

JAMAICA

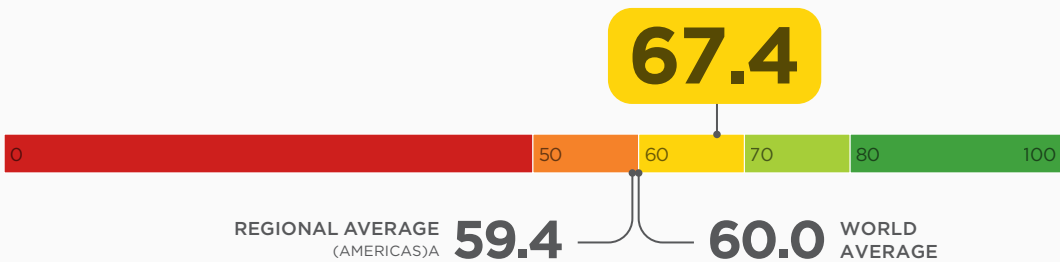
Jamaica's economic freedom score is 67.4, making its economy the 46th freest in the 2022 *Index*. Jamaica is ranked 7th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Jamaica's economy slowed in 2019, contracted in 2020, and resumed growth in 2021. Over the past five years, economic freedom held steady until this year. With improvements in the rule of law not enough to avoid a 2.1-point overall loss of economic freedom since 2017, Jamaica is falling toward the middle ranks of the "Mostly Free" category. Fiscal health and **investment freedom** are strong, but **government integrity** and **financial freedom** exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 2,396 deaths had been attributed to the pandemic in Jamaica, and the government's response to the crisis ranked 6th among the countries included in this *Index* in terms of its stringency. The economy contracted by 10.2 percent in 2020.

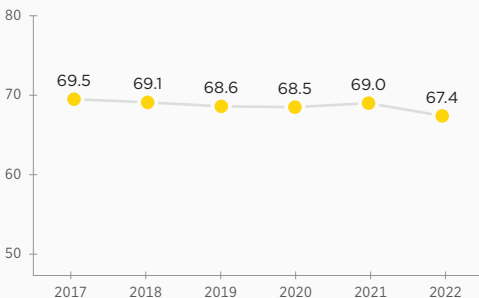


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.0 million

GDP (PPP):
\$27.3 billion
-10.2% growth in 2020
5-year compound annual growth -1.0%
\$9,975 per capita

UNEMPLOYMENT:
8.4%

INFLATION (CPI):
5.2%

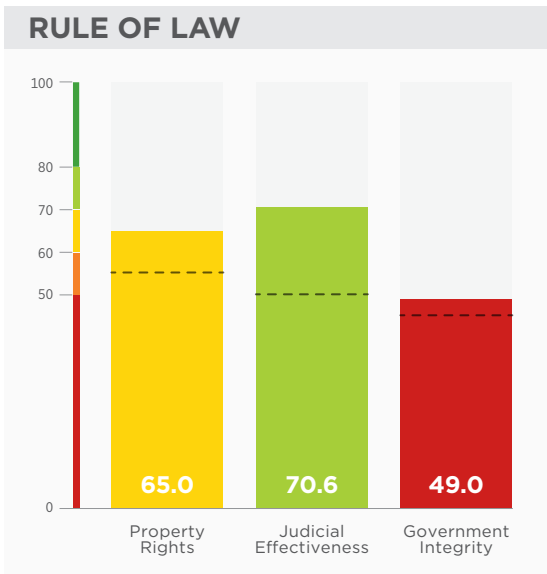
FDI INFLOW:
\$366.0 million

PUBLIC DEBT:
105.6% of GDP

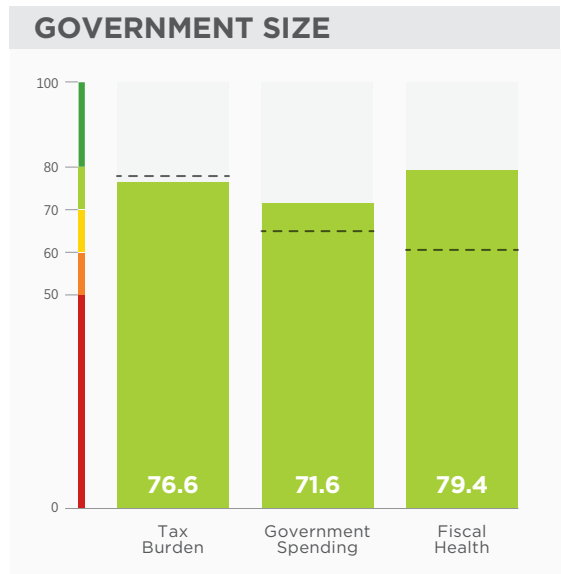
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A former colony with a plantation economy that originally was based on slave labor, the island gained independence from the United Kingdom in 1962. Prime Minister Andrew Holness was elected to a third (non-consecutive) term in 2020 on a pro-market, reformist platform. His Jamaica Labour Party now holds 49 of 63 parliamentary seats. Jamaica is on a small list of Financial Action Task Force countries required to fix weaknesses in their institutional safeguards against money-laundering of criminal proceeds. Long-standing recurrent violence among organized crime networks that are involved in illicit drug and arms trafficking (and often affiliated with political parties) is an ongoing problem. The country is heavily dependent on remittances, tourism, and bauxite exports.

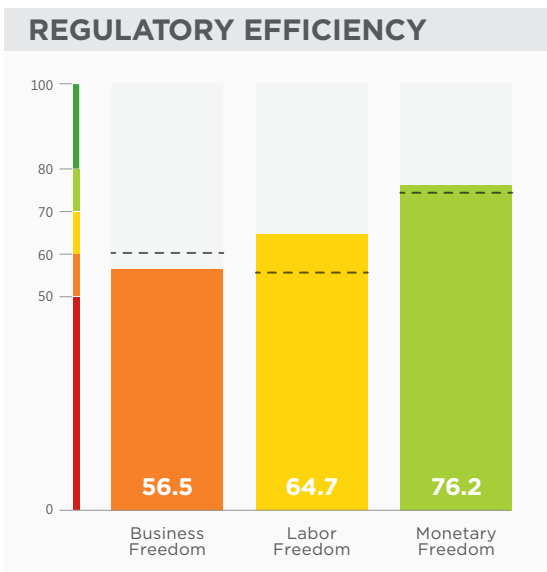
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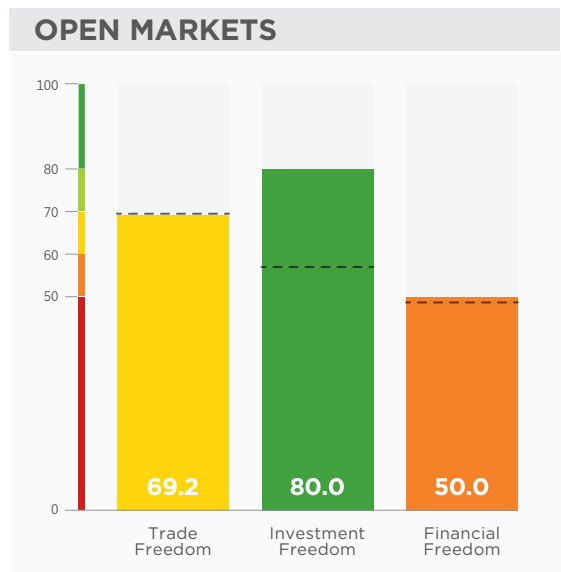
Property rights are constitutionally guaranteed, and laws exist to enforce them. Bureaucratic delays make the registration of property difficult. Nearly 20 percent of Jamaica's people live as squatters, mostly on public lands. The judicial system is fair, but its inefficiency and large backlog of cases weaken the rule of law. Corruption, often linked to organized crime, is one of the root causes of Jamaica's high crime rate and economic stagnation.



The top individual income tax rate has been increased to 30 percent, and the top corporate tax rate is 25 percent. Other taxes include property transfer and general consumption taxes. The overall tax burden equals 28.6 percent of total domestic income. Government spending has amounted to 30.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.6 percent of GDP. Public debt is equivalent to 105.6 percent of GDP.



Business freedom is inhibited by Jamaica's high crime rate. An Integrated Resource Plan is intended to lower the cost of electricity on the island. Some industries including the security guard industry hire workers on extended contracts to avoid direct employment costs. The government continues to subsidize medications and health care through the National Health Fund and regulates utility prices for water, electricity, and telecommunications services.



Jamaica has three preferential trade agreements in force. The trade-weighted average tariff rate is 10.4 percent, and six nontariff measures are in effect. Jamaica is relatively open to foreign investment, but state-owned enterprises distort the economy. High financing costs hamper private-sector growth. Approximately 80 percent of adult Jamaicans have an account with a formal banking institution.