EASTERN CARIBBEAN CENTRAL BANK

ECONOMIC AND FINANCIAL REVIEW

2025 UPDATE

Anguilla

Finalised 2025 actuals and revised medium-term projections

Research, Statistics and Data Analytics Department
www.eccb-centralbank.org

EASTERN CARIBBEAN
CENTRAL BANK

Economic and Financial Review

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Anguilla

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ABOUT THIS REVIEW

Important Note

This publication updates the **December 2025 Annual Economic and Financial Review (AEFR)** by reflecting revised 2025 data and updated short- and medium-term macroeconomic projections. By substituting preliminary estimates with revised data, the report outlines the outturn of core economic indicators for 2025, establishing an updated baseline for comparative analysis against the previous estimates.

Based on newly available Q1-2026 data and changing economic conditions, our growth outlook for 2026 and 2027 has been revised. These short- and medium-term projections also integrate recent surveillance conducted by our technical staff. By accounting for these factors, this review ensures that our policy recommendations remain closely aligned with domestic economic developments and broader international trends.

While these updated projections outline the most likely path forward, actual economic results may diverge from current estimates. Significant variables, including shifting geopolitical dynamics and the execution timelines of national infrastructure projects, introduce baseline uncertainties that could result in either upward or downward deviations from these forecasts. These forecasts should therefore be viewed as flexible guidelines that will be updated as new monthly data and official statistics become available.

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Coastal arch, Anguilla. Photo: Naomi Francis.

2025 AT A GLANCE

Economic Snapshot

Economic growth moderated in 2025, supported by broad-based sectoral gains and improved fiscal performance. Risks are tilted to the downside from ongoing geopolitical tensions.

Real GDP Growth

3.9%

2025, year on year

Economic activity continued to be anchored by tourism and construction activity.

Inflation

−1.6%

end of period (EOP)

General price levels declined maintaining a negative price trend.

Debt-to-GDP

20.5%

public sector debt

Public debt fell, remaining comfortably below the 60% regional threshold.

Total (stayover) arrivals

114,965

2025

Stayover arrivals slowed; but remained above 2019 pre-pandemic volume.

Top 4 GDP Contributors

Accommodation and Food Services	23.3%
Public Administration and Defence	10.9%
Financial and Insurance Activities	10.5%
Real Estate	9.0%

Tourism, other services, public administration, and construction anchor total output.

Trade Balance

−33.2%

goods, % of GDP

Contracting imports drove a deceleration in the trade balance ratio.

NPL ratio

10.1% fell in 2025

5.0% prudential benchmark

Asset quality improved, but NPL ratio remained above regulatory benchmark.

Tax Revenue

20.7%

% of GDP

Policy changes reduced major tax receipts, lowering tax revenue.

Overall Fiscal Balance

7.5%

% of GDP

Fiscal surplus narrowed due to fiscal policy changes and higher capital spending.

1 Overview

Headline assessment of Anguilla in 2025

01 **Economic activity in Anguilla outperformed previous estimates, with real GDP expanding by 3.9 per cent in 2025,** driven by strong performance in both tourism and construction.

02 **Anguilla's fiscal position strengthened in 2025,** ensuring that Anguilla remained on track to comply with its final UK borrowing constraint.

03 **Anguilla's external position strengthened, marked by a widening of its net lender position.** The outturn reflected stronger performance in services and travel receipts which was supported by a decline in the value of imports.

04 **Over the medium term, economic activity is projected to remain strong,** characterised by fiscal improvement and broader macroeconomic performance.



Photo credit: Naomi Francis

2 Recent Economic Developments

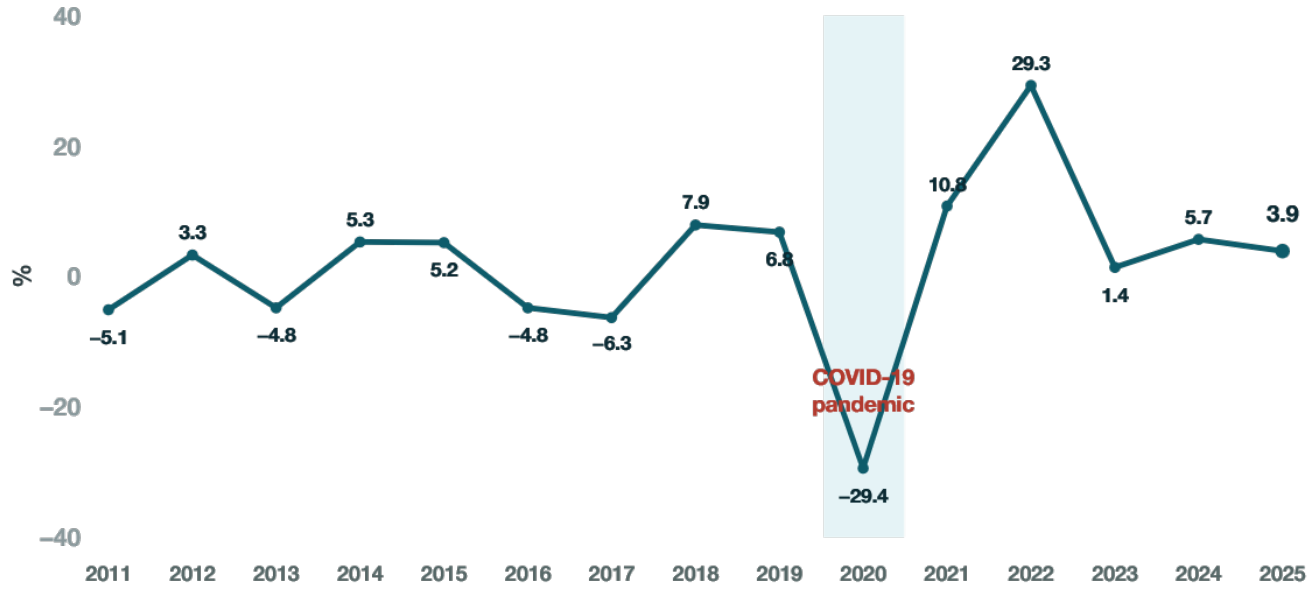
Real sector, prices, fiscal, external and monetary outturns

2.1 Real Sector Developments

Despite a slight deceleration, Anguilla maintained a strong performance in 2025 with growth across a number of sectors. Economic activity expanded by 3.9 per cent, down from 5.7 per cent in 2024 (Figure 1), but slightly above the earlier estimate of 3.2 per cent in the December 2025 report. Steady growth in the tourism and construction sectors supported this growth, underpinned by ancillary sectors.

Figure 1. Real GDP Growth Rate (%)

Moderation in growth reflects economy-wide downturn as tourism fell. 2026 and 2027 are projections.



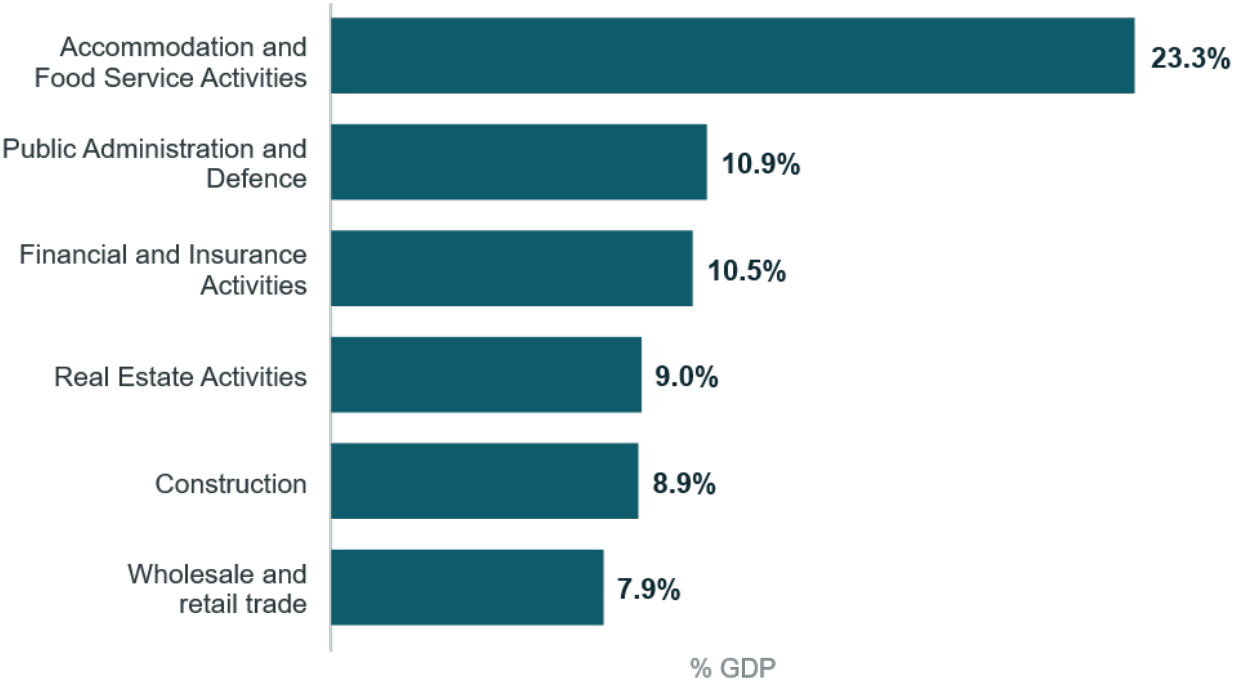
Source: Central Statistical Office and ECCB 2026.

Strong performance in tourism was the primary driver of growth. The Accommodation and Food Service sector, a proxy for tourism activity, accounted for 23.3 per cent of GDP (Figure 2). This sector, and its ancillary sectors, accounted for almost 40.0 per cent of overall GDP, making the sector a critical engine of growth that directly impacts Anguilla's macroeconomic performance.

Construction activity also supported GDP growth, despite a moderation in infrastructure momentum. The pace of construction activity was tempered due to the winding down of large-scale projects, notably Phase 2 (terminal building) of the Clayton J Lloyd International Airport project, implementation delays, and the start of new initiatives. This sector accounted for 8.9 per cent of GDP in 2025, slightly stronger than FY2024, but down from previous estimates of 9.3 per cent. Strong contributions from services and public administration, including Financial and Insurance Activities, Public Administration and Real Estate Activities further bolstered overall GDP growth.

Figure 2. Sectoral Contribution to GDP

Accommodation and Food Services continued to be a primary contributor of GDP.



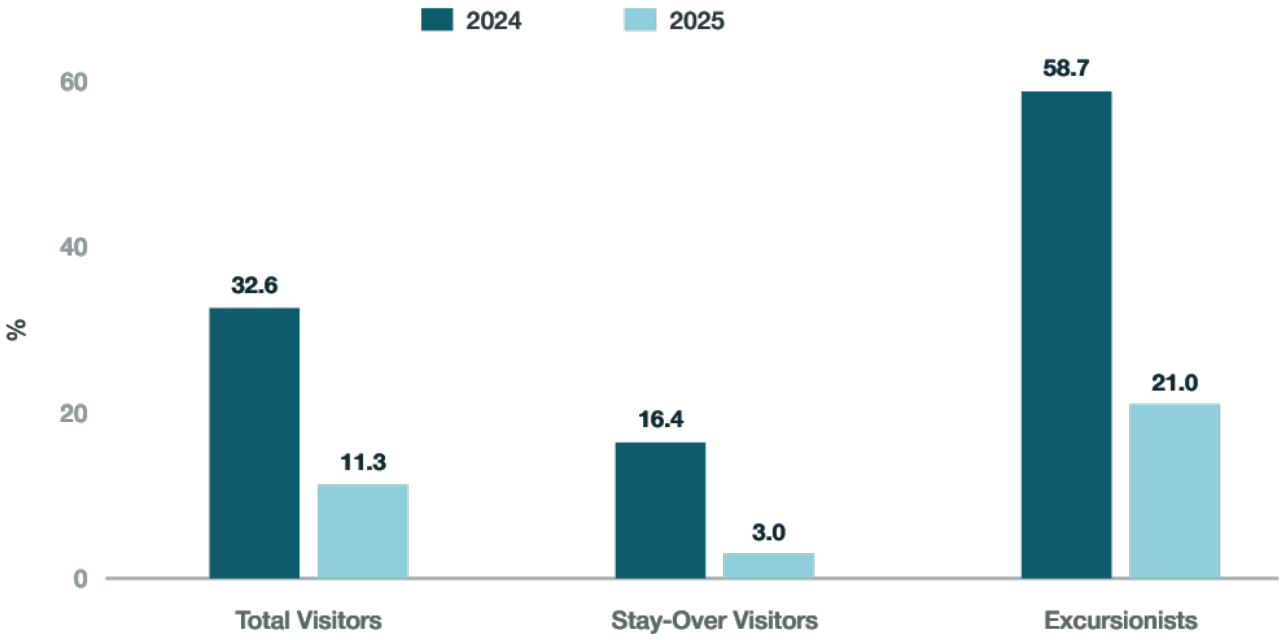
Source: Central Statistics Office and ECCB.

The tourism sector sustained a strong performance in 2025, though the rate decelerated relative to both prior estimates and the previous year's performance. Total visitor arrivals increased by 11.3 per cent to 229,734 visitors, the highest level recorded in nearly three decades. While growth remained high by historical standards, the pace of growth has decelerated compared with both the previous year's performance and earlier projections of 16.0 per cent. Notably, the first quarter's performance outpaced its historical performance of the comparative period, providing a strong anchor the overall performance.

A breakdown by visitor category revealed that the expansion was driven by the excursionist segment which outperformed stay-over arrivals. Of total visitor arrivals, stay-over arrivals grew by 3.0 per cent underperforming previous estimates of 8.8 per cent and decelerating from 16.4 percent in 2024 (Figure 3). The outcome reflected the impact of a year-on-year contraction in stayover arrivals in the off-peak season[1]. The United States of America maintained its position as the major source market, supported by the introduction of direct flights to Puerto Rico, Boston, Baltimore and Newark. Concurrently, excursionists grew by a notable 21.0 per cent, driven by increased frequency of day-trippers to the island. This outturn was slightly below earlier estimates. Visitor expenditure rose by 5.2 per cent to $988.0m.

Figure 3. Percentage Change Growth Comparison

Visitor arrivals performance strengthened in 2025 with improved performance throughout all quarters.



Source: Central Statistics Office and ECCB.

229,734
Total visitor arrivals in 2025, the highest in nearly three decades

+11.3%
Growth in total visitor arrivals in 2025

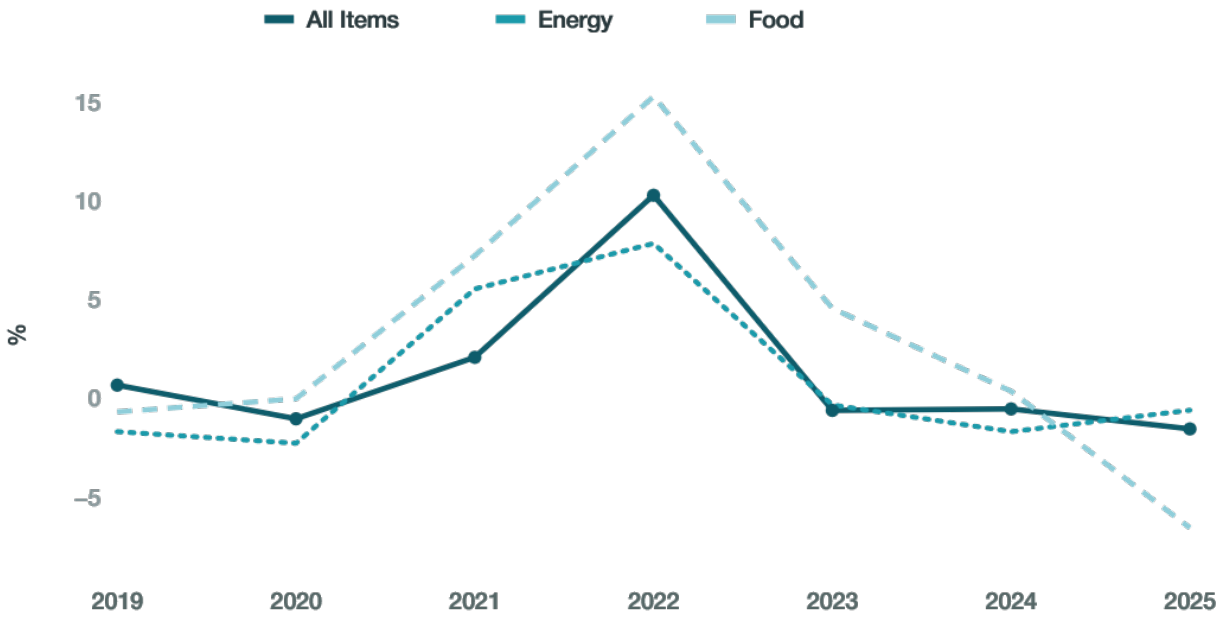
$988.0m
Visitor expenditure, up 5.2 per cent

Anguilla experienced downward price pressures in 2025, driven by broad-based price declines from ongoing policy interventions. Headline inflation stood at -1.6 per cent at 2025 year-end, reflecting a sharper decline than the previously estimated -0.9 per cent and -0.5 per cent in 2024 (Figure 4). This negative price trend reflected downward pressure across several major categories including Food and Non-Alcoholic Beverages, Housing, Water, Electricity, Gas and Other Fuels and Transport. These downward movements were driven by targeted policy interventions and cost-of-living relief measures implemented by the authorities (See Box 1).

[1] The third quarter typically records the lowest volume of visitor arrivals compared to the other quarters of the year..

Figure 4. Inflation Trends 2019-2025

Deflation deepened throughout FY2025 driven by downward movements and targeted measures.



Source: Central Statistics Office and ECCB.

–1.6%	–6.6%	–0.6%
Headline inflation at 2025 year-end	Food price movement in 2025	Energy price movement in 2025

2.2 Fiscal Developments

Anguilla's fiscal position remained robust over the review period, yielding narrower overall and current account surpluses relative to previous estimates, but stronger than the 2024 outturn. The government's overall fiscal surplus narrowed to $106.8m (7.5 per cent of GDP) relative to a previously estimated $171.0m (12.1 per cent of GDP). However, surpluses remained above the 2024 surplus of $90.7m (6.5 per cent of GDP) in 2024. Although total revenue was supported by strong .ai domain performance, the surplus was tempered by fiscal policy shifts[2] and accelerated capital expenditure.

Current revenue fell slightly short of projections but outperformed 2024 revenue outturn. Current receipts totalled $577.3 m[3] (40.4 per cent of GDP) in 2025, slightly below an estimated $579.1m (41.1 per cent of GDP) but stronger than $465.9m (33.6 per cent of GDP) outturn in 2024. This performance was underpinned by a substantial improvement in non-tax revenue. Consequently, total revenue grew to 40.5 per cent of GDP, relative to 34.5 per cent of GDP in 2024. Tax revenue fell short relative to 2024, due to shortfalls in Taxes on Goods and Services (9.0 per cent) and Taxes on international trade and transactions (2.9 per cent).

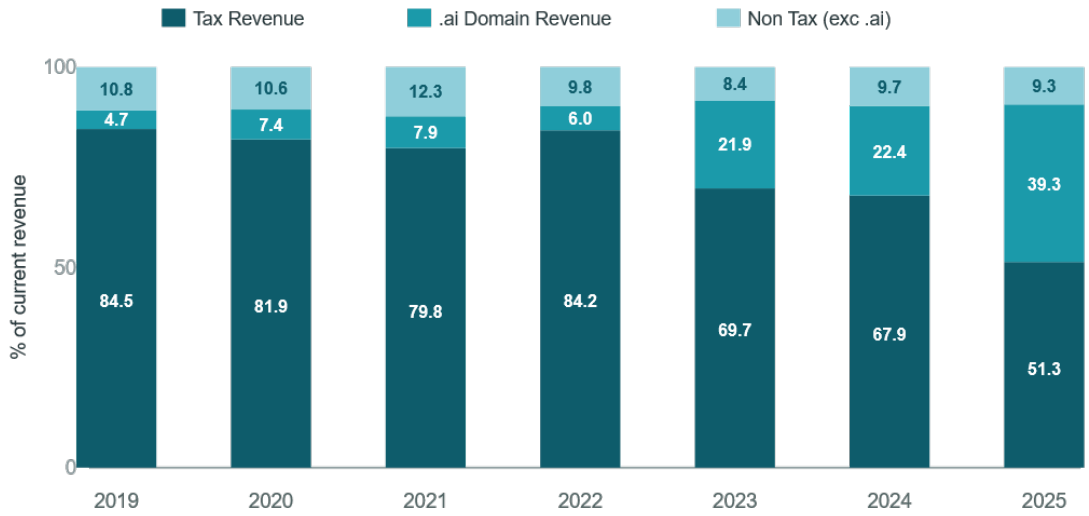
[2] Effective August 2025, GST reform was implemented, resulting in a decline in receipts from the Goods and Services Tax and in turn, overall Taxes on Goods and Services.

[3] Fiscal data subject to revision.

Non-tax revenue performed strongly, driven by .ai domain receipts. This revenue source (.ai domain) performed robustly in 2025, with an outturn of $227.1m (15.9 per cent of GDP) relative to $104.3m (7.5 per cent of GDP) in 2024. This expansion primarily drove the growth in non-tax revenues. This revenue stream has become an important source of revenue, accounting for almost 40.0 per cent of current revenue in 2025 (Figure 5). The resultant expansion in fiscal space, has enabled policy shifts and expanded economic support initiatives. Consequently, due consideration is currently being given to a more strategic reallocation of revenue in financing recurrent expenditure and long-term investment.

Figure 5. Composition of Current Revenue

Robust growth in the .ai domain revenue resulted in this stream accounting for approximately 40.0 per cent of current revenue.



Source: Central Statistics Office and ECCB.

$106.8m

Overall fiscal surplus in 2025 (7.5 per cent of GDP)

$577.3m

Current receipts in 2025 (40.4 per cent of GDP)

40.5%

Total revenue as a share of GDP, up from 34.5 per cent

Expenditure outlays expanded, in line with historical growth trends. Total expenditure amounted to $472.8m (33.1 per cent of GDP) in 2025, exceeding the previous estimate of $414.1m (29.4 per cent of GDP) and the 2024 outturn of $387.6m (28.0 per cent of GDP) in 2024. This year-on-year variance was due to upward movements in both current (9.1 per cent) and capital expenditure (62.3 per cent). Higher expenditure on Personal Emoluments (10.4 per cent), and Goods and Services (23.2 per cent) underpinned the growth in recurrent expenditure. However, contraction in Interest Payments (8.1 per cent) and Transfers and subsidies (7.4 per cent) tempered this movement.

Capital expenditure accelerated in 2025. Capital expenditure accounted for 10.7 per cent of GDP compared with 6.8 per cent of GDP in 2024. This line of spending was 79.7 per cent of the budgeted allocation, reflecting a higher rate of project implementation. It covered several public sector projects, including the completion of the CJLIA terminal building, land acquisition, sustainable energy, health services and education projects.

Table 1. Central Government Fiscal Operations

as a per cent of GDP unless stated otherwise

INDICATORS	2019	2020	2021	2022	2023	2024	2025
Total Revenue	24.6	34.6	32.9	32.3	34.4	34.5	40.5
Current Revenue	22.9	27.3	30.6	32.3	34.2	33.6	40.4
Tax Revenue	19.4	22.3	24.4	27.2	23.9	22.8	20.7
Total Grants	–	5.9	2.0	–	–	–	–
Total Expenditure	21.7	33.2	26.2	21.4	22.4	28.0	33.1
Current Expenditure	20.7	32.0	25.7	21.2	20.6	21.2	22.4
Interest Payments	1.8	2.4	1.7	1.3	1.2	0.9	0.8
Capital Expenditure	1.0	1.2	0.5	0.1	1.8	6.8	10.7
Current Account Balance	2.2	1.2	6.8	11.1	13.6	12.4	18.0
Overall Balance	2.9	1.5	6.7	11.0	12.0	6.5	7.5
Primary Balance	4.7	3.9	8.3	12.3	13.2	7.5	8.3
Financing	(2.9)	(1.2)	(29.3)	(10.4)	(55.0)	(117.5)	(139.1)
Domestic	(2.0)	(88.0)	(20.2)	0.3	(38.0)	(99.3)	(119.3)
External	(0.9)	86.8	(9.1)	(10.8)	(17.0)	(18.2)	(19.8)
MEMO							
Total Public Sector Debt (SEC$M)	493.2	476.5	448.0	409.9	371.0	332.1	292.4
Total Public Sector Debt to GDP	48.1	67.5	54.4	38.3	32.0	24.0	20.5

Note: Data for 2025 are revised.

Source: Central Statistics Office and ECCB.

Anguilla maintained a sustainable debt path, broadly in line with estimates. The total debt stock declined to $292.4m at December 2025, equivalent to 20.5 per cent of GDP (Table 1). This ratio remained below the regional debt-to-GDP target of 60.0 per cent as approved by the Monetary Council. The absence of new borrowing and expanded fiscal revenue have supported efforts to reduce debt.

The Government of Anguilla is now compliant with all three borrowing ratios as outlined in the 2027 Framework for Fiscal Sustainability and Development. The Government of Anguilla, under the 2017 Framework was required to achieve and maintain compliance with three borrowing ratios. Compliance with all three was achieved in 2025, ahead of the adjusted 2030 timeframe. Maintaining this compliance will require continued fiscal discipline.

Framework for Fiscal Sustainability and Development

Anguilla's borrowing is constrained by ratios agreed to in the Framework for Fiscal Sustainability and Development signed in April 2013 and legislated in October 2013. The Fiscal Responsibility Act 2013 replaced the 2003 Borrowing Guidelines Agreement

REQUIREMENTS/RATIOS	2019	2020	2021	2022	2023	2024	2025R	TARGET COMPLIANCE YEAR
(i) Net debt not to exceed 80.0 per cent of recurrent revenue	208.5	203.2	165.4	100.3	46.1	14.6	(0.8)	2030
(ii) Debt service not to exceed 10.0 per cent of recurrent revenue	20.4	22.3	18.5	14.9	12.6	11.3	8.8	2030
(iii) Liquid Assets should be sufficient to cover at least 25.0 per cent or 90 days of recurrent expenditure	0.2	0.2	0.3	26.7	74.5	89.7	92.4	2030

Note: Data for 2025 are revised.

Source: Central Statistics Office and ECCB.

$292.4m

Total debt stock at December 2025

20.5%

Debt-to-GDP ratio, well below the regional target

60%

Regional debt-to-GDP target approved by the Monetary Council



Credited to Naomi Francis: Coastal arch, Anguilla.

2.3 External Developments

Anguilla maintained its net lender position for the third consecutive year. The current account surplus expanded significantly to $489.6m, equivalent to 34.2 per cent of GDP, up from an estimated 28.5 per cent of GDP and the 2024 outturn of 20.3 per cent of GDP[4]. This performance was driven by a strong performance in services and travel receipts, further supported by a decline in the value of imports. Higher levels of revenue from.ai domain sales also contributed to the improvement in services inflows.

Table 2. External Accounts – Selected Indicators

Per cent GDP unless otherwise stated

INDICATOR	2019	2020	2021	2022	2023	2024	2025R
Current Account	(43.0)	(35.7)	(46.9)	(4.6)	15.3	20.3	34.2
Balance of Trade	(61.4)	(47.6)	(54.9)	(49.8)	(45.8)	(38.2)	(33.2)
Exports	4.7	2.3	4.1	5.7	4.7	4.2	4.5
Imports	66.1	49.9	59.0	55.5	50.5	42.4	37.7
Services	27.6	3.3	8.7	47.8	64.5	64.0	72.7
Travel Receipts (Net)	40.7	16.2	18.5	57.4	66.5	66.3	66.5
Primary Income	(9.9)	5.0	2.4	1.4	0.0	(2.9)	(2.2)
Secondary Income	0.6	3.6	(3.0)	(4.0)	(3.5)	(2.6)	(3.0)
Capital Account	(0.2)	1.4	0.3	0.4	1.8	1.1	1.2
Financial Account	(32.9)	(15.1)	(38.7)	(3.7)	16.5	15.5	14.0
of which FDI	(37.2)	(28.7)	(37.6)	(7.2)	(8.7)	(9.5)	(1.4)
MEMO ITEMS							
Current Account (EC$M)	(441.1)	(252.1)	(386.2)	(49.1)	177.0	281.7	489.6
Trade Balance (EC$M)	(629.4)	(336.2)	(452.8)	(532.9)	(531.3)	(528.7)	(474.5)

Note: Data for 2025 are revised.

Source: Central Statistics Office and ECCB.

$489.6m
Current account surplus in 2025

34.2%
Current account surplus as a share of GDP

66.5%
Net travel receipts as a share of GDP

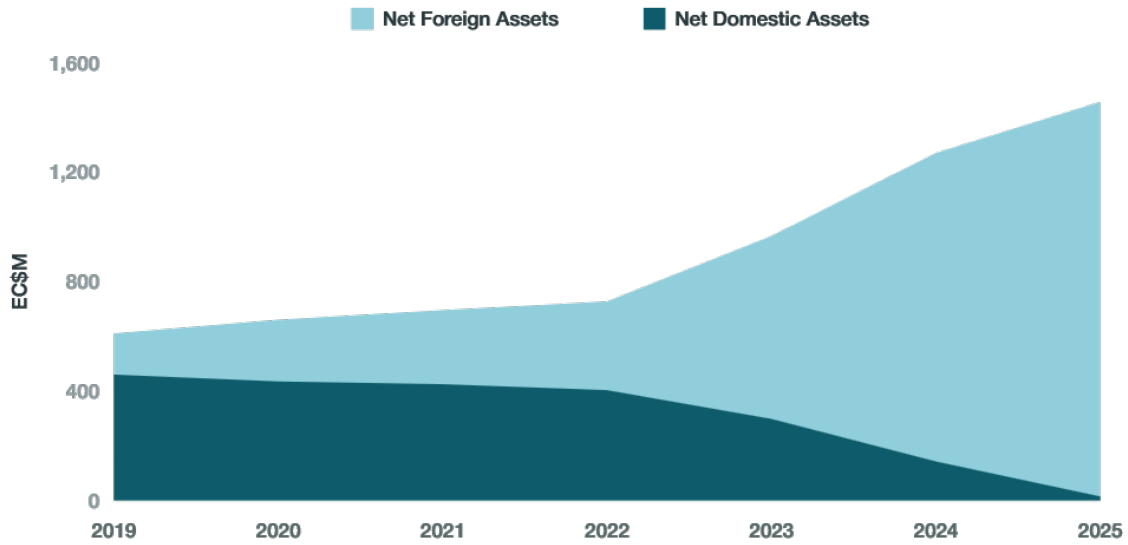
2.4 Banking and Monetary Sector

Monetary and financial indicators reflected strong public sector inflows. Net domestic credit contracted sharply by 36.5 per cent relative to 15.1 per cent in 2024, primarily driven by a substantial accumulation of general government deposits (Figure 6). This development was due to the uptick in revenue from .ai registrations which helped improve the Government's reserve position, underpinning growth in net general government deposits. Net foreign assets grew moderately by 14.7 per cent, in comparison to a 31.4 per cent expansion in 2024 with notable growth in commercial bank assets.

[4] Data revisions impacted the final outturn on the external sector.

Figure 6. Trends in Monetary Aggregates

Growth in net foreign assets and net domestic assets moved in opposite directions given strong growth in foreign assets and general government assets.

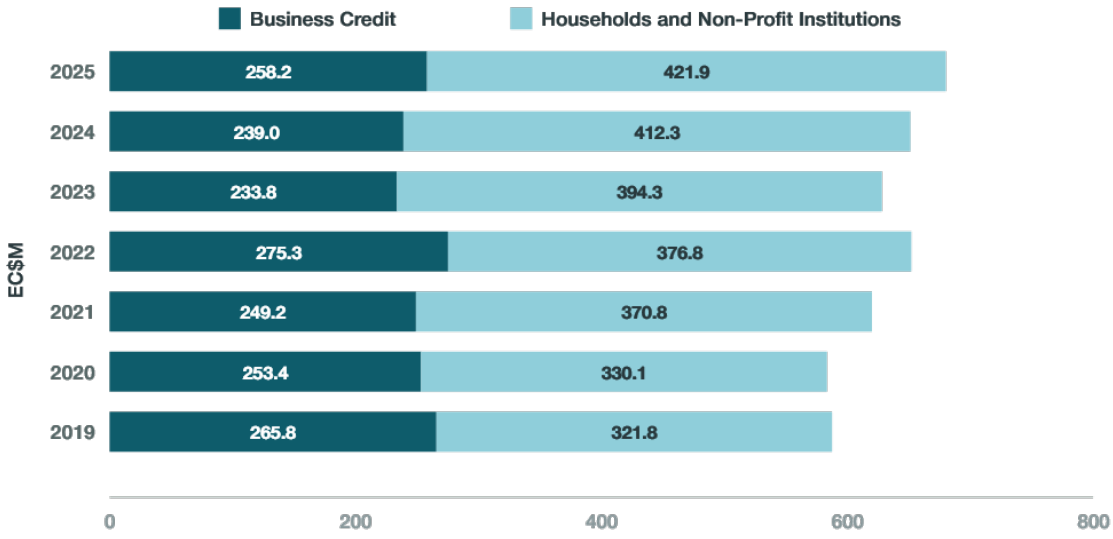


Source: ECCB Estimates.

Claims on other sectors outpaced previous estimates and 2024 inflows, with growth of 4.6 per cent, driven by improvement in both claims on other financial corporations and private sector credit. Notably, outstanding credit extended to the private sector grew by 4.4 per cent relative to 3.7 per cent in 2024 driven by improved performance in business credit. Breaking a five-year trend, business credit grew by 8.0 per cent, outpacing a 2.3 per cent increase in household credit (Figure 7). This indicated stronger incentives for businesses to borrow and utilise available liquidity.

Figure 7. Trends in Private Sector Credit

Business credit grew stronger than household credit in 2025. However, household credit accounted for the larger percentage of private sector credit.



Source: ECCB Estimates.

Monetary aggregates moved in line with improved economic activity, expanding by 4.2 per cent to $1,471.1m. A rise in currency with the public (13.5 per cent), and higher quasi money (4.1 per cent) drove this upward movement. Supported by the buildup in net foreign assets, foreign currency deposits also expanded.

Commercial banks' liquidity and asset quality improved. The non-performing loans (NPLs) ratio fell from 12.1 per cent to 10.1 per cent, outperforming the initial estimate of 11.8 per cent (Table 3). This decline represents steady progress towards compliance with the ECCB's 5.0 per cent prudential target.

Table 3. Financial Stability Indicators – Selected Indicators

Per cent, unless otherwise stated

INDICATOR	2019	2020	2021	2022	2023	2024	2025R
Non-Performing Loans	25.8	23.5	20.1	18.4	14.5	12.1	10.1
LIQUIDITY RATIOS							
Liquid Assets to Total Assets	48.5	42.2	47.8	41.9	47.6	43.1	45.7
Customer Deposits to Total Non-Interbank Loans	185.5	183.0	176.7	179.8	209.5	206.4	221.1

Note: Data for 2025 are revised.

Source: ECCB Estimates.

10.1%

NPL ratio, down from 12.1 per cent in 2024

45.7%

Liquid assets to total assets

221.1%

Customer deposits to total non-interbank loans



Photo credit: Naomi Francis

3 Medium-Term Macroeconomic Outlook

Global context, domestic projections and risks to 2027

3.1 Outlook

Global growth is projected to moderate slightly in 2026, before picking up modestly in 2027, amidst geopolitical tensions and rising prices. The ongoing US-Iran conflict has worsened the economic outlook prompting a downward revision to the growth outlook due to its adverse impact on global inflation and trade dynamics. A prolonged dispute could potentially, further elevate commodity prices, broadening the risk of an energy crisis. Despite these economic challenges, Anguilla's economy is anticipated to sustain its positive performance over the medium term. On the upside, sustained productivity gains in AI could help stimulate economic activity, which would bode well for Anguilla.

Table 4. World Economic Outlook: Growth Projections

Per cent

COUNTRY/GROUP	2025	2026	2027
World Output	3.4	3.1	3.2
Advanced Economies	1.9	1.8	1.7
United States	2.1	2.3	2.1
Euro Area	1.4	1.1	1.2
United Kingdom	1.3	0.8	1.3
Canada	1.7	1.5	1.9
Emerging Market and Developing Economies	4.4	3.9	4.2
China	5.0	4.4	4.0
Latin America and the Caribbean	2.4	2.3	2.7

Source: IMF, WEO April 2026.

Anguilla's medium-term growth prospects remain favourable. The economy is projected to grow steadily by 5.9 per cent in 2026 and 3.8 per cent in 2027 driven by stronger tourism performance and construction activity. Expanded airlift opportunities, stronger marketing efforts and new initiatives[5] are anticipated to boost tourism performance. Global uncertainties are not expected to significantly affect this development in the first instance, given Anguilla's tourism product caters mainly to high-end tourists[6]. Continued construction on the CJLIA apron and runway expansion, government accommodation, and the Albena Lake Hodge Comprehensive School TVET building, among other projects, is anticipated to sustain economic development. Measures to stimulate post-construction economic activity should be considered to sustain growth.

[5] The Anguilla Tourist Board has introduced several initiatives aimed at enhancing the island's tourism offerings and strengthening visitor arrivals during the slower season. In 2026, a summer campaign titled Taste. Feel. Live. was officially

[6] Anguilla's tourism product caters primarily to high-end travelers. Laframboise, Mwase, Park, & Zhou(2014) find that price elasticity is statistically insignificant for high-end destinations like Anguilla. Similarly, Koswatta, Lasanthi, Vitharana, & Silva (2024) cite several studies indicating that non-price factors can outweigh price considerations in travel decisions. These two studies support the view that price changes may have limited impact on luxury travelers' demand to visit Anguilla.

Table 5. Medium-Term Outlook – Selected Indicators

Per cent GDP, unless otherwise stated

INDICATOR	2025R	2026E	2027F
REAL SECTOR			
Nominal GDP (EC$M)	1,429.7	1,574.9	1,681.4
Real GDP (EC$M)	1,026.8	1,087.2	1,128.8
Real GDP Growth (per cent)	3.9	5.9	3.8
Inflation (end of period; per cent)	(1.6)	1.6	(0.2)
GOVERNMENT SECTOR			
Current Revenue	40.4	42.9	44.1
Current Expenditure	22.4	29.3	29.3
Capital Expenditure	10.7	6.3	8.9
Primary Balance	8.3	8.1	6.5
Overall Balance	7.5	7.5	5.8
Financing	(7.5)	(7.5)	(5.8)
EXTERNAL SECTOR			
Goods Trade Balance	(33.2)	(37.6)	(39.7)
Travel Receipts	66.5	62.2	59.0
Current Account	34.2	34.9	30.0
Foreign Direct Investment	(1.4)	(1.0)	(2.4)
MONETARY SECTOR (EC$M)			
Money Supply	1,471.1	1,605.8	1,717.4
Net Foreign Assets	1,456.4	1,733.3	1,870.6
Net Domestic Assets	14.7	(127.5)	(153.2)
Domestic Credit	200.2	183.3	273.1
of which credit to the private sector	680.1	704.3	751.9
of which businesses	258.2	273.1	291.5
of which to households	421.9	436.9	466.4
MEMO ITEMS			
Total Public Sector Debt (EC$M)	292.4	253.0	213.5
Total Public Sector Debt to GDP	20.5	16.1	12.7

Note: Data for 2025 are revised; data for 2026 are estimates and data for 2027 are forecasts.
Source: Central Statistics Office and ECCB.

Anguilla's macroeconomic outlook is supported by favourable inflation dynamics and a strong fiscal trajectory. Anguilla's economy is anticipated to transition from deflation to an inflation rate of 1.6 per cent, driven by estimated increases in major sub-indices, including Transport, Housing Water Electricity Gas and Other Fuels and Food and Non-alcoholic beverages. Government interventions and cost–of-living measures are expected to dampen the impact of higher global energy prices.

The government's fiscal and debt position is projected to remain robust, with overall surpluses projected over the medium term. Non-tax revenue, specifically .ai domain revenue, is estimated to grow, accounting for the growth in overall revenue. This is expected to offset a deceleration in revenue from goods and services. Higher levels of spending are expected to temper this growth, in light of the approval of public salary adjustments from the recent compensation review. In addition, recent measures such as social assistance for fuel surcharges, the transition from CIF to FOB in response to the US-Iran conflict, and assistance for overseas medical care, are expected to contribute to revenue expansion.

Anguilla's public debt dynamics are projected to remain highly favourable over the medium term. Total debt will continue a steady downward trajectory, driven by regular amortisation and in the absence of new borrowing. The government is expected to maintain compliance with borrowing ratios and fiscal rules over the medium term, sustained by forecasted surpluses. In line with policy plans, domestic credit is anticipated to contract in 2026 but expand slightly in 2027, given an anticipated reallocation of reserves to a Sovereign Wealth Fund.

Despite rising energy prices, Anguilla is expected to maintain its net lender position over the 2026/2027 period. The current account surplus is estimated to widen in 2026, fuelled by the robust performance of services and travel but to contract moderately in 2027, due to higher value of imports.



Credited to Naomi Francis: Coastal arch, Anguilla.

launched to showcase Anguilla's diverse experiences. In addition, the Xcape app was launched as a digital platform to serve as a visitor guide for the island.

3.2 Risks

Medium term risks remain predominantly skewed to the downside, given heightened geopolitical and economic volatility, amid the ongoing US-Iran conflict. The ongoing conflict has driven up food, fuel and energy prices, which, if prolonged could adversely affect major economic sectors and trade logistics.

Table 6. Risk Assessment Matrix

IDENTIFIED RISK FACTOR	LIKELIHOOD	MACROECONOMIC IMPACT
DOWNSIDE RISKS		
Escalating Middle East conflict threatens global growth	**High**	Likely to result in significant macroeconomic consequences including weaker global growth, with rising energy prices resulting in higher inflation including for transportation, creating potential headwinds for major tourism source markets. Rising inflation in key import source markets resulting in imported inflation increasing domestic prices likely in Q3 and Q4.
Rising geopolitical tensions and subsequent retaliatory tariffs stifle global trade	**High**	Rising geopolitical tensions resulting in higher tariffs impacting global trade resulting in increased uncertainty, weaker growth and potentially additional inflationary stimulus.
Elevated global inflationary expectations trigger prolonged restrictive monetary policy	**Medium**	Higher inflationary expectations prompting higher global interest rates increasing servicing costs for variable interest rate loans.
Tightening fiscal space in advanced economies constrains foreign aid budgets.	**Medium**	Tightening fiscal space in advanced economies would significantly reduce development assistance, particularly support for climate resilience investment.
Reliance on .ai windfall to cover recurrent expenditure and policy changes.	**High**	Reliance on .ai revenues introduces fiscal vulnerability: disruptions could constrain liquidity, narrow fiscal space, and destabilise long-term fiscal sustainability. A slowdown in this stream will force a formal reassessment of planned capital outlays and operational spending.
Limited labour capacity and skill gaps	**High**	Constraints in human capital and skilled labour significantly hinder project delivery timelines and overall productivity. Addressing these escalating deficits necessitates strategic workforce augmentation alongside targeted policies for skills enhancement.
Climatic events and natural disasters.	**High**	Frequent weather shocks disrupt agriculture, tourism, and infrastructure, create unplanned fiscal demands, and exacerbate debt dynamics.
UPSIDE RISKS		
An end to military hostilities in the Middle East.	**Low**	Immediate cessation of military conflict in the Middle East and resumption of global oil supplies: Resulting in stronger growth and easing of inflationary pressures, positively impacting tourism arrivals and easing domestic price pressures.
An easing of conflict related trade disputes and shipping bottlenecks.	**Low**	Easing of trade frictions resulting in a rebound in global trade will support improved growth and ease inflationary pressures in major import source markets.
The stabilisation of the global economic environment.	**Low**	Proactive fiscal management expands budgetary flexibility and improves debt sustainability metrics.
Rise in tourist arrivals given heightened and persistent marketing efforts	**Medium**	Targeted promotional campaigns and international roadshows continue to broaden Anguilla's market penetration, driving strong growth in high-value stayover arrivals. This positive trajectory is further reinforced by expanded air connectivity, growing room inventory, and strategic infrastructure investments.
Energy source diversification	**Medium**	The creation of a national energy transition plan aids in guiding the development of this sector, and ensures consistency in development and access to alternative energy islandwide. Strategic initiatives advance through the ongoing integration of renewable energy systems and the expansion of clean transportation infrastructure across public facilities.
Formalisation of a proposed Sovereign Wealth Fund	**Medium**	Robust growth in .ai registry revenues offers a structural opportunity to expand fiscal space. Allocating a portion of these high-performing receipts to the national sovereign fund strengthens fiscal discipline while building crucial sovereign reserves to absorb future economic shocks.

4 Policy Recommendations

Priorities to address imbalances and anchor resilient growth

Given the macroeconomic position of Anguilla and local risks discussed throughout this report, the policy priorities from the 2024 and 2025 Annual Economic and Financial Review reports remain relevant.

1. **Expansion of fiscal rules to manage expenditure risks amid higher .ai revenue flows.** Since 2024, revenue from the .ai revenue source increased substantially, accounting for almost 40.0 per cent of recurrent revenue. In tandem, over a three-year period, Anguilla's expenditure portfolio has expanded sharply. Excluding the windfall, recurrent expenditure has grown in tandem with recurrent revenue, with prospects to outpace revenue growth in light of recent policy measures. Expenditure ceilings may prove useful to aid in promoting prudent management of funds.

2. **Integrating risk assessment analysis into policy framework will be essential to ensure economic sustainability.** The Government of Anguilla should consider introducing formal frameworks to assess the economic and fiscal implications of policy decisions. The enactment of such a framework would help ensure that sustainability remains a central consideration in policymaking and that risk exposure is systematically evaluated.

3. **Development of a National Development Policy to guide infrastructure development will be vital to maintain economic momentum.** Over the last three years, the improved fiscal space has contributed to higher levels of public investment. These activities, alongside tourism, stimulate economic growth. A slowdown in growth is projected as major capital works near completion. Establishing a long-term strategic framework will help create conditions conducive to stimulating sustained growth over the long run. This would further position Anguilla to pursue the ECCB's Big Push Agenda of doubling GDP in the next ten years.

4. **Exploration of digitisation policies and training programmes to improve efficiency, competition and address technological and skill gaps.** As a small economy, Anguilla faces challenges in human capital, labour supply and technical and skills development. The authorities are encouraged to explore the technological solutions to improve system inefficiency and address labour shortages. Investment in digital skill training will help support the transition to the widespread use of ICT, improve economic efficiency and skill gaps where possible. These strategies would align Anguilla's standing with the digitisation thrust being promoted with the .ai domain and introduce new economic opportunities.

BIG PUSH

To achieve a doubling of real GDP within a decade, requiring sustained annual growth of approximately 7.0 per cent, ECCU member governments must execute a coordinated "Big Push"[7] strategy across seven key transformational areas. Transitioning from incremental reform to simultaneous, high-impact intervention, priority policies focus on reducing structural import leakages via food security and renewable energy transitions, while modernising infrastructure through digital integration. Furthermore, targeted investments must align human capital with future sector demands, boost tourism benefits, and strengthen institutional frameworks for financial inclusion and savings mobilisation to insulate long-term growth from external shocks.

[7] For more information on the Big Push, refer to the ECCB website at https://www.eccb-centralbank.org

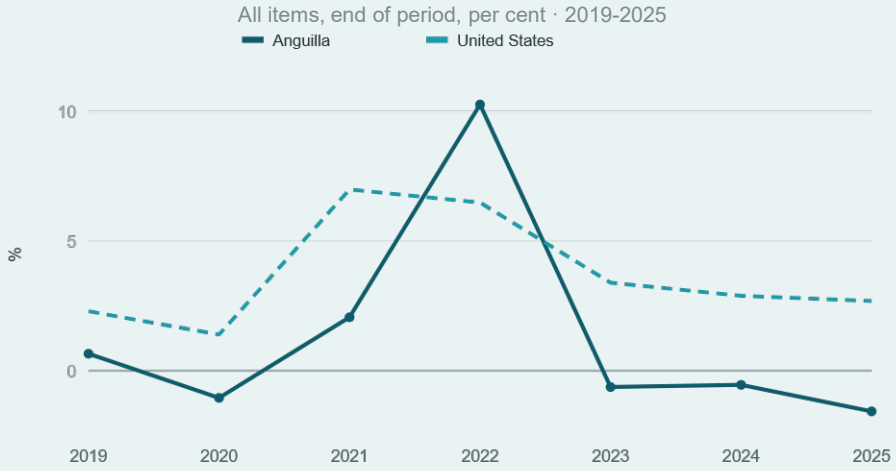
BOX 1

Box I: Understanding Recent Deflationary Trends in Anguilla

Anguilla is largely a single sector economy, with tourism as its primary driver of economic activity. The economy is also heavily dependent on external trade and imported goods which increases the economy's openness and heightens its vulnerability to global developments.

The United States of America is Anguilla's main trading partner and primary source market for tourism (70.1 per cent stayover visitors). Economic theory suggests that given the close linkages between the two economies, the macro-economic conditions and movements internally should transmit to the domestic economy of Anguilla. Specifically, higher inflation rates would directly result in an increase in domestic prices. However, over the past seven (7) years, Anguilla's inflation rate has diverged from the theoretical expectations. While the US economy reflected persistent inflationary trends, Anguilla's economy (excluding the distortion of Covid-19) has maintained a deflationary environment. Figure 1A below illustrates the difference in inflation trends between the two economies.

Inflation trends: Anguilla and the United States



Source: Central Statistics Office and ECCB.

A key factor contributing to this phenomenon is the Government of Anguilla's intervention of cost-of-living relief measures. Since 2023, the government has implemented several fiscal policy measures in an effort to mitigate high imported domestic prices. Measures have included the following:

- The reduction of fuel surcharge charges implemented by ANGLEC during 2021/2022, (Covid-19 Pandemic)
- Tax exemptions on essential foods items and gasoline introduced in 2023, (post Covid-19 Pandemic)
- The removal of Customs Duty, Customs Service Fee and Interim Goods Tax (IGT) on selected essential food items implemented in 2023, and extended through 2025
- The removal of excise tax on gasoline imports implemented in 2023 – 2025
- The elimination of the 13.0 per cent Goods and Services Tax (GST) on the goods sectors alongside a reduction of the 13.0 per cent GST broad-based tax at the port to 9.0 per cent effective 1 August 2025.

Collectively, these policy interventions have contributed to lower landed cost for goods, particularly essential items and energy products. As a result, pass-through effects have been dampened, helping to maintain a deflationary environment. While these measures have been effective in addressing inflationary pressures, they have fiscal implications for the Government as they result in revenue forgone.

Addressing the consumer basket will also be essential for accurately measuring the impact of domestic inflation-mitigating policies. Anguilla's last Household Income and Expenditure survey (HIE)/Household Budget Survey (HBS) was completed in 2008/2009. International standards recommend the HIES/HBS be completed at least every five years, to allow for revision of expenditure weights. The report suggests that when weights remain the same for prolonged periods the shifts in consumption patterns, new substitutes and changes in income level are not being considered within the CPI (IMF, 2020). Looking ahead, the inflation outlook will continue to be sensitive to both the impact of domestic policy measures and developments in the international markets.

A Appendix: Selected Economic Indicators

Anguilla, 2022 to 2027

Table 7. Selected Economic Indicators

Per cent GDP, unless otherwise stated. 2026 and 2027 are projections.

INDICATOR	2022	2023	2024	2025R	2026E	2027F
REAL SECTOR						
Nominal GDP (EC$M)	1,070.6	1,159.5	1,385.2	1,429.7	1,574.9	1,681.4
Real GDP (EC$M)	922.4	934.9	988.2	1,026.8	1,087.2	1,128.8
Real GDP Growth (%)	29.3	1.4	5.7	3.9	5.9	3.8
Inflation (eop, %)	10.3	(0.6)	(0.5)	(1.6)	1.6	(0.2)
GOVERNMENT SECTOR						
Current Revenue	32.3	34.2	33.6	40.4	42.9	44.1
Current Expenditure	21.2	20.6	21.2	22.4	29.3	29.3
Capital Expenditure	0.1	1.8	6.8	10.7	6.3	8.9
Primary Balance	12.3	13.2	7.5	8.3	8.1	6.5
Overall Balance	11.0	12.0	6.5	7.5	7.5	5.8
Financing	(11.0)	(12.0)	(6.5)	(7.5)	(7.5)	(5.8)
EXTERNAL SECTOR						
Balance of Trade	(49.8)	(45.8)	(38.2)	(33.2)	(37.6)	(39.7)
Travel Receipts	57.4	66.5	66.3	66.5	62.2	59.0
Current Account	(4.6)	15.3	20.3	34.2	34.9	30.0
Foreign Direct Investment	(7.2)	(8.7)	(9.5)	(1.4)	(1.0)	(2.4)
MONETARY SECTOR (EC$M)						
Money Supply	1,129.9	1,264.1	1,412.1	1,471.1	1,605.8	1,717.4
Net Foreign Assets	727.0	965.8	1,269.6	1,456.4	1,733.3	1,870.6
Net Domestic Assets	403.0	298.3	142.6	14.7	(127.5)	(153.2)
Domestic Credit	505.3	371.4	315.5	200.2	183.3	273.1
of which credit to the Private Sector	652.1	628.1	651.3	680.1	704.3	751.9
of which credit to Businesses	275.3	233.8	239.0	258.2	273.1	291.5
of which credit to Households	376.8	394.3	412.3	421.9	436.9	466.4
MEMO ITEMS						
Total Public Sector Debt (EC$M)	409.9	371.0	332.1	292.4	253.0	213.5
Total Public Sector Debt to GDP (%)	38.3	32.0	24.0	20.5	16.1	12.7

Note: Data for 2025 are revised; data for 2026 are estimates and data for 2027 are forecasts.

Source: Central Statistics Office and ECCB.

Anguilla

Economic and Financial Review

2025 UPDATE

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