

Emerging Industries in Jamaica

Working Paper



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Background

Jamaica, between 2010 and 2020, took significant steps to address macroeconomic vulnerabilities and cross cutting issues that affect the business environment, with the intention to set a platform for economic growth. These fiscal and structural reforms are now bearing fruit through macroeconomic stability, increased business confidence and increased domestic investment, with the expectation that in the long term there will be increased output, employment and government revenues. However, low annual levels of growth remain a concern. To allay the concern, this paper posits that a key driver of significant and sustained economic growth could be economic diversification—by moving up the value chain of existing industries and creating new sub-sectors or industries.

There are substantial opportunities for an economy to identify emerging sectors, both in the global and domestic markets, and to create alignment for investment and trade. In depicting the result of a strategic approach and associated factors to achieve robust growth, the McKinsey Global Institute in 2018 looked at the long-term record of 71 outperforming economies. The findings pointed to two key contributing factors: a pro-growth policy agenda of industrialisation that increased productivity and real wages that boost demand, as well as the presence of large companies driving growth.¹ Other factors included capital accumulation—enabled by high rates of investment and domestic savings—which allowed these outperforming countries to tap into financial sources such as pension-savings schemes and invest in key areas that drive growth, such as infrastructure. Outperforming economies also attracted the largest share of foreign investment, almost 70.0 per cent, of the approximately \$900.0 billion invested in emerging markets between 2000 and 2016.²

China has been the world's fastest growing economy, with real annual gross domestic product (GDP) growth averaging 9.5 per cent since 1979 when the country opened up to foreign trade, investment, and implemented free-market reforms. In continuing its goal to establish

¹ An annual average productivity gain of 4.1 per cent versus 0.8 per cent for the other developing economies

² <https://www.mckinsey.com/featured-insights/innovation-and-growth/outperformers-high-growth-emerging-economies-and-the-companies-that-propel-them>

economic, scientific and technological strength, China in its 14th Five-Year Plan published in March 2021, noted the need to deepen supply-side structural reforms, as well as, to lead and create new demand with innovation-driven, and high-quality supply in both the domestic and international markets. China has strategically taken interest in eight emerging industries identified as new growth drivers, with authorities issuing guidelines to ramp up investments in order to achieve a GDP growth rate of 8.0 per cent.³ India, after its socio economic crisis in the early 1990s, subsequently endured years of structural reform, has had 5.3 per cent GDP annual growth over the past 20 years, and in January 2021 projected to be the world's fastest growing economy by the International Monetary Fund (IMF). Emerging sectors and high levels of demand from both domestic and international markets are fuelling India's rapid growth.⁴ Like both countries, Jamaica's economy could benefit significantly from strategic industrial repositioning into new growth industries that are demand driven globally by strengthening its domestic market and, reducing external reliance for critical commodities or services.

Definition of Emerging Industries

The Growth Inducement Programme (GIP) undertook research to identify local emerging industries or sub-sectors and the necessary institutional support to facilitate development. The term "emerging industry" is defined as "a group of companies in a line of business formed around a new product or idea that is in the early stages of development. An emerging industry typically consists of just a few companies and is often centred around new technology".⁵ Generally, the definition of emerging industry is predicated on the use of innovation to create new products, services, technologies or ideas. However, broader definitions recognise adaptation of existing activities that evolve, renew, transform, upgrade or merge ideas or products into new industries through the application of radical innovation. Two key factors

³ The eight strategic emerging industries are new-generation information technology, biotech, high-end equipment manufacturing, new material, new energy, intelligent and new energy vehicles, energy conservation, environmental protection and digital creative industry.

⁴ India's emerging industries: advanced engineering and manufacturing, digital innovation, energy, financial, legal and professional services, infrastructure, life sciences and healthcare, retail, foods & drink and logistics, skills and education and sports.

⁵<https://www.investopedia.com/terms/e/emergingindustry.asp#:~:text=An%20emerging%20industry%20is%20a,often%20centered%20around%20new%20technology.>

used to define an emerging industry are early-stage development, and high growth and market potential where the majority of the growth is yet to be materialised. Globally, top emerging industries include robotics, virtual reality, 5G networks, block chain technology, artificial intelligence, and self-driving cars.

Supporting Data Framework: Existing and Required

At the macroeconomic level, identifying emerging industries involves a robust methodological underpinning. However, studies have shown that typically, these industries are not captured by national accounting classification statistics. The process of identifying emerging industries rests on parameters to identify the number of firms, market leadership, market size, number of people employed and value added, captured at the micro level and gradually at the national accounting level. The use of firm capital raising data, cross-sector investment data, firm patenting data and sector growth potential are also part of the methodology for identifying emerging industries.⁶ A lack of data captured at the micro level or at the national account level has not only limited the scope of this report but is a case for data advocacy to carry out much needed in-depth research given the significant potential for growth. Appropriate understanding and policy recommendations are best substantiated with the relevant data.

Policy Framework:

Unlocking growth in new industries usually involves government prioritisation and intervention initiated through relevant policy alignment and support programmes.⁷ The National Industrial Policy (NIP), implemented between 1996 and 2010, was Jamaica’s last cohesive, documented approach to developing industries and sub-sectors. The NIP was aggressively focused on export-led growth. The policy sought to build international competitiveness and create diversification through five “strategic industry clusters” and targeted sub-sectors.⁸ Currently, as the guiding development policy, Vision 2030 Jamaica – National Development Plan highlights the need to

⁶ https://ec.europa.eu/research/industrial_technologies/pdf/emerging-industries-report_en.pdf

⁷ Government support is usually given through grants, dedicated pool of funds, research and development (R&D), and the creation of clusters and incubators

⁸ Growth poles –Tourism, Shipping & Berthing, Agro-processing, Apparel and Bauxite & Alumina, as outlined in the NIP

address weaknesses in the basic pillars of competitiveness and transition to an innovation-based economy in core industries.⁹ The three-year Medium Term Socio-Economic Policy Framework seeks to assist the Government to identify and address broad-based issues that impede economic development.¹⁰ Other recent policy and strategic initiatives that sought to document constraints and prescribe actions to accelerate growth include the Growth Inducement Strategy (GIS) 2011; the revised Micro, Small and Medium Enterprises (MSME) and Entrepreneurship Policy, 2017; and the drafted National Investment Policy, in the final stages of approval. Being aligned to Vision 2030 Jamaica, the GIS outlined several reform programmes, many of which have been partially implemented including efforts to improve the competitiveness of key sectors and new areas such as logistics. The MSME and Entrepreneurship, 2017, as well as the draft National Investment policies do not identify specific sectors but seek to address more broad-based issues. Nevertheless, the lack of a continuous, cohesive and strategic approach to rigorously identify and support new sectors or industries will continue to impact economic development.

Jamaica's Emerging Industries

As a small developing country, the emergence of new industries or sectors in Jamaica is usually dependent on the assimilation of global technologies; integration into global value chains; or the creation of a new product, service or idea driven by consumer needs. A more systemic top-down approach of identifying and prioritising emerging industries will increase Jamaica's growth perspective through initiatives to improve the landscape, attract investments and increase scale. The Ministry of Industry, Investment and Commerce (MIIC) has the lead responsibility to create an enabling business environment; grow and sustain industries; and promote investment and trade. The Ministry on its website notes its mission to achieve innovative, inclusive, sustainable and internationally competitive Jamaican Industries by 2030. Among its medium-term outcomes, MIIC outlined the development and implementation of

⁹ Agriculture, Manufacturing, Mining and Quarrying, Construction, Creative Industries, Sport, Information and Communications Technology (ICT), Services, Tourism

¹⁰ The first in the series was MTF 2009-2012; the second was 2012-2015 and the third and current is 2018-2021

action plans for at least four (4) key industries within the next four years, as well as to identify, allocate and optimally use human and financial resources based on agreed National and Ministry-level strategic priorities within those four years.

Without outlining the mechanism for prioritisation, the MIIC listed the following industries as new and exciting opportunities for Jamaica's development and stated their committed support of these 'emerging industries' with special emphasis on nurturing their development. The areas of focus as outlined¹¹:

- **International Financial Services:** The Jamaican government is committed to establishing the economy as a globally competitive destination for international companies offering financial services by transforming the country into an offshore financial hub.
- **Medical Cannabis and Hemp:** Based on the recent amendments to the Dangerous Drugs Act, Jamaica is poised for development of the medical cannabis and hemp industries.
- **Bamboo:** This industry presents immense opportunities for the commercialisation of bamboo and its by-products.
- **Creative Industries:** This sector presents lucrative opportunities to share Jamaican culture with the world. Initiatives to support the improved monetisation of this sector include the Jamaica Film Festival, efforts to develop a Film Fund, and strengthening the intellectual property regime to facilitate increased access to capital by the sector.

Notably, efforts to develop these industries have seen the government taking actions over various periods that are sometimes unsustainable which reduces the desired outcome.

Based on the list of sectors outlined by the MIIC, this report looked at financial services, medical cannabis and hemp, bamboo, and cosmetics which was recently identified for further assessment of efforts in these areas.

¹¹ <https://www.miic.gov.jm/content/emerging-industries>

International Financial Services:

The financial services market consists of sales of financial or money-related services by entities engaged in financial services related activities such as lending, investment management, insurance, brokerages, payments and fund transfer services. The Financial Services Global Market Report 2021 reported that the global financial services market is expected to grow from \$2 0490.46 billion in 2020 to \$2 2515.17 billion in 2021 at a compound annual growth rate (CAGR) of 9.9 per cent as the market recovers from COVID-19 pandemic; and reach \$28 529.29 billion in 2025 at a CAGR of 6.0 per cent.¹²

Efforts to establish Jamaica as a prime destination for International Financial Services resulted in the passing of the International Corporate and Trust Services Providers Act, 2017, The Partnership (General) Act, 2017 and The Partnership (Limited) Act, 2017 and the establishment of Jamaica International Financial Services Authority (JIFSA). However, Jamaica's efforts to enter the offshore financial market can be described as late or lopsided compared with other Caribbean players such as Antigua, British Virgin Islands and the Cayman Islands. These jurisdictions took definitive actions from as early as the 1970s to attract players, particularly, US banks looking to maximize profits, by establishing branches overseas, without any physical presence of costly overheads and conducting their international finances in non-US currencies.

While Jamaica might have missed the opportunity to establish itself in the offshore financial market, with the restructuring of the economy—particularly reduced crowding out as the government borrows less—has resulted in a significant uptick in the private equity market. Opportunities in capital market development now present a possible niche product/service for Jamaica in alternative financing or investment as well as stock exchange products market. Between 2016 and early March 2021, at the point of writing this report, a number of finance firms have entered the investment market; listed on the Jamaica Stock Exchange (JSE); or

¹² <https://www.businesswire.com/news/home/20210310005386/en/Global-Financial-Services-Market-Outlook-2021-2030-Expected-to-Reach-28.52-Trillion-by-2025---ResearchAndMarkets.com>

sought more equity or increased capitalisation through the stock exchange platform. At the end of March 2020, the Financial Services Commission reported 46 licenced intermediaries; of this number, 30 were security dealers that had \$632.5 billion in total assets. Since March 2020, a number of investment companies have raised a large amount of funds publicly on the JSE and issued bonds privately.¹³ The alternative investment industry which includes firms involved in private equity, venture capital, hedge funds, managed futures, real estate, commodities, and derivatives contracts, has advanced considerably and is now driving growth in other sectors; key among them are construction, manufacture and energy. The Government of Jamaica should continue to assess and implement legislations and regulations to facilitate the growth of this industry in a timely manner, to take advantage of market opportunities. To advance the capital market, recommendations have been to review the pension investment regulations, reduce the minimum capital test (MCT) requirements and revise foreign exchange investment limits, not to the detriment of macroeconomic stability, as outlined in the COVID-19 recovery taskforce document.

Medical Cannabis and Hemp: The global cannabis market is estimated to be valued at US\$20.5 billion in 2020 and is projected to reach US\$ 90.4 billion by 2026, recording a compound annual growth rate (CAGR) of 28.0 per cent, in terms of value.¹⁴ Driven by the growth in medical applications, increased legalisation and social acceptance, as well as increased research and development (R&D) and technological innovation, there has been much traction for cannabis and hemp from large investors and even big pharmaceutical companies. Historically promoted through music and culture, Jamaica has perhaps the strongest global brand for cannabis (marijuana). It could be seen therefore, as a rite of passage for Jamaica to enter and dominate the global cannabis market. The implementation of the regulatory framework in Jamaica for the cannabis and hemp industry attracted many players and even large international investors. The Cannabis Licensing Authority has issued 70 licences to companies and individuals since its

¹³ First Rock: J\$2.59B; Barita: J\$10.3B; Sygnus: J\$3.3B; Proven US\$34M; and, most recently, JMMB capitalisation offer: J\$4.5B

¹⁴ <https://www.globenewswire.com/news-release/2021/02/18/2177949/0/en/The-Worldwide-Cannabis-Industry-is-Projected-to-Reach-90-4-Billion-by-2026.html>

establishment in 2015, mainly for cultivation, retail and processing. Few licences have been issued for transportation as well as R&D. An estimated 300 companies have conditional approved licences, which are currently building out facilities. There are more than 30 Cannabis dispensaries or retail shops, the majority of which are located in Kingston & St. Andrew, that offer extractions, cannabidiol (CBD) oil and smoking paraphernalia.¹⁵ Several companies are in the process of developing new products such as beverages, roll-on, beauty products and balm capsules. Notably, as part of its support, the Bureau of Standards Jamaica (BSJ) has developed and established seven standards to provide guidelines and safeguards for cannabis consumers and to help companies prepare their operations for export markets.

While Jamaica is hopeful about capitalising on the cannabis and hemp export markets, there are major issues outside of the scope of the country that are impeding its organic growth. Legality and regulation continue to be a shaping factor of the industry globally as countries and even state laws for cannabis use and sale differs widely. The continued classification of cannabis as a dangerous drug in international law still affects banking and trade. Due to concerns with international banking relationships, banks restrict funding or facilitating transactions with cannabis companies causing them to operate largely using cash. These barriers are difficult to navigate and are outside Jamaica's jurisdiction. Addressing them will require actions from the international community. Nevertheless, the domestic market could advance significantly from increased R&D and taking interest in medical applications. The Government should encourage investment in R&D and through partnership, including creating specialised research labs at the Scientific Research Council (SRC) and local universities. Increased R&D would advance Jamaica's entry into the global market at a higher level along the value chain.

Bamboo: Bamboo is a major non-wood forest product and wood substitute found in all regions of the world and plays an important economic and cultural role.¹⁶ During the last 20 years,

¹⁵ Cannabidiol (CBD) oil is a chemical or product naturally found in cannabis and hemp plants.

¹⁶ <http://www.fao.org/3/a1243e/a1243e.pdf>

bamboo generated tremendous interests with significant economic and environmental development and international trade. It is now fully recognised as an exceptionally valuable, and often superior substitute for wood, which resulted in bamboo being shifted from use primarily in low-end crafts and utensils to high-end, value-added commodities such as laminated panels, boards, furniture, paper and cloth. Increased demand for bamboo by-products is driven by consumers' increased awareness of it as a sustainable material for household furniture and construction resources. Bamboo may replace wood in many industrial applications and thereby contribute to the conservation and restoration of the world's forests.¹⁷

The global bamboo market was estimated at US\$72.1 billion in 2019 and is expected to grow at a CAGR of 5.0 per cent from 2019 to 2025; with an estimated value of US\$98.3 billion by 2027. Bamboo industries are thriving in Asia, which is recognised as the industry's lead innovators, with a 62.6 per cent of the global market in 2019. However, the industry is quickly spreading across the continents of Africa and North America. The US is the largest importer of bamboo products. Efforts are accelerating to increase production in the US as the government has taken direct steps to dedicate lands to increase cultivation, such as Mixon Farms and OnlyMoso in Florida, and provide strong financial support to farmers. In October 2020, the US Department of Agriculture's Farm Service Agency (FSA) approved over US\$7.0 billion in payment to producers of specialty crops that also seek to sustain the bamboo production shortfalls.¹⁸

In Jamaica, bamboo grows in the wild, with an estimated 66 000 hectares of the *bambusa vulgaris* species in various sections of the country. To capitalise on the growing bamboo for the international market, in 2014, the MIIC—through its budget presentation—made note of initiatives to spearhead a bamboo development strategy and to facilitate the establishment of bamboo products factories in various zones throughout Jamaica. The targeted products, based on market value and international demand trends, included bamboo products such as: board

¹⁷ <https://www.grandviewresearch.com/industry-analysis/bamboos-market>

¹⁸ <https://www.futuremarketinsights.com/reports/bamboo-products-market>

and furniture, charcoal, edible shoots, preserved sticks, saw dust pellets, shipping pallets, and water and air filters. A policy to guide the development of the sector was drafted in 2015 but is yet to be passed.

Major institutional support has come from the BSJ, Jamaica Promotions Corporation (JAMPRO), HEART Trust NTA and Planning Institute of Jamaica (PIOJ). A local cluster—the International Network for Bamboo and Rattan (INBAR)—is established at the BSJ. Several prototypes, including organic and activated charcoal have been developed by the Bureau. The BSJ has established 11 standards to guide the creation and development of bamboo products. Other efforts included the execution of the Peckham Pre-processing Bamboo Project, which included skills training and the establishment of a bamboo charcoal factory in Clarendon. JAMPRO created investment profiles for the cultivation of bamboo and processing of bamboo charcoal.

There has been traction in the industry with local players producing products such as furniture, air and water filters, activated charcoal, and ketchup. Several players have been exporting products, the key being charcoal. There is a need to boost cultivation of bamboo in Jamaica. As seen in other main supply markets (China and India) if left unsupervised, over-exploitation and poor management practices can result in the unsustainable development of the sector and also cause environmental degradation. To continue its support to advance the local bamboo industry, the Government of Jamaica should consider establishing bamboo farms, research, training centres, and special finance products to support the industry's growth.

Cosmetics: The recently launched National Five-Year Manufacturing Growth Strategy for Jamaica outlined six key output segments for focus primarily based on the ability to drive export volumes and significant opportunity for import replacement in the domestic market.¹⁹ Of these six industries, cosmetics were noted as emerging in the Strategy. The emergence of a local cosmetics industry was documented in the 2019 *Economic and Social Survey Jamaica* as reported by JAMPRO. Cosmetics as defined under the Jamaican Food and Drugs Act, 1964 includes any substance or mixture of substances manufactured, sold or represented for use in

¹⁹ Agro-processing, Light Manufacturing, Cosmetics, Furniture, Pharmaceutical and Packaging

cleaning, improving or altering the complexion, skin, lips, hair, fingernails or toenails, teeth, and includes deodorants and perfumes.

Cosmetics have become an indispensable feature of the modern lifestyle. The global cosmetics market was valued at \$380.2 billion in 2019, and projected to reach \$463.5 billion by 2027, growing approximately by 5.3 per cent between 2021 and 2027.²⁰ Globally, just a few multinational corporations dominate the industry; top ranked manufacturer L'Oréal had revenues of approximately US\$33.4 billion in 2019.²¹ Geographically, Asia-Pacific and North America dominate cosmetics market, account for more than 60.0 per cent of the global market, with the US having the lion's share, generating approximately US\$89.5 billion in revenue.²² According to Statista, in 2019, skincare products had the largest share of the global cosmetics market at 40.0 per cent. In 2018, the hair care market was estimated to be worth about US\$87.9 billion and is expected to grow to US\$102 billion by 2024.²³ Furthermore, according to data from Statista, in the US market hair care products represented the largest share of the industry in 2018 at 24.0 per cent.

JAMPRO has estimated an excess of 50 players in the Jamaican cosmetics industry; many concentrated in hair care and skincare products but there are also some producing makeup, perfumes and deodorants. The sector comprises primarily micro and small enterprises, many of which were recently established, with some offering the market products not yet assessed by the Ministry of Health and Wellness (MOHW) or the BSJ. Information from JAMPRO also indicates a strong export interest as more than 50 new Jamaican hair care and skincare products were introduced into the US market in 2019. From observation, the Jamaican cosmetics industry is well positioned, having a strong brand and quality products. A quick internet search will generate several brands and images of products that are attractively packaged and purporting to use mainly natural ingredients or raw materials from Jamaica—

²⁰ <https://www.alliedmarketresearch.com/cosmetics-market>

²¹ L'Oréal, Unilever, Procter & Gamble Co., The Estee Lauder Companies, Shiseido Company

²² <https://www.statista.com/topics/4552/hair-care-product-market-in-the-us/>

²³ <https://www.statista.com/topics/4552/hair-care-product-market-in-the-us/>

such as black castor oil, coconut oil, pimento oil, lemon grass, aloe vera, cannabis and honey. These raw materials or ingredients are often, but not always locally sourced due to limited volumes. The use of quality natural ingredients presents a great opportunity to tap into the global cosmetics market as more consumers are becoming increasingly aware of and moving away from products with high toxicity to those with natural ingredients. The sourcing of high-quality local inputs also provides greater opportunities for increased investments and control along the value chain, from agriculture to logistics.

Recent market trends see ethnic and cultural diversity driving consumer demand for products worldwide. This also provides a solid opportunity for Jamaica's cosmetics companies to tap into that space within the global market. Most of our locally manufactured products' branding place less emphasis on the mass market and more toward a luxury market segment, particularly for people of African ethnicity. Jamaica, being very close to the North American and Latin American markets with a large proportion of African descendants, can take advantage of that export opportunity. As noted in several studies, on average African Americans tend to spend more on beauty products than any other ethnic group. There is also a growing trend for younger market segments to be targeted using social media influencers and online sales generated through e-commerce platforms, rather than large controlled retail outlets.

As a relatively new emerging export sector, more research needs to be conducted to establish the scientific potency of local raw materials and, importantly, to establish trademarks. A mapping of the sector is important to:

- (i) understand key issues
- (ii) provide policy, technical and financial support
- (iii) establish clusters
- (iv) promote backward and forward linkages
- (v) attract investors
- (vi) establish and grow export markets.

Such actions would help to strengthen the sector and establish Jamaica as a dominant player in the global cosmetics industry.

Institutional Strengthening to Enable Emerging Industries:

One of the key actions to accelerate growth of targeted or priority sectors such as pharmaceuticals, cannabis, nutraceuticals and cosmetics is the institutional strengthening or reform of the MOHW's product approval and registration process; increasing the capacity of the BSJ and the SRC to provide critical and affordable technical, and product and business development support services especially to the micro and small businesses. It is important for the BSJ to continue to establish appropriate product standards that meet international quality standards and to increase awareness of its services and reiterate the importance of compliance to entrants. Data have shown that continued advances in R&D and technology are crucial to ensuring and increasing economic growth. Numerous studies have shown that while returns to a firm from investing in R&D are high, returns to society are even higher as new ideas are applied to areas beyond what the innovator initially imagined. The modernisation of the SRC to expand research, laboratory, product development and incubator services into new subsectors and provide is critical to support growth. Numerous MSMEs have noted the integral role both the BSJ and the SRC have played in their growth and development; however, the limitations are hindering as key services within the scope of the institutions are not offered due to these institutions being under-resourced.

Another recommendation is for the capacity of the Standards and Regulation Division of the MOHW that is responsible for ensuring that foods, drugs and cosmetics meet required standards, and are deemed safe prior to those products being marketed and sold, to be strengthened to support industry growth. Notably, the registration of drugs (prescription or over-the-counter), nutritional supplements, herbal products, cosmetics and energy drinks with the MOHW, is required by law under the Food and Drug Act, 1964 and Regulations of 1975. The regulations govern the authorisation for not just the manufacturing but also importation, distribution and use of pharmaceuticals, cosmetics and herbal products. The MOHW is required

to undertake in-depth scientific evaluation of the technical documentation submitted in support of licencing or issuing registration certificates or notices of a drug or other related products in the local market, prior to manufacturing, as well as importation and distribution.

Various stakeholders, especially in the pharmaceutical and cannabis industries, have noted that the turnaround time for the registration of new products by the MOWH is lengthy. Particularly, severe delays in time for sample testing which is a deterrent to both manufacturers and importers attempting to acquire licences for new products. In prescribing possible solutions, it was noted that the government should consider adopting institutional structure in more advanced markets. For example, in the US the Food and Drug Administration (FDA) is the primary regulator dealing with review, registration and general regulation of safety of products for consumption and use by consumers, the system of regulation. However, in Jamaica, the registration of related products is administered by the MOWH with several other agencies having other regulatory functions with some roles overlapping or requiring significant co-operation. Additionally, in various government ministries, departments and agencies (MDA), some technical functions are affected by a substantial shortage of resources that results in delayed product reviews and registrations, which reduces competitiveness. There is also a lack of resources for regulatory bodies to ensure compliance once registration is granted. With the development of several industries that will depend on efficient regulations, the Jamaican Government, in foresight, should consider creating a single regulatory agency similar to the FDA. By attracting high-level investments in these targeted subsectors, for the manufacturing and distribution of related products, funding of this new body could be through a mixture of direct government budgetary support, user fees, and fines for breaches. The MOHW would then be able to focus on the development of policies to ensure oversight; for example, Jamaica does not have a National Pharmaceutical Policy to advance industry development nor does it have a policy on accredited health facilities required for medical tourism, another emerging subsector that should be explored.

Key Takeaway:

In light of the current global economic downturn caused by the COVID-19 pandemic, which has resulted in the reduction of 75.0 per cent of earnings from Jamaica's main export sector (tourism), the country needs rapid economic diversification to accelerate recovery and growth now more than ever. There are substantial opportunities to expand into new spheres by building emerging sectors through expanding R&D, policy development, fostering investment, and tapping into global value chains and new markets.

While the above industries were singled out for analysis, there are other areas such as logistics;²⁴ creative industries (particularly film & animation);²⁵ medical tourism; agro-processing;²⁶ renewable energy; life sciences; the blue economy; and nutraceuticals that have been on Jamaica's radar. Evidence of success for a direct approach to the timely identification of and alignment with emerging industries can be found in the Business Processing Sector or recently rebranded the Global Services Sector (GSS). The development of this sector was led by JAMPRO, mandated to create an enabling business environment and attract foreign direct investments. As noted by JAMPRO, the NIP still provides strategic guidance in its prioritisation and strategic business planning. Through a holistic approach, JAMPRO continues to identify and develop the total eco-system of key and emerging industries or sectors. This process includes identifying legislative and institutional framework and assessing expected impact (job creation and investment). Over the past 10 years, priority was given to the GSS sector resulting in it being Jamaica's most successful emerging sector of recent times; attracting significant investment and employing over 40 000 or about 4.0 per cent of the labour force.²⁷

²⁴ Logistics is major growth driver; the Jamaica Special Economic Zone Authority (JSEZA) was established and the sector's development is being guided by the logistics Master Plan

²⁵ The GOJ has also invested in a Creative Industries Business Plan, establishment of a Film Fund and other programmes to foster investment in animation

²⁶ Agro Processing has been a key sector in manufacturing and export industries and is expected to continue seeing tremendous growth. JAMPRO has also drafted an Agribusiness Five Year Plan to encourage investment and growth

²⁷ JAMPRO wrote a BPO Five Year Plan that helped to guide the sector's development. The Agency is currently implementing the Global Service Sector programme in an effort to advance Jamaica's position along the value chain.

In consideration of Jamaica's recovery from the current economic crisis, it is important for us to reposition the economy for new global growth, as documented in the COVID-19 Economic Recovery Task Force Report that noted the need for greater emphasis on achieving diversification. While there are many arguments as to whether or not the government should guide industrial development, most developed and emerging economies still see government intervention through identification, prioritisation, funding and other support to encourage growth in new or emerging sectors in which they seek to have a competitive advantage. For Jamaica, there is a lack of a cohesive approach to identifying and developing growth poles—a concentration of highly innovative and technically advanced industries that stimulate economic development in linked businesses and industries. There are efforts by several MDAs to develop policies and implement programmes to accelerate growth; however, without an overarching framework or an MDA that leads or coordinates all efforts to control the entire ecosystem of a targeted industry, the desired end results of higher levels of economic growth are very difficult to achieve. Furthermore, some MDAs lack the level of technical, human and technological resources and support to efficiently execute its critical role to support industry growth.

Recommendations:

- Establish a process of rigorous data analysis to identify emerging sectors especially high value, demand-driven areas
- Utilise that data analysis to draft five-year strategies to plot Jamaica's industrial development, similar to China's approach
- Conduct in-depth gap analysis toward undertaking major institutional reforms as required within key MDAs that provide crucial business development services to support industry growth, such as MOWH, SRC, and BSJ
- Review the national accounting system, such as the classifications used, to ensure more industry data is captured and implement satellite accounts
- Following on from this working paper, conduct ad hoc, in-depth research into key and emerging industries in order to have sound data to drive the prioritisation and policy development processes.