

# AID-FOR-TRADE: CASE STORY

JAMAICA

## JAMAICA'S NATIONAL EXPORT STRATEGY

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## EXECUTIVE SUMMARY

This case story outlines the process leading to the design and development of a national export strategy for Jamaica in a public/private sector partnership with technical support from the International Trade Centre (ITC) and some funding from the EU funded Private Sector Development Programme. The aim was to achieve a strategy which would enhance export performance and contribute to sustained economic growth. The process began in 2004 and concluded in 2009. It is now in the implementation phase.

## BACKGROUND

The Jamaican economy has not achieved sustained, positive economic growth for several decades. On average, exports have only increased moderately, while imports have increased at a consistent and phenomenal rate leading to a widening trade deficit. Jamaica is a small, open developing country and is, therefore, trade dependent. If Jamaica is to experience dynamic and sustained economic growth, it is imperative that the level of production and export of goods and services is increased utilizing trade agreements which have been negotiated.

It is on this basis that in 2004, the Jamaican public and private sectors collaborated with the International Trade Centre in Geneva, Switzerland to formulate a National Export Strategy. The process was led by the then Ministry of Industry, Commerce and Technology, now the Ministry of Industry, Investment and Commerce; Jamaica Trade and Invest (JTI), now renamed the Jamaica Promotions Corporation (JAMPRO); and the Jamaica Exporters' Association (JEA). Partial funding was provided by the JEA, JAMPRO and the Private Sector Development Programme (PSDP), a joint initiative of the Government of Jamaica and the EU. The rationale for the Strategy was given as improving the performance of the export sector, reducing the balance of trade deficit, increasing employment, reducing debt, and improving trade competitiveness.

## OBJECTIVES PURSUED

The main objective was to formulate a National Export Strategy, which would provide a road-map to increase export performance by enhancing productivity and competitiveness of firms and industries and to create a more facilitatory business environment.

The National Export Strategy would seek to comprehensively achieve the sustainable improvement in Jamaica's export performance by:

- Positioning the export sector to contribute to Jamaica's overall development within the context of Vision 2030 Jamaica by addressing international competitiveness;
- Removing impediments to competitiveness within the export sector (includes capacity development and diversification, human capital development, cost of doing business and export facilitation, and market access and trade promotion) by harnessing Jamaica's creativity and innovation;
- Allocating scarce resources to the priority industries and business support services that enable current exporters to export more, potential exporters to begin exporting, and aspiring exporters to move from idea to execution.
- Engaging key stakeholders in the trade support network in a participatory approach to formulate and execute a national export strategy within a formalized, institutional arrangement.

## DESIGN AND DEVELOPMENT

The development of the National Export Strategy (NES) was managed jointly by JAMPRO, Jamaica's trade and investment promotions agency, and the JEA. It fits under the "International Competitiveness Outcome" of the Vision 2030, Jamaica's National Development Plan. The NES is a public/ private sector partnership aimed at delivering to Jamaican exporters, best practices in trade promotion and trade development. The Strategy design team included the JEA, JAMPRO, ITC, Ministry of Industry, Investment and Commerce, the Ministry of Foreign Affairs and Foreign Trade and the Planning Institute of Jamaica (PIOJ). The development process was coordinated by a Project Steering Committee. A consultant was also contracted to work with the team.

Jamaica's NES is benchmarked on the Strategy Development Model of the International Trade Centre (ITC). The ITC has facilitated the development of a number of national and regional export strategies and continues to provide support for their implementation. Through a process of continuous engagement with Strategy design team, consultants from the ITC provided guidance and practical best practice interventions which ensured an inclusive approach to the development of the Strategy.

The strategy development process engaged the expertise and insights of a large number of practitioners at the policy, institutional and enterprise levels in a consultative forum over many months. It took into account the constraints and the concerns of those who have an impact on export development and export competitiveness, and built upon mutually agreed opportunities. The specific industry strategies emerged from the work of dedicated teams for each of the priority industries, which met for numerous consultations. There were over eighty (80) participants from the private sector.

The NES was launched by Prime Minister Bruce Golding in February 2008. It was then validated at a stakeholders' workshop held in Kingston, Jamaica on March 17, 2009. One hundred and fourteen (114) representatives from the private sector participated in the workshop. The Strategy was approved by the Cabinet and tabled in Parliament. The NES Secretariat was established in the JTI (now JAMPRO). An overarching committee, the National Competitiveness Council, housed in the Ministry of Industry, Investment and Commerce, and chaired by the Minister provides oversight to the NES Secretariat.

## PROBLEMS ENCOUNTERED

The development of the NES was a protracted process as it took several years to complete. The extensive size and scope of the project required numerous consultations and validations by stakeholders. The technical nature of the document resulted in many iterations of the draft before a final version could be printed and distributed in September 2009. Albeit protracted, this was necessary to ensure buy-in from all members, both public and private, of the entire trade support network. Adequate funding for some phases of the strategy design process was difficult which impacted on the timeframe for development. The full implementation of the Strategy continues to be a challenge given the overall fiscal conditions within the country.

## FACTORS FOR SUCCESS/FAILURE

There were several critical factors upon which success or failure hinged. These were:

### Success:

- The timely feedback from the private and public industry entities critical to the trade support network and wider export community.
- The ability and capacity to coordinate the numerous consultations that included eighty (80) participants from the private sector.
- Appropriate levels of technical assistance

### Failure:

- Insufficient funding to produce the NES document.
- Ownership of the Strategy at the sectoral level.
- Incorporation of the Strategy into work plans at the level of firms and government entities.
- Funding for priority initiatives.

## LESSONS LEARNED

- The national and international trading environment is not static and new challenges were ever arising which impacted the Strategy requiring review and revision;
- The public and private sector partnership can yield positive results and is necessary if benefits are to be derived from trade;
- Ownership by stakeholders is a critical factor at all stages of the process
- Ongoing consultations and public awareness are still necessary for the implementation of the Strategy.
- A strong administrative framework is required to co-ordinate the development and implementation of a national strategy.
- Championing at the highest levels within government.
- Adequate funding is essential.

## Implementation Phase of the National Export Strategy

The National Export Strategy focuses on key priority industries rather than addressing the entire export sector. The priority industries identified in the Strategy are:

1. Agro-processing ( Food & Beverages)
2. Aquacultures
3. Coffee
4. Education
5. Entertainment
6. Information Communication Technology (ICT)
7. Fashion
8. Minerals and Mining

Additionally, the cross-cutting issues addressed by the National Export Strategy include:

- Human Capital Development
- Innovation & Technology
- Cost of Business
- Trade Facilitation
- Transportation ( Infrastructure)
- Market Access
- Business and Export Competency
- Finance
- Quality Management
- Packaging
- Trade Information
- Trade Promotion and In-Market Support
- Nation Branding

The Strategy is comprised of three hundred and twenty-seven (327) initiatives with an overall deliverable date of 2013. One hundred and ninety-five (195) of these initiatives are slated to be implemented in Year 1 (April 2010-March 2011).

The key deliverables for 2013 are:

- Contributing to overall GDP growth by increasing the export sectors contribution to GDP from one-fifth to one-third;
- Increasing the export sector's contribution to overall employment generation thereby improving the livelihoods of marginalized groups;

- Achieving greater diversification of the export industry by:
  - Attaining higher value addition in all priority industries;
  - Increasing the current value of non-traditional exports of goods by 2013 through increased volumes and higher value addition;
  - Increasing the contribution of services exports as a percentage of overall exports with particular emphasis on developing professional services and creative industries;
  - Increasing penetration in existing markets and accessing new and emerging markets;
  - Maintaining a “competitiveness mindset” at all levels to ensure the reliability and sustainability of the industry.

The National Export Strategy Secretariat, guided by an advisory team of Public and Private sector personnel, exists to monitor the action plans of Jamaica’s Strategy and to provide support to its implementation.

The NES Secretariat in fulfilling its supporting role in overseeing the implementation and execution of the Strategy recorded that 36.4% of the initiatives from the industry and cross-cutting industry action plans have been implemented or are in progress. This is in comparison to the targeted 60% identified for year one (1) implementation. Worthy to note, as well, is that of the one hundred and eight (108) initiatives slated for implementation in Year 2 (March 2011- April 2012), nine (9) of such initiatives are currently underway.

In the first year of implementation, some challenges have arisen and these will have to be addressed if the Strategy is to be successfully implemented.

## CONCLUSION

The collaborative process, which was utilized across the public and private sectors, resulted in the finalization of the National Export Strategy. This experience of public/private sector collaboration in the developmental phase will be maintained in the implementation period. The NES implementation plan will be updated to take into account the changes which have occurred at the national, regional and international levels since 2008. The Strategy now requires funding from International Development Partners to effectively meet its targets for deliverables.