

FOREIGN ECONOMIC POLICY
AND PRACTICE

As an independent state, Jamaica took full control of its foreign economic policy in 1962. Foreign economic policy can be described as the development and pursuit of relations with states and dependencies, Groups of States, and International Organisations in the area of trade, money and finance, technology, energy and other related forms of economic cooperation. In the 21 years since independence, we have not only strengthened our relations with our traditional partners, but also have developed contacts with many new countries and groupings.

Within the past years, there has been a significant change in thinking about the solution of international problems. Formerly the developed countries would adopt measures to readjust the trade balance, control inflation and unemployment, change exchange rates, without much thought of the effect these measures would have on the developing countries. Now we see more awareness and accommodation of the interests of the poorer countries. This awareness springs from the efforts of the developing countries themselves, both individually and as a group, directly or through international organisations to convince the developed countries of the interdependence of the world's economy. In this regard it is worth mentioning the important role played by the new international organisations which more exactly reflect the interests of the younger states. Jamaica plays a major role in the work of these bodies, making proposals, hosting and attending conferences and being party to various bilateral and multilateral projects.

During the past years activities have been concentrated on seeking to influence the international environment towards positions which would facilitate the implementation of our national policies.

The world...../

The world economic situation continued to worsen during 1982. The effect was that developing countries faced an increasingly critical liquidity and debt situation as the developed countries sought to solve their domestic problems by higher interest rates, low prices for commodities and various protectionist measures against manufactured and semi-manufactured products. Analyses of the current situation by developing countries and groups of experts (eg. the Brandt Commission) have come to the following conclusions:

- 1) the world economy is interdependent and any solutions must take the interest of and effect on developing countries into account;
- 2) the present situation does not result from any lack of intrinsic vitality in the economies of the developing countries;
- 3) any proposals to revive the world economy must simultaneously deal with the matters of money and finance, conditions for the expansion of international trade and remunerative and stable prices for commodities.

MULTILATERAL ECONOMIC ACTIVITIES:

Principles

In the past year, Jamaica has continued to actively pursue her multilateral economic policy. While the advantages or concrete results of multilateral activities may not be as readily apparent as those arising from bilateral contacts, there is no doubt that Jamaica derives great benefit both directly, from various multilateral institutions, and indirectly from advantages that accrue from the increased leverage obtained from operating as a group, or by pursuing problems and solutions jointly with

countries in...../

countries in similar circumstances.

Very often too, bilateral activities originate from the discussions and approaches made in a multilateral context. Multilateral discussions may do no more than provide a framework which influences or guides the conduct of bilateral relations, or they may actually result in concrete and specific agreements for the mutual benefit of the parties concerned.

Industrialisation

There are several multilateral organisations and mechanisms which exist to assist developing countries to increase their level of Industrialisation. One of the most important is the United Nations Industrial Development Organisation (UNIDO). Originally a programme of the U.N., this organisation is about to be converted into a Specialized Agency.

The Constitution for the new Agency was adopted and opened for signature in April 1979. The requisite number of 80 States have signed and ratified the Constitution and it is shortly to enter into force. In November 1982, Jamaica signed and ratified the UNIDO Constitution.

It is felt that as a Specialized Agency, the organisation would have greater autonomy and be better able to respond to the industrial development needs of developing countries.

The main objectives of UNIDO are inter alia to assist developing countries in the promotion and acceleration of industrialisation, in establishing and operating industries with fuller utilization of local natural and human resources, and in the promotion of industrial cooperation among developing countries and between developed and developing countries.

Jamaica benefits from UNIDO activities and projects (eg. the development of testing facilities at the Jamaica Bauxite Institute), and participates actively in its work.

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The Environment

Since 1968, Jamaica has been actively involved in the various stages leading to the establishment of the United Nations Environment Programme (UNEP) and the development of its programmes. Presently, Jamaica is a member of the Governing Council.

Through the initiating coordinating roles of the Ministry of Foreign Affairs, Jamaican agencies have obtained resources from UNEP for different projects. Following on a recent visit to Jamaica by UNEP consultants, a project for the development of watersheds and wet-lands is being considered by the Agency.

Jamaica has participated actively in the preparatory work for a Caribbean Environment Programme. This programme offers possibilities for national and joint action in several areas - pollution control, human settlements, energy, agriculture, etc. Work on the legal basis for the plan is at an advanced state. It will be recalled that this plan was formerly adopted at an Inter-governmental Meeting in Jamaica in April 1981.

ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES (ECDC)

Prevailing world economic conditions have had a particularly adverse effect on developing countries. This has served to illustrate even more clearly the role that ECDC can and should play in promoting the development of developing countries.

It should be recalled that two of the main objectives of ECDC are to:

- a) develop programmes to promote collective self-reliance; and
- b) complement North-South cooperation efforts.

The main instrument for ECDC was elaborated in May 1981 with the adoption of the Caracas Program of Action, which outlines

cooperation in...../

cooperation in eight (8) main areas:

- 1) trade;
- 2) technology;
- 3) food and agriculture;
- 4) energy;
- 5) raw materials;
- 6) finance;
- 7) industrialisation; and
- 8) technical cooperation.

In 1982, twelve (12) meetings of experts were held in six (6) sectors - energy, finance, food and agriculture, industrialisation, technical cooperation and trade, at which priority areas and possible areas of cooperation were identified.

Jamaica participated in activities in the key areas of energy, finance, and science and technology. In Money and Finance, it will be recalled that we hosted a meeting of experts to consider the feasibility of setting up a Bank for developing countries which would assist in filling the resource gap which most developing countries are experiencing today. Work on this continues and the technical study being prepared with the assistance of UNCTAD is expected to be completed shortly. It will then be submitted to governments for their further consideration and study.

Science & Technology

The development of Jamaica's technological capacity is crucial if we are to keep abreast of the pace of development in the rest of the world. Cooperation among developing countries in the field of science and technology is one very practical way of pursuing this objective. Many of our colleagues in the developing world have advanced technological capabilities and a country like Jamaica can benefit from cooperation with them.

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A very productive meeting was held in this area in India in May 1982. This meeting examined questions related to cooperation agreements between technological research and development institutions and the promotion of scientific and technical cooperation through reciprocal preferential treatment.

It identified areas in which the establishment of Action Committees could assist in this regard by facilitating the exchange of information in this field.

Regional Action: Jamaica recently hosted the First Meeting of Caribbean Ministers Responsible for Science and Technology, in April 1983.

The Meeting, under the chairmanship of the Hon. Dr. R. Irvine, Minister without Portfolio in the Prime Minister's Office, reiterated its commitment to the development of Science and Technology in the Region and in this regard, sought to determine areas of priority for implementation.

Major areas identified were:

- 1) Information Systems;
- 2) Intellectual Property;
- 3) Research and Development; and
- 4) Institutional Arrangements.

It was however, the consensus of the Ministers that in view of the major role of agro-industry in the Region, and the existing need for an integrated information network on research and technology, the Region would give priority to the development of information systems in this field.

Jamaica has been elected to participate in a Ministerial Sub-Committee responsible for the further development of these programmes.

Studies show...../

Studies show that regional financial resources are spent on duplicated research, extra-regional consultancies, and high priced technology, largely as a result of lack of information on what is available or appropriate. At the same time, regional scientific and technical advances are hindered largely due to the unavailability of resources.

Cooperation on development of an information system is designed to solve these problems. It is therefore hoped that through the coordinated efforts of this Region, individual member states may obtain the desired benefits.

United Nations Level: The United Nations is presently seeking to implement a Financing System for Science and Technology. This is expected to replace the existing Interim Fund to which Jamaica contributes approximately US\$4,400 per annum and from which we have already benefited to the tune of over J\$1,000,000 for research in our Bauxite Industry.

It is envisioned that the Financing System will obtain funding from regular, pre-determined contributions by member states of the U.N. and from other sources such as bond issues, special funds, bilateral voluntary contributions, etc.

Initially, the System is expected to have a total of US\$600M per annum equally realized from both sources.

Jamaica is actively involved in the present negotiations with a view to having the System established as early as possible.

Energy

There were some interesting developments in the field of energy in the past year. The ones that drew most attention were the changes in the oil market. The world oil situation was characterized by the emergence of a glut on the oil market, and

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a resultant decrease in oil spot prices with consequential effects on production by the oil producing countries. The price of oil fell to \$29 per barrel and the OPEC oil Ministers agreed on a cutback to a total production level of 17.5m bbl/day in order to maintain prices.

While it may seem that the oil importing countries should welcome this development, there are other implications which Jamaica has had to examine and take into account in pursuing activities in this area.

One of the possible results of these trends in the oil market is that the international community may be tempted to deemphasize efforts towards the development of New and Renewable Sources of Energy (NRSE). But a country like Jamaica, which is highly dependent on imported energy cannot afford that position.

The Ministry of Foreign Affairs was involved in two important international energy meetings.

Rio Plan: The first was a meeting on ECDC in the field of NRSE held in Rio in May 1982, during which ways and means were examined for promoting developing country cooperation in NRSE in areas such as energy planning, research and development and training. The meeting adopted the Rio Plan of Action which not only identifies and defines specific actions but also outlines programmes of cooperation in solar energy, hydropower, geothermal energy, coal, biomass, windpower, etc.

Nairobi Programme: Secondly, we should note the further progress made within the U.N. towards the implementation of the Nairobi Programme of Action for the development and utilization of NRSE.

The Interim Committee which had been set up to examine ways and means of implementing the Action Programme, presented
its report...../

its report to a group of intergovernmental experts in June in Rome. The report was also considered at the United Nations General Assembly in October last year when the decision was taken to set up an Intergovernmental Committee as called for under the Programme of Action.

Other Regional Efforts: Jamaica continued to be involved in, and derive benefits from activities of the regional energy organisation OLADE. OLADE adopted the Latin American Energy Cooperation Programme (PLACE) in November 1981. The programme has as its objectives cooperation in the areas of energy planning, policy identification, development of energy resources, technological cooperation and human resources training.

So far Jamaica's National Biogas programme has received financial assistance from PLACE, and agreement for funding of energy programmes in Solar Ponds and Wind Mapping has also been reached.

Jamaica hosted the Fifth Meeting of the OLADE Council of Ministers in July 1982, and participated in the Sixth Meeting of the Committee of Ministers in Caracas in October. In this and other ways, Jamaica continues to contribute to the viability of the organisation and to ensure that maximum benefits are derived from membership in regional and international organisations and multilateral programmes that deal with energy.

NON-ALIGNED MOVEMENT (NAM)

Although the NAM is seen as a grouping that has a primarily political thrust, member countries have always played a catalytic role in international economic relations, and a number of important developments in this area were initiated by the NAM.

The 7th Summit.... /

The 7th Summit of Heads of State or Government of the Non-Aligned Countries was held in Delhi, India in March this year. There, economic matters were as much the focus of attention as political issues, as it is widely recognised that the achievement of political stability is to a great extent a function of economic conditions and relations among nations.

After a thorough analysis of all aspects of world economic development and the present crisis, the Heads concluded that immediate remedial measures must be taken to be followed urgently by longer-term structural reforms.

REVIEW OF BILATERAL RELATIONS

Jamaica continues to extend and consolidate its bilateral relations with both traditional and new partners. The principles of our bilateral dealings remain as mutual benefit, respect for sovereignty and non-interference in internal affairs. Our partners have shown an appreciation of these principles and as a result it has been easier to negotiate agreements.

During 1982/83 many significant accords and contracts have been signed, for example:

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| Finland | - Utilization of Peat Resources |
| U.S.A. | - Electricity Generation,
Skill training, Bauxite,
Imports of Raw Materials, etc. |
| Federal Republic of
Germany | - Hydropower development,
transport. |
| Japan | - Blue Mountain Coffee Deve-
lopment. |
| Republic of Korea | - Motor Vehicles |
| Canada | - Petroleum exploration |
| U.S.S.R. | - Bauxite |

Jamaica continued.../

Jamaica continued to benefit from the Venezuela/Mexico Oil facility. The United Kingdom, Netherlands, Italy, Austria, Norway and several other countries assisted Jamaica in a variety of ways through the provision of lines of credit, financing of specific projects or gifts.

Several inward and outward economic cooperation visits are scheduled for this year to promote relations with Hungary, Austria and Italy.

Technical Assistance by Jamaica

From the foregoing it will be noted that Jamaica cooperates with many countries. Despite our size and resources, Jamaica not only receives but also provides assistance wherever possible be it to a limited number of countries. In the past Jamaica has trained Secretaries for Zimbabwe and Namibia at our Secretarial College operated by the Ministry of Labour and the Public Service.

During 1982, Jamaica sent an Agricultural Expert to Antigua to assist in upgrading their extension services and the production of breadfruit, and two Sugar Technologists to assist in the development of its Sugar Industry. A Dental Nurse is currently in Montserrat assisting that country and we also sent two Police Officers to Belize to organize and train their Defence Force Band.

Breaking New Ground

Extensive investigations have been made into new forms of cooperation. In this, Jamaica seeks to benefit from the different approaches to problems adopted by other countries as well as from new techniques. Governmental and official visits to the Far East and Japan, and the German Democratic Republic and Puerto Rico were in pursuit of this objective.

Jamaica and...../

Jamaica and Puerto Rico embarked on a joint technical cooperation programme and established a Joint Economic Committee for the purpose of implementing the Programme. There have also been exchange of visits between Jamaica and Puerto Rico.

Honourable Prime Minister visited Puerto Rico in October 1981; the Secretary of State and Deputy Governor of Puerto Rico visited Jamaica last year and the Governor of Puerto Rico is scheduled to visit Jamaica later this month.

Arising out of the exchanges the two countries have agreed to cooperate in the following areas:

- industry and commerce
- low cost housing
- vocational training
- sports, agriculture and tourism

This cooperation programme should be of mutual benefit to Jamaica and Puerto Rico.

Regional Cooperation

The Government is convinced that it is in Jamaica's interest to broaden relations with countries in this area, notwithstanding the cultural differences and other problems which might exist. To this end, Jamaica participated in meetings of the Latin American Economic System (SELA) and the Caribbean Development and Cooperation Committee (CDCC)

S.E.L.A.: Jamaica is a member of two SELA Action Committees on Sea Foods and Freshwater products and on Handicrafts. The Action Committee is a novel concept where two or more countries get together in order to solve a common problem. Jamaica has benefited from participation in the Action Committee on Sea and Freshwater products and is actively giving consideration to becoming a member of the permanent mechanism which will replace the Action Committee later this year. As far as the Action Committee on

Handicrafts is...-./

Handicrafts is concerned, Jamaica considers that it can benefit from an exchange of ideas with other handicraft producing countries and as a result can improve its marketing base. This will create additional employment opportunities and improve foreign exchange earnings.

CDCC: The Caribbean Development and Cooperation Committee (CDCC) is a subsidiary body of the Economic Commission for Latin America (ECLA). The main purpose of the CDCC is to coordinate economic activities within the Caribbean so as to avoid duplication of efforts and maximise the utilization of available resources.

Jamaica has benefited from the training, information systems, publications and other activities undertaken by CDCC. Jamaica has hosted the Second Plenary Meeting on the Caribbean Council for Science and Technology and a workshop on User Education Techniques for special Librarians.

Jamaica will in the future continue to lend its support to both regional organisations and to participate in their meetings.

UNITED NATIONS CONFERENCE ON TRADE
AND DEVELOPMENT (UNCTAD)

Very shortly Jamaica will have an opportunity to participate in an important international dialogue which will have implications for both multilateral and bilateral relations in the long run as well as in the immediate future.

The Sixth Session of the United Nations Conference on Trade and Development (UNCTAD VI) is being held in Belgrade, Yugoslavia next month. The UNCTAD together with its Board and Committees, is one of the main multilateral institutions in which developing countries work to change the existing world economic relationships.

UNCTAD VI will focus on three main areas - Money and Finance, International Trade, and Commodity Issues, all within the context of the current world economic situation.

This meeting...../

This meeting is most timely as it will provide an opportunity for the international community to halt the collapse of the global economy.

To this end, Jamaica together with the other Group of 77 developing countries has been actively preparing for this important meeting. Firstly at the sub-regional level representatives of CARICOM member governments met in Jamaica in February this year to review the UNCTAD agenda and to harmonize CARICOM positions.

A similar exercise took place at the wider regional level when the Latin American countries met in Colombia in March. There, they adopted a coordinated Latin American position on all the major issues.

The third preparatory meeting in which Jamaica participated was the G77 Ministerial Meeting in Buenos Aires at the end of March to the beginning of April. Here a very important exercise was undertaken as three regional groups of the G77 - Africa, Asia, Latin America - came together to adopt a unified position of the developing countries for UNCTAD VI.

The G77 not only analysed the main problems facing the global economy, but elaborated specific proposals of a short-term and longer-term nature which the developing countries feel should be implemented without delay to revive the ailing world economy.

Jamaica expects UNCTAD VI to focus and seek agreement on the main elements necessary for world recovery and development. The broad agreement reached at UNCTAD VI on measures to be pursued in areas of Money and Finance, Trade and Commodities, will provide the framework for, and will expedite the adoption

of mutually...../

of mutually beneficial solutions and actions within the specialized competent agencies in the various fields.

Jamaica therefore, will continue to participate fully in the UNCTAD VI negotiations.

Hugh L. Shearer

Deputy Prime Minister and
Minister of Foreign Affairs

May 11, 1983.

MFA FILE NO. 25/01