

TRADE IN 3

THE TRADE UNIT, MICAF

➔ Who Are We

The Ministry of Industry, Commerce, Agriculture and Fisheries (MICAF) has portfolio responsibility for investment and export promotion; agriculture; fisheries; manufacturing; services; the distributive trade and small business development. The management of these subject assignments requires the effective use of several trade disciplines and instruments that fall directly under the MICAF portfolio, including safeguards, standards, antidumping, subsidy remedies, import licensing and permits; export licensing and permits; standards; technical regulations; rules of origin certification; sanitary and phytosanitary measures; technical barriers to trade; intellectual property rights; trade in services as well as derogation procedures under CARICOM.

The Trade Unit works with the Technical Divisions across MICAF to ensure the timely and appropriate use of trade policy instruments. The Unit is also integrally involved in providing key inputs for trade negotiations and works closely with the Ministry of Foreign Affairs and Foreign Trade to provide technical advice and policy recommendations on trade issues and negotiations and their implications for the agricultural, industrial and commercial sectors in Jamaica.

➔ Key Facts about Jamaica & International Trade

- International trade is the exchange of goods and services between countries.
- Jamaica has been a member of World Trade Organization (WTO) since 9 March 1995 and a member of General Agreement on Tariffs and Trade (GATT) since 31 December 1963.
- Jamaica's major import trading partners are the United States, CARICOM & China, while its main export partners are the United States, Canada, and the European Union (2017).
- Jamaica's trade deficit at the end of April 2018 stood at US\$1,419.2 million. This is an increase of 20.7 per cent when compared to the US\$1,176.1 million which was recorded for the similar period in 2017.
- Jamaica is widely considered as a service economy due to its high dependence on the service industry, particularly tourism. The value of services as a percentage of GDP is over 70% (2017). As such, trade in services has become an important area of focus in bilateral, regional and international trade discussions.



ON-GOING TRADE WAR: HOW IS JAMAICA AFFECTED?

Earlier this year, the United States announced an imposition of a 25 % and 10% tariff on steel and aluminum respectively. This move has escalated tensions between two trading giants, the US and China who are now engaged in a full-blown tit-for-tat trade war.

The Trump administration has imposed sweeping tariffs on \$34 billion worth of Chinese goods, including flat-screen televisions. In response, China has applied tariffs of the "same scale and strength" through the introduction of a similar 25% tariff on 545 US products, also worth a total of \$34 billion.

WHAT DOES THIS HAVE TO DO WITH JAMAICA?

Alumina is a major export of Jamaica. Canada, The Netherlands, Russia and the US are major export markets for Jamaican alumina.

The imposition of these tariffs may reduce demand for Jamaican alumina, which is the raw material used to make aluminum.

Additionally, the increased price of steel and aluminium entering the US will lead to a surge in the prices of many consumer goods, particularly electronics, which utilize aluminum and steel as primary inputs. The construction industry is also likely to be affected with the increase in steel prices.

While trade wars do not augur well for the global economy in general, there are pockets of opportunities for Jamaica to explore. One such opportunity that is prime for exploration is the exportation of lobster to the Chinese market as US lobster becomes more expensive to Chinese merchants due to the increased tariffs. Notwithstanding, there are a few domestic challenges which must be addressed for Jamaican exporters to capitalize on this opportunity.

As a Small Island Developing State that is highly dependent on imports, Jamaica must monitor these developments closely with a view to reducing the negative impacts on its economy and identifying the windows of opportunities for its exporters as the trade war intensifies.