

Grenada says economic performance remarkable'

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FINANCE MINISTER Dennis Cornwall says Grenada's economic performance this year is 'nothing short of remarkable' estimating that real gross domestic product (GDP) will reach 6.2%. Cornwall, delivering the US\$703 million (EC\$1.9 billion) budget to Parliament on Monday, said that the International Monetary Fund (IMF) estimates that real GDP growth will accelerate to 4.4% in 2025, and moderate to 3.2% in 2026, 'positioning us among the fastest growing economies in the Caribbean'.

But he told legislators: 'We are more optimistic about our macroeconomic developments and prospects. We estimate that real GDP will reach 6.2% in 2025, driven by robust construction activity underpinned by both public and private sector investments, sustained strength in the manufacturing, wholesale and retail, transport and storage sectors, and a rebound in the agriculture and fisheries sectors.

'In 2026, growth is projected to moderate slightly to 4.1%, signalling a winding down of Hurricane Beryl reconstruction activities and a return to the core strategic focus of Government's transformative agenda and the expansion and diversification of our productive base,' he added.

Cornwall said that inflationary pressures continued to ease in 2025, following the high global price volatility of recent years.

He said the Government's continued efforts to contain the cost of living, through targeted subsidies on electricity and petroleum products, and the removal of VAT on basic food and essential items, helped to cushion vulnerable households.

Cornwall said as a result, headline or overall inflation declined to an estimated 0.7% in 2025, with food inflation,

though higher than headline inflation, trending downward.

He said over the medium term, period-average inflation is expected to remain low and stable, at around 1% during the period 2026-2028, preserving purchasing power and supporting real income growth.

The finance minister said that from an unemployment rate of 16.6% at the end of the second quarter of 2021, Grenada witnessed a transformative improvement in labour market conditions.

'By the end of October 2025, the unemployment rate had fallen to 7.5%, the lowest level in our modern economic history. Youth unemployment experienced an equally transformative improvement, dropping from 42% to 20.2%, a fall of 21.8 percentage points or more than half over the same period.'

Cornwall said that continued economic expansion in 2026 combined with intense skills-training are expected to bring further improvements in employment opportunities, particularly for youth and women.

Cornwall said the fiscal position in 2025 is estimated to be much stronger than expected, reflecting greater revenue collections and contained recurrent spending, despite higher capital outlays related to Hurricane Beryl's recovery.

He said a primary deficit of US\$46.77 million (EC\$126.4 million), equivalent to 3.1% of GDP, was realised- significantly better than the budgeted primary deficit of US\$77.18 million (EC\$208.6 million) or 5.2% of GDP.

He said looking ahead in 2026, the fiscal position is projected to improve relative to the 2025 budget, and remain largely unchanged relative to the estimated outturn, signalling a gradual return to the fiscal rules and targets under the Fiscal Resilience Act in 2027.