

CARIBBEAN LOCAL ECONOMIC DEVELOPMENT PROJECT (CARILED) LOGISTICS HUB SYMPOSIUM WEDNESDAY, AUGUST 20, 2014

Salutations:-

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Ladies and gentlemen,

It is, indeed, my great pleasure to join you today at this important Logistics Hub Symposium.

The Government's strategy to position Jamaica as a global logistics hub, as well as the concept of the Global Logistics Hub Initiative (GLHI) commenced in September 2012, following Cabinet's approval.

Why is this important to Jamaica?

1. World trade is growing, along with the globalization and fragmentation of production, leading to the expansion of global value chains;

2. Changes are occurring in the configuration of global value-chains, including the central role of contract manufacturing, out sourcing, and so on, in optimizing the business process.
3. Other significant trends triggered by these developments include the rise of services, innovations in logistics, and changes in trade policies;
4. We also see the rise of emerging markets as centres of production, namely China and Brazil;
5. The expanding Panama Canal, enhancing the prospects for increased trade and data flows throughout the region;

Against this background, the Government of Jamaica is fashioning the Jamaican economy around a central theme related to logistics. This is what we term, a logistics-centred economy.

What do we mean by a logistics centered economy? In a nutshell, we are talking about an economy that efficiently and seamlessly integrates the country's economic sectors into global value chains.

We are talking about the sustained growth to be achieved through the deliberate creation of forward and backward linkages, between transnational corporations, and our local business sector.

The core principles of this logistics centred economy are:

1. Competitiveness
2. Productivity
3. Facilitation
4. Efficiency
5. Connectivity
6. Adoption of global standards
7. Creation, utilization and protection of intellectual property
8. Innovation and continuous improvement

The main aims of the logistics centered economy are:

1. To influence regional demand and supply patterns;
2. Stimulate a new phase of industrialization, with a shift towards knowledge-based industries;

3. Speed, flexibility and adaptability in facilitating business processes;
4. Modern infrastructure, as business and trade enablers;
5. Digital connectivity, both as a means and mode of production and distribution;
6. Increasing the number, distribution, capacity and capabilities of Jamaican enterprises engaged in global commerce, irrespective of whether the business is local or foreign owned; whether it is a large firm, medium sized, small or micro.

The GOJ, therefore, is adopting a multi-pronged approach in implementing the Logistics Hub Initiative (LHI).

The first strategy involves several billion dollars of private investment in logistics infrastructure and other developments, to capitalize on our existing deep natural harbour capacity. A number of leading global firms have already made bids on some of the planned projects, while other projects are underway.

Secondly, we are facilitating the participation of smaller firms in export value chains, through collaborations with globally integrated enterprises in industry specific clusters.

Thirdly, we are implementing business climate reforms and establishing a new Special Economic Zone (SEZ) regime to attract large global enterprises to benefit from our more competitive position in the global logistics chain.

Special Economic Zones (SEZs)

Let me expand briefly on the Special Economic Zones (SEZs), owing to their immediacy in the building of the Jamaica Global Logistics Hub.

What is our vision?

We want to see Special Economic Zones contributing to the achievement of a highly competitive logistics-centric Jamaican economy.

We see Special Economic Zones attracting and retaining high levels of investments; facilitating knowledge and technology

transfer; creating high quality employment; enabling seamless integration of local businesses into the global value chains; and, stimulating sustainable economic growth with social inclusion.

Specifically, the Logistics Hub Initiative will designate several geographical areas to cluster high impact investors. The businesses in these SEZs will experience enhanced and seamless procedures and regulations. These SEZs will also ensure economic and social linkages within the wider economy. They will ensure a smooth transition towards a policy regime that complies with our international obligations under the World Trade Organization (WTO) by 2015.

Development of the policy framework for SEZs will result in a phasing out of the existing free zone regime. This will be replaced with a modern regime that enhances our economic offerings to local and foreign investors. Upgrading of existing legislative and regulatory frameworks, in line with best practices for SEZs, is therefore required.

The Ministry of Industry, Investment and Commerce (MIIC), the arm of government responsible for nurturing businesses, is introducing policy measures to hasten the development of the

SEZs, in the short to medium-term. These measures will guide the passage of key pieces of legislation, and help create the institutional strengthening required for timely establishment of the SEZs.

Equally significant is the enormous prospects from the increased trade and data flows throughout the region, as a result of increased South-South commerce, the expansion of the Panama Canal, and changing air cargo patterns, scheduled to take place as early as 2015-2016.

Ladies and gentlemen, our confidence of success in this undertaking is based on the solid backing of local and global investors. It is based on our bilateral and multilateral partners, who have made independent assessments and concluded that Jamaica's prospects as a Logistics Hub are, indeed, very real.

As such, investments, grants, and other forms of technical assistance are being made available to rehabilitate our existing port infrastructure, airport infrastructure, industrial/commercial infrastructure, our ICT infrastructure, and to develop new projects such as commodity ports, cargo airports, a dry dock, and of course, the special economic zones.

Key actions to achieve the logistics centred economy, therefore include:

1. Special Economic Zones nurturing industrial clusters with forward and backward linkages within the domestic economy. A new SEZ regime to further improve the prospects for Jamaica's airports and sea ports and, thereby, trigger enhancements in the country's capacity to offer improved and increased logistics services.

SEZs are central to the overall Global Logistics Hub Initiative as they will link industrial development and logistics services and facilitate MSME participation in export industries. Caymanas Special Economic Zone and Naggos Head Technology are also flagship projects of MIIC in this regard.

Other key actions include:

2. A new industrial policy that will result in standards-based developments that benefit from technology and knowledge transfer;

3. A national export strategy that takes account of the importance of imports as key production inputs and allows us to tap into new markets;
4. A financial services centre enhancing logistics transactions;
5. Financially empowered, innovative, globally integrated MSMEs, as a direct consequence of the implementation of the MSME and Entrepreneurship policy;
6. Trade facilitation including modifications to customs processes, and implementation of the Bali agreement on trade facilitation;
7. A motivated workforce armed with relevant skills that are internationally certified;
8. Business development support for entrepreneurs and innovators, at widely dispersed small business development centres;

Ladies and gentlemen, again I thank you for the opportunity to be here today. We have come a long way in terms of the development of the Jamaica Global Logistics Hub Initiative.

Personally, I am glad to see the increased interest being shown in the Hub, and I want to commend you today for organising this symposium. Finally, let me again assure you that the Jamaica Logistics Hub is very, very real.