

SUMMARY - ECONOMIC AND SOCIAL SURVEY 2018

Preparation and Finalization of the Medium Term Socio-Economic Policy Framework (MTF) 2018–2021

During the reporting period, the 4th Medium Term Socio-Economic Policy Framework (MTF) was prepared for the period 2018–2021. The MTF is the implementation framework of Vision 2030 Jamaica – National Development Plan. The MTF is aligned to the overall vision, goals and national outcomes of Vision 2030 Jamaica and allows for a stage by stage operationalization of the long-term National Development Plan. The Medium-Term National Strategic Priorities to be addressed under MTF 2018–2021 are:

- Human Capital Development
- Social Protection and Social Inclusion
- Values and Attitudes
- Rule of Law and Timely Justice
- Public Sector Efficiency and Effectiveness
- Economic Stability, Growth and Employment
- International Competitiveness
- Environmental Sustainability and Climate Change Response

Economic Performance

The year 2018 represented a watershed year for Jamaica as all the key performance targets were met and several all-time best performances were achieved. With respect to the economy, some of the major achievements were as follows:

- **Gross Domestic Product** of 1.9 per cent for calendar year 2018, the sixth consecutive year of growth and the strongest growth rate on record since 2006
- **Unemployment rate** declined to a low of 8.4 per cent in July 2018, the lowest rate on record
- Highest ever **employment level** of 1 222 600 persons during July 2018
- **Debt** – At the end of December 2018 the debt-to-GDP ratio reached 96.1 per cent, the lowest rate recorded since 2008
- **Interest Rates** – the weighted average interest rate of 14.09 per cent for 2018 was the lowest on record since 1996
- **Successful completion of the two scheduled reviews under the three-year Precautionary Stand-By Arrangement with the International Monetary Fund (IMF)**, bringing the total Special Drawing Rights available to Jamaica as at the end of 2018 to approximately US\$1.2 billion.
- **Net remittance flows** – up \$19.2 million to US\$2 096.7 million.

Point-to-point inflation for the year was 2.4 per cent. The **weighted average selling rate of the Jamaican dollar at the end of 2018** was \$127.72 per US\$1.00, representing a **nominal depreciation** of 2.2 per cent, which **in real terms**, translated to a depreciation rate of 1.6 per cent. Central Government operations generated a **fiscal surplus of \$24 387.7 million relative to the budgeted surplus of \$9 622.0**

million. The Primary Balance out-turn for FY2018/19 was a surplus of \$153 575.8 million compared with the budgeted surplus of \$145 826.7 million, reflecting higher than programmed revenues and lower than planned non-debt expenditure.

The **trade deficit worsened** by US\$77.0 million to **US\$4.2 billion**, reflecting a **US\$592.5 million rise in value of imports to US\$6.1 billion** which outpaced the **US\$515.5 million rise in the value of exports to US\$1.9 billion**. **Export earnings** were boosted by the exports of Alumina, Bauxite and Mineral Fuels, which together accounted for 77.0 per cent of the value of exports. Increased expenditure on the imports of Mineral Fuels; Machinery & Transport Equipment; Chemicals; Manufactured Goods; and Food were mainly responsible for the **rise in the value of Merchandise Imports**.

Sectoral performance: The **Goods Producing Industry grew by 4.8 per cent** while the **Services Industry recorded growth of 0.8 per cent**. The performance of the Goods Producing Industry was led by the **Mining & Quarrying industry** which grew by 33.5 per cent, while that of the Services Industry was led by the **Hotels & Restaurants industry**, which increased by an estimated 1.8 per cent.

Official Development Assistance (ODA)

ODA in the form of loans, grants and technical assistance from International Development Partners (IDPs) continued to advance the Government's strategic objectives articulated in the Vision 2030 Jamaica – National Development Plan and the Medium Term Socio-Economic Policy Framework (MTF) 2015–2018. New and ongoing projects funded with ODA and Government counterpart resources totalled US\$2.5 billion (\$324.3 billion) of which US\$2.3 billion (\$298.4 billion) was funding from the IDPs. This represented an 8.7 per cent increase in total funding compared with 2017.

Of the total IDP funding resources, Multilateral Financing Institutions (MFIs) accounted for 52.8 per cent; 43.5 per cent from bilateral partners; 2.0 per cent from Multilateral Technical Cooperation (MTC) agencies; and 1.6 per cent from Environment and Climate Change (EnCC) Funds. Loans amounted to US\$1.7 billion (\$220.5 billion) and grants totalled US\$624.1 million (\$81.0 billion).

Labour Market

The Labour Force contracted by 1.6 per cent to 1 337 575 persons, with males (53.9 per cent) outnumbering females. **Average annual employment improved by 1.3 per cent to a record 1 215 975 persons**. **Unemployment rates continued to trend down to 9.1 per cent from 11.7 per cent**. Both the Goods Producing and Services Industries exhibited increases in employment by 0.6 per cent and 1.7 per cent, respectively. Of all Goods Producing Industries, the Agriculture, Hunting, Forestry & Fishing industry experienced a decline by 2.4 per cent. **The Services Industry was responsible for 65.0 per cent of total employment with increases in seven of eleven sub-industries**.

National Security and Justice

There was an over 19.0 per cent increase in the budgetary allocation for the Ministry of National Security and its agencies. Plan Secure Jamaica was the framework under which a whole of government approach to crime fighting was undertaken. The **Zones of Special Operations** continued in two

communities, while States of Emergency were declared in three areas. Additionally, the Public Safety and Traffic Enforcement Branch was established in the Jamaica Constabulary Force to assist in the restoration of public order and promote safety in public areas. The mix of strategies were employed during the year and this resulted in a **reduction in the number of crimes reported, especially murder, which declined by 22.0 per cent.**

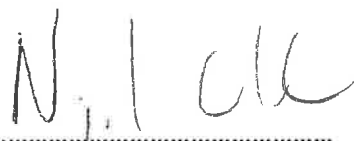
Social Development, Social Protection & Culture

During 2018, the focus was on the development and protection of vulnerable groups, particularly children. The Child Diversion Act, 2018 was passed and represented an important step in addressing delinquent behaviours without resorting to criminal proceedings. Other notable achievements included the completion of two internationally-funded social protection projects that supported safety nets and human capital development; approval of the draft National Policy for Senior Citizens as a Green Paper; launch of the National Policy on Poverty and National Poverty Reduction Programme; and tabling of legislation to absolve national heroes of criminal liabilities.

Sustainable Development

Sustainable development activities were pursued in the context of the strategic priorities of the Medium Term Socio-Economic Policy Framework 2015–2018; the 2030 Agenda for Sustainable Development; the Sustainable Development Goals; and related multilateral environmental agreements. Much of the activities within the sector was centred on strengthening the policy framework and improving capacity in disaster risk management and adaptation to climate change. These activities were supported by budgetary allocations of \$16.7 billion, which represented 1.0 per cent of the total GOJ budget.

In the policy arena, Cabinet approved The Trade (Plastic Packaging Materials Prohibition) Order, 2018 and The Natural Resources Conservation Authority (Plastic Packaging Materials Prohibition) Order 2018, which outline restrictions on the importation and or distribution of certain types of single-use plastics, straws and expanded polystyrene products. The Fisheries Act, 2018; The Building Act, 2018; the Road Traffic Act, 2018 and the Ballast Water Management Act, 2018 were also approved in the House of Representatives to guide the sustainable development of fisheries, transportation and the built environment.



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Minister of Finance and Public Service

Dated this 25 day of June, 2019

