



The CARICOM Single Market and Economy (CSME)

The CARICOM Single Market and Economy (CSME) is seen by some as a key strategic response to the changing global environment and one that is necessary to deepen regional integration. The revised Treaty of Chaguaramas has provided for its implementation and seeks to address areas such as:

- ◇ The free movement of goods produced in the region;
- ◇ The free movements of services;
- ◇ The free movement of labour;
- ◇ The free movement of capital, and
- ◇ Macro economic coordination.

Notably, in an effort to counter the ills of the IMF's structural adjustment programmes coupled with the strengthening of its regional negotiating machinery, inter alia, 6 CARICOM members (Barbados, Belize, Guyana, Jamaica, Trinidad and Tobago, and Suriname) have already agreed to adopt the structure of the CARICOM Single Market (CSM), which include all the above characteristics except that of macro economic coordination (JIS,2006)



Inherently, by deepening the integration process through systematically removing restrictions on the movement of goods, services, labour and capital, it is hoped that the following benefits would be realized:

- ◇ Opportunities for nationals to study and work in CARICOM countries of their choice;
- ◇ The facilitation of increased access to skills within the region;
- ◇ Increased employment of all factors of production;

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Editorial

This labour market review is a production of the Research and Evaluation Unit of the Planning and Project Development Division. This document aims to inform readers about current issues within the labour market, especially as it relates to the TVET system.

Notably, the CARICOM Single Market and Economy is one that affects us all, as such a discussion has been done to highlight its implication and HEART Trust/NTA's response to such. The review also includes a summary of the Jamaican economy and its economic position relative to two of its major competitors. Additionally, there was an examination of the Jamaica labour market as it relates to areas of growth, employment, salaries and wages.

Additional social and economic information is available. Feel free to contact us on these and other matters.

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- ◇ Improved efficiency through increased levels of competitiveness, greater economies of scale and larger market opportunities; and
- ◇ Increased investment and the establishment of new businesses within the region creating increased job opportunities.

Importantly, the implementation of the CSME will result in a changed labour market as one of the main goals of the CSME is to provide the foundation for a mobile labour force by the integration of existing labour markets. Provisions have been made for the free movement of skilled persons such as university graduates, media workers, sports persons, artistes and musicians. In addition Protocol II and Articles 32 and 34 facilitate the free movement of labour by expanding the categories of skilled persons to include managerial, technical and supervisory workers, their spouses and immediate family members along with the self-employed, which involves industrial, commercial, agricultural, professional and artisan workers. (LMIS, 2006)

However, given the above, the Jamaican Economy is faced with the main challenge of increased competition especially in its goods, services and labour markets, not only from within the region but also from other trade

blocs. The pertinent question therefore is, how can Jamaicans prevent themselves from being displaced from the productive segments? Simply put, with the imminent emergence of the CSME, Jamaicans and organizations that are faced with such challenges will be forced to undertake strategies which include:

- ◇ Good business practices and ethical standards;
- ◇ Increased access to skills training. According to the Jamaica Information Service (2006) by December 31, 2008 the CSME should be fully implemented thus there will be no need for certain categories of skills such as plumbing and carpentry to have permits to work in member states, because by this time, every category of the workforce would be eligible to move freely;
- ◇ The identification and penetration of niche markets;
- ◇ Looking externally to the traditional markets and products for opportunities (LMIS,2006); and
- ◇ The development of new workplaces, which would be market driven, customer focused, flexible, accountable, team oriented and continuously improving.

HEART Trust/NTA's Response to the CSME

Given the challenges faced by the CSME, the Human Employment and Resource Training (HEART) Trust/National Training Agency (NTA) had designed a revised approach to technical vocational education and training (TVET) dubbed the New Business Model (NBM). The major initiatives are:

- ◇ To expand access to NCTVET certifiable training programmes;
- ◇ To decentralize the trainee assessment and certification process by empowering institutions; and
- ◇ To promote and facilitate the delivery of competency-based training programmes.

Other initiatives include:

- ◇ To increase enrolment in education and training programmes based on the NCTVET standards to 100,000 persons per year;
- ◇ To increase the number of certified individuals for the workforce, while focusing more on expanding



training and certification at the higher level skilled programmes, as certificates would be used to substitute for work permits and hence used as a means to facilitate labour mobility;

- ◇ To improve the quality of training delivery;
- ◇ To improve the relevance of training and educational programmes to suit the labour market and social demands;
- ◇ The strengthening of existing partnerships and the

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HEART Trust/NTA's Response to the CSME

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creation of new ones so as to expand access to training and certification;

- ◇ Increased enrolment through distance education via VTDI and CTI to 2000 persons by 2008-09;



Hospitality trainee demonstrating skill

- ◇ qualification framework through CANIA;
- ◇ Expanding the assessment and integration of services into the regular functions of institutions, including provisions for recognition of prior learning so as to enable existing workers to pursue certification;

- ◇ Instructional staff level qualification improved to 90 percent with Bachelor's degree by 2008;
- ◇ Improved services for participants in assessment, training, and certification by 2008; and
- ◇ Increased training and certification to support the expansion of the bauxite and tourism sectors by 2007.

Summary of the Jamaican Economy

The Jamaican economy is one that is dependent on services, which accounted for approximately 72 percent of real GDP in 2004. With an annual average inflation rate of 13.6 percent, up 3.3 percentage points when compared

Coupled with the average annual unemployment rate of 11.7 percent, the annual inflation rate was up 3.3 percentage points to close at 13.6 percent. On average it took \$61.39 to purchase US1 dollar.



The performance of the balance of payments had improved, where the current account deficit had contracted by US 64.3 million dollars to stand at US699.5 million dollars relative to 2003. Concomitantly, the annual growth rate in total imports grew by 6.8 percent, while the corresponding rates for exports grew by 18 percent (PIOJ,2004).

The estimated ratio of debt to GDP is close to 150 percent and the per capita income of Jamaican citizens is US\$2,900 (World Bank, 2004)

with 2003, real GDP grew by an estimated 1.5 percent, to close at \$273.61 million. All sectors grew except that of Agriculture, Electricity and Water, and Finance and Housing. The real GDP growth rate for 2003 was 2.3 percent.

Jamaica's Economic Position Relative to Barbados and Trinidad and Tobago

Jamaica, Barbados and Trinidad and Tobago had agreed on leading the implementation process of the CSME by completing all required provisions as of December 2004 (JIS, 2006). In light of this an analysis was done on the economies of these three countries. Table 1 below presents selected indicators for Barbados, Jamaica, Trinidad and Tobago and for Latin America and the Caribbean for the years 2003 and 2004. The findings are as presented:

- ◇ For the year 2004 Trinidad and Tobago had recorded not only the highest economic growth rate (6.2%), but also experienced the greatest growth when compared with Jamaica (1.5%) and Barbados (3.1%);
- ◇ The average growth rate for Latin America and the Caribbean was 5.9 percent;
- ◇ The annual inflation rate had declined for all 3 countries; however, Jamaica had recorded the highest rate of 13.7%, while Trinidad recorded the lowest rate of 7.3 percent for the year 2004;
- ◇ For the year 2004, Barbados had recorded the highest labour force participation rate (69.5%), while Trinidad and Tobago had a rate of 64.5% followed by Jamaica with a rate of 64.3%;

- ◇ Of the 3 countries under study all experienced an increase in their labour force participation rate except that of Jamaica, which recorded a reduction of 2.3 percentage points;
- ◇ For the period, Jamaica had recorded the highest average unemployment rates for both years. The lowest average unemployment rate was seen in Trinidad and Tobago (8.6%);
- ◇ The average unemployment rate for the region was 10 percent. Jamaica's rate of unemployment (11.7%) was 1.7 percentage points higher than that of the region in 2004; and
- ◇ The employed labour force as a percentage of total population 15 years and over had recorded positive growth in both Trinidad and Tobago and Barbados i.e. 3.7 and 1 percentage points respectively. Jamaica on the other hand experienced a reduction of 0.8 of a percentage point.

These statistics highlight Jamaica's economic performance in comparison to two members of the CSME, Trinidad and Tobago and Barbados, and have shown that for Jamaica to enhance its level of competitiveness there needs to be measures which are aimed at reducing the comparable high levels of inflation and unemployment rates, which if achieved could have positive impacts on the growth of the economy.

Table 1: Selected Economic Data for the Years 2003 and 2004

Country	GDP Growth Rate (%)		Average Annual Inflation Rate (%)		Average Annual Unemployment Rate (%)		Labour Force Participation Rate (%)		Employed Labour Force as a % of population 15 years and over	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
Barbados	2.2	3.1	1.5	0.8	11.1	9.9	64.2	69.5	61.6	62.7
Jamaica	2.3	1.5	14.1	13.7	11.4	11.7	64.4	64.3	57.9	57.1
Trinidad and Tobago	4.2	6.2	3.8	3.7	10.5	8.6	62.2	64.5	55.8	59.5
Latin America and the Caribbean	1.9	5.9	8.5	7.3	10.7	10	NA	NA	NA	NA

Source: IMF, Central Bank of Barbados, Central Bank of Trinidad and Tobago and PIOJ (2004)

The Jamaica Labour market had not only expanded over the decade moving from 1.150 million persons in 1995 to approximately 1.195 million persons in 2004, but had created employment for 91,900 persons

The highlights of the Jamaica Labour market for the decade include an expansion of the labour force, moving from 1.150 million in 1995 to close at approximately 1.195 million in 2004, a marginal growth rate of 3.9 percent. 91,900 jobs were created as the number of persons employed within the labour force had increased from 963.3 thousand at the start of the period to close at 1.055 million persons at the end.

Other highlights for the decade include:

- ◇ A marginal reduction in the gender gap within the labour market, that is a move from a ratio of 1:1.6 in 1995 to 1:1.3 in 2004, males being the dominant sex in both years;
- ◇ With a share of 64 percent of the employed labour force, when compared to 57 percent in 1995, by the end of the decade, the services sector had continued to outweigh the goods producing sector;
- ◇ With 532,000 jobs in 2004, Paid Non-Government Workers continuously account for the largest share of employment, with a consistent representation of more than 48 percent of the total employment. This was followed closely by own account employment, which exceeded 34 percent of total employment in each year, while paid Government employees had the third largest share of the employed population with an average share of 10 percent;

Women were two (2) times likely to be unemployed when compared to their male counterparts

- ◇ The labour force participation rate had declined for most of the period except 2002 and 2003 where it increased consecutively (see figure 1). The overall growth rate for the decade was approximately negative 7 percent, moving from 69.1 in 1995 to close at 64.3 in 2004;
- ◇ 135,600 persons were unemployed in 2004, which represented a reduction of 27 percent, when compared with the start of the period;

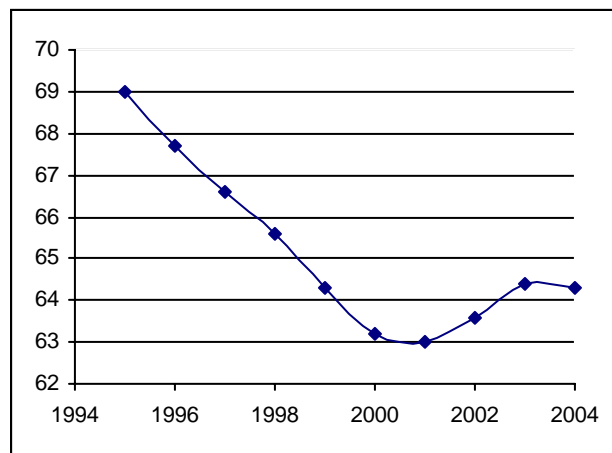


Figure 1: Labour Force Participation Rate 1995 - 2004

- ◇ An average unemployment rate of 14.9 percent was maintained throughout the decade and had declined from 16.2 percent in 1995 to 11.7 percent in 2004;
- ◇ Women recorded an average unemployment rate of 21 percent, while the corresponding rate for men was 9.8 percent (2004);
- ◇ Youth aged 14 to 24 had an average unemployment rate of 32 percent, while adults had a corresponding rate of 9 percent (2004); and
- ◇ For the same year, youth aged 14 to 19, with an unemployment rate of 39 percent were more likely to be unemployed, when compared to youth aged 20 to 24, who had a corresponding rate of 23 percent.

Other happenings in 2004 include:

- ◇ A reduction in industrial disputes and work stoppages from 181 and 69 in 1995 to 129 and 16 in 2004, respectively;
- ◇ The signing of the Memorandum of Understanding (MOU) between the Government of Jamaica (GOJ) and the Jamaica Confederation of Trade Unions (JCTU);
- ◇ The completion of the Caribbean Labour Market Information System Project; and
- ◇ The launching of the Jamaica Productivity Center.

Areas of Industrial and Occupational Growth in the Employed Labour Force

Disaggregating the data as graphed in figure 2 and 3, not only provides sufficient evidence for an aggregate increase in the service sectors, but highlights the industries and occupations which have recorded employment growth over the decade.

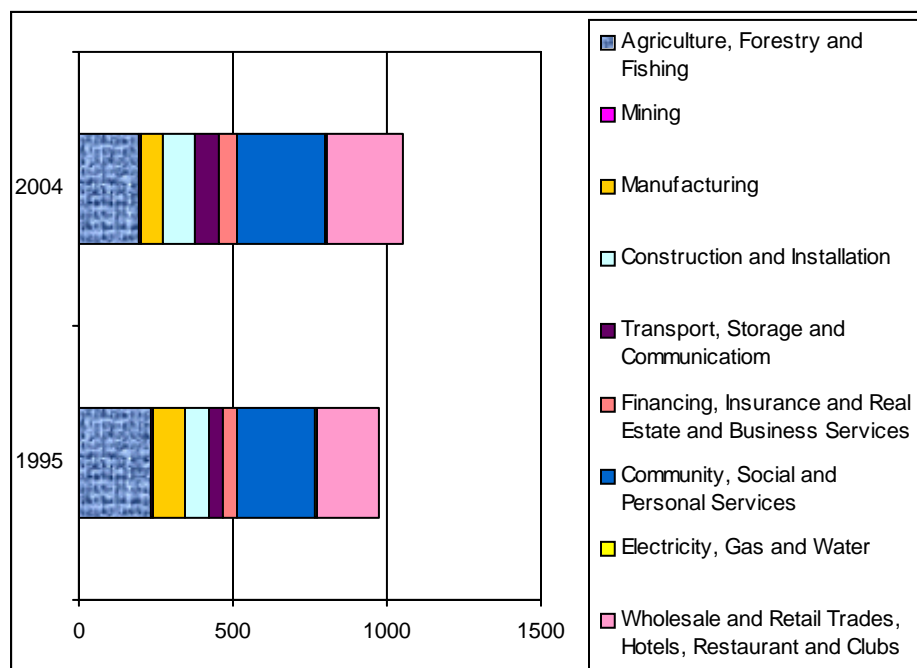
Industries which recorded growth in employment were:

- ◇ Transportation, Storage and Communication (+68%)
- ◇ Construction and Installation (+38%)
- ◇ Wholesale and Retail Trades, Hotels, Restaurant and Clubs (+23%)
- ◇ Community, Social and Personnel Services (+17%)
- ◇ Financing, Insurance and Real Estate and Business Services (+13%)

Industries which recorded reduction in employment were:

- ◇ Manufacturing (-34%)
- ◇ Mining (-17%)
- ◇ Agriculture, Forestry and Fishing (-15%)
- ◇ Electricity, Gas and Water (-7%)

Figure 2: Employed Labour Force by Industrial Group



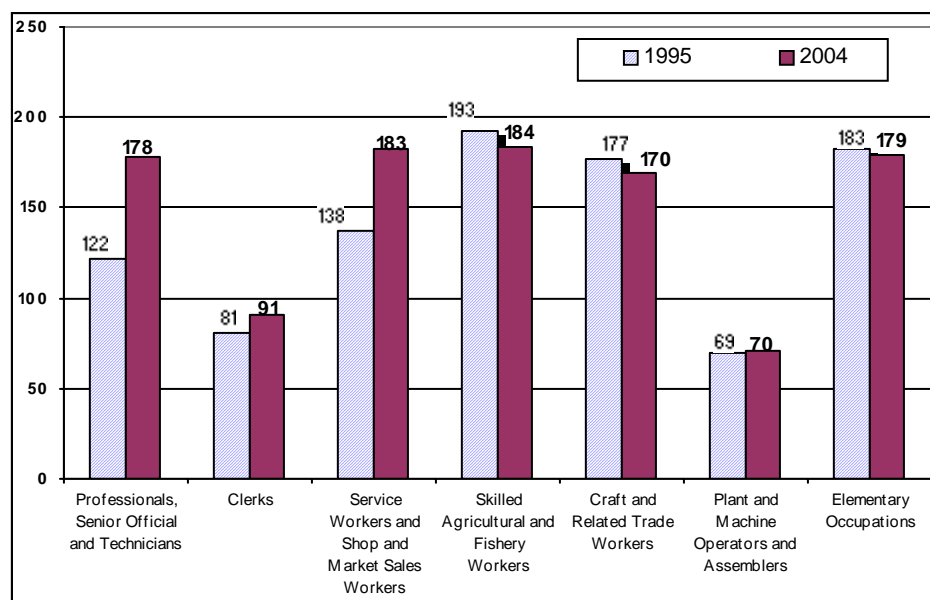
Source: PIOJ (1995 - 2004) from data supplied by STATIN

Occupational areas which recorded employment growth were:

- ◇ Professional, Officials and Technicians (+46%)
- ◇ Service, Shop and Market Sales Workers (+33%)
- ◇ Clerks (+12%)
- ◇ Plant and Machine Operators and Assemblers (+2%)

Occupational areas which recorded a reduction in employment were:

- ◇ Skilled Agricultural and Fishery Workers (-5%)
- ◇ Craft and Related Trade Workers (-4%)
- ◇ Elementary Occupations (-2%)



Employment Rate by Training and Educational Attainment

With an average employment rate of approximately 94 % for the year 2004 professionals with or without degree had the highest rate of employment, when compared to uncertified vocational trainees, with a corresponding rate of 76.5 %

Data produced by the Statistical Institute of Jamaica (STATIN) revealed that:

- ◇ With an employment rate of 94 percent, down by 1 percentage point, professionals with or without degree had maintained having the highest employment rate for both years (see figure 4);
- ◇ The rate at which persons without training are employed had increased minimally, moving from 83 percent in 1995 to 88 percent in 2004;
- ◇ The rate at which certified vocational trainees are employed had increased by 0.9 of a percentage point to stand at 80 percent; and
- ◇ The employment rate for uncertified vocational trainees still remained lower than that of certified vocational trainees, however their employment rate had increased from approximately 70 percent in 1995 to close at approximately 77 percent in 2004.

Figure 4: Employment Rate by Training Received (%)

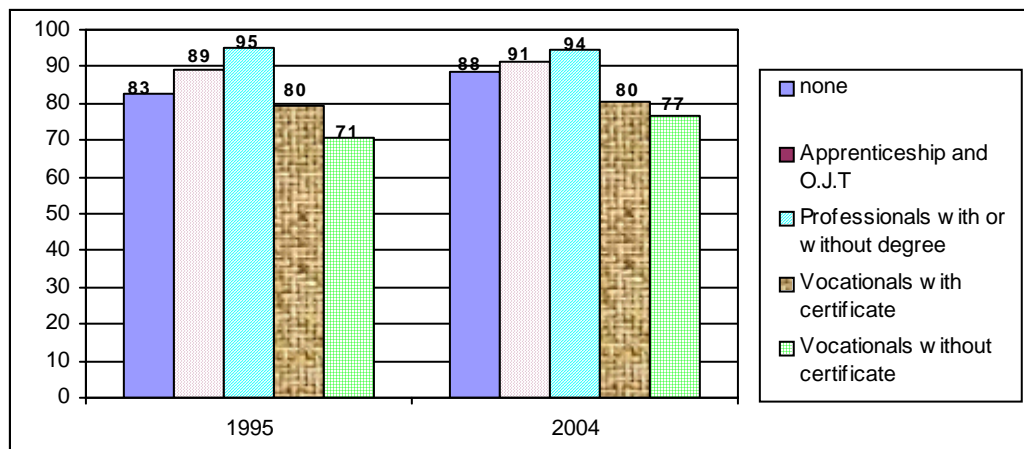
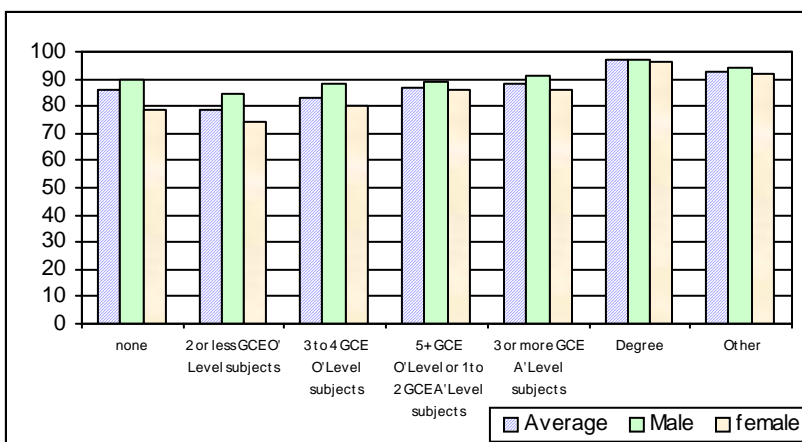


Figure 5 below highlights the average employment rate by education attained for the years 2001 through 2004. The following presents a summary analysis of said:



- ◇ In all categories males had higher employment rates than females;
- ◇ With an employment rate of 97 percent, persons having attained a degree are classified as the most likely to be employed;
- ◇ Persons with 2 or less GCE O'Level subjects carried the lowest employment rate, even lower than those who had no passes; and
- ◇ On average persons with no passes had an employment rate of 86 percent, greater than that of persons with 3 to 4 GCE O'Level subjects who had a corresponding rate of 83 percent.

Employment Rate of HEART Trust/NTA'S Beneficiaries by Broad Skill Areas

Table 2 provides data on the employment rate by broad skill areas as it relates to the 2001/02 and 2002/03 beneficiaries as revealed by the Tracer Study Report 2004 and 2005, respectively. The following were disclosed:

- ◇ With a change of approximately 32 percentage points, and an employment rate of 68 percent, Hospitality was ranked as the skill area with the highest rate of employment for the year 2002 to 2003;
- ◇ Apparel having the second highest rate of employment (55%) in 2001-2002, had the lowest rate of employment (37%) in the subsequent year;
- ◇ The employment rates for the skill categories Industrial Machine Maintenance/Repairs (Engineering) and Information Technology had increased over the year, both standing at 48 percent or a change of approximately 15 percent each; and
- ◇ With a rate of 62 percent, automotive had the second highest employment rate, however, in the preceding year with an employment rate of approximately 53 percent, automotive was ranked number three (3), that is a move upward by 1 rank.

Interestingly, the Jamaica Labour Market Information System (LMIS), describes the top ten most frequently advertised jobs in the Jamaica Gleaner and Observer for the period beginning May 1, 2002 and ending December 31, 2005 as follows:

Positions	# of Advertisements
Director/Manager	3866
Lecturer/Educator	3730
Marketing./ Sales Rep.	2922
Receptionist./Customer Rep	1395
Accountants	1373
Chefs/Cooks	1063
Security Officer/Guards	952
Admin/Office Attendant	932
Bartenders/Barmaids	874
Waiter/Waitress	635

Source: LMIS, 2006

Even more interesting, Chefs, Cooks, Bartenders, Barmaids, Waiters and Waitresses, which are all associated with the hospitality sector, are ranked among the top ten most advertised jobs according to the LMIS Study.

Continuing with the Tracer Study, commercial areas such as receptionists, customer service representatives, administrative and office attendants were ranked as the skill area with the third highest employment rate i.e. 59 percent, for the year 2002-2003 and were also ranked among the top ten most advertised jobs in the LMIS study

Information Technology is described by many as one area which is necessary for a changing economy, however it had one of the lowest employment rate (48%) and with reference to the LMIS study, was not ranked among the top ten most advertised positions.

Broad Skill Areas	Employment Rate by Skill (2001-2002)	Employment Rate by Skill (2002-2003)
Agriculture	60	44
Apparel	54.7	37
Automotive	53.2	62
Construction	51.5	47
Cabinet/Furniture	47.1	56
Commercial	45.7	59
Hospitality	35.7	68
Industrial Machine Maintenance/Repairs (Engineering)	33.3	48
Information Technology	32.9	48

Salaries and Wages

An examination of earnings data reveals disparities in increases, with more significant increases being felt in highly skilled occupations compared to the low or non-skilled ones. This is a feature of the changing economy, a serviced one where jobs are more specialized, require greater competencies and hence a greater demand for training. Disaggregating the data by gender for the year 2004 showed that disparity existed between the sexes. The highest salary earned at the executive and managerial level by males was \$12.0 million, compared with \$9.5 million for females (PIOJ, 2004).

Private Sector

With reference to the financial year 2003/04, the Jamaica Employment Federation (JEF) reported annual average salaries for three categories of employees: Supervisory, Clerical and Hourly Rated as presented in Table 3 below:

Sectors	Supervisory \$	Clerical \$	Hourly Rated \$
Manufacturing	770,407	490,359	306,170
Services	838,633	440,114	277,067

Table 3: Average Annual Salary 2003/04
Source: PIOJ (2003)

As presented in Table 3, the Manufacturing sector tends to attract higher salaries for its Clerical and Hourly Rated Employees when compared to the Services sector. Supervisory employees attract the highest paid average annual salary, while the lowest average annual salary was paid to Hourly Rated workers. Supervisory Workers are better paid in the Services sector (\$838,633), while Hourly Rated Workers were better paid in the Manufacturing Sector (\$306,170).

The average annual basic salaries of three management position: CEO, Financial Controller, and Human Resource Manager were also examined for the period 1996 to 2004. It was found that on average CEOs were paid \$5 million, an increase of approximately 91 percent when compared to 1996, Financial Controllers were paid \$2.7 million, an increase of 99.7 percent and Human Resource Managers, on average were paid \$2 million, an increase of approximately 107 percent (PIOJ, 2004).

Public Sector

Data presented by the Ministry of Labor and Social Security (2004) confirmed that within the public sector, with an annual average earning of \$200,967, elementary occupations were the least paying jobs, when compared to the highest

Next to Senior Government Officials; Directors, Professionals and Managers were the third highest paid occupation, earning an average of \$1.215 million per annum. The second least paid occupation was Plant and Machine Operators (\$255,306).

Minimum Wage

Another observation was that there has been four significant wage increases for minimum wage earners, 1996 (60%), 1999 (50%), 2002 (50%) and 2003 (11%). For all other categories of workers except industrial security guards, the minimum wage had increased from \$12.50 per hour or \$500 per week for the start of the period to \$50 per hour or \$2,000 per week at the end, a growth rate of 300 percent, while the corresponding minimum wage for industrial security workers had increased from \$30 per hour or \$1,200 per week to \$80 per hour or \$3,200 per week, an increase of approximately 167 percent. Importantly, real increases were registered with each nominal increase for all years. In 2003 the recorded inflation rate being 10.3 percent was 0.7 of a percentage point lower than that of the 11 percent increase granted to minimum wage earners for the said year, hence a real wage increase of 0.7 percent.

Importantly, coupled with the fact that elementary workers were the least paid employees, approximately 17 percent or 179,200 persons were found in this category, which could be used as a proxy to estimate the likely number of persons that were employed and are earning minimum wage.

HEART Trust/NTA's Beneficiaries

On a different premise, a study was conducted on the 2002-2003 beneficiaries of HEART Trust/NTA, which included an estimation of beneficiaries' average earnings (see Table 4). Of the total number of respondents 101, 67 and 28 persons were academy, Vocational Training Center (VTC) and Community Based Training (CBT) beneficiaries respectively. The study had revealed the following:

- ◇ Self employed Academy beneficiaries received the highest mean gross weekly salary of \$6,405, while the corresponding result for Academy beneficiaries who were employed to someone was \$4,895;
- ◇ 28 percent of Academy beneficiaries were earning a gross weekly salary of \$2,000 to \$2,999, while 23 percent earned \$3,000 to \$3,999. 1 percent earned less than \$1,000;
- ◇ The gross weekly salary of VTC respondents highlighted that the mean salary for the self employed was \$6,100, while the corresponding salary for those who were employed by someone was \$4,132;

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Salaries and Wages

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- ◇ 24 percent of VTC beneficiaries were earning a gross weekly salary of \$3,000 to \$3,999, 22 percent earned \$2,000 to \$2,999, while 1 percent earned \$8,000 to \$8,999;

Table 4: Average Gross Weekly Salary of Respondents (\$)

Employment Status	Academies	VTCs	CBTs
	n = 101	n = 67	n = 28
Employed to some-one	4895	4132	5206
Self-employed	6405	6100	7450

Source: Tracer Study Report (2005)

- ◇ The average gross weekly salary of Community Based Training respondents highlighted that the mean weekly salary for the self employed was \$7,450, while the corresponding salary for those who were employed by someone was \$5,206; and
- ◇ 29 percent of Community Based Training respondents were earning a gross weekly salary of \$4,000 to \$4,999, while 14 percent earned \$3,000 to \$3,999. Similarly, 14 percent of the sample also earned between \$2,000 and \$2,999. Approximately 4 percent reported to earn \$10,000 and over.

Interestingly of the three categories of respondents studied, that is Academies, VTCs and CBTs, a majority of the sample reported to be earning above the minimum wage as 99 percent of the Academies, 87 percent of the VTCs and 89 percent of the CBTs respondents were earning above the minimum wage of \$2,000 per week.

List of Recent Planning and Project Development Division Publications

Employers Satisfaction Survey ICT (2005)

Training Needs Assessment of Jamaica's ICT Sector (2005)

Tracer Study Report HEART Trust/NTA Beneficiaries 2002/03 2005)

Return on Investment Study (2005)

Annual Training Report 2003/04 (2005)



Analytical Information For Knowledge and Power

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