

## **Remarks by Minister of Finance and the Public Service**

**Hon. Audley Shaw**

### **Closing Press Conference: IMF Precautionary Stand-By Arrangement (SBA)**

#### **3<sup>rd</sup> Review Mission and Article IV Consultation**

**March 9, 2018**

A team from the International Monetary Fund (IMF), led by Mission Chief Uma Ramakrishnan, visited Jamaica between 26 February and 9 March 2018 to conduct the 3<sup>rd</sup> review of Jamaica's performance under the 3-year precautionary Stand-By Arrangement as well as conduct an Article IV review. As is customary, the IMF team met with government officials, technical staff, private sector leaders and other key stakeholders. The mission widened its review to include social and climate related challenges faced by Jamaica. These topics included issues relating to gender equality, crime and violence, climate change and strengthening agricultural resilience, poverty and youth development.

The shared assessment of the IMF and the GOJ is that Jamaica's policy implementation under the economic reform programme has been consistently strong. Jamaica met all the quantitative fiscal and monetary performance criteria under the programme through to end-December 2017. The Government has also achieved all the structural benchmarks. Significant progress has also been made towards attaining the benchmarks beyond the March 2018 quarter.

Jamaica's stable macroeconomic environment continues to be underpinned by the Government's strong fiscal performance in alignment with the fiscal rules. Key macroeconomic indicators continue to reflect generally positive trends: inflation and inflation expectations remain firmly anchored in single digits, international reserves continue to grow, GDP growth, while low, continues to rise, domestic unemployment is at its lowest level since October 2008, the current account of the balance of payments is projected to remain at sustainable levels, private sector credit is growing, market interest rates are at record lows and investor sentiment remains high.

The FY2018/19 Budget tabled in Parliament includes a significant increase in capital expenditure by central government from 2.4% of GDP in FY2017/18 to 3.0% of GDP in FY2018/19, in keeping with the growth and national security objectives of GOJ. The FY2018/19 Budget generates a primary surplus in line with the 7.0% of GDP programme target and includes no new revenue measures. Debt-to-GDP is projected to be 102% at end-FY2017/18 and 90% at end-FY2019/20.

The priority of the Government continues to be focused on increasing domestic growth, boosting job creation, bolstering economic resilience and improving living standards for all its citizens. Decisive actions will also continue to be taken to tackle the prevalence of crime. Significant progress has been made to date on finalizing a four-year wage settlement with public sector workers that is consistent with the GOJ's commitment to achieving its 9.0 per cent of GDP wage bill target by end-March 2019. The Government remains committed to

enhancing the efficiency, quality and cost effectiveness of the public service. Additional near-term action items include initiatives to further modernize the Bank of Jamaica's monetary policy framework, with price stability as its central mandate, as well as foster increased market development within the foreign exchange market and enhance the resilience of the financial sector.

The IMF Executive Board is scheduled to consider the 3<sup>rd</sup> review under the precautionary SBA in April 2018. Board approval will allow for the release of SDR160.8 million (approximately US\$233.0 million), which will bring the total amount immediately available to Jamaica to SDR712.9 million (approximately US\$1.033 billion), in the event that it is needed.