



# ACHIEVING TRANSFORMATIONAL GROWTH

HON. G. ANTHONY HYLTON, MP



SECTORAL DEBATE PRESENTATION  
MAY 14TH 2013



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## INTRODUCTION

Mr. Speaker, I rise in support of the motion in this truly historic 2013/2014 Sectoral Debate.

The successful negotiation and signing of the 4-year Extended Fund Facility Agreement with the International Monetary Fund, has now shifted the nation's attention from issues of macroeconomic stability, to growth and development.

This focus on growth and development is critical, if the country is to defeat the cycle of stagnated growth and poverty, and experience a new future of sustained robust economic growth with vastly improved standards of living for our people.

## THIRTY YEARS OF LOW GROWTH

Jamaica's economy has failed to achieve sustained levels of economic growth for over three decades. What has emerged from this is a continuing fragile economic environment with considerable underlying vulnerabilities. This has contributed to a high public debt that now imposes an enormous burden on our fiscal capacity. This situation constrains the public investment programme, required to support the growth and economic transformation, to improve the economic livelihood of our people.

The recently approved IMF Agreement calls for strong pro-cyclical fiscal policies, designed to meet the country's debt obligations, and focuses on the goal of fiscal consolidation. But, Mr. Speaker, since that alone cannot solve our problem, we must follow up with a growth and development strategy that changes our present reality and transforms the Jamaican economy.

So Mr. Speaker, these growth plans along with other critical measures are needed to achieve this transformation. These measures include structural reforms, improving the implementation of projects, significantly reducing the misuse and misallocation of government resources, increasing total factor productivity and, competitiveness of our firms, as well as facilitating greater asset mobilization.

Mr. Speaker, in the mission we must remain resolute and stay the course until we achieve the transformation that leads to a sustainable growth path that will once and for all enable Jamaicans to realize their dreams.

In my presentation this afternoon, I will therefore outline key elements of the growth agenda, which are required to achieve economic prosperity through sustainable development, investment and job creation.

Mr. Speaker, the Ministry of Industry, Investment and Commerce plays a pivotal role in the drive to achieve the Government's growth agenda. The core components of this drive are strategic investments, improving the business environment, macro-economic stability, entrepreneurship and innovation, energy efficiency and human capital development.

So my presentation will deepen the understanding of the strategy to achieve growth and show the Ministry's plans to diversify the economy and stimulate wealth and job creation.

As part of our operating plan we take seriously the Progressive Agenda which advocates 'joined up governance' in order to achieve greater efficiencies and effectiveness by collaborating across ministries, departments and agencies. Mr. Speaker, let me make it clear that in this mission, failure is not an option.

A close-up photograph of a wooden surface, possibly a workbench or a piece of furniture, showing a complex pattern of wood grain and texture. A dark metal tool, likely a drill or a similar power tool, is positioned at the top center, with its bit or tip resting on the wood. The lighting is warm, highlighting the natural colors of the wood, ranging from light tan to deep brown and greenish hues. The overall composition is detailed and textured.

## SITUATING THE MINISTRY

Mr. Speaker, as I indicated, the Ministry is central to the Government's growth agenda.

It is the gateway for investments in the Jamaican economy.

Creating the conditions for improving the ease of doing business is of critical importance to attract foreign and local investments.

We are ranked 90th among 185 countries in the World Bank's 'Doing Business Report'. This is not where we want to be, our goal is to radically improve the business environment and raise our ranking, not just for the report but because it is important to Jamaica's growth strategy.

## IMPROVING BUSINESS ENVIRONMENT

Business facilitation is a core ingredient of sustained investment. MIIC through the National Competitiveness Council which I chair has overarching responsibility for the Business Reform Agenda.

A number of key reform initiatives with attendant milestones have been identified for implementation during the course of the fiscal year. These comprehensive and far reaching reforms include the Secured Transactions Regime, the Insolvency Legislation, amendments to the Trade Marks and Copyright Acts, which are intended to create a climate for enterprise and growth.

Secured Transaction Reform will allow borrowers to pledge moveable property as security for loans with the resultant effect of improving access to credit, particularly for MSMEs and farmers.

Modernising the Insolvency Legislation will encourage more businesses to restart after failure and ensure that those whose failure was honest are not stigmatised. Perhaps the most important provision in this legislation allows for a turnaround of businesses under Court protection saving jobs and brands.

Modernising the frame work for Intellectual Property will take place through amendments to the Trade Marks Act. The first of a series of amendments which will eventually lead to accession to the Madrid Protocol is now before Parliament. This protocol allows for single and centralized filing of trademark and service marks in a way that



▶ *The Most. Hon. Portia Simpson Miller, ON, MP, Prime Minister of Jamaica and the Hon. G. Anthony Hylton, MP at the launch of the Anbell Trade Exchange.*

will provide for protection globally. Yesterday the Cabinet approved Jamaica's accession to the Madrid Protocol, subject to the requisite legislation being enacted.

The copyright amendment proposes the regulation of collective management organizations JCAP, JAMS and JAM COPY. Modernising the patent legislation will allow for investments to flow into the high-tech industries in Jamaica, and to allow access to the Patent Co-operation Treaty.

As part of the improvement of the business environment in Jamaica, the 'Super Form', will be introduced during this fiscal year. This will be implemented by the Companies Office of Jamaica, and is a major step towards eliminating the red tape that stymies business in the country.

This Super Form will consolidate applications from five different government agencies. The regulations are now being drafted by the Chief Parliamentary Counsel and I expect to table them by September, when Parliament resumes after the summer recess.

In the areas of investment, export facilitation and promotion, we will, in collaboration with the Ministry of Foreign Affairs and Foreign Trade, use economic diplomacy to access new markets and to facilitate strategic alliances and joint ventures.

Embassies located in targeted countries will host investment and marketing counselors with the relevant expertise. We will begin with China and the new embassy proposed to be opened in Panama.

Mr. Speaker, the economic era based on trade preferences is over. They are being rapidly eliminated, and we must maintain our economic viability by building our capacity for global competitiveness. We must accept the reality that our small open economy must be integrated with the global economy, to sustain our development. Export led growth is therefore an imperative to achieving economic development.

While our markets remain open to the world, we are not defenseless in protecting ourselves from unfair trade practices, even as we aggressively pursue new markets for Jamaicans goods and services.

We have to ensure that the MSME sector is developed in tandem with the growth of large scale businesses, multinational corporations and enterprises. This we will pursue through legislative and administrative reform, consistent with global best practices.

Finally, we have to take on the productivity challenge. We must strive for the optimal use of all our resources in order to be globally competitive. The thrust of our efforts will be focused on the modernization of Industries, a business friendly legislative agenda, Human Capital Development, Facilitation and Growth of the MSME sector, Citizen Empowerment and the Rights of the Consumer.







## THE GROWTH AGENDA

Mr. Speaker, the growth and development agenda, which has been clearly and passionately articulated by our Most Honourable Prime Minister, inspires the mission of the Ministry of Industry, Investment and Commerce.

Let me quote the Most Hon Portia Simpson Miller:

“...our objectives are rooted in Vision 2030 and guided by the Progressive Agenda. We have already begun to lay firm foundations for the next 50 years. That is why it is not enough to seek ‘stop-gap’ fixes to our problems. We have to seek enduring and sustainable solutions.”

We have a vision and strategic mission in the Ministry of Industry, Investment and Commerce, that seeks to operationalize the Prime Minister’s mandate to achieve “enduring and sustainable solutions” for growth.

Our imperative is to integrate the Jamaican economy into the global value and supply chain.

When we speak about the global value and supply chain we are talking about what it takes to harvest, process and move our products, like our ackee or scotch bonnet pepper from a farm in rural St. Elizabeth to the table of a family in New York or London.

We are talking about a young Jamaican web developer who dreams of designing animation for a big Hollywood studio; who creates great animated products from his bedroom in Duhaney Park to a film producer.

We are talking about the businessman or businesswoman, who dreams of exporting his or her products from their factory; and the farmers who supply him or her with primary produce to make valued-added products for the world.

## THE JAMAICA LOGISTICS HUB INITIATIVE

During the Budget debate, the Prime Minister declared the Logistics Hub Initiative as a “central plank in Jamaica’s overall growth strategy.”

But what exactly do we mean when we talk about Logistics?

Logistics is the process by which businesses manage the flow of goods, services, people, information, energy and other resources through the entire supply chain from source to end users. Modern manufacturing requires a complex global network of assembling and production sites shipping parts from one location to another.

And what is this Jamaica Logistics Hub?

The Jamaica Logistics Hub is a clustering of global third party logistics providers (such as shippers, couriers like FedEx and DHL, freight forwarders) and large global businesses with substantial cargo flows. This is to take advantage of sea-air connectivity opportunities and trade corridors from production houses in the Asia/Pacific and other regions to growing markets of over 800 million people in the Americas.

Jamaica will be the 4<sup>th</sup> node in the global logistics chain, joining Rotterdam, Singapore and Dubai. The Jamaica Logistics Hub will enhance the global trading system and as such represents a global asset.





▲ *Cow Bay St. Thomas:  
approximate location of  
Proposed Commodity Port*

◀ *Hon. Minister G. Anthony  
Hylton, MP meets with  
the Hon. Lim Hng Kiang,  
Minister of Trade and  
Industry on recent Industry  
and Investment Mission to  
Singapore.*

The proposition for establishing the logistics hub in Jamaica rests on the following:

- A paradigm shift has occurred in the global trade corridors from North to South benefitting emerging markets such as Brazil, Russia, India, China and South Africa, the so called (BRICS) countries, with China and Southeast Asia being the major production house for the world.
- The expansion of the Panama Canal to take larger ships carrying greater volume of cargo consisting of intermediate and final products.
- Jamaica's strategic geographic position on major sea lanes and air routes to North and South America as well as to Europe and Southeast Asia gives it a comparative advantage. It reduces the distance to markets of North and South America from China, by some 14,000 kilometers.
- Jamaica's strategic location from an aviation perspective as well as a robust telecommunications infrastructure.



Over the last two decades, it has become increasingly clear that Jamaica has lost, and is continuing to lose its competitive edge in goods production.

At the same time, however, Jamaica's competitive advantage in the services sector has increased, and in particular the logistics and shipping sector, whose strong value proposition is unchallenged. This advantage has become even more evident, given the expansion of the Panama Canal, Jamaica's unique geo-strategic location, and our natural resource endowments which include, two of the best natural harbours in the world.

The Logistics Hub will integrate manufactures and distributors based in Jamaica in the global goods production and distribution chains. It therefore represents an opportunity to breath new life into manufacturing in Jamaica.

Mr. Speaker, I have been frequently asked, where is all the money to come from bearing in mind our present fiscal situation. In her budget presentation, the Prime Minister said the Jamaica Logistics Hub potentially represents US\$ 9 Billion of foreign direct investments, with the prospect of generating tens of thousands of jobs in a variety of fields during the construction and operational phases.

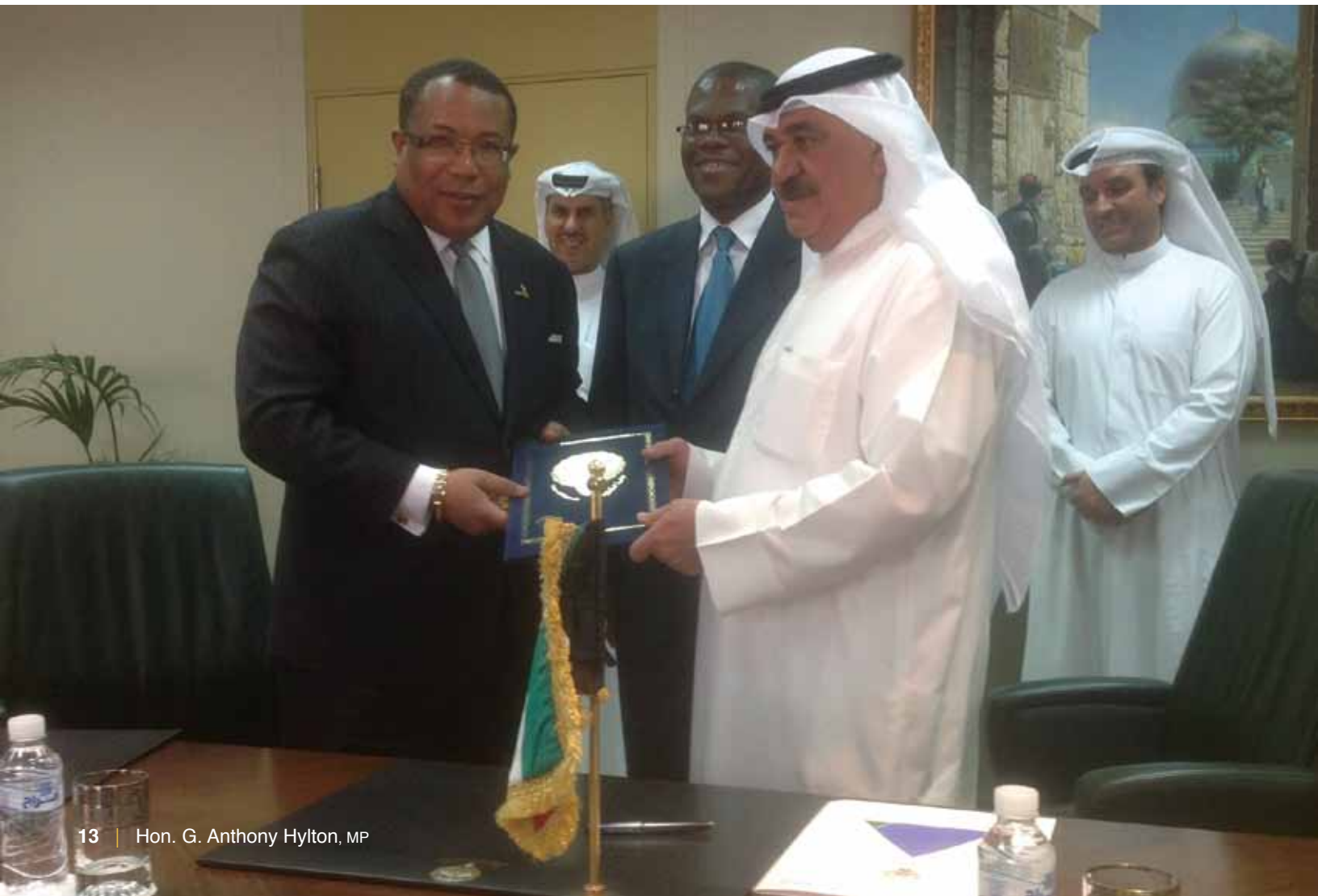
▲ *Port Esquivel with proposed areas for expansion, in Clarendon, Jamaica*

The answer is simple. The same investors who developed the other three (3) Logistics Hub are now at the table with us seeking to carve out individual mega projects and to acquire and upgrade existing assets through public/private partnership arrangements.

Mr. Speaker, this initiative will cut the gordian knot which has been choking the Jamaican economy and condemned us to three decades of anaemic growth. The Logistic Hub initiative does not represent a pipe dream. To the contrary, it represents concrete work which will lead to transformation of the Jamaican economy and benefit our people.

▼ *Hon. Minister G. Anthony Hylton, MP signs Bi-Lateral Investment Treaty with His Excellency Mustafa Jassim Al-Shimali, Deputy Prime Minister and Minister of Finance in the Government of Kuwait.*

Much work is left to be done, including the enactment of enabling legislation and the construction of supporting infrastructure. But over the past year, we have generated significant global investor interest with missions to China, Singapore, Dubai, Panama and the Netherlands, where we have received support for the initiative. Similarly we have received support from the multilateral agencies including the World Bank and the IDB.



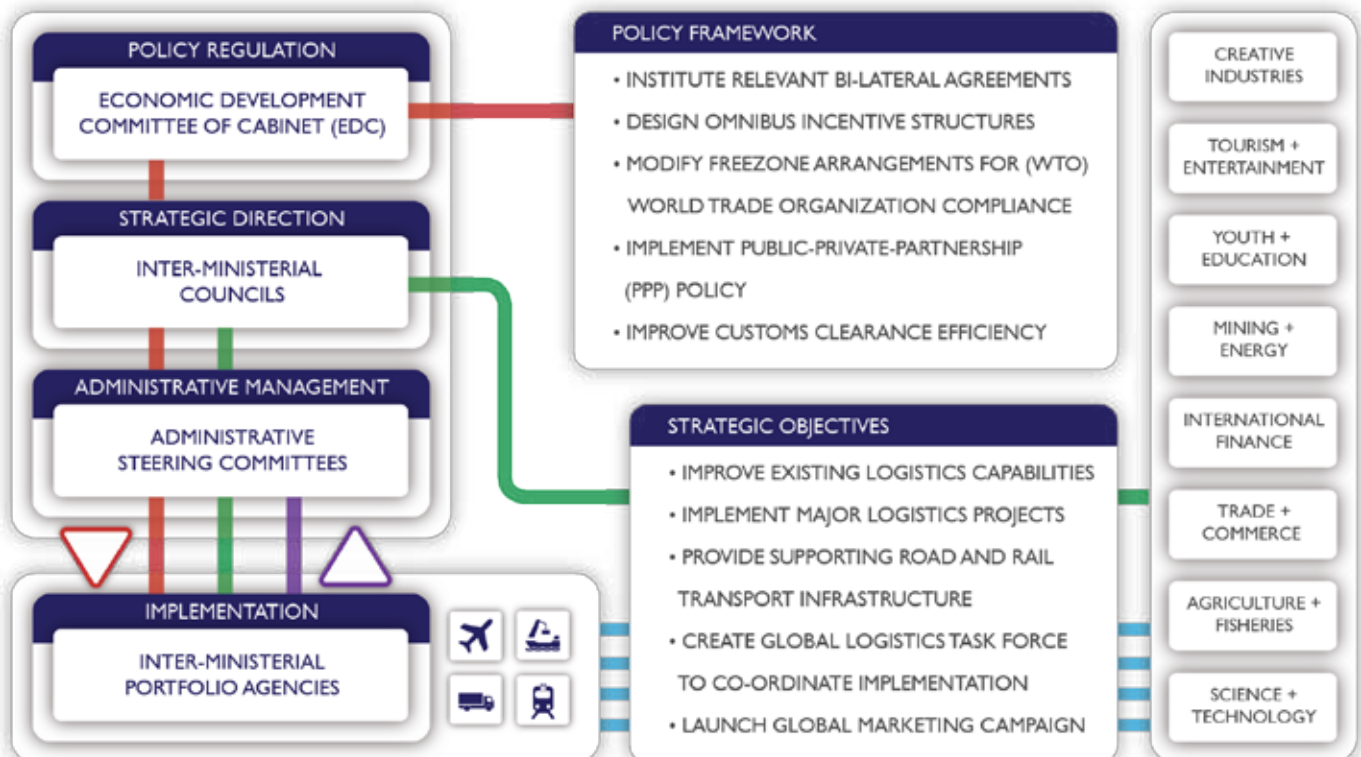
## LOGISTICS HUB INITIATIVE LINKAGES TO THE LOCAL ECONOMY

Mr. Speaker, how do we as Jamaicans seize the opportunities flowing from the Logistics Hub? And what are the policy actions needed to ensure that Jamaica's comparative advantage is converted into a competitive advantage for our economy?

The Ministry will designate Special Economic Zones under powers given to the Minister under the Free Zone Act. JAMPRO will promote and market these zones locally and overseas, to the companies engaged in various logistics activities. These include assembly, warehousing, distribution and packaging. MIIC will reactivate the industrial apprenticeship programme, working together with HEART/NTA to train the workforce needed to operationalize and take advantage of the tens of thousands of jobs that will be created.

We are also working with our tertiary institution who will provide the skills needed for successful implementation into the Logistic Hub project. They are now in the process of designing curricula to meet the specific demand.

Specific policy measures will be implemented to ensure that the MSME entrepreneurs are included in the economic zones, and become an integral part the global value chain. In that way, the MSME sector will be linked into the mega projects.





▲ *Hon. Minister G. Anthony Hylton MP in stakeholder consultation at Ministry of Industry, Investment and Commerce*

◀ *Diagram shows early strategic planning of linkages between the Global Logistics Hub and related entities.*

This afternoon Mr. Speaker, I tabled the Government's MSME and Entrepreneurship policy which outlines the interventions that Government will provide to enhance the contribution of this sector and provides a platform for the MSME sector to be integrated into the global value and supply chain.

It will also link the domestic economy to the global value chain, in areas where we don't have an advantage. An example of this, Mr. Speaker, is the automobile industry where we do not manufacture cars, but will now have the opportunity to assemble cars or distribute parts to global markets.

Cars are no longer made in any one country. Component parts are brought together from different countries, and if they need to be sent on to a final manufacture destination, it is through Logistics, through the management of the supply chain, that they get there. In that process there are several layers of jobs.

That, Mr. Speaker, is the transformational aspect of the Logistics Hub.

## PROVISION OF INFRASTRUCTURE

Mr. Speaker, an important part of the development of the Logistic Hub is the provision of industrial infrastructure. Factories Corporation of Jamaica (FCJ) has repositioned itself to play a major role in developing the required infrastructure, thereby supporting the Government's Growth Agenda.

After a year of robust revenue growth and increased profits, the Corporation has been able to attract joint venture partners for major development projects related to ICT and the Logistics Hub, at no direct cost to the Government of Jamaica.

In January the FCJ issued a request for proposals for joint venture partners to develop projects in ICT, Caymanas Economic Zone and alternative energy services, to ensure that the cost of doing business in Jamaica's special economic zones is competitive. The Corporation had responses from potential investors from all continents as well as from Jamaican companies.

Mr. Speaker, I am pleased to announce that shortlisted entities, one of which has verifiable investment proposal in excess of \$US half a billion (\$US 500 million), are awaiting approval to proceed to the final stage of acceptance and implementation.

▼ *Preliminary Artist Rendering of the Caymanas Economic Zone, St. Catherine Jamaica*







The project includes the following developments:

▲ *Preliminary Artist Rendering of the Technology Park at Naggo Head in Portmore, Jamaica*

- 750,000 square feet of space in an ultra-modern technology park at Naggo Head, St. Catherine, with the potential to employ approximately 13,000 persons. The first 100,000 square feet of space has already been booked by one entity, which is the fastest growing BPO Company to have entered Jamaica. The company is currently in the process of building out a 20,000 square foot facility in Kingston, to employ 600 persons in the next two months, until the technology park is ready.
- The Caymanas Economic Zone (CEZ) will begin construction in a matter of months, utilizing the same joint venture approach. 200 acres of lots and purpose built space will be developed, in an environment comparable to any first world Special Economic Zone. The industries earmarked for the zone include ICT, Manufacturing, Incubator, Creative Industries, Furniture, Electronics and Bio medical industries.
- Proposals have also been received to provide alternative energy at competitive rates, to all of the new zones and where possible, to some of the existing ones.

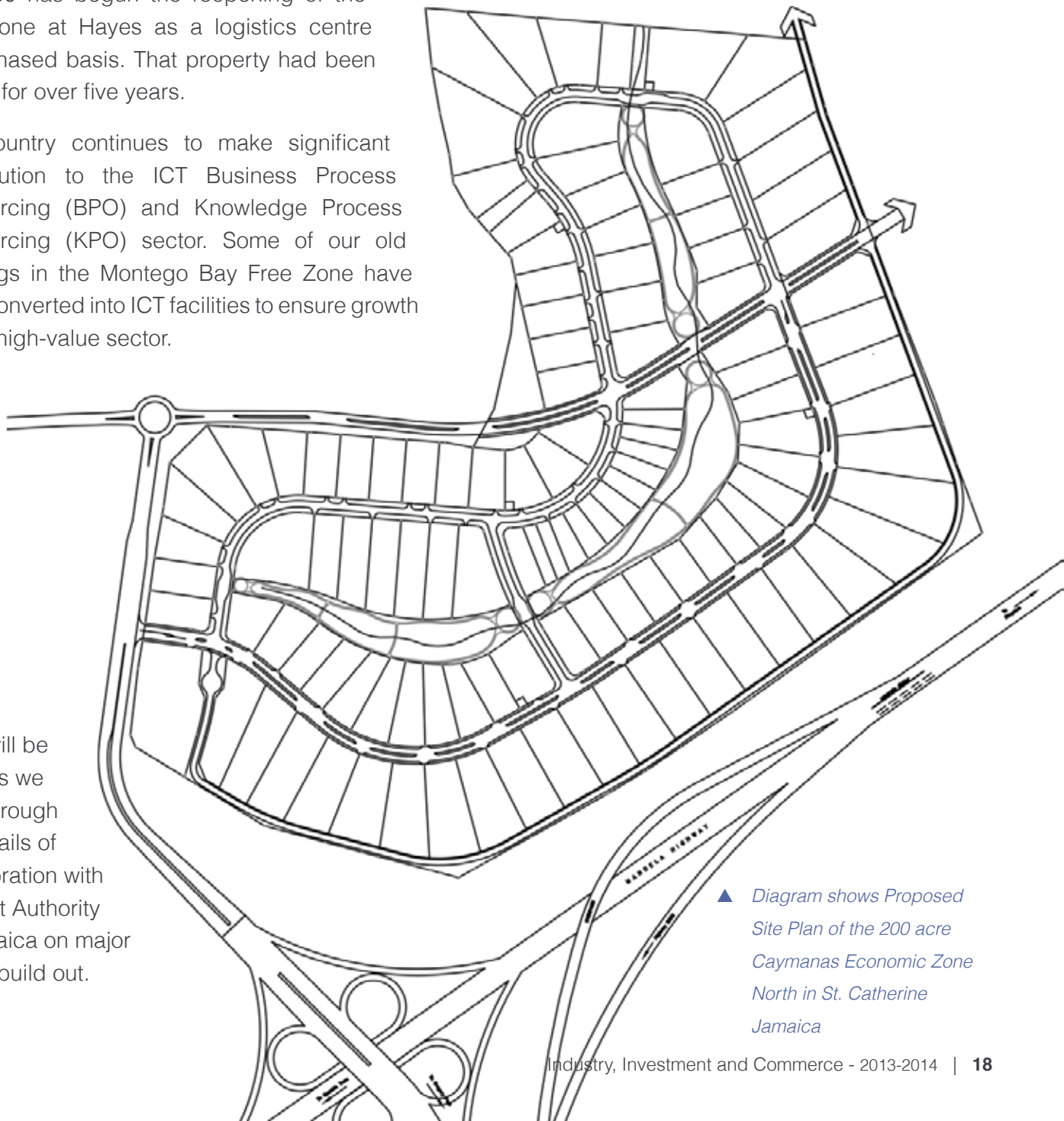
Yesterday the Cabinet reaffirmed the decision of the previous administration to utilise the two (2) hundred acres of land earmarked at Caymans Estate of the first phase of a potential 1700 acres Logistics. This is in addition to the proposed investment by CHEC already announced by the Most Honourable Prime Minister and my colleague Minister of Transport Works, and Housing.

Mr. Speaker, some of our existing properties, including Garmex Free Zone, near to the Port of Kingston, have been identified for major redevelopment. Garmex is in the process of being master planned, to reflect our entry into logistics, and the increasing demand anticipated from the demolition of the Kingston Free Zone to facilitate port expansion.

The FCJ has begun the reopening of the Free Zone at Hayes as a logistics centre on a phased basis. That property had been closed for over five years.

The country continues to make significant contribution to the ICT Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO) sector. Some of our old buildings in the Montego Bay Free Zone have been converted into ICT facilities to ensure growth in that high-value sector.

More will be done as we work through the details of collaboration with the Port Authority of Jamaica on major space build out.



▲ Diagram shows Proposed Site Plan of the 200 acre Caymanas Economic Zone North in St. Catherine Jamaica

## **FINANCIAL SERVICES CENTRE**

Mr. Speaker, the establishment of the Jamaica International Financial Services Centre is complementary to the Jamaica Logistics Hub.

This House will recall that the establishment of an international financial services centre has been identified as a key area for investment stimulation, ultimately leading to job creation and revenue generation. The size of the global offshore financial sector is estimated to be in the region of US\$5 trillion and US\$7 trillion, with over 116 jurisdictions offering these services worldwide.

The establishment of this Centre presents great opportunities for Jamaica to be recognized as an international business jurisdiction, by creating a new modern industry that will provide lucrative jobs, diversify the economy and further develop Jamaica as a place to do business.

There are opportunities for this to provide substantial annual recurring revenues for Government from statutory fees including registration and licensing fees. In addition, there is the prospect of creating substantial job opportunities, as high as 15,000 local professionals in the fields of administration, legal, accounting/auditing and financial services.

Jamaica International Financial Services Authority (JIFSA) was established by statute in March 2011 and a Board is now in place. Work has been progressing to develop a modern legislative and regulatory frame work with high professional standards.

As recommended by the Consultants Baker & McKenzie, and the Board Cabinet has approved an initial suite of services and products, for which draft Bills have been prepared.

The Bills support a suite of products and services including:

1. International Holding Companies
2. International Trusts
3. Segregated Accounts Companies
4. Limited Liability Companies
5. Trust & Corporate Services Providers
6. General Partnerships
7. Limited Partnerships

The Bills are now with the offices of the Chief Parliamentary Council for finalization by the end of this month. I expect to table them when Parliament resumes in September.

The committee, however, continues to meet to prepare the regulations which will support the provisions of the principal Acts. A key feature in the operation of JIFSA is the special incentive regime, which is currently being considered as part of the Omnibus Incentive Act.

Mr. Speaker, this is an initiative started by the previous administration, which did not receive the support of the then Opposition based on specific objections including the fact that OECD countries had growing concerns about what they called “harmful tax competition” with undesirable features of secrecy and tax evasion. The current administration’s support for the initiative is based on the unequivocal embraces of principles of transparency as against secrecy and tax compliance as against tax evasion.

Jamaica will benefit from its “late mover advantage” in this area, where its entrance in this sector will not be burdened by any adverse legacy issues. As part of this administration support of the initiative we will carefully position the centre to distinguish it from existing offshore financial centres.

▼ *Dave McClure, Founding Partner of Silicon Valley Angel Investment and Incubation firm 500 Startups and Giorgio Valentini, World Bank Representative to Jamaica meet with the Hon. Minister G. Anthony Hylton, MP at Ministry of Industry, Investment and Commerce.*





## CERTIFICATION TO GLOBAL STANDARDS

Mr. Speaker, the Government is committed to improving the local capacity of our business sector, through institutional support. In this connection, local entities will be encouraged to use the services of the National Certification Body of Jamaica ((NCBJ).

The mandate of the NCBJ, a fully autonomous and independent unit of the Bureau of Standards Jamaica, is to provide affordable certification to small, medium and large organizations here in Jamaica and the wider Caribbean.

The NCBJ is unique among certification bodies in the Caribbean, as it is the only entity accredited to certify at the ISO 9001 and ISO 14001 levels. NCBJ actively promotes the international certification of management systems among Jamaican small and medium firms in particular, with the objective of these entities gaining international acceptance and quality standards in order to penetrate new global markets, strengthen their capacity to trade and access new business opportunities.

A certificate of conformity from the NCBJ, enables a company to demonstrate that their product, processes, systems or services are conformant, not only with local regulations, but international standards. NCBJ will also spearhead the thrust to move public sector agencies into ISO certification.



## INVESTMENTS, EXPORTS AND THE GROWTH AGENDA

Mr. Speaker, achieving the growth we want across the broad spectrum of our economy, will require us to continuously improve on the things we do well, discard the baggage which holds us back, and open our minds to big, new global possibilities.

Jamaica has traditionally done well at attracting foreign direct investments, but this growth agenda demands that we do even more and step up our game.

Last year, JAMPRO:

► *Hon. Minister G. Anthony Hylton MP, Hon. Sharon Ffolkes Abrahams MP, Minister of State, Reginald Budhan, former Permanent Secretary and Ministry team, tour the Red Stripe Facility.*

- Facilitated J\$7.58 billion in Capital Expenditures from landed investments, which in turn created 6,754 jobs.
- Facilitated J\$2.86 billion in export sales and J\$1.52 billion from 150 business linkage projects.
- Marshalled and increase in non-traditional exports by US\$153.6 million or 22.8% to US\$828.3 million.



- Fostered growth in the food sector by US\$ 9.2 million or 6.8% to US\$144.8 million, with core food categories namely sauces, ackee, seafood, animal feed and juices, recording increases.

But this year Mr. Speaker, JAMPRO has been mandated to accelerate its efforts to promote investments and business, on those sectors of the economy that stand to give us the greatest growth, namely:

- Logistics
- Manufacturing and Agro-processing
- ICT/ KPO/Business Process Outsourcing
- Tourism, in particular Medical Tourism
- Creative Industries
- Energy & Mining

Mr. Speaker, next month the Ministry will lead a major mission to the 5th Biennial Diaspora Conference in Montego Bay. Our aim is to build on our efforts to engage and pull our formidable Diaspora more into the mainstream of economic activity in the country.

JAMPRO will execute a 'Business Connect' Strategy at the Conference, and mount a major Jamaica Logistics Hub Pavilion, in partnership with logistics services providers in the Diaspora Marketplace.





JAMPRO will be bringing in investors from North America and the United Kingdom to connect with local businesses here and to do business. Jamaica is going after Diaspora business like never before.

The Diaspora is still an untapped investment market for Jamaica, even though we have overseas Jamaicans already making significant investments here.

- The ISOCON-JLB ISO-Tanker Cleaning Facility at the Kingston Freezone is doing good business in the global food supply management chain since setting up shop last year. It is led by a dynamic Diaspora-based Jamaican businesswoman Beverly Johnson, who runs a freight forwarding business, connecting Jamaicans in the major Diaspora centres around the world with Jamaica. She partnered with Scottish businessman Michael Kane, who owns ISOCON (which transports the bulk of Johnny Walker Scotch Whiskey worldwide) and their enterprise has made Jamaica a regional hub for the cleaning, repair and maintenance of food-grade tanks.
- Dr. Gerald Mulvaney, a Jamaican, has partnered with an Indian national who migrated to Jamaica and then later to the United States, to form a consortium of top doctors and investors called American Global MD.

▼ *Panoramic view of the Port of Montego Bay, showing the Cruise Pier, the Industrial Area and Airport beyond.*

American Global MD has signed an MOU to deliver Jamaica's first greenfield project in medical tourism in the form of a five star state-of-the art medical facility.





## PUSHING OUR HIGH-TECH INDUSTRIES

Mr. Speaker, Jamaica is on a strong growth trajectory to become the leading regional destination for investments in ICT/BPO/KPO and high-tech industries.

We regard the BPO sector as one of the fastest generators of employment; and our goal is to at least double the existing capacity and employment generation within the sector.

It is currently a US\$200 million industry in Jamaica employing some 14,000 persons.

Within the context of increased demand for near shore ICT services, diversified investments within the sector will create increased backward and forward linkages thereby increasing the multiplier effect in the economy.

But let me hasten to say Mr. Speaker that our vision of ICT for Jamaica's ICT Development is more than the BPO sector or call centres.

Our plans are consistent with the Vision 2030 National Development Plan's imperative of "creating an environment and reputation where ICT use and development substantially enhance national productivity, efficiency and wealth".

And this is why we see great synergies between Jamaica's powerful Creative Industries and ICT's. One such synergy is the opportunity to seed the development of a robust Animation Industry.

▲ *Leila Janah, Founder and CEO of Silicon Valley non-profit social business Samasource and inventor of Microwork, discusses Business Process Outsourcing with the Hon. Minister G. Anthony Hylton MP at the Ministry of Industry, Investment and Commerce.*

▶ *Hon. Minister G. Anthony Hylton MP, Hon. Minister of State Sharon Ffolkes Abrahams MP and Chair of Anti-Dumping Commission host innovators in Animation, Robotics, Programming, Film Making, Renewable Energy and Incubation at the Ministry of Industry, Investment and Commerce.*

Over US\$100 Billion was generated in global animation revenue in entertainment alone in 2012, half of which was in the video games industry. Jamaica wants a piece of that business.

Jamaica is perfectly positioned to reap the benefits of this expanding industry and our advantages include:-

- Common language with the major content producers, the U.S., Canada, and the UK.
- Proximity and time zone allow for real time collaboration.
- Rich cultural legacy built on the technical and creative outputs of our young people who have a natural inclination for the animation industry.

Mr. Speaker, we are already making strong early strides with the launch of GSW Reel Rock Studio, Jamaica's first multi-functional animation studio started by local Jamaican investors. This project came out of a meeting facilitated between the principals of GSW Reel Rock and the international animation firm Toon Boom Animation. It has also resulted in the formation of the Jamaican Animation Nation, an association of animation practitioners.





## CULTURAL AND CREATIVE INDUSTRIES

Mr. Speaker, as we focus on the growth agenda, I turn now to the cultural and creative industries or the cultural and creative economy as it is now being called.

The Prime Minister reminded us in her presentation that the cultural and creative industry structures of twenty years ago are very different from what exists today and require a modern approach to policy development. The Prime Minister signaled her intent to rationalize the policy approach to service delivery across several sectors, industries, as well as ministries.

We at MIIC join with her in saying that, at this phase of our development, a cultural and creative industries policy is a development imperative that includes the creation and updating of a policy for industry, investment & commerce, culture, education, science and technology, and a range of other sectoral interests.

My specific emphasis and the emphasis of the Ministry as part of this process, is to drive the business of cultural and creative industries.

Several of the agencies within this Ministry already service the cultural and creative industries. There is a Cultural and Creative Industries desk within JAMPRO where extensive promotional work is taking place – particularly with the film Industry.

The Jamaica Intellectual Property Office (JIPO) continues to modernise legislation dealing with Intellectual Property which is the lynchpin for modern integration into the global value chain. JIPO has embarked on a cross Ministry Initiative to further drive the culture of Intellectual property in a practical way into the fabric of our society.

The Jamaica Business Development Corporation (JBDC) is being restructured to play a greater supportive role to cultural and creative entrepreneurs.

## CONSUMER PROTECTION

Mr. Speaker, in our effort to integrate Jamaica into the global supply chain, this administration will pay due regard to the protection of consumer interests, to ensure economic justice.

◀ *Carlos Mazal of WIPO shares a light moment with Hon. Minister G. Anthony Hylton MP, Hon. Minister of State Sharon Ffolkes Abrahams, and Chairmen of JIPO and Bureau of Standards, at launch of e-JIPO.*

The Jamaican consumer now has, for the first time, a consumer protection tribunal in keeping with international best practice. Every consumer is now entitled to redress for breaches of their rights under the Consumer Protection Act. The tribunal will become operational by July 1, 2013.

Mr. Speaker, there are also plans for a new look Consumer Affairs Commission. By June 1, 2013, CAC will be relocated in order to be more accessible to the public, and this move will result in significant cost saving.

▼ *Lorna Green, Chair of the Consumer Affairs Commission, with Hon. G. Anthony Hylton, MP and Hon. Sharon Ffolkes Abrahams, MP at World Consumer Rights Day.*

Mr. Speaker, on another consumer issue, the discrepancy in the Model / Year Motor Vehicles imported into Jamaica, I report the following.

The issue arose in the context of vehicles being imported with incomplete ten digit serial numbers, which made it difficult to determine the model / year for purposes of age verification of the imported vehicle. As a result of the discrepancy the purchasers of affected motor vehicles have been subjected to great inconvenience and financial hardship.



A series of consultations with stakeholders, including Used Car Dealers, has failed to yield a consensus on the way forward. Considering the continuing hardship being experienced by consumers, Government is now considering the following options:

- The Fair Trading Commission and Revenue Protection Division proceeding with cases against specific used car dealers.
- Customs beginning proceedings against several used car dealers, in accordance with Section 210 of the Customs Act (which speaks to false declarations) by utilizing the information from the Revenue Protection Division.
- A Revised Motor Vehicle Policy and Regulations will be taken to Cabinet, allowing the Trade Board to institute new mechanisms to safeguard against further discrepancies.

▼ *Hon. Minister G. Anthony Hylton, MP tours Wisynco Facility in St. Catherine*



## SCRAP METAL TRADE

Mr. Speaker, the successful reopening of the Scrap Metal Trade (SMT) vindicates the MIIC's position that in the context of the global supply chain and trade in essential commodities, the prohibition against the scrap metal trade imposed by the previous administration was unsustainable.

Last year this time Mr. Speaker, there was a raging debate as to whether the trade should remain closed. My Ministry, in light of the known benefits of this trade - employment, foreign exchange earnings and the positive environmental impact- insisted on the industry being re-opened, subject to stringent regulations.

Mr. Speaker, since its reopening the trade has generated significant employment, and foreign exchange earnings along the value chain in areas such as manufacturing, the financial sector, trucking and logistics. It has also benefitted suppliers of goods and services, and last but not least, the small man. Additionally, there has been positive impact on the environment, with no adverse impact on public or private property reported.

To be sure Mr. Speaker, there have been attempts at breaches of the regulation, which have been met with swift and decisive action by the police, customs and the special team at the FCJ. So far, three persons have been arrested and charged by the police. One employee has been terminated and one exporter is faced with imminent suspension of his export license.

Mr. Speaker, we promised the Jamaican people that we would be vigilant and swift in remedying any breach of the stringent regulations governing the trade.

We intend to keep that promise.

## TRADE ENFORCEMENT

Mr. Speaker, the Jamaican economy is being integrated into the global value chain primarily through its trade agreements. These agreements represent a fine balance of benefits and burdens.

However, it has been our experience that the benefits to be derived from these agreements have not been optimized due to several reasons, chief among them, is our uncompetitive cost of production. However, we have also failed to exercise vigilance in monitoring the trading practices of our partners under these agreements. This has contributed, Mr. Speaker, to a structural imbalance in our trade account. This is an unacceptable state of affairs.

The Ministry has responded by establishing an inter-ministerial trade enforcement team as well as a trade exploitation team. The trade enforcement team coordinates our defensive trade interests while the exploitation team coordinates our offensive interests.

Mr. Speaker, the trade enforcement team has been hard at work. A formal report was submitted to my Ministry by a private sector firm last year alleging a scheme to circumvent the rules of origin in the Treaty of Chaguaramas by a major exporter in Trinidad and Tobago.







▲ *Hon. Minister G. Anthony Hylton, meets with Minister the Hon. Vasant Bharath and Minister the Hon. Stephen Cadiz and ... TIC CHairman Anthony Aboud at Trade and Investment (TIC) Conference in Trinidad and Tobago*

◀ *Milton Samuda, Chairman of JAMPRO, in discussion with Trinidad and Tobago Trade Desk Officer Naika Pichi Ayers, Paul Quesnel of the Trinidad and Tobago Manufacturers Association and Minister G. Anthony Hylton MP at Ministry of Industry, Investment and Commerce, in Jamaica*

The alleged scheme Mr. Speaker, involved the exportation of lubrication oils by the state owned oil company, Petrotrin, which holds the dominant share of the Jamaican market for this product. The product has been claiming CARICOM origin status for years without paying the applicable duties under the Customs Act.

The submission by the Jamaican private sector firm alleged that there was misrepresentation with regards to the origin that it was claiming to be a product of Trinidad and Tobago when it was not. Mr. Speaker, following discussions by the inter-ministerial trade enforcement team, Jamaica Customs issued a verification query on the product to Trinidad and Tobago Customs and Excise Division.

Mr. Speaker, the applicable rules require the Trinidad and Tobago government to respond to a verification request within six (6) weeks. It is now over six months and there has been no verification response by the Government of Trinidad and Tobago. The silence is deafening.

The rules under the Treaty allow the Jamaica Customs Department to impose interim charges equivalent to the duties to be applied in the circumstance, and to place such sums into a special escrow account. This escrow arrangement was effected in December 2012. To date the accumulated amount in the account is in excess of J\$184.2M.

Mr. Speaker, the Minister of Industry, Investment and Commerce, being the competent authority for matters pertaining to rules of origin under the Treaty, is empowered to instruct the Jamaican Customs to transfer the sum in the Escrow account to the consolidated fund, and to impose customs duties on the lube oil entering Jamaica from Trinidad and Tobago.

Mr. Speaker, I have so instructed the Jamaica Customs Department to transfer the entire sum into the consolidated fund with immediate effect.

I wish to make it clear, Mr. Speaker, that this is not an affirmative statement that Trinidad and Tobago has been circumventing the rules of origin on this product - but it is a clear, resounding statement of the affirmative action that will be taken by the GOJ to enforce trade rules without fear or favour. Jamaica has asked legitimate questions and these have not been answered. Jamaica therefore has no choice but to exercise its rights under the Treaty in circumstances where verification evidence has not been provided.

Mr. Speaker, the entire affair raises profound and troubling questions. These questions arise in the context of persistent and loud complaints by the Jamaican private sector about suspected breaches of CARICOM trade rules, by entities in Trinidad and Tobago.

Mr. Speaker, we want to commend those members of the private sector for coming forward with their own evidence to support this action.

Among the lessons to be drawn from this affair is the fact that this administration is prepared to act on evidence and in accordance with the rules of the Treaty and that we must work closely with the private sector who has the responsibility to bring specific evidence and issues to the attention of the Government.



▲ *Hon. Minister G. Anthony Hylton, MP in discussions with visiting delegation from Trinidad and Tobago*

Mr. Speaker, a wide range of diplomatic and private sector efforts has been pursued over an extended period of time, in an attempt to amicably resolve the many trade issues which have arisen between Jamaican public and private sector interests and their Trinidad and Tobago counterparts in the present and recent past. And we will continue to cooperate fully and amicably to resolve issues. However, Mr. Speaker, in this matter and in these circumstances swift and decisive action was required!

## ACKNOWLEDGEMENTS

In closing this presentation Mr. Speaker, I want to say thanks to the many person and organizations who contribute to the advancement of the work at the MIIC. I want to specially recognize the Most Honourable Prime Minister who is an exemplary leader, inspiring the important transformational work of our Ministry.

I thank too my Cabinet colleagues, the Minister of State the Hon. Sharon Ffolkes Abrahams MP and the staff of the Ministry under the leadership of the acting Permanent Secretary, Mrs. Beverly Rose-Forbes. I associate with those sentiments the former Permanent Secretary, Mr. Reginald Budhan, who retired at the end of last year after a distinguished career in the Jamaica Civil Service. I also want to thank the Boards and staff of the many important agencies of the Ministry who continue to serve the Jamaican people beyond the call of duty.

And last but not least, Mr. Speaker, my family, personal staff and the people of Western St. Andrew because without them it would be impossible for me to do this work. I thank them all for their love and loyalty.

Mr. Speaker, this afternoon I have painted a picture of not only what Jamaica can be but what we must be to keep faith with a mandate given to this administration on December 29, 2011.

The time has indeed come to transform our beloved country to achieve the mission bequeathed to us by the founding father of the Jamaican Nation, the Right Excellent Norman Washington Manley.

Mr. Speaker, I have spoken about the need to shift from stagnation to growth and development and we will accomplish this through the projects I have announced today.

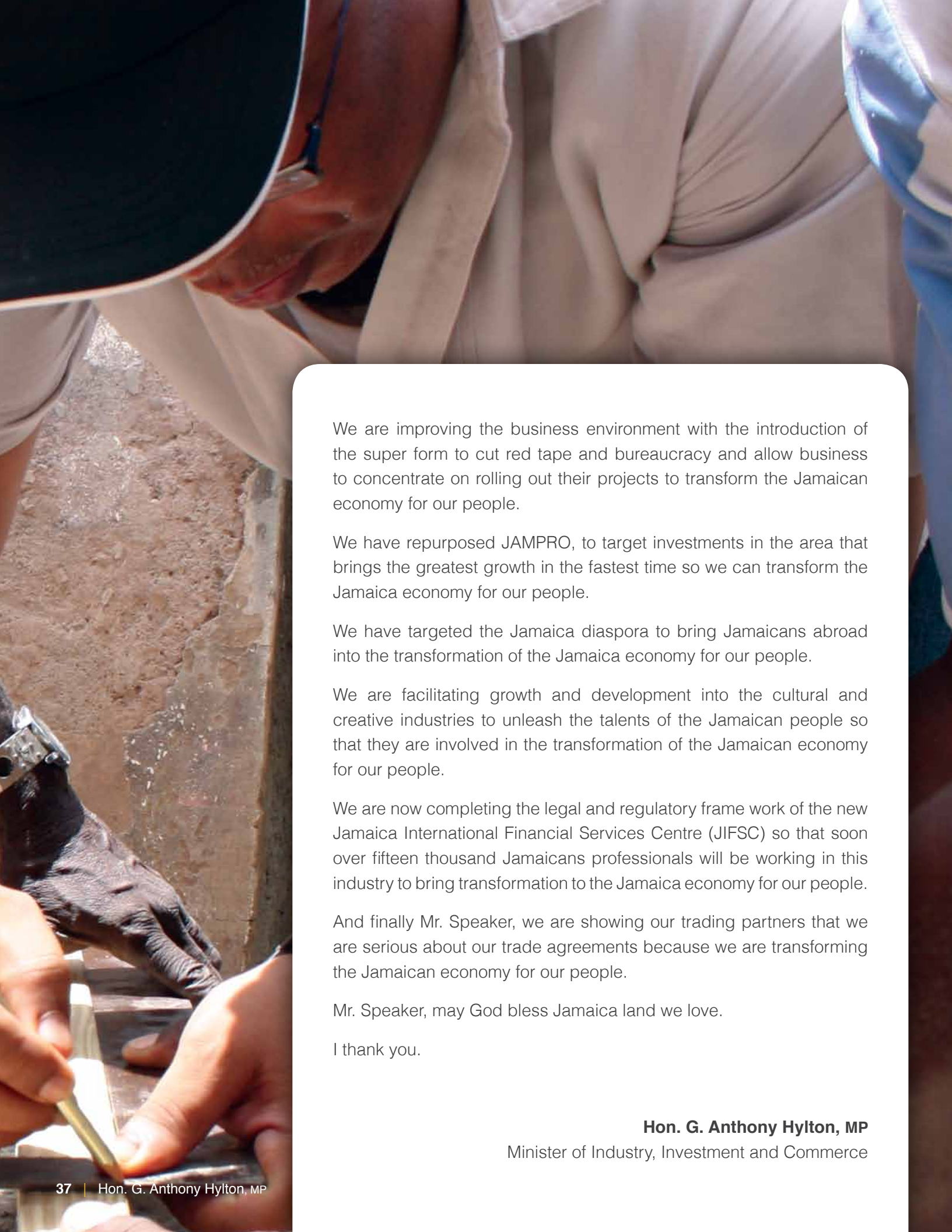
The Logistics Hub, will not only bring in excess of \$US 9 billion and tens of thousands of jobs for our people especially our young people but also transform Jamaica's position in the global economy.

We are integrating into the global value and supply chain Jamaica's productive capacity whether in agriculture, manufacturing, information technology or the creative and cultural industry. This is transformation of the Jamaican economy for our people.

We are modernizing, expanding our industrial infrastructure as a basis for attracting the right investments into the Logistics Hub transforming not only our landscape but the Jamaican economy for all people.

► *Hon. Minister G. Anthony Hylton, MP  
at work in the Constituency*





We are improving the business environment with the introduction of the super form to cut red tape and bureaucracy and allow business to concentrate on rolling out their projects to transform the Jamaican economy for our people.

We have repurposed JAMPRO, to target investments in the area that brings the greatest growth in the fastest time so we can transform the Jamaica economy for our people.

We have targeted the Jamaica diaspora to bring Jamaicans abroad into the transformation of the Jamaica economy for our people.

We are facilitating growth and development into the cultural and creative industries to unleash the talents of the Jamaican people so that they are involved in the transformation of the Jamaican economy for our people.

We are now completing the legal and regulatory frame work of the new Jamaica International Financial Services Centre (JIFSC) so that soon over fifteen thousand Jamaicans professionals will be working in this industry to bring transformation to the Jamaica economy for our people.

And finally Mr. Speaker, we are showing our trading partners that we are serious about our trade agreements because we are transforming the Jamaican economy for our people.

Mr. Speaker, may God bless Jamaica land we love.

I thank you.

**Hon. G. Anthony Hylton, MP**

Minister of Industry, Investment and Commerce

# NOTES



