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St. Vincent and the Grenadines

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St. Vincent's Improving Growth Outlook Clouded by External Risks

Highlights

- Fitch Solutions has forecast real GDP growth to increase to 2.3% in 2019 and 2.4% in 2020, up from 2.1% in 2018.



e/f = Fitch Solutions estimate/forecast. Source: ECCB, Fitch Solutions

- This growth is expected to be driven by improvements in the tourism sector primarily from the United States and Canada. The Argyle International Airport has improved the linkages between New York, Toronto and Miami resulting in an increase in total visitors by an average of 27.8% year-on-year each quarter. Marina facilities have also been expanded across the islands which will help boost arrivals by sea.
- Domestic manufacturing would be bolstered by an increase in regional demand for processed food and beverages. This is encouraged by improvements in the economies of the other Eastern Caribbean Economies.
- The agricultural sector is expected to be supported by an increase in medical marijuana cultivation for export. This follows the passage of a Bill to decriminalize the substance in December 2018.
- Total public debt stands at an estimated 73.0% of GDP in 2018. This will limit the state's ability to invest further in the tourism sector or improve its readiness and resilience to natural disasters. The country's plan to reduce its debt-to-GDP to 60% by 2030 can be hampered by hurricanes, flooding and any disruptions to any of its revenue streams.

Risks

- Extreme weather events can directly affect the islands' tourism facilities.
- Economic downturns in any of its tourist markets could reduce the number of visitors to the islands, negatively impacting its growth.



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