ECONOMIC BULLETIN

JULY 2026

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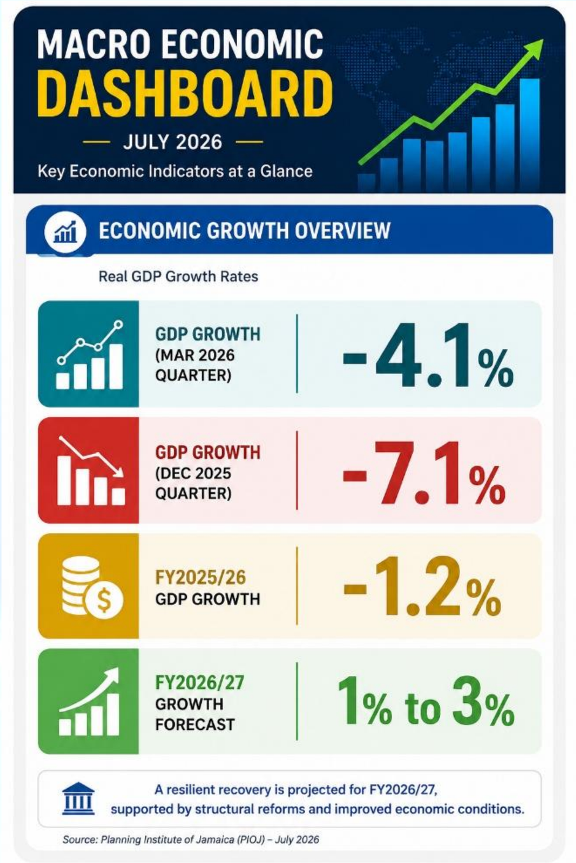
Contents



MACRO ECONOMIC
DASHBOARD
JULY 2026
Key Economic Indicators at a Glance
ECONOMIC GROWTH OVERVIEW
Real GDP Growth Rates
GDP GROWTH (MAR 2026 QUARTER)
-4.1%
GDP GROWTH (DEC 2025 QUARTER)
-7.1%
FY2025/26 GDP GROWTH
-1.2%
FY2026/27 GROWTH FORECAST
1% to 3%
A resilient recovery is projected for FY2026/27, supported by structural reforms and improved economic conditions.
Source: Planning Institute of Jamaica (PIOJ) – July 2026

Executive Director's Message

Looking Beyond AI: Are We Asking the Right Questions?

Over the past several months, discussions around artificial intelligence have accelerated across Jamaica. Businesses are exploring new tools, governments are considering regulatory frameworks, and many organisations are understandably focused on harnessing AI to improve productivity and competitiveness.

Like many of you, I have been following these developments with great interest. This weekend, however, an article in the international press gave me pause. It reported on growing concerns in the United States that the rapid expansion of AI data centres could place significant pressure on electricity systems and, ultimately, household utility bills. Suddenly, the conversation was no longer about algorithms or automation. It was about energy, infrastructure and the broader economic consequences of technological progress.

It struck me that perhaps we need to broaden the conversation here in Jamaica as well.

Too often, discussions about digital transformation begin and end with the technology itself. We ask whether businesses are adopting AI, whether our workforce has the right skills, or whether our regulatory frameworks are keeping pace. These are important questions, but they are only part of a much larger picture.

Technology does not exist in isolation. Every major technological shift has implications that ripple across the wider economy. AI is no different.

As countries around the world move from experimentation to large-scale implementation, new questions are emerging. How will growing demand for computing power affect national energy systems? Are our digital ambitions aligned with investments in physical

infrastructure? Do we have the workforce needed to support a more AI-enabled economy? How do we ensure that productivity gains are shared broadly rather than widening the gap between large enterprises and smaller businesses?

These are not simply technology questions. They are business, economic and public policy questions. Perhaps, then, our national conversation should begin to focus less on AI adoption alone and more on AI readiness. For me, that readiness extends across four interconnected areas.

First, infrastructure readiness. Digital transformation depends on more than broadband and cloud computing. It also requires reliable electricity, resilient telecommunications networks, data infrastructure and the physical capacity to support increasingly digital businesses.

Second, enterprise readiness. The real measure of success will not be how many businesses acquire AI tools, but whether those tools translate into measurable improvements in productivity, competitiveness and innovation, particularly among our small and medium-sized enterprises.

Third, workforce readiness. As technology reshapes the nature of work, we must ensure that our education and training systems prepare Jamaicans not simply for today's jobs but for the opportunities that will emerge tomorrow.

Finally, policy and regulatory readiness. Issues such as data governance, cybersecurity, consumer protection, competition, ethics and even energy policy are becoming increasingly interconnected. They can no longer be considered in isolation.

The encouraging news is that Jamaica is still early in this journey. That presents us with a valuable opportunity. We can learn from the experiences of countries that are now confronting many of these second-order challenges and incorporate those lessons into our own development pathway before they become constraints on our competitiveness.

For the PSOJ, this represents an important opportunity for dialogue. As an organisation committed to advancing private sector development and national competitiveness, we believe our role extends beyond advocating for the adoption of new technologies. It includes fostering conversations about the broader conditions that enable businesses, industries and economies to thrive.

The question before us is therefore not simply whether Jamaica should embrace AI. That answer is increasingly self-evident. The more important question is whether we are building the wider economic, physical and policy foundations that will allow AI—and the technologies that follow—to deliver sustainable and inclusive growth.

As always, the future will belong not only to those who adopt new technologies, but to those who prepare thoughtfully for the changes those technologies inevitably bring.

Perhaps the real measure of Jamaica's digital transformation will not be the number of AI tools we adopt, but whether they help us build more productive enterprises, a more competitive economy, and ultimately a better quality of life for all Jamaicans. That is the conversation we should begin having today.

THE PRIVATE SECTOR ORGANISATION OF JAMAICA
PSOJ

Annual General Meeting

SAVE THE DATE

Tuesday,
September 15, 2026

Eligibility Matters

- **Only members in good standing may nominate, vote, or be nominated.**
- **All outstanding fees must be settled by Friday, July 31, 2026.**
- **Proof of payment should also be submitted to the Accounts & Membership Team:**

accounts@psoj.org |
receivables@psoj.org

or reach out to your Member Services Representative.

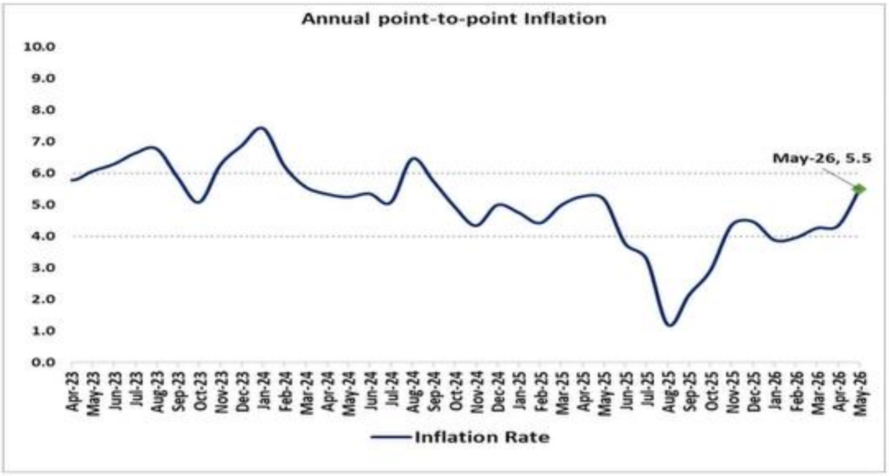
Contact Us

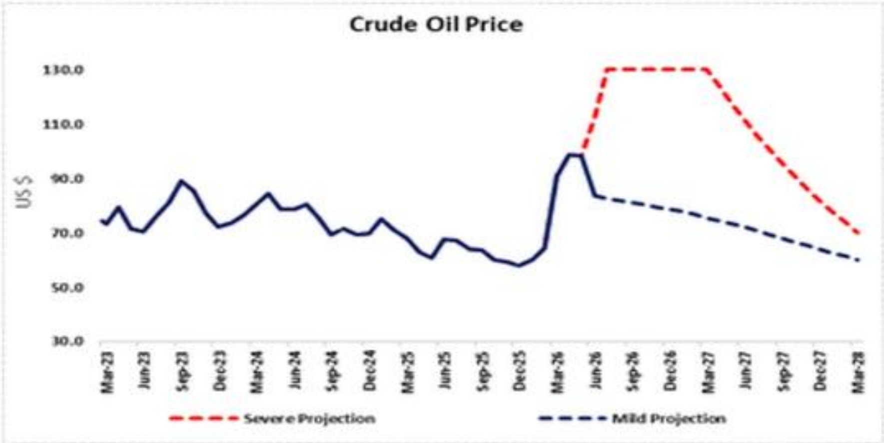
Settle early to avoid delays and secure your eligibility!

DOMESTIC ECONOMIC INDICATORS

BOJ-PSOJ Quarterly Meeting: Economic Recovery Continues Amid Inflation Risks, Labour Shortages and Global Uncertainty

The quarterly engagement between the Bank of Jamaica (BOJ) and the Private Sector Organisation of Jamaica (PSOJ) provided a comprehensive assessment of current economic conditions and sectoral developments across the Jamaican economy. The discussion served as an important input into the BOJ's macroeconomic outlook and monetary policy deliberations. While macroeconomic indicators generally remained aligned with BOJ projections, the meeting highlighted several emerging challenges, including inflationary pressures, geopolitical uncertainty, labour shortages, supply chain disruptions, post-Hurricane Melissa recovery issues, and concerns about competitiveness across several sectors.





Macroeconomic Outlook and Monetary Policy

BOJ representatives reported that economic conditions remain broadly consistent with projections, although uncertainty has increased due to geopolitical tensions and elevated oil price volatility. Annual inflation accelerated to 5.5% in May 2026 from 4.3% in both March and April, driven primarily by higher agricultural food prices and rising service costs associated with increased energy prices. Core inflation also rose to 4.7%, indicating that inflationary pressures are spreading beyond temporary food price movements.

The BOJ expressed concern about upside risks to inflation, particularly from global energy markets and ongoing instability in the Middle East. Two oil price scenarios were examined, ranging from a moderate conflict resolution scenario to a more prolonged disruption that could keep oil prices elevated well into 2027. Based on current projections, inflation is expected to temporarily exceed the upper end of the Bank's 4-6% target range.

Economic activity remains weakened by the lingering effects of Hurricane Melissa. GDP contracted by 4.1% during the March 2026 quarter following a 7.1% decline in the December 2025 quarter. As a result, the economy declined by 1.2% in fiscal year 2025/26. However, gradual reconstruction activity is expected to support growth of between 1% and 3% in fiscal year 2026/27.

Despite these challenges, Jamaica's external accounts remain relatively strong. International reserves stood at US$6.5 billion at the end of June 2026, providing a significant buffer against external shocks and supporting relative exchange rate stability. Against this backdrop, the Monetary Policy Committee maintained the policy rate at 5.5%, while indicating readiness to tighten monetary policy if inflation risks intensify.

Manufacturing Sector: Cost Pressures and Supply Chain Challenges

The manufacturing sector reported continued production for both domestic and export markets, although businesses are facing increasing operational challenges. Key concerns included higher logistics costs, rising raw material prices, increased packaging expenses, and supply chain disruptions. Food manufacturers highlighted volatility in wheat prices and significant increases in plastic packaging costs, while pharmaceutical, chemical, and cosmetic producers reported freight delays and rising input costs.

Geopolitical developments, particularly the conflict in the Middle East, have aggravated freight costs and delivery times. Additionally, some manufacturers observed increased competition from imported products, including lower-priced flour from Europe. Industry representatives suggested that some products originally destined for Cuba were being redirected to Jamaica due to trade restrictions with that market.

Despite these challenges, the sector remains focused on growth opportunities through export expansion and stronger domestic procurement. The Jamaica Manufacturers and Exporters Association (JMEA) continues to promote the "Buy Jamaican, Build Jamaica" campaign to increase local consumption and strengthen linkages among manufacturing, tourism, and government procurement.

A recurring issue was the shortage of skilled labour, particularly in machine operation, maintenance, export management, and accounting. To address this, the sector is collaborating with HEART/NSTA, the IDB, and educational institutions to develop apprenticeship programmes and sector-specific training initiatives.

Agriculture: Recovery, Climate Challenges and Labour Shortages

Agricultural representatives reported improved performance during the quarter compared with earlier periods affected by excessive rainfall. Production recovered as weather conditions became more favourable and flooding subsided. However, concerns remain regarding prolonged high temperatures and drought conditions that could negatively impact yields later in the year.

Supply-demand imbalances continue to affect certain crops. Earlier oversupply conditions in tomatoes and lettuce have begun to ease, although producers anticipate new challenges as warmer temperatures reduce production capacity. There were also reports of excess banana and plantain supply in some areas due to reduced hotel demand while portions of the tourism industry remain closed.

The sector expressed appreciation for the National Irrigation Commission's role, whose investment in irrigation infrastructure has become increasingly important amid recurring climate-related disruptions. Access to water was repeatedly identified as critical for improving resilience and stabilising production.

The poultry and egg industries were highlighted as relatively resilient. Egg production declined by less than 5% despite Hurricane Melissa. Significant investment activity was also noted, including a major expansion project valued at approximately J$15 billion that aims to increase poultry and egg production capacity and support exports.

Fertiliser costs emerged as another major concern. Global disruptions, particularly involving major fertiliser producers such as Iran, have increased input prices. Farmers reported reducing fertiliser application rates in response to rising costs, creating potential risks for future productivity.

Labour shortages remain one of the sector's most persistent challenges. Agricultural producers continue to lose workers to higher-paying industries, particularly construction, making recruitment and retention increasingly difficult.

Shipping and Logistics: Stable but Under Pressure

The shipping sector reported relatively stable conditions compared with the disruptions experienced in earlier periods. While freight rates remain elevated, the increases have been more moderate than those observed in key global trade routes. Fuel surcharges continue to fluctuate in response to energy price movements, but shipping representatives indicated that Jamaica and the wider Caribbean have largely avoided the severe cost increases seen on Asia-Europe and Middle East trade routes.

The ongoing conflict involving Iran has caused rerouting and delays in some international shipments. Shipping lines have increasingly utilised alternative routes to avoid high-risk areas. This has extended transit times but has not significantly disrupted cargo availability in Jamaica.

An emerging issue involves cargo originally destined for Cuba. Approximately 6,000 TEUs of cargo remain in Jamaica due to trade restrictions and shipping adjustments affecting Cuba. Some suppliers have attempted to redirect these goods into regional markets, including Jamaica, creating unusual logistics and distribution challenges.

The sector also emphasised the importance of improving data collection and sharing. Stakeholders argued that better logistics data would support planning, investment decisions, and export development efforts.

Tourism: Recovery Underway but Capacity Constraints Remain

The tourism sector continues to recover from Hurricane Melissa, although performance remains below pre-hurricane levels. Stopover arrivals, visitor spend, and foreign exchange earnings all declined compared with 2025, primarily because a significant portion of the country's room stock remains unavailable.

As of July 2026, approximately 28.4% of hotel room inventory remained out of service. However, recovery is progressing steadily, with several major hotel properties expected to reopen during the second half of the year. Industry representatives anticipate that tourism arrivals will return to pre-Melissa levels by mid-2027.

Despite current challenges, investor confidence remains strong. More than 11,000 new hotel rooms are planned or under development across Montego Bay, Ocho Rios, Negril, and Kingston. This robust pipeline demonstrates continued long-term confidence in Jamaica's tourism sector.

The industry remains concerned about rising operating costs and tax measures, particularly the proposed GCT increase, which stakeholders argue could undermine competitiveness and investment confidence. Nevertheless, forward bookings indicate that demand for Jamaica remains resilient.

Labour shortages continue to affect the sector, especially for skilled and supervisory positions. Competition from overseas employers and cruise lines remains intense, prompting increased efforts to strengthen workforce development through partnerships with educational institutions.

BPO Sector: Structural Transformation and Competitive Pressures

The BPO industry presented perhaps the most concerning outlook among all sectors represented. The sector reported substantial contraction, with employment declining from approximately 65,000 workers to about 40,000 workers over recent years. Industry representatives attributed this decline to a combination of Hurricane Melissa's impact, increasing international competition, technological disruption, and labour-related challenges.

Countries such as the Philippines, India, Costa Rica, Mexico, and Guatemala are increasingly competing with Jamaica by offering lower operating costs, larger labour pools, bilingual capabilities, and significant investments in technology and AI.

Industry participants emphasised that Jamaica's traditional competitive advantages, particularly its English-speaking workforce, are becoming less significant due to technological advancements such as AI-powered accent neutralisation and automated customer interaction systems.

Labour issues were repeatedly cited as a major concern. High absenteeism, low productivity, labour shortages, and difficulty recruiting qualified workers are undermining competitiveness. However, the sector noted that higher-value services such as payroll processing, finance and accounting support, collections, and other specialised business services remain relatively resilient due to the strong quality of Jamaican talent.

To respond to these challenges, the Global Services Association of Jamaica is launching new workforce development initiatives focused on skills upgrading and training for higher-value service delivery.

Construction: Resilient Demand but Labour Constraints

The construction sector reported relatively strong activity during the quarter. Infrastructure projects, hurricane remediation work, and ongoing residential development supported industry performance. Cement availability improved significantly compared with earlier periods, and supply shortages that emerged after Hurricane Melissa appear to have eased.

Although there is no evidence of a major construction boom, activity remains healthy, particularly in residential improvements and small-scale building projects. Industry representatives stressed that renovation, expansion, and repair activities by homeowners remain the primary driver of construction demand.

Input costs increased during the quarter, including higher prices for steel, plywood, and construction materials. Labour shortages remain a major constraint, particularly for skilled trades such as carpenters, plumbers, electricians, masons, and tilers. Migration of skilled workers to North America and other Caribbean territories continues to affect labour availability.

The sector is also preparing for its role in longer-term reconstruction efforts following Hurricane Melissa and has begun engaging government stakeholders regarding future infrastructure and resilience-building projects.

Overall Assessment

The meeting revealed an economy recovering from significant disruptions but still under pressure from both domestic and external factors. Reconstruction activity, tourism reopening, manufacturing resilience, and strong reserve buffers provide reasons for optimism. However, several cross-cutting concerns emerged consistently across sectors, particularly labour shortages, rising input and energy costs, supply chain disruptions, data gaps, and increasing international competition.

A notable theme was the need for workforce development and productivity enhancement. Nearly every sector identified labour quality, availability, and skills mismatches as critical constraints to growth. Equally important was the need for improved competitiveness through innovation, technology adoption, export development, and stronger domestic supply chains.

While economic recovery remains underway, stakeholders generally conveyed a cautious optimism that growth will strengthen through 2026 and 2027, provided that external risks, including geopolitical tensions, energy price shocks, climate-related events, and global economic uncertainty, do not materially worsen.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AND ENDLESS POSSIBILITIES.
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SPECIAL FEATURE

Strengthening Business Resilience After Hurricane Melissa

The PSOJ's July 2026 Masterclass, with the theme "Lessons from Melissa: Building a Business That Can Withstand the Next Crisis," brought together leaders from the finance, insurance, and corporate governance sectors to examine lessons from Hurricane Melissa and outline strategies for strengthening business continuity. Speakers emphasised that crises extend beyond natural disasters and include economic shocks, financial crises, health emergencies, and operational disruptions. The central message was that businesses of all sizes, from sole proprietors to large corporations, must actively prepare for uncertainty rather than react to it.

Berisford Grey, Co-Founder and CEO of Sygnus Capital, focused on financial resilience and disaster preparedness. Drawing on experiences from the global financial crisis, the COVID-19 pandemic, and Hurricane Melissa, Grey argued that liquidity is the lifeblood of every business.

He stressed the importance of maintaining sufficient cash reserves, monitoring short and medium-term liquidity needs, and establishing financial buffers capable of covering several months of operating expenses. Businesses were encouraged to maintain access to emergency funding facilities, diversify financing sources, and avoid debt structures that concentrate repayment obligations at a single point in time.

Grey also highlighted the importance of stress-testing business models against adverse scenarios, such as sharp revenue declines, margin compression, and prolonged disruptions. He argued that diversification remains one of the most effective risk-management tools, recommending that businesses diversify their revenue streams, customer bases, and geographic markets wherever possible. Strong governance structures, regular risk reviews, and active board oversight were identified as essential components of resilience. While disasters create significant challenges, Grey maintained that organisations prepared for disruption are often best positioned to capitalise on opportunities that emerge during recovery periods.

Amanda Beepat, Managing Director of Allied Insurance Brokers (AIB), examined the role of insurance in organisational resilience. She emphasised that being insured does not necessarily mean being adequately protected. One of the most common problems facing businesses and households is underinsurance, in which assets are insured for less than their replacement value. This can result in significantly reduced claim settlements following a loss. She urged property owners and business operators to regularly reassess asset values, inventory levels, and operational exposures to ensure coverage remains appropriate.

Attention was given to business interruption insurance, which protects businesses against income losses following disasters. Amanda also highlighted the growing risks of cybercrime and data breaches, noting that cyber insurance is increasingly important for organisations that collect customer information or rely heavily on digital systems. She advised business owners to understand policy exclusions, deductibles, warranties, and coverage conditions before a crisis occurs, stressing that insurance should be part of a broader risk management strategy rather than the sole safeguard against disruption.

Allison Mais, an experienced corporate executive and governance specialist, addressed the operational aspects of business continuity. Her presentation was structured around three pillars: people, processes, and technology. She described Hurricane Melissa as a crisis of exceptional scale that exposed vulnerabilities across Jamaica's public and private sectors. Effective business continuity planning, she argued, requires organisations to identify critical stakeholders, map essential business processes, and establish alternatives for vital systems and technologies.

Alison emphasised the importance of frontline employees and communication teams during crises. Maintaining regular communication with customers, employees, and stakeholders helps preserve confidence and prevents misinformation from filling information gaps. She also advocated for regular testing of continuity plans through drills and simulations to ensure staff understand their responsibilities during emergencies. Business continuity plans, she noted, should be treated as living documents that evolve as organisations grow, adopt new technologies, or expand into new markets.

During the discussion session, presenters reflected on lessons learned from Hurricane Melissa. Panellists noted that the disaster exposed weaknesses in national infrastructure, particularly telecommunications, electricity supply, and business preparedness. Communication outages, power disruptions, and concentrated workforce locations created significant operational challenges for many organisations. At the same time, the crisis demonstrated the resilience and adaptability of Jamaican businesses and communities.

A recurring theme throughout the session was the importance of leadership commitment. Panellists agreed that resilience initiatives succeed only when supported at the highest levels of an organisation. Business owners were encouraged to identify the assets, processes, and relationships most critical to their survival and prioritise resources accordingly. For organisations with limited budgets, speakers recommended starting with practical measures such as maintaining liquidity reserves, securing access to emergency credit, obtaining appropriate insurance coverage, documenting continuity procedures, and leveraging affordable tools, including artificial intelligence, to assist with planning.

The masterclass concluded that effective resilience requires a balanced approach incorporating financial preparedness, insurance protection, operational continuity planning, and strong governance. While no organisation can eliminate risk, businesses that actively prepare for disruptions will be significantly better positioned to survive crises, recover quickly, and capitalise on opportunities that emerge during periods of uncertainty.

National Security and Economic Competitiveness: PSOJ Committee Engages Ministry on Policing Modernisation

At the July meeting of the PSOJ Standing Committee on National Security and Justice, Minister of National Security Dr Horace Chang outlined the Government's approach to police modernisation and public safety, emphasising that Jamaica's recent reductions in violent crime are the result of a comprehensive, evidence-based strategy combining institutional reform, enhanced training, improved operational capacity, and targeted technology investments.

The Minister highlighted the significant decline in homicide rates in recent years, noting that the reduction was achieved without extraordinary restrictions on civil liberties and through a deliberate focus on strengthening the Jamaica Constabulary Force (JCF). He argued that improved public safety has important social and economic outcomes, including greater business confidence, stronger community stability, and enhanced freedom of movement for workers and citizens.

A major focus of the discussion centred on the use of body-worn cameras by police officers. Dr. Chang maintained that while body-worn cameras are an important policing tool, they represent only one component of a broader technology ecosystem. He stressed that international research does not

conclusively demonstrate that cameras alone improve police conduct or operational outcomes, particularly in high-risk tactical operations. Instead, the Ministry's approach prioritises police training, leadership development, professional standards, and investment in critical enabling infrastructure.

The Minister explained that resource allocation decisions have required balancing investments across multiple operational priorities, including uniforms, protective equipment, vehicles, communications systems, police station rehabilitation, forensic capabilities, and technology infrastructure. He noted that body-worn cameras are being procured and deployed, with approximately 1,000 already acquired and an additional 1,000 in the process of being procured. However, deployment decisions remain under the authority of the Commissioner of Police and are based on operational requirements.

Emphasis was placed on the ongoing build-out of the JCF's technological capabilities, including investments in command-and-control systems and the development of a modern C5 (Command, Control, Communications, Computers and Cyber) infrastructure. According to the Minister, these investments are intended to function as force multipliers, allowing the police to improve operational effectiveness without requiring a proportional increase in personnel.

Committee members acknowledged the progress made in professionalising the police force and improving public interactions. Discussion highlighted reported improvements in training standards, officer compensation, promotion systems, and accountability mechanisms. Participants noted that these reforms contribute not only to crime reduction but also to strengthening public trust in law enforcement and the broader justice system.

The Minister also outlined wider crime prevention initiatives, including social intervention programmes targeting vulnerable communities, violence prevention efforts in at-risk schools, and data-driven identification of crime hotspots. He stressed that sustainable reductions in crime require both effective law enforcement and long-term investment in addressing the social drivers of violence.

The meeting concluded with a discussion on opportunities for deeper collaboration between the PSOJ and the Ministry of National Security. The Minister expressed openness to continued engagement with the private sector on policy development, research, and evidence-based approaches to public safety. Committee members welcomed the opportunity for ongoing dialogue, noting that continued improvements in security remain essential to Jamaica's economic competitiveness, investment attractiveness, and long-term development prospects.

STRENGTHENING TRADE FACILITATION FOR COMPETITIVENESS, RESILIENCE, AND GROWTH IN JAMAICA

The relaunch of the Jamaica Trade Facilitation Working Group represents a critical institutional intervention to strengthen Jamaica's trade competitiveness through coordinated, multi-stakeholder governance. The proceedings underscore a clear recognition that inefficiencies in trade processes—manifested in shipment delays, procedural bottlenecks, and fragmented inter-agency coordination—continue to impose transaction costs on businesses and undermine the country's integration into global value chains. The initiative, therefore, signals a deliberate shift toward systemic reform, anchored in collaboration among government, private-sector actors, and international development partners.

A central theme emerging from the discussions is the importance of institutional alignment and collective action. Trade facilitation is framed not as the responsibility of a single agency but as a networked function that requires synchronised inputs from ministries, regulatory bodies, and private stakeholders. This "whole-of-system" approach reflects contemporary best practice in trade governance, where efficiency gains are derived from interoperability, transparency, and shared accountability mechanisms. The Working Group is thus positioned as a coordinating platform to harmonise these efforts and sustain reform momentum over time.

From a policy implementation perspective, the transcript highlights measurable progress alongside persistent structural gaps. Jamaica has demonstrated a strong commitment to the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA), including capacity-building initiatives and stakeholder training, with over 50 participants completing specialised certification programmes. However, the gap between formal commitments and operational realities remains a concern. The ongoing assessment of "what is really happening on the ground" reveals that while reforms may be notified at the international level, their domestic execution is uneven and requires further institutional consolidation.

A key legislative bottleneck identified is the pending approval of the updated Customs Act. This reform is characterised as a "masterpiece" with the potential to provide the legal backbone for modernised trade procedures. Its delayed enactment constrains the full operationalisation of several facilitation measures, highlighting the importance of legislative agility in enabling economic reform. Without statutory reinforcement, existing procedural improvements risk remaining ad hoc and vulnerable to inconsistency.

Operationally, the introduction of the Reform Tracker emerges as a pivotal innovation in Jamaica's trade facilitation architecture. This cloud-based monitoring tool provides a structured framework for tracking over 100 identified reform actions, assigning responsibilities, and measuring progress in real time. Its design addresses a longstanding governance challenge: the absence of a centralised, transparent mechanism to coordinate and evaluate reform implementation. However, its effectiveness is contingent on consistent usage and data integrity. As emphasised in the proceedings, the tool itself does not generate outcomes; rather, its value lies in embedding accountability and discipline into the daily workflows of participating agencies.

The emphasis on data-driven process optimisation is further reinforced through planned training in business process analysis and simplification. This approach introduces a quantitative dimension to reform by enabling stakeholders to map procedures, estimate time and cost burdens, and propose evidence-based improvements. Such methodologies are particularly relevant to reducing compliance costs for traders, thereby enhancing Jamaica's attractiveness as a business destination. The ability to demonstrate, for example, a 20% reduction in transaction costs provides a compelling basis for policy reform and stakeholder buy-in.

Importantly, the initiative also integrates forward-looking elements, including planned capacity building in artificial intelligence applications for trade facilitation. This signals an awareness of the evolving technological landscape and the need to future-proof Jamaica's trade systems. Leveraging digital tools and automation can further streamline border processes, improve risk management, and enhance service delivery efficiency.

In macroeconomic terms, the strengthening of trade facilitation mechanisms is directly linked to broader development outcomes. Efficient trade systems reduce logistics costs, improve supply chain reliability, and enhance export competitiveness. They also contribute to investment attraction by creating a predictable and transparent business environment. As noted in the discussions, incremental improvements—such as faster shipment processing and clearer regulations—can cumulatively translate into significant gains in economic productivity and job creation.

Nevertheless, sustaining reform momentum remains a critical risk factor. The discussion repeatedly emphasized the need to institutionalize practices, maintain stakeholder engagement, and ensure that progress is continuously monitored and communicated. The success of the Working Group will depend on its ability to transition from a project-based initiative to an embedded governance mechanism with enduring capacity.

In conclusion, the relaunch of the Jamaica Trade Facilitation Working Group marks a strategically significant step in advancing the country's trade reform agenda. While notable progress has been made in capacity building and institutional coordination, key challenges persist in legislative approval, implementation consistency, and sustained stakeholder engagement. The integration of digital monitoring tools, data-driven methodologies, and emerging technologies provides a strong foundation for addressing these challenges. However, the ultimate impact will hinge on disciplined execution, accountability, and the continued alignment of public and private sector actors toward a shared vision of a more efficient and competitive trade environment.

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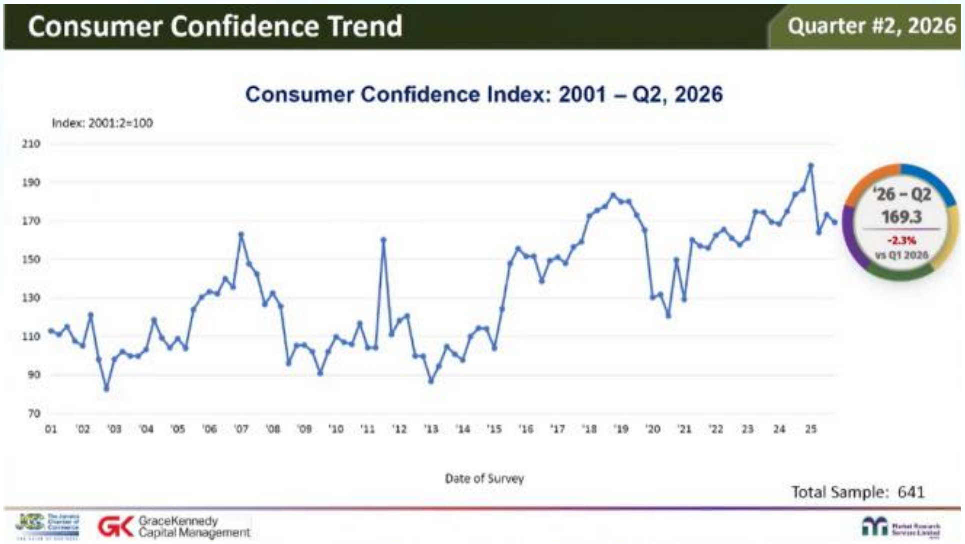
Consumer Caution, Business Resilience: Key Findings from Jamaica's Q2 2026 Confidence Survey and Energy Cost Discussion

The discussion highlighted a growing divergence between consumer sentiment and business sentiment in Jamaica. According to the second-quarter 2026 Business and Consumer Confidence Survey, consumer confidence declined by 2.3 percentage points, while business confidence increased modestly by the same margin. The findings suggest that households are becoming increasingly cautious about current and future economic conditions, whereas businesses remain resilient and continue to take a longer-term view despite ongoing economic pressures.

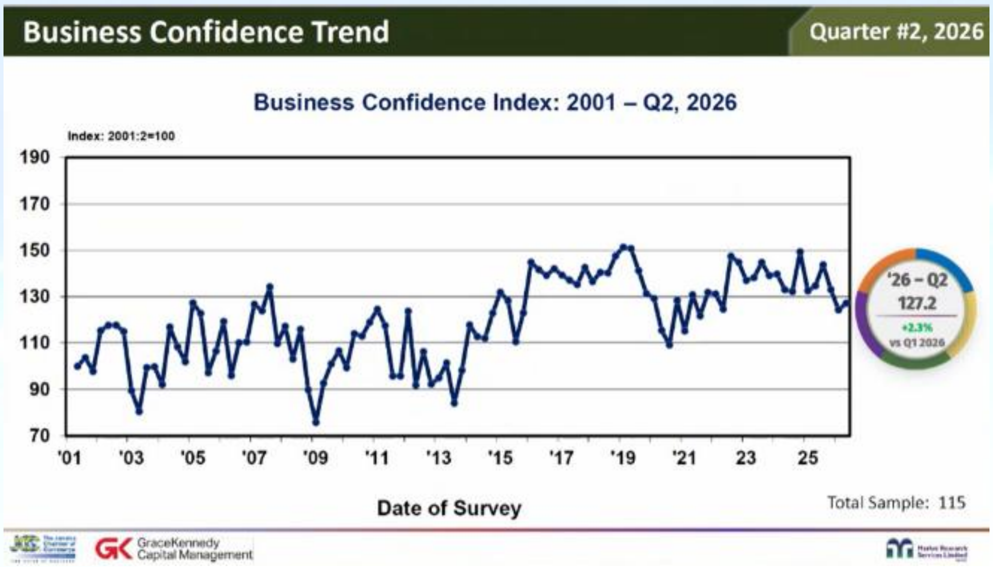
Consumer confidence weakened primarily because of declining perceptions of current business conditions, employment opportunities, and broader economic prospects. Fewer consumers viewed current business conditions as favourable, and perceptions of job availability continued to deteriorate. Expectations regarding future business conditions and employment opportunities also softened. Despite this, consumers remained relatively optimistic about their personal financial circumstances, suggesting that while they are concerned about the wider economy, many still believe their individual situations may improve. This divergence reflects a degree of personal optimism amid broader economic uncertainty.

The survey also revealed growing concerns about cost-of-living pressures. Rising prices remain a major issue for consumers, as evidenced by households increasingly believing prices are higher than in previous years. An additional source of concern is the reported decline in remittance inflows. Since remittances play a critical role in supporting household spending, particularly among middle and lower-income groups, the reported



reduction could have significant implications for consumption levels and overall economic activity if the trend continues.

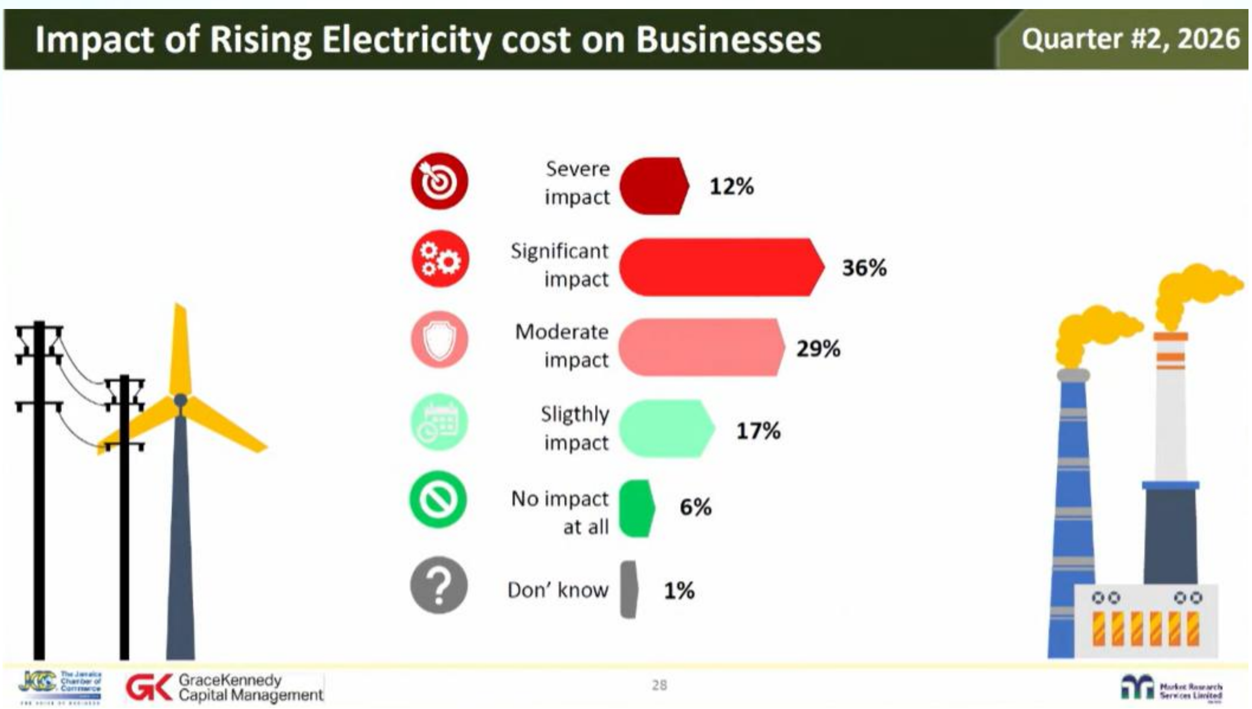
Energy costs emerged as one of the most significant challenges facing households. Approximately 60% of respondents reported that rising electricity costs had a moderate-to-severe impact on their finances. In response, households have adopted various coping strategies, including reducing electricity consumption, using fewer appliances, and investing in energy-efficient equipment. Consumers also identified policy measures they believe could ease the burden of rising energy costs, including lower electricity rates, more stable fuel prices, reduced taxes on energy-efficient appliances, and improved access to financing for solar energy systems.

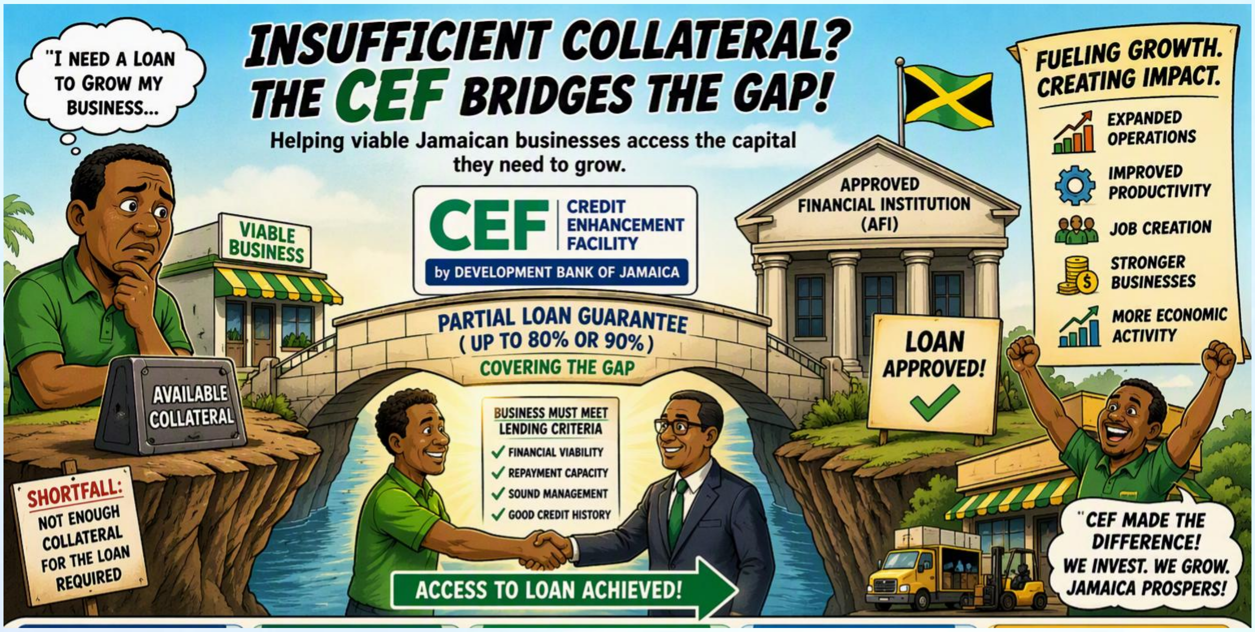


Business confidence presented a more positive picture. Although confidence levels remain below pre-Hurricane Melissa levels, businesses reported gradual recovery and resilience. Firms expressed improved expectations regarding profitability, financial performance, and investment opportunities. More businesses reported that profits exceeded expectations compared with the previous quarter, and a majority still viewed the current environment as a favourable time to invest. This suggests that businesses are adapting to recent shocks and positioning themselves for future growth despite ongoing challenges. High input costs were identified as the most significant factor constraining business expansion. Companies cited rising costs of raw materials, energy, and financing, as well as cash flow pressures, as key barriers to growth. Low consumer spending was also highlighted as a concern, reinforcing the connection between weakening consumer confidence and business performance. The findings suggest that while businesses are willing to invest, their expansion plans remain heavily influenced by cost pressures and market demand conditions.

The impact of rising energy costs was particularly pronounced among businesses. More than three-quarters of firms reported moderate-to-severe effects from rising electricity costs. Businesses have responded through a mixture of operational efficiency measures, including reducing energy consumption, investing in renewable energy systems, installing more energy-efficient equipment, and, in some cases, passing some of the higher costs on to customers. Some firms also indicated that energy-related costs were influencing decisions regarding future investment and expansion.

The panel discussion provided valuable insight into how firms are managing these pressures. Business leaders emphasised that resilience, efficiency, and long-term planning have become essential strategies for navigating volatile energy markets and rising operating costs. Rather than focusing solely on reducing expenses, participants stressed the importance of growing revenues, expanding market share, investing in innovation, and maintaining competitiveness. Businesses acknowledged that Jamaica, as a small open economy and net energy importer, is particularly vulnerable to global shocks and therefore must adapt continually to changing conditions.





DBJ Credit Enhancement Facility Helps Businesses Overcome Financing Barriers

Access to financing remains one of the most important requirements for business growth. Whether a company is seeking to expand operations, purchase equipment, strengthen working capital, upgrade technology or pursue new market opportunities, securing adequate funding is often essential. However, many otherwise viable businesses struggle to obtain loans because they lack sufficient collateral to meet lenders' requirements. In response to this challenge, the Development Bank of Jamaica's (DBJ) Credit Enhancement Facility (CEF) has emerged as an important tool to improve access to credit for micro, small, and medium-sized enterprises (MSMEs).

The CEF is designed to bridge the gap between a borrower's available collateral and the level of security required by financial institutions. Rather than providing direct loans or grants, the facility offers partial loan guarantees through Approved Financial Institutions (AFIs). Businesses must still satisfy normal lending criteria, including demonstrating financial viability, repayment capacity and sound management practices. The facility, therefore, supports businesses with viable investment projects but is constrained by inadequate collateral.

The programme provides meaningful levels of support to qualifying borrowers. Under the current framework, the maximum guarantee available is J$30 million for general MSME loans, J$10 million for small MSME loans and J$5 million for start-up businesses. Guarantee coverage can reach up to 80 per cent of the loan value for general MSMEs and startups, and up to 90 per cent for small MSME loans. Businesses accessing the facility pay an annual guarantee fee of 2 per cent plus General Consumption Tax (GCT) on the guaranteed amount.

Eligibility requirements are designed to support established, creditworthy enterprises. Businesses must have an annual turnover of J$425 million or less and generally must have been operating for more than 24 months. Start-up businesses may qualify after at least 12 months of operation. Applicants are also required to demonstrate a satisfactory credit history. Since applications are submitted through participating financial institutions, businesses should engage their lenders early and ensure that financial statements, cash flow projections, and supporting business plans are properly prepared.

The facility supports a wide range of productive investments, including the acquisition of machinery and equipment, expansion of business premises, permanent working capital, commercial real estate purchases, energy-efficiency projects and business-related vehicle acquisitions. By helping firms secure financing for these purposes, the CEF can contribute to higher productivity, improved operational efficiency and expanded commercial activity.

Recent data underscore the facility's growing importance within Jamaica's business financing landscape. In 2023, the DBJ expanded collateral support for larger SME loans in the J$35 million to J$50 million range. During the first six months of that year, approximately J$1.75 billion in guarantees were issued under the programme. Loans supported by CEF guarantees reached approximately J$7 billion during the 2022/23 financial year, highlighting the facility's significant role in facilitating access to credit for Jamaican businesses.

The relevance of the CEF extends beyond financing alone. Research consistently shows that collateral remains a major determinant of lending decisions, particularly for smaller firms that rely heavily on bank financing. By reducing collateral constraints, the programme can help unlock investment opportunities that might otherwise be delayed or abandoned, supporting enterprise growth, job creation and broader economic activity.

For businesses considering expansion, the key takeaway is that insufficient collateral does not necessarily preclude a viable financing opportunity. As firms continue to navigate a challenging economic environment, the CEF represents an important component of Jamaica's business support ecosystem and a valuable tool for promoting private-sector development.

JSE Junior Market: Driving SME Growth While Testing the Limits of Market-Led Development

Since its launch in April 2009, the Jamaica Stock Exchange (JSE) Junior Market has become one of the most significant developments in Jamaica's capital market. Created to provide small and medium-sized enterprises (SMEs) with access to equity financing, the market has broadened investment opportunities, encouraged entrepreneurship and strengthened the country's financial ecosystem. Yet more than 17 years after its introduction, an important question remains: has the Junior Market created new economic value, or has it primarily accelerated the growth of companies already positioned for success?

The Junior Market emerged at a time when many Jamaican SMEs faced difficulties accessing long-term growth capital. The JSE Main Market was largely suited to larger, more established firms, leaving smaller businesses with limited financing options outside of bank loans. To address this gap, the JSE established a dedicated platform with listing requirements tailored to growing companies. Despite opening without any listed stocks, the initiative signalled a commitment to widening access to public equity financing and encouraging greater participation in the formal capital market. The first breakthrough came later in 2009, when Access Financial Services became the inaugural listing, raising just over J$100 million and demonstrating that smaller firms could successfully access public capital markets.

The Junior Market was designed not only to help companies raise capital but also to improve corporate governance among SMEs. Companies seeking admission must meet regulatory standards, publish audited financial statements, maintain appropriate governance structures and comply with ongoing disclosure requirements. In addition, listed firms must engage professional advisers, including auditors, brokers, attorneys and market mentors, who provide guidance on compliance and governance. These requirements have helped promote greater transparency and accountability among participating businesses while supporting their transition from private enterprises to publicly traded companies.

A major attraction of the Junior Market has been its tax incentive regime. Originally, companies listed on the market received a 100 per cent income tax exemption for their first five years and a 50 per cent reduction in corporate income tax for the following five years. These incentives were intended to offset the costs associated with public listing, including auditing, legal services, prospectus preparation and ongoing compliance obligations. Evidence suggests the incentives stimulated participation. By 2016, 29 Junior Market companies had collectively raised more than J$5.73 billion, generated a combined market capitalisation of J$96.2 billion and created over 1,000 permanent jobs.

However, the tax concessions have also generated debate regarding their broader economic value. While incentives may encourage companies to list, they represent forgone government revenue that could otherwise support public services, infrastructure and social development. Consequently, policymakers must assess whether the employment and productivity gains, innovation, and long-term business expansion generated by listed companies justify the fiscal cost of these benefits. The issue has become even more relevant following the 2025 increase in the IPO fundraising threshold from J$500 million to J$750 million, a move designed to reflect inflation and the increased capital requirements of growing businesses.

The growth of the Junior Market over the past decade and a half has been substantial. According to government reports, the market expanded from a capitalisation of approximately J$785 million in 2009 to J$148.5 billion by the end of 2024. The number of listed companies rose to 48 during the same period, underscoring the platform's growing importance in Jamaica's financial sector. The market has provided an alternative source of long-term capital, reduced dependence on bank financing and encouraged broader public participation in stock ownership.

Yet market growth should not automatically be equated with economic transformation. Rising market capitalisation may reflect higher share prices and investor optimism rather than increased productivity or stronger business performance. Similarly, an increase in listings does not necessarily translate into substantial employment creation, export growth or community development. A more meaningful assessment requires examining how companies utilise the capital they raise and whether listing leads to sustained operational improvements, expansion and competitiveness.

Despite its impressive long-term performance, the Junior Market continues to face several challenges. Investor sentiment can fluctuate significantly, and liquidity remains a concern for many listed securities. Reports in early 2026 indicated that trading activity had weakened, with trading volumes declining by 21 per cent and trading values falling by 39 per cent compared with the previous trading day. Such conditions highlight the vulnerability of smaller-company markets to shifts in investor confidence and market conditions. Low liquidity can discourage investment, increase share price volatility and reduce the attractiveness of public listings for prospective issuers.

International comparisons suggest that Jamaica's experience is part of a broader trend. Similar platforms exist on the Barbados Stock Exchange, the London Stock Exchange's Alternative Investment Market (AIM) and Canada's TSX Venture Exchange. These markets serve as stepping stones for emerging businesses seeking access to public capital while operating within regulatory frameworks that balance flexibility with investor protection. Jamaica's Junior Market has followed a similar model, although its continued success will depend on maintaining adequate governance standards, market liquidity and investor confidence.

Looking ahead, the Junior Market's long-term value will be determined by its ability to support productive business growth rather than merely increasing the number of listed companies. For SMEs, it offers access to capital, enhanced credibility and opportunities for expansion. For investors, it provides exposure to high-growth companies, albeit with higher risks. For the government, it serves as a development tool that must generate measurable returns in the form of employment, innovation, productivity and future tax revenues.

The evidence to date suggests that the Junior Market has been a meaningful contributor to Jamaica's economic development and capital market deepening. However, its success should be measured not simply by market capitalisation or listing activity, but by its capacity to strengthen businesses, improve governance, broaden ownership and support sustainable growth. In this regard, the Junior Market remains less a guarantee of business success and more a platform through which well-managed Jamaican companies can grow, compete and contribute to national development.

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