

CDB warns against tourism over-dependence



Newly appointed Caribbean Development Bank president Daniel Best PHOTO COURTESY OF CDB

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The Caribbean is being urged to place more emphasis on climate change resilience and diversification away from tourism dependent economies.

These suggestions were among the development imperatives put forward by Ian Durant, director of economics at the Caribbean Development Bank (CDB) at its annual news conference yesterday at the Errol Barrow Centre for Creative Imagination in Barbados.

Durant said the region had recorded growth of 1.7 per cent in 2024, excluding Guyana, whose economy expanded by 43.5 per cent last year.

“Looking ahead, regional growth is expected to remain moderate in 2025. Excluding Guyana, the Caribbean Development Bank projects regional growth of 2.5 per cent, with performance varying across borrowing member countries,” said Durant, adding that Guyana’s growth is expected to slow to 11.9 per cent, following its rapid growth in oil production in 2024.

He said if all 19 borrowing member countries are included, the growth rate is expected to be 4.6 per cent.

“Among other commodity exporters, growth is expected to gain momentum, as they continue to recover,” said Durant, referring to Suriname and T&T.

Durant noted that while 15 countries in the region surpassed pre-pandemic output levels, there were several global issues which could derail Caribbean economies.

“While the Caribbean region is on track for continued growth in 2025, there are several risks that could alter this trajectory. Internationally, geopolitical tensions along with the resurgence of protectionist policies could elevate uncertainty in global markets, disrupt supply chains and exert upward pressure on commodity prices. Additionally, policy shifts in the United States including evolving policy priorities add to the uncertainty of the outlook,” said Durant, who also noted that tourism had remained the key driver of growth in some of the bank’s member countries.

“We must build resilience to climate change and natural hazards. Hurricane Beryl’s devastation was a stark reminder of our region’s fragility. We must redouble efforts to climate-proof infrastructure, improve disaster preparedness and integrate climate considerations into every facet of development planning,” said Durant.

“We must address our over-dependence on tourism for foreign exchange earnings. Achieving the necessary diversification requires us to build dynamic, internationally competitive economies.”

Durant noted that while many member countries had reported primary surpluses, it had been largely due to increased tax revenue.

Earlier in the meeting, Daniel Best, president of the CDB, also stressed the importance of becoming climate change resilient.

He stated the Bank would support plans for energy transition and food security in the region as well.

“Supporting the energy transition is critical for us. We will focus on delivering reliable sustainable energy to the region while prioritising energy access for underserved communities.

“We must also devote our attention to addressing food security. Look, we saw first-hand during the COVID-19 pandemic the risk to food security as global supply chains were disrupted, but this is an issue that the region can address,” said Best.

“We have to increase the scale, speed and effectiveness of climate and disaster risk reduction financing for our borrowing member countries. We can no longer be surprised when we are impacted by a natural hazard event. Our region is seven times more likely to be impacted by a natural hazard event than another country,” said the CDB president.