

National Foreign Trade Policy and Action Plan

1.0. PURPOSE

- 1.1. The Parliament is hereby informed of the National Foreign Trade Policy and Action Plan, which are at Appendices I and II.
- 1.2. Parliament is also informed that the National Foreign Trade Policy will serve as a road map for strengthening Jamaica's foreign trade regime.

2.0. INTRODUCTION

- 2.1. Jamaica's last Foreign Trade Policy was completed in 2001, and approval was granted for its revision in April 2011 via Cabinet Decision No. 16/11 of 11th April 2011. This was further endorsed in 2012 by Cabinet Decision No. 16/12 of 7th May 2012.
- 2.2. By Decision No. 40/2017 of 23rd October 2017, the Cabinet approved the National Foreign Trade Policy and its Action Plan as a White Paper, recognizing that foreign trade must be explicitly accepted as a national priority and mainstreamed into national development policies and plans.
- 2.3. The Policy has benefited from wide consultations with the public and private sectors and civil society, as well as regional and international trade-related organizations. It also benefitted from a review of foreign trade policies of other countries and of relevant publications.

Definition of Foreign Trade Policy

The Foreign Trade Policy encompasses the framework of laws, regulations, judicial decisions and administrative rulings for the trade in goods and services; bilateral, regional and multilateral trade arrangements and agreements as well as negotiating positions adopted by government. The Foreign Trade Policy seeks to facilitate the maintenance and development of rules providing predictability and security for firms engaged in trade. It complements trade-related domestic policies and reforms.

3.0. BACKGROUND

- 3.1. Jamaica is an open small island developing economy which is highly dependent on international trade for economic growth and development. It is estimated that over 80% of jobs are linked either directly or indirectly to foreign trade. In 2015 and 2016, on average, trade in goods and services contributed approximately 76.2% to GDP.
- 3.2. Jamaica's National Foreign Trade Policy, therefore, identifies the critical importance of foreign trade to the economy and recognises that for sustained economic growth to be achieved, there must be a meaningful expansion in the export of goods and services. Much of Jamaica's trade is facilitated under varying types of preferential Agreements and Arrangements, including unilateral arrangements and Generalized System of Preferences (GSP) Programmes; partial scope agreements; regional trade agreements; and free trade agreements.
- 3.3. A principal objective of the National Foreign Trade Policy is to create the conditions to ensure that trade is fully mainstreamed into national development policies, strategies and plans in a deliberate manner. This mainstreaming envisages the strategic integration of trade policies into national and sectoral development planning, policy-making, implementation and review. This should aim at enhancing trade performance and promoting growth and development. Managing and mainstreaming the National Foreign Trade Policy requires strong coordination and consultation processes with stakeholders in order to achieve policy coherence with the **National Development Plan - Vision 2030, the National Export Strategy**, and other policies, strategies and plans.
- 3.4. The National Foreign Trade Policy, while grounded in domestic policies, takes into account global development plans (e.g. **UN Agenda 2030 on Sustainable Development**) and regional development plans (e.g. those emerging from the Caribbean Community (CARICOM)).
- 3.5. It further recognises that since the adoption of the Foreign Trade Policy in 2001, evolving trade practices, as well as trade arrangements and agreements have resulted in a broadening of the scope of trade and trade activities. These developments demand an updated trade policy which is more comprehensive, assertive and inter-sectoral in nature. The National Foreign Trade Policy, therefore, draws on the "whole of government" approach and public/private sector collaboration to create a common platform for successful policy execution and export development.

3.6. It reflects the economic situation evolving since 2011, and recognises the local and international factors that influence Jamaica's trade. Key among these factors are:

1. **The dramatic shift in production and trade patterns with Global Value Chains (GVCs)** seeing increased integration of production across borders. This phenomenon has magnified the role and influence of trans-national firms driving global trade and trade-related investments that rely less on any one host country and more on the firm's integrative processes. Jamaica's production and export levels would benefit from participation in such supply chains if it is also able to attract this kind of investment. The Special Economic Zone (SEZ) programme is a crucial step in this effort.
2. **Increased market access challenges such as:**
 - a. **The erosion of the advantage gained by Jamaica through preferential agreements** with traditional trading partners as these countries sign wide-ranging preferential trade agreements with competing developed and developing countries.
 - b. **Potential loss of preferential market access due to Jamaica's designation as a "Middle Income Country" (and in some instances, as an "Upper Middle Income Country")**. This categorization places Jamaica at risk of being 'graduated' from certain beneficial GSP programmes even though we remain a highly indebted middle income country (HIMIC).
 - c. **Inability to adequately exploit the market access granted under preferential arrangements**. Preferential Agreements to which Jamaica is party, especially with countries in this hemisphere, have not led to the level of increase in the volume and diversity of exports that was possible under these arrangements.
 - d. **Jamaica's main trading partners and production output have remained substantially unchanged**. The Policy, therefore, recognises the importance of widening and deepening our trade links with more countries and groups and expanding the range of goods and services exported.
 - e. The Policy seeks to address **the ongoing stagnation of goods exports**. It recognizes that services trade has shown a positive balance, but not enough to off-set the continued goods trade imbalance – the deficit from the import of goods and services – reflected in Jamaica's trade figures for the last decade and beyond. The pressure on Jamaica's balance of payments is not sustainable. Therefore, significant expansion

of the value and volume of exports of goods and services has to be a priority in the short and medium-term. The push to expand exports must be intensified within the context of the challenging local macro-economic environment.

3. The emergence of increasingly complex Trade Agreements and Arrangements which highlight:

- a. **The need to strengthen preparations for negotiation in an environment focused on reciprocity and trade liberalization.** For successful and sustainable outcomes, Jamaica's capability in commercial diplomacy must be better honed, particularly among Ministries, Departments and Agencies (MDAs) and the private sector. Alliance-building with CARICOM and other like-minded countries must also be strengthened.
 - b. **The need to implement the mechanism/modality for Jamaica's engagement in future trade arrangements** based on Cabinet Decision No: 41/15 of 9th November 2015 regarding Jamaica's approach to negotiating bilateral preferential trade agreements.
4. The Policy recognises **the rise in the trade capacity and influence of developing countries** and the need to strategically advance South-South cooperation and trade relations with these countries.
 5. The Policy notes **other challenges to positive trade performance** faced by the country including - low productivity; challenges in attracting and managing the right local and foreign investment; creating the international alliances that will help to promote Jamaica's position abroad; achieving international standards for goods and services, which now include private standards; and reducing the incidence of crime.

4.0. STRATEGIC OBJECTIVES OF THE POLICY

The Policy seeks to:

- 4.1. Increase stakeholder awareness of the role that foreign trade policy, including the various trade and integration Agreements, plays in economic growth and development.
- 4.2. Improve consultation and collaboration with stakeholders, especially those in the public and private sectors, through the establishment of new modalities to facilitate implementation of the policy and the strengthening of existing mechanisms for the formulation of policy and negotiation positions. This will include the setting up of the National Foreign Trade Council.

- 4.3. Facilitate the modernization of trade legislation, procedures and infrastructure; better access to and use of technology, skills, value chains, the expansion of investment, production and job creation, and an improvement in competitiveness indicators.
- 4.4. Promote greater penetration of new and existing markets as well as an improvement in the overall balance of trade resulting from a significant increase in the value and volume of exports of traditional and non-traditional goods and services.
- 4.5. Facilitate an increased flow of goods across Jamaica's borders through the promotion of more efficient customs procedures and other aspects of trade facilitation.
- 4.6. Enhance monitoring and surveillance of trade policies and measures relevant to Jamaica's trading relationships and trade performance.

5.0. IMPLEMENTATION

- 5.1. In moving to implement the Foreign Trade Policy, the following trade enabling measures (*among others*) geared towards, promoting, defending and facilitating trade will be undertaken:

- a. The Ministry of Foreign Affairs and Foreign Trade will convene, under the chairmanship of the Minister, regular high-level meetings of a **National Foreign Trade Council** comprising trade-related stakeholders, to monitor and evaluate progress in implementation of the Action Plan.

The Cabinet, advised by the Minister of Foreign Affairs and Foreign Trade, will have oversight for implementation of the National Foreign Trade Policy. Cabinet will conduct this oversight function through its International Relations and Trade Committee (IRTC).

- b. Revision of approaches to the negotiation of future Trade Agreements to include in-depth analysis of trade data and sustainability impact assessments while taking into account the economic and development needs of the country over the next 5 – 10 years. Strengthen capacity to negotiate a mix of tariff and non-tariff preferences in line with industry strategies, and to negotiate improved access for service providers.
- c. Development and strengthening of the trade surveillance, monitoring and evaluation functions of the Ministry of Foreign Affairs and Foreign Trade and the relevant MDAs to ensure timely and

effective treatment of emerging trade concerns such as: tariff movements, non-tariff barriers to trade, trade facilitation issues, trade and market intelligence gathered, and advancements in electronic-commerce.

- d. Facilitation and coordination of capacity building initiatives for trade actors to aid them in:
 - i. understanding and implementing existing trade agreements;
 - ii. periodically reviewing trade agreements to determine relevance, impact and ensure compliance.
- e. Review and streamlining the functioning of business support institutions with a view to strengthening their support and mentoring skills and capacities.

6.0. Importance of Capacity-building

- 6.1. The Parliament is invited to take account of the on-going importance of capacity-building in foreign trade policy, both in institutional-strengthening and human resource development at all levels in the public and private sectors and in civil society to enable the full and effective implementation of the National Foreign Trade Policy and engagement in policy formulation and trade negotiations.

7.0. Funding

- 7.1. Funding for the revision of the Policy was provided by the European Union, the Inter-American Development Bank (IDB), the Commonwealth Hubs and Spokes Project and the Government of Jamaica.

8.0. Recommendations

The Parliament is hereby informed of the National Foreign Trade Policy and its Action Plan.



Kamina Johnson Smith

Minister

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