

OVERVIEW 2017

INTRODUCTION

During 2017, Jamaica made strides towards achieving developed country status with progress being recorded in all spheres of the socio-economic and environmental landscape. The overarching Policy Framework was centered on the four broad Goals of the Vision 2030 Jamaica – National Development Plan and specifically, the strategies of the Medium Term Socio-Economic Policy Framework (MTF) 2015–2018. The socio-economic reform agenda is also being supported by the three-year Precautionary Stand-By Agreement (SBA) with the IMF, which is scheduled to end by September 2019. Jamaica successfully completed both reviews undertaken by the IMF during the year. Despite several challenges which occurred during the year, including weather-related shocks and plant downtime, the Jamaican economy recorded improvements in all the key macroeconomic variables. These included:

- Real GDP, with growth of 0.5 per cent recorded, representing the 5th consecutive year of positive performance
- point to point inflation rate, which trended within the targeted range of 4.0 per cent–6.0 per cent range with an annual rate of 5.2 per cent
- exchange rate, which ended the year at J\$125.00 to US\$1.00 representing a nominal appreciation of 2.7 per cent, an indication that there was sufficient reserves to meet market demand
- debt to GDP ratio which stood at 103.3 per cent at the end of 2017, representing a decline of 9.3 percentage points for the 2017/18 fiscal year to date, that is since the end of March 2017
- annual average unemployment rate, which declined by 1.5 percentage points to 11.7 per cent.

With respect to advancement made in Sustainable Development, Jamaica placed 92nd out of 127 countries

on the *World Economic Forum Global Energy Architecture Performance Index*, six places higher than the previous year and 24 places higher than the benchmark year of 2009. Performance on the index is assessed on the pillars of (i) Economic growth and development; (ii) Energy access and security; and (iii) Environmental sustainability. Jamaica is among a group of six countries which have been identified as having made significant improvements since 2009. The report makes reference to Jamaica as a regional leader in the transition to sustainable energy systems and regards the National Energy Policy as a model for the region.

Jamaica continued to benefit through partnerships with International Development Partners in strategic areas of climate change resilience, health, security, public financial management, energy, human capital development, agriculture, and infrastructure development. *Official Development Assistance* (ODA) in the form of loans, grants and technical assistance totalled US\$2.3 billion, an increase of 15.0 per cent. The newly approved ODA in 2017 was US\$787.2 million, up from US\$332.7 million.

Work continued on the strengthening of the policy framework for *Sustainable Development*. The Building Bill was passed in the House of Representatives and there was the promulgation of the Forest Policy for Jamaica. The creation of an Environment for Technology-enabled development was the focus of the *Science, Technology and Innovation* developments. This was facilitated through the passage of the National Identification and Registration Act, 2017; Processed Food (Amendment) Act, 2017; and the tabling in Parliament of the Data Protection Bill, 2017.

The attainment of Jamaica's development goals were advanced by improvements recorded in the social sectors. At the end of the year, the *Jamaican Population* stood at 2 728 900, remaining relatively flat compared with the end of 2016. Population movements indicate that the Jamaican population is ageing with a decline

in the age group 0–14 and increases in the age groups 15–64 and 65 and over. A median age of 30.3 was recorded for 2017. Developments in the *Labour Market* were underscored by positive movements in most of the indicators. The total labour force increased by 7 400; and the average employed labour force grew by 2.3 per cent. This was accompanied by a decline in the average unemployment rate by 1.4 percentage point to 11.7 per cent and a 6.6 percentage point fall in the average youth unemployment rate to 26.8 per cent.

Within the *Education and Training* sector, enrolment among the school-age cohort was estimated at 73.2 per cent. Enrolment at the pre-primary, primary and secondary levels were 94.9 per cent, 99.7 per cent and 86.4 per cent, respectively. Achieving a healthy and stable population remains a priority area for the *Health Sector*. A more efficient allocation of pharmaceutical products to the population was attained through subsuming all government pharmacy services under the National Health Fund. This was accompanied by initiatives such as expanded same day service and increased drug subsidies. Despite the achievements, the sector was faced with several challenges including infrastructural problems at the Cornwall Regional hospital and a shortage of health care professionals.

Social Development initiatives during the year included the approval of the National Policy on Poverty and National Poverty Reduction Programme. Work to advance the revision of the National Policy on Senior Citizens and Regulation for the Disabilities Act was also undertaken. The framework governing National Security and Justice was enhanced through the passage of several legislations to support efforts at crime fighting. This included the legislation governing the Zones of Special Operations. Infrastructural works were also undertaken to improve the state of courthouses.

VISION 2030 JAMAICA – NATIONAL DEVELOPMENT PLAN

Vision 2030 Jamaica – National Development Plan is Jamaica’s first long term national development plan, which covers the 21-year period 2009–2030. The plan presents a strategic roadmap for Jamaica to achieve developed country status by 2030; and is now in its 9th year of implementation. Vision 2030 Jamaica is built on a results-based management framework,

comprising 4 goals, 15 national outcomes and a strategic and operational framework geared towards the achievement of the goals and outcomes. This development is designed to be sustainable and inclusive, engaging all Jamaicans in the plan design and implementation processes and providing equitable opportunities to all Jamaicans to participate in the process and benefit from the intended outcomes. The achievement of the goals and outcomes is embodied in the Vision Statement “Jamaica, the place of choice to live, work, raise families and do business”.

During 2017, the Vision 2030 Jamaica Secretariat continued to monitor and evaluate the implementation of the Plan and report on the country’s development results. Emphasis also was placed on communicating the Plan to a range of stakeholder groups. The main highlights for the year included:

- publication of Jamaica’s Development Results 2009/10–2016/17
- monitoring the implementation of the National Development Plan through the Medium Term Socio-Economic Policy Framework (MTF) 2015–2018
- sharing the Vision 2030 Jamaica Communications and Corporate Social Responsibility Programme.

In 2017, Cabinet gave its approval to the SDG Roadmap for Implementation in Jamaica which validated that Vision 2030 Jamaica, the Medium Term Socio-Economic Policy Framework (MTF) and sectoral policies and plans are strongly aligned with the Sustainable Development Goal (SDGs). Jamaica’s planning documents reflect alignment with 91.3 per cent of the 115 SDG targets deemed relevant for the country. The Road Map proposes a set of accelerators in each of the four national goals identified in Vision 2030 Jamaica. These include interventions that could be implemented within existing programmes to improve efficiency and maximize dividends across various development priorities.

With support from the United Nations Development Programme, Jamaica implemented the project “Localizing the SDGs” which sought to:

- Strengthen the national coordination mechanism for the SDGs
- Enhance awareness of the SDGs and their alignment with Vision 2030 Jamaica

- Enhance technical knowledge to produce high quality data for monitoring the SDGs.

The overall progress of implementation of Vision 2030 Jamaica – National Development Plan under successive MTFs (2009–2012, 2012–2015 and 2015–2018) has been mixed. A summary of the progress made under the framework of national outcome indicators and targets for the Vision 2030 Jamaica indicates that of a total of 67 outcome indicators, 67.2 per cent have shown improvement over the baseline year 2007 based on results to 2016/17, while 31.3 per cent showed no improvement or worsened. This can be further broken down as follows:

- 28.4 per cent of the Vision 2030 Jamaica targets were met or exceeded in 2016/17. This compares with 25.4 per cent over the 2015/16 period
- 38.8 per cent of indicators showed some improvement over the baseline year 2007, similar to the 2015/16 period
- 31.3 per cent of indicators showed no improvement or worsened compared with 34.3 per cent in 2015/16
- one (1) indicator each for 2015/16 and 2016/17 could not be compared in this way due to lack of agreed targets for the relevant period.

It is important to take a closer view of those indicators that showed improvement over the baseline year 2007. Similar to the results up to the 2015/16 period, 38.8 per cent of indicators showed some improvement over the baseline year 2007 over the review period 2016/17. This data has been further disaggregated to show that:

- 57.7 per cent improved over the baseline and are moving in the direction of the target. Some of these indicators include:
 - Category 1 crimes/100,000 population
 - Percentage of the labour force certified
 - Voice and Accountability Index
 - Nominal GDP per capita
 - Agriculture Production Index
 - Environmental Performance Index (EPI)
- 42.3 per cent improved over the baseline but are showing declining trends. Some of these indicators include:
 - Grade 4 literacy rates, both sexes
 - Attendance rate at primary school

- Murder rate
- Fiscal balance as a percentage of GDP (Fiscal Year)
- Energy Intensity Index
- Housing Quality Index.

INTERNATIONAL ECONOMY

The global economy was estimated to have grown by 3.7 per cent during 2017. This performance was driven by widespread growth, with the most countries since 2010 contributing to world GDP. The increase in global output was driven by an expansion in personal consumption underpinned by an increase in the number of employed persons; continued accommodative monetary policy which facilitated higher levels of investments; and an expansion in trade. Within the group of Advanced Economies, economic growth was supported by improvements in investment, personal consumption, production and export. Despite an increase in policy interest rates, relatively accommodative financial conditions aided growth in the United States of America. Increased output was also recorded for Emerging & Developing Countries due to higher commodity prices and strengthened labour markets.

Commodity prices increased relative to 2016, as reflected in the upward movement in the World Bank's Commodity Price Indices. Energy prices increased more than non-energy prices, reflecting the impact of an agreement among some Organization of Petroleum Exporting Countries (OPEC) and non-OPEC producing countries to reduce, through cuts in production, the excess supply of crude oil in the market. For non-energy commodities, the higher prices reflected the impact of increased demand as in the case of metals; and weather-related shocks for grains.

The World Trade Organization continued to facilitate the ratification of the Trade Facilitation Agreement and subsequent entry into force. At the regional level, the Caribbean Single Market & Economy (CSME) Implementation Plan was approved by member countries.

OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

The engagement of International Development Partners (IDPs) continued to be guided by the Medium

Term Socio-Economic Policy Framework (MTF) 2015–2018. In 2017, total support in the form of loans, grants and technical assistance was US\$2.3 billion (\$282.4 billion), a 15.0 per cent increase compared with 2016.

Newly approved ODA amounted to US\$787.2 million (\$101.0 billion) compared with US\$332.7 million (\$42.7 billion) in the previous year. During the period, new approvals focused on several areas including climate change resilience, health, security, public financial management, energy, human capital development, agriculture, and infrastructure development. Resources from bilateral partners accounted for 54.9 per cent of new ODA focusing on the Economic Infrastructure sector in the area of road network development. The Multilateral Financing Institutions (MFIs) accounted for 44.4 per cent of new approvals in support of mainly public sector modernization efforts. Multilateral Technical Cooperations (MTCs) accounted for 0.7 per cent of new ODA which primarily supported human capital development.

Loan approvals over the period totalled US\$679.4 million (\$87.2 billion), a 248.4 per cent increase compared with 2016. This increase was due to the approval of four new loans from the Inter-American Development Bank (IDB) and the signing of one loan from the Government of the People's Republic of China (PRC). Grant approvals totalled US\$107.8 million (\$13.8 billion) compared with US\$137.7 million (\$17.7 billion) in 2016.

New ODA focused primarily on the Economic Infrastructure sector in the amount of US\$341.6 million (\$43.8 billion), a departure from previous years where the Administrative sector was the focus of a majority of new approvals. The remaining new ODA supported the Administrative sector with financing of US\$300.9 million (\$38.6 billion); Social Infrastructure sector totalling US\$104.5 million (\$13.4 billion); Directly Productive sector with resources of US\$21.7 million (\$2.8 billion); and the Environment and Climate Change sector in the amount of US\$18.5 million (\$2.4 billion).

Total loan disbursements from the Government's main lending partners¹ totalled US\$189.7 million (\$24.3 billion) compared with US\$304.4 million (\$39.1 billion) in the previous year. This decrease was attributed to a

decline in disbursements of budget support during the period. Total repayment of principal, interest and other charges represented an increase of 5.9 per cent to US\$301.9 million (\$38.8 billion) in comparison with 2016. This resulted in a negative net flow position of US\$112.2 million (\$14.4 billion).

It is anticipated that future assistance from IDPs will support areas such as human capital development, value added agriculture, rural enterprise development, infrastructure development, health, justice and national security.

SUSTAINABLE DEVELOPMENT & SCIENCE, TECHNOLOGY AND INNOVATION

Sustainable Development (SD)

Sustainable development activities continued to be guided by the strategic priorities outlined in the Medium Term Socio-Economic Framework 2015–2018, and by extension the goals identified under the 2030 Agenda for Sustainable Development. Budgetary allocations for selected thematic areas within the sector totalled \$14.2 billion, which represented 1.8 per cent of the total GOJ budget.

The policy framework for sustainable development was strengthened by the passing of the Building Bill in the House of Representatives, promulgation of the Forest Policy for Jamaica, 2017 and finalization of consultations towards the approval of the National Forest Management and Conservation Plan 2016–2026. Some other key achievements within the sector were the demarcation of the Cockpit Country Protected Area boundary and the completion of the 2015 State of the Jamaican Climate Report and accompanying Summary Report for policymakers. The implementation of the 2030 Agenda was advanced through Cabinet approval of the SDGs Implementation Road Map for Jamaica and the establishment of the National 2030 Agenda Oversight Committee. Jamaica's efforts towards climate change adaptation and resilience progressed with the ratification of the Paris Agreement and the continued implementation of projects and programmes.

1. Caribbean Development Bank, Government of the People's Republic of China, Inter-American Development Bank and the International Bank for Reconstruction and Development (IBRD) - The World Bank.

The country's capacity to assess the socio-economic and environmental impact of disasters was strengthened through the training of 87 disaster risk management professionals in Post Disaster Needs Assessment. A number of capacity building activities were also conducted by the Office of Disaster Preparedness and Emergency Management in disaster risk management and emergency planning. Under Year 2 of the GIS Enterprise License Agreement, over 100 geospatial professionals received training in, inter alia, Performing Analysis and Essential Workflows.

With respect to environmental management, approximately 106.3 hectares of lands were reforested, a total of 146 825 seedlings were produced and 165 735 distributed. Work continued on the management of endangered species, particularly the Jamaican Iguana. Notwithstanding the achievements, challenges were experienced including the erosion of beaches (compared with the previous year), and the quality of coral reefs continued to be "poor" based on the Coral Reef Health Index. Per capita waste generation also increased, averaging 1.3 kg/day. These challenges contributed to the country's 78th place ranking (out of 180 countries) on the 2018 Environmental Performance Index, a decline of 24 places relative to 2016.

In terms of hazards, the island was impacted by a number of rainfall events during the year. Heavy rains during March to June resulted in one death and damage and loss totalling \$4.4 billion, equivalent to 0.2 per cent of (2016) GDP. Intense rainfall also affected Montego Bay in November resulting in severe flooding and a preliminary estimated cost of \$36.8 million in damage and losses. There was an increase in the number of genuine fire calls relative to 2016. Notwithstanding, fewer persons sustained injuries or died as a result of fires.

Science, Technology And Innovation (STI)

Science, technology and innovation (STI) continued to contribute broadly to economic competitiveness and building a more resilient society. For FY 2017/2018, the combined recurrent and capital budget was \$6 572.1 million, which was equivalent to 0.8 per cent of the national budget. Advances were made in the areas of food and energy security, public health, standardization,

among others. These developments were due in part to the strengthening of the quality infrastructure, which benefited from the adoption of 102 national product and service standards. In addition, two entities received ISO 9001 certification bringing the total to 41, and four companies implemented international food safety standards such as HACCP, SQF, ISO 22000 and FSSC 2200 to bring that number to 23. Training and other capacity building activities were also undertaken.

The modernization of the legislative framework supported the creation of an enabling environment for technology-enabled development. This included the passage of the National Identification and Registration Act, 2017; Processed Food (Amendment) Act, 2017; and the tabling in Parliament of the Data Protection Bill, 2017. Cabinet approved amendments to the Food and Drugs Act, 1975, to improve the regulation of Natural Health products (including nutraceuticals).

Progress was made in the application of technologies, including Information and Communication Technologies (ICTs) to address development challenges in various sectors. Jamaica was among the most dynamic movers on the Access sub-pillar of the ICT Development Index (IDI), which is used to track progress with respect to e-readiness. Despite falling two places in the IDI ranking to 98, the overall score increased by 0.21 points to 4.84.

Energy security and efficiency remained strategic priorities, and activities undertaken in the energy sector were in line with the goals and targets of the National Energy Policy (2009–2030) and supporting frameworks. The foundation was laid for the addition of new renewable energy generating capacity (37.0 MW from solar and 26.0 MW from hydro). The natural gas sub-sector benefited from investments in gas-fired generation and research into the use of natural gas as a fuel alternative for public passenger fleets. The public sector continued to model best practices in energy efficiency and conservation through the implementation of the Energy Efficiency and Conservation Programme as well as the Energy Security and Efficiency and Enhancement Project. Achievements in the sector contributed to improved performance on the World Economic Forum Global Energy Architecture Performance Index, with Jamaica moving up six places to 92.

Local research, development and innovation led

to the granting of two international patents for the isolation of anti-cancer components in Guinea Hen Weed, and the development of an Iodine (III)-mediated radiofluorination method. Orphan drug status was approved for a cannabis-derived product intended for the treatment of acute myeloid leukemia. Research into the medicinal properties of endemic plants was focused on the treatment of chronic non-communicable diseases such as diabetes mellitus and hypertension.

STI capacity was built at all educational levels through the implementation of science, technology, engineering and mathematics (STEM) curricula. At the primary level, the average score for Science was 67.0 per cent, and for Mathematics 59.0 per cent. At the secondary level, the cohort of students sitting Mathematics and core science subjects in the May–June sitting of the Caribbean Secondary Education Certificate (CSEC) examinations remained relatively unchanged compared with 2016. Notwithstanding, the number of students sitting the Information Technology examination increased by 4.1 per cent to 13 790, whereas a decline of 2.4 per cent (to 38 674) was recorded for Mathematics. Pass rates increased by 10.5 percentage points for Information Technology and 2.4 percentage points for Mathematics, but declined for all other subjects. Enrolment in STI-related undergraduate degrees at the three main universities increased by 2.9 per cent overall to 9 779 for the 2016/2017 academic year.

THE ECONOMY

Macroeconomic Policies and Performance

The GOJ's macroeconomic policy framework was underpinned by the central tenets of Vision 2030 Jamaica through the strategies outlined in the Medium Term Socio-Economic Policy Framework (MTF) 2015–2018, as well as the Memorandum of Economic and Financial Policies (MEFP), which accompanied the Precautionary Stand-By Agreement with the IMF. The broad objectives of the framework included:

- strengthening the support for growth, job creation, and social protection through:
 - improving public sector efficiency
 - a gradual shift from direct to indirect taxes

- strengthening the social safety net
- re-allocating public resources to growth-enhancing infrastructure spending
- continuous improvements in the business environment to facilitate more sustained and robust growth
- a more transparent administration of the fiscal accounts
- further strengthening of monetary operations to facilitate the move towards inflation targeting, with a commitment to maintain exchange rate flexibility and building reserves through market-based purchases of foreign exchange.

The attainment of these objectives are intended to facilitate an improvement in business confidence; poverty reduction; a general improvement in the living standards; as well as provide the foundation for more inclusive and sustainable economic growth.

The GOJ's Fiscal Policy Paper (FPP) for the period FY2017/18, outlined the key macroeconomic and quantitative targets. These included:

- real economic growth of 2.3 per cent
- inflation rate of 5.0 per cent
- fiscal deficit of 0.9 per cent of GDP
- primary surplus of 7.0 per cent of GDP
- debt stock of 108.6 per cent of GDP.

Economic Performance

The Jamaican economy continued to record improvements in the macroeconomic out-turns for 2017, as indicated by the performance in the key indicators. Based on the current trajectory, most of the targets for FY2017/18 will be achieved. There was a 0.5 per cent increase in Real Value Added, which represented the 5th consecutive year of economic growth. The Goods Producing Industry contracted by 0.7 per cent, while the Services Industry grew by 0.9 per cent. The point-to-point rate of inflation of 5.2 per cent represented an acceleration in the rate relative to 2016 and largely reflected the impact of higher energy and food prices. The weighted average exchange rate for the United States dollar at the end of the year was \$125.00 to US\$1.00 relative to \$128.44 to US\$1.00 at the end of 2016. This represented a 2.7 per cent nominal appreciation, which

translated to a real appreciation of 5.6 per cent in the exchange rate. Central Government operated at a fiscal surplus of \$1.3 billion for the period April–December 2017 compared with a budgeted deficit of \$22.6 billion. This reflected higher than programmed Revenue & Grants, by 3.9 per cent and lower than programmed Expenditure (excluding Amortization), by 2.4 per cent. The primary balance generated for the review period was a surplus of \$96.5 billion, which was \$21.3 billion higher than programmed.

Jamaica's merchandise trade deficit of US\$4 510.6 million, represented a widening of the trade balance by US\$847.7 million relative to 2016. This out-turn mirrored an increase of US\$969.2 million to US\$5 820.4 million on merchandise imports which outweighed an increase of US\$121.5 million to US\$1 309.7 million on export earnings. Traditional and Non-Traditional Domestic exports grew by US\$59.9 million and US\$89.4 million, respectively.

Spending on merchandise imports of US\$5 820.4 million reflected increases in 9 of the 10 sections, mainly, Mineral Fuels, etcetera; Machinery and Transport Equipment; and Chemicals. A decline was, however, recorded for expenditure on Food.

Earnings from merchandise exports stood at US\$1 309.7 million owing largely to higher earnings from Crude Material (excluding Fuel), Mineral Fuels, etcetera and Beverages & Tobacco. Receipts from Manufactured Goods export declined.

Traditional Domestic Exports, which accounted for 55.3 per cent of the Total Domestic export, registered US\$686.0 million relative to 2016. This out-turn largely reflected increased earnings from Mining and Quarrying, as well as, Manufacture. Higher earnings were, however, stymied by Agricultural exports,

Non-Traditional Domestic Exports recorded US\$554.1 million compared with 2016. Increases in earnings from Food, Beverages & Tobacco (excluding Rum), Crude Materials and Other were the contributors to this upturn

The latest available data on Remittance indicated that for January–August 2017, inflows grew by US\$23.9 million to US\$1 538.3 million relative to the similar period of 2016. This out-turn was attributed to increased inflows of US\$29.9 million to US\$1 331.8 million to Remittance Companies and a decline of US\$6.0 million

to US\$206.5 million for Other Companies. Total outflows grew by US\$5.7 million to US\$159.4 million. These movements resulted in an increase of US\$18.2 million to US\$1 378.9 million in net remittances.

With respect to Jamaica's performance under the Precautionary Stand-By agreement, two reviews were conducted by the IMF during 2017. It was determined by the IMF that most quantitative performance targets (both fiscal and monetary) were met. The IMF team found that, among other things:

- Central Government's primary balance and overall public sector balance exceeded the programme target, due mainly to strong tax revenues
- social spending was above the programme floor
- inflation was within the targeted range
- non-borrowed reserves exceeded the target.

The Fund also found that progress was made in the implementation of structural reforms.

SECTORAL PERFORMANCE

Goods Producing Industry

Agriculture, Forestry & Fishing

Real Value Added for the Agriculture, Forestry & Fishing industry declined by 4.0 per cent relative to 2016 and accounted for 7.0 per cent of Total Real Value Added. This performance was due mainly to adverse weather conditions. Above-normal rainfall across the island led to widespread flooding which resulted in damage to crops and livestock. This led to a contraction in output for each quarter of 2017 with the second quarter, in particular, suffering damage to crops and livestock estimated at \$792.4 million. The Planning Institute of Jamaica's (PIOJ's) Agriculture Production Index (API) indicated that gross output declined for the sub-industries Other Agricultural Crops and Post Harvest Activities. This outweighed increases recorded for the Fishing, Traditional Export Crops and Animal Farming sub-industries, respectively.

The government employed a number of strategies during 2017 to foster growth in the industry and improve efficiency. These included efforts to combine public and private partnerships to develop productive

and marketing infrastructure aimed at improving productivity, quality and competitiveness. Support was given in the areas of marketing, irrigation and extension service. The government also implemented measures such as the Flood Recovery Programme, Beet Army Worm Programme and the Irish Potato Programme aimed at mitigating the effects of adverse weather conditions, pests and disease.

There was a decline in export earnings from traditional agricultural commodities. Earnings were valued at US\$23.6 million compared with US\$33.2 million in 2016. Declines in earnings were recorded for all the traditional crops, with the exception of Banana. The decline in earnings was due mainly to reduced receipts from Coffee. This commodity which accounted for 83.2 per cent of earnings in 2016 and 82.4 per cent in 2017, declined by 29.7 per cent to US\$19.4 million.

Mining and Quarrying

The Mining & Quarrying industry recorded a decline in Real Value Added of 4.0 per cent relative to 2016 and accounted for 2.1 per cent of Total Real Value Added. This decline was due to lower production of Crude Bauxite and Alumina. The fall in Crude Bauxite production was in response to a contraction in demand. The reduction in Alumina production was due to heavy rains and flooding which impeded the mining of bauxite to produce alumina, as well as technical issues at local refineries. Preliminary data indicated that export earnings for alumina and crude bauxite combined, increased by 22.2 per cent to US\$654.7 million.

The Industrial Mineral sub-industry recorded growth in 2017 relative to 2016, a result of growth in seven of the nine products. This out-turn was consistent with increased activities in the Construction industry.

Manufacture

Real Value Added for the Manufacture industry grew by 1.5 per cent and accounted for 8.6 per cent of Total Real Value Added. Growth in both the Food, Beverages & Tobacco and the Other Manufacturing sub-industries accounted for the expansion of the industry. Real Value Added for the Food, Beverages & Tobacco sub-industry was estimated to have increased by 2.3 per cent while

the Other Manufacturing sub-industry was estimated to have increased 0.4 per cent relative to the previous year. Both the Food Processing and Beverages components contributed to the increased output for Food, Beverages & Tobacco. The growth in Other Manufacturing was driven by increases in Chemicals & Chemical Products; and Rubber & Plastic Products

Export earnings for the Manufacture industry totalled US\$574.2 million, an increase of 18.5 per cent and reflected increased earnings for both Traditional Exports and Non-Traditional Exports. A review of the sales data for 2017 using preliminary General Consumption Tax data indicated that real sales increased relative to 2016. The stock of outstanding Loans & Advances at Commercial Banks to the Manufacture industry was \$22 387.8 million as at the end of December 2017.

The average annual employment for the Manufacture industry increased to 79 675 persons, up from 77 450 in 2016. The Manufacture industry's share of the total employed labour force was 6.6 per cent.

Construction

The Construction industry recorded Real Value Added growth of 0.9 per cent, representing the fifth consecutive year of growth and contributed 0.1 percentage point to the overall growth for 2017. This reflected increased activities in the Building Construction component, which outweighed the decline in the civil engineering component. The improvement in Building construction reflected increased building activities associated with residential buildings, hotels and commercial office space.

Consistent with an improvement in the industry, was an increase in the supply of cement to the domestic market by 7.8 per cent to 898 469 tonnes. Production of other construction inputs such as sand & gravel and limestone also recorded improvements in demand stemming from road construction and building activities. The average employment in the industry grew by 3.5 per cent to 97 975 persons compared with 2016. This was due to an increase in the average number of males employed in the industry, as the average number of females declined.

Services Industries

Energy, Electricity and Water

The Electricity & Water Supply industry grew by 0.9 per cent relative to 2016, driven by higher electricity consumption and water production. The increase in electricity consumption stemmed from higher demand, evidenced by an improvement in performance of some Goods and Services industries, while the increase in water production was driven by higher rainfall levels.

Electricity generation increased by 0.3 per cent to 4 363.1 GWh compared with 2016. This resulted from a rise of 2.0 per cent to 1 827.3 GWh in generation from non-Jamaica Public Service (JPS) sources. This outweighed a decline of 0.8 per cent to 2 535.8 GWh in output by JPS. Electricity sales grew by 0.8 per cent to 3 199.0 GWh due to higher demand. The company's revenue expanded by 18.7 per cent to \$105.1 billion and was driven by increases in the customer base and rates charged to customers.

The National Water Commission (NWC) produced approximately 321 688.8 megalitres of water, an increase of 1.5 per cent compared with 2016. This reflected higher output from Kingston, St. Andrew and St. Thomas, which outweighed lower production by other parishes. Water consumption increased by 0.4 per cent to 86 825.4 megalitres and was facilitated by higher rainfall levels. Non-revenue water represented 73.0 per cent of total production, an increase from 72.7 per cent in 2016. The number of connections increased by 8 726 to 491 361, while revenue increased to \$29 574.4 million from \$26 434.6 million in 2016.

Transport, Storage and Communication

Increased Real Value Added of 0.7 was recorded for the Transport, Storage & Communication industry during 2017 relative to 2016. The improvement stemmed from higher Real Value Added for both the Transport & Storage sub-industry, supported by increased activities at both seaports and airports.

Within the Transport & Storage sub-industry, passenger movement at the airports increased by 7.0 per cent to 5 927 412 passengers, while the domestic cargo volume handled at the island's ports expanded

by 4.8 per cent to 23 354 thousand tonnes. The higher passenger traffic stemmed from increases at the two major international airports, buoyed by growth in arriving passengers, by 7.1 per cent to 2 928 367; departing passengers, by 6.7 per cent to 2 928 367; and intransit passengers, by 16.5 per cent to 98 517. The overall out-turn was supported by the improved economic performance of Jamaica's principal markets, facilitated by, among other things, the introduction of new air service initiatives; expansion in service by some airlines; improvements in passenger load factor; increased recovery in the Canadian market; expansion in the room stock of the local hotel industry; and the hosting of several activities by Jamaica.

The expansion in activities at the island's sea ports reflected higher transshipment volume of 15.4 per cent to 9 212 thousand tonnes, given the fallout of 1.1 per cent to 14 142 thousand tonnes in the volume of domestic cargo handled. This was brought about by the 9.1 per cent to 2 099 thousand tonnes decline in petroleum product volume handled.

With regard to the Communication sub-industry, indicators for the telecommunication segment reflected declines of 5.4 per cent to 3.1 million in mobile customers and 4.3 per cent to 297 027 in fixed line customers. As a result, there was a 5.3 per cent decline to 3 388 249 in the total number of telephone subscribers. Accordingly, mobile penetration decreased from 120.0 per cent to 113.3 and teledensity from 131/100 population in 2016 to 124.2/100 population.

Finance & Insurance Services

The Finance and Insurance Services industry grew by 1.1 per cent relative to 2016, representing the fifth consecutive year of growth. This resulted from increases in net interest income at commercial banks, as well as higher revenue earned from fees and commission at deposit-taking institutions. In addition, increased economic activity and employment levels also aided the industry's growth.

Hotels & Restaurants

Real Value Added for the Hotels & Restaurants industry grew by an estimated 3.9 per cent and

contributed 0.1 percentage point to Total Real Value added for 2017. This out-turn was attributed to an increase in the number of Foreign National arrivals from Jamaica's main source markets. The improved performance was facilitated by the introduction of new flights; greater frequency of flights by some airlines; and a higher room stock as a result of new hotel construction and the expansion of existing hotels.

The Caribbean Tourism Organization reported growth in tourist arrivals for most countries at the regional level. Similarly, the United Nations World Tourism Organization estimated that global tourist arrivals increased during 2017.

Cruise passenger arrivals grew by 16.2 per cent to 1 923 274 persons, reflecting increased activities at the ports of Falmouth, Montego Bay and Ocho Rios, the island's main cruise ports. Similarly, the number of cruise ship calls increased to 603 from 518 in 2016.

Provisional visitor expenditure was US\$2 900.4 million, an increase of US\$292.8 million relative to 2016. Of this number, stopover visitors expenditure increased by US\$265.6 million to US\$2 723.5 million while cruise passenger expenditure grew by US\$27.2 million to US\$177.0 million. The average annual employment in the Hotels & Restaurants industry was 99 300 persons compared with 94 850 persons in 2016. This represented approximately 8.3 per cent of the employed labour force, a 0.3 percentage point increase compared with 2016. The average number of males employed within the industry totalled 39 175, representing a decrease of 600 persons. The average number of females employed within the industry grew by 5 330 to 60 175 persons.

Wholesale & Retail Trade; Repair & Installation of Machinery

The Wholesale & Retail Trade; Repair and Installation of Machinery (WRTRIM) industry recorded growth in Real Value Added of 0.5 per cent. The industry's Real Value Added accounted for 17.4 per cent of overall Gross Domestic Product, the same as in 2016. Growth within the industry was spurred by an improvement in the related Construction and Manufacture industries; an increase in the stock of Loans & Advances to consumers and distributors from Commercial Banks; and an improvement in the annual average employment.

Analysis of preliminary General Consumption Tax (GCT) data revealed that four of the eight goods categories recorded higher sales compared with 2016. These were Motor Vehicles, Auto Repairs & Accessories; Minerals, Fuels, Lubricants & Petroleum Products; Agriculture, Food, Beverages & Tobacco; and Hardware, Building Supplies and Electrical Goods & Machinery.

Activities of the distributive trade were governed by the Bureau of Standards Jamaica, National Compliance and Regulatory Authority, Consumer Affairs Commission, Fair Trading Commission, and the Trade Board aimed at a modern commercial system and environment with competitive markets, protection of consumers' right and adherence to regulatory standards.

Entertainment & Sports

The Other Services Industry – of which the Recreational, Cultural and Sporting Activities (RCS) sub-industry accounts for the largest share – recorded an increase of 1.0 per cent in Real Value Added. Growth within the RCS sub-industry was driven by increases in tourist-related activities and Betting & Gaming activities. Improvements were also recorded for several indicators which are used to track the annual performance of the sub-industry.

Investments by JAMPRO in Creative Industries increased to \$1 141.5 million from \$794.0 million. Revenue earned by the Palace Amusement Company grew by \$97.4 million to \$1 320.7 million. The stock of Loans and Advances to the Entertainment Industry at Commercial Banks increased to \$4 380.5 million from \$2 242.0 million.

THE SOCIAL SECTOR

Demographics and The Labour Market

Population

At the end of 2017, Jamaica's population was estimated at 2 728 900 with a growth rate of 0.0 per cent. The rate of natural increase was 5.6 per 1 000 with estimated births and deaths at 34 200 and 18 900, respectively, and net external movements at negative 15 400.

Jamaica has graduated to the advanced stage of the demographic transition, with a median age of 30.3 years. The effects of the ageing population structure are evident in the declining 0–14 age group; and the increase in the working age group (15–64 years) and the 65+ years age group. With the relatively large working age population, there is ‘a window of opportunity’ or ‘demographic dividend’ for investments in human resources for social and economic development. Another interesting feature of the demographic landscape is the growing number of urban centres.

There were continued efforts to integrate population factors in the development, monitoring and evaluation of policies, plans and programmes. Efforts to mainstream migration into national development strategies were strengthened. The National Policy on International Migration and Development was approved as a White Paper and a Five-Year Strategic Implementation Plan (2017–2022) finalized. A Plan of Action to support the reintegration and rehabilitation of forced returnees/involuntary returned migrants (IRMs) was developed.

The government advanced the National Identification System (NIDS) Policy by passing National Identification and Registration Authority (NIRA) Act, both of which are expected to significantly impact the provision of civil registration and vital statistics.

Labour Market

The Jamaican labour market continued to show signs of improvement compared with slower job growth projections for the global economy. The total labour force recorded growth of 7 400 persons to record 1 360 325 persons. The average employed labour force grew by 2.3 per cent to 1 201 750 persons in 2017. Average unemployment fell to 11.7 per cent compared with 13.1 per cent in 2016 due to a larger increase in the number of persons employed compared with the rise in the labour force. Average youth unemployment also trended down to record 33.4 per cent with male youth employment at 26.8 per cent compared with female youth unemployment at 41.9 per cent. Of note, the unemployment rate fell by 2.5 percentage points to 10.4 per cent as at October 2017 when compared with the same period. This was the lowest rate in over a decade.

Employment levels in the Goods Producing and

Services Industries increased by 2.8 per cent and 2.1 per cent, respectively. In the Goods Producing Industry, Agriculture, Hunting, Forestry and Fishing, Manufacturing and Construction all reported growth rates of 2.8 per cent, 2.9 per cent and 3.5 per cent, respectively. Employment in the Mining and Quarrying industry, however, declined. The Service industry was responsible for 67.8 per cent of total employment with increases in eight of 11 sub-industries.

At the policy level, the Labour Market Reform Commission completed its report and identified institutional modification, legislative review, public education and engagement, and cultural change as key mechanisms to enact its recommendations put forward.

Human Development, Welfare And Culture

Education and Training

The Government of Jamaica (GOJ) continued with the implementation of policies and programmes to facilitate the achievement of Goal 4 of the Agenda 2030 Sustainable Development Goals and its related targets, which seek to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. The quality of the education system was improved with increased expenditure for core educational services including: physical education, guidance and counselling, health and family life education, security and safety, infrastructure maintenance, curriculum support and material, students’ nutrition services, support for uniformed groups and behaviour management. Improved performances were recorded for a number of national examinations and the pilot of the National Standards Curriculum was completed and targeted teachers trained.

In relation to the training sector, one of the major achievements was the merger of agencies, the Human Employment and Resource Training Trust/ National Training Agency (HEART Trust /NTA), the National Youth Service (NYS) and the Jamaican Foundation for Lifelong Learning (JFLL). The aim of the merger was to create an integrated supply chain of education, training and employment facilitation services and increase optimization of resources towards workforce development. In addition, the Agency created a

number of strategic partnerships to deliver demand-driven training for a number of industries including the digital animation industry, global services sector, agro-processing and small and medium-size businesses (SMEs).

Of the 1 000 568 persons in the school-age cohort (3–24 years old), an estimated 73.2 per cent (732 812 persons) were enrolled in educational institutions with the primary level accounting for 33.0 per cent. The total number of students enrolled in the public and private education system at the pre-primary, primary and secondary levels was 593 442, with gross enrolment rates of 94.9 per cent, 99.7 per cent, and 86.4 per cent, respectively. At the tertiary level, gross enrolment was 28.0 per cent. The number of persons trained in the category, Professional, Senior Officials and Technicians was 17 393 (67.3 per cent female). Available data showed that a total of 73 002 persons (62.2 per cent female) were trained as skilled and semi-skilled personnel.

Health

A healthy and stable population remain one of the key priorities for national development. A comprehensive approach to addressing strategic health priorities was explored through a long-term ten-year strategic plan to advance the priorities of healthcare in a cohesive manner.

According to the JSLC, an estimated 85.7 per cent of the population consider themselves to be in good to very good health. The leading cause of death continued to be the non-communicable diseases (NCDs) which have increased the burden on healthcare facilities islandwide. The MOH scaled up interventions to build awareness in prevention and control by reinforcing the importance of healthy lifestyle practices through the “Jamaica Moves” Programme. In strengthening the economic evidence on NCDs, the Government of Jamaica in conjunction with International Development Partners, conducted an investment case assessment. This revealed a projected return of \$2.1 for every \$1.00 invested indicating the economic benefits of reducing the prevalence of NCDs.

In an advanced initiative to deliver pharmaceutical products to the population, the National Health Fund (NHF) completely subsumed all government pharmacy services. Achievements included increased drug

subsidies, expanded same day service initiatives and expanded reach for the Individual Benefits Programme. There was also a major effort towards the prevention of cervical cancer. The HPV vaccine was introduced through the Expanded Programme of Immunisation, and targeted girls aged 9–12 years. Approximately 28.0 per cent of the targeted population received vaccines in 150 schools.

The sector faced many challenges during the year some of which included infrastructural problems at the Cornwall Regional Hospital, a shortage of health care professionals, as well as emergent disease conditions.

Social Development, Social Protection & Culture

Actions to further social development for all citizens took place within the framework of Vision 2030 Jamaica, and were reinforced by the country’s recognition of, and ongoing commitment to achieving the global Sustainable Development Goals. Resources were directed to expanding social inclusion and improving the delivery of social services, in particular to vulnerable population groups. The evidence-base for policy development and programming of resources was enhanced with ongoing national surveys and research studies. Work was also advanced on policy development processes. The National Policy on Poverty and National Poverty Reduction Programme was approved in September, paving the way for implementation of a coordinated menu of responses based on seven thematic areas. Revision of the National Policy for Senior Citizens was underway throughout the year, while actions to advance the preparation of Regulations for the Disabilities Act also moved forward. Child protection governance structure saw the creation of the Child Protection and Family Services Agency, with the merger of the Children’s Registry and the Child Development Agency. Training and labour force participation of youth remained the focus for youth policy, in a context of downward movement in the quarterly unemployment rates. Gender mainstreaming across government, and efforts to further address gender-based violence remained priorities for development.

Social protection interventions benefited from work to enhance management information and delivery systems, as well as monitoring and evaluation frameworks, while

programmes continued to provide cash transfers, training and apprenticeships, scholarships, institutional care, and other types of support. Loan and grant projects funded by the World Bank and the IDB bolstered the government's resources in several areas of social protection. Initiatives in community development continued to focus on the improvement of social and physical infrastructure in a number of communities islandwide. Local sustainable development planning, revenue generation and infrastructure development were the focus of local government activities throughout the period, as the ministry and supporting agencies worked with the new governance structure of Municipal Corporations.

The commemoration of Jamaica 55 through various activities and events was a major focus for culture over the period. Government was supported in the social development arena by efforts and resources from non-governmental organizations, private sector, as well as by international development partners.

National Security and Justice

Guided by the priorities identified in the Medium Term Socio-Economic Framework, the government continued to undertake a number of activities in the areas of national security and justice. The ability of the security forces to fight crime was enhanced through improvements in operational capacity and the passage

of legislation to support crime fighting efforts. This included legislation that facilitated the identification of volatile communities as Zones of Special Operations. The provision of social intervention programmes in volatile and vulnerable communities also remained a prominent feature of the government's crime reduction strategy. There was an overall reduction in the total number of reported crimes, however, murders and shootings both increased by over 20.0 per cent.

The Fort Augusta Adult Correctional Centre was officially closed and the female inmates transferred to a retrofitted section of the South Camp Juvenile Correctional Centre. Additionally, there was a focus on the welfare of persons with mental disabilities in correctional facilities.

The ability to track the passage of cases in the courts was enhanced with the expansion of the data capture system in the courts. This system will also aid in determining the number of cases in backlog and the success of efforts to reduce the backlog. The justice sector reform programme continued with support from international development partners under two main projects namely, the Justice Undertakings for Social Transformation programme and the Justice, Security, Accountability and Transparency project. Infrastructural work also continued with retrofitting and rehabilitation works at a number of courthouses islandwide. ■