The Economic Structural Transformation of Jamaica using the LHI and SEZ Regime

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Abstract

Jamaica has had low growth for the most part for the past forty years. In order to solve this low growth conundrum this article proffers that what Jamaica needs is an economic structural transformation of its economy through a programme of economic diversification. The principal policy tools for achieving this is the Special Economic Zone (SEZ) regime and the Logistics Hub Initiative (LHI). Both tools are of course related. The LHI provides a policy and development framework through which underutilized and new infrastructural assets can be brought together to enhance Jamaica's internal and external connectivity; flow of goods, services, people, data and money; and the management of both connectivity and flows. In this regard the SEZ represents a tool to attract and stimulate both local and foreign investment in Jamaica. However, Jamaica, cannot be all things to all people therefore a structured targeted approach is needed in order to attract industries that afford Jamaica comparative advantage and or competitive advantage. Additionally, the SEZs offer Jamaica, through backward and forward linkages the ability to enhance the productivity of local firms, through knowledge and technology transfers. It also affords the development of local 'home grown champions' that emerge as part of the value and supply chains of the targeted industries within the SEZ or globally. Finally, the SEZs enhance labour productivity through greater industry educational institution collaborations resulting in focused education and skills training geared towards meeting the specific requirements of industry. This paper concludes with a framework that allows for future possible actions and activities by government, as well as engaging the private sector and individuals to realize opportunities during this structural transformation.

Key Terms: Gross Domestic Product, Logistics Hub, Special Economic Zone, Supply Chain, Connectivity, Flow, Linkages, Industries, Productive capacity

Introduction

Economic growth and development at its heart is "fundamentally about the social accumulation of productive capabilities." (Hausmann, 2020). In a globalized world governed economically by global supply and value chains and with it the fragmentation of production and consumption the ability to continuously acquire new skills and abilities is critical to national competitiveness. To be effective this accumulation ought to be targeted in areas that the global production system finds valuable. Nations, in order to prosper in the 21st century, need to be able to create, add and capture value for and within this global production system and growing new capabilities is the key to achieving this goal. Therefore, "the accumulation of capabilities must be at the centre of any growth and development agenda, and governments must be willing to engage in national and regional discussions of appropriate goals and effective strategies," (Hausmann, 2020). This paper is an exploration of this concept in the Jamaican context, specifically using Special Economic Zones (SEZs) as a tool within the policy construct of the Global Logistics Hub Initiative. Specifically, how the SEZ regime has been and could be used as a tool to acquire new capabilities and significantly contribute to the structural transformation of the Jamaican economy.

Setting the Context – The Jamaican Economy

Jamaica's economy while mixed is not very diversified and has increasingly become services based, notably tourism and finance which accounts for 70% of its GDP. Since independence in 1962, the country has developed markedly but unevenly. Mining and manufacturing became more important to the economy in the latter part of the 20th century, while the export of agricultural commodities declined. Starting in the 1980s, the state reduced its role as a major player in the economy, partly because structural adjustment and economic liberalization favored private enterprise as the engine of economic growth. In the 1990s, however, a financial crisis necessitated government bailouts of some faltering industries and financial institutions, (The World Factbook, 2017).

Financial sector weakness, speculation, and lower levels of investment erode confidence in the productive sector. The Jamaican government's economic policies encourage foreign investment in areas that generate employment, earn or save foreign currency, and use local raw materials. The government also offers a variety of incentives to investors. This is where the Special Economic Zone Regime comes into play.

Tourism Dependence and the need for Structural Transformation and Economic Diversification

The COVID-19 pandemic and resulting economic disruptions proved that the Jamaican economy needs to be both more resilient and robust. Resilience being the ability to bounce back quickly after an economic shock, while robustness is the ability to continue production during the shock. COVID-19 delivered a 'body blow' to the Jamaican economy, one that reverberated through all sectors of the economy, none more than tourism. According to the Inter-American Development Bank (IDB) fourteen of the 15 most tourism-dependent nations in the Americas are in the Caribbean and Jamaica is one of them, (Mooney & Zegarra, 2020). According

to (UNCTAD, 2020), along with representing 54% of Jamaica's exports, tourism represents 33.9% of Jamaica's GDP (Statista), employed 120,000 people directly, and generated another 250,000 indirect jobs, making Jamaica one of the most tourism dependent nations in the world.



Figure 1 Tourism Dependency Index 2018

Jamaica's lack of economic resilience and robustness, especially during the COVID-19 pandemic, is further exacerbated or revealed, depending on your perspective, by the fact that "tourism, remittances, business process outsourcing, and bauxite/alumina/other minerals accounted for over 90 per cent of our foreign exchange inflows, pre-pandemic," (Clarke, 2022). However, all is not lost, it is important to note that "while shocks, by definition, are acute, resilience unfolds over time. It requires continuous financial investment in key strategic assets, an accumulation of systemic capabilities, market creation and learning from experimentation," (Andreoni & Lavopa, 2022). This calls for the need to structurally reform the Jamaican economy.

What is structural transformation?

The world has changed and in order to not just survive but thrive Jamaica has to change as well; that is to say economically structurally transform. Structural transformation is defined as "the transition of an economy from low productivity and labour-intensive economic activities to higher productivity and skill intensive activities. The driving force behind structural transformation is the change of productivity in the modern sector, which is dominated by manufacturing and services. It is also characterized by the movement of the workforce from labour-intensive activities to skill-intensive ones," (UN Habitat , 2020).

As economist, Richard Baldwin reminds us "the contours of industrial competitiveness are now increasingly defined by the outlines of international production networks rather than the boundaries of nations," (Buttonwood, 2016). Jamaica's Logistics Hub Initiative is designed to plug Jamaica further in term of scale and scope into these networks. In order to successfully plug into these networks requires Jamaica to structurally transform and in order to successfully transform Jamaica needs to build its productive capacity and in order to build its productive capacity Jamaica needs to accumulate its productive capabilities. However, more

on all of this later in the paper. Most modern trade and investment are centered around global value chains (GVC). Unfortunately, the Caribbean and Jamaica by extension have low levels of GVC participation. The Latin American and Caribbean (LAC) Region "low participation in global value chains, both in their percentage share and in the stages in which they are involved, which is mainly concentrated in exporting raw materials or derivatives," (Powell, 2021). The LAC's global share according to the World Bank of GVC participation between 2000 and 2018 has remained consistent at about 4%.

According to McKinsey and Company due to the COVID-19 and for pre-pandemic reasons "up to one-quarter of global goods exports – worth US\$2.9 trillion to US\$4.6 trillion annually – could feasibly shift to different countries in the next five years or so, though the potential varies considerably across industries." (McKinsey Global Institute , 2020). In contrast the World Bank has Jamaica's GDP listed at USD \$14.806 billion in the corresponding year. Now just imagine if Jamaica captured just 0.01% of this US\$2.9 trillion to US\$4.6 trillion annually?

The Jamaica's Logistics Hub Initiative Framework – a vehicle

In order to plug the Jamaican economy deeper into the global production system, or as economist Richard Baldwin calls it, *international production networks*, or global supply and value chains, Jamaica needs a vehicle. And that vehicle is Jamaica's Global Logistics Hub Initiative. The Government of Jamaica (GOJ) has embarked on a strategic initiative to transform the Jamaican economy into a logistics centred one and with it establish Jamaica a Global Logistics Hub. The Jamaica Global Logistics Hub Initiative is a development model and growth strategy designed to re-position Jamaica as a platform to attract a variety of business along the global manufacturing and service delivery supply and value chain. The ultimate goal of the Initiative is to further integrate Jamaica into the global supply and value chains. This transformational process – structural transformation - of developing Jamaica as a platform to attract a variety of add value along these chain of activities.

The Global Logistics Hub is by and large the physical manifestation of the logistics centered economy. It consists largely but not exclusively of major infrastructural works used to facilitate the development of the interrelated networks of both hard and soft infrastructure developed by the public and private sector. The Logistics Hub in essence is the physical and technological means to organize and manage the movement, distribution or production of various flows (material, human, financial, data, etc.) in the economy and connect those flows to the global economy. In the Jamaican context this is achieved through the use of one or more of the following parts of Jamaica's Global Logistics Hub:

Maritime + Aviation + Production/Distribution + Data/ICT + International Financial Services + internal Logistics = <u>Jamaica's Global Logistics Hub</u> It is important to note that while it is called a Logistics Centred Economy, it is not only about the logistics industry. The logistics industry, be it shipping to picking and packing to packaging and labelling, is the glue that keeps various interrelated networks connected. The Global Logistics Hub Initiative is, therefore, best understood as a platform to network Jamaica into global trade — **a connected trade**, **logistics and business hub**. A logistics centred economy in contrast to the logistics hub is simply defined as an economy based on logistics. That is to say, the efficient organization and management of the flow of materials, people, financial resources, and data involved in production, distribution, and consumption of goods and services inside of the country. The logistics centred economy is about the ports and airports but much more. It is about our business environment, trade facilitation, infrastructure, investment facilitation, the way we do and structure our businesses in manufacturing, agriculture, tourism, BPO, entertainment etc.

Why logistics? The importance of flows, connectivity and the management of both

Why logistics? "Improving logistics performance is at the core of the economic growth and competitiveness agenda. Policymakers globally recognize the logistics sector as one of their key pillars for development. Trade powerhouses in Europe like the Netherlands or in developing counties like Vietnam and Indonesia see seamless sustainable logistics as an engine of growth and of integration with global value chains." – The Logistics Performance Index 2014 (Connecting to Complete, 2014). The model of Jamaica's Logistics Centred Economy is based on adopting and adapting global best practices with a view of optimizing Jamaica's existing assets to

realize their full potential and create new opportunities and benefits. As such, the Government of Jamaica has examined what has and has not worked for other countries, particularly the Netherlands (Rotterdam), the United Arab Emirates (Dubai) and Singapore as guidelines for constructing a vision and the development and execution of an implementation plan. Moreover, the model of Jamaica's Logistics Centered Economy takes note of the lessons learned from other countries but firmly factors in Jamaica's social, economic and political development. Moreover, Jamaica's Logistics Centred Economic model is not static but dynamic and adapts itself to change.

Logistics "the process of planning, implementing, and controlling procedures for the efficient and effective transportation and storage of goods including services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements. – (Council of Supply Chain Management Professionals , n.d.) lends itself to three processes:

- Flow
- Connectivity
- The management of Flows and Connectivity

These processes are important because they are the very essence of global supply and value chains. In the modern world structural transformation would be impossible without them, therefore understanding their nature is of significance.

Flows

Flows refer to the movement of people, things, data, services and money. In other words, it speaks to the organizational efficacy allocated to the activities or operations in a warehouse (from production to distribution), with a view to reducing waste. Logistic flows are also known as "value chains", "activity chains" or "supply chains", (GEFCO, 2022). Flow is divided into two categories which are; internal and external. Internal flows make reference to the circulation of materials during the supply chain's production and transformation processes whereas, external flows are subdivided into two types of flows which are supply flow and upstream flows.

Connectivity

Connectivity speaks to the relationships "between people-people, people-things, and things-things," (Morgan, 2014). In other words, it encompasses physical facilities, services, and ways to facilitate the movement of goods and people within and across borders regardless of their relative position within a network. The connectivity of one economy depends on the connectivity of all its partners.

"Connectivity links trade with transportation, entrepreneurship, and territorial development," (The World Bank, n.d.). Connectivity is of such vital importance to economic competitiveness that one commentator remarked that "connectivity is the most important asset class of the twenty-fist century, (Khanna, 2016).

Management of Flows and Connectivity

Managing the networks of relations and movement of people-people, peoplethings, and things-things and people, things, data, services and money. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace. Typically, the management of flows and connectivity attempts to centrally control or link the production, shipment, and distribution of a product. By doing this, companies can cut excess costs and deliver products to the consumer faster. This is done by keeping tighter control of internal inventories, internal production, distribution, sales, and the inventories of company vendors.

Transformational power of the Logistics Hub and Economy

Competitiveness, in our globalized world is increasingly based on one's ability to understand, connect and maneuverer within and between the various networks that make up the global production system. In other word, improving flow, connectivity and the management of both. Or in a word: Logistics. This is why, "improving logistics performance is at the core of the economic growth and competitiveness agenda," (The Logistics Performance Index, 2014).

Plugging Jamaica wider and deeper into the global production system using flows, connectivity and the management of both holds tremendous promise for Jamaica. In order to further assist with quantifying the impact of Jamaica continuing to transform itself into a logistics centered economy a closer look at some of the industries for the aforementioned McKinsey study and the percentages estimated

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to have the potential export value relocation that could be in play. Please note that the industries selected for closer examination are among the ones that are part of the JSEZA Priority Industries list which is part of the JSEZA Priority, Permitted and Prohibited (P3) Industries Framework:

- 1. **Agriculture between**: 20-26% or USD \$112-149 billion.
- 2. Automotive between: 15-20% or USD \$261-349 billion.
- 3. **Pharmaceuticals between**: 38-60% or USD \$236 377 billion
- 4. **Medical devices between**: 37-45% or USD \$100-120 billion.
- 5. Food and beverage: 6-11% or USD \$63 125 million

If it is assumed that Jamaica could capture 0.01% of the estimated potential export value relocation in play that would translate to the follow additional export values for Jamaica:

- a. Agriculture: USD \$11.2 \$149 million
- b. Automotive: USD \$26.1-\$34.9 million
- c. **Pharmaceuticals**: USD \$23.6 -\$37.7 million
- d. **Medical devices**: USD\$10 million \$120 million.
- e. **Food and Beverage**: USD \$6.3 \$12.5 million

In contrast here are Jamaica's top five (5) exports in 2020, according to (Workman, 2020):

- 1. Inorganic chemicals: USD\$440.2 million
- 2. Mineral fuels including oil: USD \$238.5 million
- 3. Beverages, spirits, vinegar: USD \$128.3 million
- 4. Ores, slag, ash: USD \$88.8 million
- 5. Vegetables: USD \$45.7 million

The potential economic impact of attracting a mere 1% of each of the industries named above may not be immediately apparent. However, to show the potential impact the authors have elected to use the aggregate figure estimated by McKinsey of US\$2.9 trillion to US\$4.6 trillion in global trade they identified as being in play for relocation between 2020 and 2025. A more detail analysis will follow in the follow up paper to this one, including but limited to the potential GDP and employment contribution each of the industries selected from the McKinsey study.

If we continue to assume that Jamaica attracts a mere 1% of this annual US\$2.9 trillion to US\$4.6 trillion this would result between USD \$29 billion and \$46 billion being added to Jamaica's exports. According to (Statin Ja, 2021), Jamaica exports stood at USD \$1.440 billion, this 1% increase would result, as depicted in the chart below in exports growing between USD \$30.440 billion to \$47.440 billion

Table 1 Value Added to Jamaican 2021 Exports

	Value capture at 1% of 2.9 Trillion (USD)	Value capture at 1% of 4.6 Trillion (USD)	Jamaican 2021 Exports (USD)
	\$29 billion	\$46 billion	\$1.440 billion
Value added to Jamaican 2021 Exports	\$30.440 billion	\$47.440 billion	_

If we go on to further assume that this rise in exports result in a 1% increase in GDP then using Okun's Law, which generally states that a 3% increase in GDP results in a 1% reduction in unemployment as purported by (Prachowny, 1993), likewise a 3% increase in GDP results in a 1% increase in unemployment, the potential impact of building productive capacity and capabilities become more apparent.

In the Jamaican context researchers have found that in apply Okun's Law to Jamaica a 1% growth in GDP results in a 0.3% reduction in unemployment, (Nugent & Schmid, 2013).

According to (The World Bank , 2021), in 2021 Jamaica's labour force measured 1,438,213, using Okun's Law as it applies in the Jamaican context would add, as depicted in the chart below in an additional 4,315 jobs being add to the workforce.

Table 1 Total Employment Added

Value added to Jamaican 2021 GDP Percentage Increase	1%
Value added to Jamaican 2021 GDP Percentage Employment increase	0.3%
Employment added	4,315
Totals	1,442,528

Productive capacity

The question now then becomes how does Jamaica realize this potential?

In a world of complex supply and value chains, coupled with the technological changes associated with the fourth Industrial revolution export-led growth as an answer to a nation's growth conundrum has now become a means to an end and not an end in and of itself. In this context sustainable growth is best achieved through building productive capacity. To be more specific using trade and investment to build one's productive capacity. The United Nations Conference on Trade and Development (UNCTAD) defines productive capacities as *"the productive resources, entrepreneurial capabilities and production linkages, which together determine the capacity of a country to produce goods and services and enable it to grow and develop,"* (UNCTAD, 2021). UNCTAD has developed a groundbreaking tool - **Productive Capacity Index (PCI)**. The PCI is available online, and allows "policymakers to measure their countries' performance in achieving their national

development goals, as well as their ability to meet the UN's Sustainable Development Goals (SDGs)."



Figure 2 Productive Capacity Index 2021

The PCI establishes a clear link between higher Productive Capacity and both higher GDP and export diversification. The higher a country's productive capacity the higher its GDP per captia. According to UNCTAD, "this is to be expected, as productive capacities determine the capacity of an economy to produce goods and services," (UNCTAD, 2018)



Figure 3 Correlation between the PCI and GDP per Capita, 2018



Figure 4 A Closer look at Jamaica

Greater productive capacity lends itself to greater export diversification. The economic diversification inherent in transforming Jamaica into a logistics centred economy is focused on tapping into both goods and services global value chains, (UNCTAD, 2018).



Correlation between the Productive Capacities Index and the Merchandise Export Concentration Index, 2018 \equiv

Figure 5 Correlation between the PCI and the MECI, 2018



Figure 6 Jamaica's Position

Building productive capacity

The UNCTAD PCI has eight (8) components, as set out below, ranging from human capital at structural change.

Human capital

Human capital captures the education, skills and health conditions possessed by population, and the overall research and development integration in the texture of society through the number of researchers and expenditure on research activities. The gender dimension is reflected by the fertility rate which at each increase reduces human capital score.

Natural capital

Natural capital estimates the availability of extractive and agricultural resources, including rents generated from the extraction of the natural resource, less the cost of extracting the resource. To capture commodity dependence, natural capital decreases as the material intensity increases.

Energy

This category measures the availability, sustainability and efficiency of power sources. For this reason, it is composed by use and access to energy, losses in distribution and renewability of energy components and sources, and includes the GDP generated by each unit of oil to highlight further the importance of optimal energy systems.

Transport

Transport measures the capability of a system to take people or goods from one place to another. It is defined as the capillarity of roads and railway network and air connectivity.



Information and Communication Technology (ICT)

Information and Communication Technology estimates the accessibility and integration of communication systems within the population. It includes fixed line and mobile phones users, internet accessibility and server security.

Institutions

Institutions aim at measuring political stability and efficiency through its regulatory quality, effectiveness, success in fighting criminality, corruption and terrorism, and safeguard of citizens' freedom of expression and association.

Private sector

Private sector is defined by the ease of cross-border trade, which includes time and monetary costs to export and import, and the support to business in terms of domestic credit, velocity of contract enforcement and time required to start a business.



Structural Change

Structural change refers to the movement of labour and other productive resources from low-productivity to high-productivity economic activities. This shift is currently captured by the sophistication and variety of exports, the intensity of fixed capital and the weight of industry and services on total GDP. Structural change can also happen within a given sector provided that binding constraints in a particular sector are identified and effectively addressed.

Figure 7 Productive Capacities Index Components

As such, seeking and achieving improvements in these eight areas, especially when focused around improving national capabilities to provide the global production system with better flows, connectivity and the management of both leads itself to improved competitiveness, GDP growth, greater export diversification and job creation. The economist Richard Hausmann said it best "to expand their capabilities – and thus their options – countries and firms need to learn to do the things they don't yet know how to do," Economist (Hausmann, 2020). A major policy tool to get this done are special economic zones. The SEZ as policy tool for building productive capacity and national capabilities is unparalleled. That is to say that, "SEZs (and their antecedents, the EPZ and free zones) have been a useful tool for developing countries unable to upgrade infrastructure, human capital and institutional frameworks across the entire economy and constrained by economic

considerations and conflicting priorities. By upgrading these resources and capabilities within a confined area, policymakers can overcome bottlenecks in resource availability and attenuate the cost of larger-scale upgrading across the entire country or subnational region," (Narula & Zhan, 2019).

The contribution of SEZs

SEZs are a proven policy instrument with a strong track record for economic growth and development through industrial upgrading, economic diversification and greater global value chain participation, though this is not guaranteed, (UN Habitat , 2020). As noted by the UN Secretary General, Antonio Guterres, "among the most important instruments for attracting investments are Special Economic Zones," (UNCTAD, 2019). That is the because SEZ are often, or at least they ought to be, a nation's 'best foot forward' in providing a highly conducive business, investment and trade environment. This is because "zones after all represent a microcosm of the host country operating at its most efficient," (Narula & Zhan, 2019).

According World Bank SEZs are defined as: "A geographically delimited area, usually physically secured (fenced-in); single management/administration; eligibility for benefits based upon physical location within the zone; separate customs area (duty-free benefits) and streamlined procedures," (Akinci & Crittle, 2008). SEZs come in a variety of forms, names and functions – Free Trade Zones, Free Zones, Export Processing Zones, Enterprise Zones, etc. These reflect a government's priorities and positioning of its economy. However, what unifies them all is that they are development tools used by governments to attract and facilitate investments that act as catalysts to diversify whole or targeted segments of their economies. "SEZs have proven to be enormous catalysts for connectivity and growth across underdeveloped countries," (Khanna, 2016).

Special Economic Zones (SEZ) play a critical role in the implementation of Jamaica's Global Logistics Hub Initiative. Changes in the configuration of industrial production have contributed to significant shifts in international trade and offer small economies such as Jamaica, an opportunity to actively participate in global value and supply chains. The Government of Jamaica (GoJ) therefore seeks to both deepen and widen the country's participation in the global production system by attracting firms that are eager to benefit from this value proposition. The SEZ policy framework is designed to enhance and create important social and economic linkages within the Jamaican economy. The framework will help to:

(i) facilitate knowledge and technology transfer;

(ii) create high quality employment; and

(iii) enable seamless integration of local businesses into global value chains.

Are Zones in Jamaica Contributing in this way? What does the data tell us?

It is early days yet for Jamaica's SEZs having come into effect in August 2016, however, there are early signs that a positive contribution is being made by the SEZ Regime. A few areas will be explored.

Job creation

As at June 2021 SEZs employment stood at 46,106 persons. This is up by 34% over 2020, translating to an additional 11,689 persons joining the SEZ workforce.



Figure 8 Jamaica's SEZ Employment levels in 2020 and 2021

Knowledge transfer

It has been argued that "whether increased MNE activity through SEZs can contribute to economic development in the host economy depends on various mechanisms. The most significant of these are arguably the diffusion of know-how and its transfer to local firms and skills acquisition by local workers through local training and strong interfirm relationships between local entrepreneurs and foreign-owned enterprises," (Narula & Zhan, 2019). According to data collected by the Jamaica Special Economic Zone Authority, the agency charged with responsibly for SEZs in Jamaica, from its Self- Reporting Monitoring Instrument which has a submission rate at the end of 2021 by SEZ entities of 83.52%, a high number of employees were trained, a variety of skills; specifically, 18,147 training exercises were conducted.



Figure 9 SEZ Training Programs

Linkages

SEZ should be viewed as export platforms for local businesses that facilitate the reduction of the associated logistics, transport and administrative costs of trading across borders. The SEZs while physically located in Jamaica are considered an

'international space' and are a captive export market for local producers to engage global value chains without leaving the geographic boundaries of Jamaica. "The absorptive capacity of the local economy, including local pools of skilled labor, is essential to develop beneficial and sustainable linkages between SEZs and the domestic private sector" (UN Habitat, 2020). With this in mind the JSEZA has foster the following level of economic linkages between the SEZ and the domestic territory with local domestic firms proving the following level of goods and services to the zones:

- **2019**: over J\$817 billion
- **2020**: over J\$74 billion (this drop off was caused by the COVID-19 pandemic however there was a massive rebound in 2021)
- 2021 (up to June): over J\$332 billion

Economic diversification

The SEZs are a major policy tool being used to connect Jamaica to the world however "for economic zones to be a success in the long term, they should contribute to structural transformation of the economy, including diversification and economic upgrading," (Farole, 2011).



Figure 10 Level of Employment per Industry as of June 2020 and June 2021

The graph above shows a comparison of the employment level for each industry as of June 2020 and June 2021. Based on the comparison, there has been a general increase in employment for the industries except for administrative and support services activities and agriculture, Forestry and Fishing. However, for Electricity, Gas, Steam, and air conditioning supply, the employment remained the same. While most of the employment growth occurred in the Information and Communication industry (business process outsourcing (BPO)), it is important to note the employment growth in the Transportation and Storage industry (Logistics).

Conclusion

The COVID-19 pandemic while being disruptive has also undoubtedly offered Jamaica, the Caribbean and other emerging economies an opportunity to diversify their economies. What Jamaica in its transformation as a logistics centred economy is offering to multinationals and the global trading system is a node of resilience and robustness. Jamaica is being offered up as a nearshore location for both manufacturing and services that adds further redundancy, stability, responsiveness to supply chains by acting as a platform to connect various production and services networks.

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