

Tackling the Growth Issue in Jamaica- A Concept Note

Introduction

The pre-occupation with Jamaica's medium term standby agreement with the international monetary fund has focused mostly on stabilizing the macro-economic environment in order to set the platform for economic growth. The debates and analysis makes an assumption that there is an automaticity to growth once the macro-economic environment is stable and the fiscal rules are adhered to. As such, the discussion on economic growth becomes secondary in the discourses on Jamaica's economic turnaround. However, the PSOJ believes that while macro-economic stability is an important pre-condition for growth, economic growth will not be automatic unless direct selective and functional interventions are taken. As such direct efforts will have to be pursued in order to spur the growth agenda. This concept note therefore; identifies some critical areas which Jamaica must focus its attention in order to drive the increased output that is required to grow the economy.

Areas of Focus

Economic growth will only happen when production is increased. Production however does not imply merely an increase in tangibles such as manufactured goods. Producing and selling a service is also important part of the production process for increasing the nation's output, that is; its Gross Domestic Product. This paper therefore will identify some critical areas that need to be focused on in order to increase the nation's output in the short, medium and long-term

Short term 1-2 years

- Unlock latent wealth in idle assets owned by GOJ and also large private enterprises
- Infrastructure investments in key areas such as Roads, Buildings (Use NHT resources to build more homes especially for middle income earners)
- Use WTO upper tariff bounds for most Agricultural products which can be produced locally and allow substitution of imported goods- great opportunities for Jobs and saving of Foreign Exchange
- Increase in non-traditional exports- stronger support from the state for exporters to facilitate market entry and access especially for SMEs
- Privatize the Kingston Container terminal and start activities on the dredging of the harbour

Medium Term: 3-5 yrs

- Energy solutions to reduce the cost of energy- improve the delivery energy to the productive sector – legislation needed to ensure more efficient generation and distribution
- Build international competitiveness through dealing with cost of doing business
- Social intervention to motivate entrepreneurship and innovation in at risk communities- especially important for the creative industry
- Identify new sectors for growth – look at the creative industries sector
- Revisit the national industrial policy of 1996 to design networks and clusters that will drive growth

Long-term: beyond 5 years

- Critical need for the improvement in productivity- reform of educational system and workforce practices
- Greater integration of the logistics hub into the wider clusters of the Jamaican economy

Methodology

The PSOJ needs to carry out further works on these identified areas in order to better determine the potentials, challenges and actions needed to drive the growth. The action plan will then needed to be presented to the various stakeholders who will then drive the operationalizing of the identified tasks. The PSOJ can start the discussion on these areas by hosting of seminars and fora to sensitize the public on the critical areas needed to induce growth.

Concluding thoughts

The areas identified above are indicative of the low hanging fruits that have the potential to spur increased production in the Jamaican economy. The activities now need to be projectized and the necessary actions be carried out in order to realize the real benefits from these projects. The PIOJ Growth Inducement Strategy of 2011 is an excellent document to use as a baseline of how some of the projects maybe designed in order to drive the growth agenda.