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LESSONS FROM JAMAICA'S SERVICES TRADE POLICY FRAMEWORK

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Mr. Richard Brown

Deputy Director

Foreign Trade Department

Ministry of Foreign Affairs and Foreign Trade

Jamaica

UNITED NATIONS

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LESSONS FROM JAMAICA’S SERVICES TRADE POLICY FRAMEWORK

RICHARD BROWN

OUTLINE

- Background
- The Services Policy Environment
- Design and implementation of services assessments
- Lessons from conducting assessments of services
- Challenges and opportunities
- Follow-up actions

BACKGROUND

- **Structural and economic challenges**
  - SOE, SIDS, SWVE, High Debt, Slow Growth, Trade Dependent, undiversified markets.
- **Regional to national services policy environment**
  - Chapter 3 of RTC, regional strategic plans, BTAs, CSIs.
- **Contribution of services to the economy and trade**
  - 79.4% of total GDP, 32.9% of total trade, 72.5% value added to GDP.
- **Need for a new services policy**
  - High priority in policymaking, limited benefits from reforms and liberalization, fragmented domestic policy environment, slow regional implementation.

THE SERVICES POLICY ENVIRONMENT

- Multi-layered environment

- **Foreign Trade Policy**
  - 2001 FTP intended to develop capacity, increase capital formation, and broader export base.
  - Draft FTP to reposition for economic prosperity, maximize gains from global trade, respond to perceived deficiencies in 2001 FTP.
  - Policy framework for trade's contribution to development.

- **Jamaica's Services Sector Strategy and Expansion Plan**
  - Main policy framework for services sector development.
  - Closely aligned to Vision 2030 and NES.
  - Development of high-quality standards, globally competitive services, increased investment, improved exports, greater contribution of services to GDP over 5-10 year period.

DESIGN AND IMPLEMENTATION OF SERVICES ASSESSMENTS

- **How has the assessment been designed?**
  - Identify the key sectors with greatest potential for growth.
  - Identify initiatives that would assist in developing sectors and improve performance.
  - Incorporate sector-specific plans and strategies.
  - Alignment with NDP and logistics-centred economy thrust.
  - Iterative consultations with 34 relevant stakeholder groups.
  - Working sessions centred on export priorities: ICT, Health and Wellness, Medical Tourism and Music.
  - Factors for consideration must meet the test of:
    - Immediacy
    - Capacity to get it done
    - Urgency in terms of sequencing of actions
    - Likely impact on investment and business landscape within implementation timeframe.

DESIGN AND IMPLEMENTATION OF SERVICES ASSESSMENTS

- **Best practices for designing the assessments:**
  - Identify the value proposition of targeted services sectors.
  - Build on existing national and international methodologies.
  - Utilize existing service sector priorities as baseline content.
  - Continued revision of the framework using iterative “strategy-to-work-plan” process tailored to each targeted sector.
  - Stakeholder driven formulation and validation of actionable activities.
  - Align methodology close to approaches used by implementing agencies.

LESSONS FROM CONDUCTING ASSESSMENTS OF SERVICES

- Both cross-cutting and sector-specific considerations.
- Develop comprehensive services sector strategy.
- Pursue greater policy coherence.
- Create sustainable macroeconomic and enabling environment.
- Build key financial, human and technological capabilities.
- Strengthen Institutional and regulatory capacities.

LESSONS FROM CONDUCTING ASSESSMENTS OF SERVICES

- Ensure initiatives are targeted at sectors with highest growth potential.
- Strengthen services SMEs through cluster strategies.
- Enhance role of informal services providers in VCs.
- Fully integrate informal providers into the economy.
- Improve services data collection, particularly with major partners
- Revisit services sector incentives

CHALLENGES AND OPPORTUNITIES

- **Challenges:**
- Mainly size, geography and resource related and largely cross-cutting in nature.

- Does not capture disaggregated services data.
  - Regional online platform, and BoJ and STATIN nationally.

- Lack of national standards for the provision of services and standardization of services exports, and benchmarking.
  - Some work is being done on certification of Spas.

- Services providers are largely in the informal sector.
  - Ongoing improvement to business environment and eliminating bureaucracy (Doing Business ranking, SIPP, Omnibus Act).

CHALLENGES AND OPPORTUNITIES

- Reliant on a few services exports and difficulties developing comparative advantages.
  - JBDC Business Development Incubator and JAMPRO B2B.

- Slow pace of implementing regional services regime.

- limited capacity to handle services policy development and services negotiations.

- Issues related to accreditation and mutual recognition of standards and qualifications.

CHALLENGES AND OPPORTUNITIES

- **Opportunities:**

- JAMPRO/JCSI has relatively structured system and processes to expand contribution of services to GDP.

- Competitive advantage due to relative size of key export categories (computer and information, personal, cultural and recreational services, and financial services).

- Strong ICT enabled environment, which is a platform for further development of services.

FOLLOW-UP ACTIONS

- **Ensuring policy and regulatory improvement:**
- Determine medium to long term vision for services sector growth and development.
- Create enabling environment that can influence policy and development outcomes for the sector.
- Address issues that are relevant at the international level to improve market entry and competitiveness.
- Address bottlenecks that can stifle sector growth.
- Reinforce standards as an operational element for each sector.

FOLLOW-UP ACTIONS

- **Making institutional reforms more effective:**
- Need to improve agility in responding to policy challenges.
- Address disconnect between policy implementation and outcomes (SIPP).
- Revisit regulations periodically to refine objectives and scope, address inconsistencies or misunderstandings.

THANK YOU!!