

# IMF Projects Lasting Covid Damage to Tourism-based Economies: A Chart Analysis of Central America and the Caribbean

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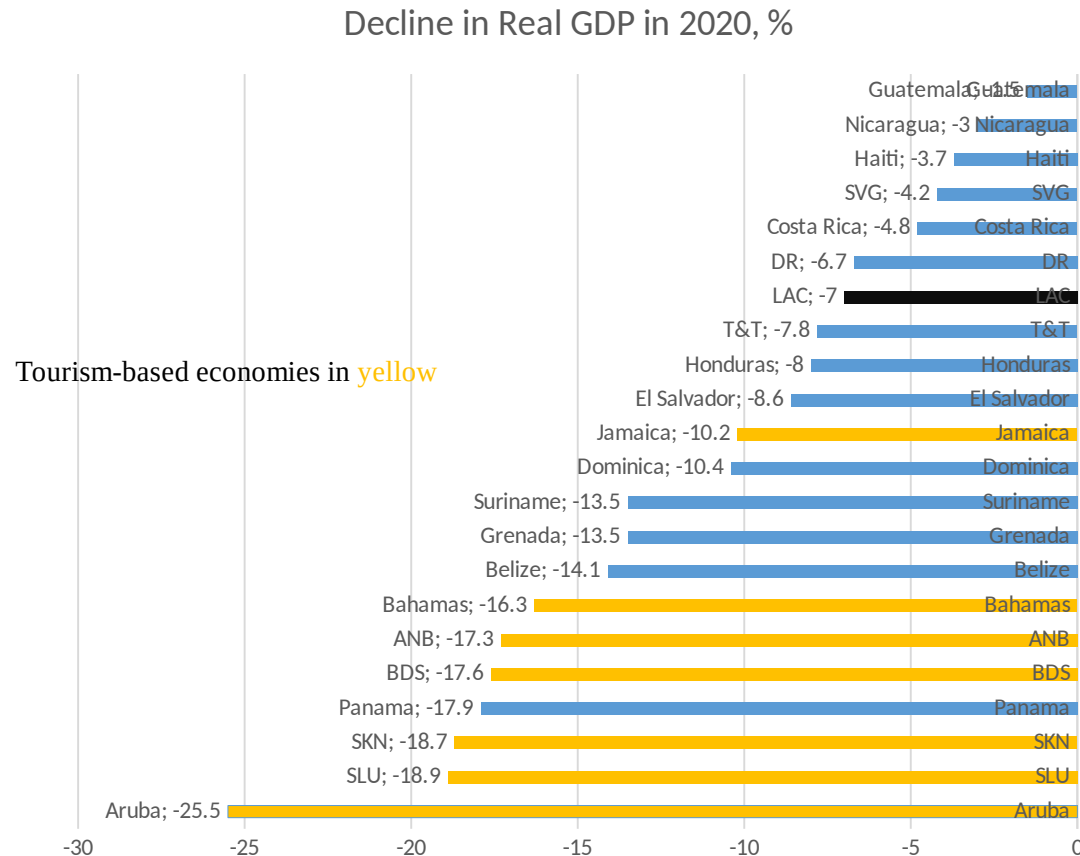
*Projections based on Table A4 of the IMF World Economic Outlook, April 2021*

INTERNATIONAL MONETARY FUND

# WORLD ECONOMIC OUTLOOK

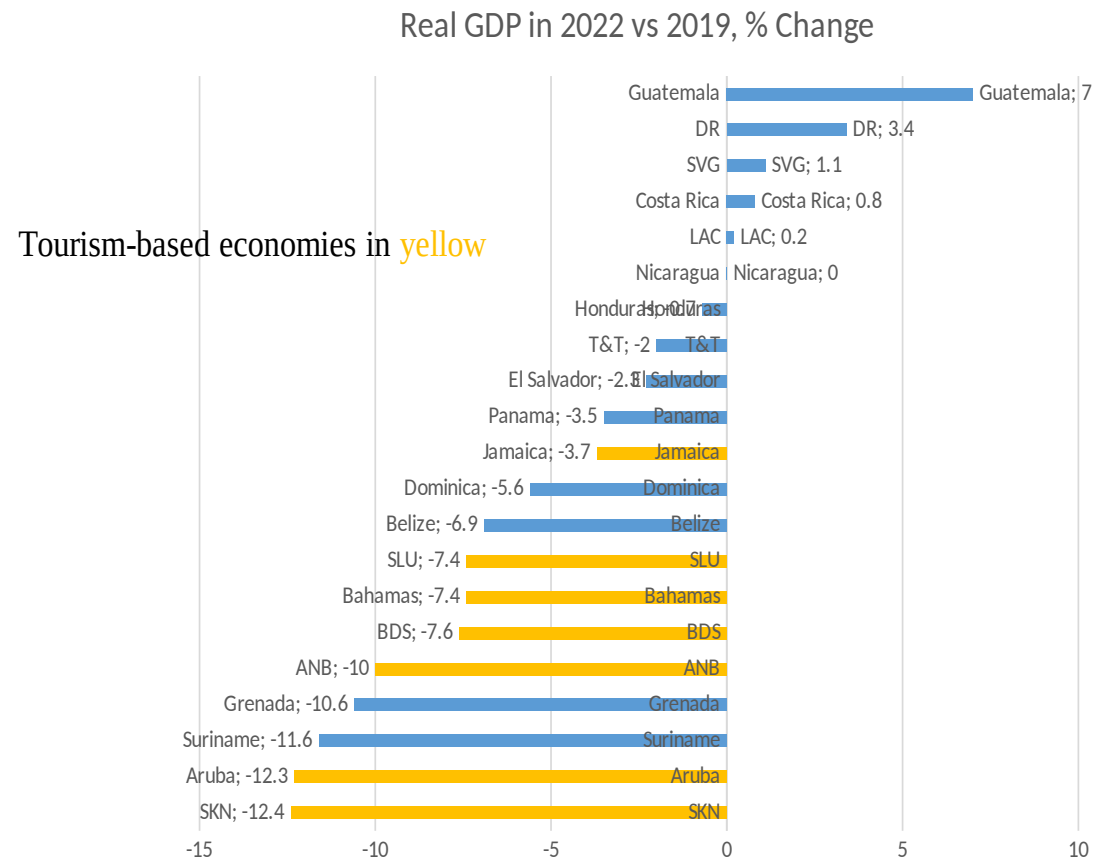


# The Tourism-based economies of Central America and the Caribbean suffered disproportionately large losses in 2020



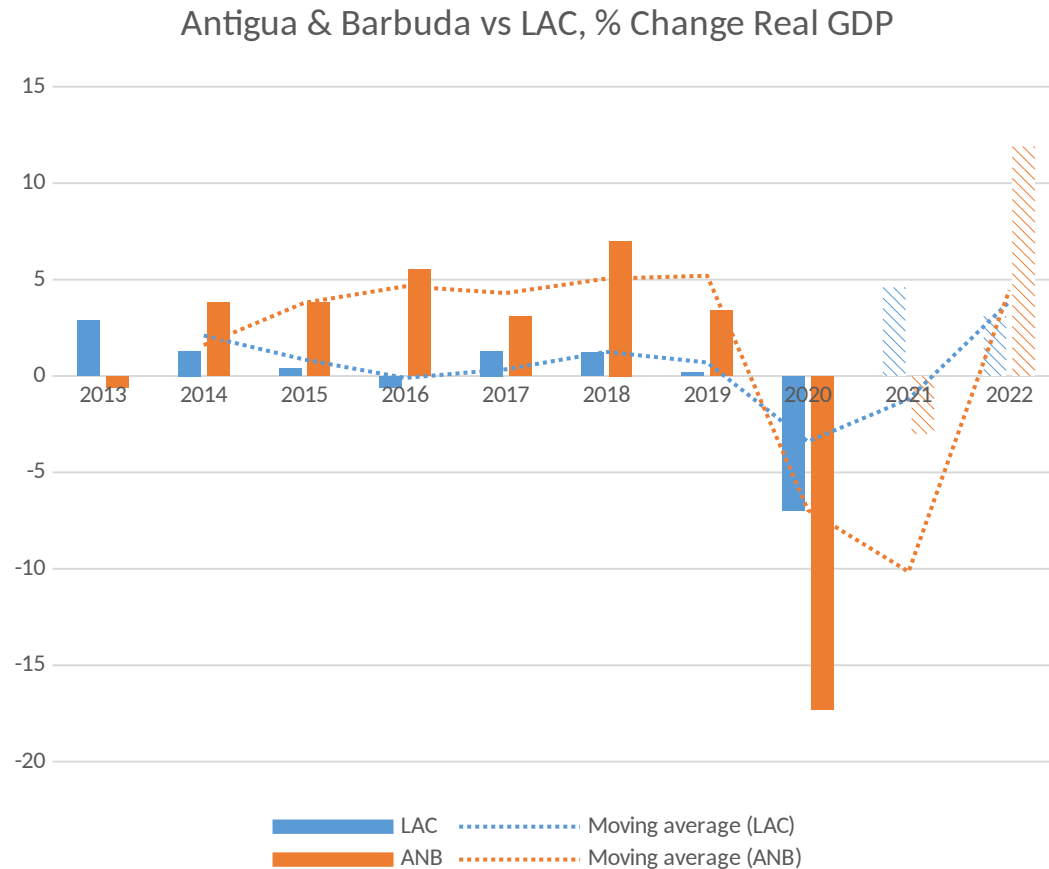
- Aruba's GDP fell by a quarter;
- Economic activity in other tourism-dependent economies fell by percentages ranging from 10 (Jamaica) to 19 (St Lucia);
- Barbados' GDP fell 18%;
- Losses in the more diversified economies (DR and Central America) were not as severe, but Belize (-14%) and Panama (-18%) were exceptions

# The damage to tourism-based economies is projected to be more lasting than the LAC average; by 2022 they will not have recovered to pre-Covid GDP levels



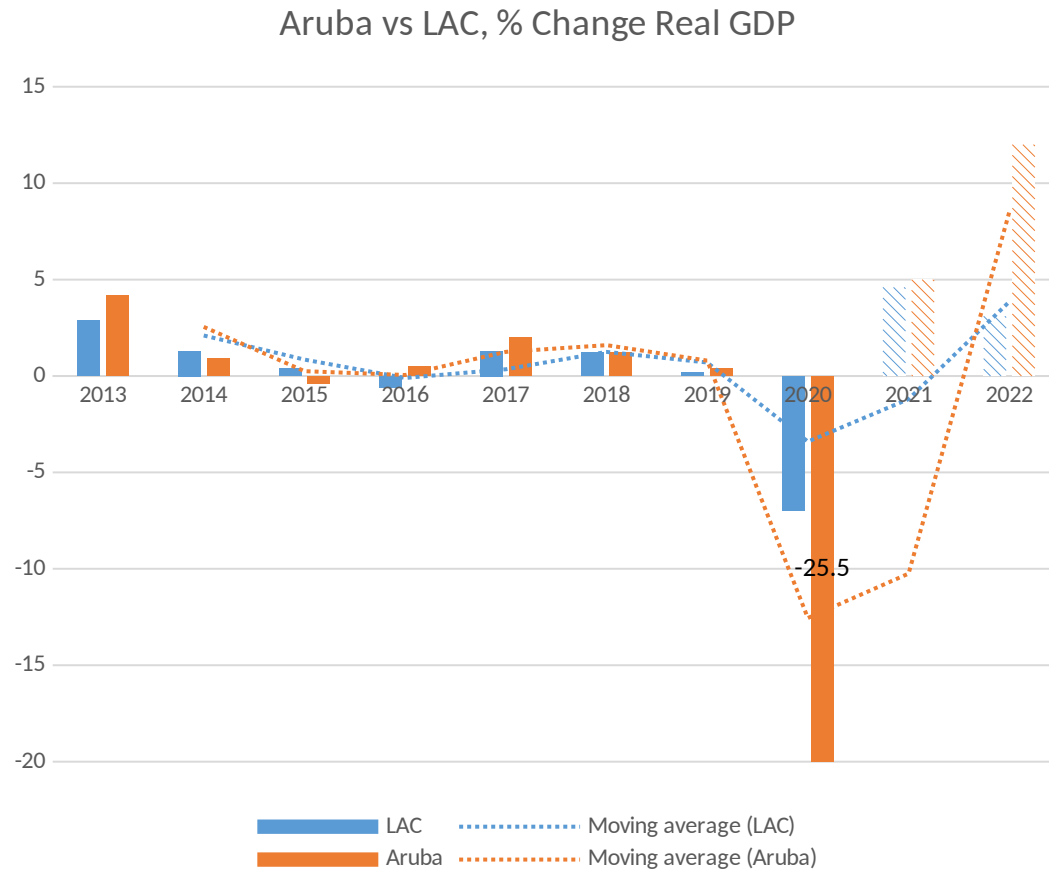
- By end-2022 St Kitts-Nevis GDP is projected 12% lower than in 2019 with Jamaica down 4%, and other tourism-dependent economies between these extremes;
- Barbados' real GDP in 2022 is projected to be 8% lower than in 2019;
- In contrast, most of Latin America & the Caribbean would have recovered to 2019 levels, with Guatemala and the DR well up on 2019 (7% and 3%, respectively).

# The pandemic brought to an end six years of above-average growth for Antigua & Barbuda



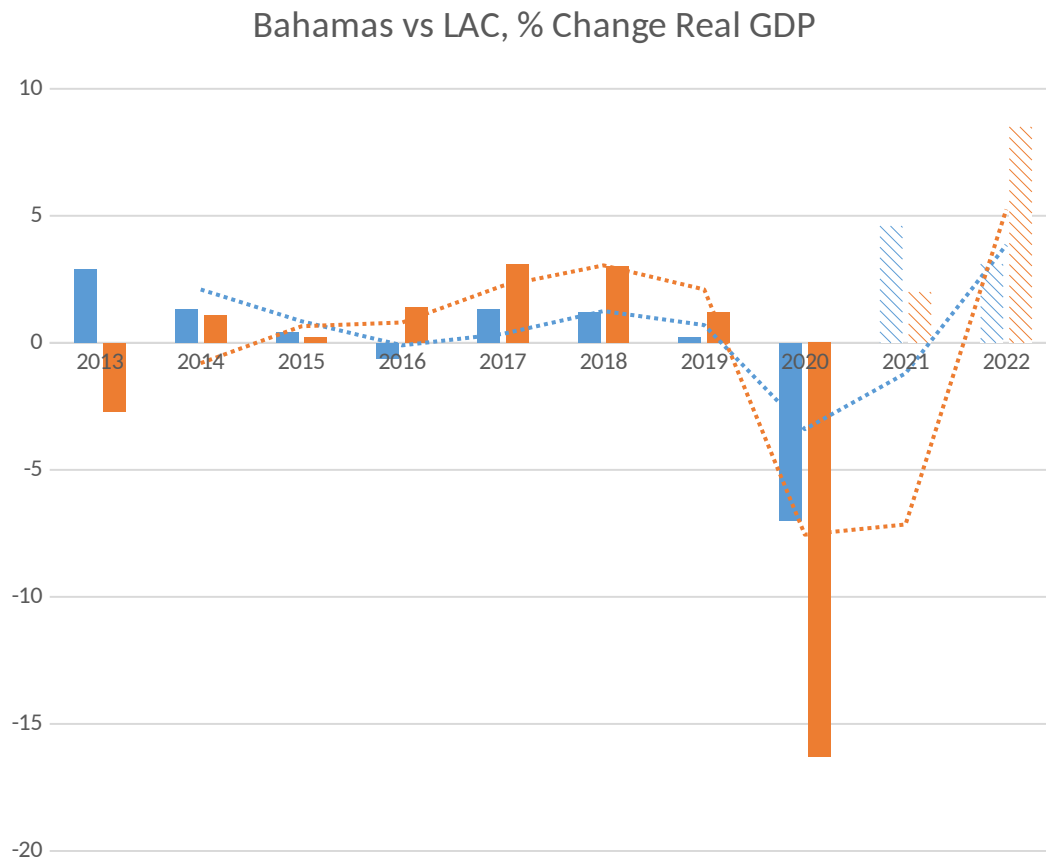
- Growth rates ranging from 3% to 7% in 2014 – 2019 exceeded the LAC average by a wide margin;
- But the recession in 2020 was among the worse in Central America and the Caribbean, a decline of 17%;
- The economy is expected to contract further this year;
- By the end of next year GDP is projected to be 10% below the 2019 level.

# Aruba took the largest hit from the virus, among Central American and Caribbean countries



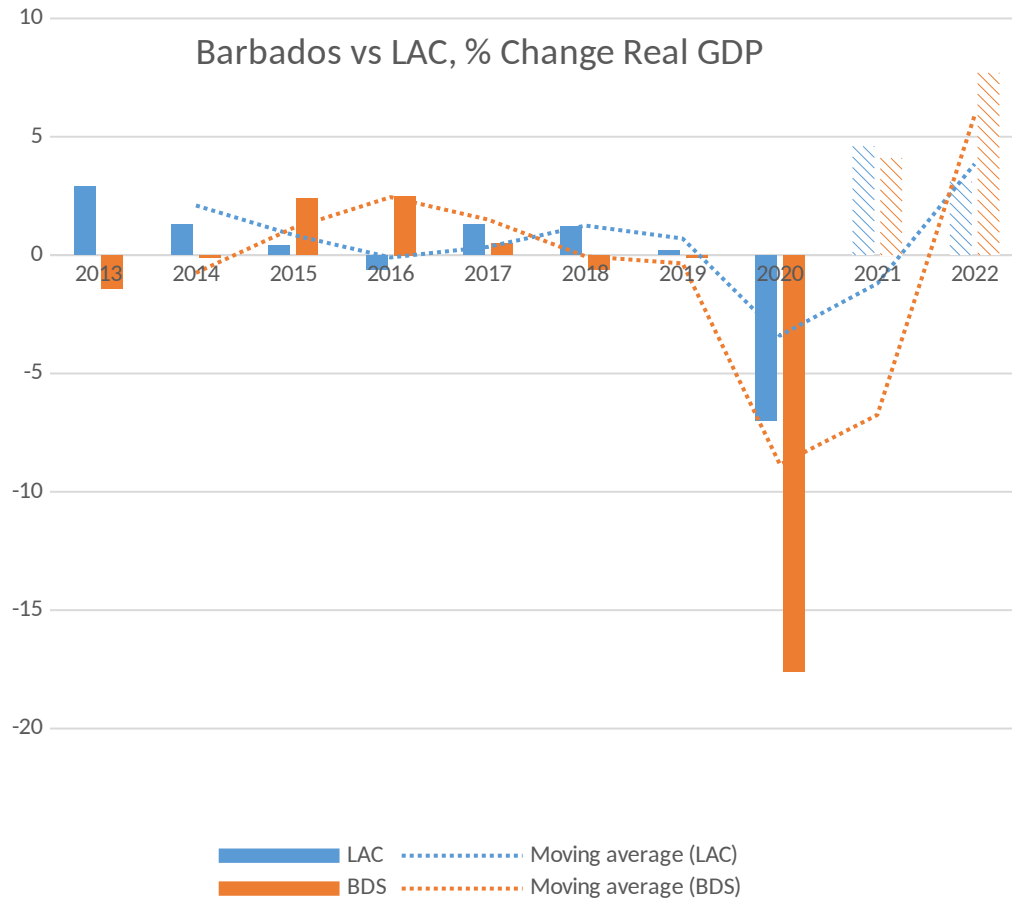
- Aruba's GDP contracted by 26% in 2020, compared with a 7 percent average fall for Latin America and the Caribbean;
- Aruba's economy is expected to turn around this year, and to expand more quickly in 2022, but by the end of that year the IMF projects that real GDP will be 12% below the 2019 level.

# The Covid-induced recession interrupted modest growth in the Bahamas, and the effects will last beyond 2022



- Growth averaging a trifle over 2% per year (2016 – 2019) in the Bahamas was interrupted by a 16% contraction in 2020;
- Growth rates projected in 2021 and 2022, 2% and 9%, would leave real GDP 7% below the 2019 level by end-2022.

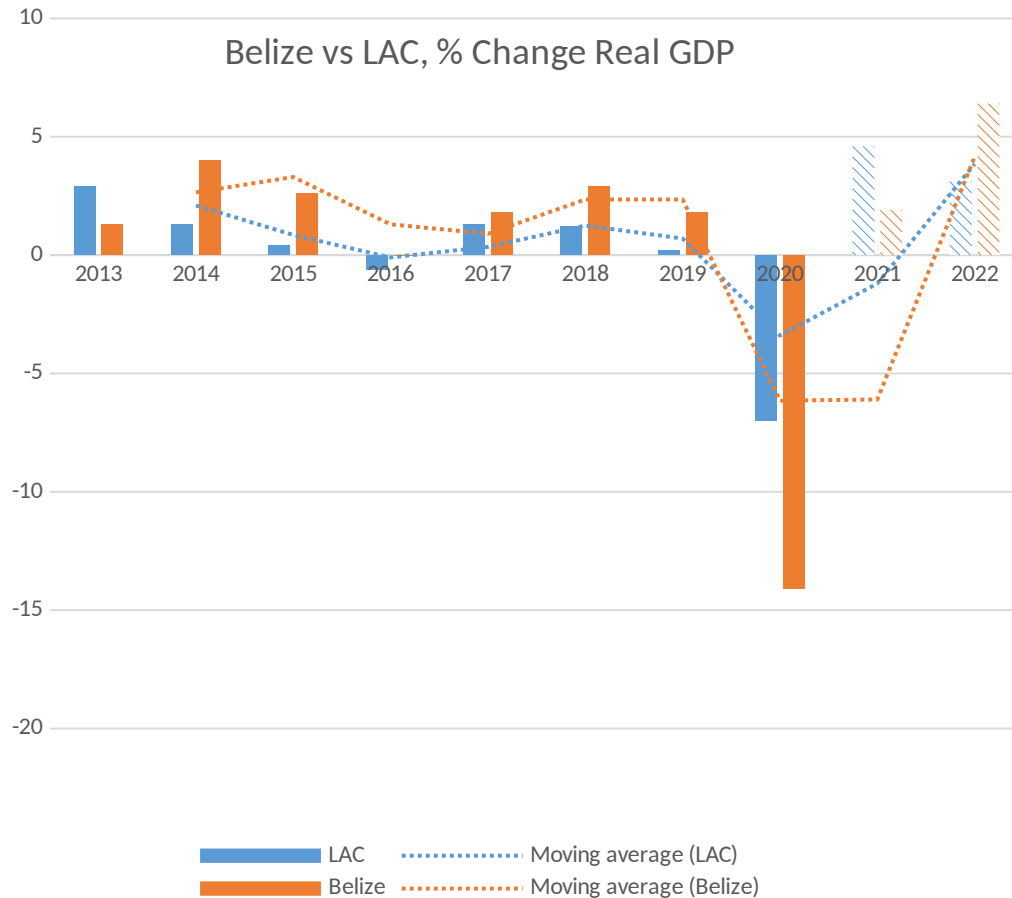
# In Barbados, where real GDP had stagnated since 2017, Covid delivered a lasting blow



- After a couple of years of 2% growth (2015 & 2016), real GDP in Barbados remained virtually unchanged;
- Contraction in 2020 was almost 18%;
- Expansion of 4% this year and 8% next is expected to leave real 2020 GDP 8% lower than in 2019.

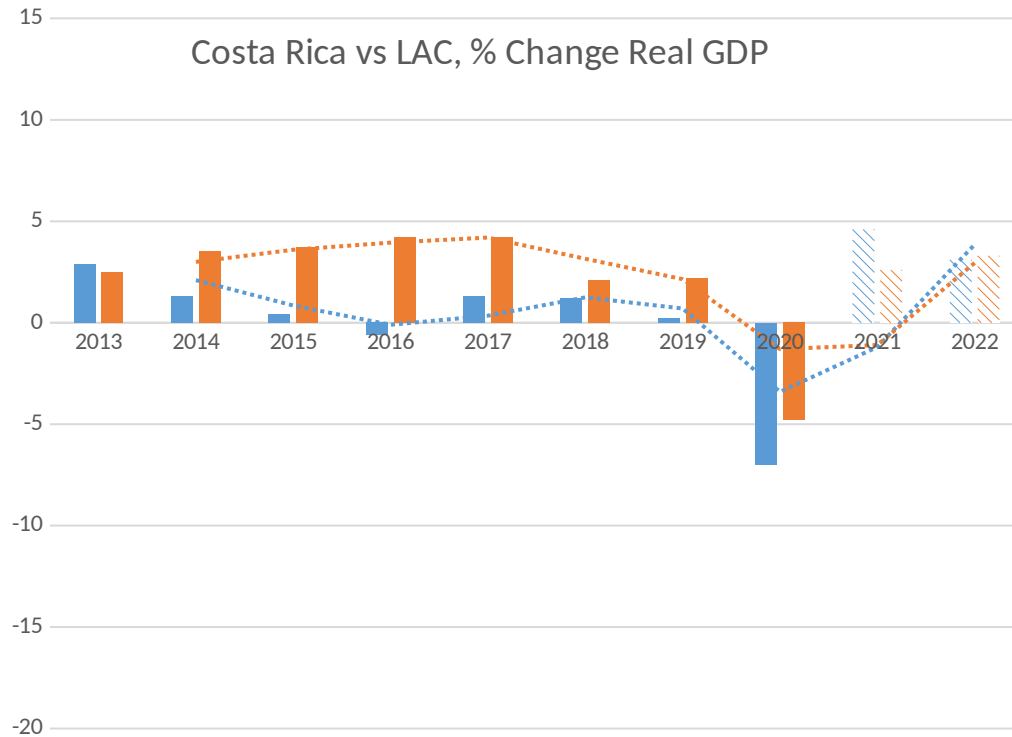


# After years of sluggish growth, Belize suffered a Covid-related setback from which it is not expected to have fully recovered by 2022



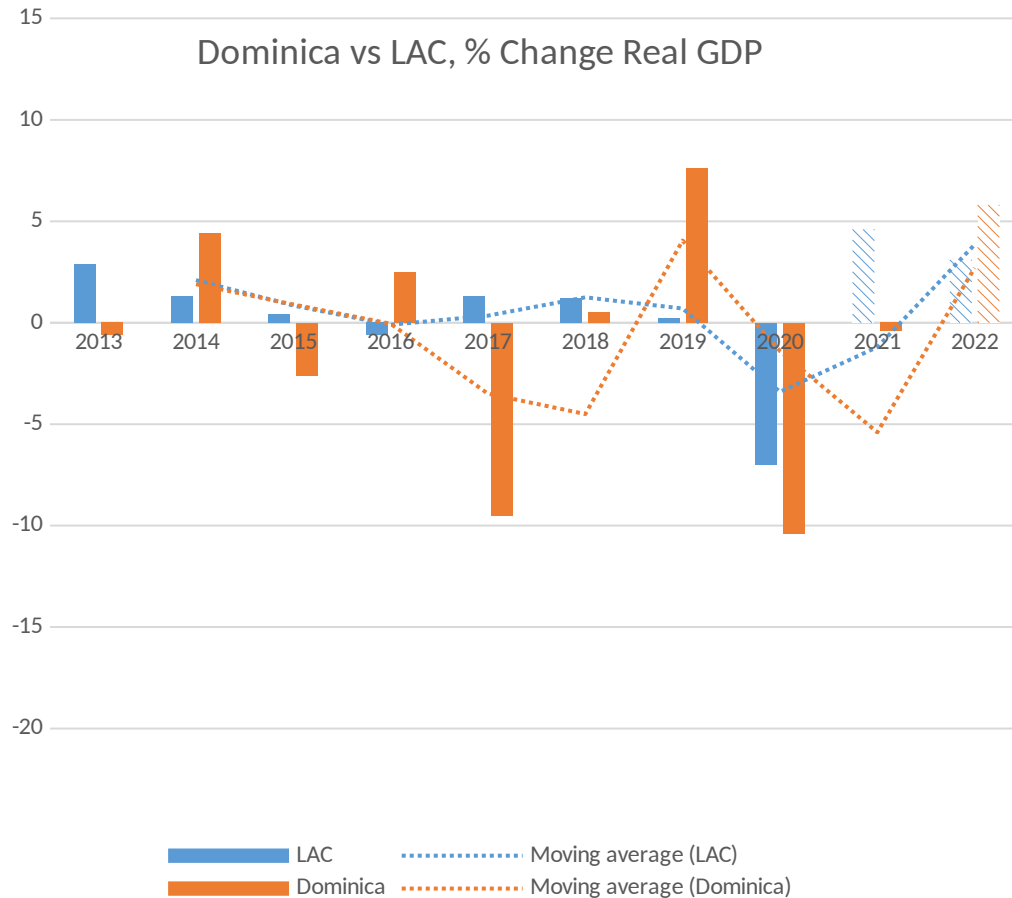
- Apart from 2016, when the economy stagnated, Belize recorded annual growth rates of about 2% over the 7 years to 2019;
- Real GDP contracted by 14% in 2020;
- By end-2022, the Belize real GDP is projected to be 7% below the 2019 level.

# Costa Rica's economic performance has been better than the average for Latin America and the Caribbean, before and during the pandemic crisis



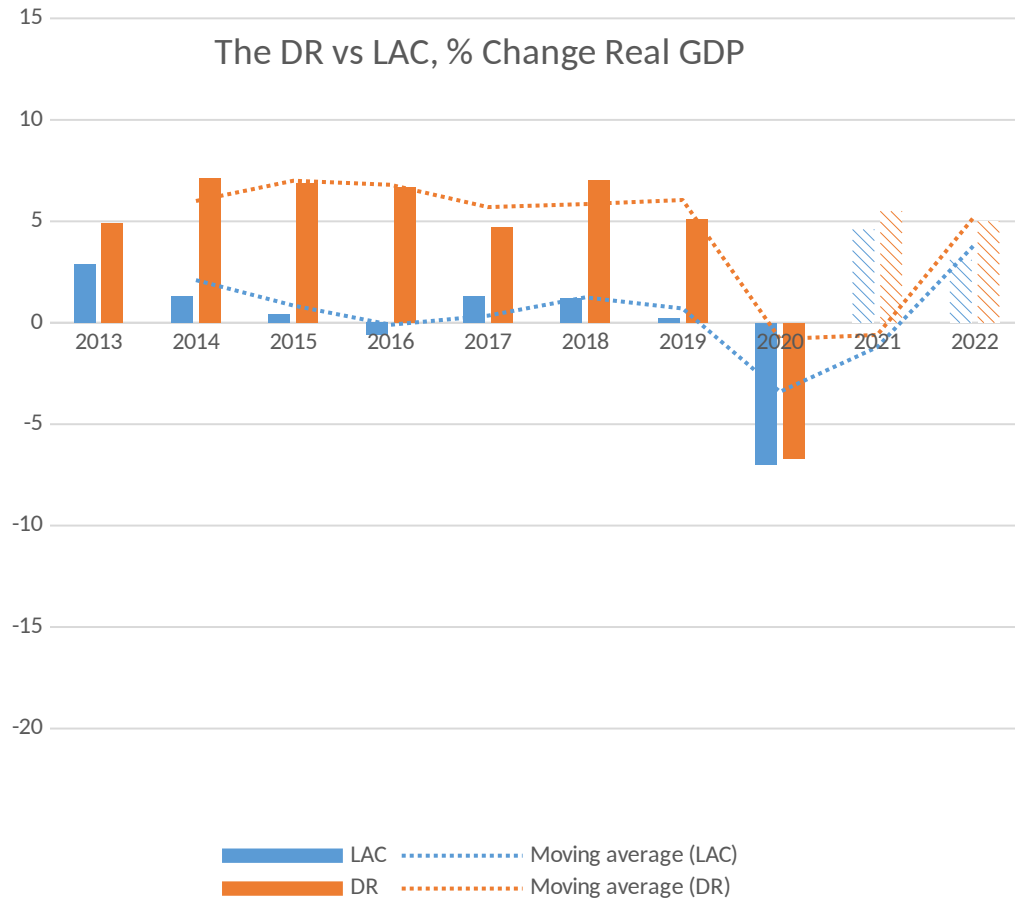
- Costa Rica achieved growth rates of up to 4% in the years to 2019, exceeding the LAC average by about 2 percentage points each year;
- The Costa Rican GDP contracted in 2020, but by slightly less than 5%, compared to a 7% average loss by LAC;
- By end-2022 Costa Rican GDP is projected to have fully recovered, to 1% above 2019 levels.

# The Covid-related recession struck Dominica as it was recovering strongly from contraction due to a devastating hurricane in 2017



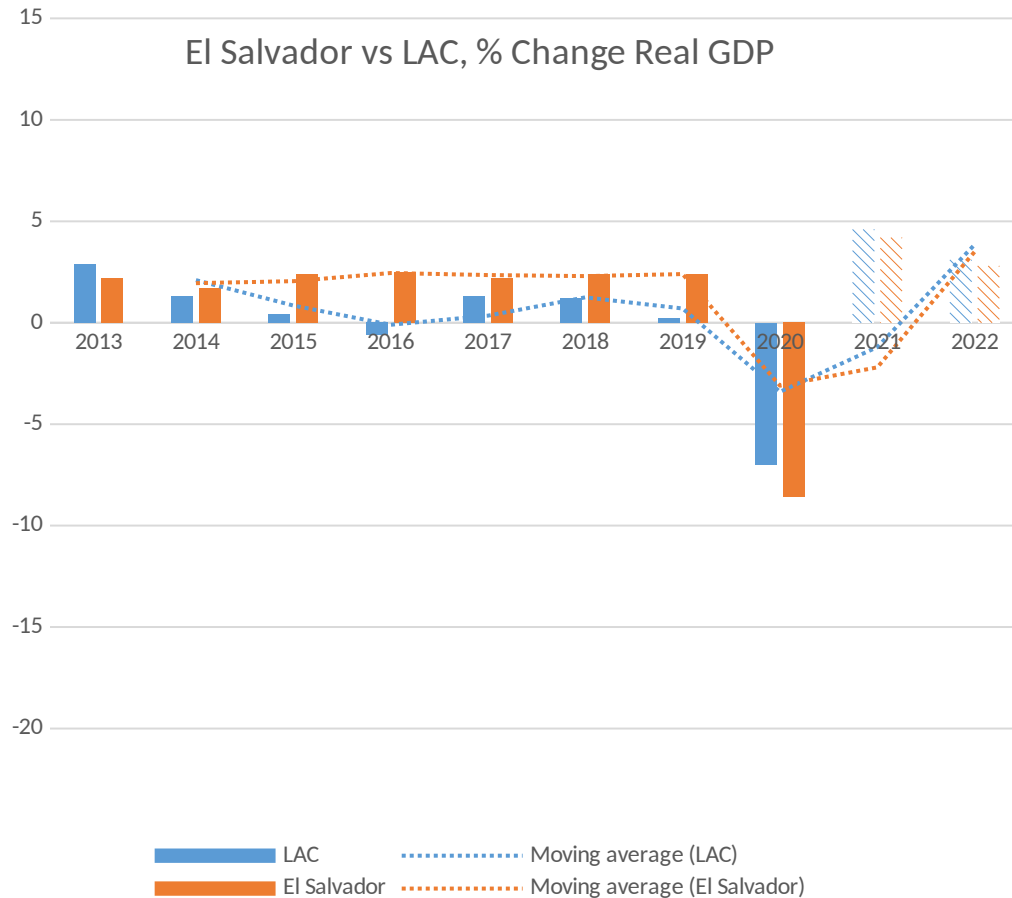
- The 8% gain in GDP in 2019 seemed a harbinger of strong recovery from a 10% economic contraction in 2017;
- Instead 2020 saw another 10% contraction;
- Little by way of growth is projected for this year, and by the end of next year the economy is projected to be 6% below the 2019 level.

# The Dominican Republic's economy comfortably outperformed the LAC average in the 7 years to 2019, and is projected to be fully recovered in 2022



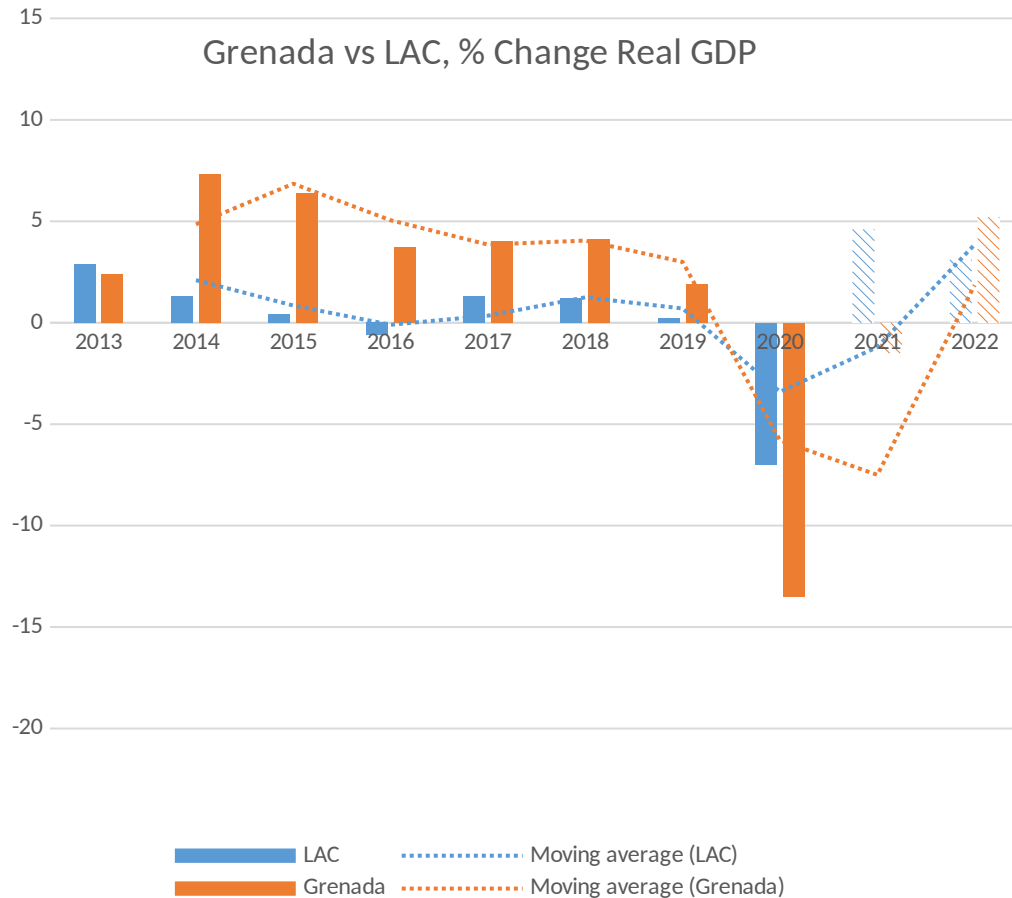
- Annual GDP growth rates in the DR averaged above 5% in the 7 years to 2019, about 4 percentage points better than the annual LAC average;
- The contraction in 2020 (7%) was average for LAC;
- Recovery this year and next is projected to put the GDP ahead of the 2019 figure by 3%.

# GDP growth to 2019 in El Salvador was steady but modest; the economy is projected to be short of full recovery in 2022



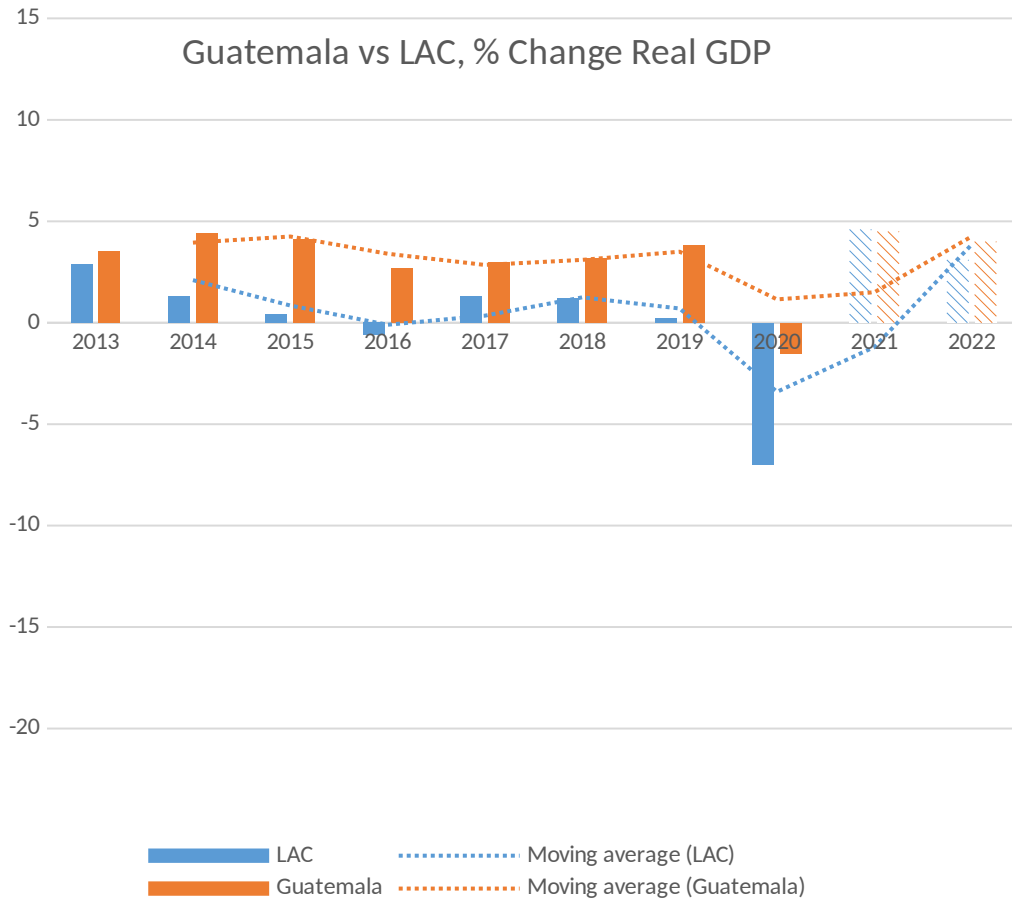
- Real GDP grew at around 2% per year up to 2019;
- 2020 saw a 9% contraction;
- At end-2022 real GDP is projected 2% below the 2019 level.

# Grenada recorded quite strong growth to 2019, before a major contraction in 2020, which may leave GDP well below 2019 levels in 2022



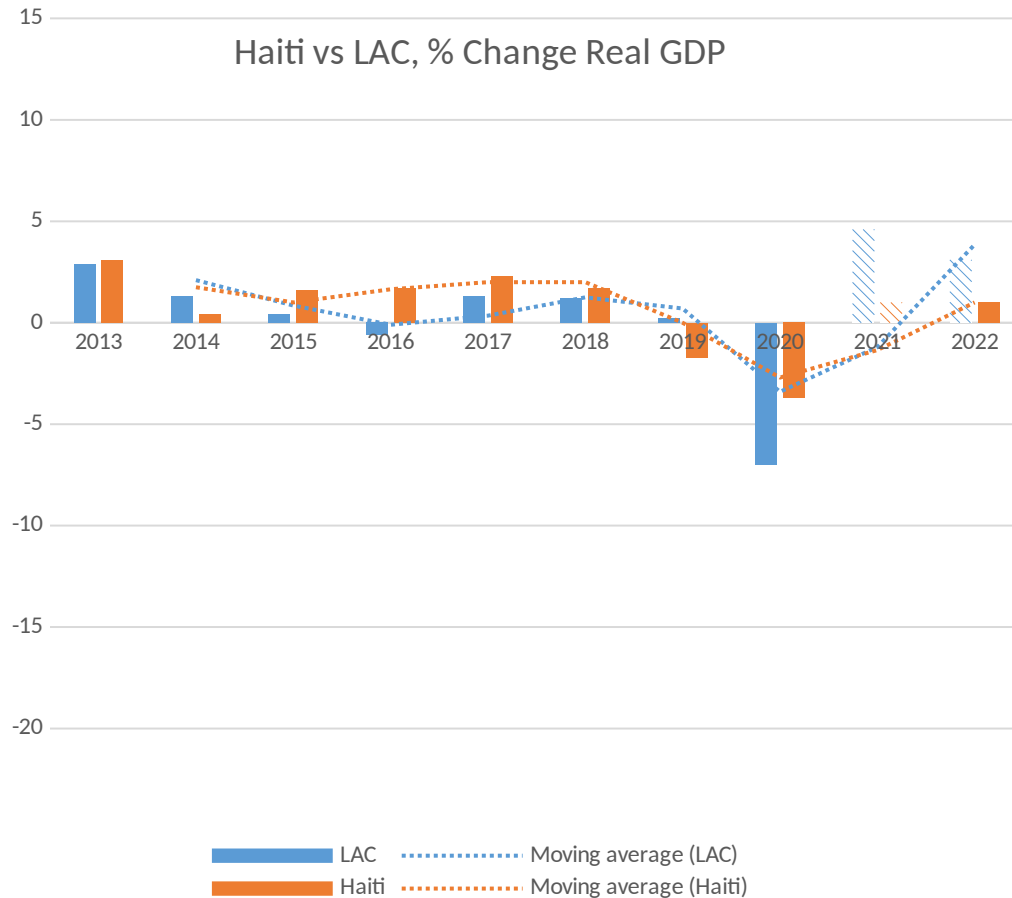
- GDP growth rates averaged 4% to 2019, higher in the early years, and falling off by 2019;
- A 14% contraction last year, and a expected further 2% loss this year are projected to leave 2022 GDP 11% below the 2019 figure.

# Guatemala's growth performance has comfortably exceeded the LAC average before and during the Covid crisis, and a full recovery is expected in less than 2 years



- Growth rates pre-Covid averaged 4%, compared to a little less than 1% for LAC;
- The contraction in 2020 was less than 2%;
- By the end of next year GDP is projected to be 7% above 2019 levels.

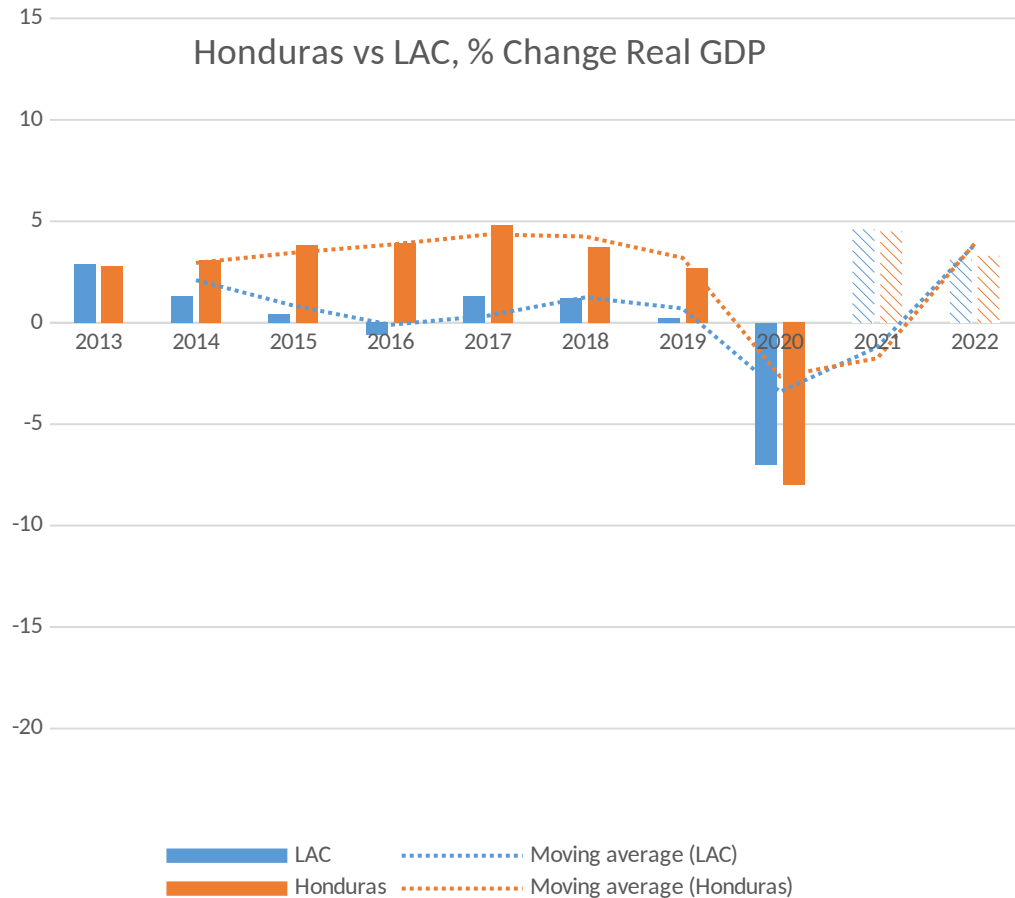
# Real GDP growth in Haiti has been sluggish, and the Covid crisis has made things worse



- Growth prior to the Covid crisis averaged 2% per year;
- In 2020 real GDP fell by 4%;
- This year and next GDP is projected to grow by no more than 1% each year.

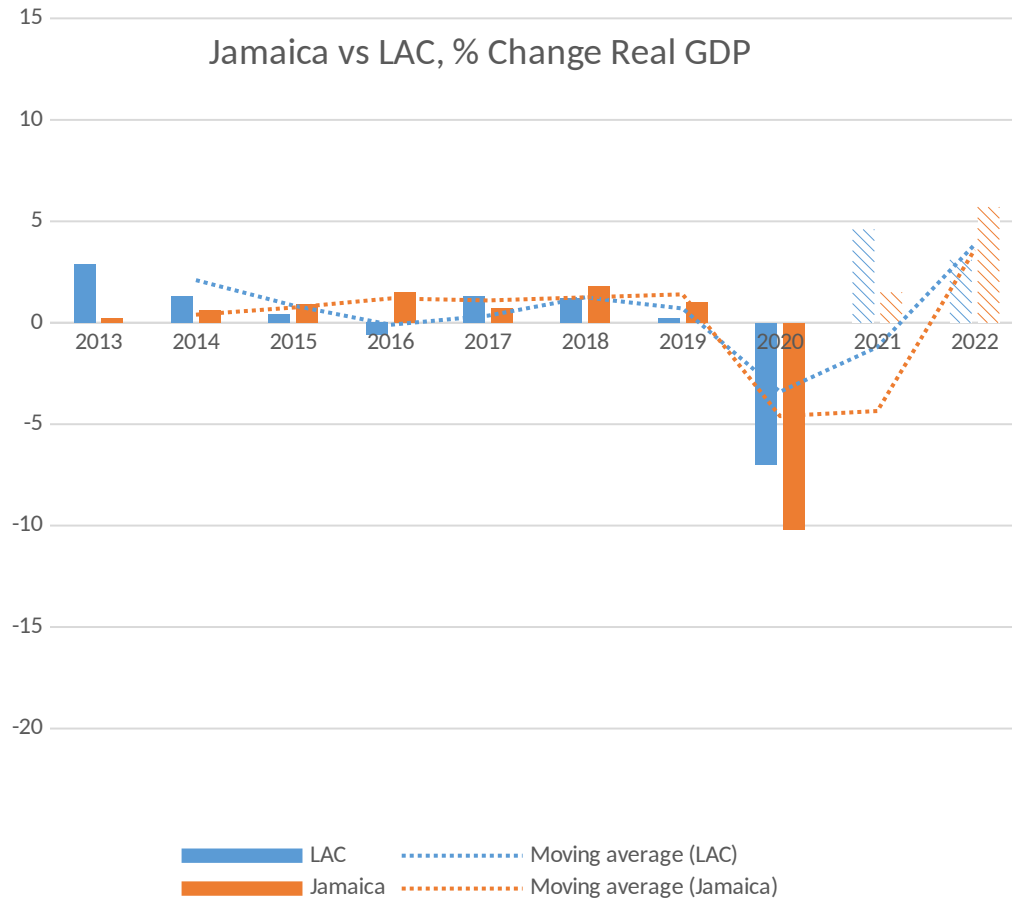


# The Honduran economy comfortably outperformed the LAC average before Covid, but the pandemic has eroded that advantage



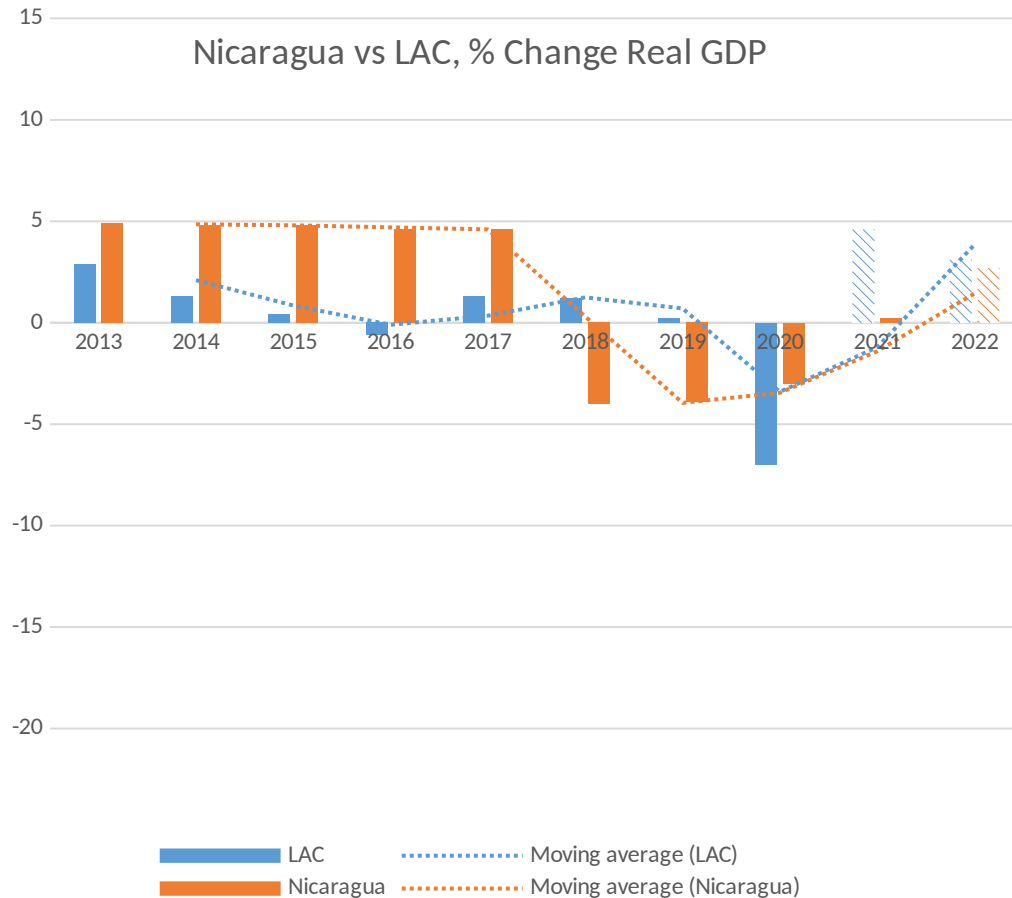
- Growth in the seven years to 2019 exceeded 3% most years, over 2 percentage points clear of the LAC average;
- The economy contracted by 8% in 2020, about 1 percentage point worse than the LAC average;
- By end-2022 real GDP is projected to be 0.7% below the 2019, whereas LAC is projected to be slightly (0.2%) above the 2019 level, on average.

# Growth in Jamaica has been anaemic, and the impact of the pandemic was severe and lasting



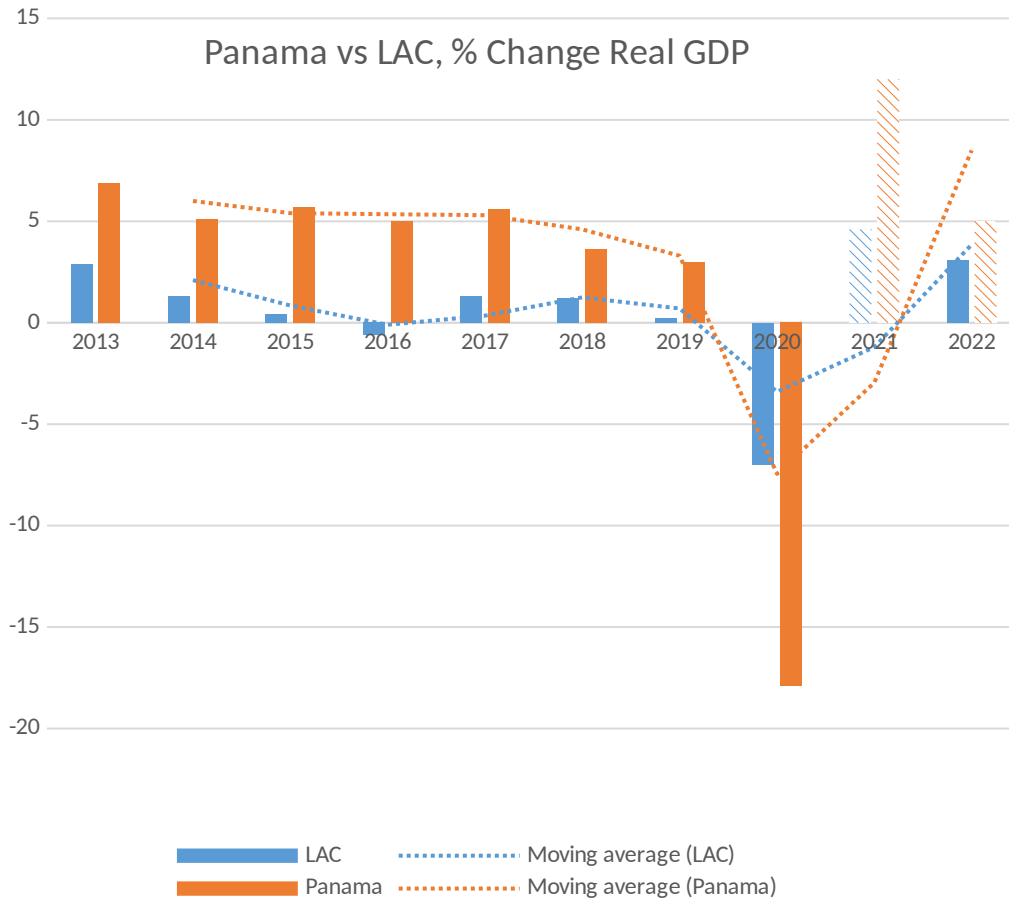
- Growth rates in Jamaica in the seven years to 2019 seldom exceeded 1% annually;
- Economic contraction in 2020 was 10%, worse than the LAC average by 3 percentage points;
- By end-2022 the IMF projects real GDP 3.7% below the 2019 figure.

# After several years of robust growth, the Nicaraguan economy contracted during the 2018 – 2020 period, with a modest expansion in 2022



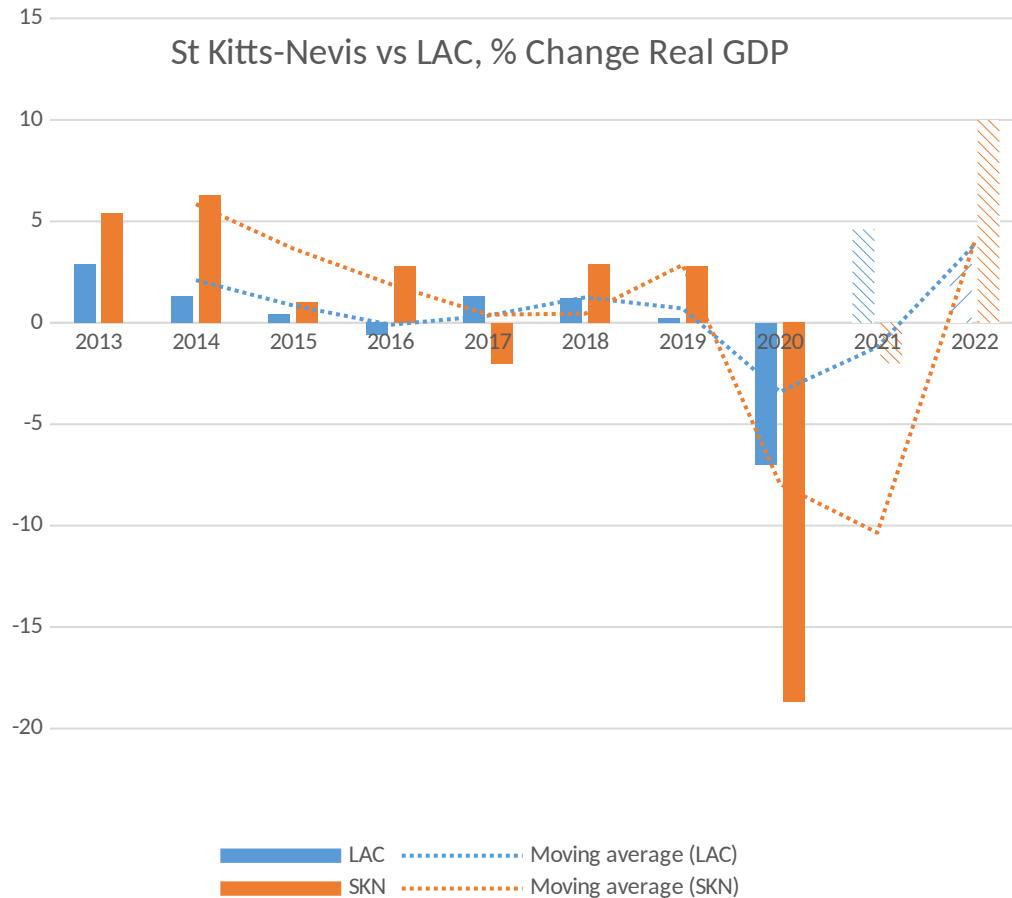
- At end-2019 Nicaraguan real GDP was 8% below 2017, after 2 years of contraction;
- 2020 saw a further decline of 3%;
- IMF projection shows GDP recovering only to the 2019 level by end-2022.

# The Panamanian economy registered strong growth in the years leading up to 2019, but Covid dealt a severe blow, with lasting consequences



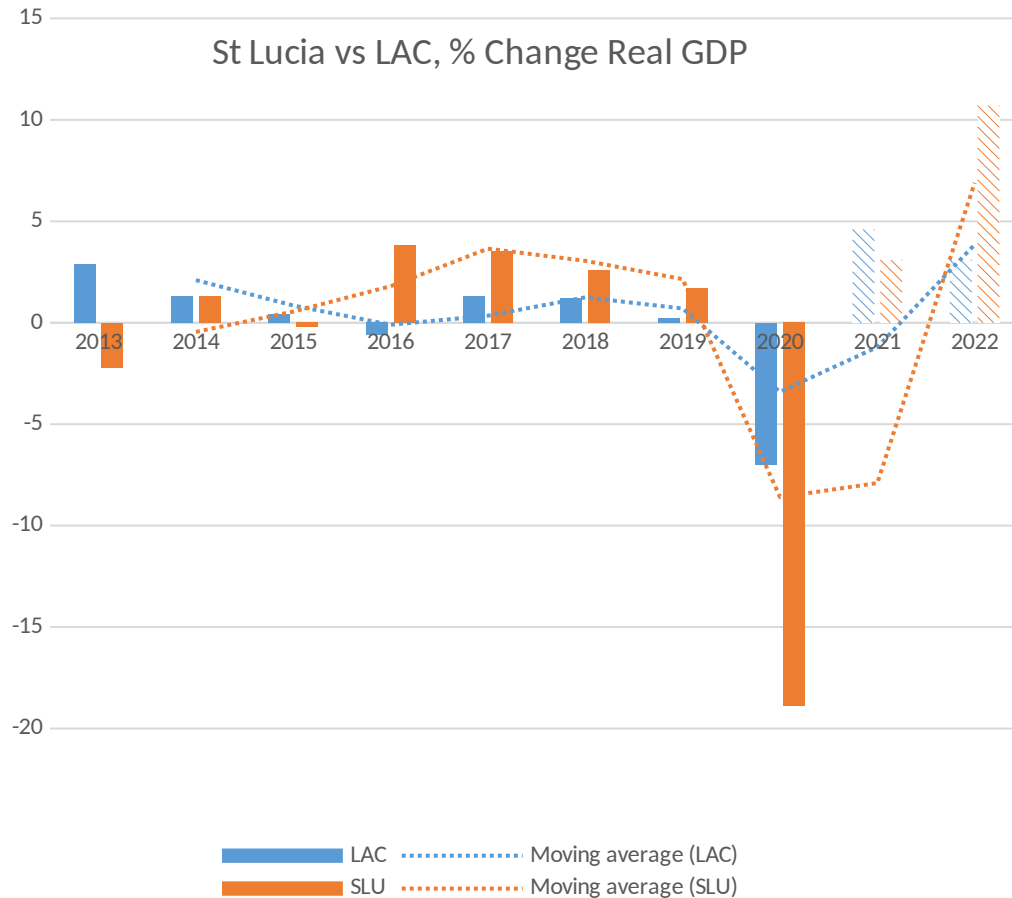
- Growth rates were in excess of 5%, easing to an average over 3% in 2018 and 2019;
- GDP contraction in 2020 was 18%, among the highest in the region;
- A strong turnaround is projected for this year, with growth continuing into next year, but by year-end GDP is projected to be 4% below the 2019 figure.

# In St Kitts-Nevis high growth rates in 2013-2014 gave way to weak and volatile performance in the years leading up to 2019 and severe contraction in 2020



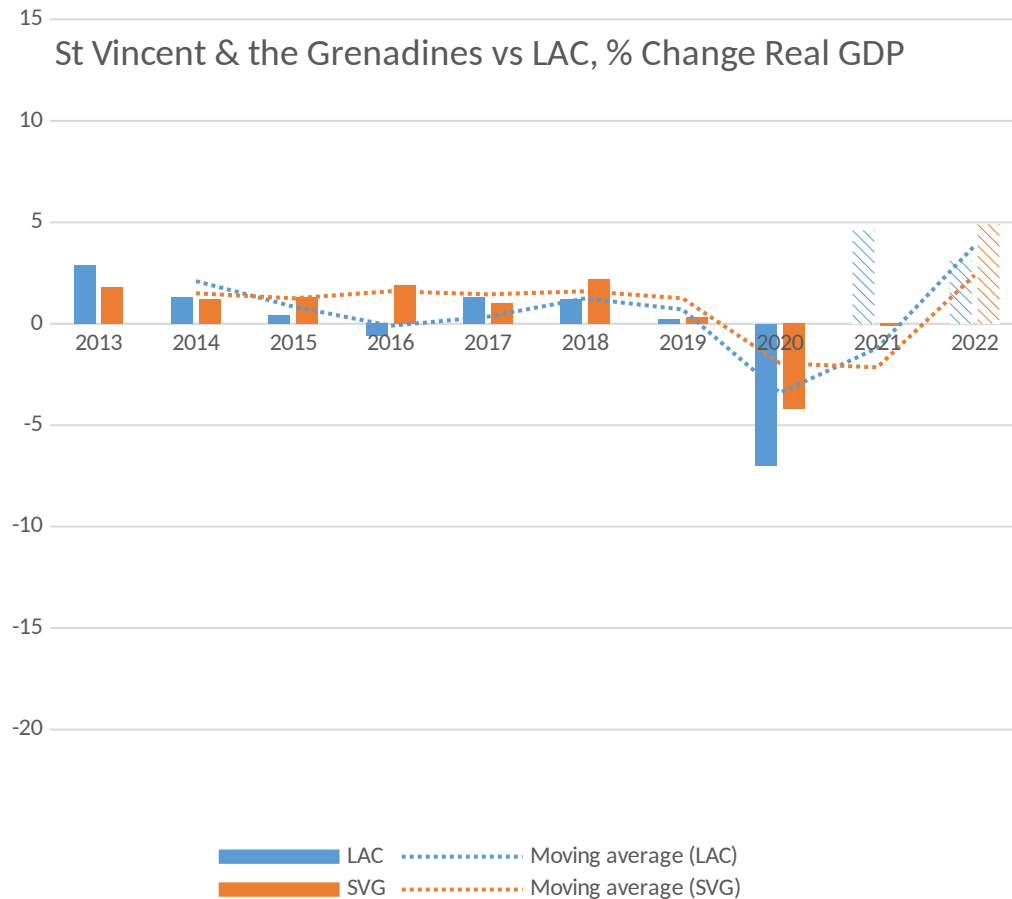
- Growth rates in excess of 5% in the early years were followed by changes ranging from a 2% contraction to increases up to 3%;
- The economy contracted by 19% in 2020;
- By end-2022 IMF projections have the GDP 12% below the 2019 level.

# The pandemic derailed slow growth in St Lucia, inflicting a large contraction from which the economy is not projected recover quickly



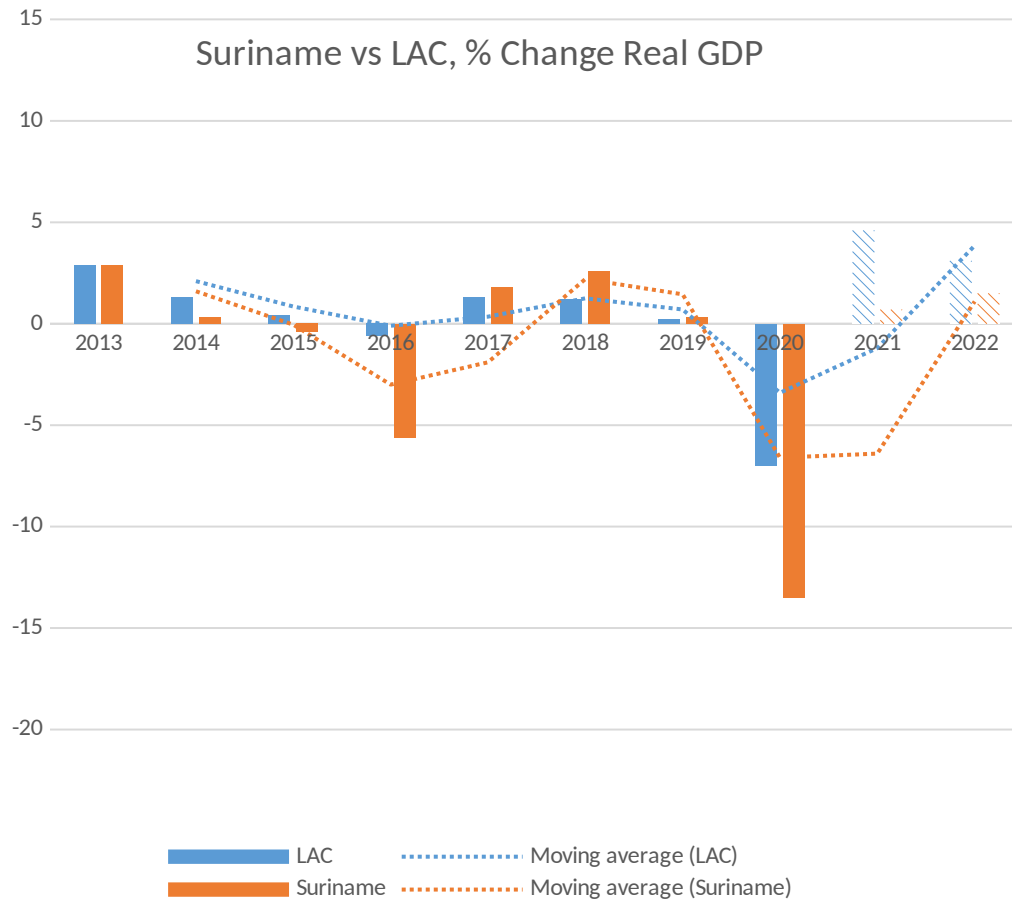
- Growth in the years 2016 – 2019 averaged a bit over 3%;
- The economy contracted by 19% in 2020;
- Modest GDP increases this year, accelerating next year, are projected to leave GDP 7% below the 2019 figure.

# Real GDP in St Vincent & the Grenadines has stagnated for several years



- Growth in the 7 years to 2019 averaged about 1%;
- The economy contracted by 4% in 2020;
- Recovery beginning next year is projected to lift GDP 1% above the 2019 total, a projection that may now be brought into question by the volcanic eruption of May 9.

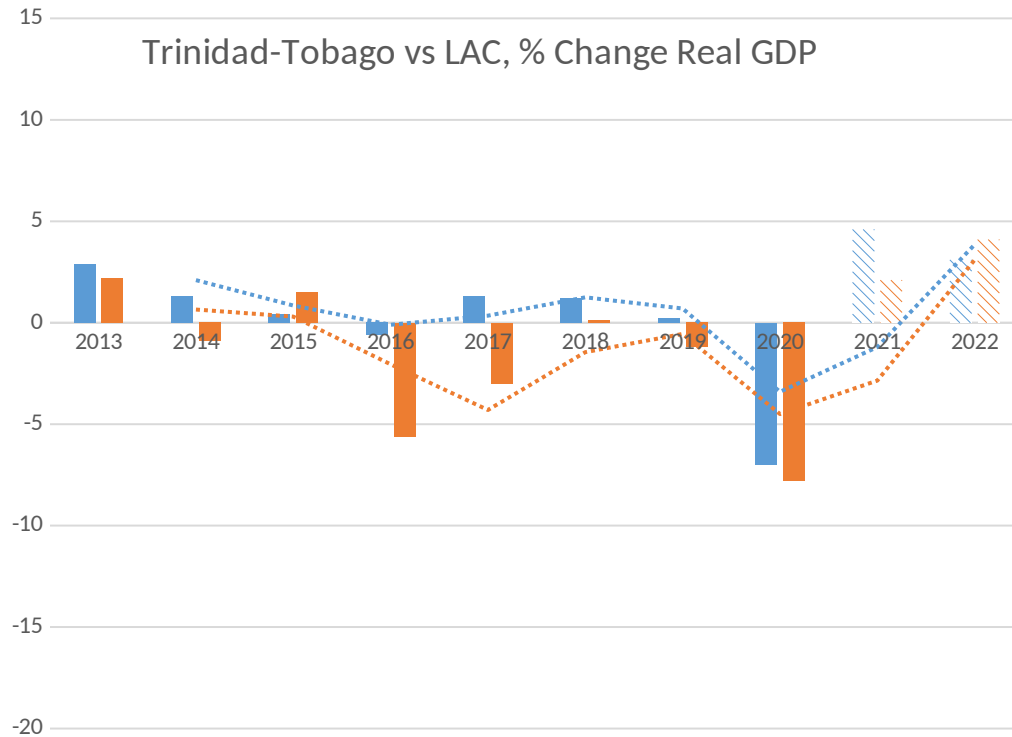
# The Suriname economy has been in difficulty for some time, and challenges were aggravated by the pandemic



- GDP changes in the years leading up to 2019 fluctuated between a high of 3% growth to contraction of 6%;
- Contraction in 2020 was 14%;
- By the end of next year GDP is projected to be 12% below the 2019 level.



# The Trinidad-Tobago economy contracted in the 2016 – 2019 period, as oil prices fell, and Covid led to a further loss



- By 2019 T&T's GDP was 91% of the value in 2013;
- The economy contracted by 8% in 2020;
- By end-2022 GDP is projected to be 2% short of the 2019 figure, or 89% of the real GDP in 2013.

# Summary

- The tourism based economies were the most seriously affected by Covid, among countries of Central America and the Caribbean: they suffered the largest contractions in 2020, twice as severe as the LAC average, and the effects are expected to be more long lasting. Whereas on average LAC is projected to have recovered to 2019 real GDP levels by end-2022, real GDP in all tourism based economies is projected to be short of pre-Covid GDP levels at that time.
- The countries least affected by Covid in the CAC region were Guatemala, which exports mainly bananas, sugar and coffee, and Nicaragua, whose main exports are garments, coffee and meat products. Their GDP fell only a little in 2020, and projections for this year and next are as good as pre-Covid, if not better.
- The most diversified economies in CAC are Costa Rica, the DR, Nicaragua and Panama; their fortunes varied. The loss of real GDP for Costa Rica and the DR in 2020 was less severe than the LAC average, but Panama's GDP contraction was as bad as for the tourism based economies. Costa Rica and the DR are both projected to have surpassed 2019 GDP by the end of 2022; despite a strong expected recovery, Panama's 2022 GDP is projected at 3.5% below 2019.

Source of data for the charts:  
[IMF World Economic Outlook](#), April 2021,  
Statistical Appendix Table A4