



Jamaica Post COVID-19

CHALLENGES AND OPPORTUNITIES

CCB COUNTRY DEPARTMENT
CARIBBEAN



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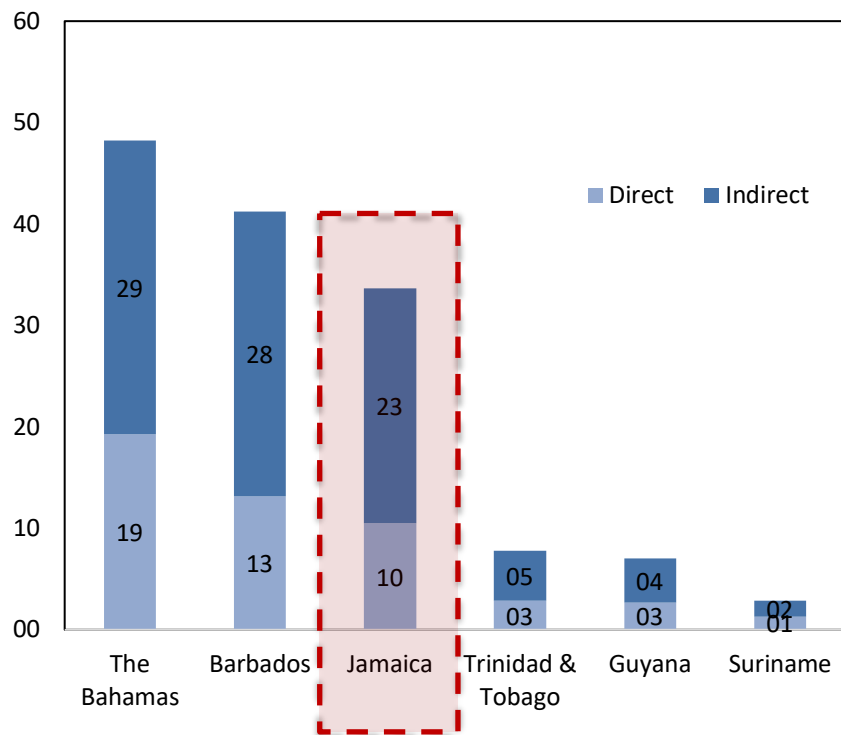
Impact of COVID-19 on Jamaica and Region



Caribbean is most tourism dependent region...

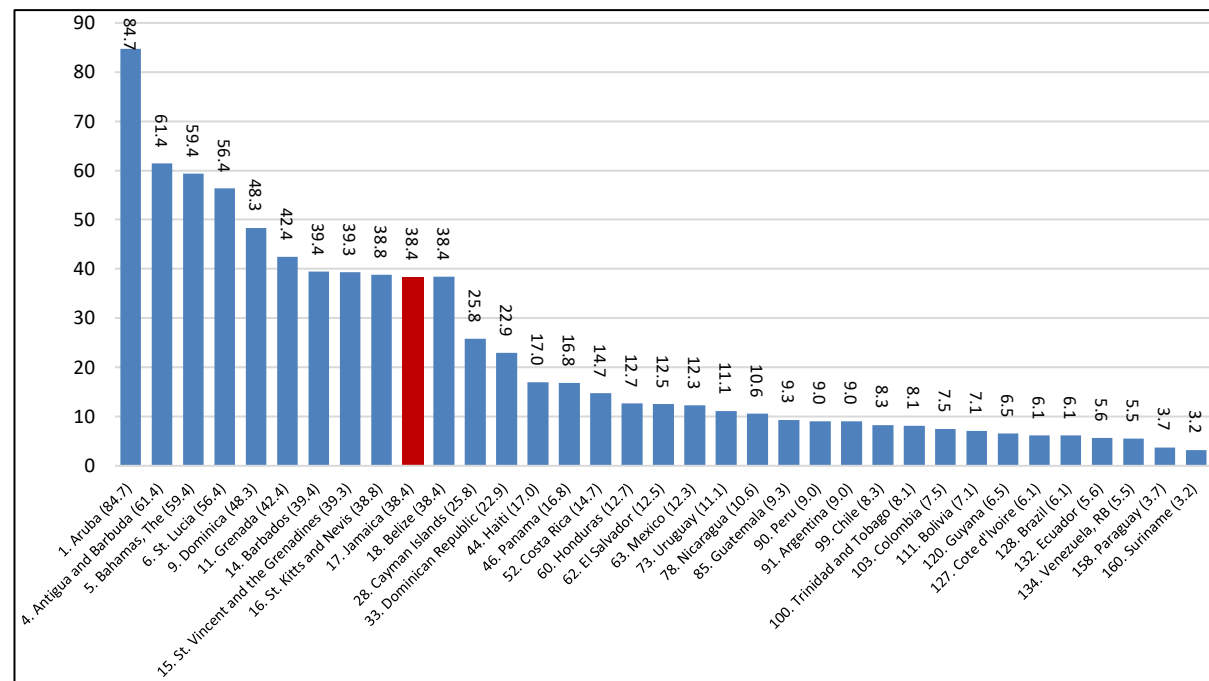
Jamaica ranks 17th / 166 globally

Tourism, Direct and Indirect Contribution
(2018, as % GDP)



Source: World Development Indicators/WTTC

Tourism Dependency Index
(35 LAC countries, ranked out of 166 countries globally)

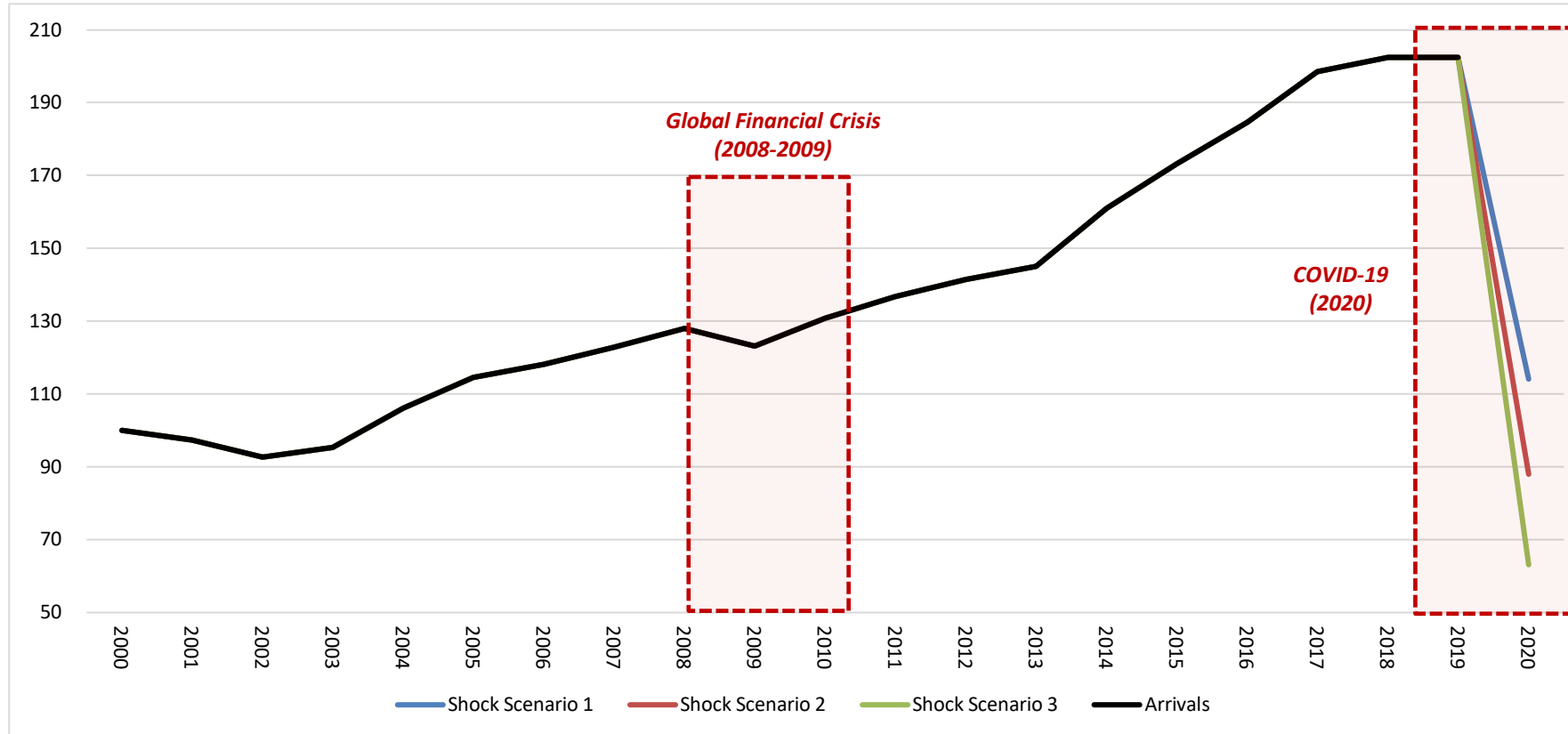


Source: Mooney and Zegarra (2020).

Note: The Tourism Dependency Index (TDI) is calculated using five-year averages (2014–2018) for the total contribution of tourism to export receipts, GDP, and employment for each country. The range is from zero to 100, with 100 representing total dependence on the sector. The TDI results for the 35 countries in Latin America and the Caribbean for which data were available are shown here. The digit preceding the country name represents its rank out of 166 countries around the world for which data were available.

COVID-19 is an Extreme Outlier Event: 40% to 70% loss of activity in 2020...

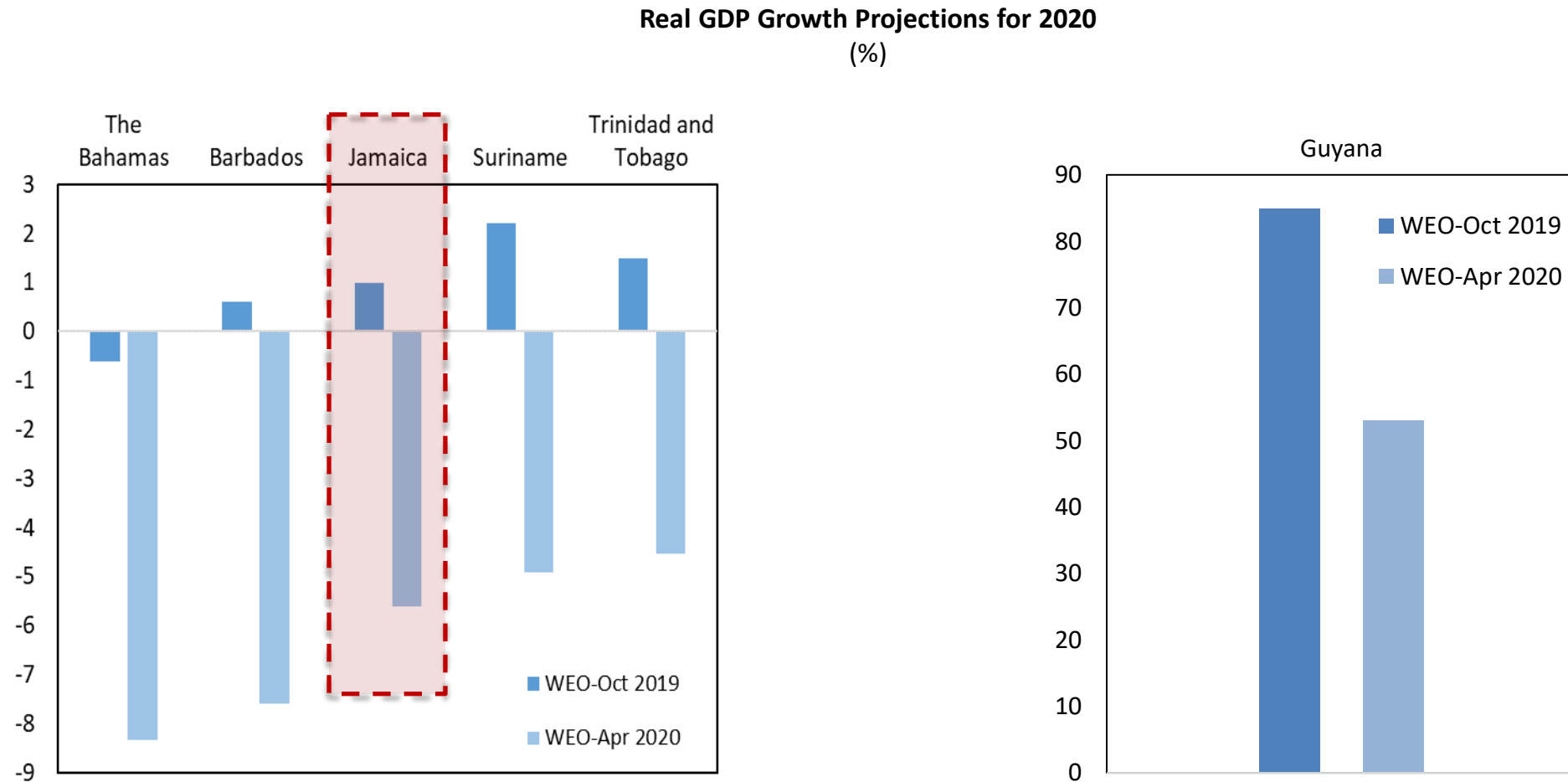
Shocks to Tourism Arrivals in Latin American and Caribbean Countries
(tourism arrivals per year; indexed in 2000 =100)



Source: Mooney and Zegarra (2020).

Note: Scenario 1 = 43.8 percent loss of tourism arrivals in 2020 relative to 2019; Scenario 2 = 56.3 percent loss; Scenario 3 = 68.8 percent loss.

Growth prospects slashed for region's economies...



Source: IMF WEO Database



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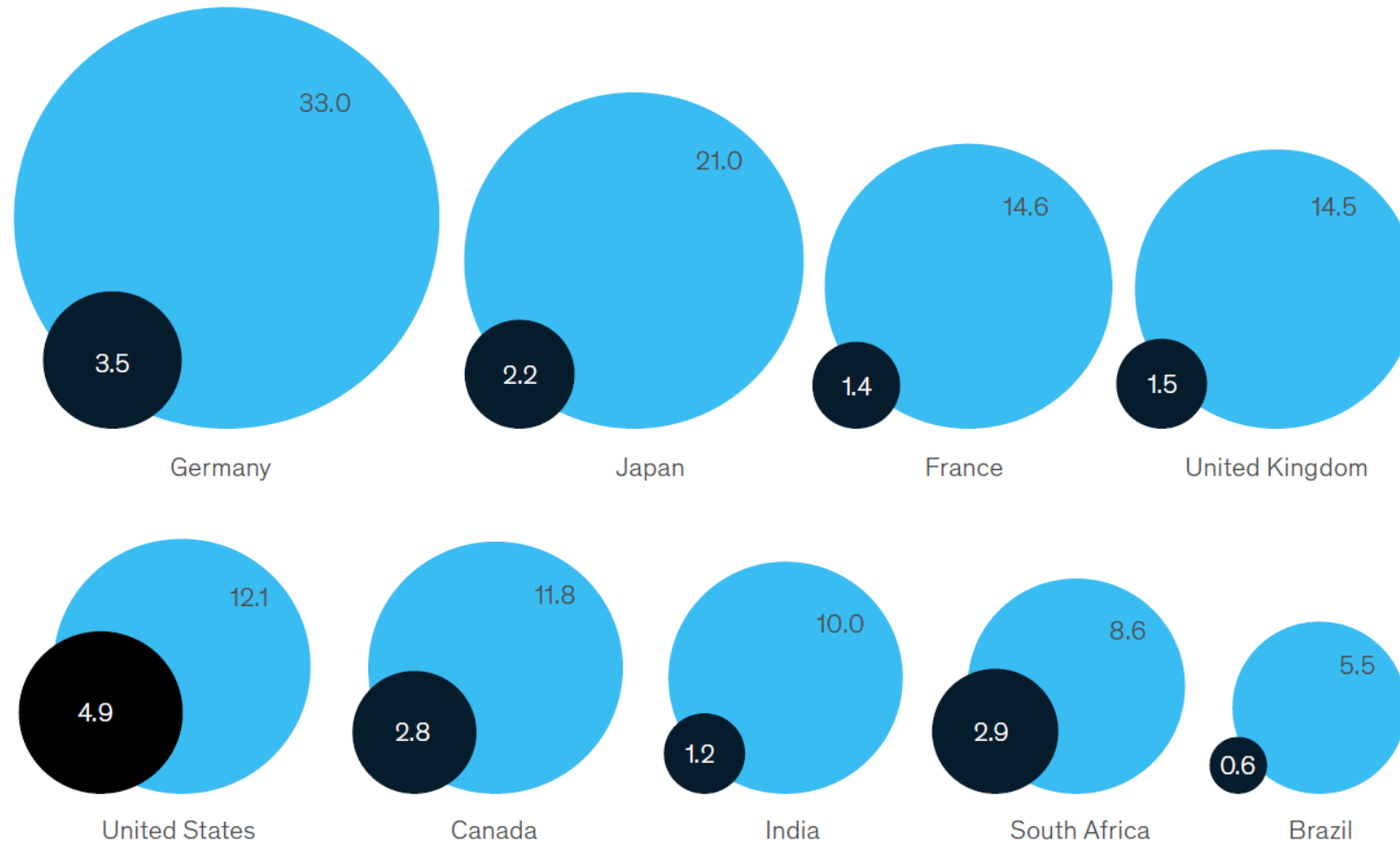
Stimulus: Options and Policies for Jamaica



GFC vs. COVID-19: Crises-Driven Stimulus

(Economic stimulus response¹, % GDP)

● 2008 financial crisis² ● COVID-19 crisis



Global Focus of Stimulus: 3 Main Objectives

● Liquidity injections¹ ● Regulation changes² ● Guarantees³ ● Deferrals⁴ ● Loans⁵ ● Value transfers ● Equity investments

1	Maintain financial stability	Monetary-policy actions	● Provide quantitative easing/liquidity injections ● Reduce interest rates
		Prudential and financial measures	● Relax adequacy requirements
2	Maintain household economic welfare	Support of critical needs	● ● ● Maintain household disposable incomes ● ● ● Provide in-kind support ● ● ● Ease household expenses/financial obligations
		Employment measures	● Relax labor-market regulations ● Perform job redeployment
3	Help companies survive the crisis	Liquidity/cash-flow improvements	● ● Postpone government fees/receivables ● ● Accelerate government payables ● ● Ease nondebt obligations
		Balance-sheet interventions	● Provide equity interventions ● Restructure debt and defer loans ● Guarantee funds
		Value transfers to companies through revenues	● Stimulate demand/government purchasing ● Transfer cash to companies
		Value transfers to companies through cost reduction	● Reduce/eliminate government fees ● Compensate/reduce salary costs ● Stabilize supply-chain costs

Source: Compiled by McKinsey Global Research.

Notes: 1/ from central banks; 2/ labor, monetary, and macro-financial regulations; 3/ credit and loan guarantees; 4/ postponement of debt and other payments (government and private sector); 5/ includes new government loans to corporates and households.



Summary of Policy Measures

	The Bahamas	Barbados	Guyana	Jamaica	Suriname	Trinidad & Tobago
Health and safety measures						
Curfew or lockdown	•	•	•	•	•	•
Additional funding for the health sector	•	•	•	•	•	•
Fiscal measures						
Tax relief for affected sectors	•			•		
Seek financing from international financial institutions	•	•	•	•	•	•
Reinforce prioritization of capital spending	•	•				
Escape clause of existing fiscal rule/Emergency Fund			•	•	•	•
Social measures						
Targeted increase in social spending		•	•	•	•	•
Financial support for businesses						
Financial support for SMEs	•	•	•	•	•	•
Work retention programs	•	•		•		
Monetary policy measures					•	•
Lower policy rates				•		•
Lower reserve requirements	•	•		•	•	•
Halt repatriation of dividends		•		•		
Reopening strategy	•	•		•		•
Presentation of strategy and timeline	•	•		•	•	•
Start reopening strategy	•	•		•	•	•

Source: IDB Caribbean Economics Team (as of end-June 2020).



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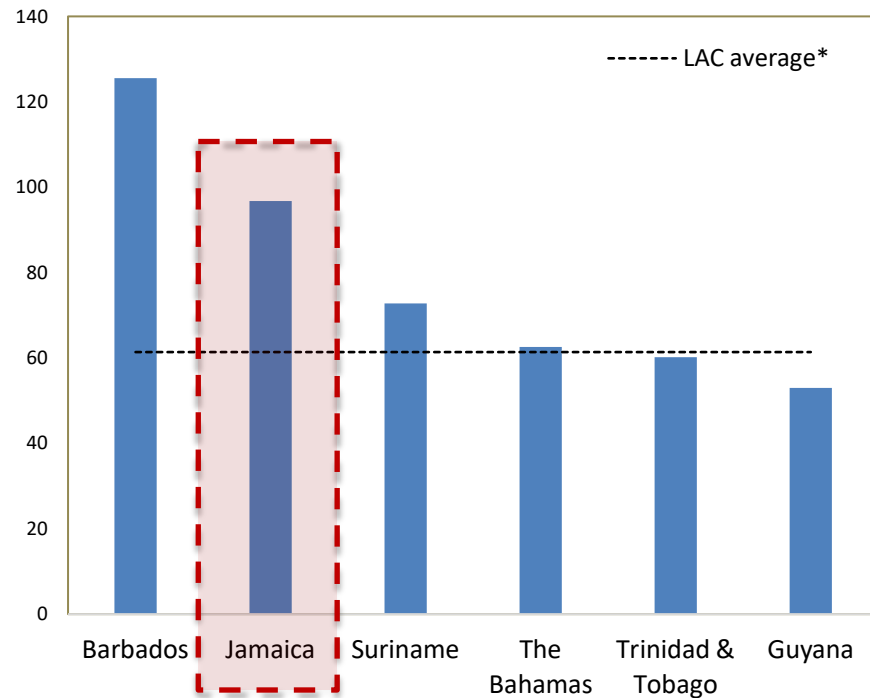


Considerations: Protecting Gains and Setting Stage for Post-COVID Era



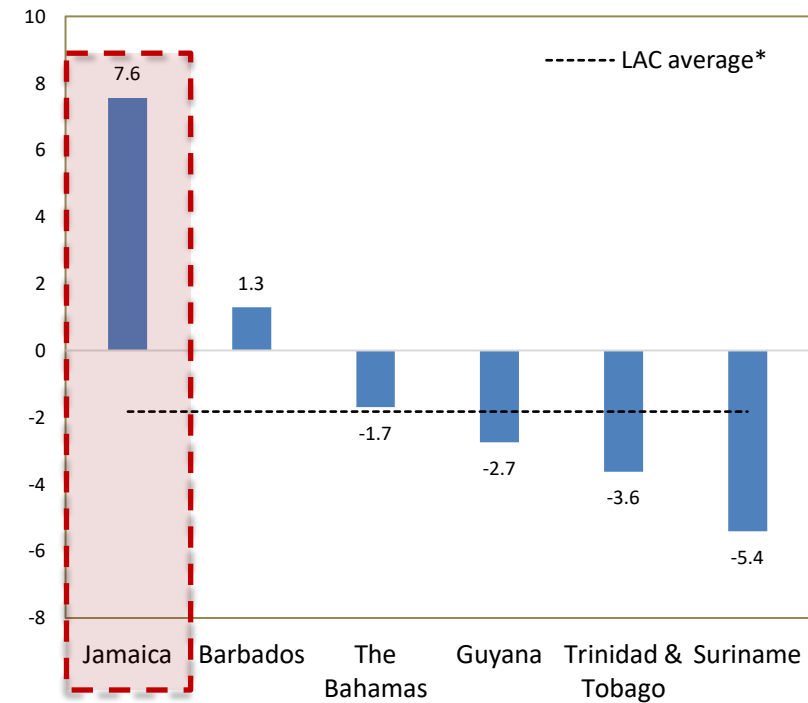
Extraordinary measures needed... but past gains should be protected.

Debt-to-GDP
(2019, as % of GDP)



Source: IMF, WEO April 2020, and IMF, Article IV, for Barbados.

Primary Fiscal Balance
(5Y average, as % of GDP)



Source: IMF, WEO April 2020, and Ministry of Finance for Suriname.



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THANK YOU!

