

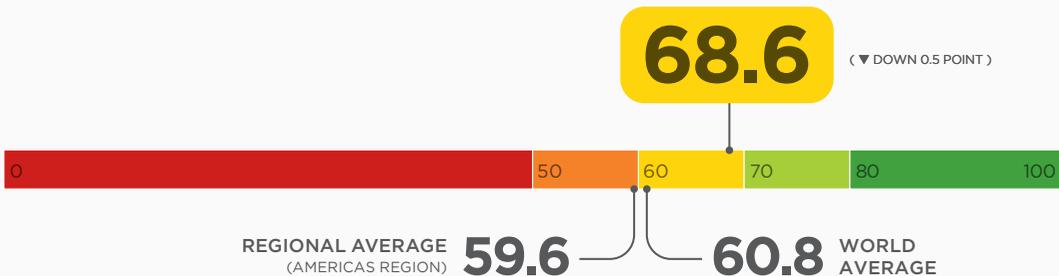
JAMAICA

Jamaica's economic freedom score is 68.6, making its economy the 39th freest in the 2019 *Index*. Its overall score has decreased by 0.5 point, with a drop in the score for **judicial effectiveness** outpacing an improvement in **government integrity**. Jamaica is ranked 5th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

After three decades of economic growth that has averaged less than 1 percent a year, Jamaica's economy revived somewhat in 2018. Growth has been impeded by a bloated public sector, high crime and corruption, red tape, weak rule of law, and a high debt-to-GDP ratio. The government's main policy objectives are public-sector reforms, including wage restraint and budget austerity measures, the merger of public-sector agencies, and a workforce reduction plan, all of which risk igniting social and political opposition. A rise in violent crime has dampened the growth of tourism.



ECONOMIC FREEDOM SCORE

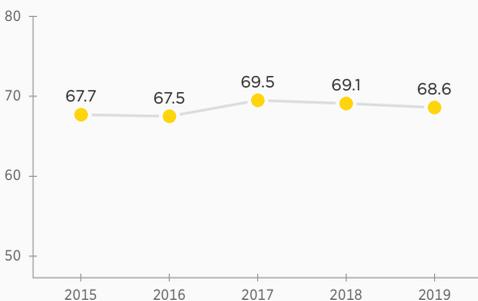


RELATIVE STRENGTHS:
Monetary Freedom and Tax Burden

HISTORICAL INDEX SCORE CHANGE (SINCE 1995):
+4.2

CONCERNS:
Government Integrity and Judicial Effectiveness

FREEDOM TREND



QUICK FACTS

POPULATION:
2.8 million

GDP (PPP):
\$26.1 billion
1.0% growth in 2017
5-year compound annual growth 0.8%
\$9,163 per capita

UNEMPLOYMENT:
12.5%

INFLATION (CPI):
4.4%

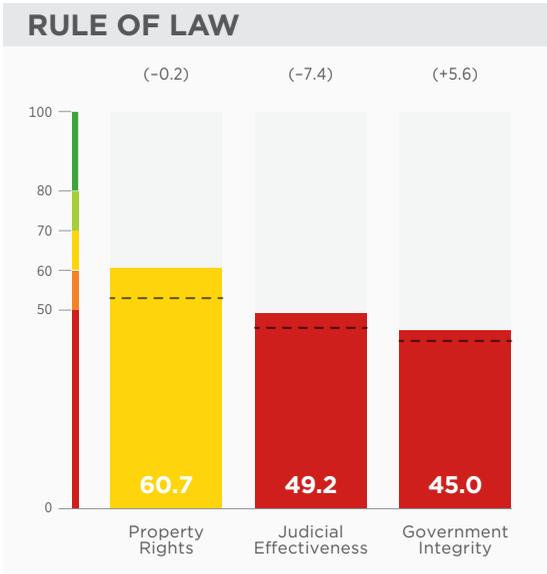
FDI INFLOW:
\$888.0 million

PUBLIC DEBT:
104.1% of GDP

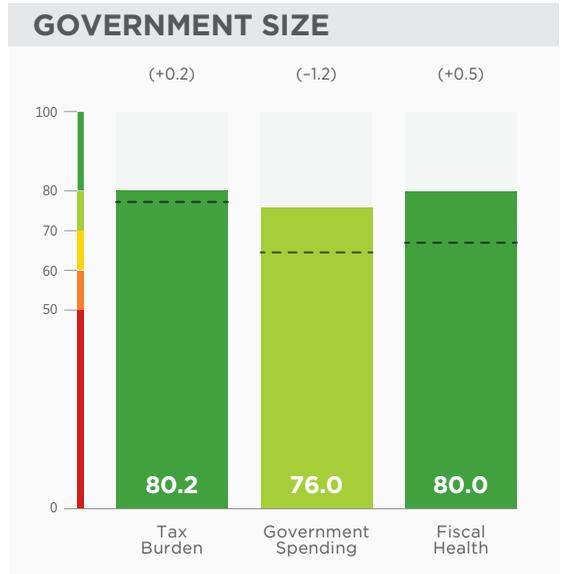
2017 data unless otherwise noted. Data compiled as of September 2018

BACKGROUND: English planters seized Jamaica from Spain in 1655 and established a plantation economy based on slave labor. The island gained independence from the United Kingdom in 1962. Long-standing recurrent violence among powerful organized crime networks that are involved in international drug smuggling and money laundering and are affiliated with major political parties remains an ongoing problem. Prime Minister Andrew Holness's center-left Jamaica Labour Party maintained a majority in a March 2018 by-election, boosting his chances for reelection in 2021. Once a major sugar producer, Jamaica is now a net sugar importer, and services account for more than 70 percent of GDP. The economy is diverse, but industries lack investment and modernization. Remittances, tourism, and bauxite generate most foreign exchange.

12 ECONOMIC FREEDOMS | JAMAICA



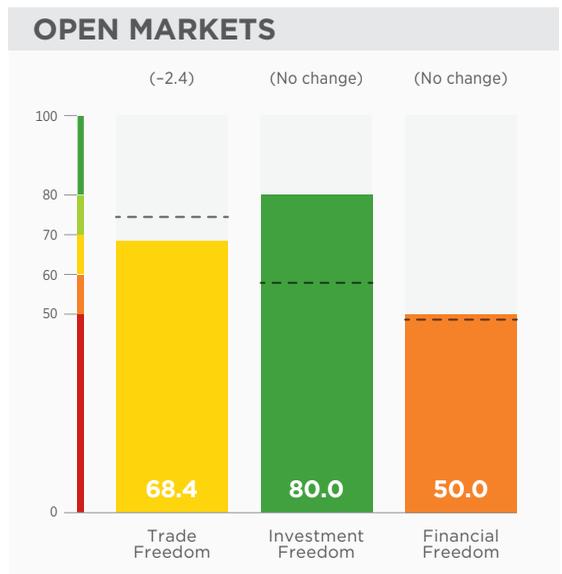
Bureaucratic red tape makes it difficult to register property. Although more than half of the land is registered, a large percentage of properties lack a current title. The inefficient legal system weakens the security of property rights and the rule of law. Long-standing ties between elected representatives and organized criminals contribute to pervasive corruption and the country's high crime rate.



Jamaica's top individual and corporate income tax rates are 25 percent. Other taxes include property transfer and general consumption taxes. The overall tax burden equals 27.1 percent of total domestic income. Over the past three years, government spending has amounted to 28.3 percent of the country's output (GDP), and budget deficits have averaged 0.1 percent of GDP. Public debt is equivalent to 104.1 percent of GDP.



The overall process for obtaining licenses and starting a business has been streamlined, and enforcement of the commercial code is relatively strong. The nonsalary cost of employing a worker is moderate, but dismissing an employee is costly. Regulations on work hours are flexible. Despite significant cuts in fuel and electricity subsidies in 2016, the government continues to subsidize medicine heavily and has increased sugar cane subsidies.



The combined value of exports and imports is equal to 77.1 percent of GDP. The average applied tariff rate is 10.8 percent. As of June 30, 2018, according to the WTO, Jamaica had five nontariff measures in force. Jamaica is relatively open to foreign investment, but state-owned enterprises distort the economy. High financing costs hamper private-sector growth. About 80 percent of adult Jamaicans have an account with a formal banking institution.