



Trade Policy Framework: Jamaica



Following a request from the Ministry of Foreign Affairs and Foreign Trade (MFAFT), this study provides a review of the country's overall national development objectives and recent economic trends, an analysis of linkages between existing strategies and plans in different spheres of policymaking and trade policy in both the goods and services sectors, and recommendations for integrated strategic approaches to achieving the country's key vision and objectives for its trade policy.

Recommendations aiming at reinforcing the capacity to trade and improve competitiveness of export products in global markets are as follows:

- Addressing issues in key infrastructure bottlenecks, such as energy and transportation, which increase the cost of trading. Reducing dependency on energy imports is also critical from the perspective of addressing macroeconomic instability. Developing cost-efficient energy solutions could be accomplished by long-term planning of the development of alternative energy sources, increased awareness of energy efficiency and the use of taxes to subsidize spending on alternative renewable sources;
- Increased compliance with international and regional standards, through initiatives such as regional infrastructure partnerships to finance quality-related infrastructure, for example, accreditation laboratories; developing a regional consumer protection system; negotiating mutual recognition agreements on standards in key export markets and entering into agreements on conformity assessment procedures for products being prioritized in the current export strategy;
- Matching new products under development that have a high RCA with markets that offer high import growth potential and dynamism. For products being prioritized, it is suggested that its domestic value added content be increased;
- Using the regional platform as a stepping stone to develop productive and export capacities (and overcoming supply side constraints). This could be done by developing at the regional level clusters of catalytic sectors offering potential for sustained growth of exports to international markets, (b) significant growth of in supplies at low real cost of a key input that is import to the achievement of international competitiveness in other activities. Such sectors could include agriculture, forestry and fishing, manufacturing and sustainable tourism;
- When devising an overall strategy for the services sector emphasizing the linkages between services sectors as well as between services and other economic sectors will be crucial. For example, a strategy for tourism should integrate strategic considerations relating to transport, information and communications technology (ICT), health and financial services, and agricultural and cultural products, which are inputs into the sector. Similarly the development of the ICT sector with the move towards an information-technology(IT)-enabled services sector is a realistic option for the country only if it has a sufficient pool of qualified workers with the adequate skills for providing services in finance, accounting, human resources, legal services, research and development (R&D), and software development and testing. Further, it will be essential for Jamaica to ensure that the skills and qualifications of individual service suppliers as well as of juridical persons offering these services be recognized by trading partners. This can be achieved either by the adoption of international certifications where these exist or through the negotiations of mutual recognition agreements;
- Positive and negative spillover effects from increased services activities and services trade must be integrated in policy planning, as these impacts may either elicit support from other sectors of the economy (in case of positive spillovers) or on the contrary, may require the adoption of related policies by the Government to limit or compensate any negative externalities.

