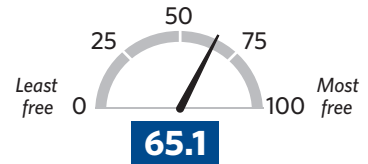


# JAMAICA

## Economic Freedom Score



World Rank: **58**

Regional Rank: **12**

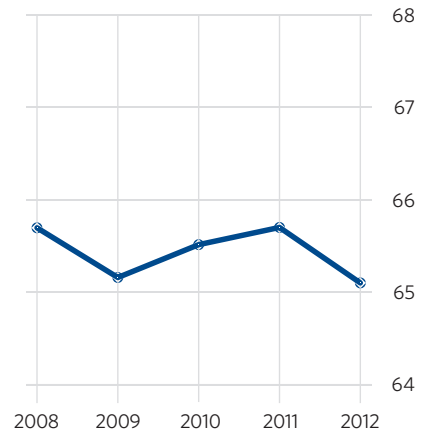
**J**amaica's economic freedom score is 65.1, making its economy the 58th freest in the 2012 *Index*. Its score is 0.6 point lower than last year, with losses in six of the 10 economic freedoms including business freedom and the management of public spending. Jamaica ranks 12th out of 29 countries in the South and Central America/Caribbean region.

Critical development challenges confronting the Jamaican economy include corruption and relatively high government spending. Public debt has surpassed 115 percent of GDP. Reducing the bloated public sector, following through on plans to divest loss-making state-owned enterprises, and enforcing expenditure restraint are all essential in order to meet fiscal targets. Undermining anti-corruption efforts, the judicial system remains inefficient and clogged with a significant backlog of cases.

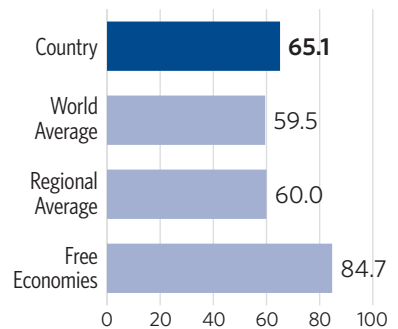
Jamaica has taken steps to enhance regulatory efficiency and better integrate its economy into the global marketplace. The economy performs relatively well in investment freedom and business freedom. Procedures for conducting a business have become streamlined, and foreign investment is welcome in many sectors, although the investment regime needs more transparency to spur dynamic investment growth.

**BACKGROUND:** Jamaica Labour Party Prime Minister Bruce Golding took office in late 2007 with a slim parliamentary majority and has struggled to impose fiscal discipline and uphold the rule of law. In February 2010, Jamaica signed a US\$1.27 billion Standby Agreement with the International Monetary Fund for balance of payment support that required the introduction of major fiscal reforms. Services account for more than 60 percent of GDP. Most foreign exchange comes from remittances, tourism, and bauxite. The decline in these sectors contributed to a deep recession in 2009. There is high unemployment and underemployment in the formal sector, and crime, fueled by the drug trade, is persistent. Tourism receipts recovered slightly in 2010, but the public debt burden is among the world's highest on a per capita basis.

## Freedom Trend



## Country Comparisons



## Quick Facts

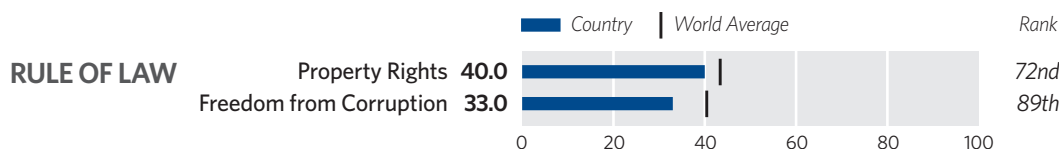
**Population:** 2.7 million  
**GDP (PPP):** \$23.7 billion  
 -1.1% growth in 2010  
 5-year compound annual growth -0.2%  
 \$8,727 per capita  
**Unemployment:** 12.9%  
**Inflation (CPI):** 12.6%  
**FDI Inflow:** \$201.0 million  
**Public Debt:** 143.4% of GDP

### How Do We Measure Economic Freedom?

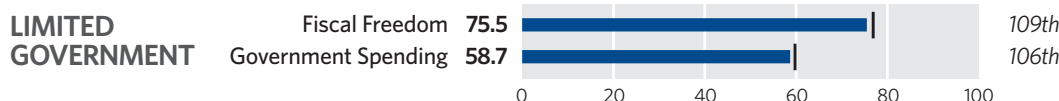
See page 455 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

2010 data unless otherwise noted.  
 Data compiled as of September 2011.

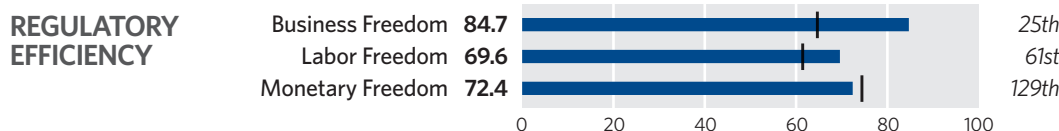
## THE TEN ECONOMIC FREEDOMS



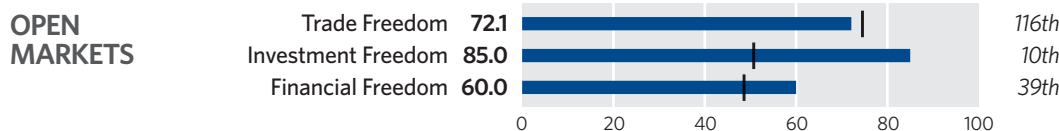
Jamaica's judiciary lacks adequate resources, and trials can be delayed for years. Bureaucracy can cause significant delays in securing land titles. Inadequate law enforcement and an inefficient legal framework weaken the security of property rights and the rule of law. Pervasive public corruption undermines efforts against drug-related and other crimes and facilitates the passage of drugs and drug proceeds through Jamaica.



The top income tax rate is 25 percent, and the top corporate tax rate is 33.3 percent. Other taxes include a property transfer tax and a general consumption tax, with the overall tax burden amounting to 26.7 percent of total domestic income. Government spending is equivalent to 37.1 percent of total domestic output. The deficit has been reduced to 6.2 percent of GDP, and public debt has reached over 140 percent of GDP.



The overall process for starting a business has been streamlined, but licensing requirements are burdensome and cost over twice the level of annual average income. Although the labor market remains underdeveloped and relatively constraining, restrictions on work hours are flexible. Most prices are set by the market, but the government regulates the prices of a number of goods and services. Inflationary pressures have been quite high.



The trade weighted average tariff rate is quite high at 9 percent, and complex non-tariff barriers further constrain freedom to trade. Jamaica officially encourages foreign investment, but the investment regime lacks transparency and efficiency. Although some financial services are still not available, the private sector has access to a wide range of credit instruments. Overall, the banking sector remains relatively sound and well capitalized.

### Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.4	Business Freedom	-1.6	Trade Freedom	-0.1
Freedom from Corruption	+3.0	Government Spending	-6.0	Labor Freedom	-0.6	Investment Freedom	0
				Monetary Freedom	-0.1	Financial Freedom	0