



2026

ANNUAL NEWS CONFERENCE

Driving Growth: 2025 Outcomes and 2026 Outlook

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Colleagues, partners, and friends of the Caribbean Development Bank, good morning.

The year 2025 was a reminder of a familiar reality for the Caribbean: small, open economies remain highly exposed to external shocks. What is more concerning in this moment, is the persistence of uncertainty and the narrowing room for policy error.

Today, I will take a closer look at how the Caribbean economy performed in 2025, outline our outlook for 2026, and highlight a few priorities that will be critical to strengthening resilience.

Economic Review 2025

Let me begin with a broad picture of economic performance in 2025.

Last year was more challenging for the Caribbean region, as global conditions became less supportive and downside risks materialised. Excluding Guyana, regional growth decelerated to 0.6%, from 1.4% in 2024, as several economies recorded weaker growth or contractions.

In contrast, Guyana's growth decelerated from the exceptionally high rates recorded in 2024 but remained robust, with the economy still expanding at a double-digit pace. As a result, when Guyana is included, regional growth rose to 4.7%.

Outcomes varied across other countries. Among commodity exporters, economic activity in Suriname accelerated, partly reflecting continued oil-related investment, while Trinidad and Tobago experienced muted growth.

Service-exporting economies expanded more slowly, as tourism momentum eased.

Once again, climate shocks weighed heavily on performance. Hurricane Melissa struck Jamaica while it was still recovering from Hurricane Beryl, pushing the economy into a second consecutive year of contraction.

There was, however, some relief on inflation. In line with global trends, price pressures eased across most economies, with regional inflation falling to an average of 3.4%, from its 2022 peak of 9.7%.

Labour-market conditions also improved in several countries, with lower unemployment and higher participation, though disparities remain, especially among youth and women.

On the fiscal side, consolidation gains achieved in the post-pandemic period stalled in a number of Borrowing Member Countries. Excluding Guyana, the regional primary surplus narrowed to 1.3% of GDP as expenditure growth outpaced revenue.

Higher recurrent expenditure, climate-related shocks, temporary tax relief measures, and volatile non-tax inflows all contributed to the weakening. In Guyana, a substantial expansion in capital spending resulted in a sizeable primary deficit. Consequently, when Guyana is included, the regional primary surplus narrows to 0.2% of GDP.

While the regional central government debt ratio declined slightly to 46.6%, underlying vulnerabilities persist. Debt levels remain elevated in several economies, with central government debt still above 60% of GDP in nine countries.

Notably, in few cases, fiscal responsibility frameworks helped contain deterioration, by enabling orderly adjustment to climate shocks through escape clauses.

Outlook for 2026

Turning now to 2026.

Growth across the Caribbean is expected to remain modest. Excluding Guyana, regional GDP is forecasted to grow by 1.1%. Guyana is expected to expand by over 20%, lifting regional growth to 6.2% when included.

Among other commodity exporters, prospects remain mixed, with growth outcomes closely tied to commodity price trends and production dynamics. Service-exporting economies are anticipated to record modest growth, largely hinging on tourism and construction. Inflation dynamics in 2026 will be shaped by developments in global commodity markets.

On the fiscal front, some countries will continue consolidating and strengthening revenue administration. However, pressures from post-disaster recovery, rising wage costs, and declining Citizenship-by-Investment revenues persist. In several cases, these pressures have led to deviations from medium-term debt reduction paths and will require fiscal adjustment to realign with established debt targets and preserve sustainability.

That said, risks remain on the downside.

Global uncertainty, geopolitical tensions, both globally and within the wider Caribbean Basin, and climate-related shocks continue to cloud the outlook.

Fiscal risks also remain pronounced, particularly in highly indebted countries with limited buffers.

At the same time, stronger than expected tourism outturns, accelerated investment, progress on the renewable energy transition, and accelerated reforms to the business environment could improve medium term prospects.

This brings me to the development imperatives.

Development Imperatives

In the Caribbean's recent history, one external shock has followed another, each one underscoring how exposed small, open economies remain. This year, beyond the shocks themselves, uncertainty has become more deeply entrenched.

This reality makes regional cooperation not just desirable, but absolutely essential. In a more uncertain and fragmented world, vulnerability is magnified when countries act alone, but together, we are more resilient.

It is equally important to emphasise that we are not without agency. External conditions matter, but they do not fully determine outcomes.

The policy choices we make, the institutions we build, and the societies we shape will continue to influence the region's path.

This points to several clear development imperatives. First, we must improve implementation. Good plans and secured financing mean little without delivery. Implementation must match ambition.

Second, we must diversify. Overreliance on single industries leaves us exposed. More competitive, private-sector-led economies are essential to lasting resilience.

Third, we must build resilience by design. Invest upfront in stronger infrastructure, strengthen disaster-risk financing, and ensure our social systems can respond when shocks strike.

Fourth, we must strengthen fiscal institutions and safeguard debt sustainability. Wider adoption of well-designed fiscal responsibility frameworks will further strengthen policy credibility.

And finally, resilience is about people. Equip them with skills, expand decent work, and unlock their productive potential. That is the foundation of sustainable growth.

Taken together, these imperatives underscore a simple but powerful point: resilience is built through credible policy choices. Through stronger institutions, disciplined execution, investment in our people, and through regional solidarity.

If we rise to meet this moment, we will not only withstand shocks. We will shape a more stable, more inclusive, and more sustainable Caribbean future.

Thank you. I now invite Mr O'Reilly Lewis, Director of Projects, to take us through the Bank's project performance and the strategic priorities shaping our work.

