



# Ministry of Finance & Planning

30 National Heroes Circle, Kingston 4, Jamaica

## Talking Business: Peter Phillips

*30 minutes with Jamaica's Minister of Finance and Planning*

**BUSINESS VIEW:** I've gathered that the economy in Jamaica is tumultuous, but can you give me a sense, from your position, how you feel things are going? Where you are now, where you are going and where are you on your way to?

**PETER PHILLIPS:** First of all, I think that is in recovery – that's the term that I would use, that an economic recovery is underway as part of a major economic reform program. Where we were in 2012, when the administration took office, was that the relations with the International Monetary Fund had been ruptured, because the standby agreement had gone off the rails, so to speak. There was no access to multilateral sources of finance from the World Bank and IDP. And, in fact, many bilateral sources, such as from the European Union, were also blocked because of the breakdown in the relationship with the International Monetary Fund. Our debt was in excess of 146 percent of GDP, measured by the debt to GDP ratio. The economy was stagnating, our reserves were falling, as a consequence of not having access to multilateral sources, and not having access either to global capital markets.

All of that has been reversed, as a consequence of the economic reform program and as a consequence of us securing an extended four-year fund facility agreement with the International Monetary Fund. It has involved major effort. We are in a substantial depreciation of the currency vis-à-vis the U.S. dollar, all is part of an effort to create greater levels of competitiveness in the economy. We have had to have wage restraint, exercised by the public workers, but those sacrifices have resulted in a reduction of the debt that now stands below 139 percent of the GDP and is trending downward. We have an overall target of getting to 97 percent debt to GDP by 2020 and we are on track for that. Growth has returned – we have been able to return to global capital markets. We have completed successfully five reviews and are undergoing the sixth. We are confident we will successfully complete the sixth review. And, our inflation is within target range. So, all told, there is a certain rebalancing of the economy to make it more competitive.

Our global competitiveness ranking following mid-tax reform efforts, following a lot of administrative reform