



The Planning Institute of Jamaica's Review of Economic Performance, April–June 2024 Media Brief September 4, 2024

1. Overview – Current Economic Context

Before I provide the details on economic performance, let me remind you of the purpose of these quarterly economic estimates provided by the PIOJ. The PIOJ presents preliminary estimates on economic performance for each quarter. This is based on early information provided by major data providers.

The provision of preliminary estimates is consistent with trends in modern economies globally, where it is the common practice to release a 1st, 2nd and even a 3rd preliminary estimate, before the final figures are provided. The PIOJ releases the preliminary growth estimate approximately six weeks following the end of the quarter being reviewed, while STATIN releases the official figures at the end of the 3rd month following the end of the quarter.

Various stakeholders, including our International Development Partners, the Private Sector, as well as the Government, use the preliminary data to inform critical planning and policy-related decisions.

Today, we are reporting that the Jamaican economy remained relatively flat, recording an estimated growth of 0.1% compared with the corresponding quarter, April to June 2023.

The outturn for the review quarter largely reflected the normalization of performances of most industries following the return to pre-COVID-19 levels of output in 2023. Specifically, the performance mainly reflected the estimated downturns in the Wholesale & Retail Trade, Repair and Installation of Machinery; and Construction industries, as well as a slowing in the pace of growth in most other industries.

The main factors influencing the performance during the review quarter included:

- Strengthening of consumer confidence as well as relatively high levels of employment which supported increased levels of domestic demand for goods and services
- Growth in the economies of Jamaica's major trading partners, which supported external demand, and
- Challenges associated with
 - A fire at Petrojam refinery in March 2024, which negatively impacted production during the review quarter. and
 - A fall in Business Confidence, as less firms believe that the climate is good for investment

2.Real Sector Developments

Developments in the Goods Producing Industry

The Goods Producing Industry **grew by an estimated 0.7%** with improved performances recorded for Agriculture, Forestry & Fishing; and Mining & Quarrying. The Manufacturing industry was estimated to have recorded a flat performance and the Construction industry recorded its third consecutive quarter of decline.

Agriculture, Forestry & Fishing

Real Value Added for the **Agriculture** industry **grew by an estimated 2.7%**. This out-turn primarily reflected the impact of more favourable weather conditions, which contributed in an increase in output per hectare and a 2.4% expansion in the area of domestic crops reaped.

The performance of the industry was due to:

1. a 3.8% growth in the output of Other Agricultural Crops. Increased production was recorded in eight of the nine crop groups, including Potatoes, up 9.6%; Yams, up 6.0%; Vegetables, up 4.2%; Cereals, up 12.6%, and Legumes, up 11.5%;
2. Growth of 6.4% in Traditional Export Crops which largely reflected higher production of Sugar Cane, up 22.6%; and Banana, up 2.4%. These increases were sufficient to outweigh an estimated 15.1% decline in Cocoa production.

However, Animal Farming was estimated to have contracted by 2.1%, attributed to a decline in broiler meat production of 2.8%.

Mining & Quarrying

Real Value Added for the **Mining & Quarrying** industry **increased by 6.2%**, due to an expansion in alumina production.

- Alumina production, the heavier weighted component, grew by 15.0%. Production continued to benefit from increased capacity utilization following the reopening of the JAMALCO refinery. The alumina capacity utilization rate was 41.8%, up 5.5 percentage points compared with the corresponding quarter of 2023.

- Crude Bauxite production, down 23.7%. The bauxite capacity utilization rate decreased by 11.2 percentage points to 35.9%.
- Reduced production of most quarrying material surveyed. The largest declines were registered for Sand & Stone, Gypsum and Pozzolan.

Manufacturing

Real Value Added for the **Manufacturing** industry was estimated to have remained flat. Increased output was estimated for the Food, Beverages & Tobacco sub-industry. However, this was countered by an estimated contraction in the Other Manufacturing sub-industry.

Within the Food, Beverages & Tobacco sub-industry, higher production was recorded for Sugar, up 26.8%; Molasses, up 48.0%; Dairy Products, up 22.5%; Beer & Stout, up 18.1%; and Carbonated Beverages, up 12.3%.

For the Other Manufacturing sub-industry, the estimated lower output was mainly due to:

- Non-metallic Minerals, reflecting lower production of Cement, down 4.5% and Clinker, down 6.0%, and
- Petroleum Products – mainly reflecting lower production of Fuel Oil, down 12.1%; ADO, down 19.8%; and Turbo Fuel, down 53.9%.

The lower output of Petroleum Products resulted from reduced operating days at the Petrojam refinery, due to its closure for 38 days relative to 33 days in the corresponding quarter of 2023. There was no production in April 2024 due to a fire on March 5, that disrupted the refinery operations.

Construction

An estimated contraction of **2.4%** per cent in Real Value Added was recorded for the **Construction** industry, mainly reflecting a downturn in activities in both the

Building Construction and Other Construction components. Preliminary data on sales of Construction inputs indicate a 7.0% decline in real terms.

The decline in the Other Construction component was due to reduced capital expenditure on civil engineering activities reflecting:

- National Works Agency, down 72.2% to \$662.6 million, reflecting lower expenditure on the Harbour View to Yallahs leg of the Southern Coastal Highway Improvement Project (SCHIP) and the Major Infrastructure Development Programme (MIDP)
- Jamaica Public Service Company, disbursed \$1 951.2 million, representing a decline of 21.0%. Expenditure was mainly associated with construction and installation activities to facilitate the distribution and generation of power.

A further decline was tempered by increased expenditure by the National Road Operating & Construction Limited (NROCC) of \$5.9 billion, representing an increase of \$5.2 billion. This was associated with increased expenditure on the Montego Bay Perimeter Road

The Building Construction component is estimated to have contracted reflecting a decline of 7.6% in housing starts by the NHT.

Developments in the Services Industry

The **Services Industry** was estimated to have **grown by 0.1%**, reflecting higher Real Value Added for all industries with the exception of Wholesale & Retail Trade; Repair & Installation of Machinery and Producers of Government Services, which declined.

Electricity & Water Supply

The **Electricity & Water Supply** industry recorded **growth of 2.3%** in Real Value Added, reflecting expansion in both electricity and water consumption.

Electricity consumption increased by 2.4% reflecting higher consumption for five of six categories:

- Residential, up 9.9%,
- General Service (small businesses using less than 25 kilovolt ampere (kVa), up 7.1%
- Power Service (large businesses using more than 25 kVa but less than 500 kVa), up 1.5%
- Large Power (businesses using more than 500kVa), up 3.8%, and
- Street Lighting + Traffic Signals, up 0.6%.

These increases outweighed the decline for Largest Power (single locations with a minimum peak demand of 2000 kVa), down 25.7%.

All parishes recorded higher consumption, with the exception of Clarendon and St James. Trelawny recorded the largest increase, up 14.0%, followed by St Mary, up 8.4%.

Kingston & St Andrew continued to account for the largest share of electricity sales at 34.9%, followed by St Catherine at 16.5% and St James, 11.6%.

Water consumption increased by 1.7%, due to a 3.8% increase in the Eastern division, which accounted for 65.9% of total consumption. This was sufficient to outweigh a contraction of 2.1% in the Western division.

Transport, Storage & Communication

Real Value Added for the Transport, Storage & Communication industry was estimated to **have contracted by 0.3%** due to an estimated downturn in the Transport and Storage components.

The Transport component was impacted by declines in total air passenger movements (down 2.0%) and total maritime cargo volume movement (down 1.3%). The decline was partially tempered by an increase in the land transport sub-component reflected in the number of buses dispatched by the JUTC. The average number of buses dispatched, increased by 16.2% to 146 per month. This resulted in increases of:

- 38.8% to 4.1 million in the number of Revenue Passengers; and
- 57.6% to \$25.7 million in the Revenue from Charter Trips

The Storage subcomponent, was estimated to have contracted due to a 1.3% decline in total Maritime Cargo Volume handled, largely reflecting a 5.8% contraction in Domestic Cargo.

WRTRIM

Real Value Added in the Wholesale & Retail Trade; Repair & Installation of Machinery (WRTRIM) industry is estimated to have **contracted by 0.9%** due to a decline of 2.4% in total gross sales.

Lower sales were recorded for six of the eight categories, including:

- Minerals, Fuels & Lubricants, down 4.1%. This category accounted for 20.2% of total sales
- Other Wholesale & Retail Sales of Goods & Services, down 3.1%. This category accounted for 23.1% of total sales
- Hardware, Building Supplies, Electrical Goods & Machinery, down 8.3%. This category accounted for 9.3% of total sales.

Finance & Insurance Services

Real Value Added for the **Finance & Insurance Services** industry was estimated to have **grown by 1.0%** during the review quarter. The performance reflected the impact of:

- increase in net interest income due to a rise in the stock of loans and advances at deposit-taking institutions, and
- higher income from fees and commission, supported by increased utilization of financial services.

Hotels & Restaurants

Real Value Added for the **Hotels & Restaurants** industry **grew by an estimated 0.1%**, reflecting an increase in visitors based on preliminary arrival data. Preliminary data on Foreign National arrivals for the review quarter stood at 699,733 visitors, an increase of 0.1%, compared with the corresponding quarter of 2023.

Preliminary visitor expenditure is estimated to have increased by 1.1% to approximately US\$1.0 billion compared with the corresponding quarter of 2023.

Employment Update....

Regarding the Employment Update, the January 2024 Labour Force Survey undertaken by the Statistical Institute of Jamaica (STATIN) indicated that there was a break in the series for the Labour Force Survey (LFS) to incorporate the recommendations from the 19th, 20th and 21st International Conferences of Labour Statisticians of the International Labour Organization. The process of revision to the LFS involved amendments to definitions, concepts, classifications and methodologies. The process also strengthened the quality and accuracy of the data through the following changes, among others:

- **Updated definitions and classifications of employment:** “employment” is now defined as ‘work performed for pay or profit’. This now excludes own-use production work, volunteer work and unpaid trainee work, for example, subsistence farming to provide produce to be consumed at home is no longer considered as work/employment
- **Reference Week Adjustment:** the reference week is now the first full week of the current quarter and no longer the last full week of the previous quarter
- **Minimum Age Limit Update:** the minimum age limit has increased to 15 years from 14 years
- **Rigorous (Strict) Definition of Unemployment:** the new definition requires an individual to satisfy three conditions to be classified as unemployed:
 1. absence of employment
 2. actively seeking a job
 3. available for work.

If all three conditions are not met, and the person is not employed, then that person is classified as ‘outside the labour force’ instead of ‘unemployed’.

Due to these changes in the LFS, among others, the January 2024 data is not comparable with the previous reports.

The highlights of the January 2024 labour market survey are as follows:

- The unemployment rate was 5.4%, with Male unemployment rate at 4.0% and Female unemployment rate at 7.1%
- The youth unemployment rate was 16.0%, with Male youth unemployment at 13.8% and Female youth unemployment at 18.5%
- The employed labour force stood at 1,405,700 as at January 2024. Males accounted for 53.9% of the employed labour force with Females at 46.1%.
- The unemployed labour force was 80,700 persons as at January 2024.

GDP Performance: January–June, 2024

For the first six months of 2024, real GDP is estimated to have grown by **0.8%**. The Goods-Producing Industry grew by **1.3%** while the Services Industry grew by **0.7%**. The industries which were estimated to have recorded the largest increases during the first half of the year, were Mining & Quarrying (up 12.1%); Agriculture, Forestry & Fishing (up 5.0%); Electricity & Water Supply (up 4.3%); and Hotels & Restaurants (up 3.5%).

3. Vision 2030 Update

I will now turn to an update on Vision 2030 Jamaica –National Development Plan (NDP). The Government of Jamaica (GOJ) has been leading the implementation of the 21-year Vision 2030 Jamaica – National Development Plan, since 2009. Through the successive 3-year Medium Term Socio-Economic Policy Framework (MTF), policy priorities are communicated through national and sector strategies. Stakeholders align their planning to the planned results and strategies in contributing to the implementation of Vision 2030 Jamaica.

Under Vision 2030 Jamaica, the country has been working towards attaining four National Goals and 15 National Outcomes. These national goals are:

1. Jamaicans are Empowered to Achieve their Fullest Potential,
2. The Jamaican Society is Secure, Cohesive and Just,
3. Jamaica’s Economy is Prosperous,
4. Jamaica has a Healthy Natural Environment.

Vision 2030 Jamaica and its MTF also serve as the vehicle for the implementation of the Sustainable Development Goals (SDGs).

Each MTF includes the national outcome indicators as well as relevant targets covering a three-year period. National outcome indicators are used to assess the impact of state and non-state programmes and other areas of policy-based

management. Lessons learned have demonstrated that change at the national level tends to be fairly stable and incremental, with the exception of periods of shocks and crises.

Additionally, performance in strengthening systems, processes, and mechanisms for driving development is continually assessed. Accordingly, the MTF includes targets associated with major development programmes, to monitor performance in producing sector outputs and outcomes.

What Has Jamaica Achieved and What do We Plan to Do?

Seventy-five National Outcome indicators are being used to measure the impact of the country's development efforts. This "75" includes disaggregation by age, sex, and so on, for some indicators. The PIOJ monitors the long-term performance of the indicators across successive MTFs to not only determine performance against the current medium-term target, but also trends – whether indicators are steadily improving, declining or showing little change. Lags in data availability may also affect the measurement of performance against medium-term targets.

The national development results are measured against a baseline year of 2007 and annual/medium-term (interim) targets that serve as milestones toward the achievement of the 2030 targets. For data available up to and including 2021, performance is measured against the 2021 target; for 2022 and 2023 data, it is measured against the 2024 target.

Based on the national Performance Measurement Framework (national outcome indicator and target framework), the country's development performance has been mixed. Development gains have been made under all four goals as evidenced by the achievement of some 2018 and 2021 targets as well as improvement in several of the indicators that fell short of targets. However, there were also development

losses, with some indicators showing slippages or performance at or below the 2007 baseline.

Based on the measurement of the most recently available data against 2021 targets, Jamaica has experienced notable development gains across all four (4) national goals with 62.2 per cent of all national outcome indicators being little, somewhat, mostly, or fully achieved when measured against the 2021 Targets.

This is broken down as follows:

- 25.7 per cent of targets were “Fully Achieved or Exceeded ($\geq 100\%$)”
- 6.8 per cent were “Mostly Achieved (80 – 99%)”
- 20.3 per cent were “Somewhat Achieved (40 – 79%)”
- 9.5 per cent were “Little Achieved (1 – 39%)”
- 37.8 per cent were “Same as or Worse than the Baseline Year, 2007, value (0% or negative)”.

Some of the areas in which the country has advanced include:

1. Human capital development & strengthened social protection
 - a. Increasing life expectancy
 - b. Demonstrations of improved ability to manage/reduce increases in poverty rates in the midst of crises and shocks
 - c. Increase in tertiary level enrolment
 - d. Reduction in adolescent fertility rate
2. Improvement in security, safety and governance
 - a. Trend decline in serious crimes (Category 1 Crimes).
 - b. Improvements in key governance indicators including government effectiveness.
 - c. Improvement in the delivery of justice services such as case clearance
3. Improvements in the macro-fiscal and business environment, including progress towards greater levels of sustainability and clean energy. Other improvements in this area include:

- a. Macroeconomic stability, including declining debt-to-GDP ratio, and a fairly stable inflation rate which was disrupted due to the COVID-19 pandemic, with recovery recorded over 2022-2023
- b. Stable economic growth and demonstrated capacity for recovery from crises/shocks
- c. Reduction in unemployment to a record low
- d. Improvement in labour market efficiency
- e. Development of economic infrastructure
- f. Increases in the use of non-fossil fuel based energy including alternatives and renewables
- g. Improvements in research and development innovation and, improved performance in the Global Innovation Index.
- h. Economic growth in key industries, such as Hotels & Restaurants
- i. Strengthened capacity for environmental resilience and the quality of social infrastructure

While below target, the country has moved from zero Local Sustainable Development Plans (LSDPs) in 2007 to approximately four.

There have also been areas of insufficient progress and/or development loss, with some overlapping with areas of progress. Some of these include:

1. Gaps in human capital development and social protection, with undesirable rates of
 - a. chronic non-communicable diseases (NCDs),
 - b. poverty
 - c. School attendance from early childhood to secondary levels of education (falling short of the targets)
2. Challenges to security, safety and governance
 - a. Overrepresentation of violence and a high per capita murder rate by global standards
3. Challenges/Gaps in economic growth and competitiveness
 - a. Low levels of economic growth

- b. Insufficient competitiveness and earnings in key sectors
 - c. Increasing consumer prices and inflation levels above target
4. Gaps in capacity for environmental resilience and quality of social infrastructure, including:
 - a. A decline in performance to levels considered unsatisfactory, in international metrics for environmental sustainability
 - b. Less than the targeted number of Local Sustainable Development Plans (LSDPs)
 - c. Undesirable rates of tenure insecurity, that is, there are still too many persons without titles to their land.

What are the Next Steps?

The main activities being undertaken in advancing Vision 2030 Jamaica include:

- Preparation of the 6th of 7 MTFs. The preparation process is participatory, stakeholder driven, and underpinned by an evidence and results-based management framework. The MTF will be completed by Q3, FY 2024/25.
- Assessment and strengthening of the Data4Development Online Monitoring Platform, which, among other areas, supports stakeholder participation in performance monitoring of Vision 2030 Jamaica.

4.Short Term Economic Outlook:

July–September 2024 & FY 2024/25

Let me now turn to the short-term economic outlook. Short-term prospects for the overall economy are negative, largely associated with the adverse impact of Hurricane Beryl on production activities. A downturn in output levels is projected

for some industries, including Agriculture, Forestry & Fishing; Mining & Quarrying; Electricity & Water Supply; as well as Hotels & Restaurants industries.

- The Agriculture, Forestry & Fishing industry reported preliminary estimate of damages of \$10.0 billion. The most significant fall-out was experienced by farmers along the southern belt, namely, the parishes of St. Elizabeth, Clarendon, Manchester and Westmoreland. These four parishes accounted for 54.7% of total hectares reaped for domestic crop during the review quarter.
- The performance of the Mining & Quarrying industry was adversely affected by Hurricane Beryl, as the Port at Rocky Point was damaged causing the diversion of alumina exports to an alternative port.
- It is anticipated that the Electricity & Water supply industry will record significant damage and loss as a result of the destruction to infrastructure assets caused by Hurricane Beryl. A detailed assessment is still being undertaken as the majority of the recovery work has just been completed. Certain sections of the island were negatively impacted by the difficulty in restoring electricity, which will have implications for production across various industries, not only in the Electricity & Water Industry.
- The Hotels & Restaurants industry was impacted by the cancellation of flights and diversion of visitors to alternative destinations due to the passage of the Hurricane. The forecast is for a downturn in foreign national arrivals during the quarter.

The drag on growth arising from these developments could be partially tempered by upside potential factors such as:

- Improved business and consumer confidence which could serve to drive domestic demand.
- Stronger than expected growth in the global economy which could strengthen external demand.
- The expected boost in construction-related activities associated with the recovery and rebuilding efforts following Hurricane Beryl. Increased capital expenditure for road repairs as well as on electricity, water and

telecommunications distribution systems are expected to provide a boost to the Construction industry.

Against this background, for July–September 2024, it is anticipated that the economy will contract within the range of **-0.1% to -1.0%**.

This projection is further supported by preliminary data received for July 2024 which indicate downturns in:

- Hotels & Restaurants – with provisional data reflecting a decline of 7.7% in airport arrivals.
- Electricity & Water Supply – reflecting decreases in both electricity and water consumption. Electricity consumption for the month of July 2024 fell by 13.8% to 265.3 million kilowatt hours. Water consumption also declined by 1.9%.
- Mining & Quarrying – For the month of July 2024 alumina production fell by 23.4% and crude bauxite production declined by 7.6%.

- For **FY 2024/25**, the PIOJ's fiscal year projection is for GDP change within the range of **-1.0% to 1.0%**.

5. Conclusion

In closing, the preliminary data presented on performance for the April to June 2024 quarter, indicate that the performance was relatively flat and the short-term outlook for the July-September quarter is for a contraction in output largely reflecting the impact of Hurricane Beryl on industries such as Electricity & Water, and Agriculture. Note however, that for the full fiscal year 2024/25, the projection is more uncertain ranging from -1.0% to 1.0% and is largely dependent of the pace of recovery from the fallout from Hurricane Beryl. At the negative side of the range the uncertainties are driven by:

1. the extensive damage in some of the main agriculture producing areas. In light of this, a return to positive performance in this industry may not be recorded until FY 2025/26. Additionally, there will be an associated fallout in the WRTRIM industry (the largest single industry) given the decline in Agriculture.
2. The potential negative impact of the Electricity & Water Supply industry on other productive activities in the most affected parishes of St. Elizabeth, Clarendon Manchester and Westmoreland. This impact is still unknown as the data and information collection process is ongoing, and
3. The negative impact of an extended fallout in Mining & Quarrying and the associated downturn on Transport and Storage activities.

Towards the positive side of the range the projection is predicated on the expectation that the contraction will be short-lived and there will be a return to positive performance by the October-December 2024 quarter. There is the potential for all industries, with the exception of Agriculture, to return to positive performance, based on:

1. The return to full/normal operating capacities by utility providers (electricity, water and telecommunications), consequent on the completion of restoration works in the July–September quarter.
2. The return to higher levels of operations in the Mining & Quarrying Industry with the full resumption of operations at a major shipping Port, following repairs of damages caused by Hurricane Beryl. This is anticipated to result in higher capacity utilisation rates, and
3. A return to growth in the construction industry reflecting increased rebuilding and repair activities associated with recovery from Hurricane Beryl, as well as the ramping-up of activities under the Relief Emergency Assistance & Community Help (REACH) road rehabilitation programme during the latter-half of the fiscal year.

Despite the challenges that abound, we remain optimistic as we continue to closely monitor and assess these developments.

In closing, I want to acknowledge and thank the very dedicated team here at the PIOJ. I encourage us to continue our collaborative effort and to remain disciplined and responsible, as we sustain our efforts to make Jamaica, the place of choice to live, work, raise families and do business.

May God continue to bless Jamaica land we love.