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NOTE

ON THE SITUATION IN JAMAICA

Abstract: Jamaica is a democratic state but political stability has not turned into social and economic harmony. Contrasting with the luxury tourist resorts are densely-populated and impoverished ghettos. In addition, widespread crime could jeopardise the tourism industry, which is Jamaica's main source of income. Jamaica will also be among the most affected countries following the new EU sugar and banana regimes. Lastly, Jamaica was the first country to sign PetroCaribe, an agreement proposed by Venezuelan President Hugo Chavez, under which Venezuela provides oil to Caribbean countries on concessional terms.

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Capital: Kingston
Area: 10 830 sq. km
Population: 2.6 million (2003)
Population growth: 0.84% (2002)
Life expectancy: 70.8 years (2003, *source UNDP*)
Adult literacy rate: 87.6%
GDP: US\$ 8.76 billion (2004)
GDP growth rate: 1.25% (2004)
GDP per capita: US\$ 3288.75 (2004, *source WMRC*)
Human Development Index (HDI) in 2005: 0.738 (98th out of 177)

Institutional Structure

Head of State: Queen Elizabeth II
Governor General: Sir Howard Felix Cooke
Prime Minister: Percival James Patterson (since 1992), People's National Party
Opposition leader: Bruce Golding, chairman of the Jamaica Labour Party

Jamaica is a member of British Commonwealth of Nations. The Head of State of Jamaica is the British Queen, who is represented by a Governor General, appointed on the recommendation of the Prime Minister in consultation with the Leader of the Opposition. The Governor General acts, in almost all cases, on the advice of the cabinet.

Jamaica has a bicameral parliament, based on the Westminster model, consisting of a senate composed of 21 appointed members and a House of Representatives with 60 elected members. Members of the House are elected by universal adult suffrage for five years (subject to dissolution).

Executive power lies with the Cabinet. The Prime Minister, appointed by the Governor General, is the leader of the party that holds the majority in the House of Representatives. All Ministers are members of Parliament, and the Cabinet is responsible to Parliament.

The Judiciary also is modeled on the UK system. The Court of Appeal is the highest appellate court in Jamaica. Under certain circumstances, appeals may be made to the Judicial Committee of the Privy Council of the United Kingdom.

The Caribbean Court of Justice

The Caribbean Court of Justice (CCJ) was inaugurated on 16 April 2005 and is based in Port of Spain, Trinidad and Tobago. It began hearing its first case in August. One function of the Court is to act as a court of last resort for the region, replacing the Privy Council. The Court also has to resolve trade and other disputes arising from implementation of the Caribbean Single Market and Economy (CSME).

For the moment, only Barbados and Guyana have adopted the new court. The Jamaican government passed legislation to bring trade disputes under the jurisdiction of the CCJ in April 2005. But the initiative to instate the CCJ as the court of final appeal in civil and criminal matters

was ruled unconstitutional by the Privy Council. Indeed the Privy Council ruled that Jamaica is obliged to consult the electorate through a plebiscite on the issue.

Any decision on the matter may have an influence on death penalty which has not been abolished in Jamaica. To date, prisoners regularly appeal to the Privy Council and in many cases death penalty has been converted into longer prison sentences. Opponents to the death penalty fear that the jurisdiction of the CCJ might lead to an increase in executions. For others, death penalty is regarded as a necessary deterrent in a country beset by widespread criminal activity (*see below Human rights*).

Political Situation

Power is contested between the two dominant parties: the People's National Party (PNP, centre-left) and the Jamaica Labour Party (JLP, centre-right). Although deep divisions persist between the two parties, democratic rule is assured and the results of elections have always been accepted. However electoral campaigns have often been marred by violence, even if their results have always been accepted.

Currently, the PNP holds 34 of the 60 Parliament's seats and the JLP holds 26 (October 2002 elections). The PNP suffered large losses to the JLP in local elections in June 2003.

The next local elections are due in 2006 and general elections are due in October 2007. The opposition Jamaica Labour Party (JLP) will attempt to capitalise on difficulties besetting the PNP government in the economic and security arenas.

Mr Patterson plans to step down by April 2006. Norman Buchanan, a physician who was selected in August this year to take Mr Patterson's seat when he resigns, died on 18 September of pneumonia, at the age of 42. Four candidates - National Security Minister Dr Peter Phillips, Local Government Minister Portia Simpson Miller, Finance Minister Dr Omar Davies, and PNP vice-president Dr Karl Blythe - have declared an interest in the top job when Patterson steps down.

Bruce Golding was elected leader of the JLP in February after Edward Seaga's resignation. Bruce Golding is the former party chairman who led a breakaway movement to form the National Democratic Movement (NDM) in 1995 but the NDM failed to win significant support and Golding returned to the JLP in 2002. He has fared consistently well in public opinion polls but his level of support within the party is less secure.

The government remains under pressure to deal with the issue of violent crime, while kick-starting the country's economy. On 5 September 2005, an island-wide protest was led by the opposition to complain about "poor governance" and government-imposed price increases for public utilities such as water, electricity and public transport. Police said that 30 persons were arrested and at least one person was shot and killed. On 3 October, it was the Jamaica Constabulary Force's (JCF) turn to protest and ask for a wage increase.

Violence, Human rights violations and Death penalty

Insecurity and crime rate

Jamaica has one of the world's highest crime rates. In 2004, 1,471 people were murdered and in 2005 1,241 people had been murdered by 26 September. On Sunday 25 September only, 11 people were killed, for a total of 115 killed between 1 and 26 September. The country suffers from the extreme violence of criminal gangs, most of which are linked to the drugs trade. According to the police, over 80 gangs now operate in Jamaica, up from 35 in 1994. The gangs, involved in violent crime, murder, drug trafficking and kidnapping, are also active in most Caribbean countries.

The growth of criminal activity is obviously linked to domestic social and economic conditions. But Caribbean governments blame the recent surge in gang activity on the hundreds of criminals (an estimated 13,000 since 1999) who have been sent back to the Caribbean by the Canadian and the US authorities after serving their sentences. Many of them maintain links with gangs in the US and Central America.

A cooperation operation with Scotland Yard, called Operation Kingfish, was launched in October 2004 and has just been renewed for one year. The aim of Operation Kingfish is to dismantle the criminal network and disarm organised criminal gangs. But the crime rates are increasing anyway. CARICOM Heads of government have endorsed a proposal for a regional framework for managing crime and security on July 2005, on the occasion of their 26th summit in St Lucia. Linked to that criminal violence, police violence is also underlined by human rights organisations.

Human Rights and Death penalty

European Parliament's point of view

In its report on Human rights in the world (2004), adopted on 28 April 2005, the European Parliament "*calls on the government of Jamaica to take effective action to stop the extra-judicial killing of people by security forces; also calls on the Government of Jamaica to repeal sections 76, 77 and 79 of the Offences Against the Person Act, which criminalise sex between consenting adult men and are used as justification for unacceptable harassment, notably against HIV/AIDS educators; asks the Government of Jamaica to actively fight widespread homophobia*"¹.

The Jamaican police have an unenviable reputation for shooting and killing Jamaican citizens. Human Rights Watch and Amnesty International have both called for investigations into the attitude of the police. Amnesty International stressed in its 2004 report on Jamaica that at least 100 people were killed by the police that year, many in circumstances suggesting they were extra-judicially executed. In 2004, for the fifth consecutive year, no police officers were brought to justice for their involvement in cases of unlawful killing, although some were under investigation.

Amnesty International also said there were continuing reports of ill-treatment, possibly amounting to torture, in police custody. Conditions in prison and other places of detention were harsh and in many cases amounting to cruel, inhuman or degrading treatment.

¹ EP resolution P6 TA (2005) 0150, adopted on 28 April 2005

The human rights organisation also underlined the hostility which human rights defenders have to face and the attacks and threats against homosexuals.

The death penalty remains on Jamaica's statute book although no execution has taken place since 1988. The issue remains controversial. At the time of independence Jamaica, in common with other former British Caribbean colonies, inherited the death penalty as a mandatory sentence for murder. The use of the death penalty declined in most Caribbean countries during the 1970s. However during the 1980s, as criminal violence and insecurity increased, the number of death penalties passed down also increased.

The Judicial Committee of the Privy Council (JCPC), which sits in the UK, is the final Court of Appeal for many of the English-speaking Caribbean countries, including Jamaica. At present appeals regarding the death penalty go to the JCPC.

In most cases in which the JCPC has reviewed individual death penalty convictions it has ruled in favour of more humane punishments. In September 2000, following the JCPC's commutation of the death sentence on six Jamaican convicts, Prime Minister Patterson accused the Court of bending the law to find a way of ensuring that capital punishment was not applied (in fact the JCPC has allowed executions in Bahamas and Trinidad). In 2004, two persons were sentenced to death but none was executed. Moreover, on 7 July 2004, the JCPC ruled that mandatory death sentences for what is qualified as "capital murder" in Jamaican law violated the Constitution. Capital punishment remains valid but it will be "*open to the court in these cases either to impose the death sentence or to impose a lesser punishment, depending on the view it takes of the crime which the defendant committed and all the relevant circumstances*"².

In recent years the political leaders of many Caribbean countries have stated their intention to replace the JCPC with a Caribbean Court of Justice. On 14 February 2001 11 Eastern Caribbean countries formally ratified an agreement to remove the JCPC as the final Court of Appeal and to replace it with a Caribbean Court of Justice. This new Court has begun hearing its first case in August 2005. Until now Jamaica has not adopted the CCJ (*see above Institutional Structure*).

On 19 January 2003 Amnesty International placed an advertisement in Jamaican papers calling on the government and citizens to rethink their support for capital punishment. In this advertisement Archbishop Desmond Tutu and the family of Dr Martin Luther King added their voice to appeals against recourse to the death penalty.

Economic Situation

Part of GNP

Services: 65% (including tourism for 36.2%)

Manufacturing: 12%

Agriculture: 8% (including sugar sector for 1%)

Mining: 9.4%

Growth has improved since 2000, but poverty was 16.1 % in 2004, only slightly less than in 2001, says the World Bank. Jamaica is on track to meet over half of the Millennium Development Goals, including the goal of halving extreme poverty between 1990 and 2015. However, it is unlikely to achieve the goals related to the reduction in the infant, child and maternal mortality rates, or to halt

² *Lambert Watson v. The Queen* (Privy Council Appeal N°36 of 2003), 7th July 2004

and reverse the spread of HIV/AIDS by 2015. Continual violence threatens the tourist trade and foreign investments.

Economic growth has been a problem since 1991, with a weak or negative result recorded most years. But GDP has been rising slowly since 2001 and is projected to expand by 3.4% and 3.5% in 2004 and 2005. Unemployment rate is around 12%. The importance of remittances from Jamaicans living overseas is considerable, amounting to some US\$ 800 million per year.

The economy is dominated by the services sector, including tourism, which in 2003 accounted for 65% of Jamaica's GDP. Tourism, the most important source of foreign exchange earnings since 1983, accounted for 36.2% of GDP³. But beyond tourism there are very few sectors that are highly competitive. The Jamaican economy is structurally weak because it depends upon highly volatile primary commodity exports and unreliable income from foreign tourists. That latter sector suffers whenever there is a recession in the United States. The problem of the commodity prices is much more serious. Jamaica's major primary commodity exports are alumina, bauxite, sugar, bananas and rum, most of which have extremely volatile prices and are under severe competitive pressure from lower-cost producers in other countries. Mining exports, once Jamaica's main source of foreign exchange are now third behind worker remittances and tourism.

Hurricanes

Hurricanes are frequent in the region and often devastating. In September 1988 Jamaica was badly affected by Hurricane Gilbert, the most destructive storm in the country's recorded history. Over 100,000 homes were destroyed, and the agricultural sector severely disrupted. In October 2001 Hurricane Michelle caused severe damage, estimated at US\$ 30 million, to Eastern Jamaica. In September 2004 Hurricane Ivan caused large-scale damage to housing and infrastructure. As a main consequence, Hurricane Ivan interrupted the gradual acceleration in the rate of economic growth by affecting agriculture, mining and tourism. Its consequences will still be felt on 2005 harvests.

To better prevent natural hazards the European Commission has allocated € 3.5 million for disaster preparedness in the Caribbean. The main objective is to increase the capability of vulnerable populations living in areas most affected by recurrent natural hazards to cope with the effects of natural disasters.

Tourism

Some 31.9% of the population is employed in the tourism sector according to the World Travel & Tourism Council. The active promotion of tourism, with increased numbers of charter flights, led to a rise in the number of tourist arrivals from 847,000 in 1983 to 2.13 million in 2002 (last available statistics). The US accounted for more than 70% of visitors, with 10% and 8% coming from the UK and Canada respectively. Cruise ships accounted for 40% of tourist arrivals. However the number of high spending tourists has slowed down considerably in recent years.

In 2001 the sector experienced a severe slump. Jamaica was dropped from the itinerary of several cruise lines, reportedly because of the security situation and possible danger to visitors. The outbreak of serious violence in Kingston in mid 2001 contributed largely to this decline, which was compounded by the aftermath of the 11 September attacks on New York and Washington. In 2002, stop-over arrivals fell by 13% for the first four months of the year, compared with figures for the first four months of 2001, and total spending fell by 8.8% during the same period. The sector

³ Source World Travel & Tourism Council (WTTC)

slowly recovers and cruise ships and stop-over arrivals revenues increased of 17.8% for April 2004.

Mining

Bauxite production is Jamaica's principal industrial activity. With estimated reserves of 1.9 billion tonnes, Jamaica is the world's third largest producer of bauxite. Bauxite is a commodity that is traditionally subject to sharp price swings. World prices were low in the 1980s, but recovered in the 1990s. By 1998 bauxite production had risen to 12.7 million tonnes from 10.9 million in 1990. Bauxite production fell in 1999-2000 to 11.1 million tonnes, largely due to an explosion at, and the subsequent closure of, the Gramercy processing plant in the US which processes much of Jamaica's raw bauxite exports. The situation improved in 2001 with the return of the plant to full operation and in 2004 Jamaica produced 13.3 million tonnes. The Jamalco bauxite and alumina manufacturing plant is owned at 51% by Alcoa, a Norwegian Canadian company, and 49% by the Jamaican government. In 2002 Jamalco announced a major expansion of the plant at a cost of US\$115 million. International prices for bauxite and alumina have been buoyant since 1999. However there is pressure on the industry to reduce costs further given that cheaper bauxite operations exist in both Argentina and Brazil.

Agriculture

The country's agricultural sector is vulnerable to tropical storms, hurricanes (*see above*), floods and droughts. Although the importance of agriculture to the economy has declined greatly in the last two decades, with a share of GDP now less than 10%, it still provides employment for about 20% of the population.

- Bananas

The banana industry suffered seriously from drought in 1997, 1998 and 2000. Export volumes decreased from 86,000 tonnes in 1996 to 43,000 tonnes in 2001 and 41,000 in 2003, while earnings fell from US\$ 46 million to US\$18 million before rising again to US\$ 25 million. A major factor was the low price on the world market.

Efforts to ensure the survival of the banana industry in the face of dwindling trade preferences, notably the EU banana regime, have led to efforts to increase efficiency. However acreage under banana cultivation has been falling and farmers are abandoning the sector. The number of banana producers has decreased by more than 50% since 1997 and more are expected to go out of business or to switch to other crops. The situation is likely to deteriorate further as a result of the WTO rulings on European banana imports.

Protected by the European preferential regime Jamaican banana exports are as much as three times more expensive than those produced in Honduras and Guatemala. Following the WTO condemnation of the EU banana regime, the EU must remove its import quotas and apply the same tariff to all producers by 1 January 2006. The Commission first proposed a € 230/tonne tariff which was refused by the Latin American producer countries, and by the WTO. The ACP and EU producers consider that their competitiveness is threatened under this threshold. A € 230/tonne tariff would maintain the current market balance in which Latin American suppliers have 60% of the EU market and ACP countries 20%.

The latest Commission proposal was € 187 per tonne and an annual quota of 775,000 tonnes untaxed for the ACP countries. The Latin American countries also refused this offer. On 26 September the Commission asked for WTO arbitration to decide on the matter. The WTO panel has 30 days to answer. Whatever the result of the arbitration may be, the competition will be harsh for Jamaican producers who already suffered greatly in last years.

- Sugar

Sugar is the main agricultural export crop. The reform of the European Common Market Organisation will of course deeply affect the Jamaican agriculture and sugar industry. Jamaica is a signatory to the Sugar Protocol and a member of the ACP Sugar group. Prime Minister P.J. Patterson is expected to announce later in October his sugar reform strategy to save the rapidly deteriorating sector.

EU Sugar reform (see these separate background note on the Commission's proposal)

As for bananas, a lost dispute settlement before the WTO pushed the EU to reform its sugar regime. The EU regime was based on high market prices, high custom duties on non preferential imports, limitation of EU production by quotas and exports subsidies for surplus EU production. In its proposal, presented on 22 June 2005, the Commission suggested that the price would be cut by 39% and 60% would be granted, in direct payments, to EU farmers as a compensation for their revenue loss.

The ACP estimate at € 300 million the annual loss in direct exports earnings while the Commission only proposed € 40 million for 2006 without indication as regards post 2006 in its Measures for Sugar Protocol Countries. The ACP group's General Secretariat welcomed the EP Development report to increase to € 80 million the European aid planned in 2006. The Development committee's report (by Mr Lehideux) is due to be adopted by the full House by the end of the year. The UK has suggested the sum of € 100 million for 2006 and € 500 million per year thereafter but its position seems rather isolated in the EU Council. The EP Budget committee also refused to grant more than € 40 million to the ACP countries in 2006 (through the flexibility instrument).

The EU Council also seems to be much divided on the reform itself and the EP is about to propose to soften the new sugar regime. The Agriculture committee's rapporteur, Mr Fruteau, in charge of the report on the common market organisation, proposes a 25% price reduction and compensation up to 80% for European beetroot planters.

The Council expects to reach an agreement on a final act on 22 November.

The sugar sector is the only common market organisation (CMO) which has remained unreformed since the inception of the Common Agriculture Policy.

In 1997 and 1998 production was seriously affected by drought. Only 179,000 tonnes of sugar were produced in 1998 compared with 231,000 tonnes the previous year. Production recovered in 1999-2000, but declined again in 2001 as a result of damage to crops from flooding. In 2003, 155,670 tonnes were produced (181,042 t. in 2004 according to Jamaican statistics) and 131,117 exported which represents 1% of the GDP, but 13.9% of its agriculture. Exports earnings also declined because of lower volumes. Depreciation of the Euro in which Jamaica is paid for sugar exports to Europe penalised the country a few years ago. The current high level of the European currency is now an advantage. The National Sugar Company of Jamaica was privatised in 1994, but, having made consistent losses, was returned to the government in October 1998 for the nominal sum of \$1Jamaican. The government is under pressure to safeguard the industry as it employs more than 50,000 workers at its seasonal peak and accounts for about US\$ 100 million in export earnings. The government thus provides subsidies to private producers.

A consultants' paper commissioned by the European Commission on "*Adaptation Strategy of the Jamaica Sugar Industry*" has been released in September 2005 in Jamaica. The consultants were asked to investigate and make recommendations to the government in the light of the EU price cuts. They have recommended closing three of the five state-owned sugar factories: Monymusk, Bernard Lodge and Long Pond. The government has not yet taken any position on whether the study could be part of its strategy. But the JLP opposition party strongly criticised the study and asked the government not to follow it⁴.

The Kisumu Declaration on Sugar

The 9th ACP Special Ministerial Conference on Sugar gathered the 76 countries signatories to the Sugar Protocol at Kisumu, Kenya, on 22-26 September 2005. The final declaration gave the opportunity to the Ministers to react officially to the European proposed reform.

In the Declaration, the Ministers "*acknowledge the need for reform of their sugar industries*" but "*estimate that the reform is disproportionate and discriminatory vis à vis the ACP*". They note that "*deep price cuts go far beyond the requirement to meet the EU's likely WTO commitments*". Furthermore they consider that the € 40 million are "*utterly inadequate*" and remind that the United Kingdom has suggested € 100 million the first year and thereafter € 500 million annually.

Caribbean: Sugar production, 2003			
Country	Production (million tonnes)	Exports (million tonnes)	Sector as % of GDP
Guyana	302,000	261,207	15.8
Jamaica	155,670	131,117	1.0
Trinidad & Tobago	66,914	54,202	0.6
Barbados	36,000	35,161	1.8
St Kitts and Nevis	22,000	15,921	28.0

Source: ACP Sugar Group

⁴ www.jamaicaobserver.com, 6 October 2005

Inflation and International Trade

Economic reforms were introduced in the late 1980s. These included liberalisation of exports, liberalisation of the domestic financial sector, removal of capital controls, wide-ranging privatisation of state-owned enterprises and tax and labour market reforms. These reforms contributed to high inflation and the devaluation of the Jamaican dollar. In order to protect the currency and to reduce inflation the government introduced a restrictive monetary policy with high interest rates. The reforms generated positive macro-economic results. Inflation averaged 39% per annum between 1990 and 1995, but was down to 7.5% per annum after 1997, and stood at only 6.1% in 2000. But in 2003, when the sharp depreciation of the currency, triggered by anxiety over debt sustainability, caused import prices to surge, including oil prices. Inflation rate is still very high: 18.2% between July 2004 and July 2005. The exchange rate has stabilised but drought-related food prices rises pushed up monthly inflation. As a result a single-digit level can not be expected until the second half of 2006. But the economic policy of the government is beginning to bear fruit with both the fiscal deficit and the public debt ratios on a downward trend. The public debt burden remains high, at 134% of GDP at end 2004.

Jamaica's external trade is dominated by the US. But the US part in the Jamaican external trade is declining. Traditionally more than a third of the island's exports went to and half its imports came from the United States. In 2004 only 17.17% of Jamaican exports went to the US while 38.30% of its imports came from the States. Despite expressed intentions to improve intra-regional trade, the share of merchandise trade accounted for by Latin America and the Caribbean has fallen steadily since 1985, although Venezuela provides most of the country's oil. The EU (mostly some Member States as the United Kingdom and France), but also China, benefit from this change.

PetroCaribe

On 24 August 2005 Jamaica was the first country to sign an agreement with Venezuela under the auspices of the PetroCaribe initiative launched by President Hugo Chavez. Under this agreement Venezuela will send some 60,000 barrels, up from 14,000 currently, of oil per day to Jamaica and provide for payment through soft loans or in goods and services. The oil is to be processed at state oil company PetroJam's Kingston refinery. Jamaica and Venezuela have signed a US\$ 200 million modernisation and expansion of Petrojam in the next two years. Thus the country would be in a position to purchase cheaper crude oil from Venezuela.

The other PetroCaribe initiative's countries are Antigua & Barbuda, Belize, Cuba, Dominica, Grenada, Guyana, Dominican Republic, Saint Kitts and Nevis, Saint Vincent and the Grenadines and Suriname. Under the special financing terms of the agreement the Caribbean countries have a two-year grace period to pay for the fuel at an annual interest rate of 2%. PetroCaribe countries are also able to barter with local goods for up to 40% of the fuel they acquire and can finance up to 50% of their bills for 25 years. The Jamaican government hopes that Venezuela will become an important replacement market for Jamaican sugar and bananas.

Barbados and Trinidad and Tobago have refused to sign the initiative. Trinidad and Tobago is one of the energy suppliers (oil and gas) of the region and fears to lose its markets. Although Venezuela grants some low interest loans to pay the oil, Barbados fears it will increase its debt and go against all government's efforts to reduce it. Barbados also already has an oil facility with Trinidad and Tobago.

Relations with the European Union

(Information provided by the European Commission)

Good relations with Europe are an important element of Jamaica's foreign policy, both with the European Union and with individual Member States at the bilateral level. The following EU members are represented in Kingston: UK, Spain, Netherlands, Germany and France.

The preferential access to the EU market is important for Jamaica's agricultural products, such as sugar, rum and bananas. In 2003, trade between the European Union and Jamaica approximately accounts for 36.2% of domestic exports and 9.9% of imports. This means that the EU in 2003 was Jamaica's most important destination and that, in marked contrast to the North American Free Trade Area or the CARICOM, the trade balance with the EU is traditionally positive. With regard to development cooperation, the EC is the biggest grant donor. Of course, the new sugar and banana regimes will have important adverse effects on Jamaican agriculture.

Total financial assistance from the European Communities to Jamaica since the beginning of the Lomé Conventions in 1975 can conservatively be estimated at more than € 666 million, without even including the benefits of trade preferences for Jamaica's sugar, banana and rum exports to the EU, and the regional co-operation programmes in the Caribbean.

The aid volume of five successive National Indicative Programmes of the 4th to the 8th EDF amount to € 196.3 million, focusing particularly on road and water projects, agriculture, trade promotion and support of SME. Under the 8th EDF poverty alleviation, economic infrastructure, as well as support to the public sector and to the economic reform programme of the government is major areas of support. On two occasions, SYSMIN funds have been earmarked for sewerage and road rehabilitation projects, totalling € 95 million.

Under the 9th EDF an amount of € 100 million is foreseen (of which € 73 million as programmable resources under the A envelope) to address the following programmes:

1. **Macro-economic support**, providing assistance to the government's economic reform efforts. The programme aims to provide a stable macro-economic environment and at the achievement of government's policy to reduce poverty and its targets set for the social sectors, such as health, education and social safety-net programmes. The programme will also assist government in its efforts to strengthen public finance management.
2. **Private sector development**, through developing a broad-ranging programme of business advisory services, to strengthen the supply response once macro conditions improve and to deal with a more open economic environment resulting from the extension and deepening of regional and global cooperation agreements. This programme of business advisory services will be supplemented by an EIB programme of financing for investments to be made by SMEs in core sectors of the economy and accessible through banks. A more robust private sector will contribute directly to employment creation and poverty reduction.
3. A **sector-based approach for the transport sector (road sub-sector)**, targeting the improvement of the quality of the road network based on a comprehensive and coherent road maintenance strategy is still to be developed. This strategy would also form the foundation for future interventions by other development cooperation partners.

4. A **non-focal programme** of decentralised cooperation is also foreseen, focusing directly on poverty alleviation and implemented through participatory decentralised cooperation in order to strengthen community involvement in development.

The Economic Partnership Agreements

On 28 September 2005, Commissioner Peter Mandelson launched the third phase of negotiations with the Caribbean region in St Lucia. The third and last phase of the negotiations aims at writing the text of a final agreement, agreeing the terms of market access for the two regions. It should be completed by the end of 2007. The second phase of negotiations (creating the conditions for regional integration) with the Caribbean region had started in April 2004. All issues are now on the table from market access for goods to public procurement⁵.

Outside the official meeting room in St Lucia, Caribbean farmers protested against the EPAs. They fear the negotiations will lead to the destruction of livelihoods in the region.

Since Lomé I, the European Investment Bank has funded in Jamaica loans from its own resources and risk capital to the amount of € 189.6 million. Projects targeted development banks, the port and free zone of Montego Bay, the container terminal of Kingston and the Telecommunication Company of Jamaica (now Cable & Wireless).

Apart from EDF funding, various EC budget lines have helped to finance projects in the areas of cooperation with NGOs, environmental protection, human rights, gender issues and decentralised cooperation. Jamaica is also eligible under the Special System of Assistance to ACP banana producers aiming at the increase of the industry's competitiveness on the international market or the diversification of economic activities.

Jamaica is also pursuing an active policy of regional cooperation in the context of Cariforum and benefited from important regional funding in the sectors of transport and telecommunications, regional trade and tourism promotion, as well as human resources development (especially the University of the West Indies).

The UK is the main EU member country providing support to Jamaica. Poverty reduction is the main focus of Britain's assistance in Jamaica. The Department for International Development (DFID) have an aid programme for Jamaica worth in the region of £ 2.5 million a year. In addition, the UK also waives approximately £ 5-6million of Jamaican debt annually. Major projects include assistance to the programme to reform the Jamaican police force; assistance to the private sector to enhance the competitiveness of Jamaican exports; support for the Government's public sector reform programme and other programmes related to social development and giving disadvantaged groups of Jamaican society a stronger voice in the development of policy by the Government.

The Inter American Development Bank (IDB), Caribbean Development Bank and World Bank focus on macro economic stabilisation and financial sector reform. The IDB is furthermore focusing financial sector reform, private sector development, public sector modernization, social development and environmental management. In May 2005, the World Bank adopted a new Country Assistance Strategy for Jamaica which projects financial assistance of up to US\$ 150 million between 2006 and 2009. The new strategy will help "*to accelerate inclusive economic growth, improve human development and opportunity, and help prevent and reduce crime*".

⁵ Statement by Mr Karl F. Falkenberg, Director at DG Trade (European Commission), in a Development committee hearing, EP, Brussels, 5 October 2005.

Jamaica's External Relations: CARICOM and CSME

Traditionally Jamaica's external relations were dominated by its links with the US, the UK and, through Britain, the European Union. Geographical proximity to the US and the size of its economy mean that the latter strongly influences Jamaica's international attitudes. The new PetroCaribe initiative seems to be relatively insignificant in terms of amounts of oil but it will strengthen diplomatic support for Hugo Chavez' Venezuela in the region. The possible weakening of the ACP market access to the EU could be perceived as a "betrayal" by some of its former colonies and this could leave to Chavez the way to increase the influence he seeks in the region.

Jamaica plays a major role in the Caribbean fora. It is active in the WTO negotiations, and in negotiations in the context of the Cotonou Agreement (*see above Relations with the EU*). Phase two of the EPAs negotiations pushed to regional integration. Caribbean states have affirmed their intention of creating a single Caribbean market by the end of 2005. The Caribbean Single Market and Economy (CSME) is intended to remove restrictions on the movement of labour and capital throughout the region. The key elements of this regional integration are: free movement of goods, services, labour, freedom of establishment, a common external tariff and a common trade policy. Furthermore the CSME should also adopt some other measures such as harmonisation of laws (company laws, intellectual property etc.) and economic and monetary coordination.

Jamaica is also expected to support the Free Trade Area of the Americas (FTAA). However advances on the FTAA are very slow. In January 2005, Heads of States of the Americas could not hide deep rifts on key issues during their Monterrey Summit. Many of Caribbean and Latin Americans leaders contested President Bush focus on free trade.

The fight against drug trafficking has been declared a major priority by Prime Minister Patterson. Relations with the US, and also with Europe, are periodically strained by the transshipment of illegal drugs through Jamaica, and the role of Jamaican gangs in international drug trafficking. Jamaica cooperates with the UK through the "Operation Kingfish".

Historical Background

Jamaica is the third largest island in the Caribbean. The majority of its population is of African descent, though there are also Jamaicans of European, East Indian and Chinese origin. Roughly a third of the population is under 15 years old. Emigration is important, mainly to Canada, the US and the UK, though the rate of emigration is declining.

Jamaica, a British colony from 1655, was granted internal self-government in 1959, and became fully independent within the Commonwealth in 1962. The Jamaica Labour Party (JLP) under Sir Alexander Bustamante won the 1962 and 1967 elections. Under the leadership of Hugh Shearer the JLP lost the 1972 elections to the People's National Party (PNP) led by Michael Manley, who advocated democratic socialism and stood on a platform of social reform and economic independence.

The early 1970s were characterised by frequent street violence and gang warfare in the poorer areas of the capital, Kingston. More than 160 people were killed in the first half of 1976, and in June of that year the government declared a state of emergency that remained in force for a year. Despite the unrest, high unemployment and economic stagnation, the PNP was returned to power in December 1976 with an increased majority.

In February 1980 Prime Minister Manley rejected IMF economic austerity conditions imposed on further loans to Jamaica. He called a general election in support of his economic policies and his defiance of the IMF.

In the October 1980 elections the JLP received 67% of the votes but won 51 of the 60 seats (first past the post system of single member constituencies). Edward Seaga (Jamaican of Lebanese origin), the leader of the JLP, became Prime Minister. He stood on a platform of closer economic and political links with the US, the promotion of free enterprise, and the downgrading of links with Cuba. He received US and IMF assistance.

In November 1983 Seaga announced that an election would take place in December 1983, allowing only 4 days for nomination of candidates. The PNP, unable to present candidates at such short notice, refused to participate or to accept the results of the elections. The JLP was opposed in only six constituencies (by independent candidates), and won all 60 seats in the House of Representatives.

Meanwhile the economy continued to decline. The withdrawal of food subsidies provoked sharp increases in the price of food and sporadic violence. In the July 1986 municipal elections the PNP won control of 11 of the 13 municipalities.

In the February 1989 elections the PNP under Manley obtained 56% of the votes and 45 of the 60 seats in Parliament. Manley, who had moderated his approach while in opposition, became Prime Minister. Both parties agreed to a policy of austerity, and the Jamaican dollar was devalued.

In March 1992 Manley resigned owing to ill health, and was replaced by former Deputy Prime Minister Percival J. Patterson (normally known as P.J. Patterson).

In the March 1993 elections Patterson's PNP won 52 of the 60 seats in the House of Representatives.

In October 1995 Bruce Golding, who had been Chairman of the JLP and had left the party following disagreements with Seaga, formed a new political party, the National Democratic Movement (NDM). Its aim included constitutional reform and the establishment of an elected executive President.

An electronic voter registration system was introduced in 1996 and new electoral rolls completed in 1997.

In the December 1997 election the PNP won 56% of the votes and 50 of the 60 seats. The JLP obtained 39% of the votes and 10 seats, while the NDM won 5% of the votes but no seats in Parliament. Patterson became Prime Minister for a third consecutive term, and announced plans for Jamaica to become a Republic (not yet realised).

In 1998 and 1999 there were serious problems with law and order and organised crime, as well as a deepening economic crisis. Heavy-handed police action was widely condemned, and the ongoing unrest led to the imposition of a curfew in Kingston in October 1998. Unrest continued in 1999. The JLP and NDM, while initially having helped to organise the protests, disassociated themselves from the subsequent violence in which eight people were killed and many businesses burned or looted. In July of that year the authorities announced that army personnel were to be used to patrol greater Kingston in an attempt to combat criminal gangs, mostly related to drug trafficking. In

October the British government agreed to contribute £ 2.9 million to a programme to reform and modernise the police force. Despite various measures implemented by the government, confrontations between the police and different sectors of the Community continued in 2001. In March 2001 seven young men were killed by the police in the Braeton district of Kingston during a raid. This led to widespread condemnation, including by Amnesty International which claims that the Jamaican police has one of the highest rates in the world for the killing of its own citizens. In the course of 2000 the police shot dead 140 suspected criminals.

In July 2000 fighting broke out between rival PNP and JLP factions and the police in Kingston, during which some 25 people were killed.

In October 2001 the government had to deploy military personnel in order to suppress unrest, and in January 2002 seven people were shot dead by some 30 gunmen in a suburb known to be a traditional stronghold of the PNP, leading to accusations that the killings were politically motivated.

Prime Minister Patterson reorganised his government in October 2001. The new Minister for National Security, Peter Phillips, proposed legislation to give the police power to wire-tap the telephones of persons suspected of involvement in drugs or weapons trafficking. Other proposed measures to reduce crime included the extension of the death penalty to crimes resulting from drug trafficking.

In February 2002, in an attempt to improve transparency in the financial sector, the government considerably strengthened the money-laundering act.

In the parliamentary elections held on 16 October 2002 the PNP won an unprecedented fourth consecutive term of office. The government appears to have benefited largely from its public housing and infrastructure programmes, which were regarded as its main achievement. However Prime Minister Patterson's parliamentary majority declined seriously. He only has an eight-seat majority in the present Parliament (34 of the 60 seats), while the JLP has increased its representation to 26 seats. Commentators indicate that policy-making in the coming years will be more complex given the government's narrow majority.

The new Cabinet chosen by Mr Patterson is broadly similar to that of his previous administration, and government policy is unlikely to change radically. Nevertheless the government is facing increasing pressure to deal more effectively with violent crime. Mr Patterson has designated the war on crime as his major priority, while pointing to the substantial decrease in the level of politically motivated violence in the run-up to the October elections.

Having increased its representation to 26 seats, the JLP is expected to provide a more effective opposition than in the past. Mr Seaga has called for "national unity" meetings with the Prime Minister so that the JLP can have greater influence on policy issues such as crime, unemployment and the economy.

In the period before the election opinion polls indicated a majority of the vote for the JLP. This did not materialise, and Mr Seaga was under some pressure from within its party to resign. In February 2005, he retired from political life.

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