WHY PRICES CHANGE

Understanding Forces That Shape the Cost of Living in Jamaica

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Executive Summary

Prices are one of the most immediate and personal economic realities facing every Jamaican household. Whether at the supermarket, the gas station, the pharmacy, or the hardware store, the cost of goods and services shapes quality of life, household budgets, and economic confidence. Yet the forces that drive prices up or down are frequently misunderstood, often leading to frustration, mistrust, and the incorrect belief that all price increases are the result of greed or illegal conduct.

This paper, prepared as part of a Consumer Education Series, provides a clear, evidence-based explanation of six forces that cause prices to change in an open, import-dependent island economy like Jamaica's. These are:

- Exchange rate movements between the Jamaican dollar and foreign currencies
- International shipping and freight costs
- Domestic and imported inflation
- Tariffs, import duties, and government-imposed charges
- Supply shortages arising from disruptions to production or distribution
- The level of market competition among sellers

The Fair Trading Commission's (FTC) mandate under the Fair Competition Act (FCA) is to promote and maintain competitive markets. A key part of that mandate is ensuring that consumers understand the difference between price changes that reflect genuine economic conditions and those that reflect anti-competitive behaviour or exploitation. This paper serves that purpose. Informed consumers are empowered consumers.

This paper is also a direct response to a real and documented trend. The FTC has received an increase in pricing-related complaints from consumers in recent times, spanning sectors including fuel, groceries, pharmaceuticals, and construction materials. These complaints reflect genuine public concern about the cost of living and a growing demand for accountability in how prices are set. The FTC is responding through strengthened market monitoring, targeted enforcement where warranted, stronger inter-agency collaboration, and through publications such as this, a commitment to transparency and consumer education.

About the Fair Trading FTC

The FTC is the administrative body responsible for implementing Jamaica's FCA (FCA). Its mission is to promote and maintain competitive markets for the long-term benefit of consumers and the Jamaican economy. The FTC investigates anti-competitive conduct, reviews mergers and acquisitions, and provides consumer and business education. Complaints can be filed at www.jftc.gov.jm or via email at fairtrading@jftc.gov.jm.

1. Introduction: An Island Economy in a Global Market

Jamaica is a small, open, import-dependent economy. With a population of approximately 2.8 million people and a land area of 10,990 square kilometres, Jamaica produces relatively few of the goods its citizens consume (Murphy, 2025; MFAFT, 2026). The country imports majority of its fuel, a significant portion of its food, a lot of its manufactured goods, most pharmaceutical products, and a substantial share of raw materials used by domestic businesses.

This structural reality, being an island that buys most of what it needs from the outside world, makes Jamaica's consumer prices highly sensitive to forces originating beyond its borders. A conflict in the Middle East, a drought in South America, a shipping backlog at a US port, or a policy decision by the US Federal Reserve can all translate, within weeks, into higher prices on Jamaican shelves (Jamaica Observer, 2026a; Jamaica Observer, 2026b).

At the same time, domestic factors like, the policies of the Bank of Jamaica (BOJ), the government's tariff schedule, the structure of local industries, and the degree of competition among local businesses, also play a critical role in determining what Jamaicans pay.

Understanding these forces does not mean accepting every price increase passively. Not all price changes are legitimate reflections of market conditions. When businesses fix prices together, abuse dominant market positions, or exploit consumers, they may be in breach of competition law. The purpose of this paper is to help consumers distinguish between legitimate price increases and those that might be in violation of competition law.

The significance of this paper is not merely academic. In recent periods, the FTC has recorded a marked increase in the volume of complaints from consumers and businesses relating to pricing conduct. Concerns about unjustified price increases, suspected collusion among sellers, and the exploitation of supply disruptions have featured prominently in the FTC’s complaint intake in recent periods. These complaints span a range of sectors, from fuel and groceries to construction materials, pharmaceuticals, and basic consumer goods, and reflect a growing public unease about the affordability of everyday life.

The FTC takes these concerns seriously. Every complaint received is reviewed to assess whether it discloses conduct that falls within the FTC’s jurisdiction under the FCA. Where complaints reveal credible evidence of anti-competitive behaviour they are escalated for formal investigation. At the same time, the FTC recognises that a significant proportion of price increases, particularly in the current global economic environment, reflect legitimate cost pressures rather than unlawful conduct. Distinguishing between the two requires both rigorous analysis and an informed public.

It is against this backdrop, rising public concern, an increase in price related complaints, and a complex global cost environment, that this paper has been prepared. The FTC’s response to increased pricing complaints is two-pronged: continued vigilance through active market monitoring and investigation on one hand, and a sustained investment in business and consumer education on the other.

1.1 Why Consumer Education Matters

Research shows that informed consumers are less vulnerable to exploitation and more effective at navigating markets (Moraa, 2024). When consumers understand why prices change, they are better able to recognise when a price increase is suspicious, ask the right questions, make informed comparisons between sellers, and report potential violations to the FTC or other regulatory bodies.

In Jamaica's current economic environment, marked by global supply disruptions, exchange rate pressures, and rising energy costs, consumer financial literacy is not a luxury. It is a necessity.

1.2 The FTC’s Response to Rising Pricing Complaints

The FTC has observed a notable increase in pricing-related complaints in recent periods as global inflationary pressures combined with domestic cost increases strain household budgets across Jamaica. The complaints received reflect a public that is paying closer attention to prices and is increasingly willing to question whether price increases are justified. The FTC welcomes this engagement. An alert and active consumer base is an essential complement to regulatory oversight.

In response, the FTC has taken a number of concrete steps. The FTC has intensified its market monitoring activities in sectors where complaints have been most concentrated, including fuel retail, grocery and food distribution, pharmaceutical products, and construction materials. The FTC regularly engage with businesses in different sectors to communicate its expectations with respect to competitive conduct. Where complaints have disclosed credible evidence of collusive or exploitative behaviour, investigations have been opened and pursued in accordance with the FTC’s standard procedures under the FCA.

Concurrently, the FTC has continued its public communication and consumer education efforts. The FTC recognises that enforcement action alone cannot adequately address a complex, multi-causal phenomenon like cost-of-living increases. Many of the factors driving prices higher like exchange rate movements, global shipping disruptions and international commodity prices are not within the FTC’s enforcement remit and addressing them requires policy responses from other parts of government as well as structural adjustments by the private sector. The FTC’s contribution in this space is to ensure that consumers have the knowledge to distinguish legitimate price movements from unlawful ones, and the confidence to report what they believe to be the latter.

The FTC also continues to work collaboratively with other government agencies to share market intelligence and coordinate responses to pricing concerns that cut across institutional mandates. Where legislative or regulatory gaps are identified that undermine competition, the FTC will advocate for the appropriate reforms.

What the FTC is doing about pricing complaints

Intensified market monitoring in high-complaint sectors (fuel, groceries, pharmaceuticals, construction materials) • Direct engagement with businesses on pro-competitive conduct • Formal investigations where complaint evidence discloses credible anti-competitive conduct • Strengthened inter-agency collaboration • Continued public education • Advocacy for legislative or regulatory reform where gaps are identified.

2. Factor One: The Exchange Rate

2.1 What the Exchange Rate Is

The exchange rate is the price at which one currency can be exchanged for another. For Jamaica, the most economically significant rate is the (JMD/USD) foreign exchange rate, the number of Jamaican dollars required to purchase one US dollar. As of early 2026, the exchange rate has been trading in the range of J$155 to J$157 per US dollar, though this fluctuates daily based on market conditions (BOJ, n.d.).

The exchange rate matters for Jamaican consumers because the vast majority of what the country imports is priced in US dollars. When a Jamaican importer purchases goods from the United States, Canada, China, or Europe, they typically pay in US dollars, which they must first acquire by exchanging Jamaican dollars. When the JMD weakens, the cost of every import rises in local currency terms, even if the overseas price has not changed (Sterling Asset Management, 2025).

2.2 How Exchange Rate Changes Reach the Shelf

The transmission mechanism from exchange rate to shelf price operates through a relatively predictable chain. An importer pays more JMD for the same USD (BOJ, 2024). Their landed cost (the total price of a product once it reaches its destination) rises. To maintain their margin, they raise their wholesale price. Retailers, facing higher wholesale costs, raise their retail price. The consumer pays more.

This process does not happen instantaneously. Most importers hold inventory and have supply contracts at fixed prices, so there is typically a lag of four to twelve weeks before exchange rate movements are fully reflected in consumer prices (Carriere-Swallow, Firat, Furceri, & Jimenez, 2023). However, when the JMD depreciates sharply, prices tend to adjust upward more quickly than they adjust downward when the JMD recovers, a phenomenon sometimes called ‘price stickiness’.

2.3 What Causes the Exchange Rate to Move

Jamaica’s exchange rate is managed under a flexible exchange rate regime, meaning the BOJ intervenes to smooth excessive volatility but allows the rate to be largely determined by market forces (Morrison, 2018). Some of the key drivers of JMD depreciation include:

- A widening trade deficit. When Jamaica imports significantly more than it exports, demand for USD rises relative to JMD (NCBCM Research, 2026).

- Reduced remittance inflows. Remittances from the diaspora are a critical source of foreign exchange; any reduction in these flows puts pressure on the rate (Jamaica Observer, 2026).
- Lower tourism earnings. Tourism is Jamaica's largest foreign exchange earner; shocks to the sector reduce USD inflows (Hendricks, 2026).
- Global risk sentiment. When global investors become risk-averse, they tend to sell currencies of smaller economies in favour of the USD (Sato, Nakata, & Percy, 2024).
- Commodity price movements. As a net importer of oil, a rise in global oil prices increases Jamaica's USD demand and puts downward pressure on the JMD (The Gleaner, 2026).

Real-World Example: Exchange Rate Impact

When a Jamaican car dealer imports a used car priced at US$10,000, a stable exchange rate of around J$158 to US$1 means the car costs roughly J$1,580,000 before local markups. But if the Jamaican dollar depreciates to J$165 per US$1, that same car suddenly costs J$1,650,000 and the dealer passes that extra J$70,000 on to the customer. The same logic applies across the economy: fuel, groceries, and construction materials all become more expensive as the dollar weakens, since Jamaica imports a large share of what it consumes and relies on imported inputs to produce much of what it makes locally. This is why even a mild depreciation matters. The Bank of Jamaica (BOJ) estimates that a 1% fall in the Jamaican dollar against the US dollar can add 0.4 percentage points to inflation over a 12-month period, quietly eroding the purchasing power of everyday Jamaicans (Patterson, 2026).

2.4 The FTC's Role

Exchange rate movements are a macroeconomic phenomenon, not a competition matter. The FTC does not regulate the exchange rate. If multiple businesses coordinate their price increases in response to exchange rate changes, this may constitute anti-competitive behaviour within the FTC's jurisdiction.

3. Factor Two: Shipping and Freight Costs

3.1 The Cost of Being an Island

As an island nation, Jamaica relies on two modes of international freight: sea and air. Most imports by volume and weight arrive by sea through the Kingston Container Terminal and other port facilities. However, categories of goods including electronics, courier packages, and other time-sensitive or high-value items, arrive by air through the Norman Manley International Airport and Sangster International Airport. Both modes carry freight costs that are ultimately reflected in consumer prices. Sea freight costs include the shipping container, ocean freight charges, fuel surcharges, port handling at origin and destination, local trucking, customs brokerage, marine insurance, and warehousing. Air freight costs, while applying to a smaller share of total import volume, are considerably higher per kilogram and are passed directly into the prices of the goods concerned (JP Logistics Solutions, n.d.).

3.2 Global Shipping Markets and Their Volatility

Ocean freight is traded on global markets and is highly sensitive to supply and demand imbalances. Container shipping is characterised by lumpy capacity (ships are large and take years to build) meaning supply cannot quickly adjust to demand. When global trade volumes surge, or when major disruptions reduce capacity, freight rates can spike dramatically (UNCTAD, 2024). The COVID-19 pandemic disrupted manufacturing in Asia, port operations in the United States, and logistics networks globally. Container rates increased (USITC, 2020). For Jamaica, as for all small importing nations, this translated directly into higher consumer prices.

More recently, the Middle East conflict that intensified in early 2026 has disrupted key shipping lanes, affecting global freight markets and fuel prices simultaneously. Jamaican importers, businesses, and ultimately consumers are absorbing the consequences (Global Maritime Hub, 2026).

Container Rate Context

At a global average market rate of US$2,800 per container (Drewry World Container Index, 2026), a standard 40-foot container carrying roughly 20,000 kg of mixed goods adds US$0.14 per kilogram to the cost of everything inside it — before duty, handling, or retail margin. For low-margin products like rice, flour, or canned goods, which often wholesale for under US$1.00 per kilogram, this seemingly small baseline cost represents a significant 14% or higher penalty on the product’s total value.

3.3 Fuel Costs and the Oil Price Link

Shipping companies pass fuel costs to shippers through bunker fuel surcharges (Baloni, Ranawat, & Rana, 2026). When global oil prices rise, as they did sharply following the February 2026 Middle East conflict, freight costs rise in tandem. Since Jamaica is also a net importer of petroleum products for domestic energy and transportation, rising oil prices create a dual inflationary effect: they raise the cost of shipping goods to Jamaica and raise the cost of distributing those goods within Jamaica once they arrive.

3.4 Port Efficiency and Local Logistics

While global freight rates are beyond Jamaica’s control, domestic port efficiency, customs clearance speed and inland transportation costs are domestic factors that add to the total logistics cost of imported goods (Hasan, Zhang, & Shi, 2026; JP Logistics Solutions, n.d.). Delays at port, high demurrage charges (daily penalties imposed by shipping lines or port authorities when cargo or full containers are left at a terminal beyond the agreed-upon "free time" limit), and inefficient clearance processes all add to the final price of imports. Investment in port infrastructure and customs modernisation is therefore a consumer welfare issue as much as a trade facilitation issue.

4. Factor Three: Inflation

4.1 Defining Inflation

Inflation is defined as a sustained general increase in the price level of goods and services in an economy. It is measured by tracking the price of a representative 'basket' of goods and services consumed by households. In Jamaica, this measure is compiled monthly by the Statistical Institute of Jamaica (Statin) and reported as the Consumer Price Index (CPI) and its percentage change, the inflation rate (Statin, n.d.).

It is important to distinguish between a one-off price increase such as a sudden rise in fuel prices and inflation, which describes a persistent, broad-based rise in prices across the economy. A single commodity becoming more expensive is not inflation; when the general price level rises consistently over time, that is inflation.

4.2 Types of Inflation Relevant to Jamaica

Jamaica experiences multiple types of inflationary pressure, often simultaneously:

Imported inflation
Because Jamaica imports so much of what it consumes, price increases in global commodity markets (for food, fuel, fertiliser, metals, and manufactured goods) feed directly into domestic prices. When global food prices rise (as they did sharply during the Russia–Ukraine war, which disrupted grain supplies), Jamaican food prices rise with a short lag. This is imported inflation, and it is largely outside the control of Jamaican policymakers (Byles, 2024).

Demand-pull inflation
When economic activity is strong, employment is high, and households have more income to spend, demand for goods and services rises. If supply cannot expand as quickly as demand, prices are pulled upward. Jamaica experienced some demand-pull inflation during periods of strong tourism recovery and remittance growth (JTB, 2026).

Cost-push inflation
When the costs of production rise (wages, energy, raw materials, financing costs), businesses pass these higher costs on to consumers in the form of higher prices. The energy price increases of 2025–2026 are a current example, as rising electricity and fuel costs feed through into the prices of virtually every domestically produced and distributed good (Jamaica Observer, 2026).

Monetary inflation
If the supply of money in the economy grows faster than the production of goods and services, more money ends up chasing the same amount of goods, pushing prices upward. The BOJ's monetary policy decisions, particularly interest rate settings and reserve requirements, are the primary tool for managing this type of inflation.

4.3 Inflation's Effect on Purchasing Power

The most direct impact of inflation on households is the erosion of purchasing power. If inflation is running at 7 percent annually, a household earning the same nominal income as the previous year can afford 7 percent less than before. For lower-income households, which spend a higher proportion of their income on food and basic necessities, inflation is disproportionately harmful, particularly when the prices of food and fuel rise faster than the general rate (Murphy & Jayashankar, 2023).

Table 1 — Erosion of purchasing power at varying inflation rates

Inflation Rate	Value of J$1,000 After 1 Year	After 3 Years	After 5 Years
3% per year	J$970	J$913	J$859
5% per year	J$950	J$857	J$774
8% per year	J$926	J$794	J$681
12% per year	J$893	J$712	J$567

Table 1. Erosion of purchasing power at varying inflation rates. Adapted from BOJ (2025b) and Statistical Institute of Jamaica (2025a).

4.4 The FTC and Inflation

Inflation itself is not a competition matter. It is a monetary and fiscal policy concern addressed by the BOJ and the Ministry of Finance and the Public Service (MOFPS). However, the FTC is concerned with ensuring that businesses do not use inflationary environments as cover for anti-competitive behaviour. During periods of high inflation, there is greater risk of coordinated price increases, price signalling between competitors, and exploitation of market dominance, all of which the FTC monitors.

5. Factor Four: Tariffs, Import Duties, and Government Charges

5.1 What Tariffs and Duties Are

Tariffs and duties are taxes imposed by governments on goods and services crossing international borders. These taxes are payable on goods imported into Jamaica. Rates are established by the MOFPS and vary based on the commodity being imported. When goods cross Jamaica's borders, they are subject to a range of government-imposed charges that add to their cost before they reach the consumer (JCA, n.d.). The principal charges are:

- **Import Duty / Customs Duty**: The duty payable on imported goods, as specified in the Customs Tariff.
- **Stamp Duty**: Paid to make a document legal and binding. An amount of J$100 must be paid for shipments with a CIF (Cost, Insurance and Freight) value over J$5,500.
- **Additional Stamp Duty (ASD):** Payable on certain items such as chicken and most chicken parts, pork and some pork products, beef and some beef products, some aluminium products, alcoholic beverages, and cigarettes.
- **General Consumption Tax (GCT) & Special Consumption Tax (SCT)**: GCT is payable on goods and services except those that are zero-rated or exempted. SCT is payable on alcoholic beverages, most tobacco products, and some petroleum products.
- **Standard Compliance Fee (SCF)**: A fee of 0.3% collected on behalf of the Bureau of Standards Jamaica, calculated on the CIF value.
- **Environmental Levy:** Imposed on imports due to concerns about environmental damage from harmful waste materials, particularly plastic containers. It is calculated at 0.5% of the CIF value of all imports.
- **Customs Administrative Fee (CAF)**: A fee imposed on or in connection with importation or exportation, representing an approximate cost of the services rendered.

5.2 How Tariffs Are Calculated

Tariffs are generally calculated on the CIF value of goods (Cost, Insurance, and Freight) meaning the overseas purchase price plus the cost of getting the goods to Jamaica's port. The total tax burden on many imported goods, when all applicable charges are added, can be substantial. For some categories of goods such as motor vehicles, the total tax and duty burden can approach or exceed 100 percent of the CIF value.

Why Goods Cost More in Jamaica Than Abroad

When a Jamaican consumer sees the same product selling for US$50 online and J$12,000 (approximately US$73 at current rates) in a local store, the difference is not necessarily unjustified markup. It typically reflects: (a) the exchange rate; (b) shipping and freight; (c) import duties and taxes; (d) local customs, handling, and warehousing; (e) retail operating costs as well as the sellers profit margin.

5.3 Trade Agreements and Their Impact

Jamaica is party to several trade agreements that affect the tariff rates applicable to goods from specific trading partners. Under the CARICOM Single Market and Economy (CSME), goods originating in other CARICOM countries enter Jamaica duty-free, which is why some regionally produced goods may be priced lower than similar goods imported from outside the region. Jamaica also has the Economic Partnership Agreement (EPA) with the European Union, which provides for reduced tariffs on certain European goods (JCA, n.d.).

5.4 The Policy Tension

Tariff policy involves an inherent tension. Duties on imported goods generate government revenue and protect domestic industries from foreign competition, both legitimate policy objectives. However, high tariffs also raise consumer prices and can shield inefficient domestic producers from the competitive pressure that would otherwise drive improvements in quality and price (Thiagarajan, Bender, & Metcalfe, 2025). The FTC's perspective is that competition and tariff policy should be set with economic and consumer welfare in mind alongside other considerations.

6. Factor Five: Supply Shortages

6.1 Supply and Demand: The Foundational Principle

Economic price theory holds that, all else being equal, prices are determined by the interaction of supply and demand. When the supply of a good falls (whether because of a production disruption, a logistics failure, or deliberate withholding) and demand remains constant, the equilibrium price rises. This is not a theory; it is an observable phenomenon that plays out in markets every day.

6.2 Types of Supply Disruptions

Natural disasters
Jamaica is located in the hurricane belt and is regularly exposed to extreme weather events. Hurricane Melissa in October 2025 disrupted agricultural production, damaged infrastructure, and temporarily restricted the movement of goods across the island. In its wake, prices for certain agricultural commodities, building materials, and fuel spiked sharply. Some of these increases reflected genuine supply disruptions; others attracted scrutiny as potential price gouging.

Global commodity disruptions
Disruptions to the production or distribution of commodities (like — oil, wheat, corn, fertiliser and semiconductors) can quickly create shortages across global supply chains. Russia's invasion of Ukraine in 2022 disrupted global wheat and fertiliser supplies, directly affecting food prices in Jamaica. The Middle East conflict of 2026 has similarly disrupted energy markets and shipping lanes, creating cost pressures throughout the Jamaican economy.

Structural undersupply
In some markets, supply is chronically constrained not by external shocks but by structural factors. These could include, limited competition, high barriers to entry, regulatory restrictions, or insufficient domestic investment. In these cases, prices may be persistently higher than they would be in a more competitive, well-supplied market. Identifying and addressing structural undersupply is a core function of competition policy (United Nations, 2014).

6.3 Shortage Pricing

When supply falls, some degree of price increase is normal and, in many respects, beneficial market response. Higher prices signal to other producers and importers that there is an opportunity, drawing additional supply into the market and helping to resolve the shortage. A seller who has incurred genuinely higher costs to source scarce goods and is passing those costs on to consumers is acting legitimately.

Table 2: Distinguishing legitimate shortage pricing from potential violation of FCA

Scenario	Legitimate or Potential violation of FCA?
Seller raises price on new stock that costs more to procure after a disaster	Legitimate — reflects real cost increase
Several competing sellers all raise prices by the same amount at the same time	Potential violation of FCA, price fixing
Single dominant seller doubles prices during a shortage with no cost justification	Potential violation of FCA, exploitative abuse of dominance
Price rises gradually as imported stock is depleted, and restocking takes longer	Legitimate — reflects genuine supply constraints

Table 2. Distinguishing legitimate shortage pricing from potential violation of FCA. Based on Fair Competition Act (1993) and Fair Trading Commission (2024a).

7. Factor Six: The Role of Competition

7.1 Why Competition Matters for Prices

Of all the factors examined in this paper, competition is the one most directly within the FTC's mandate to protect and promote. Competition (the presence of multiple sellers competing for customers) is the single most powerful structural force that keeps prices honest in a market economy. When businesses compete, they have an incentive to offer lower prices, better quality, and improved service to attract customers. When competition is absent or limited, that incentive disappears.

7.2 Market Concentration and Consumer Prices

Economic research finds that more concentrated markets (those dominated by one or few sellers) tend to have higher prices than more competitive markets, controlling for other factors (European Commission, 2024). In small markets, natural monopolies and oligopolies are common, creating a heightened need for active competition oversight because the normal market mechanism that disciplines prices is weakened.

7.3 Anti-Competitive Conduct

Beyond market structure, the FTC is concerned with conduct, the specific actions that businesses take that harm competition. The principal categories of anti-competitive conduct addressed by Jamaica's FCA include:

Price fixing
When competitors agree (explicitly or tacitly) to charge the same price or to avoid competing on price, they eliminate the competitive pressure that would otherwise keep prices low. Price fixing is illegal under the FCA regardless of whether the parties believe the fixed price is 'reasonable'.

Market allocation
Competitors may agree to divide markets between themselves (geographically or by customer type) so that they do not compete with each other. Like price fixing, this harms consumers by removing the option to seek a better deal from a competitor.

Abuse of dominance
A business that holds a dominant position in a market, defined in the FCA as a position of market power that allows it to act independently of competitive pressures, is prohibited from abusing that position to harm competition or exploit consumers. Abusive conduct can include predatory pricing and exclusive dealing.

Resale price maintenance
Manufacturers or wholesalers who instruct retailers to sell at a minimum price, and penalise those who discount, are suppressing retail price competition to the detriment of consumers.

7.4 Mergers, Acquisitions, and the FTC's Review Role

When businesses merge or are acquired, market concentration typically increases. The FTC reviews mergers and acquisitions to assess whether they will substantially lessen competition and harm consumers.

7.5 How Consumers Can Help

The FTC cannot monitor every market continuously. Consumers play a critical role in the competition enforcement ecosystem by reporting suspicious pricing behaviour, including suspected price fixing, sudden and simultaneous price increases across multiple sellers, and pricing that appears disproportionate to any cost justification. Every complaint received by the FTC is reviewed, and those that meet the threshold for investigation are pursued.

8. How These Forces Interact: A Practical Illustration

The six forces examined in this paper do not operate in isolation. They interact, compound, and sometimes partially offset each other. The following scenario, representative of conditions in

Jamaica in 2025–2026, illustrates how multiple forces converge to affect the price a consumer pays for a single product.

Illustrative Case: The Price of Cooking Oil

Let us Assume:
Global palm oil and soybean oil prices rose in 2025 following supply disruptions in major producing countries. The JMD weakened by approximately 5% against the USD over the same period. Freight rates increased due to Middle East shipping disruptions. Import duty and GCT remained constant, but these are applied to the now-higher CIF value, so the absolute tax take increased. In Jamaica, cooking oil distribution is handled by a small number of distributors, limiting competitive pressure on margins. The cumulative result: a 1-litre bottle of vegetable oil that retailed for J$350 in January 2025 was retailing at J$490–J$530 in early 2026 an increase of 40–51%.

This scenario demonstrates that a 40–50 percent price increase is not necessarily evidence of illegal conduct. Each component (global commodity prices, exchange rate depreciation and freight cost increases) is individually modest, but together they produce a substantial increase. The FTC's role is to determine whether market structure and competitive behaviour contributed unnecessarily to the outcome.

9. What the FTC Does and Does Not Do

A common misconception is that the FTC regulates prices, setting price ceilings or requiring businesses to justify every price increase. This is not the FTC's function. Jamaica operates a market economy in which prices are generally set by the interaction of supply and demand. Price regulation is economically costly, tends to create shortages, and is generally ineffective at achieving consumer welfare outcomes over the medium term (Guénette, 2020).

Table 3: The FTC's mandate — what falls within and outside the FTC's remit

The FTC Does:	The FTC Does Not:
Investigate suspected price fixing among competitors	Set price ceilings or control market prices
Review mergers that may reduce competition	Regulate exchange rates or monetary policy
Investigate abuse of dominant market positions	Determine whether global commodity prices are fair
Examine whether market structures limit competition	Control import duties or tariff policy

The FTC Does:	The FTC Does Not:
Receive and investigate complaints from consumers and businesses	Guarantee low prices in any market

Table 3. The FTC's mandate — what falls within and outside the FTC's remit. Based on FCA (1993).

Consumers who have a dispute with a specific business about a product or service should contact the Consumer Affairs FTC (CAC), which handles individual consumer complaints and facilitates redress. The FTC focuses on market-wide competition issues.

10. Practical Guidance for Consumers

10.1 How to Identify Suspicious Pricing

Not every large price increase is evidence of wrongdoing, but consumers should be attentive to the following warning signs that may warrant a complaint to the FTC:

- Multiple competing sellers raise prices by the same amount at the same time, without any obvious cost justification.
- A market that was previously competitive suddenly becomes dominated by one or two players following a merger.

10.2 How to Protect Your Purchasing Power

- Compare prices between sellers before purchasing, particularly for high-value items.
- Keep receipts and records of prices paid, particularly for essential goods this documentation is valuable if you file a complaint.
- Monitor exchange rate movements to understand why imported goods may be changing in price. The BOJ publishes the daily rate at boj.org.jm
- Be aware of seasonal price patterns. Agricultural prices, in particular, follow supply cycles.
- Look for locally produced alternatives where these exist. Domestically produced goods are not subject to import duties or exchange rate effects (assuming production costs remain the same).

10.3 How to File a Complaint with the FTC

The FTC welcomes complaints from consumers and businesses about potential violations of the FCA. When filing a complaint, it is most helpful to provide:

- The name and location of the business concerned
- A description of the conduct that you believe is anti-competitive
- Any evidence you have, such as receipts, advertisements, or correspondence

- The names of any other businesses involved, if you are reporting suspected collusion
- The names of other market participants or competitors.

Contact the FTC
Website: www.jftc.gov.jm | Email: fairtrading@jftc.gov.jm | Address: 17-19 Connolley Avenue, Kingston 4, Jamaica W.I. | Telephone: (876) 960-0120-4 All complaints are treated in confidence. The FTC can only investigate matters that fall within its mandate under the FCA

11. Conclusion

Prices are signals. In a well-functioning competitive market, prices communicate information about scarcity, cost, and value. They guide resources toward their most productive uses. For consumers, understanding what drives price changes is the first step toward engaging effectively with markets, protecting their economic interests, and contributing to a marketplace that is fair, transparent, and competitive.

The six forces examined in this paper (exchange rates, shipping costs, inflation, tariffs, supply shortages, and competition) interact in complex and sometimes overlapping ways to determine what consumers pay. None of these forces is simple, and none can be reduced to a single villain or a single solution. But armed with an understanding of each, consumers are far better positioned to distinguish between price changes that are legitimate reflections of market conditions and those that represent exploitation, collusion, or abuse of market power.

The Fair Trading FTC's mission is to ensure that competitive markets work for all Jamaicans. That mission is advanced not only through enforcement action (investigating and prosecuting anti-competitive conduct) but through education. An informed consumer is the market's most powerful participant.

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