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Barbados economy projected to grow 3%

■BRIDGETOWN

THE Central Bank of Barbados (CBB) yesterday projected that the island's economy is poised for sustained growth in 2025 and beyond and that an annual average real gross domestic product (GDP) expansion rate of 3% is anticipated in the short to medium term.

'This projection hinges on continued investments by both the public and private sectors, as well as ongoing improvements in productivity and competitiveness,' CBB Governor Dr Kevin Greenidge, told a news conference as he reviewed Barbados' economy for the January to December period last year.

He said Barbados had achieved robust economic growth in 2024, marking three consecutive years of expansion and surpassing the estimated global growth rate.

Greenidge said that real GDP increased by 4%, driven by strong performances in business services, tourism, construction, and retail trade sectors. He said inflation continued its downward trajectory due to stabilising price pressures, while a declining unemployment rate and less jobless claims highlighted improvements in labour market conditions.

'These results underscore the positive effect of targeted economic reforms and provide a solid platform for future sustainable growth,' the CBB Governor told reporters.

He said Barbados registered a record level of gross international reserves, estimated at Bds$3.2 billion, equivalent to 31.2 weeks of import cover, adding 'this reflects strong net foreign exchange inflows from higher tourism receipts and tax revenue generated by the global business sector'.

The Central Bank said that the fiscal position improved significantly during the first three quarters of the financial year 2024/25 and that government's operations resulted in an overall surplus of Bds$224.8 million (1.5% of GDP), compared to a deficit of BDS$7.7 million (0.1% of GDP) in the previous period. It said similarly, the primary surplus expanded by BDS$278.8 million to reach BDS$774.1 million (5.3% of GDP), driven by broad-based revenue growth and prudent expenditure management. Greenidge said these fiscal gains, along with the strong economic growth, contributed to a reduction in the debt-to-GDP ratio, which fell to 103%, down from 109.8% at the end of 2023.

He said the financial sector remained stable, further bolstering economic resilience. Declining non-performing loans (NPLs), robust capital buffers, and ample liquidity supported stability across deposit taking institutions (DTIs).

'These positive outcomes reinforced the sector's capacity to withstand shocks and laid a strong foundation for sustainable economic growth heading into 2025,' he added.

The CBB said that the economic growth last year reflected resilience and expansion across key sectors in both traded and non-traded sectors.

The tourism and manufacturing propelled a 5.5% expansion in the traded sector, despite challenges in agriculture due to adverse weather conditions. Concurrently, the non-traded sector grew by 3.7%, supported by increased domestic demand, with notable contributions from business and other services, construction, and wholesale and retail trade. **-CMC**