

■ UN report:

Short-term outlook for region remains stable

■ BRIDGETOWN

THE economic outlook in Latin America and the Caribbean (LAC) is expected to strengthen, supported by more robust household spending and easing monetary policies.

However, according to the United Nations World Economic Situation and Prospects (WESP) 2025 report, the region faces major downside risks, including domestic political uncertainties and weaker-than-anticipated external demand.

The report notes that in the Caribbean, excluding Guyana, economic growth is estimated at 2.5% for 2024 and is expected to remain unchanged in 2025 as the effects of the post-pandemic rebound in tourism fade.

It said that although gross domestic product (GDP) growth is significantly above the 0.5% average recorded between 2010 and 2019, it remains insufficient to improve living conditions.

In the Dominican Republic, Guyana, and Paraguay, GDP growth is projected to remain above 3.5% in 2025.

The UN flagship economic report projects that global growth will remain at 2.8% in 2025, unchanged from 2024.

It said while the world economy has demonstrated resilience, withstanding a series of mutually reinforcing shocks, growth remains below the pre-pandemic average of 3.2%, constrained by weak investment, sluggish productivity growth, and high debt levels.

The report notes that lower inflation and ongoing monetary easing in many economies could provide a modest boost to global economic activity in 2025.

However, uncertainty still looms large, with risks stemming from geopolitical conflicts, rising trade tensions and elevated borrowing costs in many parts of the world. These challenges are particularly acute for low income and vulnerable countries, where sub-par and fragile growth threatens to further undermine progress towards the Sustainable Development Goals (SDGs).

'Countries cannot ignore these perils. In our interconnected economy, shocks on one side of the world push up prices on the other. Every country is affected and must be part of the solution, building on progress made,' said UN Secretary-General António Guterres in the foreword to the report.

'We've set a path. Now it's time to deliver. Together, let's make 2025 the year we put the world on track for a prosperous, sustainable future for all.'

The report notes that the short-term outlook

for Latin America and the Caribbean remains moderately favourable with regional GDP growth expected to accelerate from an estimated 1.9 per cent in 2024 to 2.5% in 2025.

It said economic growth is being driven by improvements in private consumption, easing monetary policies, resilient capital flows, and stronger export growth.

However, there are significant downside risks to this outlook. On the external front, a sharper than-expected slowdown in China and the United States would negatively impact exports, remittances, and capital flows.

- CMC