

IMF: Antigua and Barbuda showing economic growth

■ WASHINGTON

THE International Monetary Fund (IMF) says Antigua and Barbuda's post-pandemic economic expansion is continuing with real economic output estimated to have surpassed pre-pandemic levels in 2024, with growth estimated at 4.3%.

The Washington-based financial institution said its executive board has endorsed the staff appraisal of the country, noting that the recovery in nominal gross domestic product (GDP), along with improved fiscal balances, brought down the public debt from around 100% of GDP in 2020 to 67% in 2024.

'However, gross financing needs are projected to remain around 10% of GDP in the medium term.

Substantial domestic and external arrears, albeit with domestic arrears uncertain in size, have limited financing options.'

The IMF noted that the fiscal primary balance improved to 4.6% in 2024, aided by indirect tax increases, a broader economic recovery, and one-off factors. It said the 2025 budget envisages stronger tax revenues and higher capital spending.

According to Eastern Caribbean Central Bank (ECCB) preliminary estimates, the current account deficit narrowed to 7% of GDP in 2024, reflecting both a higher service trade balance, mainly tourism receipts, and a smaller goods deficit due to a contraction in imports.

Foreign direct investment (FDI) inflows were resilient to tightening global financial conditions and continued to support ongoing hotel construction. Credit growth is recovering, with nonperforming loans contained.

In its assessment, the executive board noted that as the recovery matures, the IMF staff projects economic growth to moderate from 3% in 2025 to 2.5% over the medium term.

'After an increase in inflation in 2024, in part reflecting one-off factors, underlying price pressures are expected to dissipate. The external position in 2024 is assessed to be moderately weaker than the level implied by medium term fundamentals and desirable policies.'

The IMF executive board said that efforts to raise revenue and address debt and fiscal challenges bore fruit in 2024, though further steps will be needed to restore debt sustainability, address the stock of outstanding arrears, and reduce gross financing needs in the medium term.

'Risks are currently tilted to the downside, although upside risks are also present. Downside risks emanate from elevated uncertainty about the global outlook; a deepening of geoeconomic fragmentation; commodity price volatility; climate-related vulnerabilities; and capacity constraints in the construction sector.

'Upside risks stem from stronger demand for tourism; improved air connectivity; new cruise port facilities; hosting of special events; and the intensification of productivity-enhancing structural reforms, which could support higher medium- and long-term growth.'

The executive board said that addressing external and domestic arrears is key to broadening financing options. It noted that while the fall in nominal debt in 2024 is welcome, outstanding arrears to domestic suppliers and to the Paris Club remain obstacles to debt sustainability and constrain Antigua and Barbuda's potential access to external and domestic financing.

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