

Let's Talk Goals

Trade and Investment as Drivers of Development

What is the 2030 Agenda for Sustainable Development? Why does it matter? What does it mean for us as Jamaicans? This is the fourth in a series of articles on topical issues related to development in Jamaica written by sector specialists on inclusive growth, social protection, community development, trade and investment. In this week's article, we explore the topic of trade and investment, its contribution to economic development and how we can receive support for export, or investment ready opportunities.

A country's economic growth is often dependent on a myriad of factors, including: debt ratios, employment rates, exchange rate stability, inflation rate stability, rate of adoption of new technologies, and use of natural resources. For a developing country such as Jamaica, interaction with the rest of the world, specifically in respect of direct investment and export volume, is also a key component in economic growth trajectory, with exports and investment having a positive impact on a country's GDP.

It is against this background, that initiatives to drive exports and investment are reflected in Jamaica's National Development Plan (Vision 2030 Jamaica) contributing to National Outcome 8, an enabling business environment; and National Outcome 12, internationally competitive industry structures. These outcomes are key pillars in the country's efforts towards development, and in the path towards their attainment, and will also contribute to the achievement of Goal 8 of the Sustainable Development Goals (SDGs), related to economic growth and decent work for all.

Export is simply defined as goods and services produced locally but sold overseas.¹ Export provides Jamaican producers with access to larger markets beyond the country's borders. This is essential to grow businesses, by allowing them to earn well-needed foreign exchange, create jobs and ultimately, build wealth for Jamaicans.

Similarly, foreign direct investment (FDI), which is seen as another vehicle of growth, refers to foreign investment in which the investor has established a long-term interest in an overseas territory, usually characterised by a financial interest of 10.0 per cent or more in the overseas business' operations.² The true value of FDI is deepened when foreign investors make strong and lasting linkages with local suppliers and labour in the host country, as new jobs and supply contracts tend to be evidence of strong and effective FDI in any country.

¹ <https://economictimes.indiatimes.com/definition/export>

² https://www.oecd-ilibrary.org/finance-and-investment/foreign-direct-investment-fdi/indicator-group/english_9a523b18-en

As Jamaica strives to achieve SDG Goal 8, which prioritizes decent work and economic growth, as well as National Outcomes 8 and 12 of Vision 2030 Jamaica, which pertain to sustainable livelihoods and internationally competitive industries, respectively, it is critical that national agencies such as the Jamaica Promotions Corporation (JAMPRO), the country's export and investment promotions arm, is focused on expanding opportunities for Jamaicans to engage in sustainable livelihoods.

In pursuit of this aim, JAMPRO targets local and foreign investments to drive the expansion of various sectors, including the Global Digital Services (GDS) sector. Data collected by JAMPRO showed that its clients' employment within the sector in 2022 increased by 30 528 relative to 2016. GDS is one of the few sectors that offered job security by not laying off staff in the midst of the COVID-19 pandemic. In a thrust to encourage sustainability of the sector, JAMPRO has been collaborating with HEART/NSTA Trust to ensure that, within the sector, investors' needs are being met by the local talent pool, consistent with target 8.2 of the SDGs to achieve higher levels of productivity through diversification, technological upgrading and innovation, as well as National Strategies 2–11 of the 2021–2024 Medium Term Socio-Economic Policy Framework of Vision 2030 Jamaica, which emphasizes the need to align training with the demands of the labour market and support upskilling of those already in the sector to offer higher-valued services.

The exposure to international markets through foreign trade and investment serves to improve the competitiveness of local firms and workers, in the production of goods and delivery of services. Jamaica's trade and investment profile is characterised by large firms and small and medium enterprises (SMEs) operating in agriculture, manufacturing, tourism and technology-related services which compete in this global marketplace. The work of JAMPRO and partners has been to ensure that this competitiveness spreads across industries through efforts to reform the business environment and trade facilitation, which improve the attractiveness of Jamaica as a destination for investment and doing business.

The economic outcomes of the 2030 Agenda for Sustainable Development are designed to leverage partnerships for development, which are inclusive and sustainable. As Jamaica progresses in its development agenda, a combined effort is needed from citizens to utilise the opportunities for upskilling, and for firms to produce unique, scalable goods and services in an enabling environment facilitated by the government.

If you are producing goods and services that are potentially export-ready, or have an investment opportunity that you would like to get started, connect with JAMPRO at info@dobusinessjamaica.com to begin this conversation.