
II. *ECONOMY AND FOREIGN TRADE*

The Jamaican economy suffered severe setbacks in the late 1970s because of government policies and international recession. Since the election of Edward Seaga as prime minister in 1980, the Jamaican government has emphasized an export-oriented, employment-creating strategy that calls for devaluation of the Jamaican dollar; fewer administrative controls on prices, subsidies and imports; less direct government involvement in the productive sector; and support for the private sector. This program has been supported by the International Monetary Fund (IMF) and the World Bank.

Despite an economic downturn in 1985 caused by dislocation in the international aluminum market, which reduced Jamaica's bauxite sales, the Jamaican economy now appears to be performing reasonably well. Inflation has been brought under 10 per cent and real economic growth in 1987 exceeded 6 per cent. The important tourism sector exceeded one million visitors in 1987 for the first time ever, and there continues to be extensive investment in light manufacturing, particularly the garment industry. Although Jamaica continues to reschedule loan obligations, it has not defaulted on principal or interest and remains in relatively good standing with the international financial community. Given continued political stability, short- and medium-term prospects for the country are good.

External Trade

Jamaican imports in 1987 totalled \$1.20 billion (US). Exports for the same period reached \$675 million (US). This hard currency deficit was largely made up by revenue from the tourist sector. As might be expected, the United States is Jamaica's major trading partner, accounting for 50 per cent of imports and taking 34 per cent of Jamaica's exports in 1987. Canada is the third-largest source of Jamaica's non-oil imports, accounting for 5.3 per cent of the total in 1987. Table I lists major Canadian exports to Jamaica.