



Head of the IMF mission to Jamaica, Jan Kees Martijn, issued the following statement on Tuesday, February 12 in Kingston:

“Over the last three decades, the Jamaican economy has experienced very low economic growth, declining productivity, and reduced international competitiveness. An important factor behind these problems has been Jamaica’s unsustainable debt burden, which has undermined confidence and elevated risks to economic stability. Additionally, Jamaica’s high debt service has limited the government’s potential to provide the services needed to achieve sustained rates of growth and increased welfare for its citizens.

“The IMF mission continues to work assiduously with the Jamaican authorities on an economic program that can help address these challenges and can be supported under a Fund arrangement. We have made significant progress in reaching key understandings on strengthening macroeconomic policies, including through achieving and sustaining higher primary fiscal surpluses, which can help underpin debt sustainability; on structural reforms that can pave the way for private-sector led growth; and on social protection for the most vulnerable.

“With regard to fiscal policies in particular, Fund staff have been working closely with the government and its advisors in exploring policy options that can help achieve a substantial reduction in debt, while promoting sustained growth. It will be necessary to reduce the debt by a very sizeable amount from current levels to restore debt and external sustainability.

“The targeted reduction will require significant fiscal consolidation as well as measures to reduce the debt burden upfront, given the magnitude of the task. In addition, the structural impediments to growth—including the excessive debt burden—need to be addressed with urgency, to lay the foundation for a sustained recovery in economic fundamentals. In that regard, a key challenge is how to balance trade-offs among these key objectives, within a specified time horizon.

“The mission welcomes the debt exchange announced by the Jamaican authorities for their

domestic debt, which is an important element aimed at helping to put public debt firmly on a downward trajectory, reduce the stock of debt, and provide fiscal space for other needed government initiatives. In that regard, a successful debt exchange will require high participation from creditors to help secure financing assurances for a Fund-supported program.”