



EASTERN CARIBBEAN CENTRAL BANK

ECONOMIC AND FINANCIAL REVIEW

2025 UPDATE

Saint Vincent and the Grenadines

Finalised 2025 actuals and revised medium-term projections



EASTERN CARIBBEAN CENTRAL BANK

Economic and Financial Review

June 2026 · Saint Vincent and the Grenadines

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Saint Vincent and the Grenadines

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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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Palm Island. Photo Credit: AGLAIA Magazine; Catherine Lux



2025 AT A GLANCE

Economic Snapshot

Despite robust tourism growth, 2025 real economic expansion moderated due to sluggish construction and manufacturing. Ongoing fiscal imbalances and heightened geopolitical tensions continue to cloud the broader outlook.

Real GDP growth

1.2%

2025, year on year



Slower construction activity muted growth relative to previous expectations

Inflation

0.5%

end of period (EOP)



Inflationary pressures remained subdued at the end of 2025.

Debt-to-GDP

109.0%

public sector debt



Infrastructure and reconstruction spending have pushed public debt past 60%.

Total stayover arrivals

120,599

2025



Stayover arrivals grew, driven by enhanced marketing, airlift, and room capacity.

Top 4 GDP Contributors

Wholesale and Retail Trade	12.5%
Real Estate Activities	10.3%
Transport and Storage	10.2%
Public Administration	9.9%

GDP remained concentrated in the services sectors.

Trade balance

33.9%

goods, % of GDP



The trade balance remained in deficit, reflecting continued reliance on essential imports.

NPL ratio

4.5%

NPL ratio (declined)



The asset quality indicator fell within the ECCB's regulatory benchmark.

Tax revenue

24.4%

% of GDP



Subdued economic activity drove modest tax revenue growth.

Overall fiscal balance

- 12.6%

% of GDP



Although the fiscal deficit narrowed, it remained elevated.



1 Overview

Headline assessment of Saint Vincent and the Grenadines in 2025

- 01 Real GDP growth was subdued in 2025, reflecting weaker activity in key sectors, particularly construction and manufacturing.** Real GDP growth stood at 1.2 per cent at the end of 2025, but is expected to improve over the medium term, supported mainly by private sector investment in construction and tourism.
- 02 Debt levels are expected to remain elevated unless strong and sustained fiscal adjustments are implemented in the near to medium term.** Continued fiscal imbalances and higher borrowing requirements are expected to keep the Government of Saint Vincent and the Grenadines further from the ECCB debt anchor of 60.0 per cent of GDP by 2035.
- 03 External and monetary balances are expected to continue improving, in line with stronger medium-term economic growth.** Monetary expansion is expected to support medium-term economic growth and financial stability. The current account imbalance is also expected to narrow over the medium term, despite a temporary deterioration in 2026 linked to supply chain constraints and higher energy costs.
- 04 Growth is expected to rebound to above 3.0 per cent over the medium term supported by strong performance in tourist and construction activity.** Downside risks persist as heightened geopolitical instability threaten to weigh on growth and strain fiscal balances. Decisive implementation of the Home-Grown Structural Adjustment Programme will therefore be critical to strengthening fiscal and debt sustainability over the medium to long term.



Mayreau Island; Photo credit: Planetware.com



2 Recent Economic Developments

Real sector, prices, fiscal, external and monetary outturns

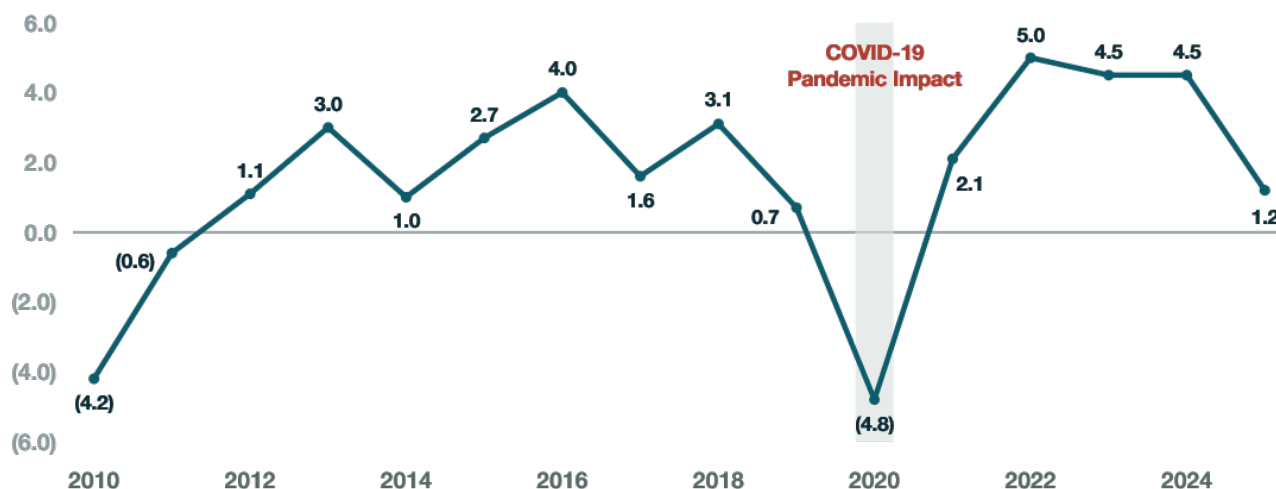
2.1 Real Sector Developments

The growth momentum in the Saint Vincent and the Grenadines economy has slowed. Although rebuilding and recovery efforts continued after Hurricane Beryl, real GDP growth was recorded at 1.2 per cent at the end of 2025, well below the initial 2025

estimate of 3.4 per cent and 3.3 percentage points below 2024 estimates. The deceleration was a result of notable contractions in the Construction (10.1 per cent) and Manufacturing (10.9 per cent) industries..

Figure 1. Real GDP Growth Path

Economic growth in 2025 remained positive, albeit at a decelerated pace.



Source: Central Statistical Office and ECCB 2026.

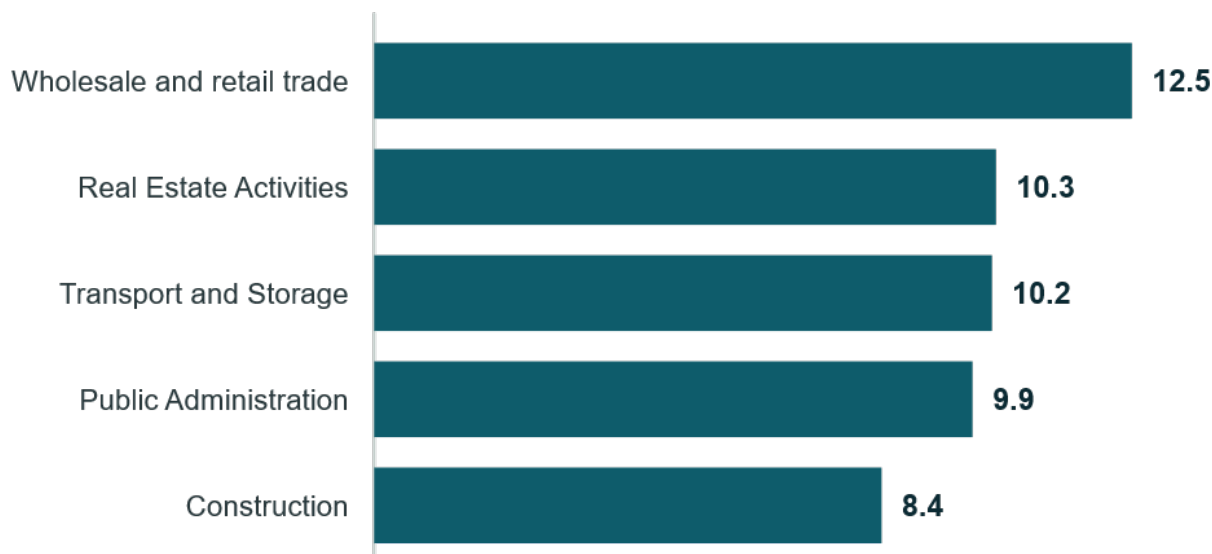
Construction activity declined in 2025, reflecting the completion of several significant public and private sector projects undertaken during the previous two years. Despite post-Hurricane Beryl reconstruction efforts and other public-sector initiatives, including earthworks for the Arnos Vale Acute Care Hospital and other road rehabilitation works, the construction sector contracted in 2025, as

activity eased from its 2024 peak. The slowdown reflected the completion of major projects in 2024, including the opening of Sandals Resort and the Holiday Inn, as well as a slowdown in construction and subsequent opening of the Port Modernisation Project. Consequently, the sector's contribution to aggregate GDP moderated in to 8.4 per cent at the end of 2025 compared to 9.4 per cent at the end of 2024 (Figure 2).



Figure 2. Sector Contribution to GDP (2025)

Economic growth remains broad based, driven primarily by five major sectors; combined they account for over half (51.2 per cent) of the economy's economic activity.



Source: Central Statistics Office and ECCB.

In contrast, economic activity was buoyed by a robust expansion in tourism activity, supported by strong destination marketing. The entry of Sandals Resort to the tourism industry has proven pivotal to the advancement of the sector, which recorded strong growth of 12.4 per cent, a slight deceleration from 13.0 per cent in 2024 but slightly higher than our initial 2025 estimates of 10.3 per cent, thus positioning it as one of the fastest-growing sectors of the economy.

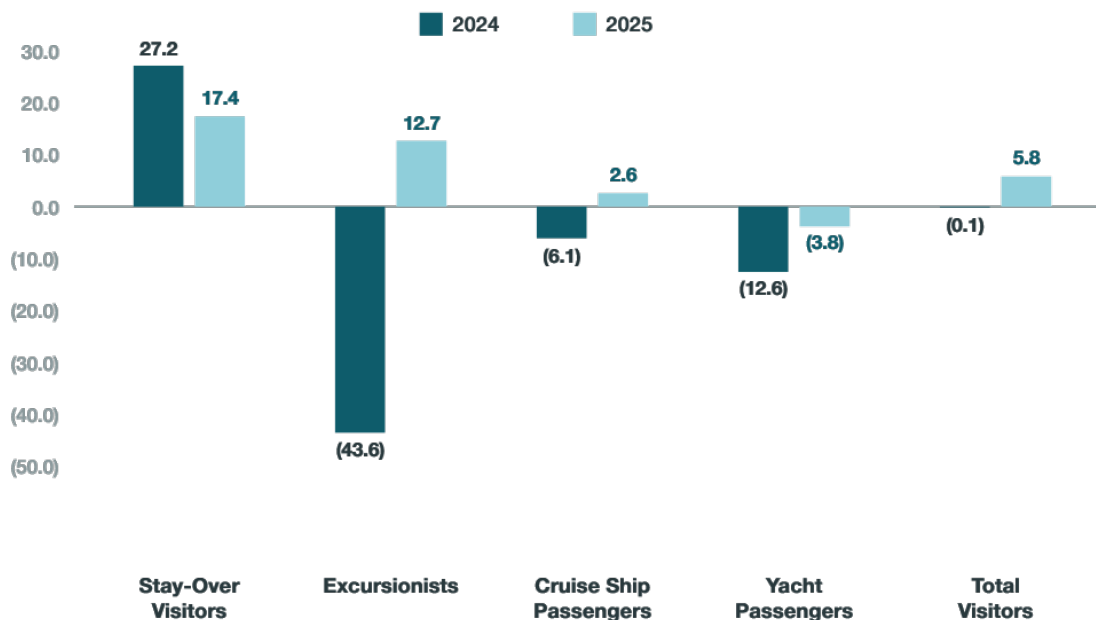
The tourism sector continued to reshape economic activity in Saint Vincent and the Grenadines, supporting broad-based growth across related industries. A 17.4 per cent increase in stayover visitor arrivals had positive spillover effects on Wholesale and Retail Trade, as well as Transportation. Strong destination marketing, coupled with expanded room stock and greater airlift capacity, also supported the strong growth in hotel accommodation and food services (12.4 per cent) and transportation (10.8 per cent).

Growth in stay-over arrivals continued to support economic activity despite uneven recovery across the various visitor segments. Historically, increases in stay-over tourist arrivals have been positively associated with overall economic growth due to the spillover effects of the market segment. Tourism is therefore expected to remain a key driver of growth in the near and medium term, supported by private sector initiatives to expand room stock and strengthen hotel offerings. Growth in tourist arrivals from cruise ships and excursionists reversed the growth momentum of 2024. These segment expansions coupled with growth in stayover arrivals led to a 5.8 per cent increase in total arrivals over 2024, surpassing pre-pandemic total arrival levels (Figure 3). However, despite the rise in stay-over arrivals and efforts by the Government of Saint Vincent and the Grenadines to improve arrival estimates, other visitor segments, including cruise passengers, yacht arrivals, and excursionists, have yet to return to pre-pandemic levels.



Figure 3. Percentage Growth in Arrivals by Visitor Category

Tourist arrivals have surpassed pre-pandemic levels, buoyed by robust growth in the stay-over arrival segment.



Source: Central Statistics Office and ECCB.

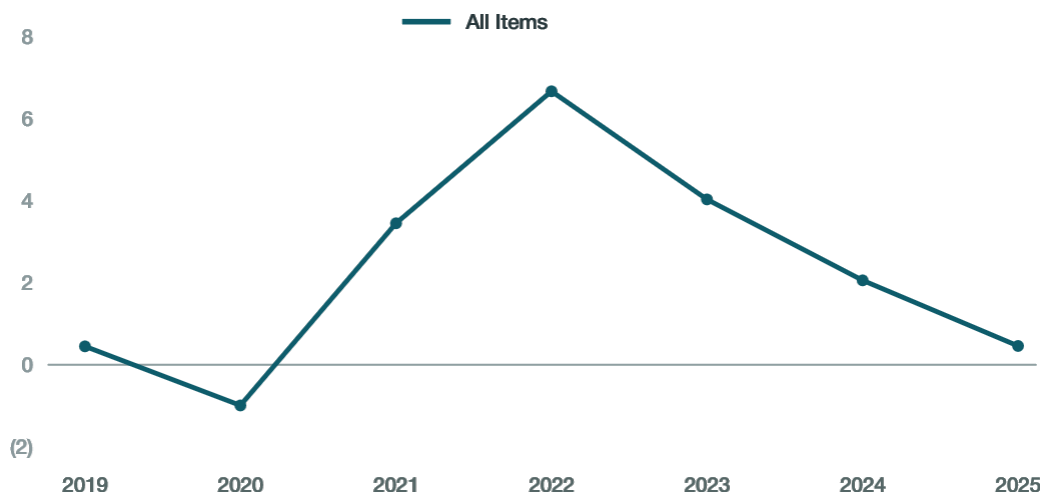
Inflation Developments

The general price level continued to follow a disinflationary trend. Inflation declined to 0.5 per cent at the end of 2025, down from 2.1 per cent in 2024 (Figure 4), and much lower than initial estimates. The deceleration was driven mainly by lower prices in the Transport category (2.3 per cent) and the Food and Non-Alcoholic Beverages category (0.9 per cent).

Conversely, inflationary pressures persisted in the Housing, Water, Electricity and Other Fuels category registering an increase of 2.8 per cent. Given the economy's high dependence on imported goods, domestic price dynamics in Saint Vincent and the Grenadines remain highly sensitive to global developments, including movements in commodity prices.

Figure 4. Trends in Domestic Inflation

Despite global trade policy uncertainty, domestic inflation moderated 0.5 per cent at the end of 2025.



Source: Central Statistical Office and ECCB 2026.



2.2 Fiscal Developments

The current account balance weakened slightly, recording a deficit of \$71.9m, equivalent to 2.2 per cent of GDP, mainly due to higher recurrent expenditure. Current revenue increased marginally to 26.4 per cent of GDP (Table 1), reflecting a slight improvement over both 2024 and the initial 2025 estimates, despite more moderate economic activity. Tax revenue also edged up by 0.1 percentage points in 2025, supported by improved collections across most tax categories, except for taxes on property, which declined by \$2.9m. Current expenditure rose slightly as a share of GDP, reflecting modest price pressures, public servant salary increases, and additional wage and public assistance commitments announced during the National Independence Day Celebrations, including a non-taxable cost of living allowance to state beneficiaries and public servants. This increase in

current spending contributed to the emergence of the current account deficit in 2025 (Table 1).

Fiscal deficits remained elevated in 2025, although both the primary and overall balances improved markedly. The narrowing reflected a slowdown in post-Hurricane Beryl rebuilding and recovery spending, together with the new administration's efforts to improve fiscal and debt outcomes by rationalising capital expenditure. As rebuilding activity tapered and spending on the Port Modernisation Project and other public initiatives declined, the primary deficit narrowed from 10.5 per cent of GDP in 2024 to 8.9 per cent in 2025. Similarly, the overall fiscal deficit, while still elevated, declined to 12.6 per cent of GDP (Table 1). External financing remained the main source of funding, supporting public sector investment.

Table 1. Central Government Fiscal Operations
as a per cent of GDP unless stated otherwise

INDICATOR	2019	2020	2021	2022	2023	2024	2025R
Total Revenue	27.7	30.7	32.3	28.0	27.3	29.1	29.3
Current Revenue	24.5	26.0	28.3	26.0	24.9	26.0	26.4
Tax Revenue	22.7	24.2	26.6	24.5	22.8	24.3	24.4
Total Grants	3.0	2.7	2.6	1.9	2.4	1.1	1.7
Total Expenditure	30.9	36.6	38.6	35.0	35.8	43.2	42.0
Current Expenditure	24.4	27.5	28.9	25.7	26.1	27.9	28.7
Interest Payments	2.3	2.3	2.6	2.4	2.6	3.3	3.8
Capital Expenditure	6.5	9.1	9.7	9.3	9.6	15.2	13.3
Current Account Balance	0.1	(1.5)	(0.6)	0.3	(1.3)	(2.0)	(2.2)
Overall Balance	(3.3)	(5.9)	(6.3)	(6.9)	(8.4)	(14.0)	(12.8)
Primary Balance	(0.9)	(3.6)	(3.8)	(4.5)	(5.8)	(10.8)	(8.9)
Financing	3.3	5.9	6.3	6.9	8.4	14.0	12.6
Domestic	(10.0)	(10.9)	(13.1)	(11.1)	(7.5)	(6.9)	(9.1)
External	15.5	16.8	19.4	18.0	15.9	21.0	21.8
MEMO ITEMS:							
Total Public Sector Debt	1,670.4	1,904.9	2,117.7	2,320.7	2,622.3	3,117.7	3,519.9
Debt-to-GDP Ratio	68.0	81.7	88.3	88.6	92.8	102.5	109.0

Note: Data for 2025 are revised.

Source: ECCB 2026.



2.2.1 Public Debt

Public debt continued to rise in 2025 with the debt-to-GDP ratio exceeding 100.0 per cent. At the end of 2025, the debt-to-GDP ratio stood at 109.0 per cent, 6.5 percentage point above the 2024 ratio and 7.1 percentage points above the initial estimate for the year. Public debt remained dominated by external loans from bilateral and multilateral sources.

2.3 External Developments

The goods trade deficit widened slightly to 33.9 per cent of GDP in 2025, driven mainly by robust import demand for investment-related goods. The performance of goods export as a share of GDP was adversely affected by climate-related disruptions to the agriculture and fisheries sectors, resulting in a 1.8 percentage point decline in exports. Concurrently, imports as a share of GDP declined by 1.3 percentage points in 2025. The widening of the goods trade deficit was partly offset by a strong expansion in the services

Consecutive natural disasters and climate-related events, together with several large public sector investment projects, have increased reliance on external debt financing. Under current policies, the Government of Saint Vincent and the Grenadines is unlikely to achieve the ECCU long-term debt target of 65.0 per cent of GDP by 2035.

trade balance. Consequently, the current account deficit narrowed to 16.6 per cent of GDP (Table 2), improving by 0.5 percentage points relative to 2024. Strong growth in stay-over arrivals supported higher travel receipts, which increased by 1.4 percentage points to 27.2 per cent of GDP by the end of 2025. Foreign direct investment inflows moderated slightly to 9.2 per cent of GDP, reflecting the completion of major projects in 2024 and during the first half of 2025 (Table 2).

Table 2. External Sector Outcomes

as a per cent of GDP unless stated otherwise

INDICATOR	2019	2020	2021	2022	2023	2024	2025R
Current Account	(2.4)	(15.9)	(23.2)	(20.5)	(18.2)	(17.1)	(16.6)
Goods Trade Balance	(27.6)	(26.0)	(32.7)	(34.5)	(33.7)	(33.5)	(33.9)
of which: Exports	4.9	6.7	4.3	5.3	4.7	6.1	4.3
of which: Imports	32.5	32.8	37.0	39.8	38.4	39.6	38.3
Services Trade Balance	16.8	4.0	0.0	7.4	11.1	9.8	14.4
of which: Travel Receipts	26.6	10.2	6.8	18.6	23.2	25.8	27.2
Primary Income Balance	(0.2)	(0.9)	(1.9)	(1.0)	(1.5)	0.8	(2.1)
Secondary Income Balance	8.5	7.0	11.3	7.5	5.8	5.7	5.0
Capital Account Balance	0.5	0.6	1.0	0.7	2.2	1.1	1.7
Financial Account Balance	(0.9)	(7.9)	(16.7)	(19.0)	(19.9)	(17.1)	(14.8)
of which: Direct Investment	(7.0)	(7.3)	(19.0)	(6.9)	(7.1)	(12.5)	(9.2)
MEMO ITEMS:							
Current Account (EC\$M)	(58.7)	(371.0)	(556.9)	(536.8)	(514.7)	(521.3)	(536.2)
Goods Trade Balance (EC\$M)	(677.4)	(607.0)	(783.3)	(902.9)	(952.8)	(1,017.9)	(1,095.8)

Note: Data for 2025 are revised.

Source: Ministry of Finance and ECCB.



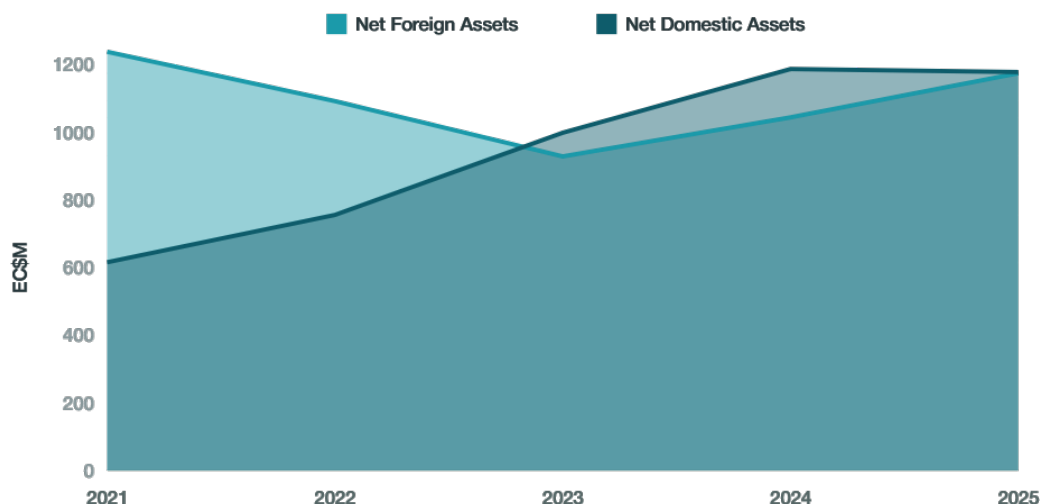
2.4 Banking and Monetary Developments

The money supply expanded by 5.4 per cent reaching \$2.4b at the end of 2025. The share of monetary aggregates continued to fluctuate, supported by an expansion in net foreign assets as commercial banks increased their holdings of debt instruments

outside the ECCU area (Figure 5). Domestic credit recorded only marginal growth, while the overall expansion in monetary aggregates was partly offset by a continued decline in Other Items Net.

Figure 5. Trends in Monetary Aggregates

The money supply contracted as the decline in net foreign assets outpaced the growth in net domestic assets.



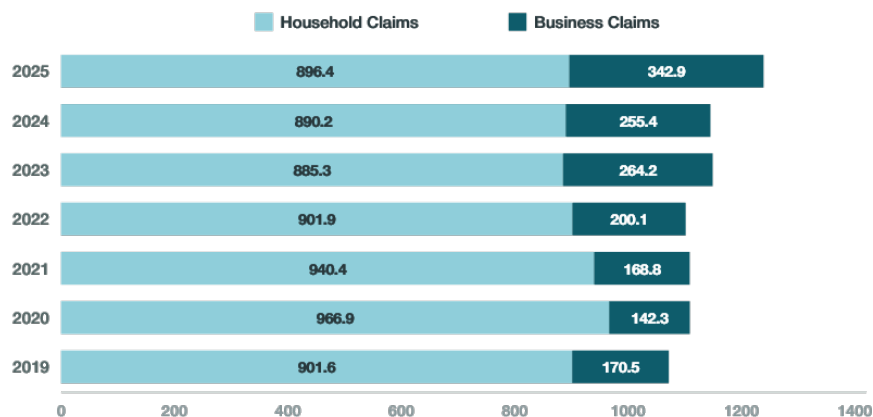
Source: ECCB.

Domestic credit expanded by 9.4 per cent to \$1.7b at the end of 2025. Economic growth was supported by increased credit growth in both the private and public sectors, reflecting strong domestic demand and continued financing for post-Hurricane Beryl rebuilding efforts. Private sector credit rose by \$93.8m to \$1.2b, and also exceeded the initial 2025 estimate, owing mainly to stronger-than-anticipated lending to

businesses. Despite the moderation in economic activity, business credit increased by \$87.5m, reflecting improved investor confidence and business sentiment (Figure 6). Household credit, the largest component of private sector lending, expanded only marginally by \$6.3m, with credit extended primarily to real estate activities and residential mortgages.

Figure 6. Trends in Private Credit (EC\$M)

Household credit continued to dominate private lending; however, growth in business credit drove the increase in private lending in 2025.



Source: ECCB 2026.



Financial stability indicators improved by the end of 2025. Liquidity conditions remained strong, supported by a slight increase in the ratio of liquid assets to total assets (Table 3), consistent with the decline in net domestic assets (Figure 5). Asset

quality improved, as the ratio of non-performing loans (NPL) to total loans fell to 4.5 per cent, moving below the ECCB's prudential benchmark of 5.0 per cent, outperforming both 2024 and the initial 2025 estimates.

Table 3. Financial Stability Indicators

Financial Sector (Commercial Bank) Stability Indicators, per cent

INDICATOR	2019	2020	2021	2022	2023	2024	2025R
Non-Performing Loans (NPLs)	6.4	7.4	7.8	10.1	8.1	5.8	4.5
LIQUIDITY RATIOS							
Liquid Assets	41.7	44.0	47.2	48.4	43.5	46.2	46.9
Deposits	141.5	143.8	160.3	163.4	158.4	157.4	154.7

Note: Data for 2025 are revised.

Source: ECCB 2026.

+5.4%

Money supply growth in 2025, to \$2.4b

+9.4%

Domestic credit growth in 2025, to \$1.7b

4.5%

Non-performing loan ratio in 2025



The photograph identifies Kingstown as the capital of Saint Vincent and the Grenadines.; Photo credit: Wikimedia Commons.



3

Medium-Term Macroeconomic Outlook

Global context, domestic projections and risks to 2027

3.1 Outlook

Global growth is expected to remain subdued over the medium term amid heightened geopolitical tensions. According to the IMF, global growth is projected to average 3.2 per cent over 2026–2027 (IMF WEO April 2026). The outlook remains highly

sensitive to the duration and scope of the conflict in the Middle East, which could intensify inflationary pressures through disruptions to supply chains, particularly along the Strait of Hormuz, and through higher commodity prices.

Table 4. Medium Term Outlook for Select Indicators

as a per cent of GDP unless stated otherwise

INDICATOR	2025R	2026E	2027F
Nominal GDP (EC\$M)	3,227.9	3,501.6	3,734.2
Real GDP (EC\$M)	2,712.1	2,804.7	2,894.9
Real GDP Growth	1.2	3.4	3.2
Inflation (end of period; per cent)	0.5	2.0	1.3
GOVERNMENT SECTOR			
Current Revenue	26.4	26.7	26.4
Current Expenditure	28.7	29.9	28.6
Capital Expenditure	13.3	11.0	9.9
Primary Balance	(8.9)	(9.2)	(7.9)
Overall Balance	(12.6)	(13.0)	(11.5)
Financing	12.6	13.0	11.5
EXTERNAL SECTOR			
Goods Trade Balance	(33.9)	(32.9)	(31.1)
Travel receipts	27.2	26.3	25.8
Current account	(16.6)	(15.3)	(13.8)
Foreign Direct Investment	(9.2)	(9.1)	(9.1)
MONETARY SECTOR (EC\$M)			
Money Supply	2,352.3	2,574.6	2,745.7
Net Foreign Assets	1,174.5	1,218.2	1,235.9
Net Domestic Assets	1,177.9	1,356.4	1,509.8
Domestic Credit	1,653.8	1,733.5	1,793.7
Of which credit to the private sector	1,239.3	1,311.7	1,350.0
Of business credit	342.9	395.9	422.2
Of households credit	896.4	915.9	927.9
MEMO ITEMS B:			
Total public sector debt (EC\$M)	3,519.9	3,257.9	3,719.7
Total public sector debt to GDP	109.0	93.0	99.6

Note: Data for 2025 are revised; data for 2026 are estimates and data for 2027 are forecasts. Shaded columns denote projections. Source: ECCB 2026.



According to IMF Managing Director Kristalina Georgieva, the global economy has so far remained resilient despite the war in the Middle East. Commodity prices, inflation expectations, and financial conditions have been affected, but not yet to the extent that they signal a broader global slowdown. Strong economic momentum in the United States and China, supported by robust AI-related investment, has mitigated the drag from the conflict. However, inflationary pressures continue to intensify, constraining the options by monetary authorities. Georgieva also noted that the effects of the war are uneven across countries, with energy-importing economies and countries with limited policy space facing greater vulnerability.

Saint Vincent and the Grenadines remains highly import-dependent. As a small, open, price-taking economy with strong trade links to the United States, domestic prices are likely to be affected by continued inflationary pressures in major trading partners and by higher global energy costs. As a result of this reliance on US imports, the correlation coefficient between domestic inflation and U.S inflation is 0.6. Against this backdrop, domestic inflation is expected to rise to 2.0 per cent by the end of 2026 in line with inflationary trends experienced in the United States, before moderating to 1.3 per cent in 2027.

Despite global growth remaining below its historical average over the medium term, the Saint Vincent and the Grenadines economy is expected to record growth in excess of 3.0 per cent in the medium term. Real GDP growth is projected to average 3.3 per cent over the medium term, supported primarily by continued expansion in tourism and construction. Public investment activity is expected to remain an important driver, with ongoing work on the Arnos Vale Acute Care Hospital, disaster risk and resilience management projects, airport rehabilitation, and road works. Tourism-related investments are also expected to strengthen the outlook, including the planned US\$45.0m expansion of Sandals Resort through the addition of 42 villas - 22 Rondoal Villas¹ and 20 Hillside Sky Suites² - alongside the proposed construction of the US\$500.0m Beaches Resort, scheduled to begin in 2028. Increased investment in room stock is expected to support investor confidence and encourage regional and international carriers to expand airlift and flight services. In addition, the recently-signed Memorandum of Understanding between the Government of Saint Vincent and the Grenadines and Global Ports Holding is expected to generate approximately \$250.0m in investment, with \$75.0m allocated to the first phase of cruise port enhancements. These improvements are expected to support higher cruise and excursionist arrivals and increase visitor spending.

¹Expected to welcome guests in November 2026.

²Construction will begin soon after the Rondoal Villas are completed.

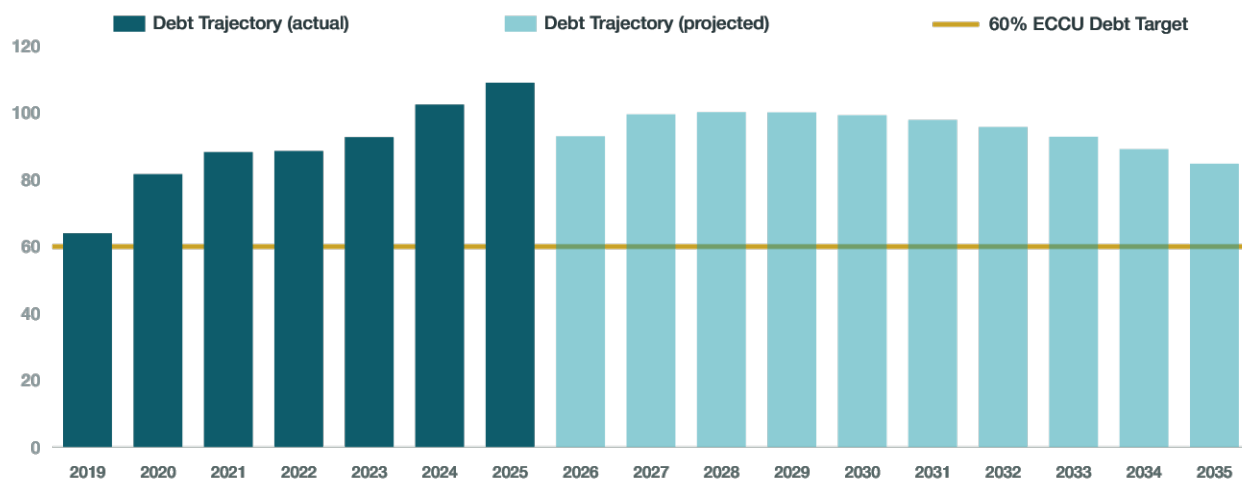


Despite the stronger medium-term growth outlook, Saint Vincent and the Grenadines is not expected to achieve the 60.0 per cent ECCU debt target by 2035 without corrective fiscal measures. The war in the Middle East has added to recurrent spending pressures, as the Government seeks to cushion households and businesses from higher energy costs and inflationary pressures linked to shipping and logistics disruptions. As a result, both the overall and primary fiscal deficits are projected to deteriorate in 2026 before improving modestly in 2027. These fiscal constraints are expected to contribute to a further increase in the debt stock, with the debt-to-GDP ratio

projected to average 96.3 per cent over the medium term (Figure 7). Under current policies, continued increases in capital outlays and transfers would place the debt stock on an upward trajectory. Both IMF and ECCB assessments³ suggest a high risk of debt distress and that a lack of policy correction will drive the debt ratio to above 130% in the long-run. Against this backdrop, the recently announced Home-Grown Structural Adjustment Programme is a welcome step. However, its effectiveness will depend on whether the programme is anchored in credible policies aimed at achieving medium- to long-term fiscal and debt sustainability targets.

Figure 7. Baseline Trajectory of the Debt to GDP Ratio

Projections indicate the 2035 debt target of 60.0 per cent will not be achieved.



Solid bars denote actuals (2019–2025); lighter bars denote projections. Source: ECCB 2026.

Banking sector activity and external balances are expected to strengthen over the medium term, supported by improved economic conditions. Money supply growth is projected to increase as domestic demand strengthens and lending activity expands. The goods trade deficit, as a share of GDP, is expected to narrow as economic growth outpaces the projected increase in imports. Additionally, a slowdown in public sector related investments is also expected to contribute to a slowdown in investment related imports, thereby improving the trade balance. At the same time, the services trade balance is

expected to continue supporting a reduction in the current account deficit, driven mainly by sustained growth in tourism. However, higher fuel prices linked to the war in the Middle East are expected to place upward pressure on the import bill, while increased airlift and visitor arrivals are likely to raise demand for jet fuel to meet carrier refuelling needs. The current account deficit is expected to remain financed primarily by foreign direct investment, which is projected to rise over the medium to long term alongside major private sector projects, including the Sandals expansion.

³Baseline IMF Projections; ECCB's DDT estimates are based on the assumption that the country maintains its historical pattern of spending without any fiscal corrections.



3.1.1 Downside Risks

Risks in the medium term are mainly tilted to the downside because of geopolitical instability in the Middle East and global policy uncertainty.

Table 5. 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 combining to potentially negatively impact 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 significantly reducing development assistance, particularly support for climate resilience investment.
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 supporting improved growth and easing inflationary pressures in major import source markets.
The stabilisation of the global economic environment.	Low	Fiscal policy efforts increase fiscal space and positively debt ratios.

3.1.2 Upside Risks

Additionally, on the upside, the tourism industry is expected to continue buoying economic activity, several private sector initiatives are expected to begin in the medium term (2026-2027), including:

- The Sandals expansion (Continued)
- Palm Island Development

The Arnos Vale Acute Care hospital is also expected to continue, with construction expected to culminate in 2027.



4 Policy Recommendations

Priorities to address imbalances and anchor resilient growth

We reiterate several recommendations highlighted in the 2025 AEFR. While growth remains concentrated in key sectors that depend heavily on physical capital formation, the Government should continue to pursue policies that support broader economic diversification:

- 1 **Continue to strengthen skills in digital technologies.** Improving digital literacy and technical skills would enhance human capital, support long-term growth, and improve efficiency as the economy transitions further toward digitalisation. These efforts would also contribute to progress on SDGs 4 and 8.
- 2 **Continue investing in the agricultural sector, with a particular focus on climate-smart and climate-resilient agriculture.** These efforts should be aligned with the National Climate Change Policy and supported by the advancement of complementary strategies, including energy, water sector, and climate adaptation policies. This is especially important given the increasing frequency and intensity of extreme weather events, including droughts and high-temperature episodes.

In addition, we restate the fiscal recommendations previously outlined in the 2025 Annual Economic and Financial Review for Saint Vincent and the Grenadines:

With risks to the outlook tilted mainly to the downside, strengthening the medium-term fiscal framework remains essential to safeguard fiscal sustainability. Given the Government's high risk of debt distress, the following actions are critical:

- 3 It may be prudent for the Government shift its near- to medium-term focus toward fiscal consolidation by updating and enforcing fiscal rules, taking corrective policy actions where necessary, and rationalising public expenditure, particularly capital and recurrent outlays.
- 4 The authorities are encouraged to align a medium-term primary balance target with achieving the long-term regional debt anchor of 60.0 per cent of GDP by 2035. This would help ensure that fluctuations in economic growth do not undermine progress toward the regional debt target.



4 Policy Recommendations

Priorities to address imbalances and anchor resilient growth

- 5 The Government should consider increasing its presence on the Regional Government Securities Market, while reducing reliance on borrowing from the domestic banking system. This could help improve interest rate differentials and lower debt-servicing costs. In addition, the Government should continue exploring options for debt reduction and restructuring.

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 should execute on coordinated **"Big Push"**^[1] strategies across seven key transformational areas. Transitioning from incremental reform to simultaneous, high-impact intervention, priority policies should 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 mobilization to insulate long-term growth from external shocks.

¹ For more information on the "Big Push" Agenda, refer to the ECCB website at <https://www.eccb-centralbank.org>.



The photograph of Kingstown Saint Vincent and the Grenadines.; Photo credit: David Stanley, Wikimedia Commons.



BOX 1

Box I: Impact of the Middle East War on Saint Vincent and the Grenadines

Saint Vincent and the Grenadines is highly exposed to the economic effects of the war in the Middle East because it is a small, open, import-dependent economy with limited fiscal space and high public debt. Its reliance on imported fuel and tourism makes it particularly vulnerable to higher oil prices, freight costs, and imported inflation.

Parke, Kelly and Bullen (2026) estimate that a prolonged escalation of the conflict, with oil prices reaching US\$150 per barrel, could raise ECCU prices by as much as 6.0 per cent. They recommend targeted social assistance,

limited and capped fuel support, stronger food logistics, faster renewable energy investment, improved energy efficiency, and enhanced regional food security.

The IMF (2026) cautions that broad-based subsidies, tax cuts, and price caps can become costly and difficult to unwind if energy prices remain elevated. It therefore advises governments to “protect people, not prices” by allowing prices to adjust while ensuring that fiscal support is temporary, targeted, and focused on vulnerable households.



Saint Vincent and the Grenadines.; Photo credit: Wikimedia Commons.

In response to the ongoing cost of living issue, the Government established the National Cost of Living Task Force in 2026 and introduced temporary 90-day measures to ease price pressures, including lower taxes and charges on petroleum products and LPG, utility relief through partnership with VINLEC, and reduced tax costs on shipping-related charges. The government has also introduced a subsidy on seeds and a 30.0 per cent discount on fertiliser to safeguard food security, and in

an effort to encourage the energy transition and energy security, the government will maintain a 100% tax waiver on solar photovoltaic systems.

While these measures can help cushion households and firms, they should be temporary, well-targeted, and withdrawn once energy prices stabilise to avoid further pressure on fiscal balances and public debt.



Appendix: Selected Economic Indicators

Saint Vincent and the Grenadines, 2022 to 2027

Table 6. Selected Economic Indicators

In EC\$M, unless otherwise stated. Shaded columns (2026, 2027) denote revised forecasts.

INDICATOR	2022	2023	2024	2025R	2026E	2027F
Nominal GDP (EC\$M)	2,618.8	2,826.8	3,041.5	3,227.9	3,501.6	3,734.2
Real GDP (EC\$M)	2,453.5	2,564.2	2,679.6	2,712.1	2,804.7	2,894.9
Real GDP Growth	5.0	4.5	4.5	1.2	3.4	3.2
Inflation (end of period; per cent)	6.7	4.0	2.1	0.5	2.0	1.3
GOVERNMENT SECTOR						
Current Revenue	681.2	703.1	790.1	853.5	933.7	984.9
Current Expenditure	672.8	739.0	849.7	925.4	1,046.6	1,066.6
Capital Expenditure	243.0	272.2	463.1	428.8	386.1	369.0
Primary Balance	(119.0)	(164.2)	(327.3)	(286.0)	(322.9)	(294.3)
Overall Balance	(181.5)	(238.5)	(427.3)	(407.6)	(455.5)	(429.5)
Debt Servicing as a share of Current Revenue (%)	9.0	9.1	9.8	10.4	10.2	10.0
Financing	181.5	238.5	427.3	407.6	455.5	429.5
EXTERNAL SECTOR						
Goods Trade Balance	(902.9)	(952.8)	(1,017.9)	(1,095.6)	(1,153.2)	(1,160.6)
Travel receipts	485.9	655.1	765.1	877.4	922.5	963.9
Current account	(536.8)	(514.7)	(521.3)	(536.2)	(537.2)	(515.5)
Foreign Direct Investment	(179.9)	(200.3)	(380.3)	(298.0)	(314.2)	(338.8)
MONETARY SECTOR (EC\$M)						
Money Supply	1,847.9	1,926.9	2,231.3	2,352.3	2,574.6	2,745.7
Net Foreign Assets	1,092.2	928.3	1,044.2	1,174.5	1,218.2	1,235.9
Net Domestic Assets	755.7	998.5	1,187.2	1,177.9	1,356.4	1,509.8
Domestic Credit	1,087.9	1,262.4	1,544.0	1,653.8	1,733.5	1,793.7
Of which credit to businesses	200.1	264.2	255.4	342.9	395.9	422.2
Of which credit to households	901.9	885.3	890.1	896.4	915.9	927.9
MEMO ITEMS B:						
Total public sector debt (EC\$M)	2,320.7	2,622.3	3,117.7	3,519.9	3,257.9	3,719.7
Total public sector debt to GDP	88.6	92.8	102.5	109.0	93.0	99.6

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

Source: Central Statistics Office, Ministry of Finance and ECCB.



Saint Vincent and the Grenadines

Economic and Financial Review

2025 UPDATE

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