Caribbean Investment Climate Index 2023

Strong recovery Aruban economy underlines attractive investment climate. Sint Maarten immediately takes 2nd place at the first listing.

For the third year in a row, Aruba leads the Caribbean ranking with the most attractive investment climate. Of all the countries in the ranking, Aruba is recovering the strongest from the corona crisis. Because the data availability of Sint Maarten has improved, the attractiveness of the investment climate for the country can be measured for the first time this year. The high level of GDP, the resilient economy and the relatively low public debt ensure that Sint Maarten has the second most attractive investment climate in the region. Curaçao drops from 4th to 7th place in the ranking.

Table CICI scores and ranking, 2023, 2022 and 2021

	2023	2022	2021	2023	2022	2021
	CICI-score			plaats op ranglijst		
Aruba	68,8	57,9	71,1	1	1	1
Sint Maarten (Dutch part)	58,9			2		
Puerto Rico	55,7	54,2	57,8	3	2	2
Bahamas, The	53,0	50,5	56,8	4	3	3
St. Lucia	51,0	45,1	53,8	5	8	8
Antigua and Barbuda	49,9	49	56,3	6	5	5
Curaçao	49,2	49,5	56,6	7	4	4
St. Kitts and Nevis	49,0	46,7	56,2	8	6	6
Dominican Republic	48,1	42,5	48,1	9	12	12
Grenada	47,7	45,3	54	10	7	7
Dominica	46,9	43,6	51	11	10	10
Barbados	45,4	43,4	48,3	12	11	11
Jamaica	44,7	44,2	51,8	13	9	9
St. Vincent and the Grenadines	44,5	41	42,2	14	14	14
Trinidad and Tobago	43,6	42,5	46,2	15	12	13
Cuba	18,4	15,1	26,5	16	16	16
Haiti	15,5	19,1	32,2	17	15	15

Source: Economisch Bureau Amsterdam (2023).

Investment index: institutional, economic and financial indicators

Since 2021, Economisch Bureau Amsterdam (EBA) has been publishing the Caribbean Investment Climate Index (CICI). The CICI measures the attractiveness of the investment climate of countries in the Caribbean region. Attracting foreign investors is important because of the small size of most economies, the lack of access to international capital and the import dependence of many Caribbean countries. The index includes 17 countries and is made up of 18 institutional, economic and financial indicators that make a Caribbean country more or less attractive to investors. Examples of indicators are: rule of law, regulatory quality, openness of the economy, economic growth, interest rates and government debt[*]. In 2022, the ranking was dominated by the effects of the COVID-19 crisis on the investment climate. The 2023 ranking is all about recovery and makes it clear which countries are recovering strongly from the crisis and which countries are lagging behind.

[*] For the full list of indicators and description of the CICI, see: https://economisch-bureau.shinyapps.io/caribbean-analytics-statistics/_w_ec306d90/explanatory_paper_note_2023_EBA.pdf

Aruba is experiencing the strongest recovery in the region

None of the countries in the index experienced a recovery as strong as Aruba and this is visible in the score. In 2022, Aruba's gross domestic product (GDP) had already returned to its pre-coronavirus level (2019) and moderate growth is also expected for the coming years. Many other Caribbean countries are recovering more slowly. On the one hand, the openness of the economy gives the country economic resilience; on the other hand, Aruba has a good structural basis thanks to its strong institutions. Aruba's relatively high debt-to-gdp ratio is declining rapidly thanks to strong growth and borrowing rates are low compared to other Caribbean countries. Aruba can further improve the investment climate and strengthen the country's ranking by reforming the business environment as proposed in the country package. Reducing the public debt and improving the functioning of the local capital market also contribute to improving the investment climate.

Sint Maarten rivals Aruba

Where Sint Maarten could not be included in the ranking in recent years due to too many missing data, the country enters the ranking in 2nd place this year. Sint Maarten owes the attractiveness of the investment climate and the high CICI score to a number of factors. Sint Maarten has the most open economy in the Caribbean region and although this makes the country vulnerable to external economic shocks, it ensures economic resilience and real economic growth that exceeds the Caribbean average. In addition - unlike most Caribbean countries - the population of Sint Maarten is growing, which ensures dynamism on the labor market and moderate aging. Finally, the debt ratio is relatively low. As a result, there is less crowding out of productive public investment and less uncertainty about future policy than in other countries. It is important that Sint Maarten continues to work on improving data availability, as it is still low compared to most other Caribbean countries.

The investment climate of Curaçao is deteriorating

While other Caribbean countries see their investment climate improve with the recovery from the corona crisis, this is not the case for Curaçao. As a result, Curaçao drops from 4th to 7th place in the ranking. Due to the prolonged stagnation of the economy, and more recently the recession as a result of the situation in Venezuela, the level of per capita GDP in Curaçao is falling further and further behind. In addition, the impact of the corona crisis on Curaçao was major, and the recovery is slow compared to many other Caribbean countries. Finally, the low participation rate and the high debt-to-gdp ratio affect the investment climate of Curaçao. Everything indicates that Curaçao must speed up the implementation of the necessary reforms. The licensing system must be overhauled, the population can grow again by facilitating the recruitment of foreign workers, and health care and social security must be reformed urgently in order to structurally improve government finances.

Saint Lucia, Dominican Republic, Jamaica, Trinidad en Tobago en Grenada

Saint Lucia and the Dominican Republic are strong climbers in the ranking; Jamaica, Trinidad and Tobago and Grenada are strong fallers.

The strong population growth, the high participation rate, the extensive availability of credit for investors and the high ease of doing business, ensure that Saint Lucia rises from 8th to 5th place in the ranking. The Dominican Republic has also seen its investment climate improve (from 12th to 9th place) thanks to strong economic growth rates, a controlled debt-to-gdp ratio and a favorable development of the trade balance.

Jamaica falls to 13th place in the ranking, mainly due to weak institutions, a low level of prosperity, a high debt-to-gdp ratio and high interest rates. The investment climate in Trinidad and Tobago has also deteriorated due to disappointing economic growth, a lack of population growth, a low participation rate and limited availability of credit for investors. Finally, Grenada drops from 7th to 10th place and suffers from high current account deficits, population shrinkage and low ease of doing business.