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**economic
growth
council**

JAMAICA FROM DEVELOPING TO DEVELOPED

**CREATING WEALTH FOR JAMAICA:
IT'S OUR COLLECTIVE
RESPONSIBILITY**

Report to the Nation
For the period April 2017 - June 2017
Presented July 27, 2017



**WHOSE
RESPONSIBILITY
IS IT?**

**CREATING WEALTH FOR JAMAICA
- IT'S OUR COLLECTIVE RESPONSIBILITY**



It has been ten months since the Economic Growth Council (EGC) presented to Cabinet eight (8) Growth initiatives and one hundred and eleven (111) policy recommendations aimed at laying the foundation for the sustainable growth of the Jamaican economy. The EGC has been working since then with various stakeholders including the public and private sectors, trade unions, and a host of Jamaicans, on the implementation of the majority of these recommendations in our bid to put Jamaica back on a path to economic growth.

Several of these policy recommendations are included in the 3-year Stand-By Arrangement signed between the Government and the International Monetary Fund in 2016 and the EGC is responsible

for monitoring and reporting on these on a quarterly basis.

The Government had committed to execute seven (7) measures during the reporting period April to June 2017. Four (4) of the seven (7) measures were completed and the other three (3), though not completed, are actively being worked on.

The EGC proposed various measures aimed at better utilising Government assets and improving the efficiency of the privatization process. In furtherance of this objective (i) the Ministry of Finance and the Public Service (MOFPS) created a framework for public debt reduction through a programme of privatizations and asset sales; and (ii)

the Development Bank of Jamaica (DBJ) provided a protocol for the establishment of Enterprise Teams that handle multiple transactions and submitted to cabinet a protocol for the outsourcing of privatization to for-profit firms.

As we explore ways of engaging the Diaspora, the Ministry of National Security sought to address our proposal for the issuance of an immigration card to members of the Diaspora by undertaking a feasibility study looking at the possible creation of a Global Jamaican immigration card. This study which is being done by the Sir Arthur Lewis Institute of Social and Economic Studies (SALISES) began the end of May and an inception report has been prepared.

The Public Procurement Regulations and the Handbook of Public Sector Procedures were not completed by the May deadline. Two of the three regulations have been tabled in Parliament and the MOFPS has advised that they are actively working on the establishment of the Public Procurement Commission which is a pre-requisite for the tabling of the third regulation. Public procurement is an important tool for stimulating economic growth and development and we therefore urge the MOFPS to urgently finalise the regulations and enact the Public Procurement Act.

The EGC also notes that the Urban Development Corporation (UDC) and the Factories Corporation of Jamaica (FCJ) under the Ministry of Economic Growth and Job Creation (MEGJC) did not submit to Cabinet a plan to divest up to twenty percent of their assets by the May target date. The MEGJC is finalizing the submission with respect to the UDC assets and the FCJ's Board is working on the list of assets to be proposed for divestment.

Lastly, the amendments to the Investment Regulations to allow pension funds to invest in a wide range of products have been drafted, however the timeframe for the tabling in Parliament has been extended in order to permit further analysis and consultations.

We have set a goal of achieving 5% growth in GDP by 2020 and many have said that this is an ambitious goal for a country which has not

enjoyed appreciable growth in GDP for many decades. However, we are all agreed that for Jamaica to achieve its full potential regionally and internationally, we must stretch ourselves beyond expectation and chart a path to create wealth for Jamaica.

The Statistical Institute of Jamaica reported in July that the economy grew by 1.3% for the Fiscal Year 2016/2017. The Planning Institute of Jamaica (PIOJ) is projecting growth of 2 to 3 percent for the financial year 2017/18. With the timely execution of the policy recommendations and with improvements in a range of industries predicted, we expect to build on this as we work to achieve '5 in 4', that is 5% GDP growth by 2020.

The EGC commends all the stakeholder agencies and organizations and the EGC committees who are responding to the national call for accountability and are demonstrating a commitment to ensuring sustainable economic growth in Jamaica.



Michael Lee-Chin
Chairman, Economic Growth Council

ECONOMIC GROWTH COUNCIL POLICY RECOMMENDATIONS INCLUDED IN THE 3-YEAR IMF STAND-BY ARRANGEMENT (SBA)* (REPORTING PERIOD: APRIL - JUNE 2017)

REFORM AREA	MEASURES	DUE DATE	RESPONSIBLE MINISTRY/ DEPARTMENT/ AGENCY	STATUS
ACCESS TO FINANCE	Commence phased reviews of banking, insurance and pension regulations that impact access to finance.			
	Table in Parliament amendments to the investment regulations to allow pension funds to invest in a wide range of products.	June-17	Financial Services Commission (FSC)	X

KEY



Target Met



Target Missed

*This reporting is based on the revised Memorandum of Economic and Financial Policies policy matrix which was developed based on the first IMF review mission for the SBA carried out from February 20 - March 3, 2017 and approved by the Executive Board of the IMF on April 14, 2017 on a lapse of time basis.

REFORM AREA	MEASURES	DUE DATE	RESPONSIBLE MINISTRY/ DEPARTMENT/ AGENCY	STATUS
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BUSINESS CLIMATE AND RED-TAPE

Complete the Public Procurement Regulations and the Handbook of Public Sector Procurement Procedures.

The Public Procurement (Techniques, Procedures and Offsets) Regulations.	May-17	Ministry of Finance and Public Service (MOFPS)	✓
The Public Procurement (Reconsideration and Review) Regulations.	May-17	MOFPS	✓
The Public Procurement (Registration and Classification of Suppliers) Regulations.	May-17	MOFPS	✗
Handbook of Public Sector Procurement Procedures	May-17	MOFPS	✗



ASSET UTILISATION

Create framework for public debt reduction through a programme of privatisations and asset sales.

	May-17	MOFPS	✓
Submit to Cabinet a plan to divest up to 20% of assets held by the Urban Development Corporation (UDC) and the Factories Corporation of Jamaica (FCJ).	May-17	Ministry of Economic Growth and Job Creation (MEGJC) - UDC; FCJ	✗

Improve the scalability and efficiency of the privatisation, asset sale and public/private-partnership processes by:

(i) The Development Bank of Jamaica (DBJ) providing a protocol for the establishment of Enterprise Teams that handle multiple transactions	Apr-17	MEGJC-DBJ	✓
(ii) Submit to cabinet a protocol and framework for the outsourcing of privatisations to for-profit firms	May-17	MEGJC-DBJ	✓



DIASPORA INVOLVEMENT

Begin feasibility study of the creation of a Global Jamaican Immigration Card for issuance to members of the Diaspora

	May-17	Ministry of National Security	✓
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KEY



Target Met



Target Missed

CHAIRPERSONS

Working Committees



Access to Finance Committee Subcommittee on Land titling
Mr. Milverton Reynolds,
Managing Director,
Development Bank of Jamaica



Immigration Policy
Mrs. Helene Davis-Whyte,
President of the Jamaica
Confederation of Trade Unions



Citizen Security and Public Safety Committee Subcommittee on Informal Settlements
Major General Antony Anderson,
National Security Advisor



Diaspora Engagement
Dr. David Panton,
Chairman and CEO,
Panton Equity Partners



National Spatial Plan Oversight Committee
Hon. Daryl Vaz,
Minister without Portfolio,
Ministry of Economic Growth and Job
Creation

DR. ALVARO URIBE, FORMER PRESIDENT OF COLOMBIA ADDRESSES THE EGC SECOND REPORT TO THE NATION

Dr. Alvaro Uribe, former President of Colombia was the guest speaker at the EGC's Second Report to the Nation on April 27, 2017.

Credited with leading a successful campaign against the Revolutionary Armed Forces of Colombia during an intense period of violence in which more than 4 million Colombians fled the country, Dr. Uribe said

that security, investment confidence and social cohesion were essential in achieving growth in the Jamaican economy.

During his visit to Jamaica, he met with a range of stakeholders including public and private sector representatives, multilateral and diplomatic representatives and students. Here we capture some of those groups.



Dr. Alvaro Uribe (2nd right) former President of Colombia and (from left to right) Maureen Denton, Executive Director (EGC); Hon. Michael Lee-Chin, OJ, Chairman of the EGC; Ministers Fayval Williams, Shahine Robinson, and Mike Henry; Paula Kerr Jarrett (EGC); Ambassador Saunders, Cabinet Secretary.



(From left to right) Mauricio Pulido, GB Energy; Dr. Alvaro Uribe, former President of Colombia; Hon. Michael Lee-Chin, OJ, Chairman of the EGC and Ambassador Garcia Marquez, Ambassador of Colombia to Jamaica.



Dr. Alvaro Uribe (3rd right, 2nd row), Former President of Colombia with Hon. Michael Lee-Chin, OJ (centre back), Chairman of the Economic Growth Council, EGC members and various stakeholders.



Hon. Michael Lee-Chin, OJ (R), Chairman of the EGC, Council Members (L-R) Noel Hylton, OJ; Pat Ramsay, OD; Maureen Denton (C), Executive Director & Head of Secretariat, EGC with Spanish Ambassador to Jamaica, Josep Maria Bosch Bessa (3rd L); Carmen Rives Ruiz-Tapiador, Spanish Embassy and Dr Luis Asilis, businessmen from the Dominican Republic after a meeting at Jamaica House.



Hon. Michael Lee-Chin, OJ (Centre), Chairman of the EGC & other council members with a visiting contingent from the Caribbean Development Bank.



Maureen Denton (Centre), Executive Director & Head of the Secretariat of the EGC with representatives of the Housing Authority of Jamaica and Planning Institute of Jamaica and community representatives after a tour of informal settlements in St. James.



Maureen Denton (R), Executive Director & Head of the Secretariat of the EGC and Dr. Wayne Henry (5th R), Director General, Planning Institute of Jamaica (PIOJ) with Alpart and PIOJ team members, following a site visit to the plant.



Maureen Denton (4th R), Executive Director & Head of the Secretariat of the EGC and Milverton Reynolds (5th R), Chair of the Land Titling sub-committee with members of the committee.

SUMMARY

REAL SECTOR PERFORMANCE (JANUARY-MARCH 2017) & SHORT-TERM PROSPECTS

- The latest data from the STATIN indicate that real GDP growth for January–March 2017 was 0.1 per cent relative to the corresponding quarter of 2016. For this quarter:
 - Real value added for the Goods Producing Industry was estimated to have declined by 1.0 per cent, as a result of declines in two of the four industries, Agriculture, Forestry & Fishing (down 3.6 per cent); and Mining & Quarrying (down 9.9 per cent). A further contraction of the Goods Producing Industry was tempered by the increased value added of the Manufacture and Construction industries, up 2.7 per cent and 0.6 per cent, respectively.
 - The Services Industry grew by 0.4 per cent, as all industries with the exception of Producers of Government Services recorded increases. Among the industries estimated to have grown in value added were: Electricity & Water Supply (up 0.5 per cent); Finance & Insurance Services (up 1.0 per cent); and Hotels & Restaurants (1.1 per cent).
- For the April–June 2017 real GDP is projected to be within the range of 0.5 per cent to 1.5 per cent. This out-turn is predicated on:
 - The continued strengthening of productive activities, hinged mainly on expected improvements in the heavily

weighted Services Industry. This includes the improved performance of the: Electricity & Water Supply industry, due to anticipated increases in electricity demand and rainfall levels; Finance & Insurance Services industry reflecting higher revenue generated from fees and commission income at deposit-taking institutions and an increase in net interest income from a larger stock of loans and advances; and Wholesale & Retail Trade; Repair and Installation of Machinery (WRTRIM) associated with on a general improvement in the domestic economy. For the Hotels & Restaurants industry, preliminary data indicate that stop-over arrivals will increase by approximately 9.6 per cent, facilitated by greater flight frequency and expansion in room stock. Also contributing to the expected increase is the fact that Easter holiday is celebrated in April relative to March in 2016.

- For the Goods Producing industry, growth is expected for:
 - Manufacture – continuation of increased activities within the Food Processing component of the industry, driven by growth in beer production for export. Additionally, the Other Manufacturing segment of the industry, petroleum production is expected to increase.

- Construction – the industry is expected to benefit from increased non-residential activities, associated in part with the construction of several commercial structures. The clearing and reconstruction work resulting from the impact of flooding on the natural and built environment subsequent to the passage of heavy rains during the quarter will also provide an impetus to the industry.

- The passage of heavy rains in the quarter, however, is expected to constrain the rate of growth, having caused damage to infrastructure and loss of production time in some industries.

- For FY2016/17 real GDP growth was 1.3 per cent, underpinned by real value added increases in the Goods Producing and Services Industries. Agriculture, Forestry & Fishing; Electricity & Water Supply; and Hotels & Restaurants Industries were the most significant contributors to growth for FY2016/17.

(Prepared by the PIOJ)
July 2017

- Growth for FY2017/18 is projected to fall within the range 2.0 – 3.0 per cent, predicated primarily on improvements in all industries with the exception of Producers of Government Services. This baseline forecast is largely predicated on the resumption of operations at Alpart, Jamaica’s largest alumina refinery. It is anticipated that growth will also be supported by:
 - A strengthening of domestic confidence levels
 - As well as growth in the economies of Jamaica’s trading partners
 - Improved efforts at implementing GOJ supported growth inducing projects, i.e. more timely disbursements and implementation.

NOTES

Lined area for notes on page 14.

THE EGC THANKS THE FOLLOWING PERSONS AND ENTITIES FOR THEIR GENEROUS AND INVALUABLE SUPPORT:

- ATL
CVM Television Ltd.
Christopher Issa and The Spanish Court Hotel
Marcia Erskine and Associates
Main Event Entertainment Group Ltd
National Commercial Bank (NCB)
OGM Integrated Communications Ltd.
Phase 3 Productions
POW Social Media
The Jamaica Observer
The Gleaner Company
Ms. Maxine Jones
Ms. Shanoi Washington
Mrs.Tanya Chin
Mrs. Donnette Hendricks
Mr. Dwite Thomas
Mr. Andrew Brown
Ms. Stacey-Ann Harry
Ms. Kadiann Smith

economic growth council

Hon. Michael Lee-Chin, OJ	Chairman, Economic Growth Council Chairman, National Commercial Bank
Ambassador Dr. Nigel Clarke	Vice Chairman, Economic Growth Council Deputy Chairman & CFO, Musson Group of Companies
Senator Kavan Gayle, OD	Representative from Jamaica Confederation of Trade Unions to the Economic Growth Council President of the Bustamante Industrial Trade Union
Phillip Gore, OD	Founder & Executive Chairman of Gore Developments Limited
Hon. Hugh C. Hart, OJ	Senior Partner, Hart, Muirhead & Fatta Former Minister of Mining, Energy and Tourism
Patrick Hylton, CD	Group Managing Director, National Commercial Bank
Hon. Noel Hylton, OJ, CD, JP	President, Noel Hylton and Associates Former Chairman, President and CEO, Port Authority of Jamaica
Paula Kerr-Jarrett	Director, Barnett Limited
Pat Ramsay, OD	Cultural/Development Consultant
Adam Stewart, OD, CD	Deputy Chairman and CEO, Sandals Resorts International
Maureen Denton	Executive Director/Head of Secretariat

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