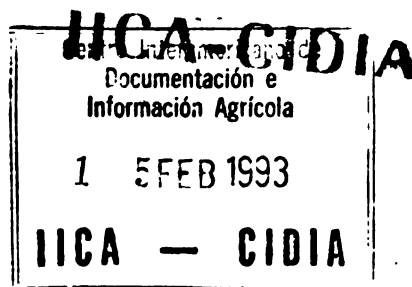


J A M A I C A :
THE IMPACT OF THE STRUCTURAL
ADJUSTMENT PROCESS ON THE
AGRICULTURAL SECTOR

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J A M A I C A

**THE IMPACT OF THE STRUCTURAL ADJUSTMENT PROCESS
ON THE AGRICULTURAL SECTOR**

**PREPARED BY: DAVID MARSTON & ASSOCIATES FOR
INTER-AMERICAN INSTITUTE FOR CO-OPERATION ON AGRICULTURE**

DECEMBER 1991.

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THE AGRICULTURAL SECTOR**

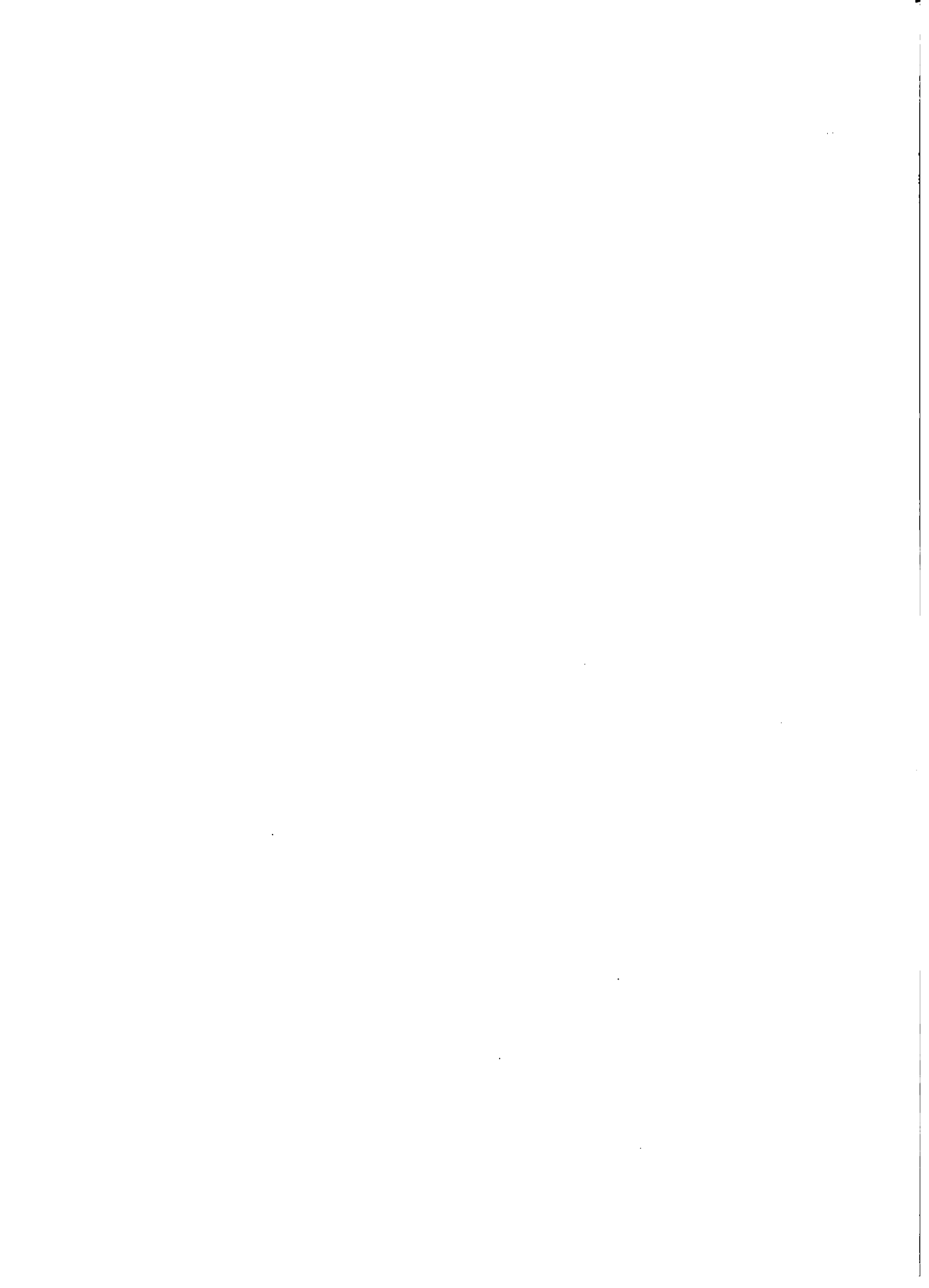
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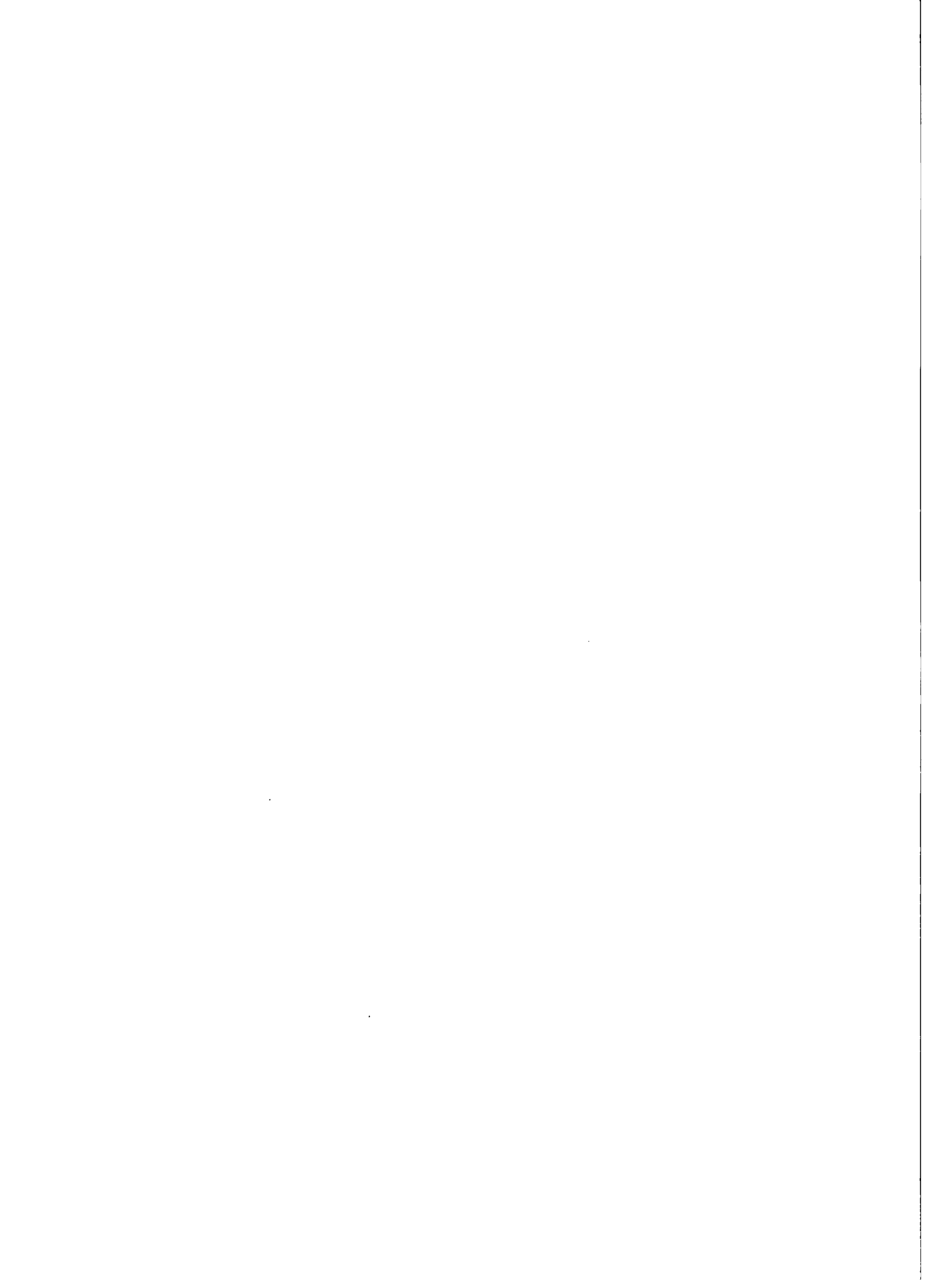


SECTION I: BACKGROUND

The Jamaican economy, to the end of the 1940s, was heavily dependent on the agricultural sector and the export of agricultural products. The agricultural resource base, production and exports, were largely dominated by bananas and sugar. Agricultural production for the domestic market, had always been relegated to relatively small, under-capitalized and technologically backward hillside plots.

With the dominance of the natural resource base by export agriculture, most other economic activity revolved around importing, distribution, government and other non-traded services. Despite the high proportion of economic resources devoted to agriculture, Jamaica, due to the dominance of export agriculture, historically induced taste patterns and relatively inefficient domestic agriculture, was highly dependent on imported food staples (rice, flour and processed meat and fish).

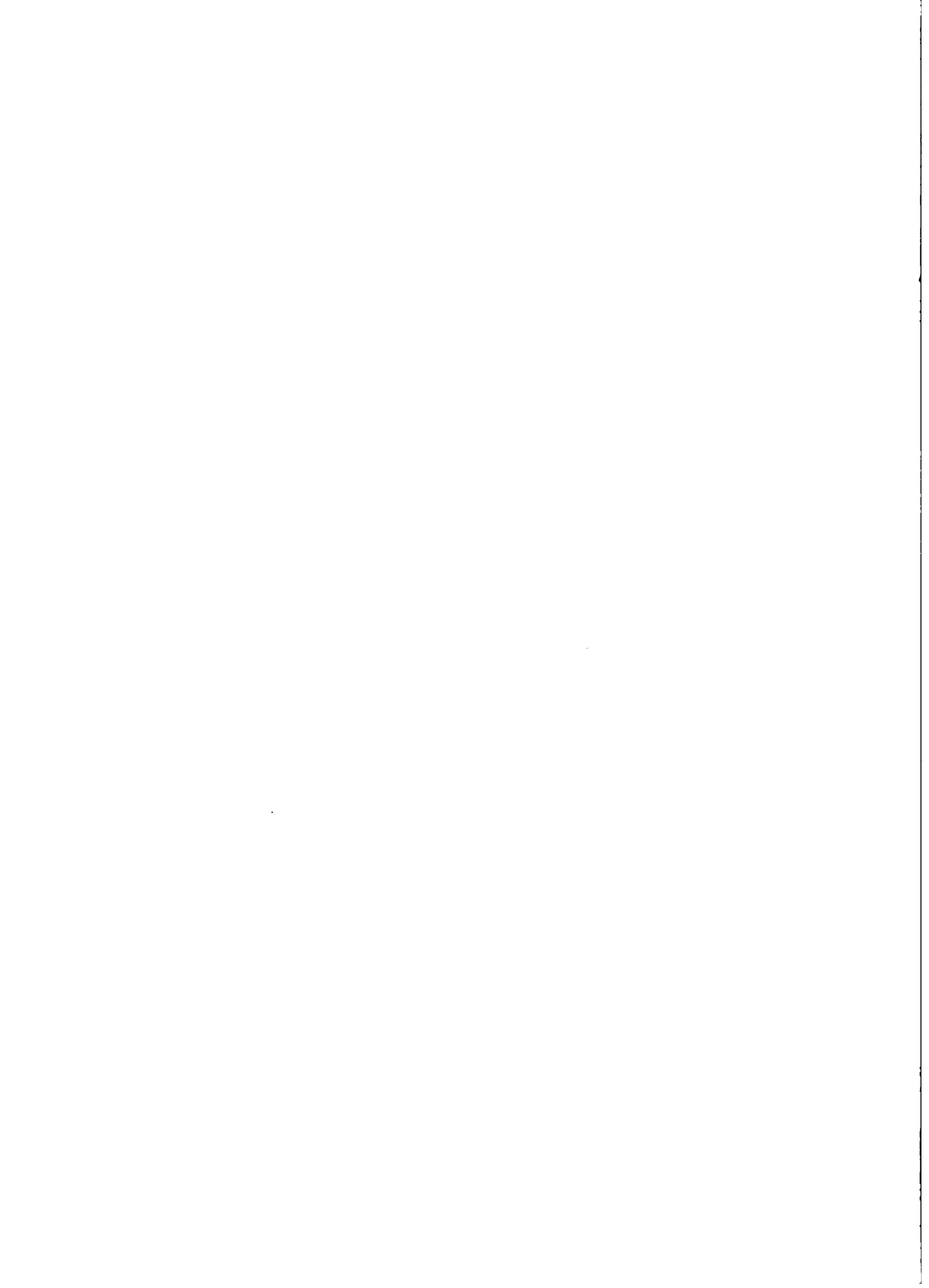
Against the background of import shortages during the second world war and declining terms of trade for primary exports, Jamaica, from the early 1950s, sought to encourage economic diversification. One element of this strategy was the promotion of import substituting manufacturing through fiscal incentives for the attraction of foreign investment.



Economic diversification in the 1950s also benefited from the beginning of large scale exploitation of Jamaica's substantial bauxite resources and the associated processing of alumina. The 1950s also saw the emergence of modern large scale tourism. Expansion in tourism and especially in mining was dependent on foreign, mostly North American, investment.

As an outgrowth of emergency wartime requirements, an Exchange Control Act has existed in Jamaica since the 1940s. The operation of this act has recently been suspended with a view to its early abolition. Strong flows of foreign investment in the 1950s and 1960s ensured the accumulation of foreign reserves despite current account deficits. The conservatism of colonial currency board arrangements in the 1950s replicated in conservative monetary management by the new Central Bank in the 1960s, allowed for the avoidance of money creation fuelling excess demand for foreign exchange. Despite the existence of an Exchange Control Act, therefore, foreign investment inflows and conservative monetary management allowed for relatively free convertibility of the Jamaica pound, at a fixed exchange rate.

While there was no foreign exchange crisis comparable to that emerging in the late 1970s, the strategy of economic development chosen for the 1950s and 1960s led to government assuming an increasingly important role in the mobilization and allocation of resources. From the 1950s to the early 1960s, the strategy centred on the attraction of foreign investment in

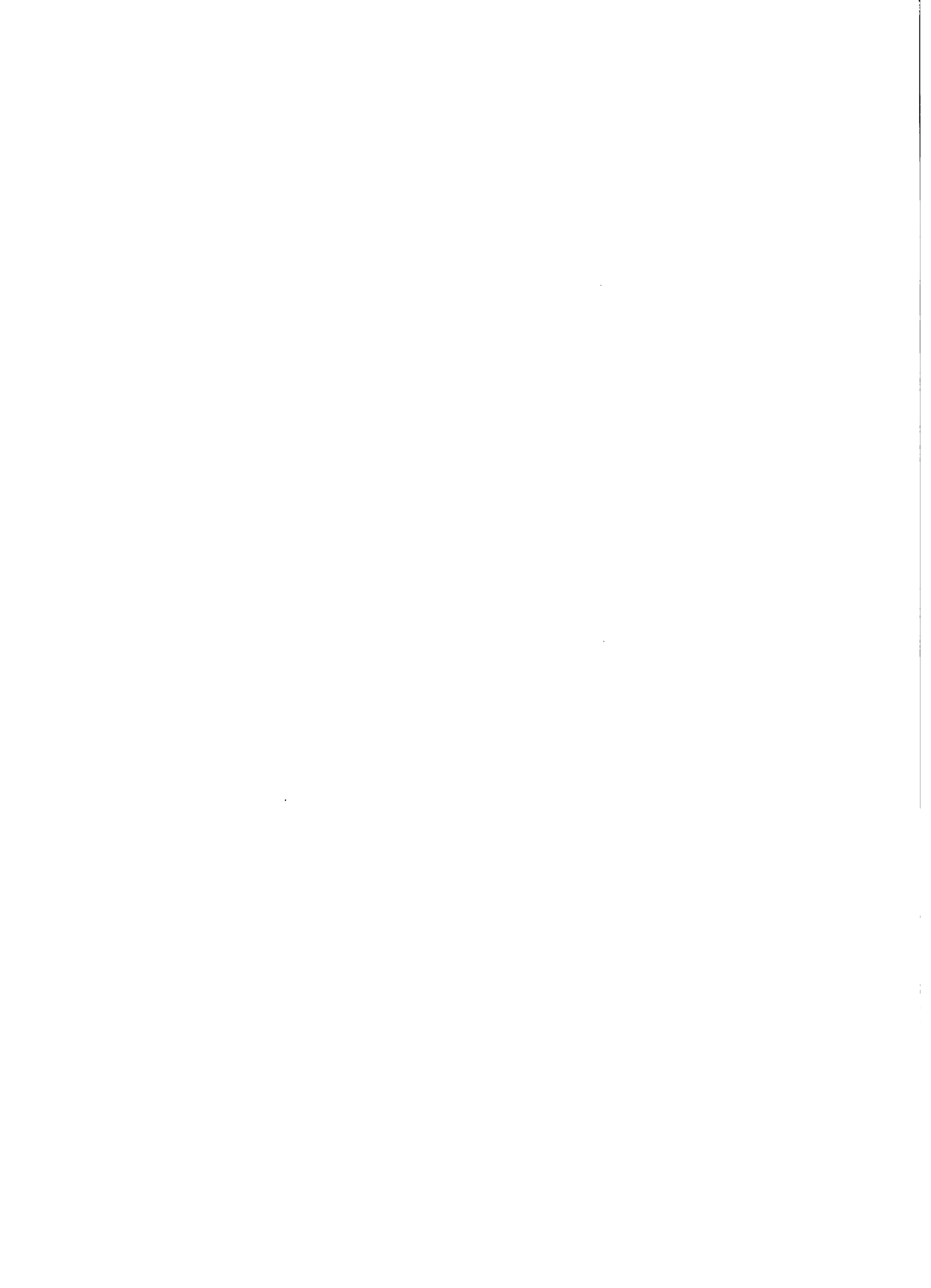


manufacturing, tourism and mining on the basis of relatively generous fiscal incentives. Investors in Manufacturing, in particular, benefited from income tax exemptions for a specified number of years (tax holidays), allowance for accelerated depreciation and duty free imports of raw materials and machinery. Investors in tourism also benefited from fiscal incentives as did mining companies which paid relatively low flat rate royalties.

From the mid 1960s, however, the emphasis shifted towards the protection of domestic production by trade policies using quantitative restrictions and tariffs. This protectionist emphasis for import substitution was further encouraged by the thrust towards regional economic integration in the Caribbean, in the transition from the 1960s to the 1970s. It was this emphasis, intensified in the foreign exchange crisis of the late 1970s, which formed the basis for development policy to the mid 1980s.

On the basis of strong direct investment flows leading to a diversification and growth of merchandise and service export earnings, the Jamaican economy grew on a sustained basis in the 1950s and the 1960s. Growth over the two decades averaged about 4.0 percent and by over 5.0 percent for 1965 to 1970. In keeping with strong growth and economic diversification, there was an expansion of employment in tourism, manufacturing and, to a lesser extent, in mining.

While there was economic diversification and growth, there had emerged by the late 1960s, clear signs of socio-economic



strain. The emphasis on incentives for sectoral diversification encouraged a more rapid rate of growth in manufacturing and tourism relative to that for the agricultural sector. The attraction of urban employment in manufacturing and tourism stimulated a rural-urban population drift and a bidding up of the reserve price of agricultural labour. In the context of new job opportunities, urban employment was accompanied by a withdrawal of labour from the rural economy. As unplanned urbanization put pressure on inadequate urban infrastructure and housing, the rate of unemployment increased in the decade of the 1960s. At the same time, the juxtaposition of an increasingly affluent urban upper middle class with urban and rural poverty dramatized growing inequality in the distribution of income.

In the context of growing social disaffection, a new government was elected in early 1972. In keeping with its perceived mandate, the new government set about using public sector finances and institutions as a means of ameliorating socio-economic conditions. These efforts were intensified between 1974 and 1976, after the adoption, by the governing party, of the mantle of "Democratic Socialism" in 1974.

In pursuing its "mandate", government in the 1970s sought to increase employment and real wages, improve income distribution and expand social welfare delivery. These goals were pursued by way of increasing state intervention in economic resource distribution. In pursuit of state ownership of "the commanding

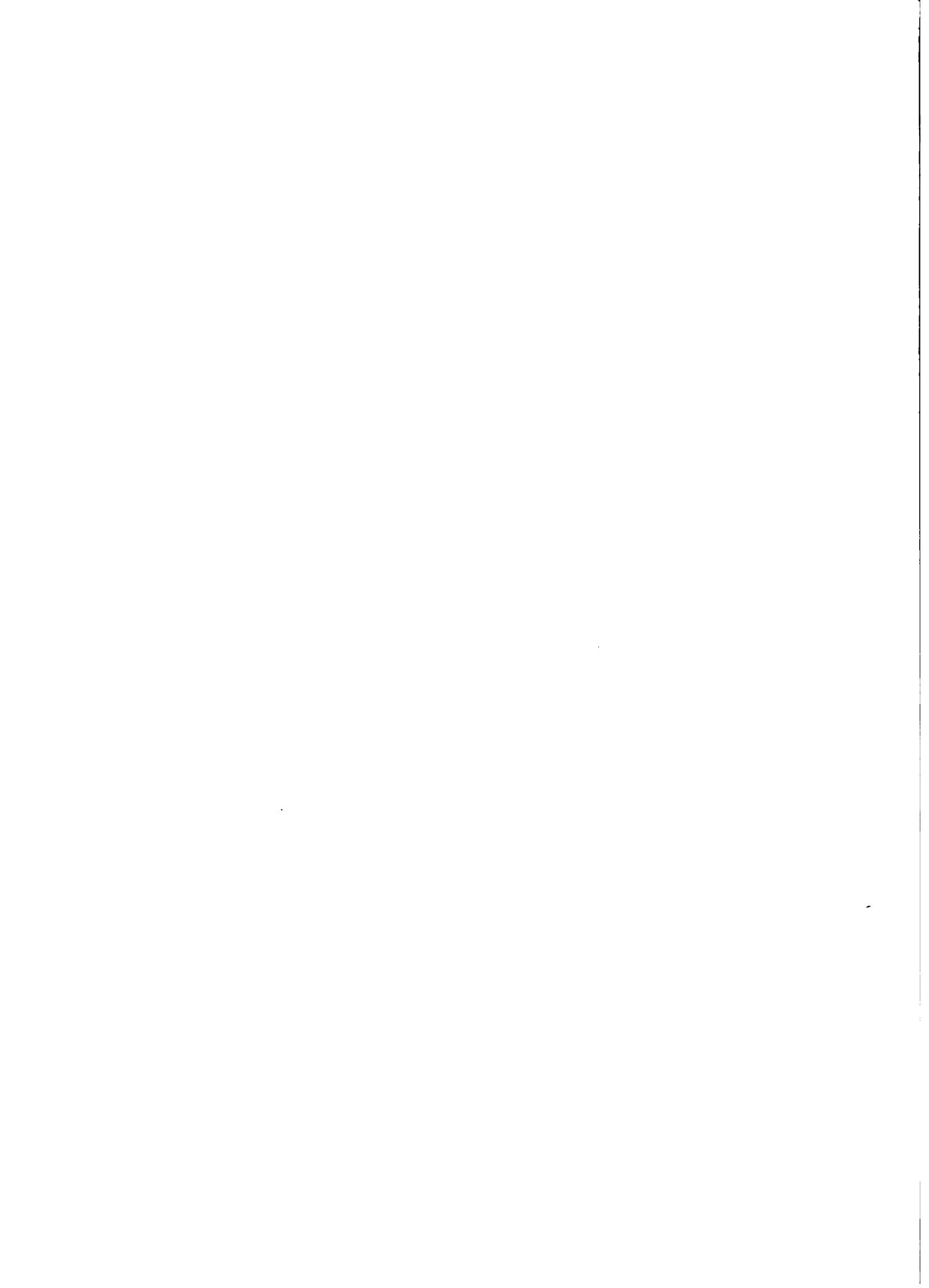


heights" of the economy, there was increasing public sector ownership of enterprise producing for both domestic absorption and for export. In the agricultural sector, public sector involvement entailed not only ownership of prime production units, but also the strengthening of the role of quasi-government export marketing organizations.

To facilitate public sector investment and redistribution objectives, corporate tax rates were increased and revenue from the mining sector was multiplied through the imposition of a bauxite production levy in May 1974. Income taxes were increased and made more progressive including a marginal tax rate of 57.5 percent on incomes over J\$30,000 (US\$25,000) by 1977. A variety of indirect taxes (for example, on gasoline, beer, cigarettes) were either introduced or increased.

In furtherance of redistribution and welfare objectives, a minimum wage (at about J\$20.00 per week) was introduced in the late 1970s. At the same time, the Prices Commission was given enhanced powers to fix the selling price of over one hundred basic commodities (including basic foods) and to monitor wholesale and retail margins.

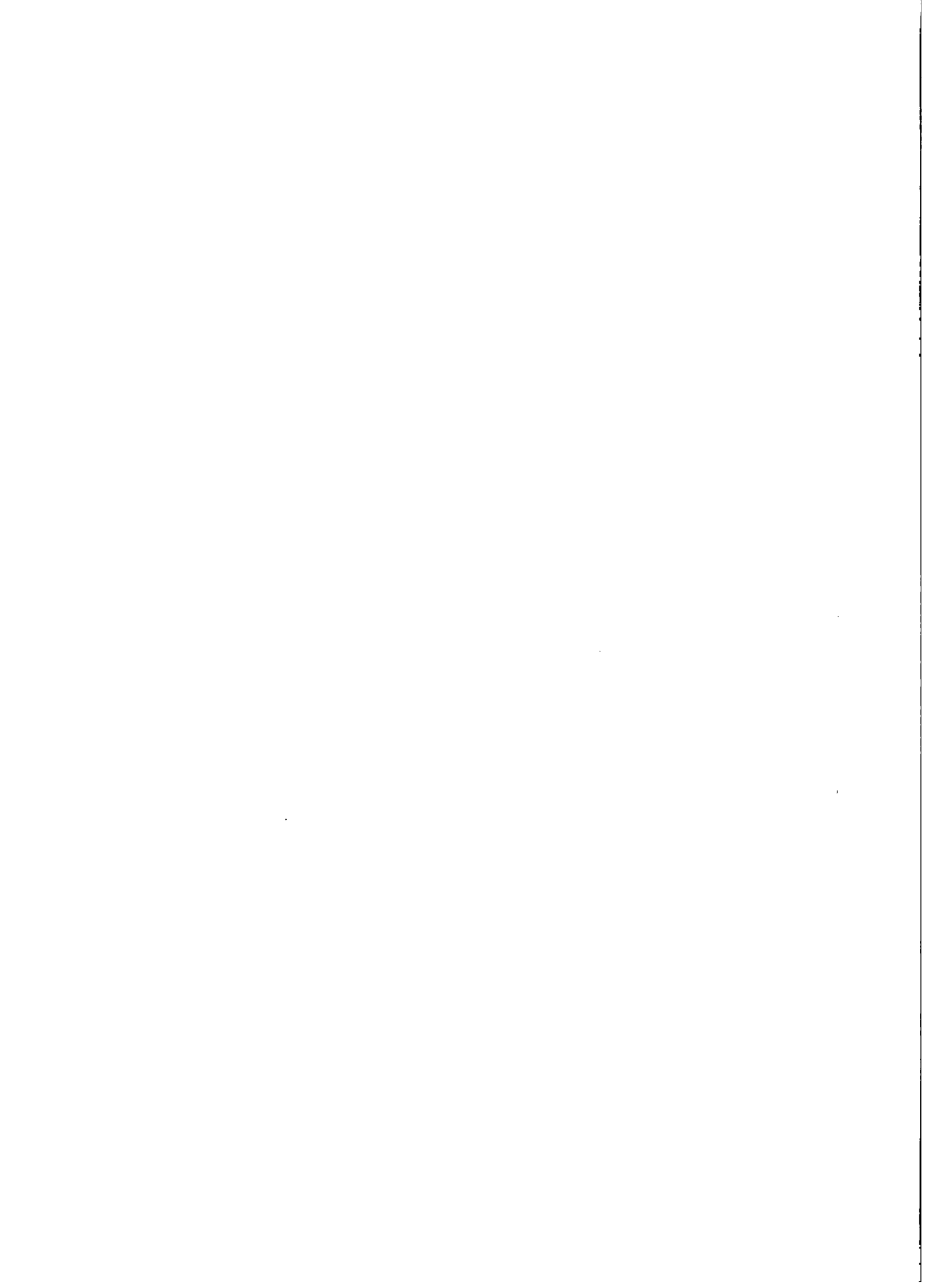
Until 1977, the operative attitude to the issue of exchange rate adjustment was resistance and delay. In early 1977, despite the depletion of foreign reserves, there was still a strong current within the government toward opting for an "alternative path" (to the IMF) with an emergency production plan around a



stable exchange rate. In choosing the option of an IMF Stand-by agreement, a dual exchange rate system was initially instituted. In this system, agriculture was taxed through keeping both traditional exports (including sugar and bananas) and staple food imports on the "basic" (non-depreciated) exchange rate. The implicit tax on domestic agriculture was, however, to some extent counter-offset by quantitative import restriction and explicit resource subsidy from the public finances.

The dual exchange rate system was operative from 1977 - 1978 and was followed thereafter by a reunification of the rate, unitary devaluation and crawling peg adjustment on a pre-announced schedule to the middle of 1979. From the end of the crawling peg at May 1979, the "official" exchange rate remained at J\$1.78 per United States dollar till the re-introduction of a unified flexible rate system in late 1983. X

Jamaica's foreign reserves were initially threatened by the first international oil price shock in late 1973. Despite this shock having been substantially counter-balanced by the bauxite levy imposed in 1974, Jamaica, given its redistribution efforts, had exhausted its liquid reserves by the end of 1976. In the context of delayed exchange rate adjustment and sustained domestic absorption, the government increased foreign borrowing (towards negative net international reserves by the end of 1976) and increasingly used controls to manage its balance of payments. From 1973, all imports were made subject to import licensing and quotas



were set such as to monitor their rate of growth. In 1976, there was further tightening of import controls including outright prohibition of some imports. By the end of the 1970s, even in the context of stabilization agreements with the IMF, there was full bureaucratization of import management and foreign exchange control through a Trade Board and a full exchange control department at the Central Bank.

The focus of real sector policy in the 1970s was towards "self-reliance", implying inward looking growth. With resistance to exchange rate adjustment (which resistance included the use of dual exchange rates) and its substitution by outright non-price means of controlling imports, the incentive structure came to be more heavily biased in favour of non-tradeables and away from production for exports. The pursuit of "self-reliance" was aggressively supported by a "land-lease" programme, (not absolute land reform), youth and co-operative farms, subsidized and free agricultural implements and inputs. (Democratization of resource ownership and management was also attempted through sugar co-operatives).

Domestic agriculture (with export agriculture) manufacturing and tourism), also benefited from subsidized credit being channelled through the Jamaica Development Bank. With the interest rate structure being largely (but not absolutely) managed, real interest rates were, in the context of the inflationary late 1970s, substantially negative.



Given the public sector centred approach to economic growth and socio-economic amelioration, government spending increased dramatically in the 1970s. Despite higher rates for corporate and income tax and despite the bauxite levy, the overall fiscal deficit had increased from about 5.0 percent in 1972 to 26.0 in 1976 and in 1980 was still as high as 20.0 percent. Public sector investment increased from 2.7 percent of GDP to 4.3 percent by 1976 while the corresponding rate for the private sector was halved. Reflecting largely this contraction in private sector investment, Gross Domestic Capital Formation as a percentage of GDP, fell from 25.0 percent in 1973 to 13.0 percent in 1979.

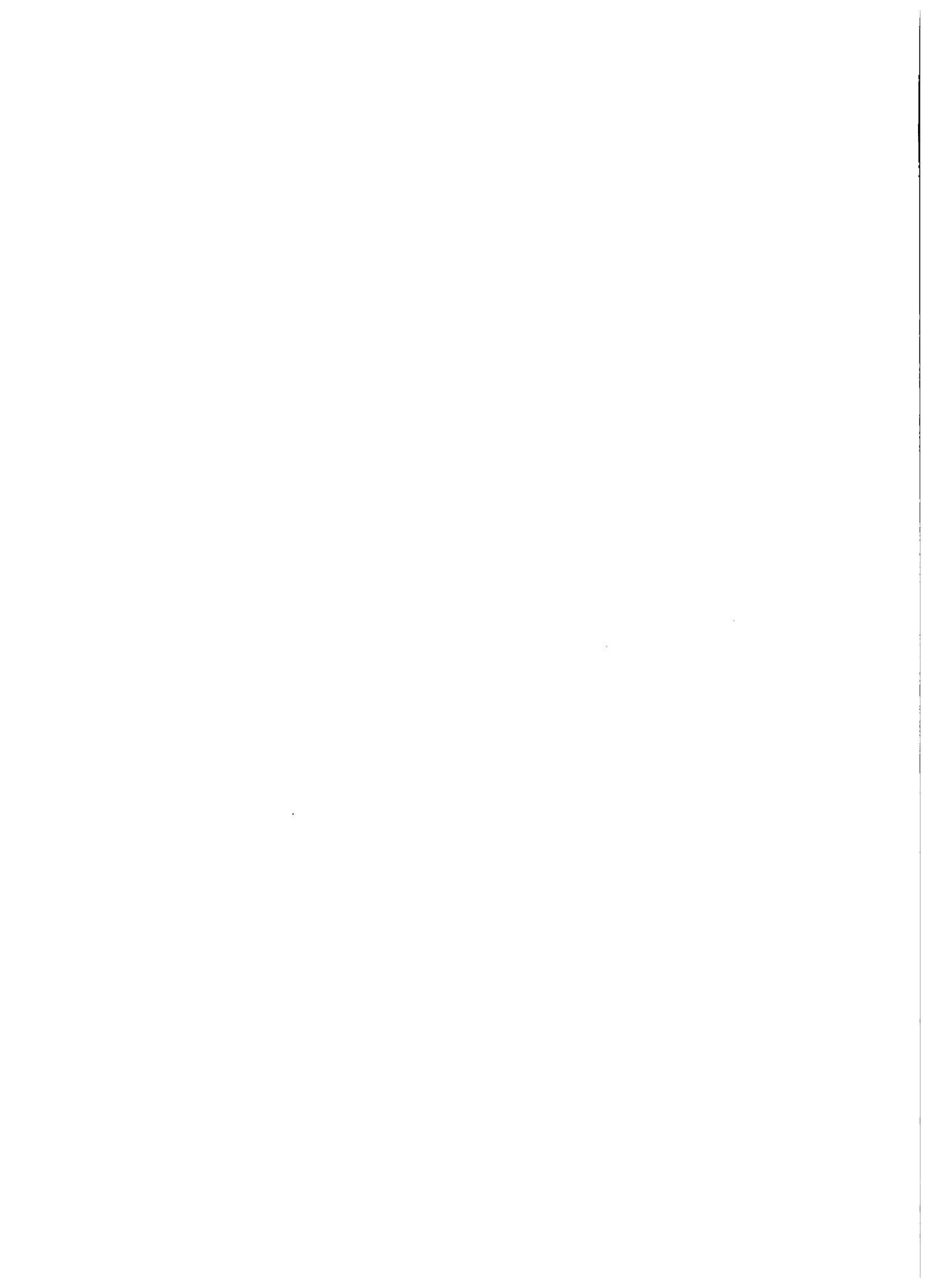
From the maturation of the bauxite/alumina investment cycle at the end of the 1960s and in the context of increased taxation and intensified import and foreign exchange controls, declining real interest rates and social turmoil, net capital inflows declined in the 1970s. Despite import controls, an expansionary public sector in the face of tourism earnings receding in reaction to perceptions of social unrest, led to the external current account being mostly in deficit. With these current and capital account trends, net foreign reserves declined from US\$95.0 million in 1972 to minus US\$460.0 million in 1980. As an outgrowth of import controls, artificial relative prices (through import licensing) and foreign exchange shortages, there was the emergence of an illegal parallel foreign exchange market, smuggling and "informal commercial importing" from the late 1970s. This latter activity embraced the importing of basic foods.



As reflecting the massive decline in capital inflows and private sector investment, the economy contracted sharply in the 1970s. There was negative growth in five of the seven years from 1973 to 1980 with a cumulative decline in real GDP of 18.0 percent over that time span. As related to this real economic contraction, the rate of unemployment had increased from 21.0 percent to 28.0 percent in the course of the decade.

This decline in real GDP was largely conditioned by contractions in tourism, manufacturing and export agriculture (while domestic agriculture actually increased). From 1975 to 1980, while the annual average growth rate of visitor arrivals to the Caribbean was about 6.0 percent, that for Jamaica was minus 0.03 percent. Real value added in manufacturing fell by 26.0 percent between 1973 and 1980.

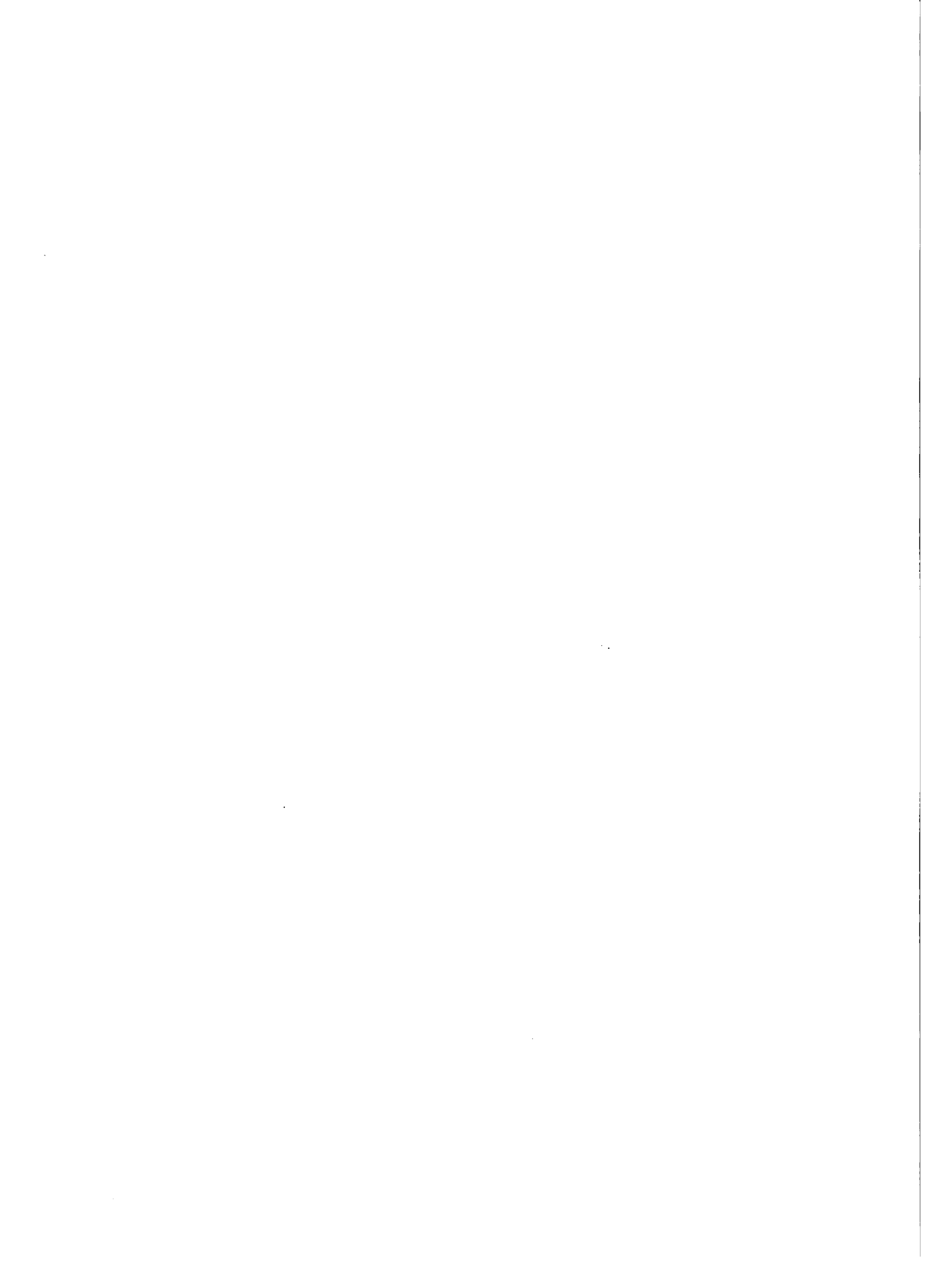
Within a contracting GDP, the share of agriculture actually declined. This share which had been about 17.0 percent in the early 1960s had fallen to 8.3 percent by 1980. The decline in agricultural production in the 1970s, was due largely to a contraction in production for export. Whereas export agricultural production declined at a rate of 4.0 percent per annum, domestic agriculture grew by 4.0 percent per annum. This resulted largely from the anti-export relative price bias arising from protectionist import substitution and the interposition of quasi-government export marketing organizations. Whereas acreage devoted to domestic agriculture increased by 54.0 percent, that devoted to



domestic agriculture declined by 27.0 percent. Over the decade, the volume of sugar exports declined at an annual average of 8.0 percent, banana exports by 12.0 percent and citrus by 2.0 percent.

Within a contracting agricultural sector, export agriculture with essential foreign exchange earning potential was stagnating on the basis of anti-export exchange rate policy and the suppression of farm gate prices through public export marketing organizations. Domestic agriculture, expanded on the basis of import prohibition and state subsidy. While domestic agriculture depended on state subsidy and investment, insulation from external competition would have meant a clear cost to consumer welfare. Simultaneously, domestic agriculture did not compensate for the net loss of foreign exchange earnings from export agriculture. The anti-export bias of protectionism discouraged private sector investment and led to increasing technological obsolescence and loss of external competitiveness in the sector.

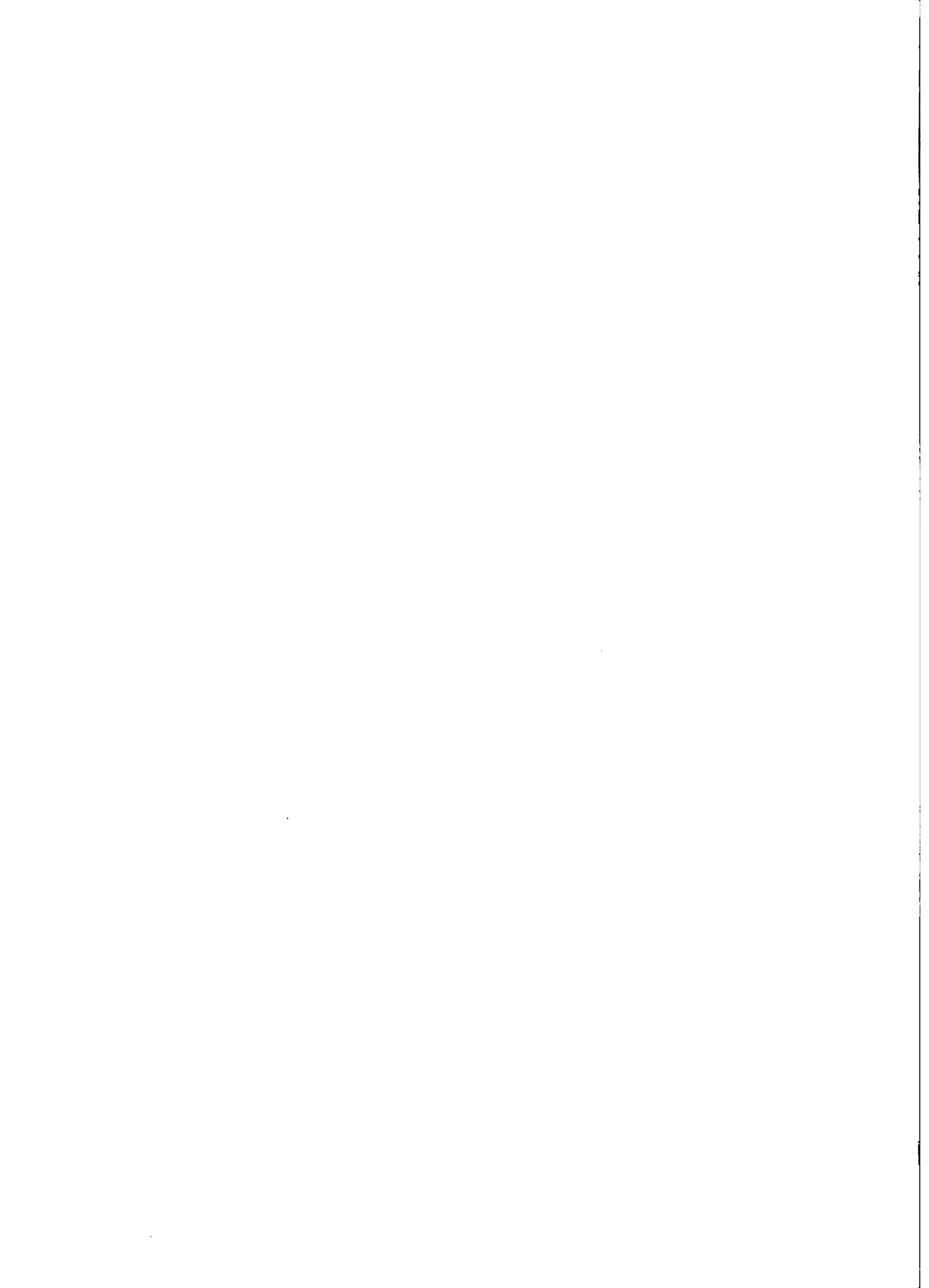
A picture emerges, therefore, of inappropriate state intervention and protectionism which contributed to structural mal-adjustment and economic stagnation. Within the agricultural sector this was most keenly felt in terms of a strong anti-export bias.



SECTION II: AGRICULTURAL BASELINE

The agricultural sector in Jamaica epitomizes the case for structural adjustment. By several measures, the sector occupies an important place in the economic life of the country. Beginning with British colonization in 1655 and the subsequent introduction of sugar cane, the pattern of land distribution, and cultivation has persisted into modern times and with it, patterns of income distribution. For most of its history, agricultural activity was characterized by a bimodal system of farming with large single commodity estates operating on the plains and domestic food crops on the hillsides. Despite programmes to transfer more agricultural land to small farmers since self-government, land distribution has remained heavily skewed in favour of large farms. The agricultural census of 1968 revealed that farms of five acres or less represented 82.0 percent of farm units yet occupied 15.0 percent of total agricultural land. Added to this was a problem of under use of lands. Of the 1.2 million acres of arable land existing in 1970, the Town Planning Department categorized about 225,000 acres as completely idle.

Despite this, agriculture still employed a third of the work force in the 1970s, accounting for 8.0 percent to 9.0 percent of GDP and about 11.0 percent of export earnings. During these years, Government embarked on a major land reform programme aimed at redistribution of land and the full use of idle land. Project



Land Lease was one attempt and made visible headway in redistribution of land. However, five-year leases dominated the programme and lack of security of tenure inhibited farmers seeking credit to invest in agriculture. Other attempts included farming co-operatives and a rural development programme which sought to combine small farmer settlements with housing, credit and soil conservation assistance.

Nevertheless, by the end of the 1970s the land ownership structure remained basically unchanged with 93.0 percent of farm units occupying 26.0 percent of cultivated land. Moreover, there was a decline in the acreage under cultivation which, according to the agricultural census of 1978 was 10.9 percent below acreages used in 1968. This reduction was primarily due to the decline in coconut and banana production in eastern parishes and declining sugar production in the West. The removal of these crops gave way to ruinate lands, unimproved pasture and scrub vegetation.

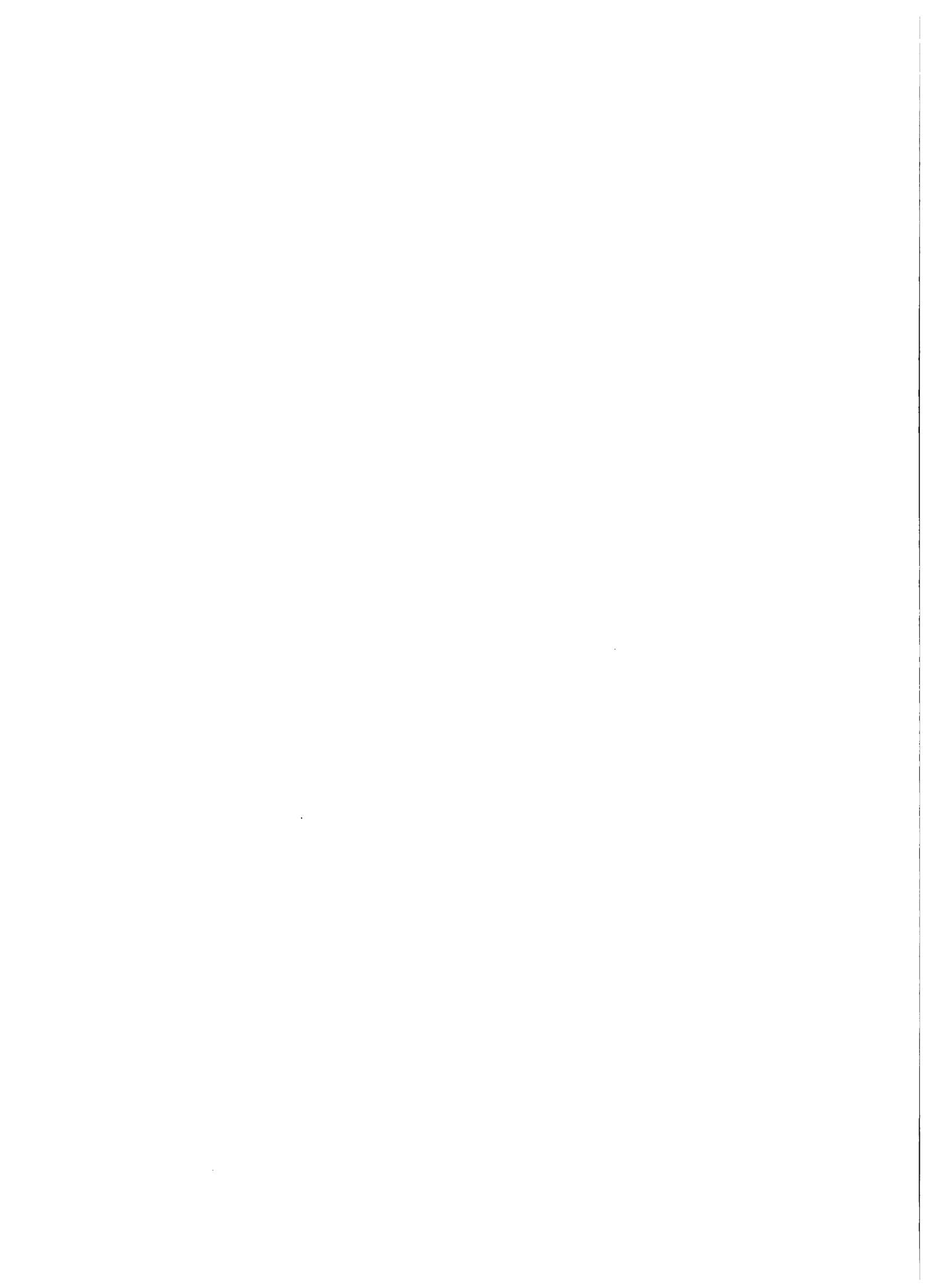
The reduction in acreages devoted to export agriculture was associated with reductions in both output and earnings in the major crops - sugar and bananas. Sugar has historically been a major contributor to the Jamaican economy in the provision of income, employment and foreign exchange. From production of about 506,000 tons in 1965 sugar production declined to 199,000 in 1982. The main reasons behind the decline were falling world prices for sugar, deteriorating quality and yields, serious labour unrest locally, government take over of the main plantations which were



then operated along with workers co-operatives and declining factory efficiency. The industry had become increasingly non-viable and was progressively nationalized during the 1970s, as the major private sugar companies withdrew from estate production.

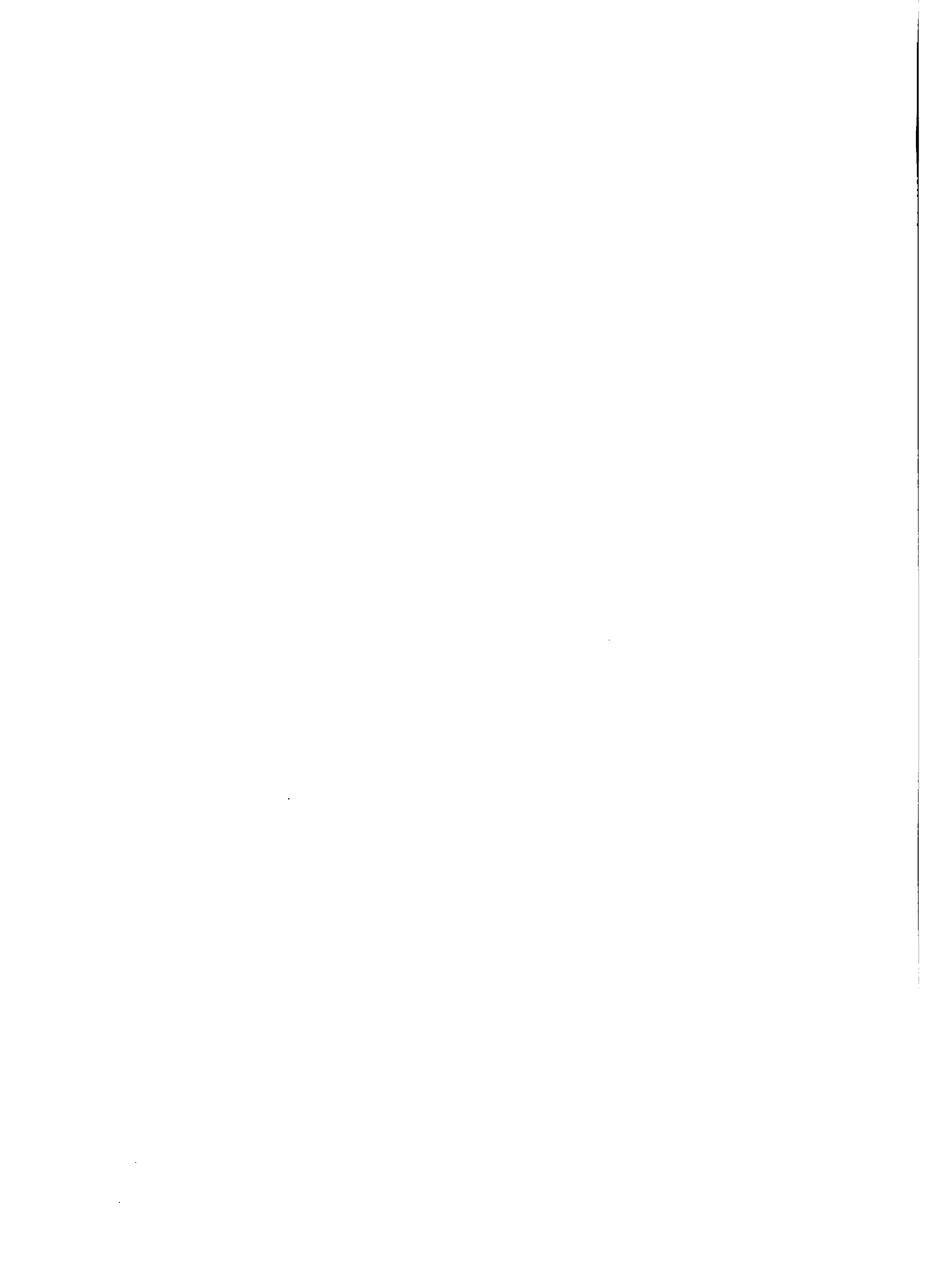
The banana industry was completely destroyed by Hurricane Allen in 1980. Prior to this, the industry had been in a state of decline with production and exports declining from 126,000 tons in 1970 to 27,000 tons in 1982. The main reasons for the decline were the lack of new production and handling technology that Jamaican competitors in its only export market, the United Kingdom were progressively applying and thereby raising consumer quality expectations. Other reasons were the inhibiting effects of government policy with respect to prices, particularly from an overvalued currency and also from the ineffective operation of the former Banana Board and Banana Company. Towards the latter years during this period, banana production was largely from small scattered rain-fed holdings yielding less than 1.5 tons per acre on average of export fruit.

A similar pattern was observable in the performance of the other export crops. Even though coffee and cocoa maintained a premium quality over the years and premium prices over the period, export tonnages were low as lack of foreign exchange made vital inputs unavailable. Similarly, citrus prospects were weak and pimento exports declined and gave way to South American competition.

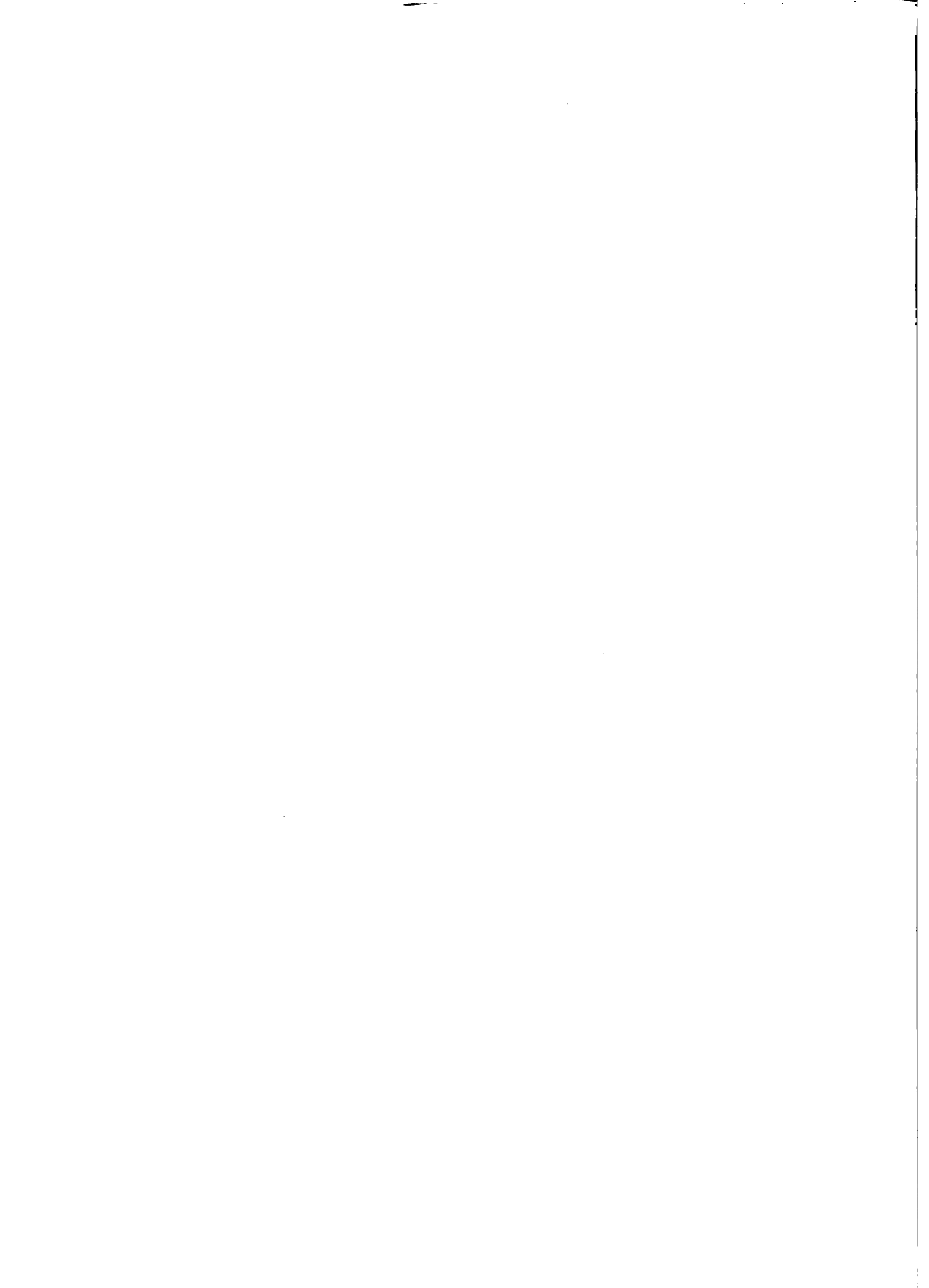


A shift in the composition of agricultural output was encouraged and sponsored by government policy. Land tenure policy in the 1970s favoured the division of large holdings, some substantially idle, others devoted to export crops, into smaller plots for the cultivation of domestic crops. As a result, acreages devoted to export crops declined by 27.0 percent over the period while land employed in domestic crop production increased by 54.0 percent. Pricing and institutional arrangements further supported the shift. Inputs such as fertilizers, tools and other inputs were subsidized; import restrictions in the form of high tariffs, quotas and outright bans afforded explicit protection for farmers producing potentially importable crops; a central marketing corporation was established which made the wholesaling of crops easier for the small farmer; and, importantly, access to credit by small farmers was substantially improved.

On the other hand, macro-economic and sectoral policies militated against large scale export agriculture. Farm gate prices were regulated and suppressed by marketing boards; an overvalued exchange rate implied a cost for exporters to the same degree as it implied an advantage to domestic suppliers; with declining profitability, the export sectors attracted little investment, further reducing their productivity and international competitiveness. Over the decade of the 70s, sugar exports (by volume) declined by an annual average of 8.0 percent, banana exports by 12.0 percent annually, and citrus exports by 2.0 percent. At the end of the decade, therefore, the agricultural



sector reflected the macro-economic trends of the wider economy - falling export production, uncompetitive and inefficient plant and incentive structures which protected small inefficient units and discouraged investment in exports.



SECTION III: STRUCTURAL ADJUSTMENT POLICY IN THE 1980S

The process of stabilising the macro-accounts and adjusting the Jamaican economy to a sustainable growth path has been ongoing spanning the period 1981 to the present. The adjustment effort has received significant external support, including one E.F.F. and five Stand-by Programmes with the Fund, and as well ongoing bilateral balance of payments support. In addition, the reform programme has been supported by three structural adjustment programmes (approved March 1982, June 1983 and November 1984) four sector adjustment loans (Trade & Finance I approved June 1987, Public Enterprise June 1987, Agricultural Sector loan approved January 1990 and Trade and Finance II approved March 1991). Finally in the context of the Enterprise for the Americas Initiative, an Investment Sector loan agreement with the Inter-American Development Bank (IDB) is now pending as at December 1991, and negotiations for a new E.F.F. Agreement with the International Monetary Fund (IMF) are scheduled for early 1992.

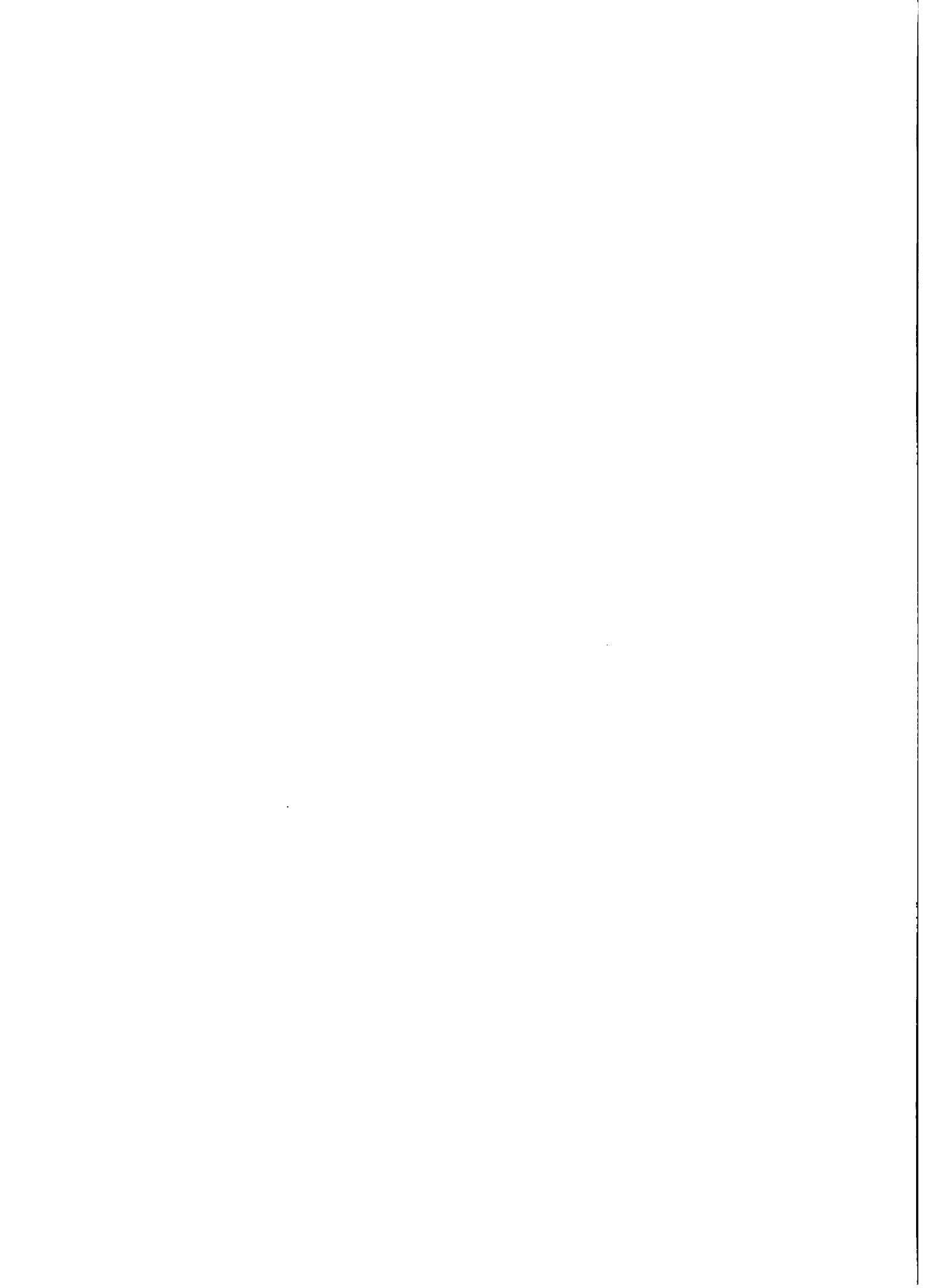
The broad thrust of this adjustment effort has been to rationalise the economy-wide incentive system; reduce the extent of regulation and the size of the public sector in the economy; increase domestic savings and restore medium-term viability to the balance of payments. The pursuit of the adjustment goals has encompassed a variety of macro-economic reforms the primary themes of which have been as follows:

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(a) Trade and the Foreign Exchange Regime

The foreign exchange allocation mechanism has evolved from the fixed exchange regime supported by a comprehensive Exchange control Act with restrictions on both current and capital account transactions, existing at the start of the reform period. The evolution has been through a dual exchange regime (1983) managed float (1983-1984) foreign exchange auction (1984-1989) fixed rate (1990) Inter-bank market determined (1990 - present). Accompanying these changes has been a depreciation of the Jamaican currency from a value of US\$0.36 to US\$0.05 over the 1981 - 1991 period.

The import licensing system covering all imports at the beginning of the reform period has also been dismantled. Quantitative import restrictions have been removed and as at September 30, 1991, the import monopoly of the Jamaica Commodity Trading Company on all goods excepting milk solids and goods imported under certain bilateral agreements has been removed. Further, a comprehensive tariff reform programme initiated in 1987 has reduced the average level in tariff rates as well as the dispersion between rates. This programme is to be concluded with these rates being coincident with the CARICOM common external tariff at around 30.0 percent.



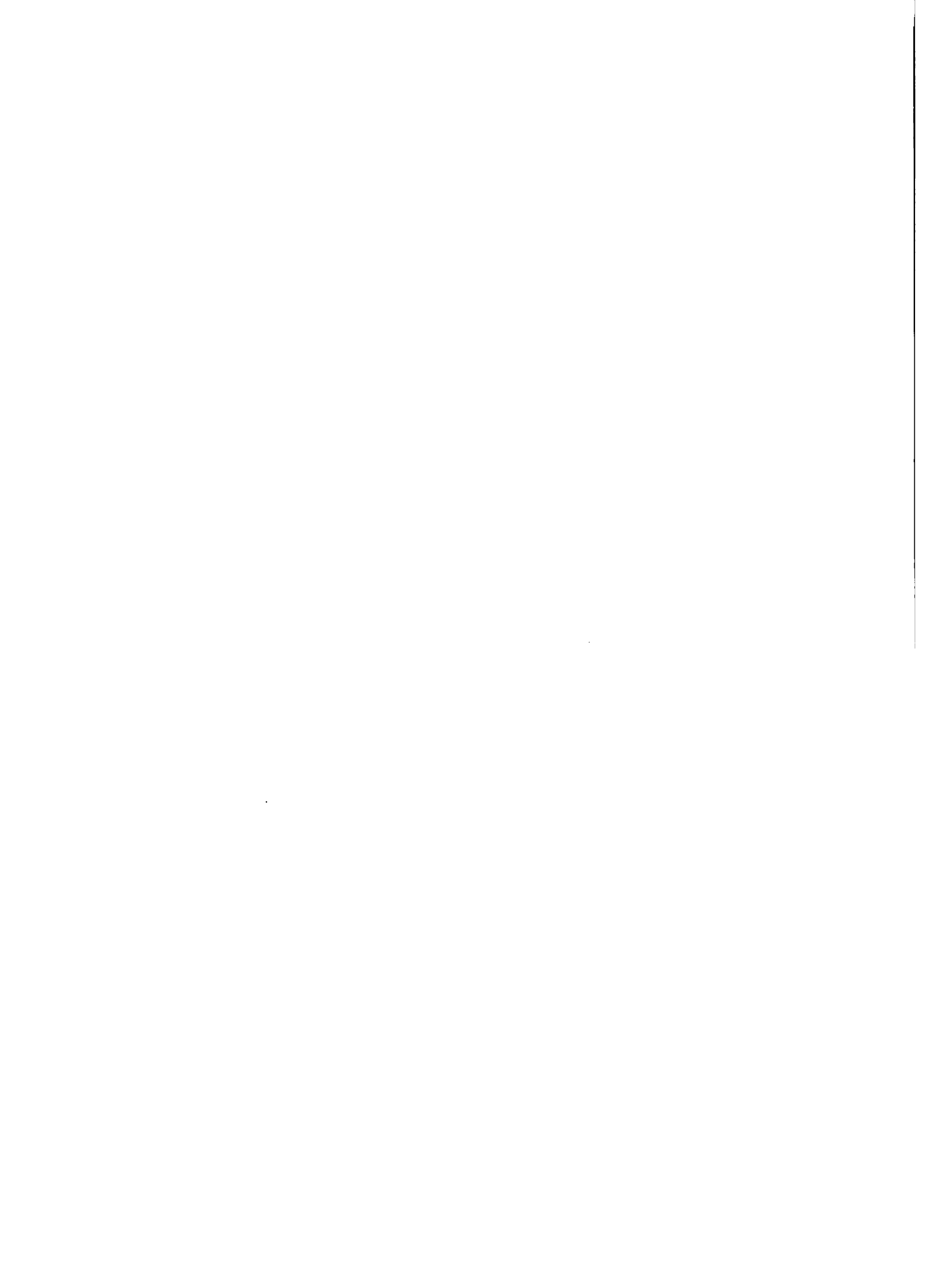
(b) Tax Reforms

A full tax reform programme was initiated in 1983. In January 1986, a revised personal income tax system was introduced together with a revised property tax system in July 1986 and subsequently a revised corporate tax system in 1987. The personal income tax initiatives have raised the tax threshold with incomes above this taxed at a flat rate of 33 1/3 percent. The corporate tax revisions were such as to simplify the system and rates were reduced from 45.0 percent to 33 1/3 percent. Finally, a General Consumption value added tax of 10.0 percent was introduced on October 22, 1991, replacing a variety of existing indirect taxes.

(c) Monetary and Financial Policies

Throughout most of the 1970s and early 1980s monetary and financial policies were subordinated to the need to finance large public sector deficits. This entanglement adversely affected the financial sector's ability to efficiently intermediate. Initiated in 1985, was a programme to reform these relations in the financial sector. The objectives were to disentangle monetary from fiscal policy, to improve mechanism for monetary control and to enhance the regulatory and supervisory framework for financial institutions.

With this thrust, the non-cash portion of the liquid assets ratio was progressively reduced from 28.0 percent to 0.0 percent



over the period March 1986 to March 1988. The Bank of Jamaica initiated as a complement, open market operations to offset the expected injections of liquidity in November 1985. In managing liquidity at the margin, a Liquidity Support Facility was introduced in May 1986 and more recently repurchase agreements with respect to government securities was also introduced. The Bank of Jamaica Act, Financial Institutions Act and Securities Act have been redrafted and are scheduled to become law by the end of 1991.

(d) Fiscal Initiatives

A major aim of the adjustment programme has been to improve the financial performance of the public sector and to increase public savings. The overall public sector deficit was as high as 19.6 percent of GDP in 1983/84 thereby effectively crowding-out private sector activity.

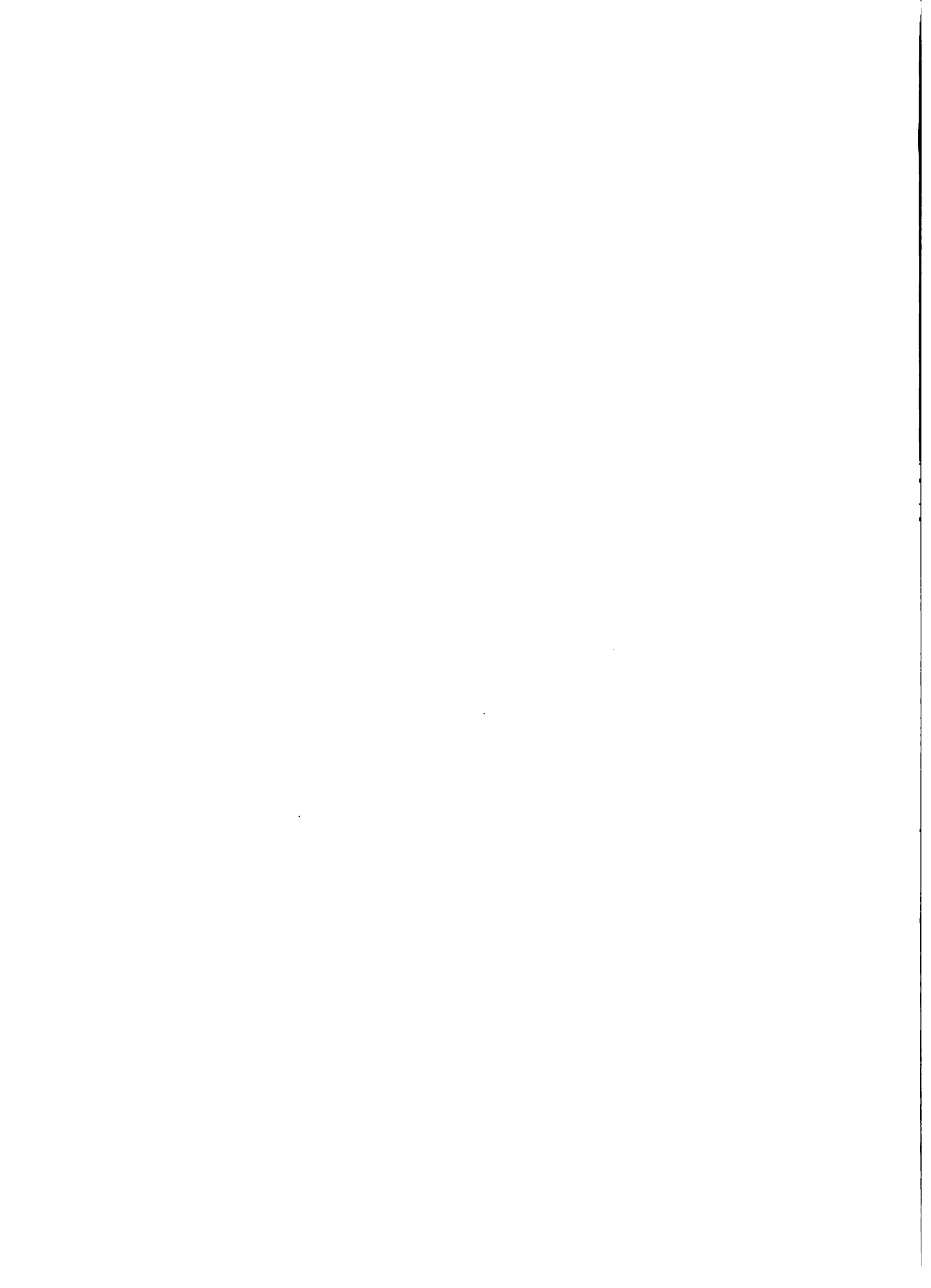


TABLE 1

EVOLUTION OF PUBLIC SECTOR BALANCES

	<u>1983/84</u>	<u>1985/86</u>	<u>1988/89</u>	<u>1990/91</u>	REV. ROGRAMME <u>1991/92</u>
Central Government	-1196.3	-659.6	-574.5	417.4	1354.7
Selected Enterprises	-93.4	-167.2	-663.6	247.5	1137.7
Bank of Jamaica	-142.1	-857.9	-1090.1	-1414.8	2432.9
Other	-53.3	31.2	-144.9	-310.3	-840.0
Overall Balance	-1485.1	-1653.5	-2473.1	-1060.2	-780.6
GDP in J\$ Million	7,576	12,496	18,273	28,114	40,000

Percentage of GDP

	<u>1983/84</u>	<u>1985/86</u>	<u>1988/89</u>	<u>1990/91</u>	<u>1991/92</u>
Central Government	-15.8	-5.3	-3.1	1.4	3.3
Selected Entities	-1.2	-1.1	-3.6	0.8	2.8
Bank of Jamaica	-1.9	-6.9	-5.9	-5.0	-6.1
Other	-0.7	0.1	-0.8	-1.1	-2.1
Total	-19.6	-13.2	-13.4	-3.8	-2.0

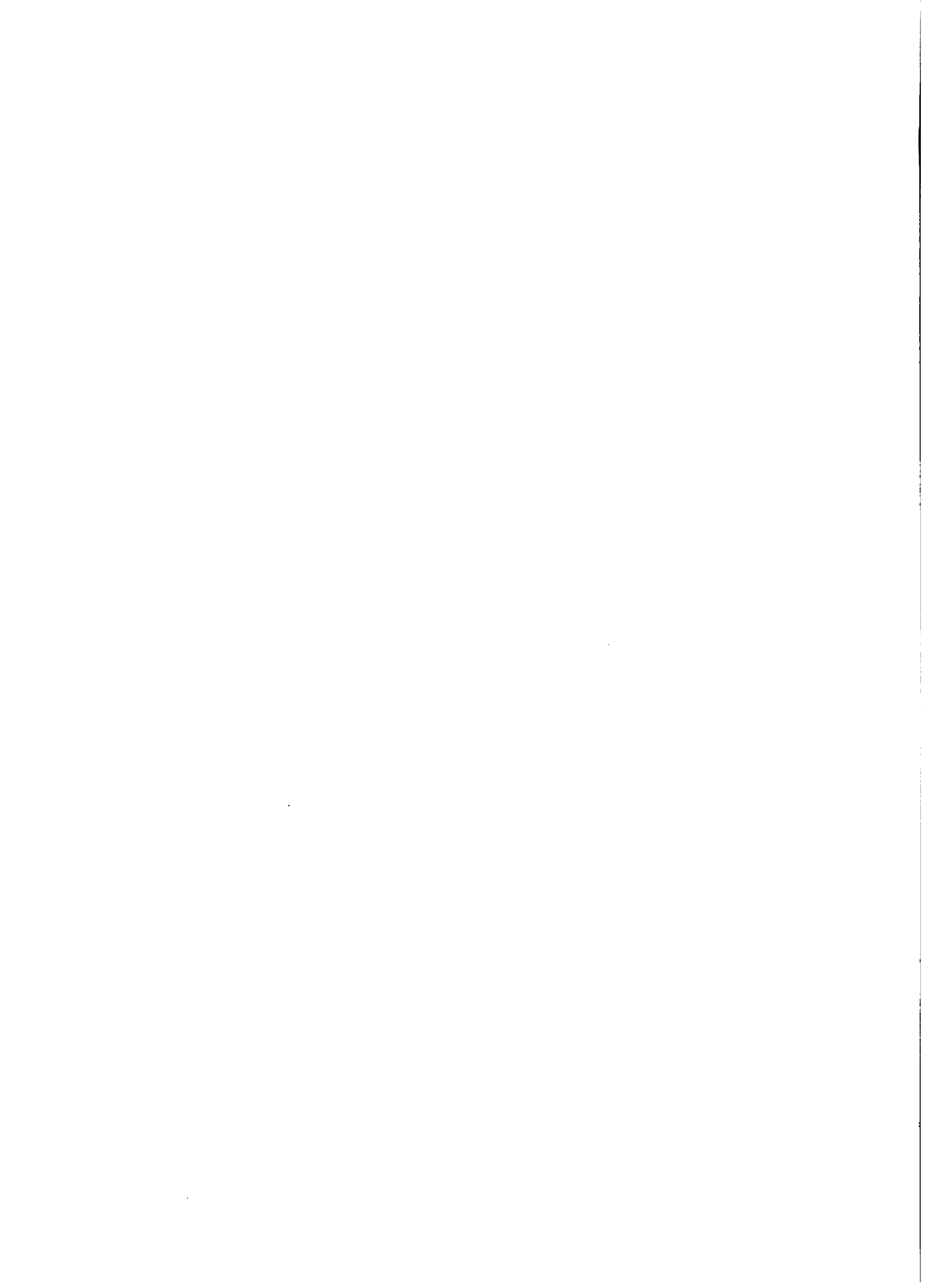
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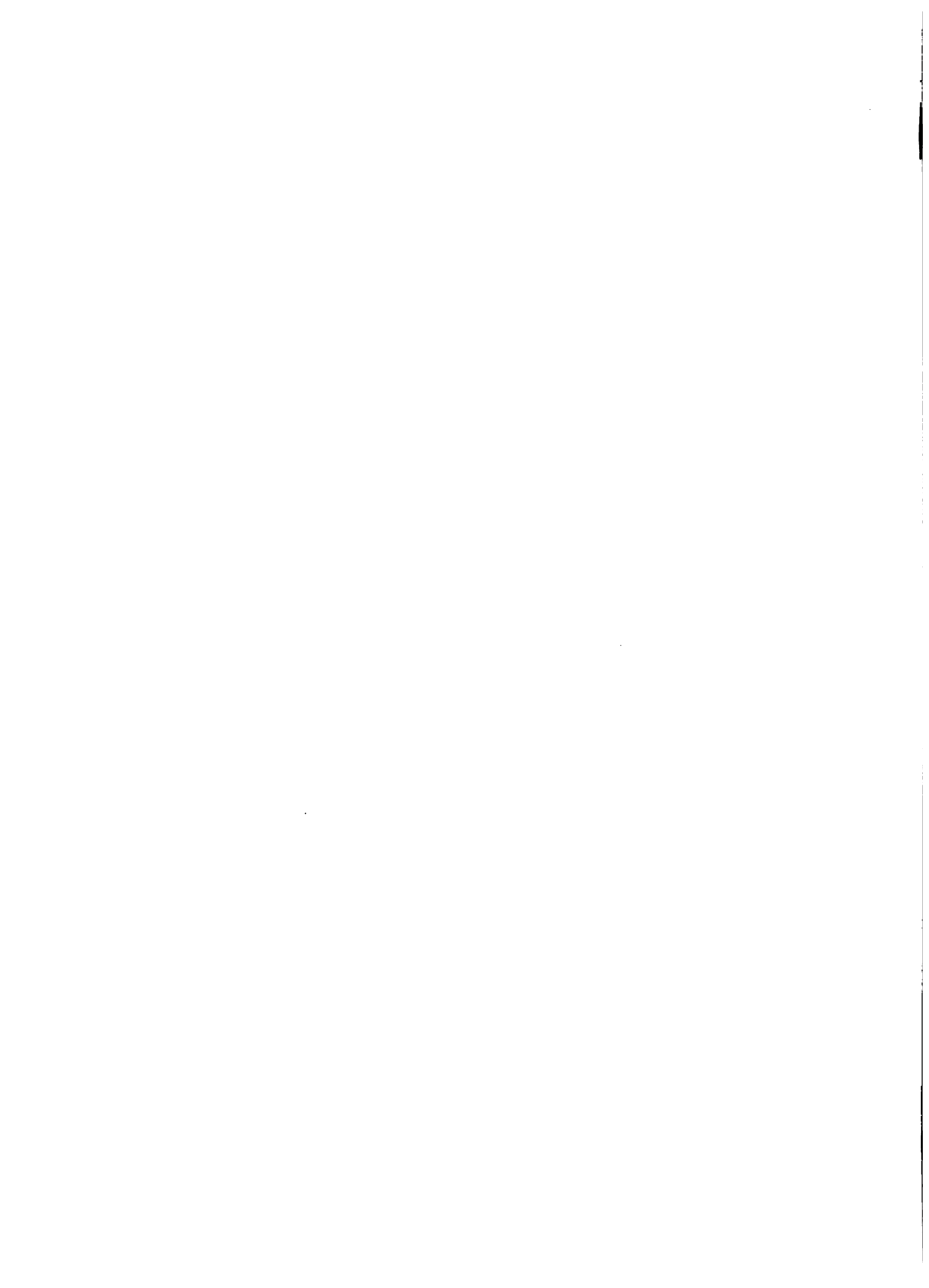
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The programme and results of this adjustment have been significant. Public dissaving has declined from its 1983 peak to current levels of 2.0 percent of GDP in 1991/92. In effecting this, it has been previously noted that a tax reform programme was initiated in 1983. Further, however, expenditure containment measures inclusive of labour force reductions in 1984/85 and the phased introduction of performance budgeting has improved the management systems in the public sector. Of note as well has been the developments in the public enterprises. From deficit positions of, as high as, 3.6 percent of GDP enterprises now yield surpluses of 1.0 percent of GDP. This has been consequent on a programme of public divestment as well as a restructuring of pricing policies. To date some 41 public enterprises have been divested of which 26 have been specific to agriculture. A pricing policy now exists whereby for all major public enterprises there is automatic mechanism allowing for a full pass-through of both domestic and foreign costs.

The implementation of these macro-economic reforms has not always been a smooth process over the review period, and their pace and scope have been interrupted by various domestic and external developments. There are analytically, discrete periods in the adjustment process worthy of mention.

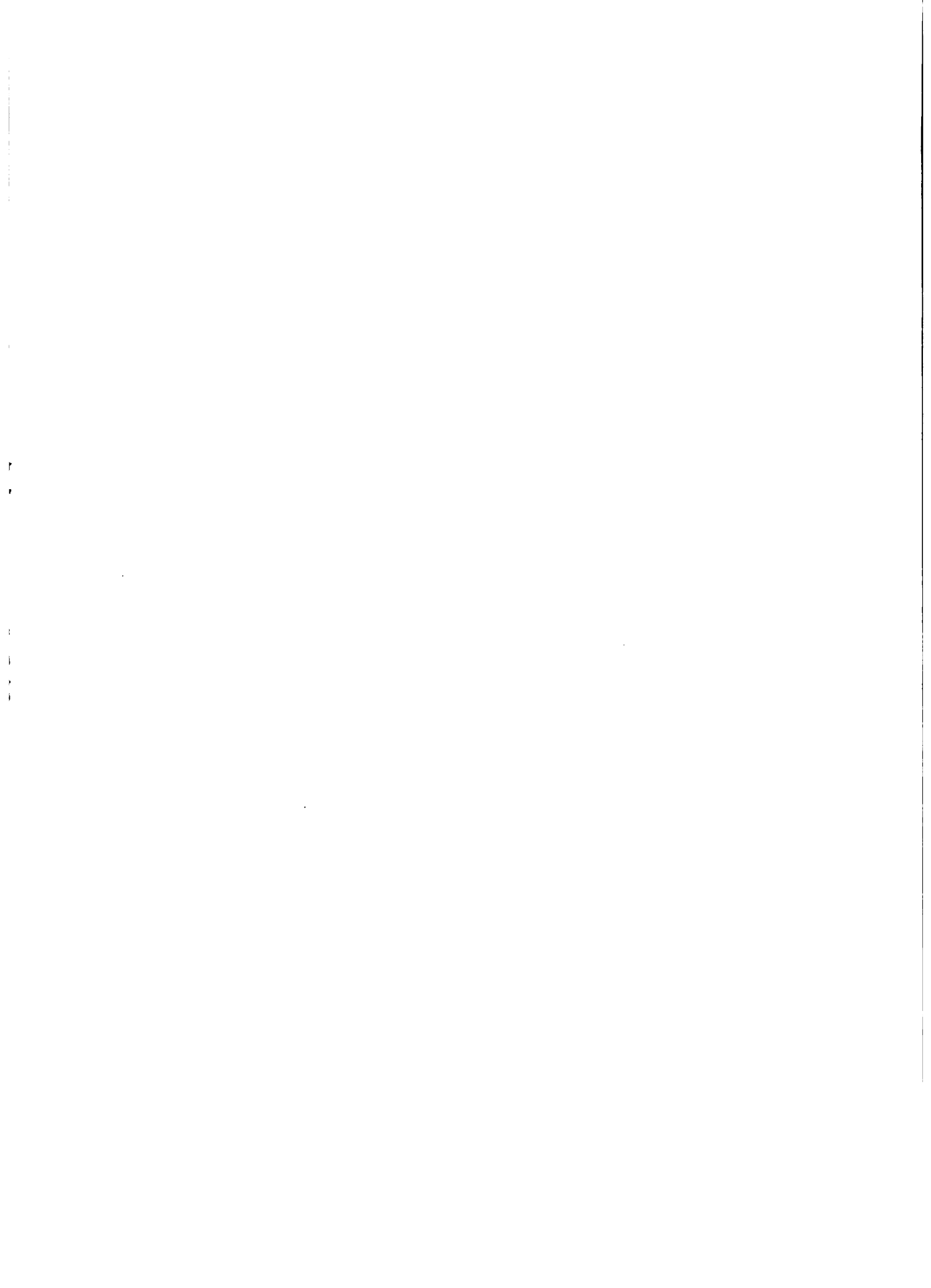
The programme initiated in 1981, was framed on the expectation of a modest improvement in world economic activity and



some recovery in international trade. After a relatively successful first year of this programme with the domestic economy growing in real terms by 2.0 percent in 1982/83 with single-digit inflation of 7.0 percent, the programme was effectively derailed. This was partially consequent on a fall-out in Jamaica's bauxite/alumina markets as well as the experience of increased oil prices in that period. In these initial years very little was achieved by way of adjustment. The current account deficit widened to 14.0 over the two year period and the public sector deficit rose to 19.3 percent of GDP from its previous high of 17.8 percent in 1981.

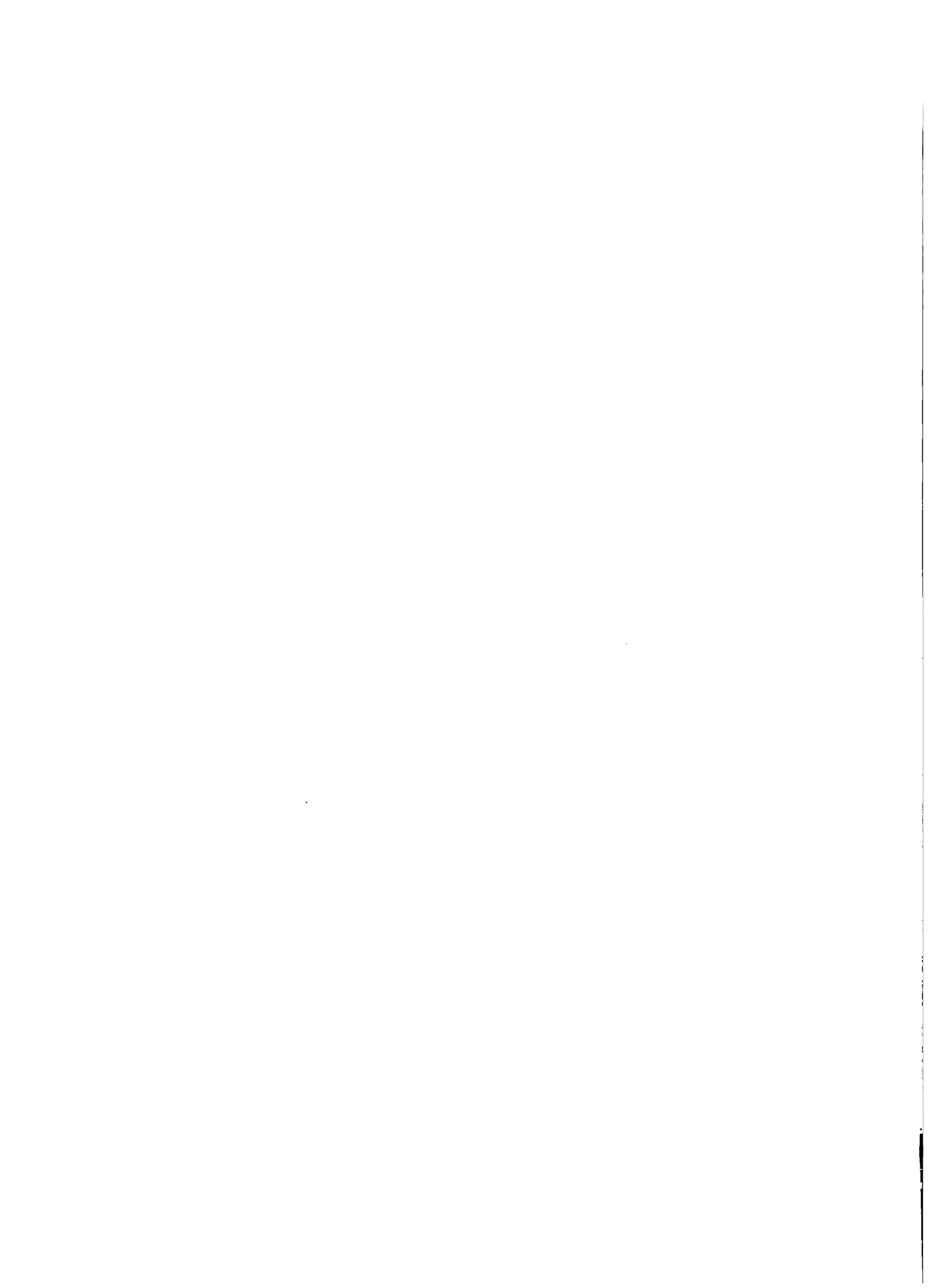
Adjustment in the period 1983 to 1985 was therefore intense as efforts were geared toward correcting the external and fiscal accounts. There were the noted modifications liberalizing the exchange system and the process to relax import licensing quota allocations and quantitative restrictions was also started. In the fiscal area there were initiatives to improve the operations of the public enterprises and the reform of taxation was initiated in this period. In the monetary area a 12.0 percent credit ceiling was imposed and interest rates rose, as the liquid assets ratio was increased.

Partly as a consequence of these adjustments but more so because of a substantial improvement in the terms of trade towards the end of 1985, resulting from a sharp fall in oil prices and a rise in alumina prices, 1986 marked a new phase in the adjustment



process. Positive real growth averaging 3.0 percent per annum, relatively low inflation averaging 8.0 to 9.0 percent per annum and a stable exchange rate US\$1.00 = J\$5.50 (US\$0.18) characterised the period 1986 - 1988. In a sense the adjustment efforts in this period tended to be facilitatory of this fragile buoyancy. Reforms to the financial sector effected over this period tended to result in lower interest rates and enhanced market efficiency including narrower spreads. The liquid assets ratio was progressively reduced and interest rates fell by about 6.0 points on average. Further, in the fiscal area the tax reform process was in full gear as was the case with the elimination of quantitative restrictions. This phase was sustained through 1988, when the Hurricane Gilbert imposed new parameters on the adjustment process.

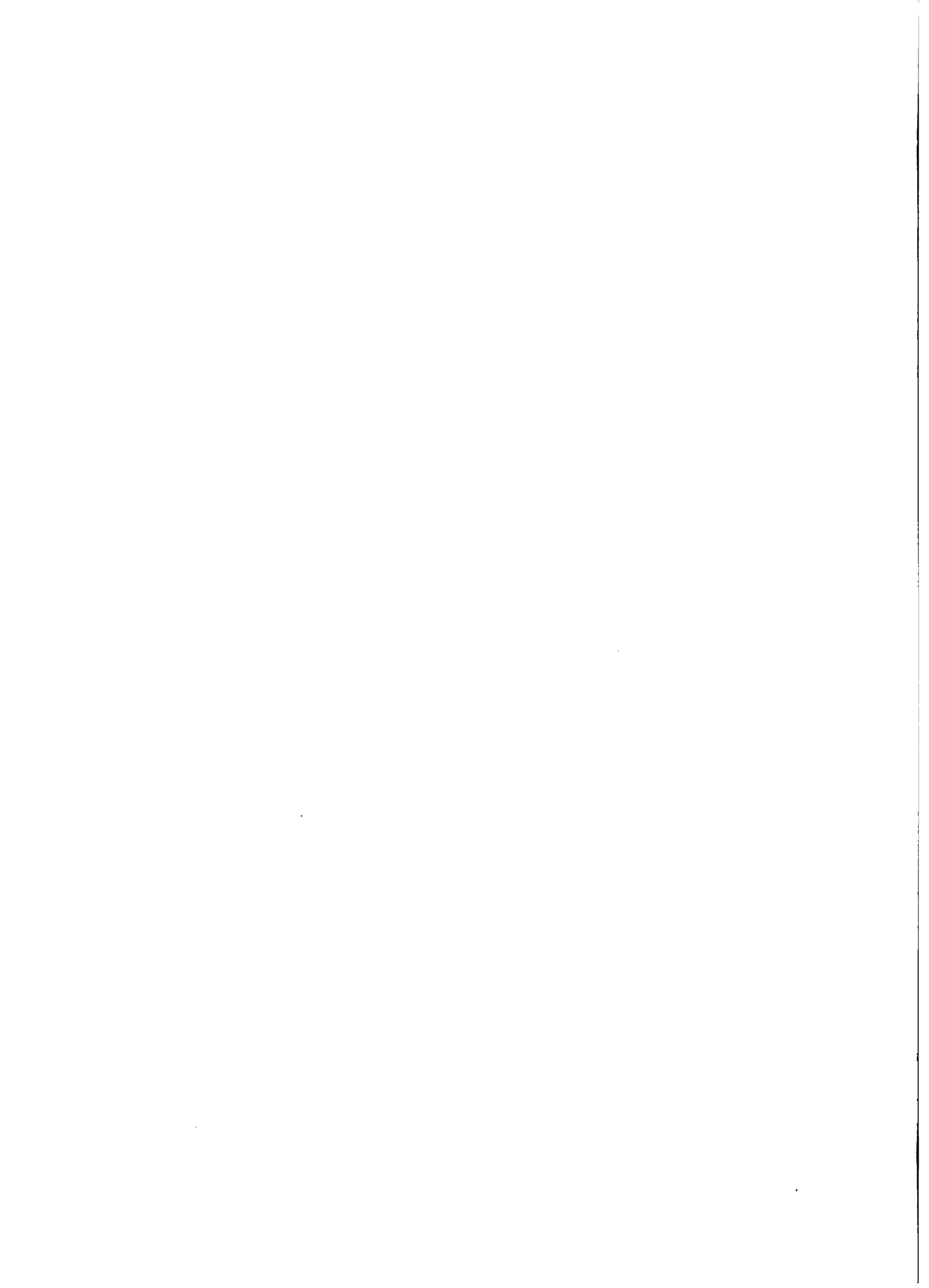
The slippage in the macro-accounts associated with the post-hurricane re-building was aggravated by uncertainty on policy directions approaching national elections in 1989. Since 1989, this phase of reform has been decidedly towards deregulation and liberalization, the high point being the complete removal of exchange restrictions in September 1991. In the course of this, however, earlier directions in monetary reforms have been reversed with the re-introduction of the liquid assets ratio in April 1990 then its removal again in April 1991, and the move away from market based control methods in the temporary reintroduction of credit ceilings. Notwithstanding these, however, the direction has been supportive of the thrust to liberalize the economy.



On the basis of sharp exchange rate adjustment, Jamaica reaped substantial gains in external competitiveness (as measured by cost adjusted exchange rates) in the 1980s. Having suffered a real effective exchange rate appreciation of about 14.0 percent by 1983, relative to a 1980 base, exchange rate flexibility ensured a gain of over 40.0 percent by the end of 1985. These gains were substantially sustained to the middle of 1988. After a moderate slippage in the aftermath of the hurricane in the late 1988, the resumption of nominal depreciation from September 1990, again ensured further substantial gains in external competitiveness. By the end of 1991, Jamaica had gained a substantial margin in external competitiveness relative to the middle of 1988.

The capacity of the system to preserve and enhance margins of external competitiveness has been enhanced by efforts towards transparent exchange rate flexibility through an inter-bank system in September 1990 and the effective elimination of exchange control in September 1991. Any domestic inflationary impulses from permissive demand management are automatically corrected through exchange rate adjustment. This should ensure the preservation of appropriate price signals for the production of tradeables and exports, and hopefully for the attraction of foreign investment.

The broad thrust of the structural adjustment programme also appears to have been successful in reversing the crowding out of the private sector by the public sector. The ratio of the overall public sector deficit to GDP which had peaked at



18.4 percent in fiscal year 1983/84 was reduced to 5.4 percent of GDP in fiscal year 1987/88 before increasing to 13.4 percent in fiscal year 1987/88 (as largely influenced by the emergency requirements from the hurricane). This ratio was subsequently reduced to 3.8 percent in fiscal year 1990/91 and is programmed to be 2.2 percent in fiscal year 1991/92.

Monetary policy has been relatively tight throughout the 1980s. In the context of a benevolent external environment from 1986 - 1989 and with careful public sector management, nominal interest rates, substantially market determined, fell sharply below mid-1980s levels but have never gone down to levels of the 1970s. In that low inflation 1986- 1988 period, real interest rates became positive. More recently with foreign exchange system liberalization, there has been accelerating inflation with interest rates, though also increasing sharply, becoming negative in real terms.

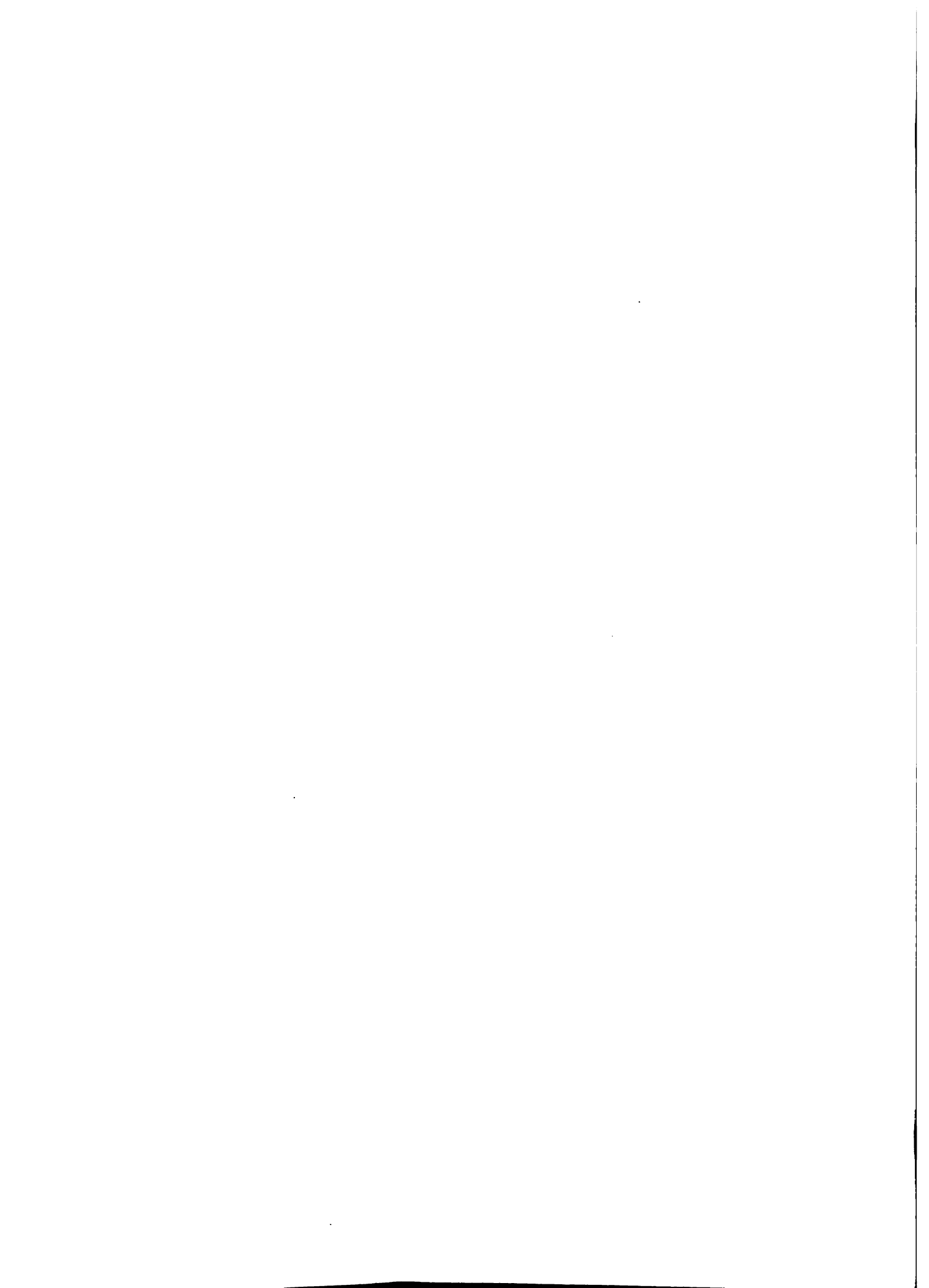
The economy has been reducing its reliance on the use of foreign saving. The external current account deficit /GDP ratio (including official transfers in the current account) fell from 14.3 percent in fiscal year 1981/82 to 4.8 percent in 1987/88. Having fallen to 1.1 percent in 1988/89 (with the influx of reinsurance flows), it increased to 8.5 percent in 1989/90 before falling again to 5.3 percent in 1990/91. This ratio was programmed at 2.6 percent for 1991/92.

The major resource constraint on Jamaica's potential for sustained economic recovery remains as the nature of its external indebtedness. This grew from under US\$2.0 billion at the beginning of the 1980s to over US\$4.0 billion by the end of 1986. The ratio of external debt to GDP increased from 50.0 percent to 140.0 percent and the actual external debt service/GDP ratio increased from 17.0 percent to 48.0 percent over the same period. Debt service also uses above 40.0 percent of fiscal expenditure, a ratio which increases with exchange rate depreciation. More recently, there have been signs of softening of these ratios. The external debt/GDP ratio fell to under 120.0 percent over the years 1989 to 1991 but may again increase in 1990. Similarly, the actual debt service ratio fell to below 30.0 percent for 1989 and 1990 and is also expected to be below that level in 1991.

A picture emerges of an economy which has extensively adopted policies for the structural adjustment of its economy. Public sector and domestic savings have increased, controls and restrictions have been dismantled and there has been greater allowance of the free play of market forces in pricing and allocating resources. The subsequent sections will examine the extent to which structural rigidities in agriculture have been eliminated and the extent to which desired sectoral responses may be seen to be emerging.

To date, therefore, the macro-economic reforms have been substantial and there has been a marked improvement in the

summary
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macro-accounts. (TABLE ^{2.} (1) - Selected Indicators) Whilst directionally positive in terms of relative price signals, the current phase of full liberalization has been accompanied by high inflation (over 60.0 percent) in 1991, sharp currency depreciation (from US\$0.10 to US\$0.05 in three months), and increasing domestic cost pressures. Stabilization in this transitory period appears crucial if the reform process is to continue.

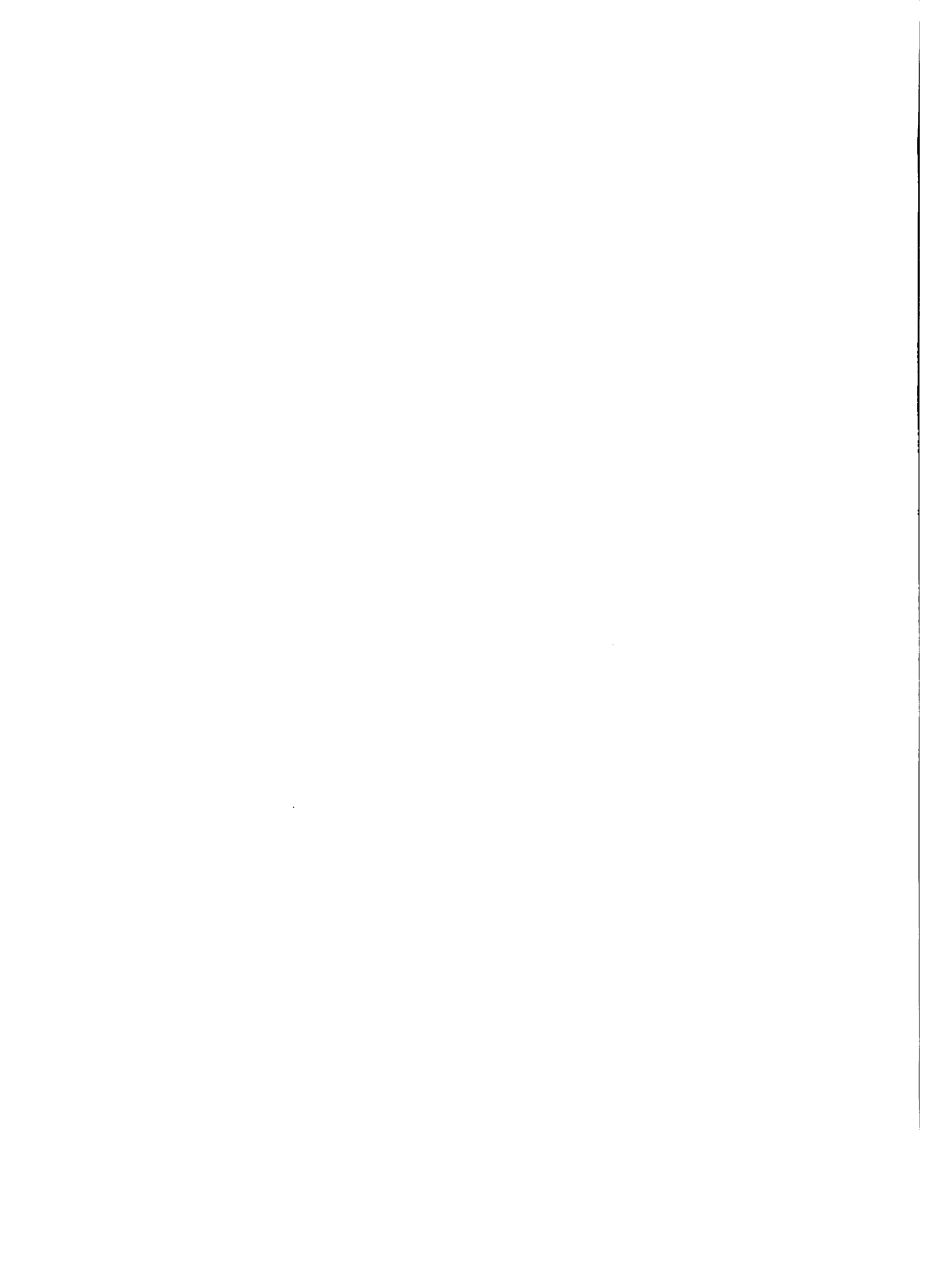
In this regard, the macro-economic directions for the economy into the medium-term are likely to be discussed in the context of an EFF agreement with the IMF. At the micro-sectoral level commitments for future reforms have already been given under the Trade and Finance Loan II and the Trade Finance and Investment sector with the World Bank and IDB, respectively.



SECTION IV: AGRICULTURAL POLICY REFORM IN THE 1980s

The recurring theme of economic management in the 1980s was "export-led, private sector driven growth" representing a reversal of the more inward looking strategy of the previous decade. The approach to creating an environment in which private investment would flourish centred on macro-economic policy reform in the areas of trade, fiscal management and financial policy. The gradual relaxation of government control extended to the removal of price controls, exchange controls and divestment of publicly-held assets. These reforms embraced the agricultural sector but, in addition, several important sectoral policy reforms were formulated to alter the incentive structure in the sector and to catalyse production through the considerable influence that the government had through its ownership of land, financial institutions, marketing enterprises and professional staff.

The objectives of the reforms were plural: agriculture employs the largest bloc of the labour force. Measures which could raise production and rural incomes would thus directly address a large and visible social problem, - rural poverty - and with it arrest the drift to urban areas. Secondly, export agriculture would also be a net earner of foreign exchange and thus contribute to the achievement of stability in the foreign exchange market and longer term viability in the balance of payments. Raising production, especially for export, required new investment, higher



productivity and greater efficiency in the use of resources. Agricultural policy therefore encompassed changes in the following areas:

(i) Land Use Policy

Of the islands 2.7 million acres, some 800,000 acres are Government owned. Some of these lands were devoted to agriculture through various state run enterprises and through long term leases to private farmers. Larger acreages were maintained in natural forests, were reserved for bauxite mining or lay fallow. The policy adopted in respect of government owned land was to first, complete an appraisal of the extent of Crown lands, assess their agricultural capability by soil type, contour, elevation, irrigation and micro-climate. Thereafter, Agro 21, a Government entity, was established to administer the lease of land suitable for large scale development of non-traditional crops. Smaller lots which had been occupied by small farmers were to be sold to these tenants allowing them to access loan financing secured by titles and to invest in expanded production with greater confidence. By 1988, about 30,000 acres had been leased to large scale operators and 41,000 acres sold to smaller cultivators.

The stated land use policy during the 1980s also included the monitoring of leased government-owned land to ensure compliance with agreed uses and production targets, the upgrading of

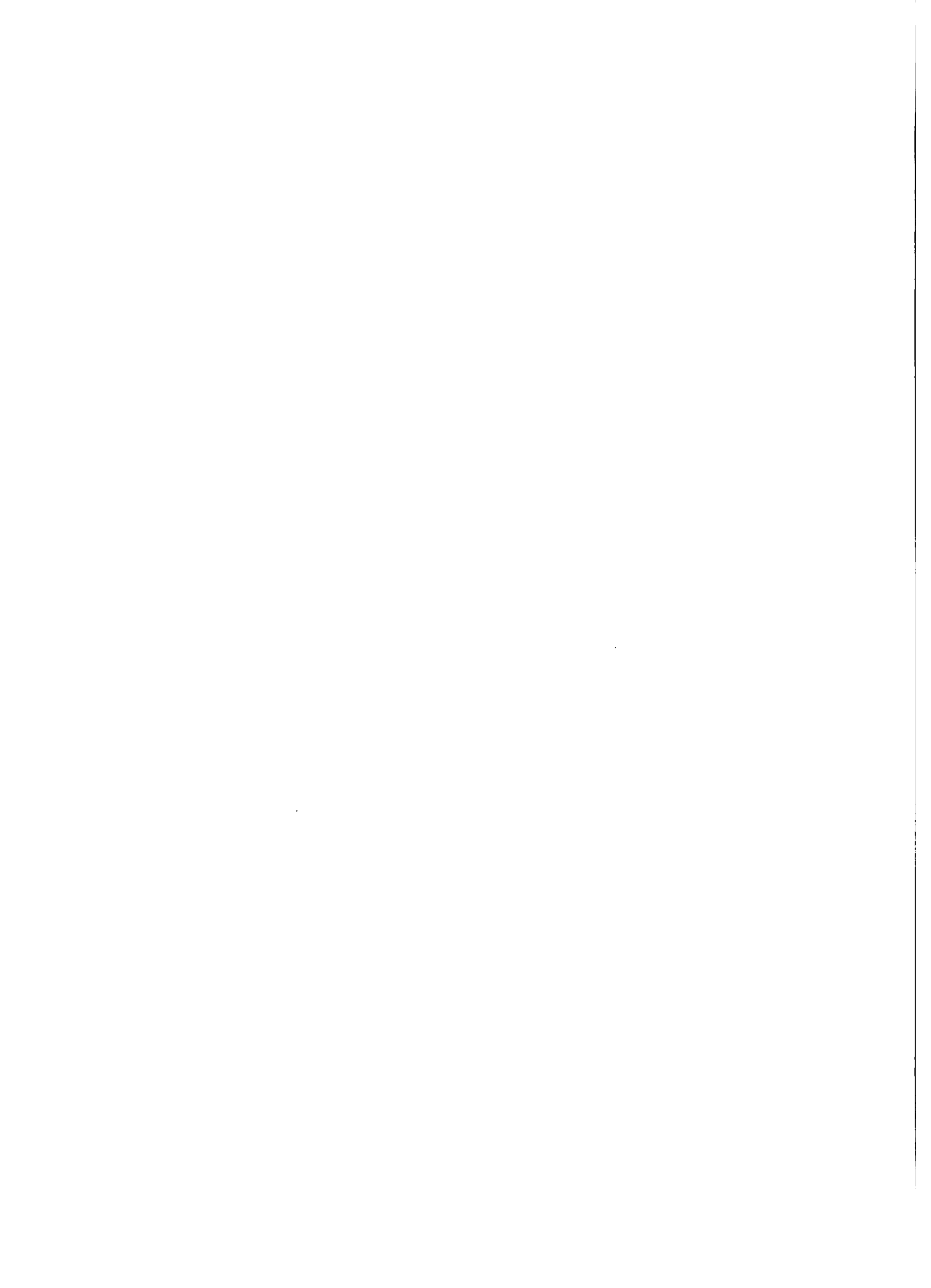
irrigation systems and the supervision of a soil conservation and re-afforestation programme.

(ii) Restructuring of Major Export Crops

Sugar production has been in secular decline since a peak output of 506,000 tons in 1965 and had fallen below 200,000 by 1982. The main reasons for the decline were falling world prices deteriorating quality and yields, the inefficient operation of the main plantations by workers co-operatives and declining factory efficiency. The industry had become increasingly non-viable and progressively nationalized in the 1970s as the major private sugar companies withdrew from estate production. The policy pursued during the 1980s was to target output at 240,000 tons a level deemed sufficient to meet export quotas and domestic demand, abolish the sugar co-operatives and close non-viable government factories. Processing was centralized in upgraded factories and management improved.

Banana exports, also in long term decline, were especially hard hit by Hurricane Allen in 1980. The replanting/recovery programme emphasized the use of modern technology in planting material and handling on large-scale plantations.

Other components of the approach to major exports included market related pricing formulae for sugar and bananas, and the partial deregulation of the marketing of export crops. The

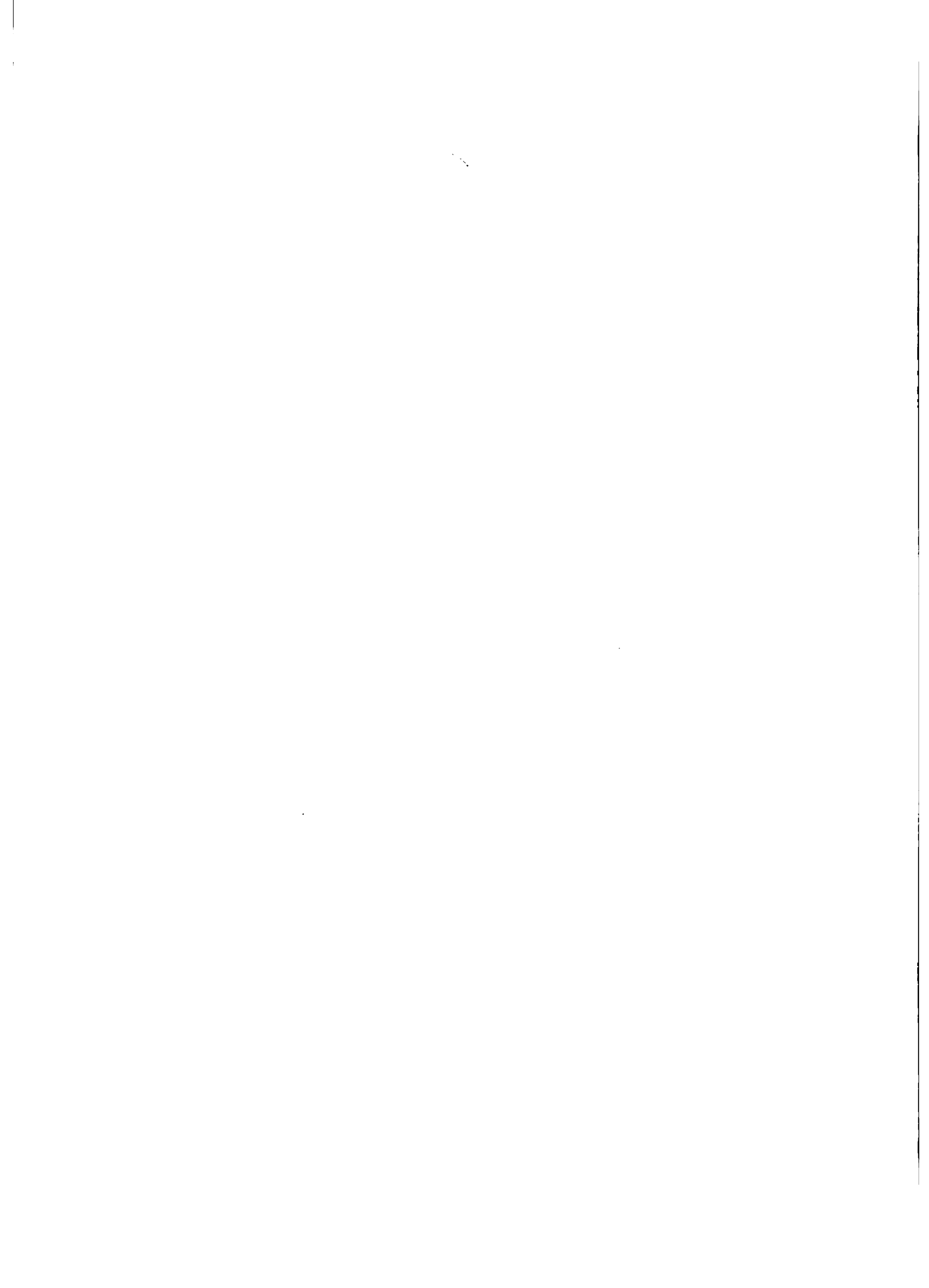


establishment of a competitive exchange rate was expected to propel the export drive. Privatization would provide the capital, the management and the drive to take advantage of the new opportunities for profit.

(iii) Export Marketing Organizations

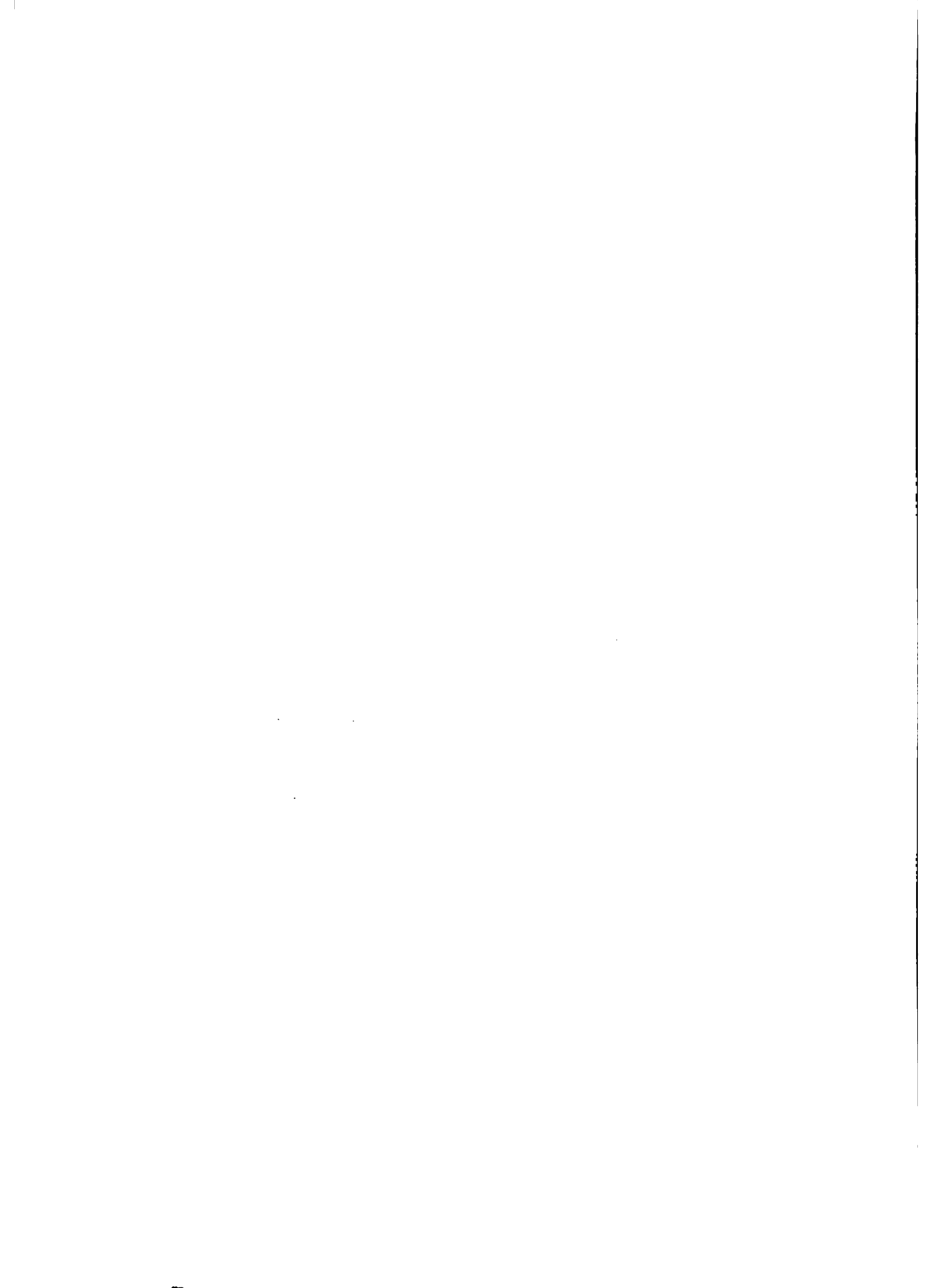
The transmission of relative price signals to farmers, in the 1970s, had been inhibited by the establishment of quasi government export marketing organizations (EMOs) with monopoly powers over the export marketing of specific agricultural commodities. Along with the resistance to exchange rate adjustment, these organizations would have inhibited the pass through of growth inducing price signals to the farm-gate. These EMOs related to coffee, cocoa, citrus and pimento. Throughout the 1980s, therefore, the thrust of structural adjustment in agriculture has embraced efforts to reduce or eliminate the intermediary and other functions of these organizations.

By early 1982, the government had removed the export monopoly powers of the citrus, cocoa and coffee marketing boards. Allowance was made for competition from growers, with the requirement for minimum scale and output volume. In many cases, these minimum requirements appeared to be prohibitive and were subsequently reduced in May of 1985.



Under the first structural adjustment loan with the IBRD (SAL I), signed in March 1982, studies auditing the management of the Export Division of the Ministry of Agriculture (exporting pimento) and of EMOs for citrus, coffee and cocoa were undertaken. Following on these studies, it was agreed under the second structural adjustment loan (SAL II) with the IBRD, that there should be satisfactory progress towards rationalizing the marketing and other activities of the EMOS for those commodities (including the Ministry of Agriculture's Export Marketing Division). Accordingly, the Government decided to divest the non-marketing functions of the EMOs with research and extension services to be integrated with those of the Ministry of Agriculture. Responsibility for the supply of inputs was to be transferred to the private sector (including farmer's organizations like the Jamaica Agricultural Society) and units in production were to be transferred to the National Investment Bank of Jamaica (NIBJ) for their eventual divestment. This divestment of non-marketing activities was eventually completed as a precondition for second tranche release under SAL III. ~ 1

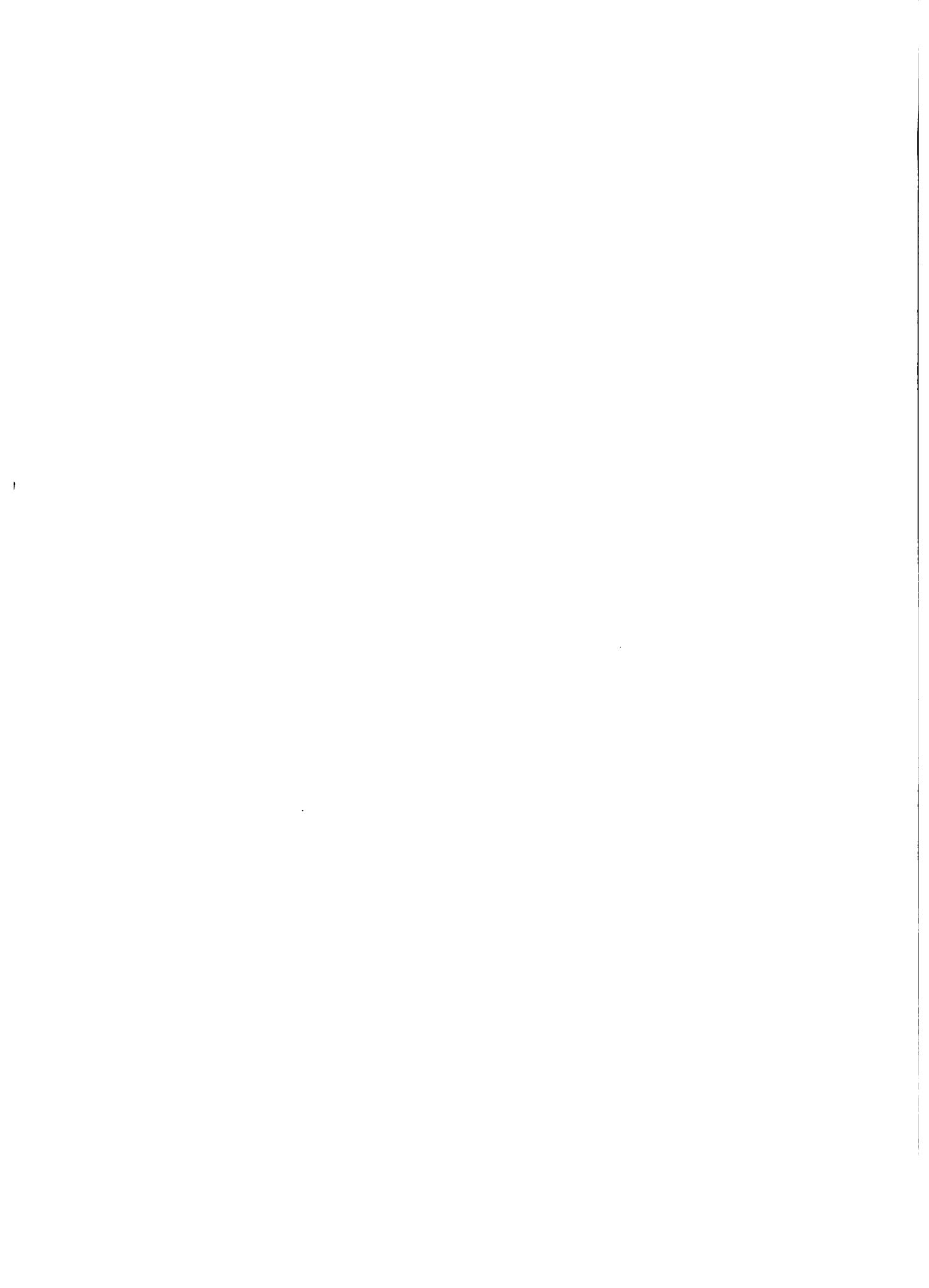
It was also agreed under SAL II that the efficient pass through prices to the farm-gate should be facilitated by the use of pre-determined price formulae. Implementation did not occur under SAL II due to the non-availability of the study necessary to establish the relevant formulae. The issue re-emerged in SAL III where February 28, 1985 was specified as a deadline for the adoption of efficient pricing formulae. Again, because of delays



in organizing the study, the dated condition had to be waived. It was subsequently met, having re-appeared as a pre-condition for the sugar rehabilitation loan.

Following reforms under SALs I to III, export marketing for coffee and pimento (as well as for sugar and bananas) may be considered satisfactory. In 1989, however, the cocoa industry board continued to control 100.0 percent of cocoa exports, despite formal allowance for competition. This arose in a context of a minimum of requirement for an export licence, of 200 tons of dry cocoa, where there were 25,000 farmers producing just over 2,500 dry tons per annum. With the inability to meet the minimum requirement for competing export licences, farmers were receiving only about 50.0 percent of export prices in direct cash payments.

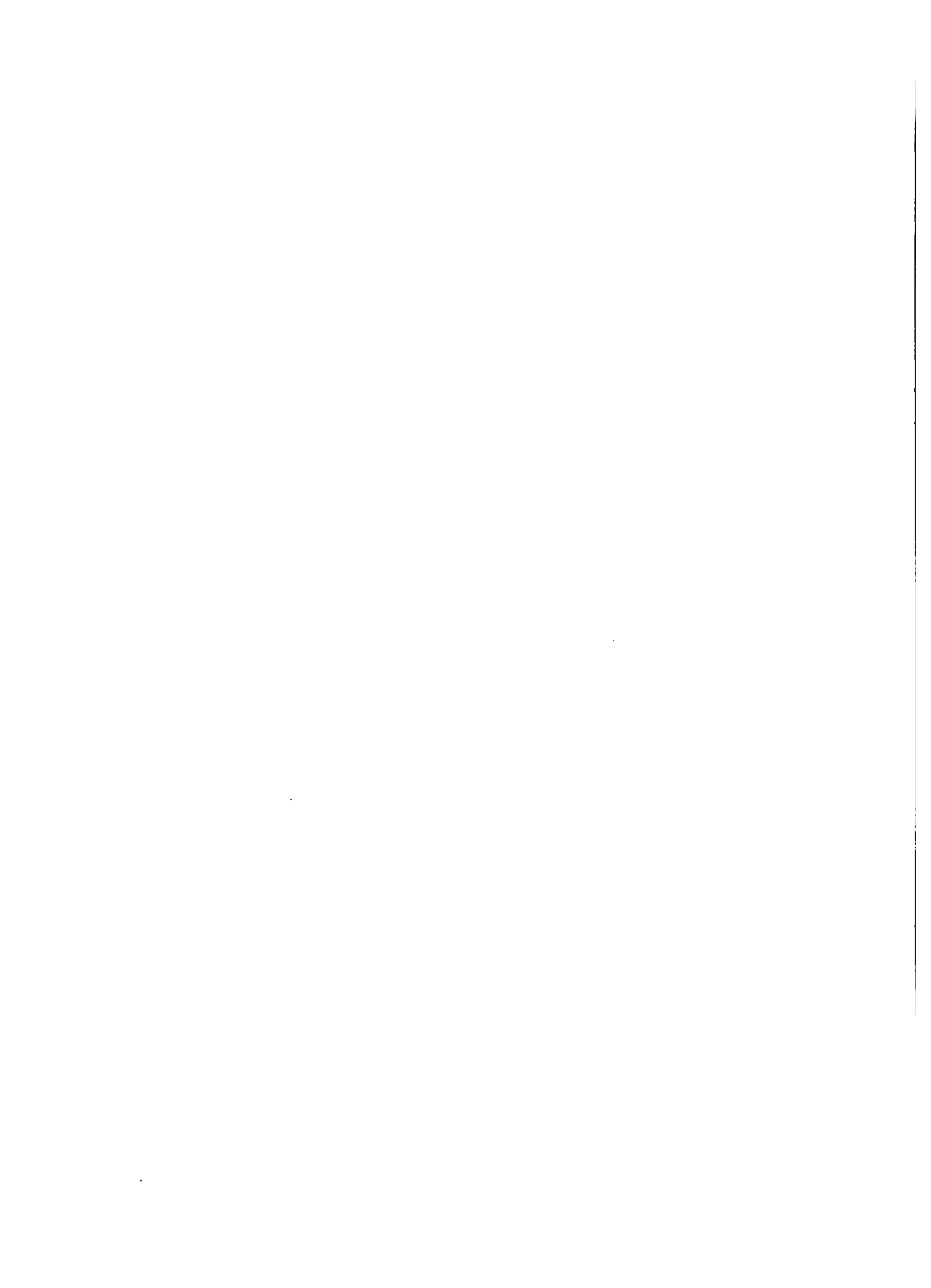
By 1989, there had been some progress in the deregulation of citrus with farmers being free to sell to the unregulated local market, two export processing plants (one owned by the citrus growers association - a private grower association) and to one of three approved private exporters. Only growers with 50 acres in production or producing at least 15,000 boxes of export fruit could qualify for export licences, however, and the Citrus Growers Association (CGA) had the power to approve exporters. While this power was not being applied in restraint of competition, the IBRD expressed concern at its potential. They were also concerned about proposals from the citrus growers association to increase the minimum size requirements for export licensing.



Accordingly, the IBRD in 1989 sought to address these concerns, with respect to cocoa and citrus among conditions for disbursement under an Agricultural Sector Adjustment Loan. In this vein, the government was expected to eliminate minimum production requirement for cocoa exporting and open marketing to general (non-cocoa) private enterprise. While the Cocoa Industry Board (CoIB) would retain responsibility for quality control, membership by growers would no longer be compulsory. For citrus, the IBRD wanted Government to specify conditions for export licensing, eliminate minimum requirements, open marketing to non-citrus private sector interests and downgrade the status of a grower cess to the CGA from compulsory to voluntary. Legislation to simplify the flexibility of administration of export marketing requirements was also recommended.

(iv) Import Restrictions and Domestic Price Distortions

As indicated in the discussion on the General thrust of structural adjustment, substantial progress has been made in the 1980s, in liberalizing the foreign trade and payments mechanism. Towards the liberalization of the foreign exchange system, the rigid import licensing system of the late 1970s had been substantially dismantled by 1989. The main exceptions in this regard were commodities monopolized by the state owned Jamaica Commodity Trading Corporation (JCTC), agricultural products restricted to protect small farmers and restrictions for security



or public health. Agricultural inputs are, however, imported on relatively very concessionary terms. Restrictions on import competition imply a high nominal and effective protection rate for small farmers and perhaps a loss of consumer welfare.

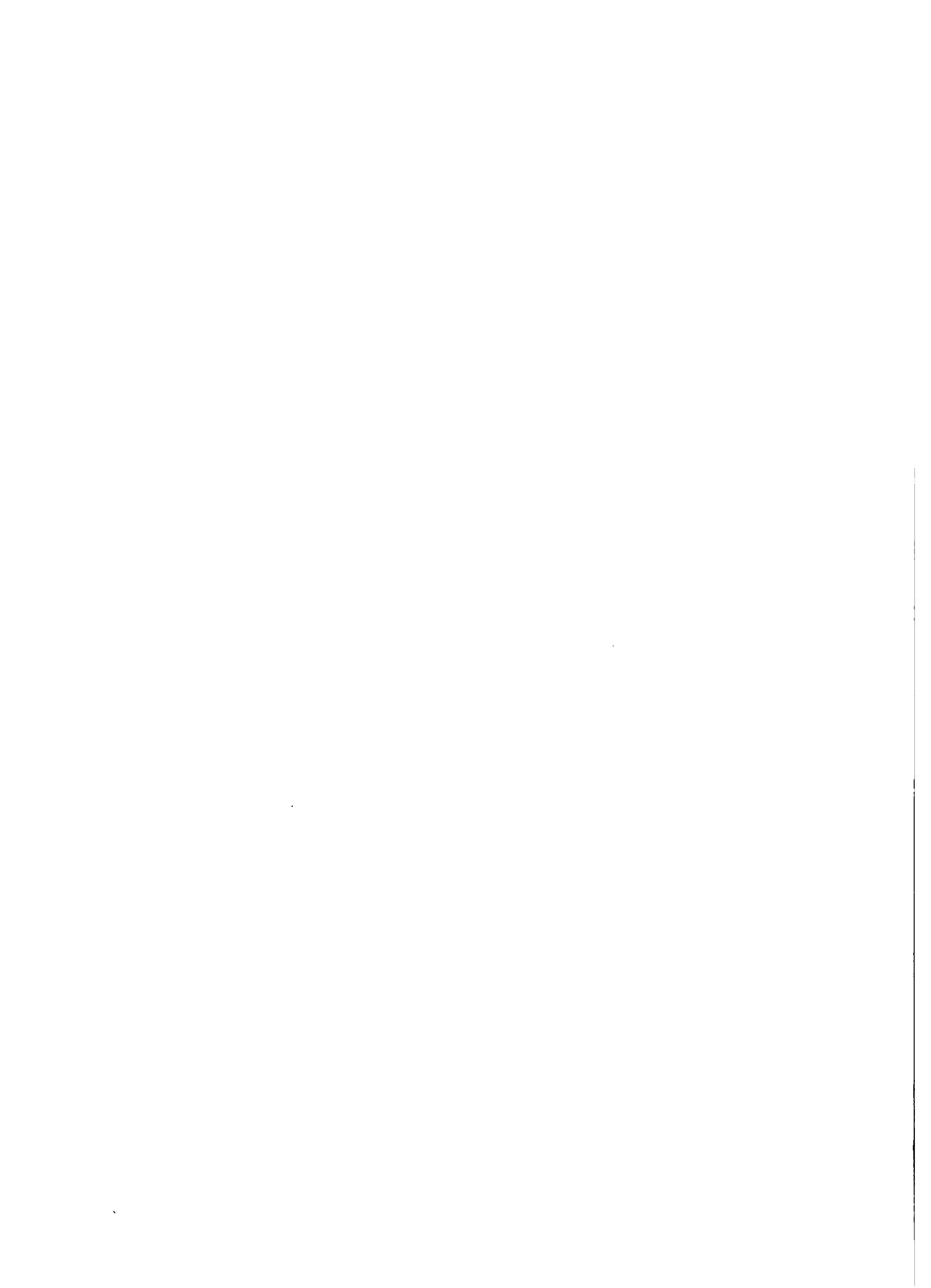
General progress in reducing import restrictions has been supported by the reduction of price controls and reduced public sector intervention in domestic marketing. By 1989, the majority of price controls had been eliminated but there continued to be controls for basic foods and animal feeds, especially for commodities imported through the Jamaica Commodity Trading Company. Under the aegis of the Agricultural Sector Adjustment Loan and of the second Trade and Finance Sector Adjustment Loan (TFSRP II) the monopoly status of the JCTC in the importation of commodities has substantially been eliminated. In the context of liberalization of the foreign exchange market and system, there is now a commitment to a full pass through of the effects of import price and exchange rate changes to final demand. This commitment now extends to basic foods imported through the JCTC. In this environment, the role of the Prices Commission has been severely restricted.

In the direction of removing price distortions, food subsidies have also been substantially eliminated in the 1980s. Through its monopoly of basic food imports, the JCTC administered a generalized food subsidy scheme (GFS) with non-transparent cross-subsidization from another public enterprise, the power generating company. While the government operated limited targeted

food subsidy programmes (e.g. food stamps for the very poor and a school feeding programme), the proportion of the population requiring nutritional assistance has been so substantial that the government considered generalized food subsidies to be more appropriate.

Under the Public Enterprise Sector Adjustment Loan of the mid-1980s, the government committed itself to a study of the operations of the JCTC, its role in generalized subsidies and possible alternatives in making targeted subsidies more efficient. While the resulting study was considered inadequate, the issue remained alive in subsequent discussions on Trade and Agricultural Reform. The government then announced its intention to phase out these generalised food subsidies over the fiscal years 1990/91 and 1991/92, limit its cost and increase fiscal transparency by passing any cross-subsidy explicitly through the budget.

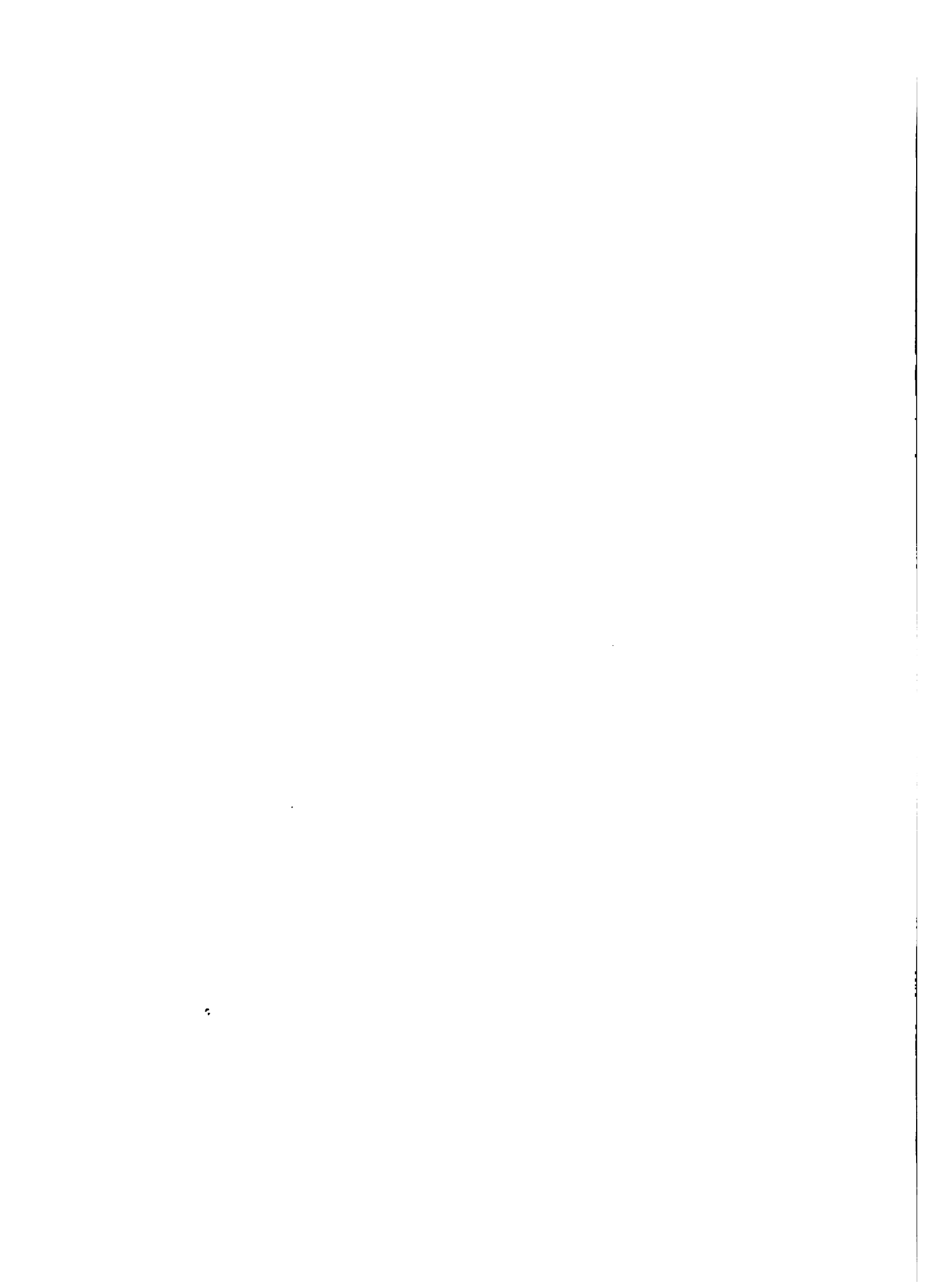
In the context of foreign exchange system liberalization, the generalized subsidy has been almost completely eliminated and in the context of sharp currency depreciation, there have been sharp increases in basic food prices. While the government has stated its commitment to and sought international support for extending the targeting of food subsidies, there has been a sharp movement of relative price signals for import substitution or replacement in food production.



(v) Agricultural Credit

The government led approach to economic development in the 1970s had embraced the direct allocation of subsidized sector-specific credits. The primary institutional vehicle for the delivery of this credit, was the Jamaica Development Bank (JDB). This institution loaned directly to manufacturers, tourism interests and relatively large farmers and indirectly to small farmers through the intermediation of farmer owned peoples co-operative banks. Interest rates in the late 1970s had been "subsidized" (below market) and substantially negative in real terms. Operations appear to have been relatively inefficient as indicated though an increasing incidence of non-performing loans and the threat of financial insolvency.

From 1982, direct lending by government development finance institutions was discontinued. The operations of the JDB were limited largely to improving the administration of its then existing loan portfolio while two new institutions, the Agricultural Credit Bank (ACB) and National Development Bank (NDB) were established as wholesale intermediaries for development finance. In this vein, the ACB and NDB, funded mainly by external agencies, rediscount loans provided through commercial banks and people's co-operative banks. In the case of the people's co-operative banks, providing credit mainly to small farmers, the NDB also provides technical support for their management.



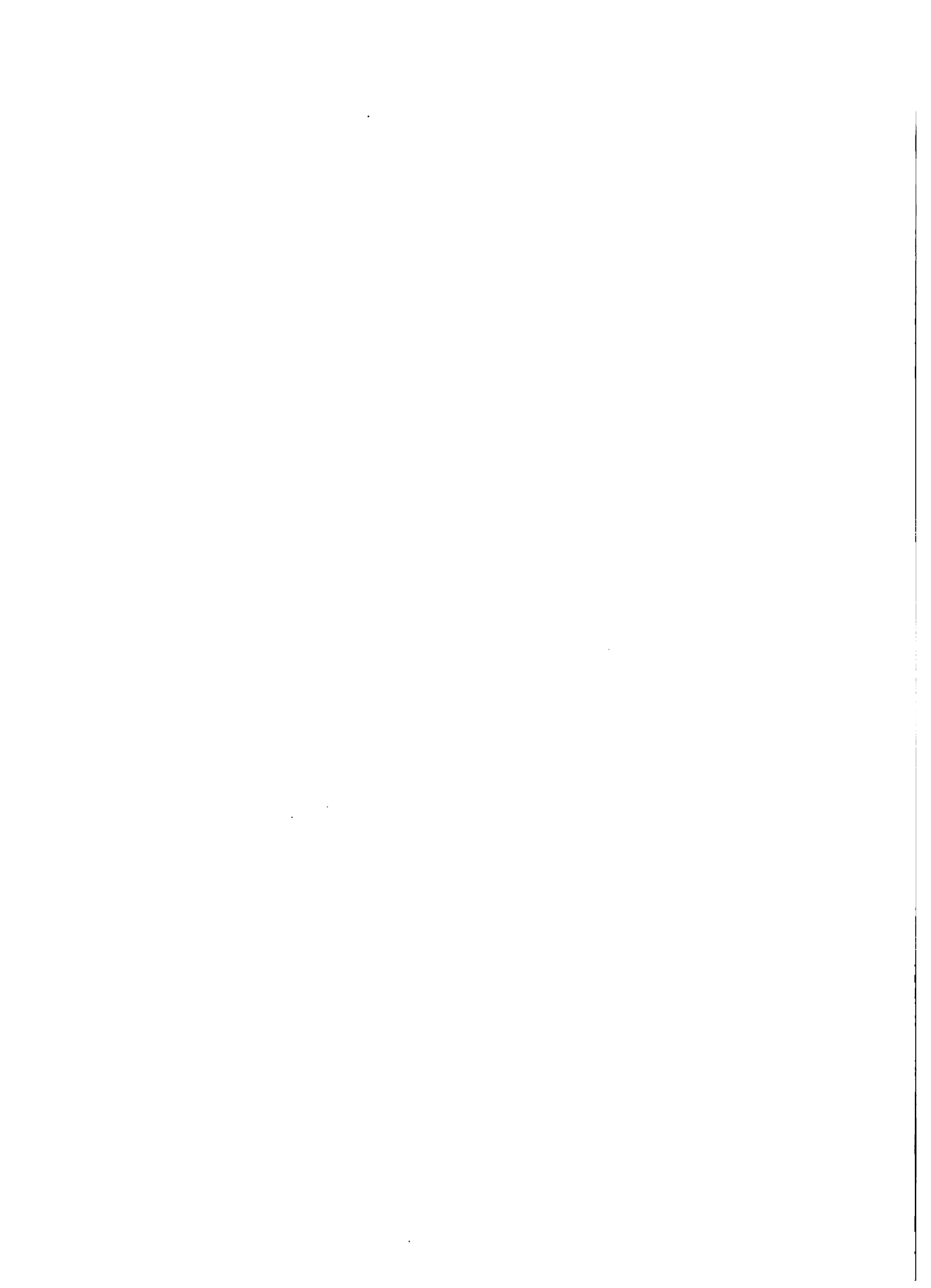
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also expressed concern about the limited range and flexibility of financial intermediaries in on-lending ACB sourced funds. In this vein they were concerned about the limiting of commercial banks to relatively large farmers and the constraints on the ability of other institutions, notably credit unions to participate.

The IBRD proposed and the government agreed, that by the release of the second tranche of the Agriculture SECALL (before April 1, 1990) the ACB would rediscount loans for relatively large farmers at the weighted average yield of Government Treasury Bills and Central Bank Certificates of Deposits over the previous twelve months. For rediscounting of loans for small farmers by the ACB it was proposed that this be done at a rate equal to the rate of increase of the Consumer Price Index over the previous twelve months, plus one percentage point. (A positive real rate.) (The Government agreed to rediscount for small farmers at the large farmer rediscount rate less the historical differential of three percentage points.) Furthermore, it was agreed to reduce the maximum percentage of total cost financed for large farms by the ACB to 60.0 percent, while keeping this for smaller farms at 80.0 percent.

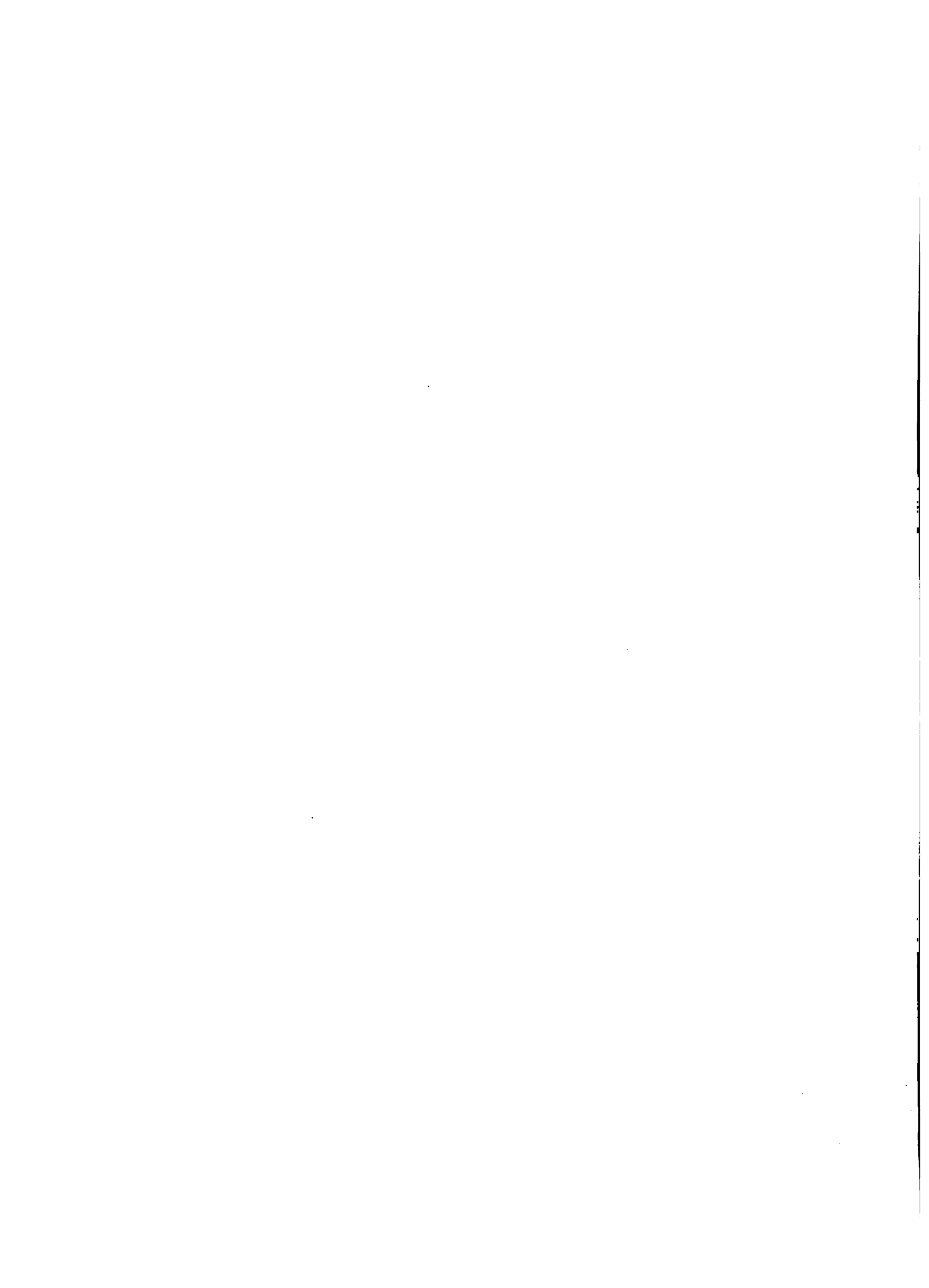
With respect to arrears the ACB, prior to board presentation, introduced a system for suspension of disbursement to PCBs where arrears of more than 120 days represent more than 20.0 percent of amounts due at the end of any quarter. This



contributed to the substantial reduction of PCB arrears to the ACB by September 1988.

In terms of widening distribution channels, there was substantial disagreement between the government and the IBRD. It was not clear that the IBRD fully understood the co-operative nature of credit unions in underpinning their interest rate ceiling and borrowing and repayment conditions. It was not clear that the co-operative movement was prepared to accept flexible market linked rates in accommodating ACB rediscounting and it appears that not much progress has been made in modifying the modus operandi of the credit unions.

Since 1989, market interest rates have for the most part moved upwards (with Certificate of Deposit and Treasury Bill rates now approximating 40.0 percent). At the same time, inflation has accelerated in 1990 and especially in 1991, with the twelve month rate of inflation approximating 60.0 percent at the end of August 1991. Despite the role of inflation in depressing real rates of interest (towards current negativity), there are indications that ACB rediscount rate linkage to increasing nominal rates has suppressed demand for agricultural credit.



(vi) Support Services and Institutional Reform

As one of the largest government ministries, the Ministry of Agriculture (MOA) had traditionally been the central organization charged with the fostering of the growth of agriculture. The MOA functions have included agricultural planning and formulation of public sector agricultural investment programmes, research and extension services, provision agricultural statistic, natural resource conservation and export marketing of pimento. Through its Land's Department, the Ministry of Agriculture has also been the primary holder and administration of crown (government) lands.

Over time, the historical dominance of the Ministry of Agriculture in the discharge of these functions, has been diluted by a proliferation of more recently established statutory corporations. The Planning Institute of Jamaica (PIOJ) is also a primary source of publication and analysis of agricultural statistics. In 1983, (Agro 21 Corporation) was established with the central purpose of facilitating investment and enterprise in non-traditional agricultural exports. In pursuit of this objective, Agro 21 sponsored feasibility studies and provided technical assistance for investors and was the agent for the long term leasing of government land for these ventures.

The National Investment Bank of Jamaica was established in 1984 as a holding company for government owned, including



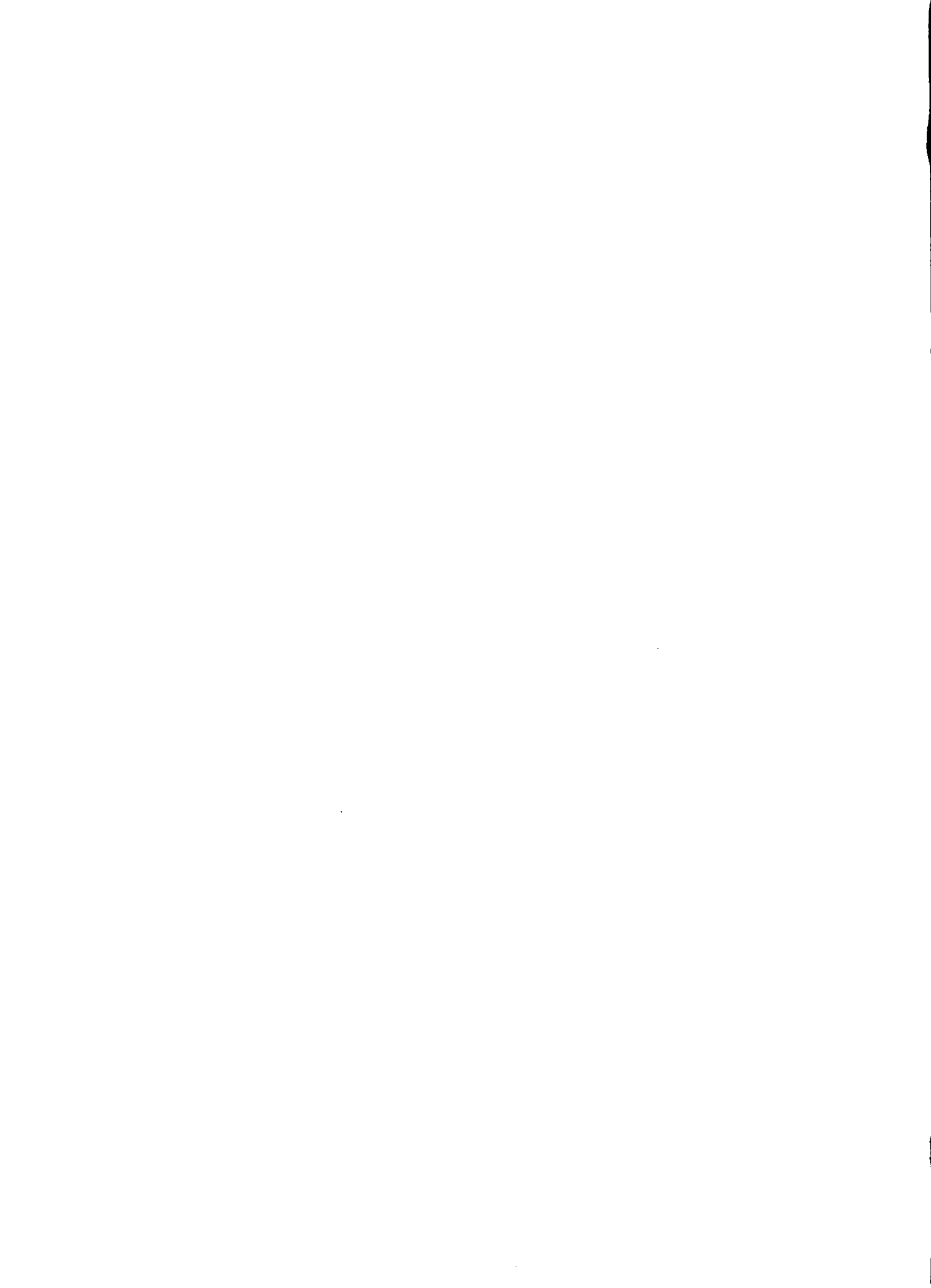
agricultural and agro-industrial, enterprise. As such it provided management and accounting support. It later became the primary vehicle for the divestment of government owned enterprise. In 1989, both Agro21 and agricultural enterprise previously held by the NIBJ, were transferred to the Agricultural Development Corporation.

In 1986, a National Irrigation Commission was established to manage all public irrigation systems and to improve cost recovery. A new tariff schedule was prepared in 1989 designed to increase cost recovery from 10.0 percent to 50.0 percent by 1992.

Jamaica Promotions, JAMPRO, formed as a merger of three agencies in 1988, continued to have responsibility for investment promotion and export facilitation. These functions would also have embraced agricultural enterprise.

Up to the late 1980s, government efforts to promote soil conservation and inhibit watershed degradation appear to have had limited success. To co-ordinate new initiatives, the government in 1989 established a new statutory body, the National Resources Conservation Authority, as an agency of the newly created Ministry of Development, Production and Planning.

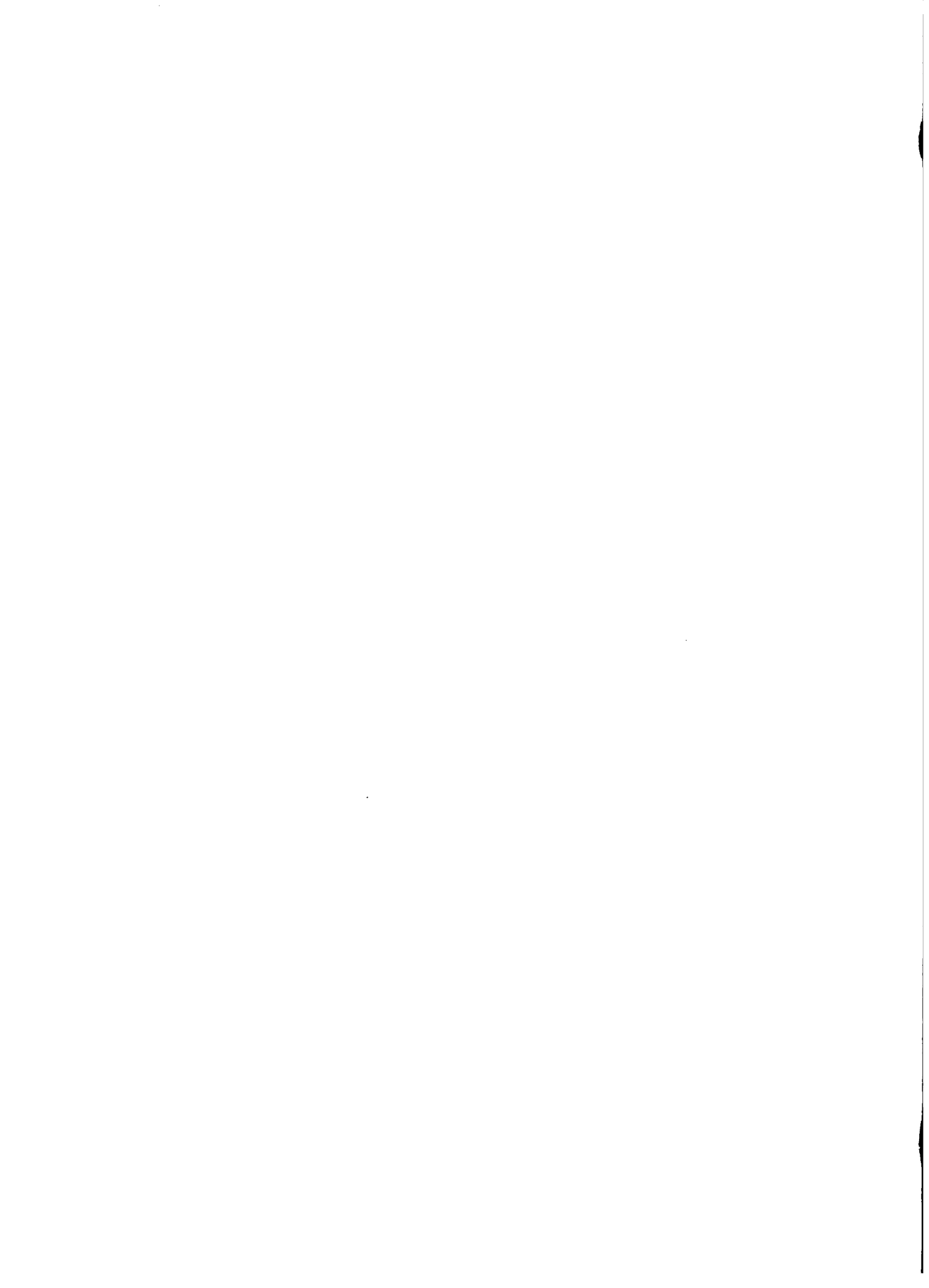
From the early 1980s, it was clear that praedial larceny was emerging with significant potential to inhibit agricultural enterprise. In reaction, the government had introduced legislation to increase penalties in an effort to discourage this phenomenon.



The policy conditions for SAL I also led to the establishment of a system of agricultural warders to police specific areas. There had been some controversy surrounding the establishment and operation of the agricultural warden system. It is not at all clear that the legislative and policing initiatives have effectively suppressed praedial larceny and the agricultural warden system appears to have been practically abandoned. Whereas large farmers may be able to afford their own security, small and medium farmers continue to be at risk.

The proliferation of institutions impinging on various aspects of agricultural planning and administration has diluted the role and functioning of the Ministry of Agriculture. Also, in terms of overlapping roles and responsibilities across institutions, the cohesiveness of national economic management may well have been weakened.

The status and effectiveness of the Ministry of Agriculture was further threatened by the effects of sharp fiscal and macro-economic adjustment of the mid 1980s. Within the context of fiscal expenditure constraint, an exchange rate driven acceleration in inflation reduced real wages and increased the difficulty of attracting qualified staff. At the same time, the staff complement was cut by 35.0 percent in 1985. Retrenchment did not spare essential support services as there was a severe curtailment, with associated loss of effectiveness, for research and extension services provided by the Ministry of Agriculture.



It is hoped that the second phase of the Administrative Reform Programme (ARP) will facilitate the recruitment, retainment and motivation of qualified personnel in the Ministry of Agriculture. Care has to be taken, however, that the ARP is not used to reward senior officers and cement existing structures, rather than facilitating recruitment and change.

Overall, the structure of agricultural administration has to be made more cohesive and effective. If within public sector reform the role of the Ministry of Agriculture is to be re-established, then the related role and functions of other public sector agencies will have to be re-evaluated.

(vii) Enterprise Divestment

Efforts of the government to divest itself of land holdings and to enhance security of freehold tenure, have already been discussed under "Land Reform" above. Government in the 1970s had also acquired sole or part ownership in a wide range of agricultural and agro-industrial enterprise and there is a commitment that these holdings are to be privatized.

The issue of enterprise divestment arose in negotiating the Agriculture Sector Adjustment Loan in 1989 and the IBRD suggested divestment of some holdings. Some of those scheduled for privatization in the fiscal year 1989/90, notably Cornwall Dairy Development Limited and National Casava Products Limited, had not yet been divested in 1991. Some of the delays have been due,



however, to an absence of what would have been considered to be suitable offers. With the enhancement of relative price signals, however, it may be anticipated that there could be a substantial strengthening of domestic and foreign investor interest.

The government in pursuit of its objectives has enterprises in varied states of readiness for divestment. While some have been advertised and/or are in negotiations, others have been approved and are in background preparation. A representative list is reflected in the following table.

PRIVATIZATION OF AGRICULTURAL ENTERPRISE

Enterprises/Assets/activities Activities	Ownership	Subject Ministry/Agency	Comments Incl. Preliminary Proposed Modality for Privatization
<u>ADVERTISED AND CURRENTLY IN NEGOTIATIONS</u>			
1. National Cassava Products Ltd.	100%	Ministry of Public Utilities and Transport	Dilution of Interest from Injection of new capital. (Special Committee appointed by Government to privatize
2. Cornwall Dairy Development Ltd.	100%	Ministry of Industry, Production & Commerce JAMPRO/JIDC	Sale of assets and lease of assets.



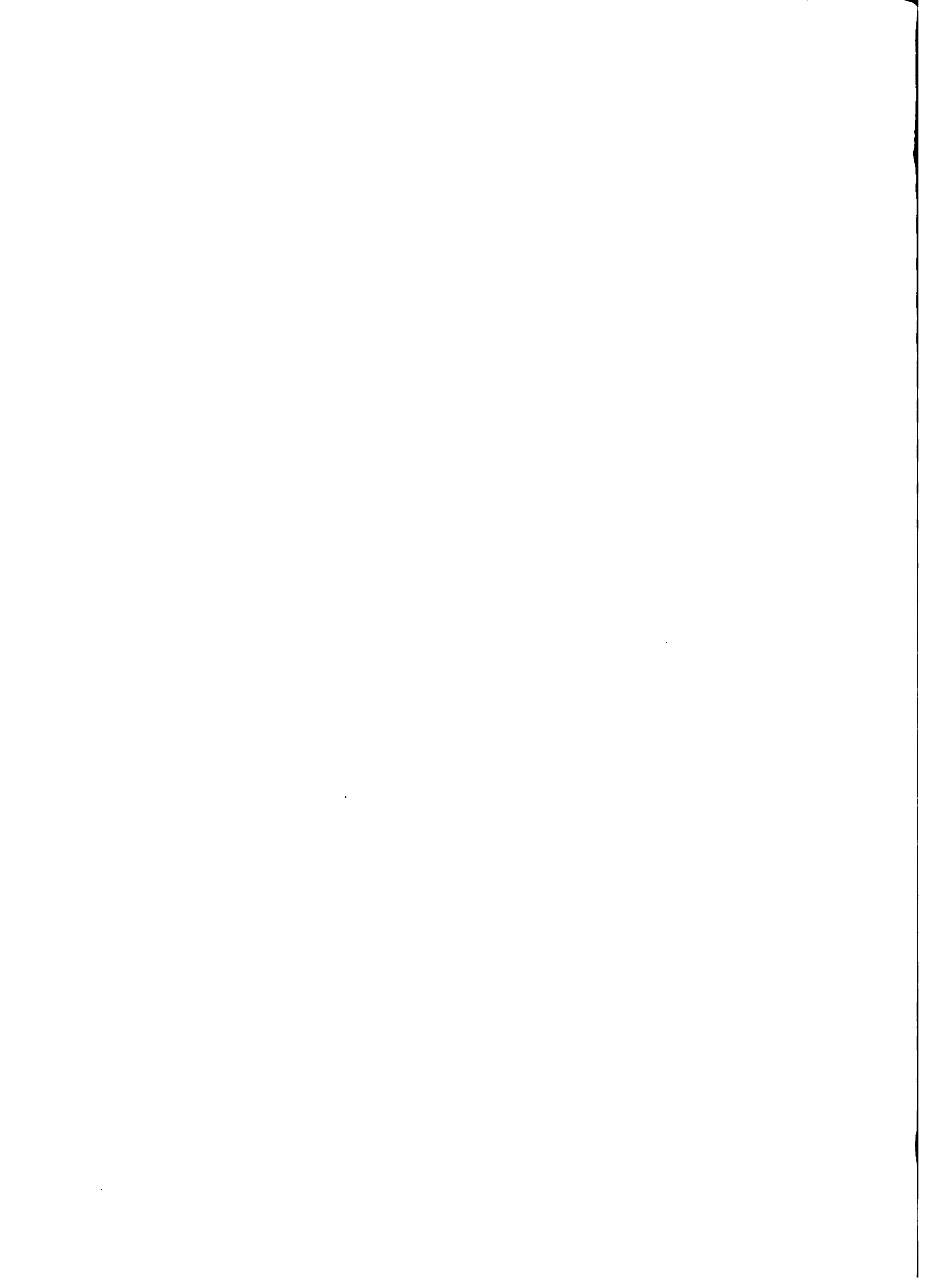
Enterprises/Assets/activities Activities	Ownership	Subject Ministry/Agency	Comments Incl. Preliminary Proposed Modality for Privatization
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BACKGROUND PREPARATION

1. Shettlewood Property Montpeller Property	100%	ADC Group Limited	Sale of Assets and of Assets.
2. Jamaica Soya Products Ltd.	60%	Ministry of Industry, Production & Commerce	Sale of shares.
3. Highgate Foods Ltd.	38%	Ministry of Industry, Production & Commerce	Sale of shares.

PRELIMINARY ASSESSMENT

1. Innswood Vinegar Limited	51.21%	Ministry of Agriculture	Sale/Lease of Assets.
2. Cocoa Industry Board (properties)	Cocoa farmers	Ministry of Agriculture	Sale of porperties on open market by Cocoa Industry Board.
3. Black River Upper Morass Development Company (BRUNDEC)	100%	NIBJ	Sale/Lease of Assets.
4. Tropiculture Limited (Shares) Agriculture	45%	Jamaica Developmt Bank	Sale of Shares.
5. Minard Estate	100%	ADC Group Limited	
6. Grains Jamaica Limited	51%	NIBJ/JCTC	Sale of Shares.
7. Victoria Banana Limited	100%	ADC Group Limited	Sale of Shares.



SECTION V: THE AGRICULTURAL SECTOR RESPONSE

1. Overall Sectoral Performance: GDP

Based on National Income and Product data, value added in agriculture rose through the 1980s when compared with 1980 as a base year. In 1987, Agricultural GDP was 9.5 percent higher in real terms than the out-turn in 1980 and 1983. Output fell in 1988 and 1989 mainly as a result of hurricane related dislocation but rose sharply again in 1990. Value-added in agriculture in 1990 was 10.8 percent higher than in 1983, but in historical perspective, it was still 5.0 percent lower than the performance of 1978.

TABLE: 2

Index of Agriculture GDP 1974 - 1990

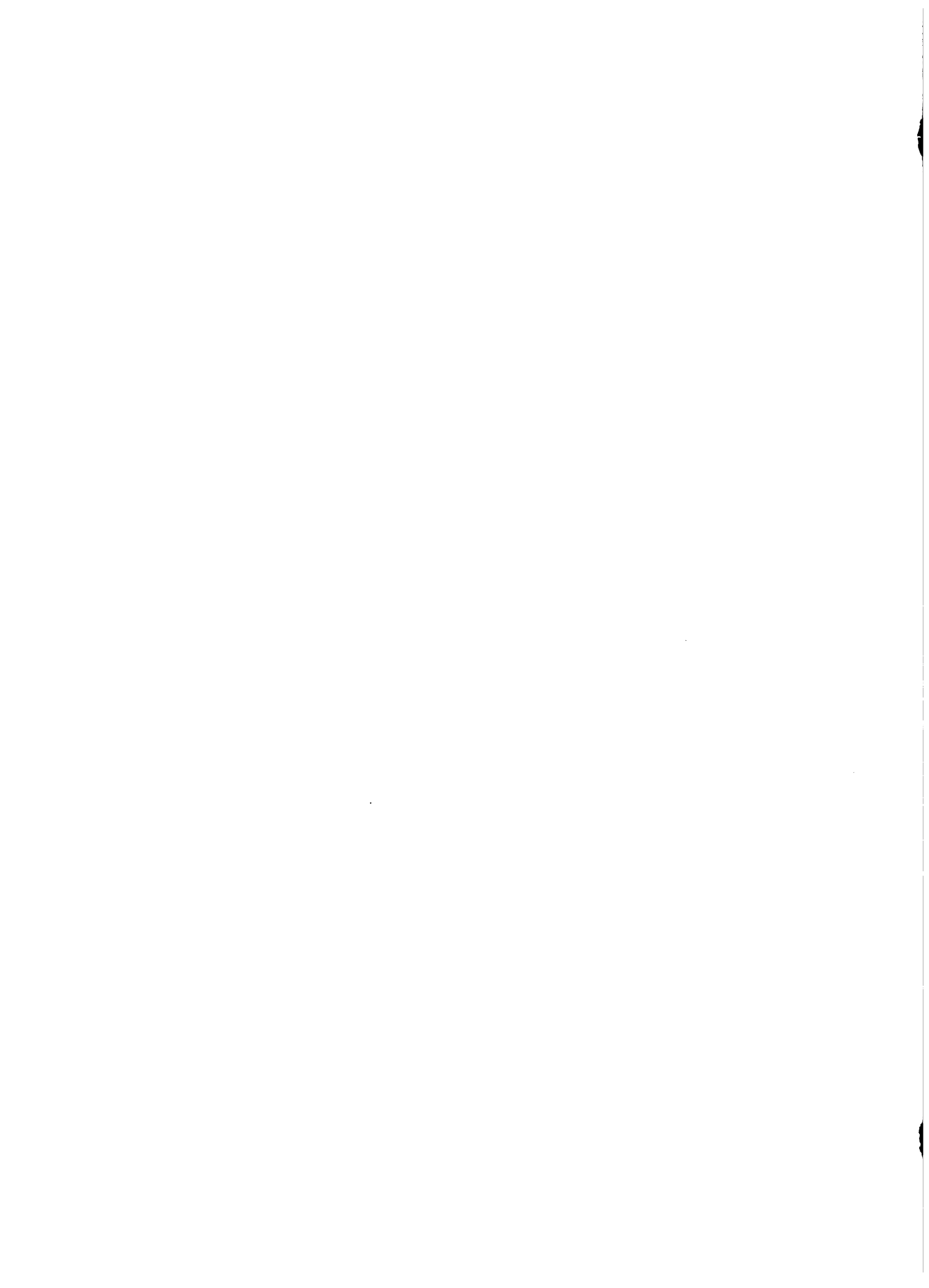
	<u>Export Agric.</u>	<u>Dom Agric.</u>	<u>Livestock</u>	<u>Total Agric.</u>
1974	100	100	100	100
1975	89.3	103	111	101.7
1976	99.2	96.9	115.2	102.4
1977	80.8	108	124.9	105.4
1978	91.2	128.3	121.3	115.5
1979	71.8	114.4	118.6	103.6
1980	67.4	108.1	117	99.2
1981	68.2	112	118.6	101.4
1982	66.8	98.7	111.1	93.4
1983	64.7	107.2	124.1	100.1
1984	67.1	124.1	127.4	110.2
1985	65.1	122.1	115.7	106.3
1986	63.2	117.2	114.5	104.1
1987	62.3	123.4	125.7	109.5
1988	67.6	111.5	122.7	103.6
1989	67.2	96.3	134.4	99.2
1990	67.6	107.2	163	110.8



In the sub-sector "Export Agriculture", GDP has never risen above 1974 levels. Export GDP in the 1980s remained on average some 33.0 percent below that of 1974 and was always lower than the lowest point in the 1970s (1979). This sub-sector covers sugar, bananas, coffee, cocoa, citrus, pimento and coconuts. The trend performance for this group is heavily weighted by sugar which has been in secular decline over the past fifteen years.

Domestic agriculture, which category in the national accounts includes non-traditional export crops had, in 1987, expanded by 25.0 percent over 1982. The largest annual increase was in 1984 (15.0 percent) which was associated with new large scale winter vegetable projects. Output subsequently fell to 1983 levels. Average annual GDP in domestic sub-sector for 1984 - 1990 was 5.6 percent higher than the average of the seven year period 1974 - 1980.

The other major sub-sector in the standard classification of agricultural activity is livestock, which includes beef, dairy, pigs and poultry. This area has shown tremendous expansion. Value added in 1990 was 39.0 percent above that of 1980 and 63.0 percent above 1974. Output in the last two years, 1989 and 1990, has been higher than at any time since 1974.



2. Export Agriculture

Structural Adjustment applied to agriculture meant a shift away from reliance on a narrow range of traditional export crops to a diverse mix of nontraditional products in varied markets. At the same time, the farm operations in traditional areas would be made more efficient and marketing operations more flexible.

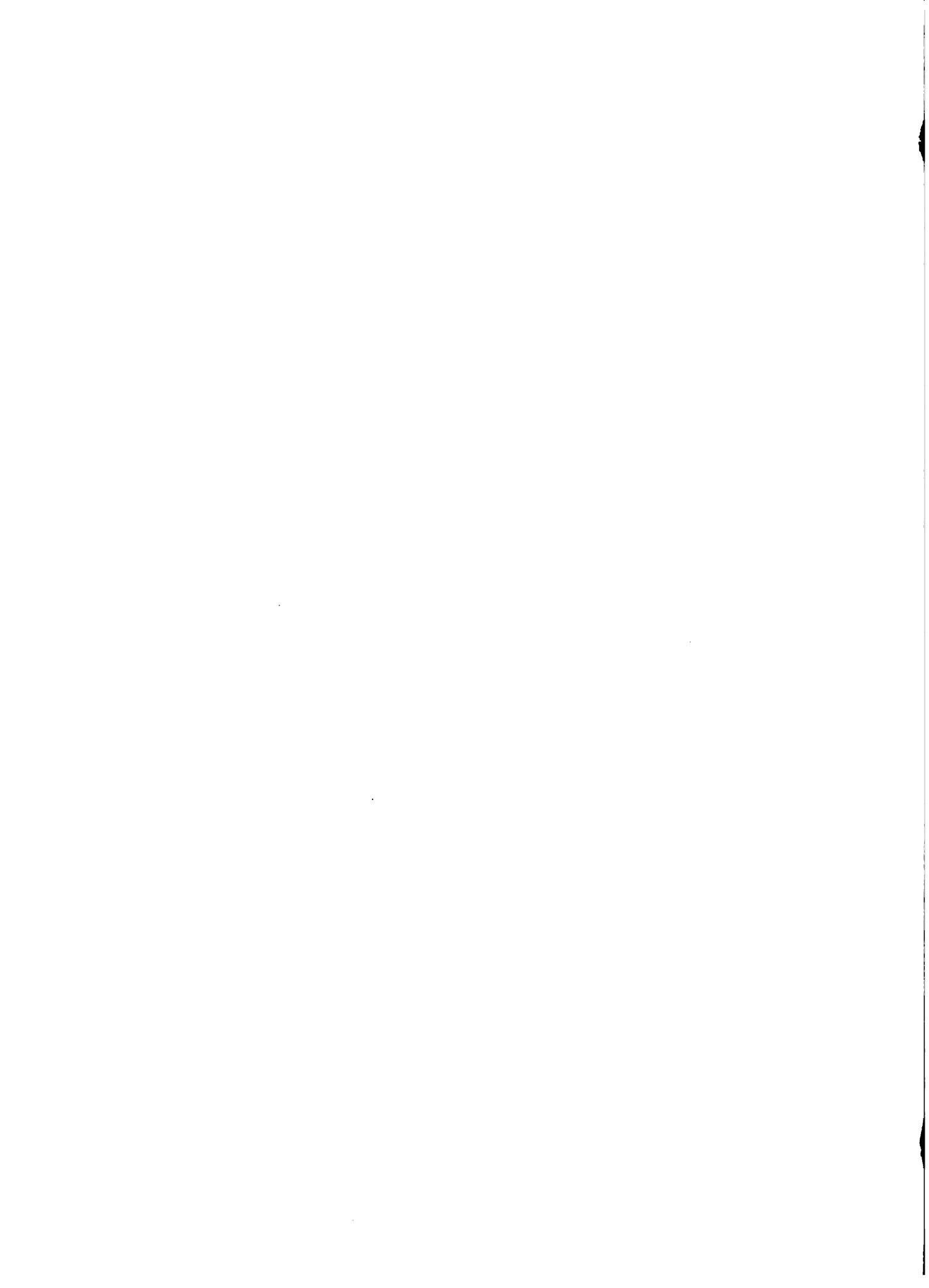
TABLE: 3

Traditional Export Crop Production and Exports

	PRODUCTION			VALUE (US\$mn.) <i>Exports</i>		
	1980	1987	1990	1980	1987	1990
Sugar (l.t.)	242,000	188,000	204,000	54.4	73.8	85.8
Banana exp. (m.t.)	33,000	34,000	61,066	10.5	18.9	37.6
Coffee ('000 boxes)	250	371	261	4.5	8.4	3.3
Pimento (l.t.)	1,255	2,355	2,518	3.9	4.9	5.7
Citrus (m.t.)	4,996	9,567	11,918	1.8	4.8	4.7
Cocoa (l.t.)	1,369	2,600	2,068	4.5	4.6	3.3
				<u>79.6</u>	<u>115.5</u>	<u>145.7</u>
				=====	=====	=====

Source: PIOJ

As Table 3 shows, the value of traditional agricultural exports has gradually increased during the 1980s. Moving from around US\$80.0 million in the base year, earnings fell to US\$69.0 million in 1981 and grew thereafter to reach US\$145.7 million in 1990. The two main exports, sugar and bananas have benefited from improved international prices as the relationship between value and



volume exported suggests. Banana production has expanded rapidly in recent years while the quality has improved by virtue of better techniques in planting and handling. Consequently, the rate of rejection has fallen from 22.0 percent in 1980 to below 1.0 percent at present. Other traditional exports increased in output and value prior to setbacks occasioned by the 1988 hurricane.

The increases in exports were positively influenced by conditions in world markets as well as by improved farm gate prices offered by marketing organizations. IMF data on international commodity prices show a trend of rising prices in sugar and bananas even in the absence of quality premia and special arrangements. The EEC price for imported sugar was 21.0 percent higher in 1990 than in 1980. An index of prices for bananas of Latin American origin delivered to United States ports showed prices in 1990 of the order of 44.0 percent above 1980. Similar data for EEC bananas under the LOME Agreement were not available but export earnings by volume show a similar trend. Farm gate prices for bananas increased substantially over the period and especially in 1990.

For all but cocoa, farm gate prices for traditional agricultural exports increased faster than the general rate of inflation as represented by the Consumer Price Index. In contrast, the farm gate prices for domestic crops kept pace with the CPI. As a consequence the intra-sectoral terms of trade shifted markedly in favour of export crops. The most outstanding case that of bananas, has attracted heavy investment, its attractiveness being partly

comparable to the increase in
 to indicate an increase in
 (4.012) as the price of
 from 1980 to 1990



reflected in a surge in the market value of the shares in the privatized marketing company. A combination of rising international prices, credit availability and currency devaluation have thus contributed to the increased profitability of these crops.

TABLE: 4

Farm Gate Prices of Selected Tradition Exports
J\$/Tonne

	1983	1990	% Δ 1984-90
Sugar	562	2,014	258
Bananas	330	3,748	1,036
BM Coffee	3,117	9,369	200
Cocoa	1,235	2,737	122
Pimento	2,420	9,590	296
Coconut	1,752	7,316	318
 Consumer Prices	 100	 321.8	 222

Source: PIOJ



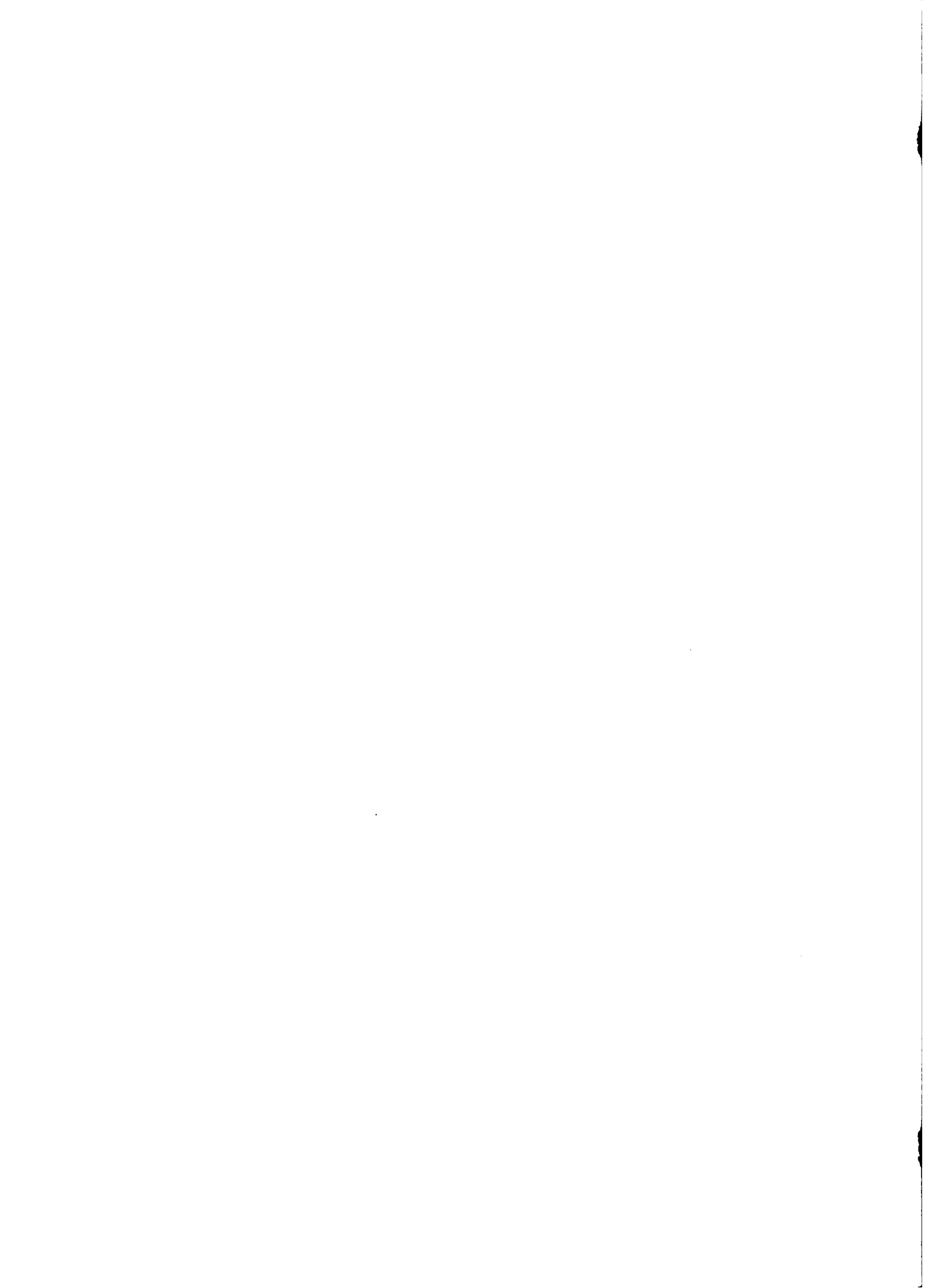
The value of non-traditional exports tripled between 1982 and 1987 (5.9 million to 18.9 million) and has subsequently fallen to 15.7 million in each of the last two years. Production peaked in 1986 led by large volume increases in vegetables (cucumbers, sweet peppers, etc.) and in fruits. The volume of exports in 1990 was about half of the 1986 out-turn concentrated in yams and other tubers.

TABLE: 5

Volume and Value of Non-Tradeable Exports

	<u>Volume mn. KG</u>	<u>Value US\$ mn.</u>
1980	-	-
1981	-	-
1982	-	5.9
1983	12.3	9.3
1984	16.5	10.0
1985	23.1	13.5
1986	20.5	16.4
1987	20.5	18.9
1988	16.4	16.5
1989	11.9	15.7
1990	14.7	15.6

Source: PIOJ; ESSJ 1985, 1990



The flow of credit to the agricultural sector in the 1980s has been substantial. Commercial bank lending partly financed by wholesale funds from the Agricultural Credit Bank, showed a net increase in exposure to the sector of 650 million between 1982 and 1990. The ACB itself since its formation in 1983 had disbursed a total of 799 million in loans of which the sum of 541 million was outstanding at the end of 1990. These loans were channelled through associated Peoples Co-operative Banks and Commercial banks for land acquisition, production and marketing financing. The other significant creditor to the sector - the Jamaica Agricultural Development Foundation disbursed \$99.0 million over the period of the 1980s.

Equally significant were the resources channelled into the sector through Agro 21 and other publicly controlled institutions in the form of equity participation technical support and marketing. These efforts were supported by external financing including the donor sponsored Export Crops Project and Sector Adjustment Loans from the IBRD. The financial resources devoted to agricultural restructuring are difficult to quantify precisely, but the sector continued to receive priority attention even in the face of a general contraction in government services.

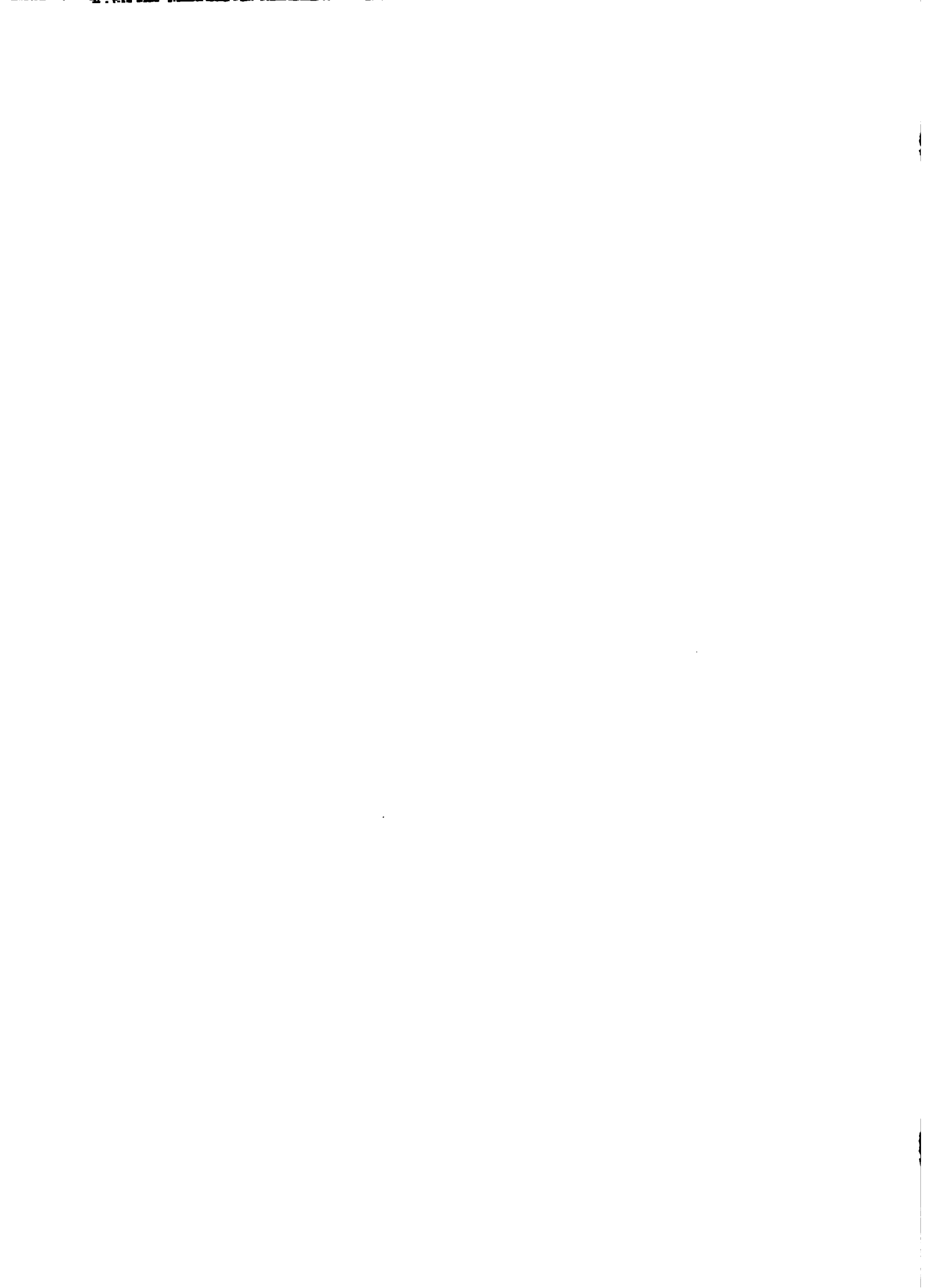


TABLE: 6

SELECTED AGRICULTURAL DATA

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Rate of Growth of Agriculture GDP (%)	2.3	-7.9	7.3	10.0	-3.5	-2.1	5.2	-5.4	-4.3	11.8
Contribution to GDP (%)	8.3	7.6	7.9	8.8	8.9	8.6	8.5	7.9	7.3	7.8
Agricultural Exports (\$US mn.)	69.4	77.3	91.5	89.7	82.8	95.6	113.2	129.9	102.5	145.7
o.w. Sugar	46.5	49.0	57.3	66.0	49.8	62.2	75.8	91.9	64.8	85.8
Bananas	4.3	4.7	6.8	1.5	4.2	9.1	18.9	15.7	19.3	37.6
Non-Traditionals		5.9	9.3	10.0	14.9	16.1	18.9	16.5	15.7	15.6
Agricultural Employment ('000)	256.8	247.7	234.1	257.8	279.8	272.7	272.0	261.1	247.7	239.7
Agri-Employment/Total Emp. (%)	36.5	35.1	32.6	33.1	35.8	33.7	32.3	30.0	28.4	26.7
Value Added per worker (1974 \$)	607.9	580.5	658.7	658.3	585.1	587.5	604.0	610.9	616.5	712.1

Source: STATIN: PIOJ

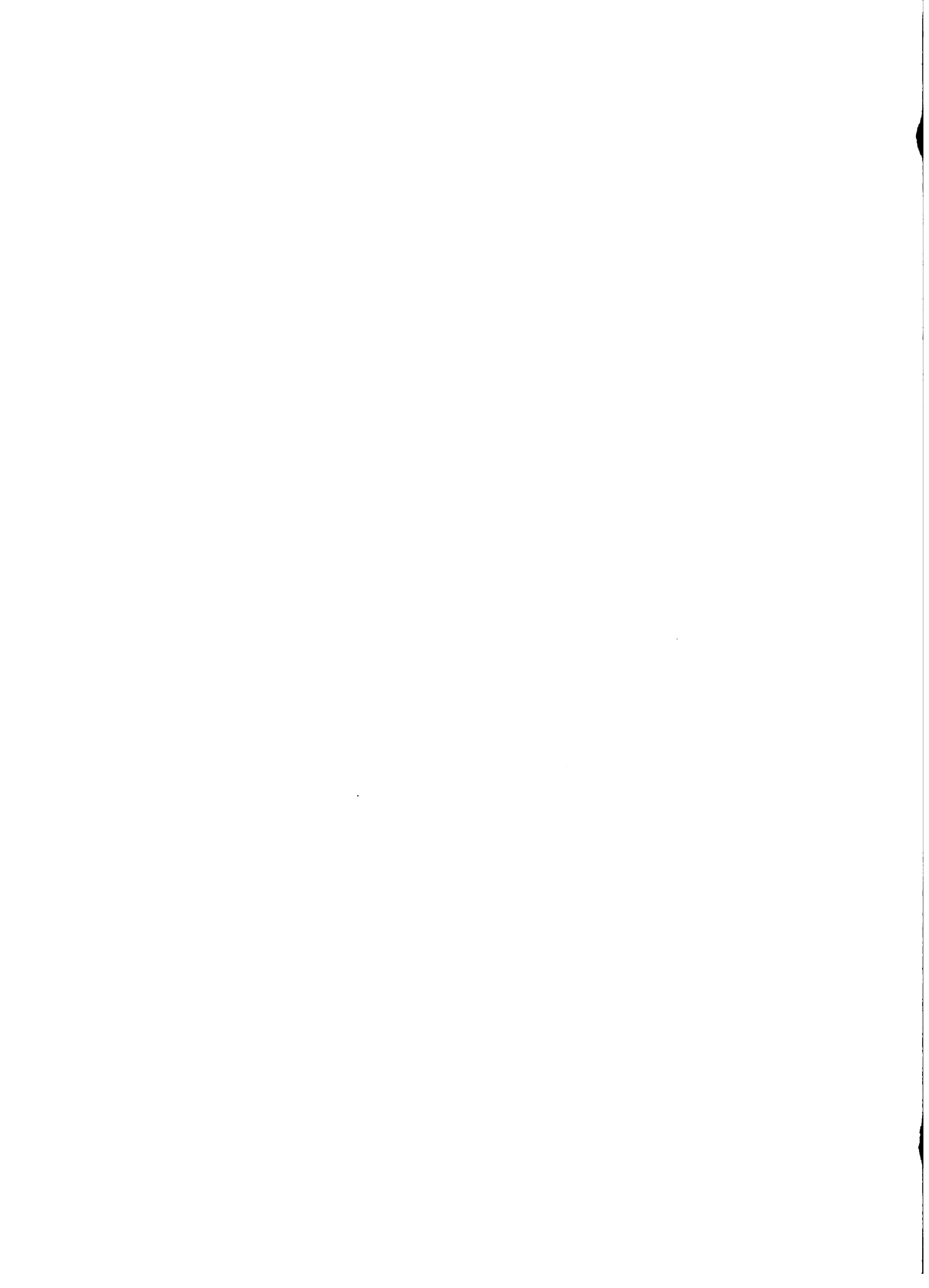
The summary indicators of change in the sector point to the following. Over the decade of the 1980s agricultural exports moved from US\$82.4 million in 1980 to 146.0 million in 1990. Of this US\$63.0 million change, sugar accounted for US\$31.0 million and bananas 27.0 million, most of which occurred during 1990. By comparison, exports in 1988 were 130.0 million and US\$102.0 million in 1989. The importance of agriculture as a foreign exchange



earner has fallen from 10.0 percent total exports in 1977 to 7.0 percent (in 1989). Earnings remain concentrated in sugar and bananas as non-traditional exports have waxed and waned.

Over the decade of the 1980s, employment in agriculture has declined from 36.5 percent of the employed labour force in 1981 to less than 27.0 percent in 1990. With total value added having grown by some 10.0 percent over the same period, value added per worker has risen, especially in 1990 when it jumped by 16.0 percent. This broad measure of productivity has been on an improving trend since 1985 and reflects the impact of the reorganization of production of the major export crops.

More recently, the terms of trade have shifted more strongly in favour of exports and the sector is attracting more investment in the form of expanded acreages, processing and marketing ventures. The obstacles to expansion now appear to be in the area of technology, support services and marketing. Resolution of these problem areas will point the way of the sector in the 1990s.

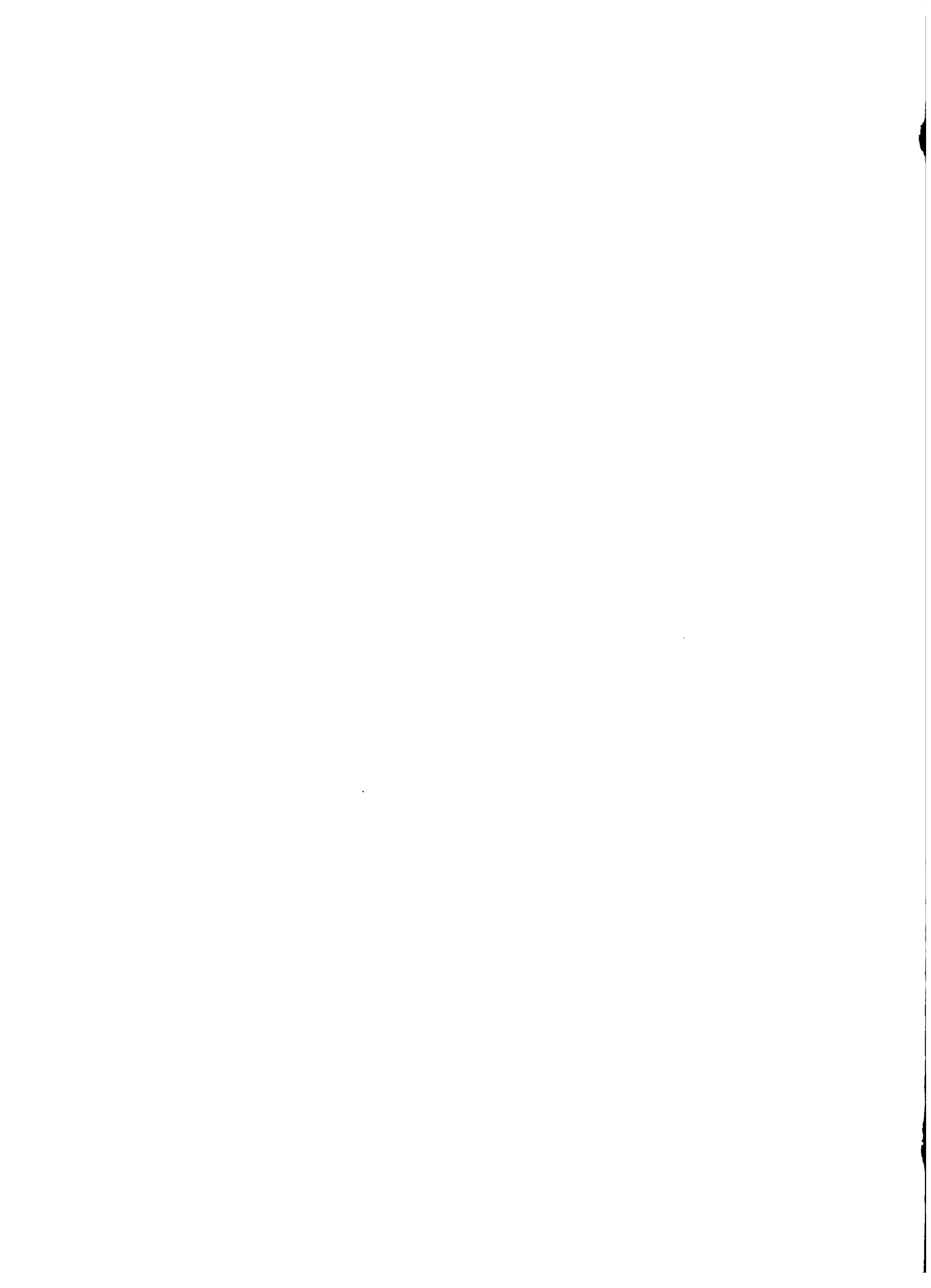


SECTION VI: EVALUATION AND RECOMMENDATIONS**Expectations versus Developments to Date**

The development strategy of the 1980s relied expressly on private investment in export manufacture, international services, tourism and export agriculture. These activities collectively had the potential of dramatically increasing foreign exchange earnings and of dissipating reliance on bauxite/alumina exports as the mainstay of external trade.

Based on past performance, infrastructure, expertise and trading arrangements, there remained an important role for traditional export crops. The sugar industry was beset by inefficiency in every area. Re-organization and investment along commercial lines could raise yields in both production and processing sufficient to satisfy export quotas while freeing some prime arable land for other high yield crops. A zone of 250,000 tons per annum was seen as achieving this goal at the end of the resuscitation process.

Bananas too were felt to have significant under-used capacity which could be efficiently realized by replanting estates with improved varieties and the modernization of handling and packaging techniques. Exports had declined from 136,000 metric tons in 1970 to a low of 11,000 metric tons in 1984. The



reorganization of the industry was expected to restore exports to 50,000 tons by 1988 and 120,000 tons by 1991.

Other traditional exports, particularly coffee and citrus, had the scope for significant expansion. Direct investment by Japanese firms and Government investment in roads and other basic amenities would have made possible a tripling of acreage under coffee by 1990. Progressive deregulation of marketing arrangements of coffee, citrus and cocoa would add to the incentive to export already initiated by exchange rate changes.

The outlook for traditional exports then was one of growth through more efficient organization and increased farm-gate prices to make new investment in these areas attractive. The new wave in agriculture was expected to be the creation of a vibrant commercial farm sector devoted to the export of non-traditional crops - winter vegetables, fruits and ornamentals. A "new breed of entrepreneur" would emerge to lead this new thrust, blending overseas marketing expertise and technology with local land and equity. Exports would, therefore, become more resilient to fluctuations in commodity prices, being more diversified by type and by destination.

Up to 1987, the response of traditional exports to price signals reorganization and investment had been disappointing. Growth in sugar and banana production had not yet materialized. Sugar production in 1987 was 188,000 tons compared with 242,000 in 1980. Bananas had increased marginally: 33,000 tons in 1980 to



34,000 tons in 1987. Other traditional exports, however, coffee, pimento, citrus and cocoa doubled in output. Earnings nevertheless increased for all crops with sugar and bananas enjoying favourable market prices.

Production of most crops was badly affected by Hurricane Gilbert in 1988 but recovery since then has been spectacular. Banana production has doubled; sugar output has begun to achieve some earlier expectations. Tree crops have been slower to expand but acreages and other inputs point to continuing expansion. Overall, the expectations of the early 1980s for a revival of strong traditional exports have been slow to blossom but are now beginning to bloom.

Non-traditional export growth has not caught on. Following lead investment by Government in land preparation, planting material, irrigation, roads and packaging plants, exports of winter vegetables, fruits and flowers increased rapidly, tripling between 1982 and 1986. Thereafter, with the dissolution of a marketing partnership, these exports have fallen. The new breed of entrepreneurs have not emerged.

Elements of the Process

In evaluating the slowness of the response of agriculture exports to the resources and incentives committed to this process, it is useful to review the stages of planning and implementation; the degree and adequacy of financial and institutional support;

the sufficiency of price and market incentives; and the role of uncontrollable factors such as the weather and international market conditions.

Government Direction and Control

Agriculture was, throughout the 1980s, an area of the economy over which Government exerted extensive control. One third of the total land area was publicly owned as well as some twenty agricultural and agro-industrial enterprises in sugar, bananas, rice, livestock, forestry, aqua culture, orchard crops, rum and other products. In addition, government controlled export marketing organizations, financial and promotional companies as well as a large administrative and research body in the Ministry of Agriculture.

The success of reform in agriculture, therefore, depended heavily on the efficacy of government planning, financial investment and institutional support. If this were not to be the premise on which success would be based, then the alternative would have to be a divestment of control over the use of resources and a reliance on the market and the private sector for decisions on investment, prices, output and trade.

In retrospect, the supply response has tended to vary directly with divestiture of government control. Those industries which enjoyed the most control by the private sector have seen the most encouraging results. The restructuring and partial



deregulation of marketing arrangements for sugar, bananas, coffee and pimento have produced strong price incentives for those producers. Further, the privatization of the management of sugar estates and the extensive purchases from private farmers has been associated with the improved yields of both sugar cane and sugar. Bananas are an even more spectacular case. Coffee expansion was private sector led although it benefited from improvements to access roads in mountainous areas. In general, privatization and the pass through of market prices has had good results.

On the other hand, the revolution in non-traditional exports should have been led by a large project which was a partnership between a public corporation and private managers and marketers. The project was an expensive financial failure partly because of weather conditions but mostly because the planning, ownership and operation did not reflect strictly commercial considerations. The demonstration effect of this failure discouraged other would-be non-traditional exporters from investing in those new crops recommended by Agro 21 -- heart-of-palm, passion fruit, etcetera. The non-traditionals that have shown sustained growth have been those familiar to the traditional farmer - primarily tubers, vegetables such as pumpkins and cucumbers, fruits such as melons and condiments. In sum, there was and seems to be an inherent conflict between private initiative on the one hand and extensive public control and goal setting on the other. In that environment, a divergence inevitably arose between the

expectations formed by the planners and the extent of a response by the private producer.

Financial and Institutional Support

The creation of the ACB in 1982 was a major reform of the credit delivery system for agriculture. The wholesaling of loans to commercial and PC Banks co-opted the project appraisal and monitoring skills available to the financial sector. These were supplemented by private foreign investment, corporate diversification and normal commercial bank financing. The combined private and public investment in agriculture was considerable.

Interest rates through the ACB were below market rates and before 1985 were negative in real terms. There was consequently some motivation for the diversion of funds obtained for farming into other areas of faster and more lucrative returns such as commerce, and into real assets not directly related to farming. The extent of this is not documented but is a factor to be born in mind when comparing the resources allocated to agriculture with the supply response up to 1987.

A further explanation may be located in the area of weak support services by the Ministry of Agriculture and in inadequate protection from praedial larceny. Reduced real Government expenditure meant a compression of real public sector wages and a loss of skilled extension and research staff. These categories of



support staff would have been especially missed by potential investors in new crops and winter vegetables where competitiveness depended on high yields and in the case of old crops, new technologies. A slower than expected supply response could be related to this failing and could account for the relative concentration of new methods in particular crops and areas.

Incentive Structure and Opportunity Costs

The centre piece of the Structural Adjustment process was the realignment of relative prices between traded and non-traded goods on a broad economic front and between particular sectoral and sub-sectoral activity at a more disaggregated level. Much of this realignment took place between 1983 and 1985. ??

It has been argued that in the absence of strong institutional support - extension services, roads, marketing services, crop security, etc. - the price incentive provided through real devaluation was not sufficient to induce investors at the margin. Costly difficulties between production and export discounted the improved farm-gate prices. Even without subsidized credit, good foreign exchange earning opportunities existed in tourism and manufacturing for CARICOM while investment in real estate absorbed a great deal of the marginal investment dollar. In short, as has been the experience of several countries, a shift in relative prices does not quickly lead to a change to the desired pattern of production. The response is influenced by the

perception of the permanence of the signals, the extent of supply bottlenecks, opportunity costs and the degree of Government control. Markets do not work well where prices are distorted by government intervention.

To summarise, the growth in traditional exports has been slow to materialise but the performance of the sector in the last two years is encouraging. This is not true of non-traditional crops except for the more familiar areas such as yams and pumpkins and to some extent, flowers. ^{YAM} ^{CASSAVA} Developments in non-traditionals therefore, have fallen short of expectations by varying degrees.

These expectations were not over-ambitious and in some cases represented no more than a recovery to previous levels of production, improved quality in others and expanded acreages in yet other crops. Targets were, however, set at the level of government while performance depended on private initiative. Where control was divested and market forces freer to work, the response was most encouraging.

Other elements of the resuscitation process were inadequate. These include support service thereby increasing the risk involved in agricultural investment and reducing its attractiveness relative to other sectors. Some of the distortions caused by administered relative prices are only recently being removed and export agriculture should become more attractive in a market economy.

The experience of the attempt at structural adjustment involving multilateral donor agencies and heavy involvement of Government in all aspects of the process raises consideration of the proper role of the public sector in general, and of its use of resources ostensibly earmarked for a particular purpose. The continuing divestment of publicly owned enterprises indicates a commitment in minimising the role of government in the production and marketing of commercial crops.

The formation of the Rural Agricultural Development Agency (RADA) to be staffed by agriculturalists to spearhead technology transfer and applied research suggests a recognition of the areas on which public resources should be devoted. As cross country surveys have shown, the growth induced by field demonstration, proper testing of better varieties of planting material, attention to training, quality standards, transportation and market information tends to be higher in the long run than reliance on price incentives.

In this vein, it is arguable that overseas support through World Bank funding may have been more productively deployed on sector specific infrastructural and technological development, with benchmarks to monitor progress, than to have been applied broadly to balance of payments support with policy conditionalities. In any event, as investment finance becomes scarcer and more expensive, the need for a better return has begun to focus more attention on issues of farm efficiency and productivity. As the

sector becomes more commercialized, competition is bound to induce more investment into research and farming methods. In this regard, the public sector should lay the foundation for national competitiveness (through agencies such as RADA and the Bureau of Standards) and allow the market to reward pioneering progress in the agricultural sector.



REFORM COMMITMENTS

ACTION MATRIX: TRADE AND FINANCE SECTOR ADJUSTMENT LOAN II
 - IBRD: SECOND TRANCHE

POLICY AREA	ACTIONS TO BE TAKEN
1. Reduction of the Dispersion in Tariff Rates	All remaining stamp duties to be eliminated, except for motor vehicles, alcohol, tobacco products, those phased out under the AGSAL and those being phased out under this loan (corn, soy beans, condensed milk and aluminium products.)
2. Non-Tariff Import Restrictions	<ul style="list-style-type: none"> <li data-bbox="616 863 1369 926">i. eliminate JCTC's import monopolies for all products; <li data-bbox="616 957 1369 1178">ii. put in place arrangements for awarding procurement contracts on a competitive basis except for imports financed under bilateral arrangements where the bilateral source requires that JCTC carry out the procurement function; <li data-bbox="616 1209 1369 1356">iii. establish a satisfactory system of tariffs and other taxes on imported motor vehicles to assure Government obtains the economic rent for their importation; <li data-bbox="616 1388 1369 1577">iv. (a) eliminate price controls on pharmaceuticals; (b) award procurement contracts for pharmaceuticals for public sector hospitals competitively; <li data-bbox="616 1608 1369 1724">v. offer for sale JCTCs investments on Grains Jamaica Limited (GJL) and Jamaica Soya Products Industries (JSPI)
3. Customs Reform	Continued implementation of agreed Plan of Action to strengthen control, planning and systems of the Customs Department.

POLICY AREA

ACTIONS TO BE TAKEN PRIOR TO THE:
(a) 1st Tranche; (b) 2nd Tranche
(c) 3rd Tranche

4. **Duty Suspension Scheme** (a) Execution of technical assistance to streamline and examine feasibility of duty drawback/suspension scheme;
- (b) Evaluation and adoption of the pilot scheme;
- (c) Expansion of pilot scheme to include indirect exporters.
5. **Banking Supervision** (b,c) Implementation of the agreed Action Plan to improve and strengthen BOJ supervisory capacity.
6. **Secondary Markets for Government Securities** (b) Initiated Action Plan based on technical assistance recommendation to strengthen secondary markets for government securities.
7. **Liquid Asset Ratio** (a, b, c) Agreement not to reinstate LAR without consultation with IBRD, IMF and IDB.
8. **Differential Reserve Requirements** (b) Progress in the programmed adjustments in the cash reserve requirements for commercial and merchant banks and trust companies for 1991, and announcement of the programme for 1992.
9. **Reduction of Interest Subsidies & Credit** (a) Interest rates on industrial credits channelled through the National Development Bank and on loan to large farmers channelled through the Agricultural Credit Bank be increased to the weighted average TB rate in the preceding quarter (or the CD rate in the same period) plus a margin to be determined by the lending agency.
- (a) Interest rates on loans to small farmers to be increased to the weighted average TB rate in the preceding quarter.

POLICY AREA

ACTIONS TO BE TAKEN PRIOR TO THE:
(a) 1st Tranche; (b) 2nd Tranche
(c) 3rd Tranche

10. Reduction of Interest Subsidies and Credit (continued) (b,c) Lending rates determined under (a) and (b) to be adjusted quarterly for new loans and annually for outstanding funds.
11. Development Bank Transfers (b) Introduction of an accounting system in the development banks which would make interest rate subsidies transparent.
12. JAMPRO (a) Implementation of an agreed Action Plan for strengthening of JAMPRO.
(b,c) continued implementation
13. Privatization and NIBJ (a) Implementation of an agreed Action Plan for rapid privatization through the NIBJ. ✓
(b,c) continued implementation
14. Competition Act (a) Implementation of an agreed Action Plan for drafting the final version of the Competition Act.
15. Environmental Protection (a) Implementation of agreed Action Plan leading to the establishment and operationalization of the Natural Resource Conservation Authority.
(b,c) Continued implementation of Action Plan
16. Macro-economic Policy (a,b,c) Maintenance of macro-economic policy consistent with objectives of the Programme.
17. Foreign Exchange (a) Achieve and maintain agreed foreign exchange regime re GOJ letter 31/7/91

STATISTICAL APPENDIX

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Jamaica: Selected Economic Indicators

	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91
(Annual percentage change, unless otherwise specified)						
Income and Prices						
GDP constant prices	-3.7	3.9	5.5	2.7	4.9	2.8
GDP deflator	31.7	11.4	7.0	9.1	15.9	23.2
Consumer prices (av)	24.4	11.2	6.9	9.2	16.0	24.8
(end of period)	22.2	7.2	8.2	11.5	20.8	28.3
External Sec. (US\$)						
Exports f.o.b	-19.9	15.4	27.2	7.1	30.1	2.9
Imports c.i.f	-15.3	-0.5	25.7	23.1	14.9	-4.7
Non oil imports	-10.4	12.1	29.5	29.0	10.5	-8.5
Export volume	-12.4	7.1	10.7	-2.8	30.5	6.0
Import volume	-9.1	8.0	14.4	20.6	12.3	11.3
Terms of trade	-1.9	16.6	4.3	8.0	-2.5	-9.1
REER	-6.2	-2.5	-1.3	8.0	-14.1	-15.8
REER	6.5	-0.1	-1.3	8.7	-10.6	-2.0
Central Govt.						
Revenue	20.8	37.9	22.0	14.0	26.5	27.6
Total Expenditure	18.0	20.0	16.7	24.4	11.9	21.4
Money and Credit						
Domestic Credit	19.4	17.7	7.9	29.7	16.1	12.6
Public Sector	20.0	9.9	-5.4	8.4	5.7	2.1
Private Sector	7.7	10.8	17.5	16.6	15.5	11.6
Lab. to Prv. Sector	24.3	23.6	21.1	34.5	10.4	21.5
Velocity	2.4	2.3	2.1	1.8	1.9	2.2
Int. rate (deposits)	20.0	14.4	15.6	14.4	22.4	25.3
(In percent of GDP)						
Central Govt. defici	-5.3	-1.4	0.0	-3.1	1.2	3.0
Full pub sec def	-13.2	-5.6	-5.4	-13.4	-4.3	-1.4
Foreign financing	6.9	-0.2	6.0	7.5	3.0	2.6
Domestic financing	6.4	5.8	-0.6	5.9	1.3	-1.2
R	13.2	6.4	8.5	15.5	7.4	3.3
Domestic investment	17.3	17.3	19.0	22.2	21.8	20.0
Domestic saving	4.1	13.1	12.8	15.7	10.9	12.3
External c/a deficit						
Including grants	-13.2	-4.2	-6.2	-6.5	-11.0	-7.7
Excluding grants	-11.5	-3.2	-4.8	-1.1	-8.5	-5.3
External debt eop						
Service ratio	157.1	133.2	140.5	123.1	111.9	116.2
Interest payments	50.6	47.6	44.9	49.2	30.8	29.4
Interest payments	24.6	20.3	17.9	19.9	12.7	12.2
Item						
Total GDP	12496.0	14457.0	16313.0	18273.0	22211.0	28141.0

Jamaica: GDP at Constant Prices by Sector

	1984	1985	1986	1987	1988	1989	1990
GDP at Market Prices	1925.4	1836.2	1866.9	1983.1	2012.6	2103.9	2184.4
Agriculture	169.7	163.7	160.2	168.6	159.4	152.7	170.7
Export Agri	24.5	23.7	23.1	22.7	24.7	24.5	24.7
Domestic Agri	87.1	85.7	82.2	86.6	78.2	67.6	75.2
Livestock	48.6	44.2	43.7	48.0	46.8	51.3	62.2
Forestry & Fishing	9.5	10.1	11.2	11.3	9.7	9.3	8.6
Mining	118.5	95.4	101.6	106.6	101.6	140.1	164.8
Manufacturing	297.8	299.0	306.1	325.3	331.8	355.2	369.8
Construction & Instl.	113.7	104.3	107.4	122.3	140.3	166.9	168.9
Services	1225.7	1173.8	1191.6	1260.3	1279.5	1289.0	1310.2
Electricity & Water	26.8	27.5	31.3	33.5	33.3	36.2	38.5
Transp, comm.	137.8	140.5	154.0	165.0	166.4	173.3	179.4
Distributive trade	293.4	266.8	282.2	313.2	316.3	327.3	330.6
Financing & Ins.	128.1	119.1	138.9	143.5	167.1	192.1	213.1
Real Estate & Bus.	232.0	227.5	233.5	245.6	253.9	260.4	274.5
Government Serv.	354.4	333.8	321.6	323.7	335.1	323.2	318.8
Rec. Serv.	103.7	106.2	111.4	119.7	114.6	122.8	133.6
Household & non fin.	20.4	20.9	22.4	23.2	24.2	23.0	24.4
Less: Imputed Charges	-70.9	-68.5	-103.7	-107.1	-131.4	-169.3	-202.7

Sectoral contribution in percent

Agriculture	8.8	8.9	8.6	8.5	7.9	7.3	7.8
Export Agri	1.3	1.3	1.2	1.1	1.2	1.2	1.1
Domestic Agri	4.5	4.7	4.4	4.4	3.9	3.2	3.4
Livestock	2.5	2.4	2.3	2.4	2.3	2.4	2.8
Forestry & Fishing	0.5	0.6	0.6	0.6	0.5	0.4	0.4
Mining	6.2	5.2	5.4	5.4	5.0	6.7	7.5
Manufacturing	15.5	16.3	16.4	16.4	16.5	16.9	16.9
Construction & Instl.	5.9	5.7	5.8	6.2	7.0	7.9	7.7
Services	63.7	63.9	63.8	63.6	63.6	61.3	60.0
Electricity & Water	1.4	1.5	1.7	1.7	1.7	1.7	1.8
Transp, comm.	7.2	7.7	8.2	8.3	8.3	8.2	8.2
Distributive trade	15.2	14.5	15.1	15.8	15.7	15.6	15.1
Financing & Ins.	6.7	6.5	7.4	7.2	8.3	9.1	9.8
Real Estate & Bus.	12.0	12.4	12.5	12.4	12.6	12.4	12.6
Government Serv.	18.4	18.2	17.2	16.3	16.7	15.4	14.6
Rec. Serv.	5.4	5.8	6.0	6.0	5.7	5.8	6.1
Household & non fin.	1.1	1.1	1.2	1.2	1.2	1.1	1.1
Less: Imputed Charges	-3.7	-3.7	-5.6	-5.4	-6.5	-8.0	-9.3

Jamaica : Employed Labour Force by Industry

('000)

	1984	1985	1986	1987	1988	1989	1990
Total Emp. Labour Force	777.5	781	820.6	851	869.8	881.1	893.5
Agriculture Forestry Fshg	254.2	278.9	267.2	269.3	261.1	248.1	232.8
Mining	7.4	6.0	6.3	5.3	6.2	5.5	7.2
Manufacturing	96.7	100.6	115.3	136.2	131.1	136.4	136.1
Construction, Installation	35.4	34.7	35.4	36.6	46.9	59.5	59.0
Transp., Comm., Pub. Util	34.3	34.8	38.3	42.1	40.7	43.4	41.6
Commerce	111.7	115.3	125.1	128.1	135.0	134.6	144.6
Public Administration	100.5	81.1	79.9	72.8	74.1	69.0	74.5
Other Services	137.3	129.6	153.1	160.6	174.7	184.6	197.7

As a percentage of Total Employed

Agriculture Forestry Fshg	32.7	35.7	32.6	31.6	30.0	28.2	26.1
Mining	1.0	0.8	0.8	0.6	0.7	0.6	0.8
Manufacturing	12.4	12.9	14.1	16.0	15.1	15.5	15.2
Construction, Installation	4.6	4.4	4.3	4.3	5.4	6.8	6.6
Transp., Comm., Pub. Util	4.4	4.5	4.7	4.9	4.7	4.9	4.7
Commerce	14.4	14.8	15.2	15.1	15.5	15.3	16.2
Public Administration	12.9	10.4	9.7	8.6	8.5	7.8	8.3
Other Services	17.7	16.6	18.7	18.9	20.1	21.0	22.1

Source: STATIN, October surveys



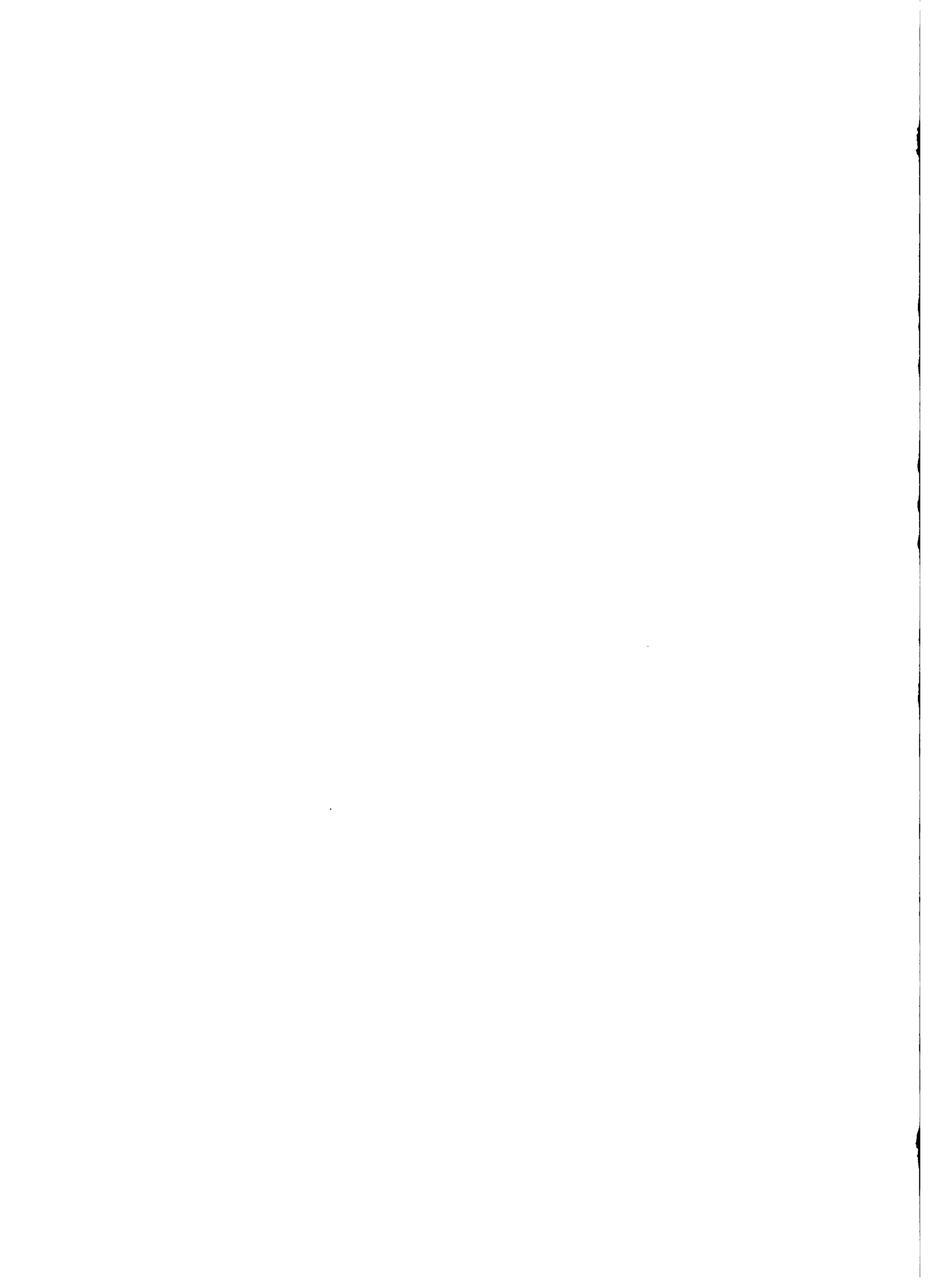
Jamaica: Balance of Payments

	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90
ports	673.3	539.3	622.6	792.1	848.5	1103.8
Bauxite	125.5	80.4	95.8	115.2	119	109.2
Alumina	256.1	203.4	210.8	288.4	339.1	559.1
Sugar	47.2	58.9	70.3	71.5	68.9	82.1
Bananas	1.9	5.1	9.6	21.3	11.8	26.6
CARICOM	51.9	39.6	43.3	48.9	58.7	71.4
Other	150.6	142.7	165.1	233.7	218.7	225.4
Re-exports	40.1	9.2	27.7	13.1	32.3	30
ports	1221.4	1034.1	1030.4	1294	1592.9	1830.9
Fuel, bauxite	100.4	56.3	31.9	33.2	27.4	59.5
Fuel, nonbauxite	293.9	236.7	166.3	184.5	177.3	238
Other bauxite	80.1	49.3	36	31.5	47.8	132.4
Consumer goods	160.7	159.3	217	248.7	284.8	384
Raw materials	345.2	297.7	336.5	434.8	590	529.5
Capital goods	241.1	234.8	242.7	361.3	465.6	487.5
Trade account	-548.1	-494.8	-407.8	-501.9	-744.4	-727.1
Travel	389.2	396.8	503.2	539.8	437	583.4
Receipts	421.2	436.8	545.2	585	497	635.4
Payments	32	40	42	45.2	60	52
Interest Payments	-286.8	-308.7	-304.1	-305.5	-322.2	-323
Receipts	3	10	2.3	3	3	3
Payments	289.8	318.7	306.4	308.5	325.2	326
Other Services	52	-2.9	-24.4	-43.9	-168.8	-137.3
Receipts	345.3	292.9	289.5	277.9	189.5	283.5
Payments	293.3	295.8	313.9	321.8	358.3	420.8
Insurance	0	0	0	0	412.5	55.5
Transfers	147	155	148.3	168.5	348.3	244
Receipts	197	206	203.3	221.5	408.3	305.5
Payments	50	51	55	53	60	61.5
Services and Transfe	301.4	240.2	323	358.9	706.8	422.6
Current Account	-246.7	-254.6	-84.8	-143	-37.6	-304.5
Official Capital MLT	561.2	215.4	1.9	140.2	122.6	189.6
Inflow	973.5	674.8	578	638.9	583.5	592.3
Outflow	412.3	459.4	576.1	498.7	460.9	402.7
Short Term PSB	0	0	0	17	15.6	-21
Private Capital Net	182.7	115.6	138.3	175.7	-28.8	24
Direct investment	0	20	2	61.2	0	97.7
Other inc errors	182.7	95.6	136.3	114.5	-28.8	-73.7
Capital Account	743.9	331	140.2	332.9	109.4	192.6
Overall balance	497.2	76.4	55.4	189.9	71.8	-111.9

Jamaica: Exports f.o.b.

	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90
	673.3	539.4	622.6	792.1	848.5	1103.8
re-exports	40.1	9.2	27.7	13.1	32.3	30.0
Cultural Exports	27.6	27.2	32.6	54.2	39.7	50.0
Bananas	1.9	5.1	9.6	21.3	11.8	26.6
Pimento	7.4	5.5	6.2	5.1	6.7	4.4
Cocoa	6.7	5.5	6.6	7.5	7.3	5.2
Coffee	8.8	7.8	7.4	10.9	7.1	9.3
Citrus	1.4	1.8	1.7	8.2	5.9	4.0
Tobacco	1.0	0.9	0.8	0.9	0.6	0.3
Ginger	0.4	0.6	0.3	0.3	0.3	0.2
Other Exports	381.6	283.8	306.6	403.6	458.1	668.3
Bauxite	125.5	80.4	95.8	115.2	119.0	109.2
Alumina	256.1	203.4	210.8	288.4	339.1	559.1
Manufactures	193.7	185.4	222.9	296.9	269.1	317.2
Sugar	47.2	58.9	70.3	71.5	68.9	82.1
Rum	8.9	9.3	10.7	10.5	13.3	17.2
Liquors	4.1	3.5	3.5	4.6	4.0	4.5
Fruit Prep.	7.2	4.6	5.1	3.4	1.7	2.3
Cigars	11.7	9.4	8.9	9.5	8.2	5.4
Clothing	32.7	41.2	60.7	112.4	100.0	110.1
Fuels etc.	29.8	16.2	18.0	14.3	19.3	16.1
Other Manf.	52.1	42.3	45.7	70.7	53.7	79.5
Other	70.4	43.0	60.5	37.4	81.6	68.3

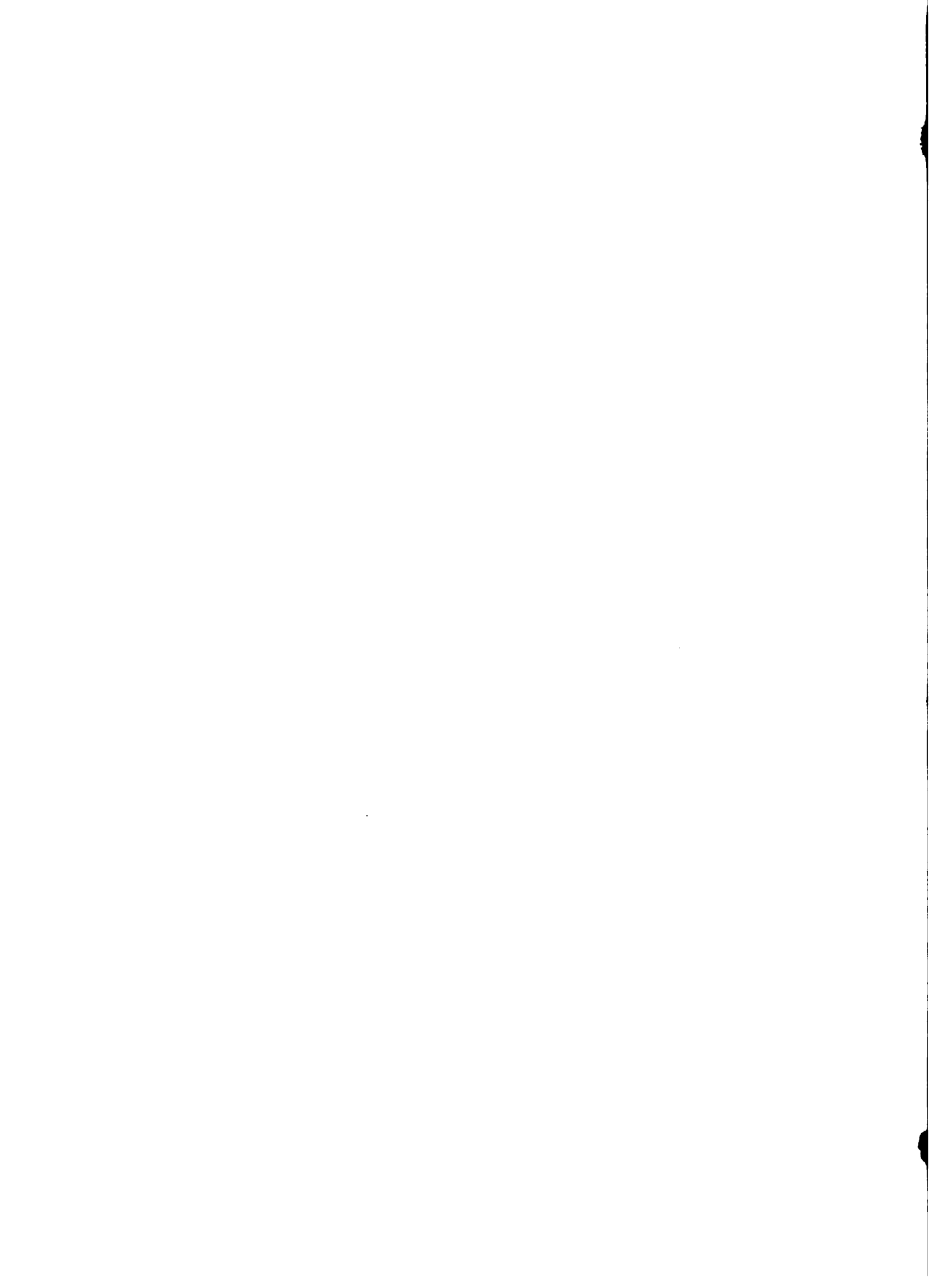
Source: STATIN



Jamaica: Imports c.i.f.

	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90
	-----	-----	-----	-----	-----	-----
	1221.5	1034.1	1030.6	1294.0	1593.0	1860.9
	-----	-----	-----	-----	-----	-----
mer Goods	161.6	159.8	216.3	249.1	285.6	416.1
ods	93.4	83.9	100.7	100.6	130.2	141.2
n-durables	41.4	43.6	74.6	103.0	103.9	179.6
ables	26.8	32.3	41.0	45.5	51.5	95.3
	394.3	293.0	198.2	217.7	204.7	297.4
aterials	373.9	316.4	354.0	449.9	610.0	597.4
al Goods	291.7	264.9	262.1	377.3	492.7	550.0
nst. Materials	68.2	50.0	64.2	92.7	163.3	125.2
ansport Equipt	44.1	51.2	39.1	73.5	113.1	110.1
her Machinery	179.4	163.7	158.8	211.1	216.3	314.7

Source: STATIN



Jamaica : Exchange Rates

	J\$ per US -----	Nom. Eff Ex. Rate -----	Real Eff Ex. Rate -----
1974	0.909	204.4	102.4
1975	0.909	214.5	112.0
1976	0.909	198.8	111.8
1977	0.909	183.6	111.8
1978	1.413	126.1	96.0
1979	1.765	99.9	89.9
1980	1.781	100.0	100.0
1981	1.781	107.0	106.5
1982	1.781	113.7	110.5
1983	1.932	104.0	104.3
1984	3.943	61.5	72.9
1985	5.559	45.5	63.8
1986	5.478	44.4	68.5
1987	5.487	43.8	67.7
1988	5.489	44.3	68.2
1989	5.745	46.3	73.1

Source: IMF:-International Financial Statistics

Average Annual Official Rate

1980=100; increase in index represents appreciation of J\$



Jamaica : Gross Domestic Product of Agriculture
(Index: 1974=100)

	Export Agriculture	Domestic Agriculture	Livestock	Total GDP Agriculture
	-----	-----	-----	-----
1974	100.0	100.0	100.0	100.0
1975	89.3	103.0	111.0	101.7
1976	99.2	96.9	115.2	102.4
1977	80.8	108.0	124.9	105.4
1978	91.2	128.3	121.3	115.5
1979	71.8	114.4	118.6	103.6
1980	67.4	108.1	117.0	99.2
1981	68.2	112.0	118.6	101.4
1982	66.8	98.7	111.1	93.4
1983	64.7	107.2	124.1	100.1
1984	67.1	124.1	127.4	110.2
1985	65.1	122.1	115.7	106.3
1986	63.2	117.2	114.5	104.1
1987	62.3	123.4	125.7	109.5
1988	67.6	111.5	122.7	103.6
1989	67.2	96.3	134.4	99.2
1990	67.6	107.2	163.0	110.8

Source: STATIN

Average Annual Official Rate
 1980=100; increase in index represents appreciation of J\$

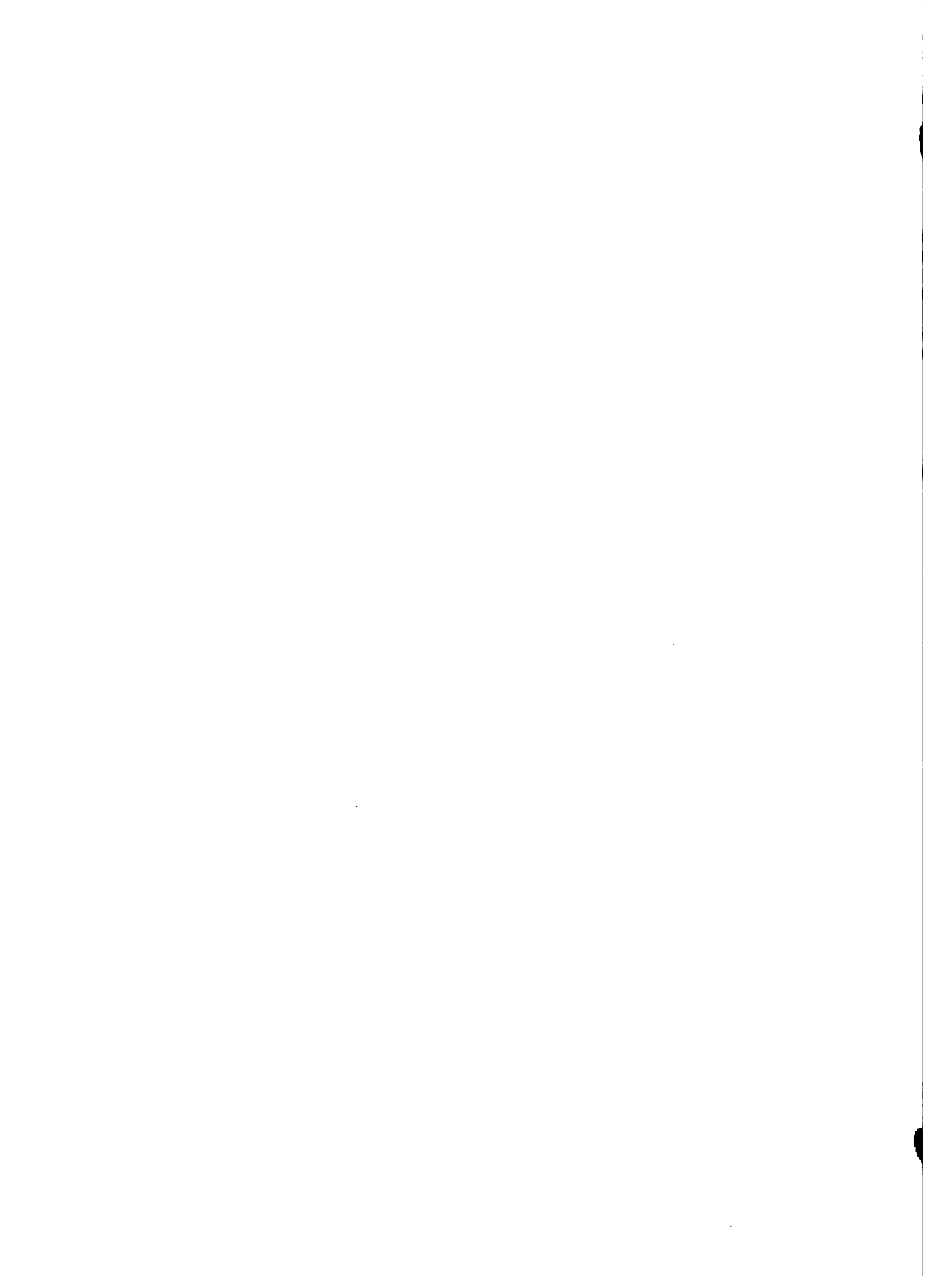


Jamaica: Sugar Exports by Market

	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90

al							
Value	54.6	47.2	58.9	70.3	71.5	68.9	82.1
Volume	135.1	135.9	164.9	152.0	132.0	127.0	163.7
Unit Price	404.1	347.3	357.2	462.5	541.7	542.5	501.5
ted Kingdom							
Value	43.8	32.7	46.7	58.7	68.3	65.6	76.6
Volume	110.2	110.5	140.5	125.8	125.1	121.4	152.1
Unit Price	397.5	295.9	332.4	466.6	546.0	540.4	503.6
ted States							
Value	10.8	14.5	12.2	11.6	3.2	3.3	5.5
Volume	24.9	25.4	24.4	26.2	6.9	5.6	11.6
Unit Price	433.7	570.9	500.0	442.7	463.8	589.3	474.1

Source: BOJ; Sugar Industry Authority



Jamaica: Volume of Agricultural Exports

	1986	1987	(Tonnes) 1988	1989	1990
	-----	-----	-----	-----	-----
ar	143367	133549	153024	132332	146359
anas	20306	33778	28050	41628	61066
rus	8387	8307	10870	5676	11918
ento	2535	2260	2305	1932	2518
oa	2140	1933	2388	1104	1900
fee	749	911	946	827	771
-Traditionals		20535	16431	11963	14733

Source: STATIN; PIOJ



Jamaica: Value of Agricultural Exports

	(US\$ '000)				
	1986	1987	1988	1989	1990
	-----	-----	-----	-----	-----
Bar	63678	73800	91853	64839	85767
Bananas	9115	18909	15735	19260	37591
Brus	2390	2608	4563	2495	4674
Bento	5373	4919	5138	4590	5660
ba	5343	4634	3352	1822	3348
fee	6663	8310	9220	9478	8651
-Traditionals	16128	18934	16467	15748	15640
al	108690	132114	146328	118232	161331
	-----	-----	-----	-----	-----

Source: STATIN; PIOJ

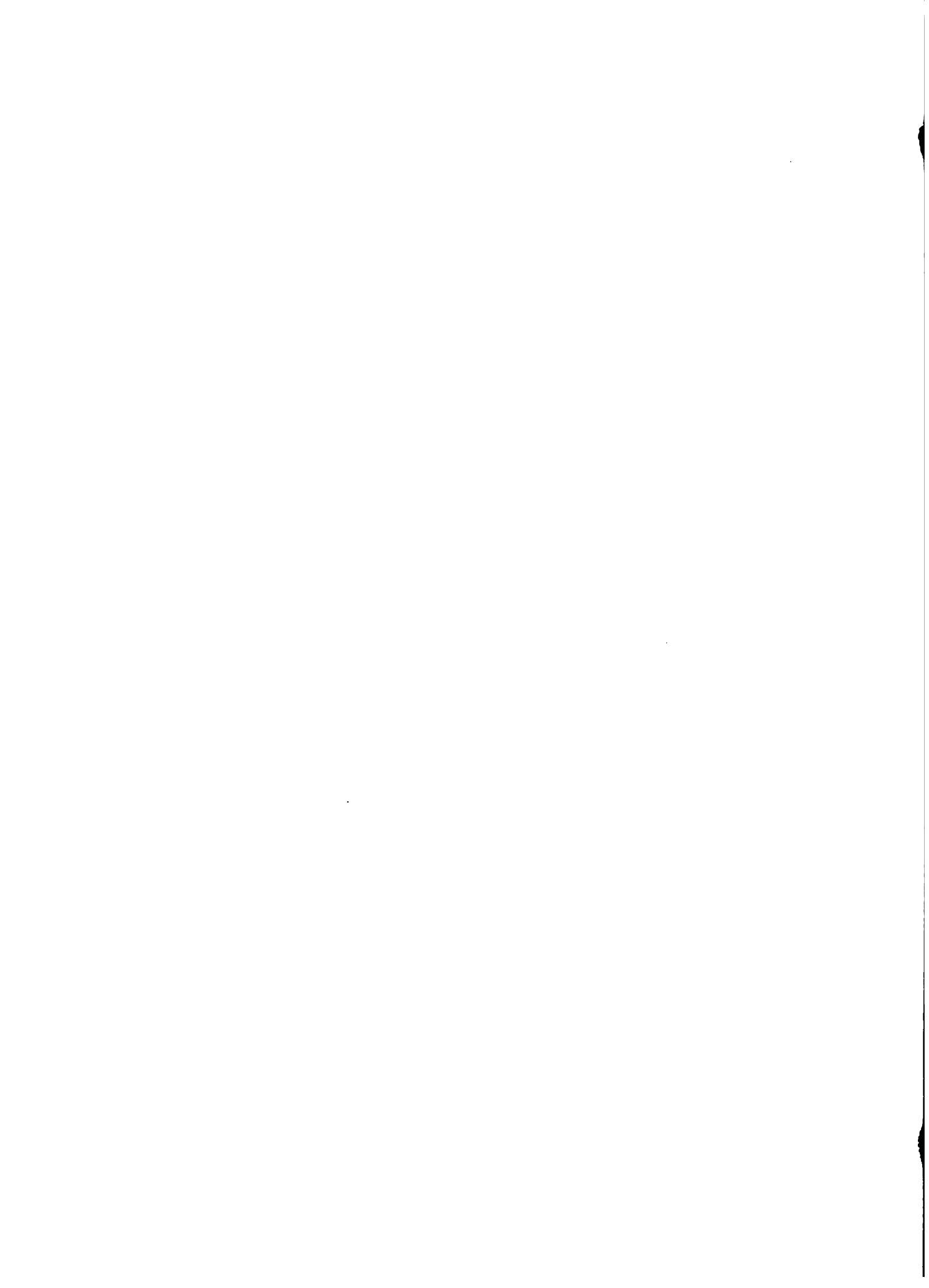


TABLE 12

Jamaica
Unit Value Indices and The Terms of Trade \1

	\2 Unit Value of Exports	Unit Value of Imports	Terms of Trade
	-----	-----	-----
1974	25.9	26.8	96.6
1975	39.1	31.0	126.1
1976	38.7	33.3	116.2
1977	41.7	41.8	99.8
1978	68.3	59.5	114.8
1979	85.7	75.7	113.2
1980	101.5	97.8	103.8
1981	102.7	108.2	94.9
1982	100.0	100.0	100.0
1983	107.7	121.0	89.0
1984	207.7	219.0	94.8
1985	255.6	292.9	87.3
1986	255.2	282.9	90.2
1987	283.9	327.1	86.8
1988	325.9	354.4	92.0
1989	336.0	395.7	84.9

Source: STATIN

\1 Unit Value indices in terms of Jamaica Dollars

\2 Excludes re-exports



Jamaica
Farmgate Prices of Selected Traditional Export Crops

	Sugar	Bananas	BM Coffee	Cocoa	Pimento	Coconut
	-----	-----	-----	-----	-----	-----
1983	562	330	3117	1235	2420	1752
1984	667	1716	5135	1729	3410	1752
1985	947	968	5319	2110	5060	2702
1986	932	2249	9516	2492	7716	3667
1987	1397	2866	9369	2872	8147	3667
1988	1475	2668	8965	2872	8818	3667
1989	1475	2337	8782	1789	9149	3667
1990	2014	3748	9369	2737	9590	7316

ts: TJ\$/tonne



Jamaica: Domestic Farmgate Price Index
1981 = 100

	Legumes	Roots & Tubers	Other Tubers	Cereals	Condi-ments	Fruits	Vege-tables	OVERALL INDEX
1981	100	100	100	100	100	100	100	100
1982	97.99	111.6	101.69	94.32	174.6	99.18	103.37	107.78
1983	113.86	129.46	114.95	75.51	227.86	109.23	118.38	123.84
1984	129.42	149.86	165.17	102.99	152.73	127.17	119.58	140.04
1985	145.71	172.58	212.06	200.7	204.47	148.4	159.38	171.96
1986	183.25	213.34	261.33	288.1	624.99	217.09	246.4	239.11
1987	196.36	263.99	293.6	307.35	508.16	261.76	282.32	277.08
1988	197.04	319.77	349.69	379.98	706.69	314.06	363.19	341.72
1989	232.62	514.59	465.24	522.1	554.25	466.02	339.71	449.86
1990	260.96	448.38	538.38	586.94	640.03	441.93	450.65	460.99

Source: PIOJ



Jamaica: Consumer Price Index

	(January 1988=100)					
	1984	1985	1986	1987	1988	1989
Average	61.8	77.9	89.4	95.4	103.2	118.0
Food & Beverages	59.8	75.0	88.3	94.8	103.8	124.3
Alcohol & Other HHold	64.6	83.3	92.4	96.0	102.7	110.7
Dwelling	75.0	94.2	98.6	102.2	103.9	112.3
Durable Furnishings	68.2	80.7	88.3	98.6	105.7	112.1
Personal Clothing	62.4	74.7	88.3	97.5	104.1	115.0
Personal Expenses	56.2	72.9	86.2	93.2	102.9	110.4
Transportation	79.0	98.2	100.6	100.8	100.9	105.5
Miscellaneous	64.9	88.3	93.0	95.1	101.7	109.6
End of Period	68.1	83.8	92.8	100.6	109.2	128.0
Food & Beverages	66.1	82.3	92.4	101.5	112.1	135.5
Alcohol & Other HHold	70.0	89.5	94.9	98.9	105.1	117.3
Dwelling	85.9	90.7	98.4	103.0	107.7	116.0
Durable Furnishings	73.8	84.8	93.1	103.8	107.4	118.1
Personal Clothing	62.4	80.1	94.6	100.6	108.9	124.0
Personal Expenses	56.2	80.4	95.6	96.9	105.4	115.3
Transportation	79.0	100.2	101.0	100.9	101.3	128.3
Miscellaneous	64.9	90.6	93.9	96.5	105.7	117.5

Annual Percentage Change

	1984	1985	1986	1987	1988	1989
Average	28.0	26.1	14.8	6.7	8.2	14.3
Food & Beverages	28.6	25.4	17.7	7.4	9.5	19.7
Alcohol & Other HHold	30.2	28.9	10.9	3.9	7.0	7.8
Dwelling	32.3	25.6	4.7	3.7	1.7	8.1
Durable Furnishings	28.9	18.3	9.4	11.7	7.2	6.1
Personal Clothing	16.9	19.7	18.2	10.4	6.8	10.5
Personal Expenses	28.9	29.7	18.2	8.1	10.4	7.3
Transportation	28.2	24.3	2.4	0.2	0.1	4.6
Miscellaneous	25.5	36.1	5.3	2.3	6.9	7.8
End of Period	31.2	23.1	10.7	8.4	8.5	17.2
Food & Beverages	31.7	24.5	12.3	9.8	10.4	20.9
Alcohol & Other HHold	29.9	27.9	6.0	4.2	6.3	11.6
Dwelling	47.1	5.6	8.5	4.7	4.6	7.7
Durable Furnishings	30.4	14.9	9.8	11.5	3.5	10.0
Personal Clothing	9.7	28.4	18.1	6.3	8.3	13.9
Personal Expenses	19.6	43.1	18.9	1.4	8.8	9.4
Transportation	18.3	26.8	0.8	-0.1	0.4	26.7
Miscellaneous	19.5	39.6	3.6	2.8	9.5	11.2



**Jamaica : Distribution of Commercial Banks'
Loans and Advances**

(J\$ Million; March 31)

	1985	1986	1987	1988	1989	1990
1	2876.6	3270.2	4030.9	5216.9	6060.5	7766.6
Agriculture Forestry Fshg.	422.1	460.9	431.6	530.0	704.3	721.1
ng	8.1	7.1	11.2	16.4	19.5	35.1
Manufacturing	733.2	737.1	885.4	1059.5	1189.2	1432.6
Construction, Installation	658.5	602.7	680.7	990.4	1406.5	1891.1
Financial Inst.	59.7	55.5	109.1	96.6	145.7	217.1
Transportation, Comm	357.2	412.2	510.3	640.2	780.5	1050.2
Utilities	18.4	17.5	4.8	12.9	39.0	115.1
Public Administration	69.2	371.9	692.3	883.1	467.2	551.4
Merch	110.3	107.1	116.3	176.0	205.9	295.2
Insurance, Ent.	148.0	205.3	263.0	374.2	535.8	660.7
Professional Serv.	154.2	145.4	151.1	192.8	276.9	411.6
Personal	137.7	147.5	175.1	244.8	290.0	385.4

As a percentage of Total

Agriculture Forestry Fshg.	14.7	14.1	10.7	10.2	11.6	9.3
ng	0.3	0.2	0.3	0.3	0.3	0.5
Manufacturing	25.5	22.5	22.0	20.3	19.6	18.4
Construction, Installation	22.9	18.4	16.9	19.0	23.2	24.3
Financial Inst.	2.1	1.7	2.7	1.9	2.4	2.8
Transportation, Comm	12.4	12.6	12.7	12.3	12.9	13.5
Utilities	0.6	0.5	0.1	0.2	0.6	1.5
Public Administration	2.4	11.4	17.2	16.9	7.7	7.1
Merch	3.8	3.3	2.9	3.4	3.4	3.8
Insurance, Ent.	5.1	6.3	6.5	7.2	8.8	8.5
Professional Serv.	5.4	4.4	3.7	3.7	4.6	5.3
Personal	4.8	4.5	4.3	4.7	4.8	5.0

Jamaica: Agricultural Credit Bank
Loan Allocation to the Agricultural Sector

(In Millions of Jamaica Dollars)

	1986	1987	1988	1989	1990
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Stic Crops	12.8	14.2	7.1	8.5	25.7
Stock	13.8	26.2	34.5	53.6	97.2
rt Crops	56.1	77.3	85.8	73.7	171.2
Bananas	1.8	15.0	35.0	13.9	8.5
Cocoa	0.3	2.5	0.5	0.5	0.3
Coffee	3.8	12.6	6.2	15.1	22.9
Citrus	10.1	9.1	4.0	3.8	51.4
orticulture	17.3	8.2	2.0	5.7	15.2
Sugar Cane	10.0	18.8	23.8	9.0	52.4
Tobacco	9.9	10.3	13.1	13.0	14.2
Vegetables	2.9	0.9	1.2	12.7	6.3
Equipment	10.6	9.4	17.6	29.2	33.2
Processing	-	-	-	-	58.39
Total	93.4	127.2	144.9	165.0	385.7
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