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2.6% economic growth in Q1 for Barbados

■ BRIDGETOWN

BARBADOS maintained its economic growth momentum in the first quarter of this year, with real gross domestic product (GDP) increasing by an estimated 2.6%, Governor of the Central Bank of Barbados (CBB), Dr Kevin Greenidge, said yesterday.

In a review of the island's economic performance in the first quarter of 2025, the Central Bank Governor said that the current economic situation was led by strong performances in tourism, business services and construction.

He said inflation continued its downward trend despite elevated global trade tensions.

'Unemployment claims fell during January and February, but temporary hotel closures in March, linked to major renovation projects, reversed this gain. Economic growth, together with stronger fiscal outcomes for financial year 2024/25, contributed to a further reduction in the debt-to-GDP ratio,' Greenidge told reporters.

He said that the government met its fiscal targets for the financial year 2024/25 supported by stronger revenue collections and controlled spending.

'The primary surplus reached Bds$662.8 million, or 4.6% of GDP, for the fiscal year. Corporation tax collections increased significantly, reflecting structural reforms and improved corporate profitability. Despite higher capital outlays and interest costs, the fiscal deficit narrowed to Bds$87.1 million, or 0.6% of GDP.'

The Central Bank Governor said that the financial system remained stable and continued to support credit growth. He said capital buffers remained well above regulatory requirements, non-performing loans (NPLs) declined, and liquidity levels stayed elevated.

Credit to businesses and households increased, supported by strong deposit growth, ample liquidity, and sustained profitability in the banking sector, Greenidge said.

He said traded sector activity led economic growth in the first quarter with the real GDP growth driven by expansions in tourism, business services, and construction. The trade sector registered growth of four per cent, supported by strong cruise and long-stay visitor arrivals, while agricultural output declined due to adverse weather.

The non-traded sector expanded by 2.4%, reflecting continued investment by both private and public sectors.

The Central Bank Governor said that long-stay performance strengthened, supported by key source markets.

'Long-stay arrivals increased by 2.4%, with the United States market recording a 13% increase, supported by expanded service from Boston and New York as well as new routes from Atlanta and Philadelphia.

'European arrivals climbed by 13.9%, aided by targeted marketing efforts, while arrivals from Canada and the Caricom market had modest growth of 1.4 and 2.9%, respectively. Lower seating capacity from the United Kingdom contributed to a 7.2% decline in arrivals from that market,' Greendige
said as he reviewed the performance of the tourism sector during the first three months of this year. **-CMC**