

MOVING FROM SINGLE TO DOUBLE DIGIT GROWTH



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 **CAPITAL MARKETS**
LIMITED

 JAMAICA
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GROWTH PERFORMANCE IN THE CARIBBEAN

Growth performance in the Caribbean has been low for several decades.

Poor GDP performance has co-existed with high rates of unemployment and low levels of productivity.

This has led to rising social and economic challenges.



THE JAMAICAN CONTEXT

Since 2013, when the Economic Reform Programme started, there has been broad societal understanding that macro-economic stability organized around certain conditions represents an essential foundation for growth. These are:

- Lowering of the public deficit
- A stable and competitive value of our currency, and
- Maintenance of near balanced budget



JAMAICA

Necessary Foundation Laid

- ▶ Jamaica's debt trajectory continues downward
- ▶ The Jamaican currency is stable, while remaining market-determined
- ▶ The fiscal accounts are in relative balance
- ▶ The country was able to achieve nine (9) consecutive quarters of positive real GDP growth starting in January 2015
- ▶ But headwinds present
 - ▶ Trend in growth rates disrupted
 - ▶ Ease of Doing Business down
 - ▶ Industrial relations climate tense
 - ▶ Violent crime drag on the economy



WHAT IS THE WAY FORWARD in the DRIVE FOR GROWTH?

- ▶ The **continued maintenance of a stable and predictable macro-economic environment**. Continued decline in interest rates and competitiveness of the currency are vital components.
- ▶ While there is a need for us to focus on cost containment in our **public sector transformation** efforts, it is more important to **push for the implementation of measures that will unlock the growth potential in the economy**.

This can be achieved by:

- ▶ Re-engineering and eliminating unnecessary bureaucratic processes (red-tape)
- ▶ Ensuring **effective co-ordination across different Ministries**
- ▶ Simplifying the **regulatory environment** to enable speedier processing of goods and documents



WHAT IS THE WAY FORWARD? (Cont'd)

▶ NEW DEAL FOR AGRICULTURE

While successes in Agriculture in the region have been limited, there is no doubt that this sector must continue to play a primary role given the abundance of land available.

Considerations must be given to:

- the climatic conditions that enable all year cultivation
- the significant employment potential
- relatively low input costs
- and the opportunities for linkages and value added in the food processing industry



What is needed to increase its contribution to growth?

- ▶ **Government investment in rural road network**
- ▶ **Reliable water supply** particularly important for driving growth in Agriculture
- ▶ **The employment of modern farming practices and technologies**, and increased mechanization by farmers will also improve the productivity of farms and increase the farmers' earning capacity
- ▶ **Government and Access to Land**
 - ▶ A mechanism needs to be found for potential farmers to get access to land through land lease and similar type arrangements.
 - ▶ Obtaining Titles for Land 'owned'



What is needed to increase its contribution to growth?

Policy needs to be defined that will fast-track the land titling process

- ▶ The proposals must include the enactment of a law to simplify and make it easier and less costly to get a title
- ▶ GPS satellite-based technologies may need to be employed to reduce the time and costs associated with surveys, valuations and other activities involved in the titling process

MORE INCLUSIVE ECONOMY

Jamaica and the region, like other countries, will never achieve double digit levels of growth if the economies do not include micro, small and medium size enterprises (MSMEs) as focal point.

- Innovation and creativity is highest
- Greatest opportunity for wealth creation among the youth



CHALLENGES TO THE GROWTH OF MSMEs

- ▶ Difficulty in navigating Government bureaucracy
- ▶ Lack of Access to Financing
- ▶ Lack of Managerial Expertise



Crime and Education

▶ Crime

There is no doubt that crime is a major impediment to growth

- It increases the cost of doing business as it affects the ability to utilize capital for 24 hours
- It drives up the costs related to protection of property
- Leads to increased delays at export processing points at ports and customs points at ports of entry

➤ Education

The pool of skilled labour in the region is inadequate to meet current demand and will need to be increased and retained if we are to be successful in our efforts to drive growth.

- Governments need to commit to make adequate resources available to train the population in areas that will prepare them for the existing and new economy.