$346 million was deposited, the first deposits since 2013. Energy revenues respond similarly: in 2022, energy revenues increased by 179 percent year-over-year and remained above average in 2023 before normalizing. In turn, the fiscal balance in FY2022 benefited from a surplus following more than a decade of deficits. Accordingly, if energy prices remain elevated under current conditions, there might be fiscal gains by the end of FY2025/2026. Nonetheless, long-term savings have been performing moderately despite withdrawals between 2023 and 2025 (Figure 7.2, panel a).

Higher energy prices will strengthen external balances. Trinidad and Tobago's energy exports have accounted for around 81 percent of total commodity exports over the past decade, while net energy exports (net of imported fuels) have accounted for an average of 41 percent of total commodity trade (imports and exports). Natural gas is the main component of energy exports both in liquefied form and as an input for the production of petrochemicals such as ammonia, methanol, and urea (Figure 7.2, panel b). Given the conflict in the Middle East, upward pressure on natural gas prices may continue, which can tilt the balance for Trinidad and Tobago to the upside by strengthening the country's terms of trade (IMF 2026a). This upswing in exports could also contribute to improving the external reserve position of the economy.

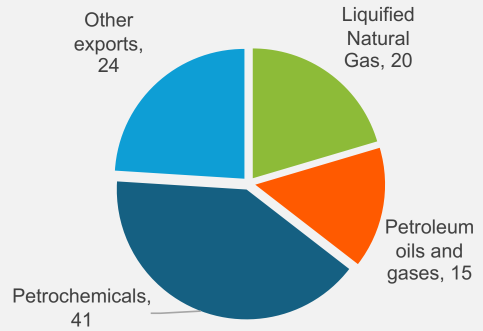
Hydrocarbons, particularly natural gas, impact net foreign assets and contribute to major manufacturing activities.

Figure 7.2

7.2a. Trinidad and Tobago: Changes in the 2025 Heritage Stabilization Fund, 2020–2025 (billions of USD)



7.2b. Trinidad and Tobago: Composition of Commodity Exports (percent of total in 2025)



Source: Ministry of Finance

Source: Central Statistical Office.

These gains, however, are partly offset by higher energy prices working in the opposite direction. Higher international energy prices translate into increases in the general price level for imports, especially food prices, as observed in 2022–2023 when headline inflation increased moderately while food inflation was very volatile, although relatively contained compared to earlier years (Mercer-Blackman et. al. 2026). Government subsidies for fuel and electricity contribute to this relatively low inflation rate. On the fiscal side, the full potential of this windfall is smaller if more expenditure is used to subsidize imported fuel. Between 2022 and 2025, spending on fuel subsidies averaged 2 percent of government revenue, although it fell from 3 percent in 2023 to 1 percent in 2025, according to the Ministry of Finance. However, the spending is buffered by the vast fuel storage capacity of the state-owned fuel trading company, which provides some protection from extreme price volatility.

Higher windfall savings could have been realized if more natural gas had been exported instead of consumed domestically. With natural gas supplying almost 100 percent of electricity generation, every unit burned domestically at subsidized rates presents an opportunity cost for potential gains of these global price surges. Proper management of the expected windfall is crucial for economic sustainability, as price shocks historically tend to have a long-lasting effect on government expenditure through procyclical tendencies.

7.2. Outlook

The energy sector is expected to rebound in the medium term. This assumes increased gas production following sustained production declines since 2014. Several natural gas projects (including the Loran-Manatee and Dragon Gas projects) are carded to begin production in 2027 and 2028, subject to required approvals and investments. The increased natural gas resources are expected to temporarily boost growth above the Latin American and Caribbean average to 3 percent and 3.5 percent in 2027 and 2028, respectively, then average 2.2 percent over 2029–2031 (Figure 7.1 panel a) (IMF 2026a).

Short-term external buffers remain relatively strong as a result of foreign reserves and HSF savings, but long-term stability depends on astute management of resources. Sustained economic resilience will depend on prudent fiscal management, effective use of energy windfalls, and continued expansion of the non-energy sector to reduce dependence on volatile hydrocarbon revenues. Over the medium term, strengthening non-energy sector growth remains critical to achieve more resilient, inclusive, and sustainable economic growth. However, structural constraints continue to hinder diversification efforts, including continued challenges accessing foreign exchange, along with citizen insecurity, both of which limit competitiveness and the expansion of non-energy activities (Okey 2026).

Table 7.1. Trinidad and Tobago: Selected Economic Indicators, 2022–2026 (percent of GDP unless otherwise indicated)

Indicator	2022	2023	2024	2025(e)	2026(f)
Real Sector 1/					
Real GDP growth	0.9	1.5	2.5	0.8	0.8
Real GDP per capita (U.S. dollars)	15,309	15,456	15,766	15,815	15,863
Nominal GDP (percent change)	17	-12	2	1	4
Inflation (end of period)	8.7	0.7	0.5	0.4	3.1
Private sector credit	35	42	45	47	
External Sector 2/					
Exports of goods and services (constant price growth)	31	-29	-1	7	3
Largest export as share of GDP (energy)	86	82	80	83	
Imports of goods and services (constant price growth)	13	-11	12	2	0
Current account	1.3	-3.7	-12.9	-53.3	-44.8
Foreign direct Investment	4	-6	-2		
Total reserves (months of import cover)	9	8	8	6	
Central Government					
Central government revenue (fiscal year)	29	31	26	27	30
Central government expenditure (fiscal year)	28	32	32	32	35
Current expenditure (fiscal year)	27	31	31	31	
Capital expenditure (fiscal year)	2	2	2	2	
Fiscal balance (fiscal year)	1.0	-1.2	-5.9	-5.5	-4.6
Primary balance (calendar year)	3.6	2.1	-2.2	-1.9	-0.8
Debt Indicators					
Central government debt	53	60	65	68	67.8
Central government debt over revenues (percent)	182	212	239	259	
External public debt	17	21	21	21	22.0
External debt service as percent of exports of goods	2	6	7	4	

Sources: IMF (2026a); World Bank, World Development Indicators database; and Central Bank of Trinidad and Tobago.
Note: (e): estimate; (f): forecast.

1/ The real GDP base year is 2012.
2/ 2012 is the base year for exports and imports of goods and services.

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CARIBBEAN ECONOMICS
QUARTERLY

VOLUME 16, ISSUE 02 | AUGUST 2026

How are Caribbean economies navigating a world of higher borrowing costs, volatile energy prices, climate risks, and rising development needs? This issue of the *Caribbean Economics Quarterly* examines the fiscal and debt trajectories of The Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago since the COVID-19 pandemic. Drawing on recent country experiences, it highlights remarkable progress in debt reduction alongside persistent vulnerabilities. The report argues that the next phase of fiscal resilience will depend on stronger tax systems, better institutions, and prudent fiscal management. Featuring country-by-country analysis and forward-looking policy recommendations, it offers a timely roadmap for sustainable growth and economic stability across the Caribbean.

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