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STUDIES AND PERSPECTIVES 135

ECLAC SUBREGIONAL HEADQUARTERS FOR THE CARIBBEAN

Economic survey of the Caribbean 2024

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This document was prepared by Sheldon McLean, Coordinator of the Economic Development Unit of the Economic Commission for Latin America and the Caribbean (ECLAC) subregional headquarters for the Caribbean; Michael Hendrickson, Economic Affairs Officer; Machel Pantin, Associate Economic Affairs Officer; Christa Julien, Research Assistant; and Dejeanne Serville, Project Assistant, all of the same Unit.

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Abstract

This survey examines the economic performance of economies of the Caribbean in 2023 and the first few months of 2024 and comprises five chapters. The first chapter gives an overview of global, regional and subregional economic performance in the Caribbean. The second provides an analysis of the subregion's fiscal performance and debt burden. The third looks at monetary policy and their impacts. The fourth is focused on the external sector, while the fifth concludes.

I. Global and subregional performance

A. Global analysis and performance

In 2023, the global economy slowed significantly, still unable to fully recover from the COVID-19 pandemic and the Russia-Ukraine conflict. However, by early 2024 through April, global activity and world trade stabilized, showing surprising resilience. Global recovery advanced as the the impact of recent crises and their cyclical effects on economic performance diminished.

Inflation, however, remains persistent, even as energy and food prices have returned to pre-pandemic levels in many countries, hampering a full recovery. This persistence is largely attributed to rising demand for services and labor, which has driven up wages and service costs. Escalating trade tensions and policy uncertainty have also raised the likelihood that central banks in advanced economies will adopt a more cautious approach to easing monetary policies. In early 2024, the United States delayed monetary policy normalization (when inflation surged unexpectedly), thereby sustaining inflation, particularly in the services sector, and straining fiscal discipline, pushing its debt-to-GDP ratio steadily higher, with accompanying risks to both the domestic and global economy.

Given these persistent inflationary pressures and uncertainties, managing fiscal and trade policies effectively becomes crucial. Over-tightening should be avoided, so as to avoid harmful economic spillovers to the rest of the world. In the short term, central banks should focus on price stability while fiscal policies rebuild reserves for future economic shocks. International cooperation is vital for fostering sustainable recovery, with multilateral policies and structural reforms boosting productivity and global growth.

As cyclical factors subside, the gap in output between faster- and slower-growing economies has diminished, with growth rates converging toward their potential and sustainable levels. Asia's emerging markets, particularly India and China, continue to drive nearly half of global growth. In the first quarter, China's growth was bolstered by resurgent domestic consumption and a temporary export surge, further reducing output divergences.

Turning to global economic performance and prospects, global growth is projected at 3.3% in 2025, following 3.2% in 2024. Emerging and developing economies, particularly India and China, remain key drivers of growth. India leads global growth at 8.2% in 2023, moderating to 7.0% in 2024 and 6.5% in 2025, consistently outpacing China, whose growth slows from 5.2% in 2023 to 5.0% in 2024 and 4.5% in 2025. Advanced economies show much lower growth, averaging 1.7–1.8%, with the United States projected to grow at 2.6% in 2024 but slowing to 1.9% in 2025, reflecting moderated consumption and a negative contribution from net trade.

Meanwhile, Latin America and the Caribbean are expected to remain on a low-growth path in 2024, with an average growth rate of just 1.8%, as cyclical factors fade, and economic activity aligns with its potential.

Table 1
Global economic performance and prospects, 2022–2024
(Percentages)

	2022	2023	2024
Advanced economies	2.6	1.5	1.4
Emerging market and developing countries	4.1	4.0	4.0
Euro area	3.3	0.7	1.2
Latin America and the Caribbean	4.1	2.3	2.3
China	3.0	5.0	4.2
India	7.2	6.3	6.3
United States	2.1	2.1	1.5
World	3.5	3.0	2.9

Source: International Monetary Fund, World Economic Outlook. (2023). Economic Commission for Latin America and the Caribbean.
Note: Projections for 2024.

B. Caribbean growth performance and prospects

In 2023, all fifteen countries in the region experienced positive economic growth. The Caribbean average growth was 6.5% which was a deceleration of 1.4 percentage points compared to 2022, with the goods producers growing at 12.2% and service producers at 4.54%. Guyana continued to dominate the regional growth landscape, leveraging its burgeoning oil sector to achieve a growth rate of 32.2% in 2023. As a result, the Caribbean excluding Guyana grew by 4.18%. When Guyana is also excluded from among the good producer's growth rate was 3.17%. There was, however, still a positive growth among the remaining three: Belize, Trinidad and Tobago and Suriname which had growth rates of 4.8%, 2.7% and 2% respectively.

Service-producing economies also demonstrated positive growth in 2023, led by Anguilla and Barbados with growths of 8.2% and 4.9% respectively. Growth rate varied across the service producers between 8.2% (Anguilla) and 2% (Suriname).

It is projected that there will be positive growth among the countries of the subregion in 2023. For the Caribbean as a whole, growth is anticipated to be some 5.6% while the goods and services will grow by 9.53% and 4.14% respectively. When Guyana is excluded from among the regional economies, growth falls to 3.9% and 2.97% among the good producers. Guyana's growth, while still substantial, is anticipated to decrease by 10 percentage points from 2023 to 29.2% in 2024. Among the other good producers Suriname is expected to grow to 2.4% whilst Trinidad and Tobago anticipate a fall to 2.4%. Turning to service producers, growth is expected to vary between 6.9% (Anguilla) and 1.8% (Jamaica).

Table 2
Caribbean GDP growth rates, 2021–2024
(Percentages)

	2021	2022	2023	2024
Anguilla	12.8	24.2	8.2	6.9
Antigua and Barbuda	8.2	9.5	3.9	6.3
Bahamas (The)	15.4	10.8	2.6	2.3
Barbados	-1.2	13.5	4.9	3.7
Belize	17.9	8.7	4.8	4.1
Dominica	6.9	5.6	4.7	4.6
Grenada	4.7	7.3	3.6	4.1
Guyana	20.1	63.3	39.2	29.2
Jamaica	4.6	5.2	2.1	1.8
Montserrat	5.5	2.5	7.3	4.8
Saint Kitts and Nevis	0.5	10.5	2.3	3
Saint Lucia	10	18.2	3.4	3.4
Saint Vincent and the Grenadines	0.8	7.2	6	4.7
Suriname	2.4	-2.4	2	2.4
Trinidad and Tobago	-1	1.5	2.7	2.4
The Caribbean	**6.0**	**12.8**	**9.4**	**8.7**
Goods Producers	**4.9**	**16.8**	**15.5**	**13.8**
Service Producers	**7.0**	**8.9**	**3.0**	**2.7**
The Caribbean excluding Guyana	**4.2**	**5.7**	**2.9**	**2.6**
Goods producers excluding Guyana	**0.7**	**1.3**	**2.7**	**2.5**

Source: Economic Commission for Latin America and the Caribbean. On the basis of official data.

Since the overall growth rate was starting from a low economic base due to the closure of Caribbean economies under COVID-19, an index of production using 2019 as the base period can be informative. In 2023, the Caribbean's production index reached 121.5, indicating that economic activity in the region surpassed 2019 levels. However, when Guyana (391.8) is excluded among the goods producers the index falls to 98.5 %, which is below the 2019 level. Conversely, the production index for service producing economies remained above the 2019 levels, although four economies: Antigua and Barbuda, Dominica and Saint Kitts and Nevis, registered indices below their 2019 benchmarks.

In 2024 the Caribbean's overall production index is anticipated to be 132. Goods-producing economies are forecast to achieve an index 202, while service-producing economies are expected to record an index of 107.2, further soldifying the region's economic recovery trajectory.

Table 3
Caribbean GDP growth rates index, 2021–2024
(2019=100)

	2021	2022	2023	2024
Anguilla	79.1	98.3	106.4	113.7
Antigua and Barbuda	87.8	96.1	99.8	106.1
Bahamas (The)	90.7	100.5	103.1	105.5
Barbados	86.5	98.1	102.9	106.7
Belize	101.7	110.6	115.9	120.7
Dominica	89.2	94.1	98.6	103.1
Grenada	90.3	96.8	100.3	104.4
Guyana	172.3	281.4	391.8	506.2
Jamaica	94.2	99.1	101.2	103.0
Montserrat	104.3	106.9	114.7	120.2
Saint Kitts and Nevis	85.0	94.0	96.1	99.0
Saint Lucia	82.9	98.0	101.4	104.8
Saint Vincent and the Grenadines	97.1	104.1	110.3	115.5
Suriname	86.1	84.1	85.7	87.8
Trinidad and Tobago	90.0	91.3	93.8	96.1
The Caribbean	**90.8**	**95.4**	**105.4**	**129.2**
Goods Producers	**98.4**	**102.1**	**117.9**	**156.8**
Service Producers	**84.1**	**89.6**	**94.5**	**104.8**
The Caribbean excluding Guyana	**86.9**	**89.9**	**94.0**	**101.0**
Goods producers excluding Guyana	**90.6**	**90.3**	**93.4**	**96.1**

Source: Economic Commission for Latin America and the Caribbean. On the basis of official data.

C. Unemployment

The growth performance of the economies has a direct impact on unemployment. Unfortunately, consistent unemployment data for the Caribbean region remains a challenge. While the table provides unemployment figures for several countries, the data are not uniformly updated. Only in the case of four countries are the data complete and these are Barbados, Belize, Guyana and Trinidad and Tobago. In the case of Barbados where the data set is complete there has been a decrease in unemployment which can be attributed to the sustained recovery in the tourism and hospitality sector. The unemployment rate decreased from 8.4% in 2022 to 7.9% in 2023.

A similar conclusion can be drawn for Trinidad and Tobago where the unemployment rate decreased from 4.9% in 2022 to 4.0 % in 2023 due to the growth of the non-energy sector. In the case of Belize the unemployment rate was 5.0% in 2022 and fell to 4.0% in 2023 reflecting the growth in that year from agriculture and tourism. In the case of Guyana, the unemployment rate decreased from 6.3% in 2022 to 4.4% in 2023.This was driven by the rapid expansion of the oil and gas sector, which has transformed the country's economy.

Table 4
Unemployment rates, 2016–2023
(Percentages)

	2016	2017	2018	2019	2020	2021	2022	2023
Bahamas (The)	12.7	10.1	10.7	9.5	-	-	-	8.8
Barbados	9.7	10.0	9.7	10.1	15.7	14.1	8.4	7.9
Belize	9.5	9.3	9.4	9.0	13.7	10.2	5	4
Grenada	28.2	23.6	20.6	15.4	24.9	18.1	-	-
Guyana	13.2	11.7	9.1	7.8	10.3	8.5	6.3	4.4
Jamaica	21.3	20.2	20.2	16.83	21.69	21.9	16.5	-
Saint Lucia	9.7	7.6	9.4	10.5	-	-	-	-
Suriname	4.0	4.8	3.9	4.3	5.7	5.4	4.9	4.0
Trinidad and Tobago[a]	-	-	-	-	-	-	-	-

Source: International Labour Organization and Economic Commission for Latin America and the Caribbean. On the basis of official data.
[a] Data was unavailable at the time of drafting the report.

II. Fiscal and debt performance

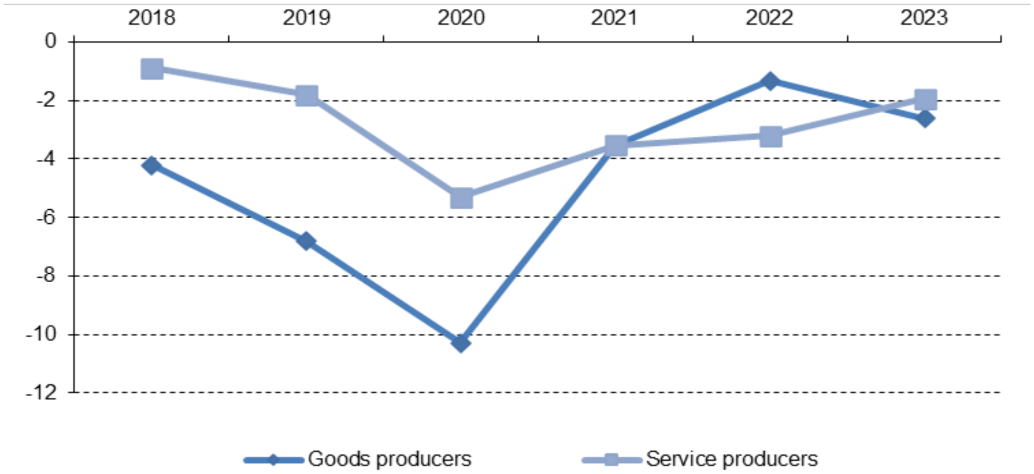
This section analyses the recent fiscal performance of the subregion as it adjusts to the post-pandemic environment marked by shocks from the wars in Ukraine and the Middle East, higher global inflation, foreign exchange constraints and continued domestic pressure from high public debt and debt servicing costs.

A. Fiscal

Caribbean countries continued on the path to fiscal consolidation in 2023 to normalise their fiscal position after the slippage necessitated by the pandemic. The fiscal deficit contracted by 0.5 percentage points from 2.6% of GDP in 2022 to 2.2% of GDP 2023. The deficit contracted in seven countries but increased in six. The reduction in the deficit was driven by the service producers whose deficit declined from 3.6% of GDP to 2.0% of GDP. Among the service producers, Grenada has the largest turnaround in its fiscal position. Grenada's fiscal surplus expanded by 7.6 percentage points to 8.5% of GDP. Non-tax revenues were bolstered by strong growth in receipts from the Citizen by Investment Programme. Tax revenues also posted dynamic growth, thereby reinforcing the overall growth in total receipts.

Meanwhile, Saint Kitts and Nevis, the Bahamas and Antigua and Barbuda registered the largest reductions in their deficits. Saint Kitts and Nevis' deficit fell by 4.5 percentage points, underpinned by a sharp (28.5%) fall in capital spending, owing to the completion of the land repurchase programme, which cost the government in excess of EC$200 million. Current spending fell marginally by 0.7%, reflecting lower outlays on transfers and subsidies. The lower deficit in the Bahamas reflected higher revenues and reduced spending. Revenues were bolstered by a 10.2% increase in VAT receipts, while expenditure declined, owing to lower outlays on goods and services and public sector salaries. This was only partly offset by higher capital expenditure to acquire fixed assets and land. In Antigua and Barbuda, the deficit fell by 1.7 percentage points to 3.7% of GDP because of lower capital spending on personal emoluments and goods and services and higher tax receipts, which bolstered revenues.

Figure 1
Overall fiscal deficit, 2018–2023
(Percent of GDP)



Source: Economic Commission for Latin America and the Caribbean. On the basis of official figures.

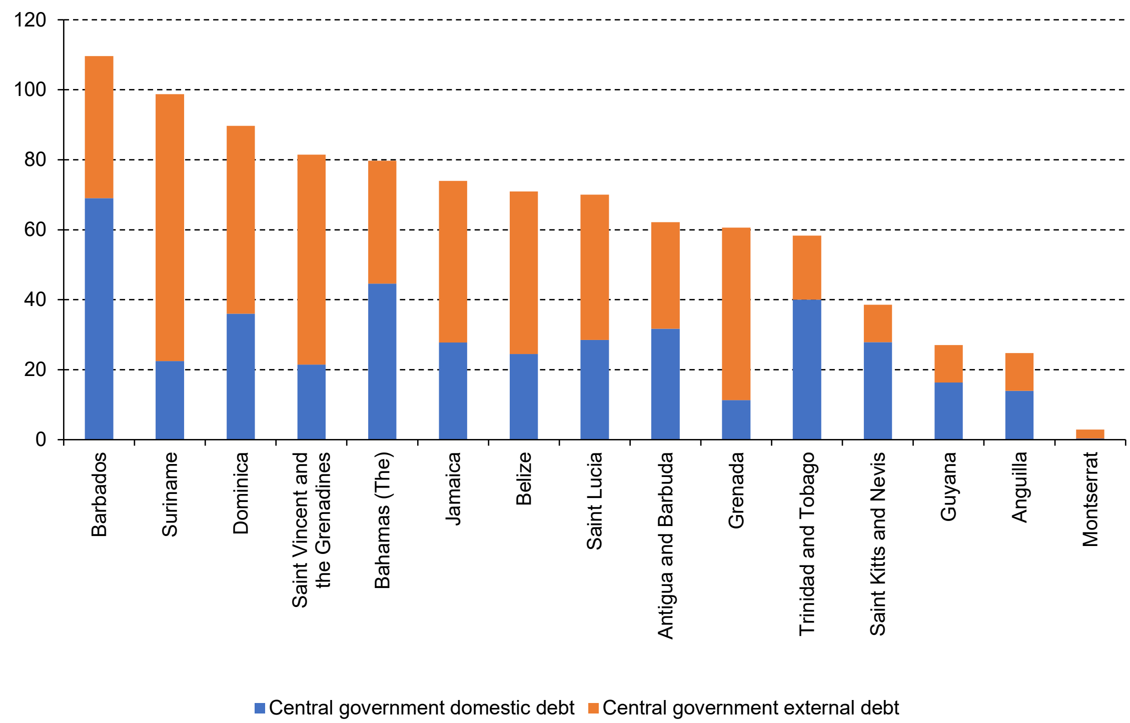
By contrast, for the goods producers, the deficit rose by 1.3 percentage points to 2.6% of GDP. Among the goods producers, the fiscal situation worsened the most in Trinidad and Tobago, with a reversal from a surplus of 0.7% of GDP in 2022 to a deficit of 1.8% of GDP in 2023. The increase in the deficit reflected higher expenditure that offset the increase in revenue. The overall increase in revenue was pegged back by a fall in receipts from the energy sector, although there was an increase in non-energy sector revenues. The growth in spending was mainly driven by an increase in transfers associated with higher allocations to the Heritage and Stabilisation Fund (HSF) and transfers to households. In Suriname, the deficit rose by 1.0 percentage point to 1.9% of GDP.

B. Debt

With the decline in the fiscal deficit, public debt-to-GDP contracted from 66.4% of GDP in 2022 to 63.2% of GDP in 2023. Public debt declined in both the goods and service producers, as most countries sought to put their debt on a downward path after the pandemic. The debt ratio narrowed by 3.9 percentage points to 63.0% of GDP in the service producers and by 1.2 percentage points to 63.7% of GDP in the goods producers. Among the service producers, the largest declines in the debt ratio of 10.6, 7.4 and 6.1 percentage points occurred in Jamaica, Anguilla and Antigua and Barbuda, respectively. The decline in the debt ratio in Jamaica resulted from firm growth in revenues and contained non-wage expenditure, which led to reduced borrowing. This brought public debt down to 73.9% of GDP in 2023, the lowest in more than two decades and below the pre-pandemic levels. Anguilla's debt contracted on account of a robust fiscal surplus of almost 11 % of GDP and no new borrowing in 2023, as the government sought to achieve a sustainable position. The fall in Antigua and Barbuda's debt ratio reflected an improved fiscal position and an almost 6% decline in Central Government's external debt stock.

Meanwhile, among the goods producers, Suriname and Belize registered declines in Central Government debt of 12.9 and 0.4 percentage points. Suriname continues its fiscal adjustment programme to bring down public debt. However, in 2023, the decline in the public debt stemmed from a sharp increase in nominal GDP that deflated the ratio. Similarly, debt increased in Belize in 2023, but the growth in GDP led to a decline in the debt to GDP ratio.

Figure 2
Total public debt, 2023
(Percent of GDP)



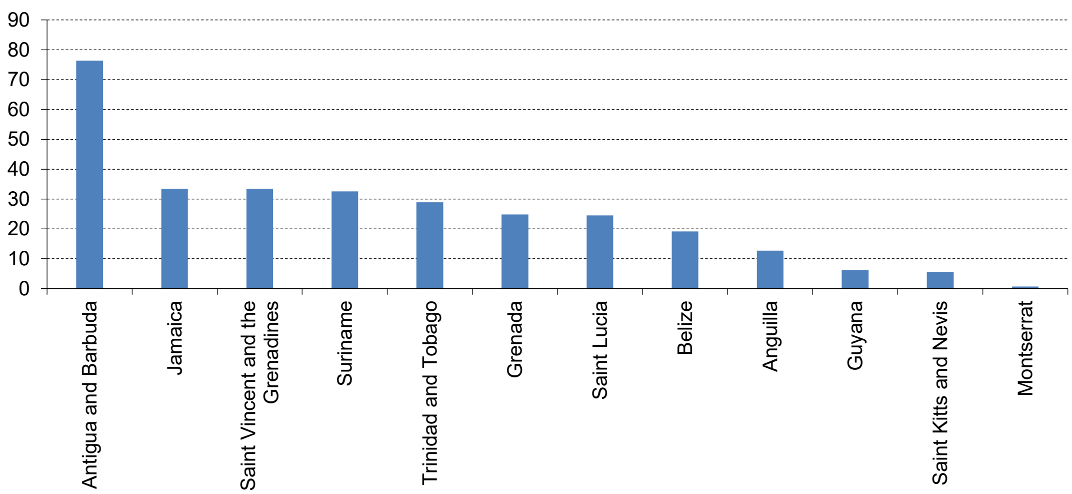
Source: Economic Commission for Latin America and the Caribbean. On the basis of official figures.

C. Debt service payments

During the last five years the average debt service to revenue of Caribbean was 31.1%. This was above trend and reflected the impact of the pandemic, which necessitated contingency spending to limit the impact on citizens and economic activity. In 2023, the average debt service burden increased by 1.5 per centage points to 32.3% of revenue. This reflected a relatively large increase of 6.2 percentage points to 21.7% of revenue in the goods producers, alongside a smaller increase of 0.3 percentage point in the service producers. Among the goods producers, Trinidad and Tobago and Suriname experienced spikes of 11.4 and 9.5 percentage points. The hike in the debt service ratio in Trinidad and Tobago reflected higher public debt in 2023 and the accumulated effects of growth in debt after the pandemic. This led to an over 62% increase in debt service to over TT$15,565 million in 2023. Despite meeting a number of its targets under Extended Fund Facility with the IMF, Suriname debt service widened by 9.5 percentage points to 32.6% of revenue. This mainly reflected debt service commitments on legacy debt acquired largely before and during the pandemic. Belize's debt service ratio rose by 5.0 percentage points to 19.1% of revenue, driven partly by a sharp (over 42% or B$18.0 million) increase in domestic debt service payments largely due to higher principal repayments.

The service producers had a more favourable outturn, with their debt service edging up by only 0.3 percentage point to 35.0% of revenue. Nevertheless, debt service obligations rose sharply by 8.1 percentage points in Antigua and Barbuda, with a few other countries registering modest increases. Antigua and Barbuda's public debt has declined since the pandemic, however, the country continues to face liquidity constraints. The higher debt service ratio in 2023, reflected the carryover costs of servicing the substantial increase in debt, which was acquired to cushion fallout of the pandemic on the society and economy. The debt service ratio increased by 1.3 percentage points in Saint Kitts and Nevis and Saint Lucia. This was linked to the cost of servicing legacy debt in the former and the growth in debt and servicing costs in the latter. By contrast, the ratio declined by 7.9 and 4.8 percentage points in Grenada and the Bahamas. Grenada benefited from a sharp increase in revenues, buoyed by dynamic Citizen by Investment inflows, which were reclassified as part of revenue. This led to a decline in the debt service to revenue ratio. Meanwhile, the Bahamas debt ratio declined by 4.8 percentage points due to a 9.6% increase in revenue

Figure 3
Total debt service 2023
(Per cent of government revenue)



Source: Economic Commission for Latin America and the Caribbean. On the basis of official figures.

III. Monetary policy and prices

The monetary policy stance of Central Banks in the Caribbean region during the review period was largely accommodative in orientation as economies sought to stimulate economic growth and overcome any lingering impacts of the COVID-19 pandemic. As such, the monetary authorities sought to enhance liquidity and stimulate both consumer spending and investment.

Accommodative monetary policy instruments utilized by Caribbean Member States included maintaining exchange as well as the repo rates. For example, the Central Bank of Barbados kept the exchange rate fixed at BD$2 = US$1., and benchmark bank rate at 2% to preserve foreign reserves and thus financial stability. In the ECCU, monetary policy interventions were mixed. The ECCB also kept the exchange rate fixed at EC$ 2.7 = US$ 1, whilst tightening the discount rate to 3 percent in March 2024 up from 2 percent. As of June 2024, the ECCB discount rate remained unchanged at 3 percent. By contrast, Trinidad and Tobago's Central Bank kept the repo rate kept at 3.5% in 2023 and during the first half of 2024, this is attributable to a broader strategy of influencing the economy through the management of money supply and liquidity. In Guyana, the reserve requirement ratio was maintained at 10 percent, thereby prioritizing price stability and an adequate level of liquidity.

Throughout 2023, Jamaica's adopted a neutral monetary policy stance as the Central Bank of Jamaica kept its repo rate unchanged at 7 percent. As such, monetary authority did not employ its repo rate to stimulate economic activity (easing monetary policy) or to curb inflation (tightening monetary policy). However, Jamaica's Central Bank loosened its monetary policy through a reduction of the policy (repo) rate by 25 basis points to 6.75 percent in August 2024. It also continued the gradual reduction of its absorption of liquidity from deposit-taking institutions (DTIs) through open market operations. Its decision in June 2024 to gradually reduce the absorption of liquidity, resulted in an injection of $20.5 billion into the banking system by August 2024. This decision to ease the monetary policy was influenced by lower inflation rates, favorable inflation expectations, reduced wage pressures, and a stable balance of payments in August 2024. BOJ data shows that the monetary base grew by 9.9 percent compared to June 2023, primarily due to a 22.6 percent increase in the Bank's net international reserves, partially offset by a 35.1 percent decline in Net Domestic Assets. Further, despite the passing of Hurricane Beryl, inflation in Jamaica is expected to remain within the Central Bank of Jamaica's target range for 2024.

Suriname is undertaking an economic reform program which seeks to restore macroeconomic stability, usher in debt sustainability, and facilitate economic growth. The program covers areas, including fiscal and debt sustainability, reform to monetary policy, and strengthening the institutional capacity of government. Notably, a key challenge facing the monetary authorities in Suriname has been managing the spill-over effects of a large currency depreciation caused by the floating of the exchange rate. Monetary authorities in Suriname have adopted a tight monetary policy which seeks to control inflation, stabilize the exchange rate, and help restore confidence in its financial system.

A. Money supply and credit

The data suggests that there was a contraction in the of money supply year-on-year for 2023. This was evidenced by the marginal decline in the average M1 (narrow money) from 31.1 percent of GDP at the end of 2022 to 30.8 percent of GDP at the end of 2023. There was also a decline in the average M2 (broad money) from 64.2 percent to 62.1 percent of GDP over the same period. The decline in the money supply and domestic credit across the Caribbean is largely attributed to significant contractions in financial metrics in Dominica, Montserrat, and Barbados. In Dominica, monetary liabilities and quasi-money decreased, driven by a reduction in foreign currency deposits and deposits from other Eastern Caribbean countries. In Montserrat, despite economic growth and an increase in broad money liabilities, this expansion was tempered by a contraction in transferable deposits in the national currency. Similarly, in Barbados, although the financial sector remained highly liquid, a slight decline was observed by the end of 2023, primarily due to reductions in currency, deposits, and the liquid asset ratio.

The service producing countries, on average, year-on-year, experienced a decline in M1 from 33.5 percent to 32.9 percent of GDP over the review period 2023. The decline in the Caribbean average narrow money supply was tempered by the minute growth in the average goods producing economies from 24.3 percent of GDP at the end of 2022 to 24.8 percent of GDP as at end of 2023. On average, the service producing countries also experienced a decline in the broad money supply. This is evidenced by the decline in M2, year-on-year, by 3.3 percentage points to 69.2 percent of GDP.

Guyana, which is currently experiencing an oil boom, saw a rise in both narrow money and broad money supply over the review period, with M1 rising by 1.9 percentage points to 14.7 percent of GDP at the end of 2023. M2 also rose from 21.7 percent GDP to 24.1 percent of GDP over the aforementioned period. This increase in money supply is reflective of increased liquidity (see table 5).

Table 5
M2 and domestic credit to the private and public sector, 2022–2023
(Percentage of GDP)

	M1		M2		Domestic credit to private sector		Domestic credit to public sector	
	2022	2023	2022	2023	2022	2023	2022	2023
Anguilla	9.1	8.7	28.0	25.5	53.3	43.5	-12.3	-18.0
Antigua and Barbuda	24.3	27.6	71.2	67.4	38.1	37.5	11.2	9.4
Bahamas (The)	32.7	30.1	64.4	60.0	43.8	40.9	27.1	26.1
Barbados	91.1	86.8	104.0	98.4	66.7	63.8	19.2	19.1
Belize	42.7	43.3	73.2	72.2	42.6	41.6	14.1	16.8
Dominica	29.6	27.7	83.0	77.1	47.0	42.1	8.8	6.9

	M1		M2		Domestic credit to private sector		Domestic credit to public sector	
	2022	2023	2022	2023	2022	2023	2022	2023
Grenada	43.4	44.0	82.9	81.4	53.6	51.7	-11.2	-17.5
Guyana	12.8	14.7	21.7	24.1	10.6	10.8	-0.5	2.5
Jamaica	16.4	16.6	33.3	33.6				
Montserrat	34.9	34.0	122.8	114.7	40.8	38.2	-35.9	-33.1
Saint Kitts and Nevis	32.7	31.4	90.5	85.6	63.1	61.6	-39.7	-37.1
Saint Lucia	23.1	24.5	51.3	53.7	51.1	50.6	-5.0	-9.2
Saint Vincent and the Grenadines	31.1	30.7	65.7	64.0	42.2	39.9	-1.1	3.9
Suriname	15.1	13.2	21.2	19.0	20.1	17.7	6.9	-1.8
Trinidad and Tobago	26.7	28.0	49.9	54.5	33.3	38.4	50.3	5.7
The Caribbean	31.1	30.8	64.2	62.1	43.3	41.3	2.3	-1.9
Goods producers	24.3	24.8	41.5	42.5	26.7	27.1	17.7	5.8
Service producers	33.5	32.9	72.5	69.2	50.0	47.0	-3.9	-4.9

Source: Economic Commission for Latin America and the Caribbean. On the basis of official data.

However, there was an expansion of money supply over the period June 2023 to June 2024. This was evidenced by the 17.27 percent increase in the average M1 (narrow money) over the corresponding period. There was also growth in the average M2 (broad money) over the same period, by 16.18 percent. Suriname recorded the highest growth in the narrow money (M1) of 79.32 percent between June 2023 to June 2024. A similar large growth was recorded in broad money (M2) of 85.93 percent over the same period. The increase in money supply in Suriname reflects the increase in liquidity in the country, which is contributing to the country's hyperinflation. Guyana continued to experience significant increases in narrow money and broad money by 26.40 percent and 23.60 percent respectively over the June 2023 to June 2024 period. This increase in money supply reflected the inflows of hydrocarbon rents.

The Caribbean on average recorded a contraction in average private sector credit over the review period 2022, from 43.3 percent of GDP at the end of 2022 to 41.3 percent at the end of 2023. Year-on-year, the service producing economies experienced a 3-percentage point decline in private sector credit to 47 percent of GDP. This was partially offset by a marginal rise in private sector credit for the goods producing economies from 26.7 percent of GDP to 27.1 of GDP.

Year-on-year, the Caribbean on averaged also incurred a decline in the average public sector credit. Over the review period, year-on-year the goods producing economies experienced a 11.9 percentage point contraction in public sector credit to 5.8 percent of GDP at the end of 2023. The service producing economies also saw a contraction in public sector credit over the review period.

The decline in both the average money supply as well as average credit to the public and private sectors in the Caribbean reflected the lingering effects of the COVID-19 pandemic over the review period.

The Caribbean, however, recorded an increase in the average private sector credit over the June 2023 to June 2024 period. The largest increase in private sector credit over the period was recorded in Guyana. This is reflective of accelerated economic activity, booming conditions, in the country and the extent to which credit is readily being made available to the private sector.

Average credit to the public sector also increased over the same period, with average public sector credit recording a 42.38 percent increase. The largest increase in public sector credit was recorded in Saint Lucia at 100.36%, which was indicative of the strong rebound of the Saint Lucia's economy in 2023 and the first half of 2024. Several public projects were implemented, including the reconstruction of St. Jude Hospital, rehabilitation of sporting venues, the expansion and repair of several roads, and educational infrastructure upgrades. In contrast, countries such as Saint Vincent and the Grenadines, Saint Kitts and Nevis, and Antigua and Barbuda experienced declines in their public sector credit.

B. Inflation

In 2023, price levels in the Caribbean increased by a slower rate relative to the previous year. This was evidenced by the year-on-year average inflation being recorded at 4.58 percent in December 2023, down from 9.63 percent in December 2022. Suriname, however, skewed the Caribbean average inflation upwards. If Suriname is excluded, the Caribbean's average inflation would be recorded at 2.58 percent in December 2023, down from 6.42 percent in December 2022. This was driven by the fall in global energy prices, which lead to lower domestic energy costs and reduced inflationary pressures. However, this disinflation did not reach all sectors of the Caribbean as local crop production was impeded by adverse weather conditions, spiking domestic food prices. This was found in Barbados where prices for household goods, transportation, and recreational activities elevated. Prices in Jamaica, on the other hand, saw a moderation in inflation, benefiting from the decline in energy prices. These are, nevertheless, not expected to withstand the effects of Hurricane Beryl, particularly in the agriculture, forestry and fishing, and construction sectors.

By June 2024, the year-on-year average inflation was 3.18 period, which was lower than the 6.85 percent year-on-year average inflation in June 2023. When Suriname was excluded, the Caribbean average y-o-y inflation was 2.17 percent in June 2024, down from 3.44 percent in June 2023.

Oil prices have been relatively bullish during the first half of 2024. In fact, West Texas Intermediate (WTI) oil prices were US$79.77 per barrel in June 2024, which reflected a rise from US$74.15 per barrel in January 2024. Although oil prices fluctuated over the period, upward pressure was caused by the Russia-Ukraine war, the Israel-Hamas war, and the Israel-Iran conflict. Oil prices were tempered by the strengthening of the US dollar (USD), as well as fears of prospects of an economic slowdown in China which can weaken the demand for oil.

Inflation in Suriname is expected to be at 19.1 percent in 2024, down from 51.6 percent in 2023. The hyperinflation in Suriname is due to the lingering effects of the currency depreciation by 216% between September 2020 and June 2021. The currency, which is floated, continues to slide, thus resulting in the country importing inflation since it has a narrow production base, and therefore many consumer and producer goods must be imported (see figure 4).

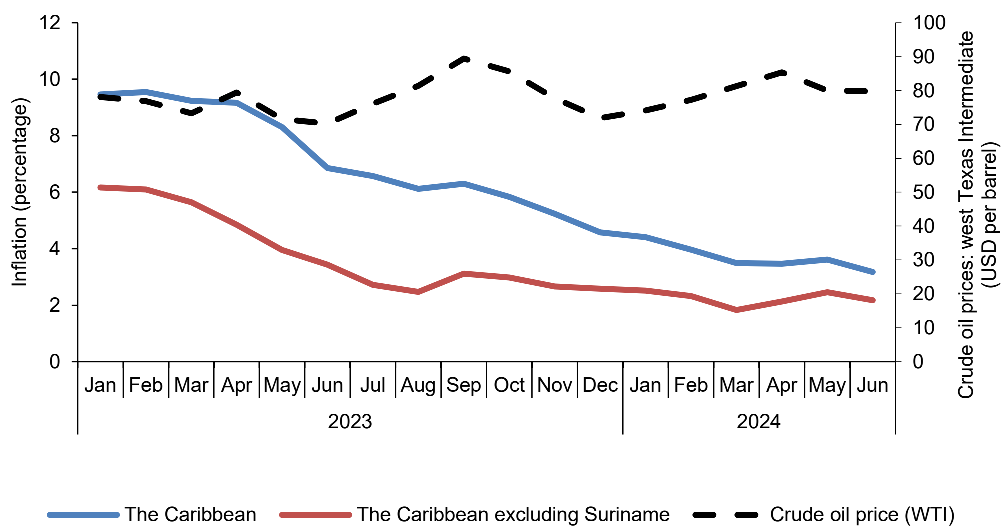
Table 6
Inflation and West Texas intermediate oil prices, Jan 2023–June 2024

Year	Month	The Caribbean	The Caribbean excluding Suriname	Crude oil price (WTI)	ECCU
2022	January	7.67	3.83	83.22	0.03
	February	8.52	4.39	91.64	0.03
	March	8.60	4.77	108.50	0.04
	April	8.88	5.24	101.78	0.05
	May	9.20	5.75	109.55	0.06
	June	9.69	6.44	114.84	0.06
	July	9.55	6.72	101.62	0.06
	August	8.98	6.83	93.67	0.07
	September	8.60	6.22	84.26	0.07
	October	9.31	6.47	87.55	0.06
	November	9.50	6.64	84.37	0.07
	December	9.63	6.42	76.44	0.06

Year	Month	The Caribbean	The Caribbean excluding Suriname	Crude oil price (WTI)	ECCU
2023	January	9.46	6.17	78.12	0.06
	February	9.55	6.09	76.83	0.06
	March	9.23	5.64	73.28	0.06
	April	9.17	4.84	79.45	0.06
	May	8.31	3.95	71.58	0.05
	June	6.85	3.44	70.25	0.04
	July	6.57	2.72	76.07	0.03
	August	6.12	2.47	81.39	0.03
	September	6.30	3.12	89.43	0.03
	October	5.83	2.98	85.64	0.03
	November	5.24	2.66	77.69	0.02
	December	4.58	2.58	71.90	0.03
2024	January	4.40	2.51	74.15	0.03
	February	3.97	2.32	77.25	0.02
	March	3.50	1.83	81.28	0.02
	April	3.47	2.13	85.35	0.02
	May	3.61	2.45	80.02	0.03
	June	3.18	2.17	79.77	0.03

Source: Economic Commission for Latin America and the Caribbean. On the basis of official data; U.S. Energy Information Administration.

Figure 4
Inflation and West Texas intermediate oil prices, Jan 2023–June 2024
(Year on Year Percentage Change)



Source: Economic Commission for Latin America and the Caribbean. On the basis of official data; U.S. Energy Information Administration.

IV. External sector developments

A. Current account

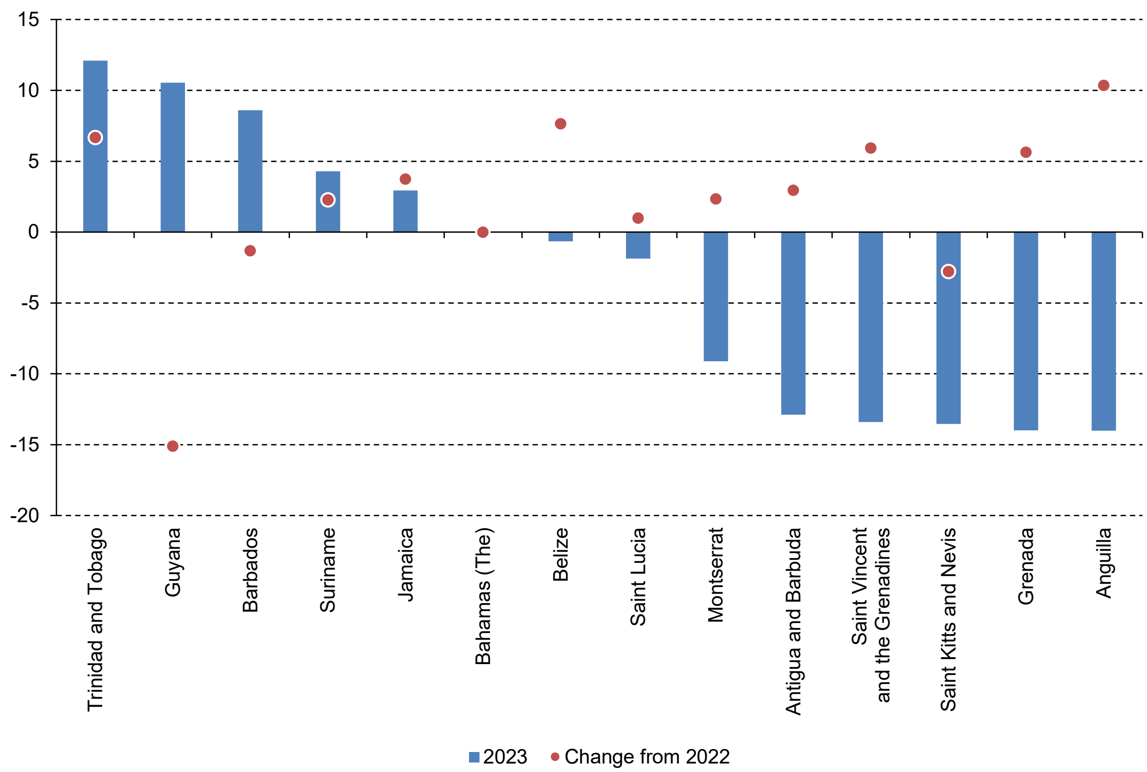
The Caribbean's average current account balance improved, with the deficit narrowing to 5.35% of GDP in 2023 relative to 7.37% of GDP in 2022. This shift reflects the subregion's gradual economic recovery, driven primarily by the reopening of economies and a surge in global tourism. Given the region's reliance on tourism, the increased influx of tourist arrivals following the easing of travel restrictions played a pivitol role in bolstering external accounts. The performance of the subregion was mixed as eleven out of fifteen economies reported various increases in the current account balance by the end of 2023. A key driver of this positive trend was the post-pandemic recovery where many Caribbean nations experienced a strong recovery, particularly in sectors that were impacted heavily by the pandemic. Among the 15 countries assessed, Trinidad and Tobago had the largest current account surplus along with the most sizeable improvement in their current account position which improved by 6.67 percentage points to a surplus of 12.10% of GDP. Conversely, Guyana's current account deteriorated moving from a surplus of 25.62% of GDP in 2022 to 10.54% of GDP in 2023, while Dominica recorded the largest current account deficit in 2023 among all economies at -33.94% of GDP.

For the service producing economies, the current deficit shrunk by 2.18 percentage points to 10.12% of GDP in 2023. The service-producing economies are heavily reliant on tourism and services, which were deeply affected by the pandemic. Even though there was a recovery in tourism in 2022, it wasn't sufficient to offset the deficits experienced in 2023. While most service-based economies generated current account deficits, a few had notable exceptions or smaller deficits such as the economies of Barbados and Jamaica, which had increased surplus contrasting with Bahamas and Dominica that generated high deficits.

Among the four goods producing economies, there was a slight improvement in their current account surplus of 6.19% of GDP in 2022 to 6.57% of GDP in 2023. The observed improvement was solely fueled by a strengthening in the current account position for the Trinidad and Tobago economy. There was increased energy production and export capacity bolstered by non-energy revenue streams.

However, the region's positive current account trajectory was tempered by Guyana's shrinking surplus, driven by rising imports for the development of its oil and gas sector. Other economies such as Belize and Suriname reported improvements with their current account balances, increasing by 7.65 and 2.29 percentage points respectively.

Figure 5
Current account balance, 2023
(Percentage of GDP)



Source: Economic Commission for Latin America and the Caribbean. On the basis of official data.

B. Foreign direct investment

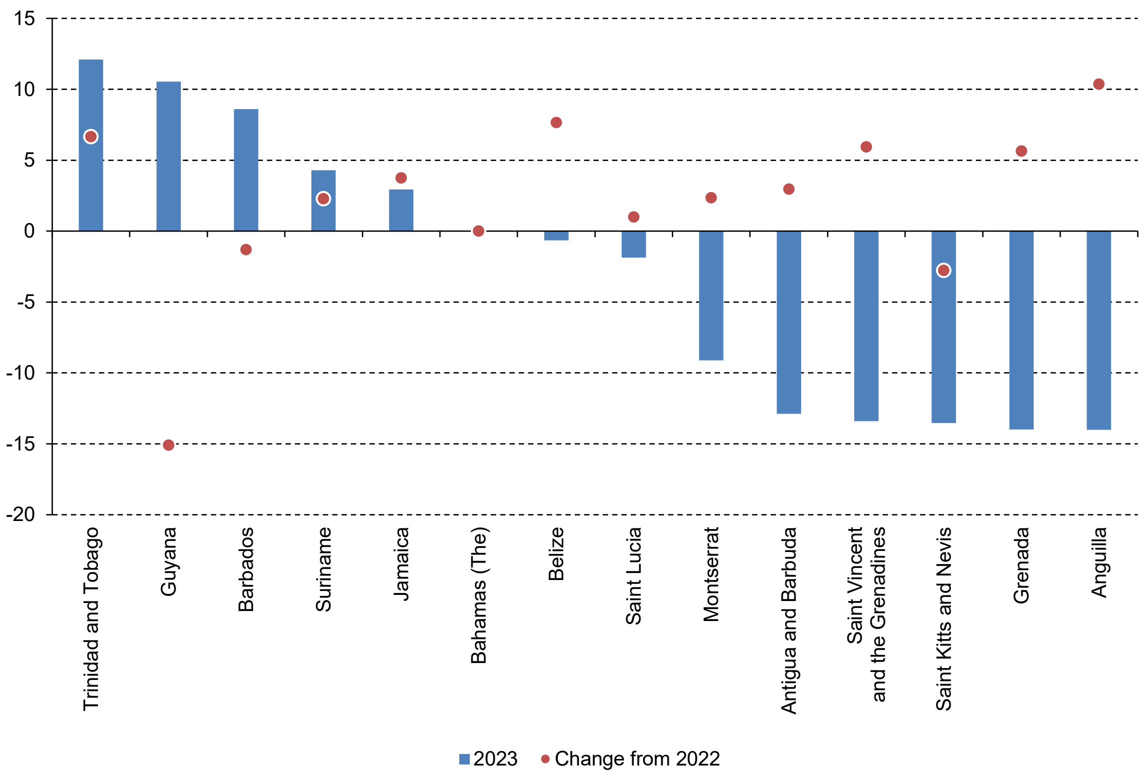
The role of Foreign direct investment (FDI) is important as it creates employment, is a source of foreign exchange and in some cases helps in technology transfer and the upgrading of local skills. FDI inflows for the Caribbean increased in 2023 to US$6872.30 (table 5); up from US$4875.75 in 2022 (table 7). The average FDI inflows, as a per cent of GDP, also increased by 1.33 percentage points to 9.25% in 2023 (figure 6). However, excluding Guyana, average FDI inflows decreased by 1.69 percentage points to 6.23%.

Among the goods producing economies, that accounted for 81.6% of the total FDI among the 15 Caribbean countries assessed, the average FDI inflows as a per cent of GDP increased by 1.57 percentage points to 9.32%. This increase primarily resulted from Guyana which saw an increase of 13.58 percentage points due to investments in their exploration and production infrastructure by major operators. Among the other goods producers, only Belize had positive inflows (0.52%) in 2023 as both Suriname and Trinidad and Tobago reported negative inflows at -1.54% and -5.54% respectively.

In the case of Suriname this was due to high public debt burdens and fiscal challenges while in Trinidad and Tobago this was mostly due to the declining production of the oil and gas sector.

For the service producing economies, who contribute 18.4% of total FDI inflows among the 15 Caribbean economies assessed, inflows increased by 1.68 percentage points to 9.4%. FDI inflows increased in seven of the eleven service producing economies of the Caribbean, with the largest increases (as a per cent of GDP) in Antigua and Barbuda (1.36%) and Anguilla (4.98%). Most of these countries saw an increase following the post-pandemic and ease of restrictions.

Figure 6
Year-on-year change in foreign direct investment inflows, 2023
(Percentage of GDP)



Source: Economic Commission for Latin America and the Caribbean. On the basis of official figures.

Table 7
Foreign direct investment inflows, 2023

	FDI inflows, 2023		Year-on-year change (*Percentages*)
	Per cent of GDP	US$ millions	
Anguilla	27.30	146.16	4.98
Antigua and Barbuda	14.79	300.60	-1.37
Bahamas (The)			
Barbados			
Belize	0.52	16.04	-4.44
Dominica	3.16	20.69	0.26
Grenada	12.44	163.82	-0.32

	FDI inflows, 2023		Year-on-year change (*Percentages*)
	Per cent of GDP	US$ millions	
Guyana	43.15	7 197.90	13.57
Jamaica	1.95	376.50	0.08
Montserrat	8.56	6.88	2.13
Saint Kitts and Nevis	3.04	32.16	-1.37
Saint Lucia	5.71	138.72	4.30
Saint Vincent and the Grenadines	7.64	81.43	0.35
Suriname	-1.54	-53.10	-1.29
Trinidad and Tobago	-5.54	-1 555.50	-2.49
The Caribbean	**9.32**	**6 872.30**	**1.8**
Goods Producers	**9.15**	**985.6**	**3.8**
Service Producers	**9.40**	**-175.3**	**1.0**

Source: Economic Commission for Latin America and the Caribbean. On the basis of official figures.

V. Conclusion

In 2023, the Caribbean economy exhibited resilience, showing positive growth despite ongoing global challenges. The region's average growth rate was 6.5%, a marginal deceleration of 1.4 percentage points relative to 2022. The goods-producing economies, notably bolstered by Guyana's exceptional 32.2% growth attributable to its burgeoning oil sector, expanded by 12.2%. In contrast, the service-producing economies exhibited a more subdued growth rate of 4.54%. Excluding Guyana, the Caribbean economy expanded by 4.18%, with Belize, Trinidad and Tobago, and Suriname making notable contributions toward this outturn. Service-producing economies also recorded growth, with Anguilla and Barbados at the forefront, achieving rates of 8.2% and 4.9%, respectively. The growth trajectory across service producers, however, was not uniform, as some countries experienced more gradual recoveries.

In 2023, subregional governments continued their fiscal consolidation efforts by reducing deficits through decreased capital spending on non-wage expenditure and thus reduced borrowing, marginally lower current spending; and growth in revenues, particularly from higher tax receipts, such as VAT. The regional fiscal deficit contracted slightly from 2.6% of GDP in 2022 to 2.2% in 2023, with service-producing economies seeing a smaller increase in deficits. This is attributable to more stable debt servicing costs. By contrast, the goods-producing economies, including Trinidad and Tobago and Suriname, saw substantial increases in their fiscal deficits due to higher debt servicing costs driven by pandemic-related borrowing. This culminated in a modest reduction in the debt-to-GDP ratio in both goods and service producers, with public debt falling from 66.4% in 2022 to 63.2% in 2023, as many countries focused on reducing their debt following the pandemic.

These persistent debt servicing cost challenges, compounded by high inflation and ongoing geopolitical uncertainties, leave the future for the Caribbean uncertain. With ongoing inflationary pressures, supply chain disruptions, and the lingering effects of the Russia-Ukraine war as well as the impact of climate change, the Caribbean remains vulnerable to continued economic challenges. This fragility underscores the importance of continued fiscal discipline and debt management.

To maintain its positive growth trajectory, policy coordination will be key. Governments must fortify the ongoing efforts towards fiscal discipline while fostering an environment conducive to growth. Investment in productive capacity —such as digital infrastructure, green technologies, and supply chain diversification— can help economies better withstand future crises. International support will be essential, particularly for countries grappling with high debt burdens.

The outlook for 2024 holds promise, but sustaining growth will require careful management of fiscal and debt challenges, along with strategic investments in resilience-building measures. With coordinated efforts, the Caribbean can strengthen its position and achieve more sustainable, inclusive growth in the years to come.

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