FACT SHEET

Caribbean Economic Review and 2017 Outlook

2016 ECONOMIC PICTURE

The economies of most of the Caribbean Development Bank's (CDB) borrowing member countries (BMCs) recorded positive growth in 2016.

With the exception of Guyana, countries that are predominantly commodity exporters saw their economies contract. Trinidad and Tobago recorded a decline of 5%; Suriname, 9%; and Belize, 1.2%.

In 2016 average growth across the region was -0.9%, compared to 0.4% in 2015.

Growth in the Caribbean continues to lag behind other Small Island Developing states (SIDS).

COMMODITY PRICES REMAIN LOW

BMC economies are either commodity based or service oriented (tourism).

Growth in tourism-dependent economies was largely driven by increased visitor arrivals and related expenditures.

However, the pace of growth for visitor arrivals has slowed. In 2016, the number of visitors increased by approx. 1.7%. This compares poorly with 2015 (4%) and 2014 (5.9%).

Despite the recent uptick in crude oil and natural gas prices, economic contraction is estimated for commodity exporters – Belize, Suriname and Trinidad and Tobago.

THE PROBLEM OF UNEMPLOYMENT

High levels of unemployment persist. Most countries showed declines in unemployment, but underemployment is still a challenge.

In Saint Lucia, unemployment declined in 2016 due to increased construction sector activity, but is still high at 20%.

Unemployment is rising in Trinidad and Tobago, from 3.4% in 2015 to 4.4% in 2016, and in Suriname, from 8.9% in 2015 to 11.9% in 2016. Youth unemployment continues to be a major challenge, with rates in excess of 30% in most territories.

DOING BUSINESS IN THE CARIBBEAN

The ability to do business in most BMCs has deteriorated.

Guyana moved 16 places to 124 in the World Bank 2017 Global Doing Business ranking. However, rankings for all other BMCs declined. Guyana benefited from reforms, particularly related to advancement in the use of its credit bureau.

An aggressive, ownership-driven reform agenda puts Jamaica as the consistently best regional performer in its Doing Business indices, notwithstanding the slight fall in ranking. Jamaica is ranked the highest at 67.

Overall, the region's ranking fell three places to 120 in 2017.

LOW ECONOMIC GROWTH & HIGH PUBLIC DEBT

The Region continues to be characterized as an area of low economic growth and high public debt. More than half of BMCs are saddled with debt ratios in excess of 60% of GDP.

Between 2015 and 2016, only 5 territories were able to reduce their debt burdens: Antigua and Barbuda (by 5.5%), Grenada (by 5.1%), Jamaica (by 4.5%), St Kitts and Nevis (by 3.5%) and Guyana (by 2.2%). These countries all recorded positive growth and all but one (Guyana), had primary fiscal surpluses in 2016.

All other countries recorded an increase in their debt ratios at varying degrees.

FOREIGN CURRENCY RESERVES

Foreign currency reserves dipped below benchmark levels in some BMCS in 2016.

Last year, Barbados' foreign currency reserves fell below the equivalent value of the global benchmark of three months of imports.

The Bahamas and Suriname saw improvements, but reserves also remained below the three month threshold.

Foreign exchange reserves remained above the threshold in other countries. Trinidad and Tobago continued to accumulate the largest stock of reserves.

2017 OUTLOOK

In 2017, the region is projected to record positive growth across the board.

Growth across BMCs is expected to average 1.7% in 2017, and will largely be driven by increased tourism activities, and construction mainly related to the tourism industry.

Although the growth projection is better that 2016, it is still below where it needs to be to stimulate employment and reduce the persistently high debt levels.