

**SECTORAL PRESENTATION**  
**By the Hon. Karl Samuda, CD, MP**  
**MINISTER OF INDUSTRY, COMMERCE**  
**AGRICULTURE AND FISHERIES**  
**HOUSES OF PARLIAMENT**  
**TUESDAY, JUNE 7, 2016**

***Theme: Growth through Production***

**SCOPE AND CONTENT OF THE MINISTRY**

Mr. Speaker, let me begin by congratulating the Prime Minister for his extraordinary vision in combining the portfolios of Agriculture and Fisheries and Industry and Commerce. In doing this, this Government has signalled that we intend to move our focus in agriculture from mere primary production to the development of agro-industries as a critical plank of our growth and job creation thrust.

Mr. Speaker, consolidated in this Ministry are the major productive elements of the real economy, spanning agriculture, the distributive trade and manufacturing. Combined, these sectors contribute approximately one-third of the country's GDP and employ 45% of our labour force.

We are conscious that these sectors have even greater potential to contribute more to GDP and to create more employment, if we fully exploit the linkages to tourism and if we move further up the value chain into greater exports, utilizing Jamaica's strong brand recognition.

Mr. Speaker, this is a marriage whose time has come, and I thank the Prime Minister for the enormous confidence he has reposed in me to lead this charge for growth and job creation in these critical areas.

I have the privilege of leading a large, diverse and multidisciplinary team and we are now advanced in effecting the amalgamation of the two former Ministries. I am happy to report that we have taken every care to minimize displacement and in the few cases where staff is unavoidably displaced, we are working assiduously to redeploy them to other Ministries.

### **MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)**

Mr. Speaker, it is now universally acknowledged that micro, small and medium enterprises, whether in the real sector or in services, constitute the major driver of growth in most economies. It is true for the United States and it is certainly true for Jamaica. It is instructive that, based on data from Tax Administration Jamaica, 97.6% of all classified business taxpayers are defined as MSMEs. Furthermore, based on STATIN's labour force statistics, over 413,000 Jamaicans are classified as own-account workers,

that is, self-employed persons. This is not a group of people to be ignored, if we are serious about economic growth and job creation. Given the creative potential of this sector and its propensity for innovation and job creation, the Government has to focus on this sector in a more structured way. In fact, it is noteworthy that since the end of the recession in the mid-2000s MSMEs in the United States accounted for 60% of net new jobs created.

Mr. Speaker, I interpret my mandate as an imperative to mobilize, harness and encourage the potential of MSMEs through policy support; improved access to financing; training; business facilitation and simply to make it easier for these people to do business and create wealth.

Mr. Speaker, when I talk about MSMEs I am talking about a sector that integrates small business people, whether they be farmers, tradespeople, craftsmen, manufacturers or service providers. My mission is to elevate MSMEs to a formal and structured sector in the Jamaican economy and to accord them the dignity they deserve as critical contributors to nation building.

I salute my predecessor for recognizing the potential of this group, and the response of the previous Administration by creating a project unit in the former Ministry of Industry, Investment and Commerce in early 2016.

This was certainly a step in the right direction. We are now moving to properly establish this Unit as a Division in the Ministry of Industry, Commerce, Agriculture and Fisheries. Already, we have engaged an organizational specialist to prepare the necessary submissions for consideration by the Corporate Management Division of the Ministry of Finance and the Public Service, with a view to having the MSME Division established and fully staffed in short order. However, we are not waiting on this; the project unit is already up and running.

### **What does the MSME Office do?**

In one word, Mr. Speaker, the MSME Office is about 'Policy'. It is about policy development, policy coordination, and policy consultations. My Ministry is the focal point in Government to drive cohesive and appropriate policies geared towards addressing the growth and strengthening of the MSME sector. In accepting this mandate, the following policy initiatives are being championed:

- Improving access to financing for the productive micro sector by working closely with the Finance Ministry, Development Bank of Jamaica and private sector financial institutions, including banks, credit unions and micro financing institutions.
- Improving the business environment to increase the ease with which MSMEs can do business. This includes

business names and company registration, paying taxes and so on.

- Fostering a culture of entrepreneurship and innovation to unlock the creative potential of the Jamaican people
- Ensuring that there is a network of qualified providers across the island offering business development services, counselling, training and capacity building.

Mr. Speaker, this is more than talk; let me walk you through some of the specific activities that will happen this fiscal year:

- Over the next three months, we will undertake a **limited review of the 2013 MSME & Entrepreneurship Policy** in order to update the policy. An important feature of the review will be to reconcile the varying definitions of MSMEs to ensure a standard definition. This initiative will improve the reporting of financial statistics for the MSME sector and will lay the foundation for the development of more tailored financial products. Simply put, this sector is too important for us not to be able to properly characterize it, and we can never hope to plan for the sector in the absence of a clear definition of and information and data on this critical sector. This is part and parcel of my Ministry's resolve to establish national Key Performance Indicators (KPIs) for the MSME sector to ensure consistent data reporting, measurement and monitoring.

- **Procurement Offset Regulations** – a working group with the Finance Ministry has already been formed. We have now agreed to expand the working group to include the private sector and we have targeted July 2016 for policy recommendations to be submitted.
- An initiative is now under way to **expand the outreach of business development services across Jamaica**, working in partnerships with parish based institutions and through web based services.
- **A National Catalogue of MSME Initiatives** has already been prepared by the MSME Office; it is now going through a final review. The catalogue will be available on the Ministry's website by the end of June and it will be continually updated. The goal is to offer a 'one stop information shop' for the people of Jamaica on what is being provided to the sector across the island.
- **Microcredit Act** – This is being piloted by the Finance Ministry but is of critical importance to my Ministry. It is expected to be passed during 2016/17 to bring the micro financing sector under an appropriate regulatory framework.
- **National Mentorship Programme** - to harness and channel the expertise of our own talented businessmen and women –

here and abroad. Already, several business leaders have expressed to me - a willingness, no, an eagerness, to mentor small businesses and young entrepreneurs. Mr. Speaker, this programme is my personal passion, my own signature initiative, having seen, first-hand, its tremendous success in Canada.

While the Ministry's Division will focus on policy, the Jamaica Business Development Corporation (JBDC) will continue, and even intensify, its efforts to provide facilitation services and training to the MSME sector. In this regard, and within the context of this new marriage, the JBDC will engage the farming community in a more fulsome way. For instance, we will allocate space in our agro-parks for small entrepreneurs, including farmers, to engage in processing and other valued-added activities. At the same time, having arrested the significant financial losses at the Self Start Fund, the Ministry will now move forward with the amalgamation of the Self Start Fund and the Micro Investment Development Agency (MIDA) as a critical window for providing funding to this sector.

Mr. Speaker, we recognize that Government does not have a monopoly in providing services to the MSME sector, but we must provide a catalytic role. We note that in 2015 87% of

disbursement of wholesale loans to the MSME sector was provided by the Development Bank of Jamaica (DBJ).

We are therefore appealing to the commercial banking sector to partner with us in providing funding to this sector, and the Government will explore every policy option to effect an increase in the role of commercial banks and credit unions in financing the MSMEs. In fact, our entire policy thrust is predicated on building partnerships – *Partnerships for Prosperity*. That is why, the Ministry is working with the Vision 2030 Secretariat in the Planning Institute of Jamaica (PIOJ) to launch, very shortly, a Thematic Working Group, to be chaired by the Permanent Secretary, that will pull together all the critical partners to, not only identify the binding constraints to the growth and development of this sector, but, more importantly, to devise solutions.

## **IMPORTATION INTO THE FREE ZONE**

Mr Speaker, based on certain recent events in relation to the importation of motor vehicles into the free zone and the release of those vehicles into the domestic market, I am constrained to remind this Honourable House of the reasons free zones were established in the first place.

Mr Speaker, the customs department of any country has the critical responsibility of ensuring that all goods entering a particular country, whether by air or by sea, do so in a particular



manner and subject to scrutiny and to duties before such goods are released into the domestic market for their intended use.

The movement of goods into free zones is an exception to this general principle. Free zones are established, essentially, to foster the development of production for export.

I have noted the practice, in recent times, of entities bringing motor vehicles into the free zone without first applying for a licence to import these vehicles as prescribed under the Trade Act. The said importers then apply to the Ministry of Industry and Commerce, when the vehicles are already domiciled in the free zone, for licence and approval to release these said vehicles into the domestic market.

Mr Speaker, I repeat, free zones were not created to facilitate importation of motor vehicles and their subsequent release into the domestic market. Therefore, people who wish to import motor vehicles must not bring them into the free zone and then rely upon this Minister of Industry and Commerce to issue import licences or approval for their release into the domestic market.

Not only is this practice contrary to the spirit of the concept of free zones, but it also frustrates the intent of the Trade Act and gives an unfair advantage to those who engage in this practice vis à vis traditional dealers who import motor vehicles in the normal way in accordance with the Trade Act.

Mr Speaker, this Ministry exists to facilitate production and exports, and not wanton importation that enriches only a few. In this regard, we will be doing our utmost – and the entire Ministry is mobilized in this regard – to make it easier for people to do business. For example, we have now given a commitment that manufacturers who apply for duty concessions will have a turnaround, maximum of 15 days, for the processing of these applications.

## **SUGAR**

Mr. Speaker, the very first challenge I faced on assuming office was the widespread problems in the sugar industry, precipitated by low export prices in the European Union and two (2) years of drought, and manifested in a number of the private players facing financial challenges, which threatened the closure of their factories.

Mr. Speaker, I dare say that the current problems in the sector are merely the manifestation of deep-seated structural problems that the industry has failed to address for decades.

The structural problems relate to the failure to fully exploit the versatility of the sugar cane to produce multiple products; to diversify our markets; and to invest sufficiently in field operations to attain levels of productivity and efficiency that would make the industry competitive. It is as simple as that. Divestment was necessary, but certainly not sufficient.

Mr. Speaker, it was imperative that we took immediate action to stabilize the industry immediately, even whilst we focus on the more long-term restructuring requirements.

When I announced, in this Honourable House, that the Government would be temporarily assuming operations of the Long Pond Factory, and that we are considering the request of Pan Caribbean to operate Monymusk for one (1) year, many thought I had taken leave of my senses.

I have since made it abundantly clear, and I am repeating here for emphasis, that the Government is not returning to the sector as a major player in the operations. However, a responsible Government must act to save jobs and sections of the industry, on a temporary basis, particularly when it can so do without making a financial contribution.

Mr. Speaker, I am reporting to this Honourable House today, that using approximately \$180M that the previous Government allocated for transportation support, we have successfully effected, in record time, repairs to the Long Pond Factory, and commenced operations there some three (3) weeks ago.

Mr. Speaker, by so doing, we are rescuing over 70,000 tonnes of cane, which represents the livelihood of over 230 farmers, while preserving 130 jobs in the factory, and this without adding one extra cent to that which was previously allocated. So far, the factory has milled some 4,550 tonnes of cane to produce 327

tonnes of sugar. Let me repeat: the Government is only in this thing for this crop. In parallel, we are working intensely with the owners of Long Pond to find new investors to invest in other revenue streams complementary to sugar, such as co-generation, ethanol, and the production of other biomass for energy.

Mr. Speaker, since Pan Caribbean announced its intention not to reopen the Monymusk Factory, for the 2016/17 Crop Year, the Government has engaged the principals of Pan Caribbean and agreed to the following:-

1. Sugar Company of Jamaica (SCJ) Holdings Ltd., on behalf of the Government, will manage some 2,800 hectares of cane, from now to the end of the 2016 Crop Year. SCJ Holdings, in turn, has invited cane farmers to lease lands on a one-year basis in 18 blocks. Applicants have already been shortlisted and arrangements have been made with input suppliers to extend credit to these farmers on a crop lien basis.
2. The irrigation system that services the aforementioned 2,800 hectares will be operated by the National Irrigation Commission (NIC) for the one-year period.
3. SCJ Holdings Ltd is to operate the Monymusk Factory, free of rental, for the 2016/17 Crop in order to mill the over 150,000 tonnes of cane expected to be reaped.

Mr. Speaker, on the basis of this agreement which was, yesterday, approved by the Cabinet, SCJHoldings will operate the Monymusk Factory for the 2016-2017 crop year. Suffice it to say that the Government's sole interest and motivation is the preservation of jobs and the livelihood of independent farmers, as well as the local economy of Southern Clarendon.

Our intervention is a holding position while Pan Caribbean engages new investors in their field operations and other streams of revenue from the sugar cane, with a view to resume operations in the 2017/18 Crop Year.

Mr. Speaker, the reality is that, as struggling as the sugar industry is, we have not yet, nor will we in the near future find any economic activity, of the scale of the sugar industry to sustain life in the Southern Clarendon belt. And, Mr. Speaker, this is not a social adventure; the sugar industry can be viable and profitable, if we properly organize it.

### **WHAT THEN IS THE FUTURE OF SUGAR?**

Mr Speaker, I know that many in the society have written off the sugar industry as an abject failure and every so often we hear the cries to close it down. Very few proposals have emerged, however, as to what to replace sugar with.

Which other economic activity can pump over \$80 million into the local economy every fortnight?

Lest we forget, the impact and contribution of the sugar industry, let us consider what has happened in the current case of Appleton: over 4,000 families are affected and some 70,000 tonnes of independent farmers' cane, valued at some \$245M are at stake. And, this is not to mention the precipitous fall in school attendance already being witnessed.

Mr. Speaker, without a doubt, we have to once and for all abandon the practice of sending bulk raw sugar into the hull of a ship to be refined in Europe, whilst right here in CARICOM there is a captive market for over 300,000 tonnes of sugar for direct consumption and as raw material for manufacturing.

We also have an E-10 mandate and, the existence of a number of distilleries proximate to the sugar factories makes the manufacturing of ethanol feasible. Additionally, bagasse can be used for cogeneration. Already Pan Caribbean has invested in two (2) brand new cogeneration plants at Monymusk and Frome, and, thanks to the intervention of this Ministry, has finalized Power Purchase Agreements with the Jamaica Public Service Company for the Frome facility.

This can be replicated across the industry, and the Government will do everything, from the perspective of policy, to make this happen.

The above mix of products provides a credible basis for a viable sugar industry, but it requires investment from the private sector

and a policy environment to make it happen. In this regard, I have signalled to CARICOM, through the last Council for Trade and Economic Development (COTED) Meeting in April, that Jamaica is coming for the CARICOM market in relation to packaged sugar, refined sugar, plantation white and liquid sugar. The safeguards and protection afforded by the Common External Tariff (CET) will be vigorously invoked by the GOJ, once our sugar manufacturers rise to the challenge. In our own domestic market in Jamaica, we are painfully aware of the destabilizing impact on the sale of locally produced sugar caused by the diversion into the retail trade of duty-free sugar ostensibly imported for manufacturing. In this regard, I have issued instructions to the Bureau of Standards to immediately promulgate mandatory packaging and labelling standards for all sugar in the retail trade. This will allow for greater monitoring; arrest revenue losses; enhance food safety; and create a new industry for packaged sugar.

Mr. Speaker, the product mix to which I refer, presupposes a production base of some 3.5M tonnes of sugar cane. We are now at 1.4M. Think of the impact in terms of employment and wealth creation as we pursue increased production. However, for the industry to be sustainable and in order to achieve this 3.5M tonnes of cane, the farmers must also get their fair share of the proceeds from higher value products. In this regard, as Minister, I am going to ensure that the Sugar Industry Authority radically

restructures the existing cane payment formula to make provisions for farmers to earn a portion of the returns of higher valued products such as energy and further processed sugar. Mr Speaker, if the industry is going to survive, then every stakeholder must share in the diverse revenue streams.

The Golden Grove Sugar Factory, owned by the Seprod Group, has given me great hope for the sugar industry. This Company has been proceeding on exactly the same path I have outlined here today, by securing its own marketing agency status from the Sugar Industry Authority (SIA), and investing some \$32M in a bagging plant facility.

This entity has been exporting packaged sugar to Barbados, the Cayman Island, Trinidad and Tobago and Puerto Rico, fetching higher prices than obtained from those earned from exporting raw sugar to Europe. Significantly, this Company is exploring the potential of setting up a liquid sugar facility in Jamaica to satisfy the needs of the manufacturing sector, and thus replacing a significant portion of imported refined sugar. This, and any company in the sugar industry that is moving in this direction, has the unqualified and unequivocal support of this Government in relation to safeguarding the protection inherent in our CARICOM arrangements through the CET.

Mr Speaker, in the meantime, we are pressing ahead with the overall Sugar Transformation Programme under which, this year,



we will spend \$2.3B on critical social and economic infrastructure to support the industry and sugar-dependent communities. This includes the rehabilitation of cane roads, repair of schools, clinics, community centres and sporting facilities. It also includes training and capacity building programmes, especially for young people and, in short order, we will deliver some 313 houses in order to resettle former sugar workers living in the old barracks.

In order to ease the pressure on the farmers who have borrowed from the Sugar Expansion Fund, and in light of the devastating drought of last year and the low sugar prices of this year, we have extended the loan repayment period for three (3) years.

## **RENEWED FOCUS ON LIVESTOCK**

Mr. Speaker, it is my intention to steer the Ministry into placing renewed focus on some critical components of the livestock subsector. Mr Speaker, this makes eminent sense.

An examination of our food import bill shows that fish and fish products, grains for animal feed, and the import of meat and dairy products constitute nearly 50% of the bill.

We have to change that. And, we can do so through the development of pastures and by increasing the output of the livestock sector.

Mr. Speaker, the livestock sector has been disproportionately affected by a misguided import policy in the past. I speak

specifically to the liberalization of milk imports in the 1990s that nearly decimated the dairy industry, with production moving from 39M litres of milk and 14,000 breeding animals to current production of some 12M litres, 7,000 breeding animals and with an attrition of nearly 500 farmers from the sector. What is remarkable, Mr. Speaker, is that cheap milk is no longer available with the removal of subsidies in Europe. With a daily per capita consumption of 105 millilitres, Jamaica is currently only achieving a half of the World Health Organization (WHO) recommended daily minimum requirement.

Mr. Speaker, in the interest of food security, job creation and rural development, we must restore the dairy sector. Government can, however, only provide the policy and regulatory environment; this must be matched with private investment, in the spirit of true partnership.

Mr. Speaker, I am again constrained to speak to the hope that private investments by the Seprod Group has given. Seprod's goal is to be the regional supplier of 65% of CARICOM's milk demand by 2025, with an initial target to reach 20M litres of milk by 2018.

This company has made significant investments in increasing its processing capacity at its Serge Island Factory and through its strategic takeover of Nestlé. The Government stands ready to partner with Serge Island to provide farmers with lands and

technical support, in order to engage in dairy production, with machinery and heifers being supplied by Serge Island, as well as a guaranteed market.

This company will build a model similar to the model in the poultry industry. Given their huge investments and their commitment to expand production through small farmers, this Government will provide the policy framework required to sustain this model. In this regard, we will have to closely examine the importation of milk powder to ensure that there is a balance between satisfying immediate demand for milk and building capacity for increased production.

Additionally, so-called soya and almond milk, not now classified as milk, are not only escaping the cess on all milk as allowed for in the Jamaica Dairy Development Board Act, but are a significant non- milk alternative, that is taking away milk volumes. This has to be examined.

Mr. Speaker, we invite other private sector players to adopt the same approach to beef cattle rearing, as Seprod is doing today. The Government from its Dairy Development Fund is willing to partner with the farmers and any private entity that is willing to take this approach, in the specific area of pasture development, fodder production and extension support and research.

Mr. Speaker, public-private partnership, policy support and judicious management of our trade policy have put Jamaica in a

position to be self-sufficient in pork, eggs, and broiler meat. We will use this approach to support beef, dairy and the small ruminants subsectors. The Government will continue to manage its trade policy to safeguard and consolidate the gains we have made in our pork, and poultry subsectors.

Mr. Speaker, for the last 4 to 5 years we have not imported pork legs for making hams, and last year, Jamaica recorded the highest level of poultry production at 112M kgs. We will not allow unbridled and reckless importation of chicken back and necks and other substitutes to undermine this achievement.

## **FISHERIES**

Mr. Speaker, in relation to the fishing industry, let me state up front that this Government is committed to bring the Fisheries Bill to this Parliament this year. The scenario of a single individual being the Licensing Authority is not tenable.

The new Fisheries Bill will bring on board a proper Licensing Authority with all the provisions and safeguards for transparency. Jamaica must now move aggressively to exploit a whole range of pelagic resources in our water and move up the value chain from being mere exporters of raw products to higher-value products. This will require investment and innovation. It is therefore unacceptable that we continue to have an allocation mechanism for conch quota and for participating in the lobster industry that is heavily skewed towards history rather than investment. I have

given notice to the industry that this Minister is going to change that. At the same time, we must provide the necessary support to the further development of the aquaculture subsector.

We are therefore determined to support a new irrigation system for the Hill Run area to facilitate an expansion of aquaculture to be funded by the Inter-American Development Bank (IDB).

Mr. Speaker, if we are talking about exports and food security, it is the livestock and fisheries sector that offer the greatest potential for expansion.

## **CROPS**

Mr. Speaker, this Government intends to build on the self-sufficiency programme undertaken in the Ministry over the last six years in respect to satisfying total domestic consumption of select crops, including Irish potatoes and onions. In respect to Irish potatoes we achieved approximately 90% self-sufficiency last year. This was impacted by the drought, and with good weather we would have easily achieved the 100% target.

The Onion Development Programme started in 2013 when we were satisfying a mere 7% through local production. At the end of 2015, we have moved this up to 12.6% through a 68% increase in onion production in 2015 over 2014, despite the drought. We are well on our way to achieve the 20% target for 2016, and 40% in the medium term.

Mr. Speaker, we are also excited about the Import Substitution Programme in respect to substituting cassava in place of barley in the Red Stripe beer formulation.

So far, the Government has provided 286 acres of land to Red Stripe from which they have produced cassava to effect a 5% substitution of cassava in their local brew. Their stated intent is to ramp that up by 10% by the end of 2016. In this regard, the Government will be providing another 250 acres to Red Stripe.

Simultaneously, we will be mobilizing our farmers in the agro-parks to produce cassava for Red Stripe in order to assist that company to achieve its overall target of 2,500 acres.

Mr. Speaker, it is opportunities like these that we need to embrace when we talk about creating agro-industries.

We have similarly worked with Jamaica Producers and other farmers for the production of Beauregard sweet potato and MD2 pineapples. These are varieties that we have imported from North Carolina and Costa Rica, respectively, which conform to greater acceptance and demand standards in the international marketplace for both fresh usage and processing.

By building out the capacity at our Bodles Research Station for producing the planting material, we stand ready to partner with the private sector to expand Beauregard production for processing into chips and export into the UK market. We are

encouraged by the initial production of 408 tonnes of Beauregard sweet potatoes from 25 hectares, with JP achieving yields of as high as 41.5 tonnes per hectare, significantly above what obtains in the USA.

Mr. Speaker, in relation to the commodities, thanks to the privatization of Mavis Bank and Wallenford Coffee companies we have seen new investments in the coffee industry, translating into a significant increase in coffee production of approximately 26.8% in 2015. Coffee farmers have seen record prices per box and the Government will shortly implement a cess on imported coffee, to be in line with the existing cess on local coffee. The proceeds from this cess are to be used to support the expansion of coffee production through infrastructure, disease control and other public goods.

Mr. Speaker, it is our hope and expectation that the divestment of Government's cocoa assets and the deregulation of cocoa exports that will come on board under the proposed Jamaica Agricultural Commodities Authority (JACRA) Act will similarly stimulate an increase in cocoa production. I am happy to report that I have the pleasure and privilege to lay on the table of this Honourable House, today, the JACRA Bill.

Mr. Speaker, the greatest threat to sustained growth in crop production in Jamaica is the absence of adequate irrigation and the overreliance on rainfall.

The reality of climate change dictates that we have to increase irrigation coverage to mitigate this. In this regard, I am delighted to confirm that the Government, working with the Caribbean Development Bank (CDB), is moving full speed ahead with the Essex Valley Irrigation System in south St. Elizabeth, which will see an additional 718 hectares of land being irrigated within a 1000 hectare project to benefit 700 farmers.

Additionally, the CDB has proposed, and we have agreed, that we should not only address the irrigation needs of Essex Valley, but also the other critical infrastructure to make it a full-fledged agro-park.

I am confirming, further, that we are moving with alacrity with the planned expansion of the Hounslow Irrigation System to create a new agro-park in that area, and a new agro-park is also to be established in Spring Gardens, Portland, this year. These two agro-parks are being funded by the IDB under the Agricultural Competitiveness Programme.

On a more wide-scale basis, we will be installing, through our Climate Change Adaptation Programme, 12 water harvesting systems at a cost of approximately \$41M in the parishes of St. Thomas, St. Mary, St. Ann, Trelawny, Manchester and Clarendon.



## **MANUFACTURING**

Mr. Speaker, the manufacturing sector contributes approximately 8.5% of the GDP. Our objective is to increase GDP growth in the manufacturing sector by strengthening its linkage with agriculture and tourism.

In this context, the agricultural sector must provide the raw material for processing in the manufacturing sector in order to create higher-value products for local consumption and exports. That is why the use of cassava in Red Stripe beer is important and strategic to us; similarly, the new initiatives in milk production are also critical. One of the glaring opportunities is the production of French fries from locally grown Irish potato, as well as, chips from our newly introduced Beauregard sweet potato.

Liquid sugar for the manufacturing sector to produce juices and beverages are also critical. The manufacturing sector must also satisfy demands for products in the tourism sector, such as furniture, spa and beauty products. We are therefore delighted that there is a structured linkages programme in place between this Ministry and the Ministry of Tourism.

Mr. Speaker, these possibilities are real and can only be accomplished as the manufacturing sector addresses the issue of competitiveness through continuous training, retooling, innovation and application of technology.

Mr. Speaker, Government's role is to provide the enabling environment to make this happen. Even when we would have done our utmost, one of the factors that significantly militates against our efforts to increase our competitiveness in manufacturing is the cost of energy. Increasing Jamaica's competitiveness is inextricably linked with the imperative of sourcing cheaper energy.

Over the last five (5) years Jamaica has imported US\$2.4B worth of fuel from Trinidad and Tobago at a significant premium, while at the same time Trinidadian manufacturers have also benefitted from a domestic fuel subsidy, which gives them an unfair competitive advantage.

Mr. Speaker, our manufacturers are no less smart, nor less innovative than those in Trinidad. Indeed, our manufacturers have demonstrated their ability to produce at world-class levels and it is only fair that they should have improved market access for their goods.

Mr. Speaker, I am not in the business of calling for a boycott of Trinidad's products. What I am advocating, however, is a level playing field so that our manufacturers can compete on an equal footing with their Trinidadian counterparts.

It is for this reason that I engaged my counterpart Minister of Trade and Industry in Trinidad and Tobago, in the margins of the recently concluded 42<sup>nd</sup> Meeting of the COTED, to discuss matters

relating to the supply and cost of energy to Jamaica. In that meeting, I emphatically declared our intention to renegotiate the cost of supplying energy to Jamaica. The manufacturing sector will also be pleased to know that the subsidy on fuel in Trinidad and Tobago has been removed from a range of products. This, Mr. Speaker, will certainly enhance the competitiveness of the Jamaican manufacturing sector.

Mr. Speaker, it is only as we increase our competitiveness in manufacturing that we will be able to increase exports and rebalance the terms of trade and make import substitution a viable pursuit.

Mr. Speaker, it is notable that Jamaica has continuously maintained a merchandise trade deficit with its international trading partners. This has cost the country US\$21.9B in the last five years, which has largely been financed by external debt, placing a significant strain on the country's finances.

Over that same period, Jamaica also recorded a staggering trade deficit with CARICOM, importing just over 12 times the amount it has exported to the region since 2011.

Of the total US\$4.1B imported from the region over that period, Jamaica in return only managed to export US\$339.7M worth of goods, resulting in a total merchandise trade deficit of US\$3.7B, with Trinidad and Tobago accounting for approximately 88% of that amount.

Mr. Speaker our imperative is export or perish!

This Government will do everything in its power to ensure that our manufacturers and producers are treated fairly and equitably within our regional and international markets. That is why we will rigorously resist any attempts by our CARICOM partners to place barriers in the path of our exports.

Therefore, I have given notice to COTED that we are coming with our sugar and that our patties must enter Belize, and I am prepared to do this, as long as our producers can produce competitively. I will stand as a vanguard to ensure that they have access to the markets.

## **Conclusion**

Mr Speaker, this Government is about economic growth and job creation. This growth has to be driven by production. Yes, we can achieve ***growth through production***.

I have laid out in this presentation, today, the critical strategies that the Government will adopt to encourage, foster and catalyse ***growth through production***.

Mr. Speaker, let me summarize:

1. We will be driving ***growth through production*** by creating an MSME office to focus on policies to unlock all the binding constraints to MSME expansion and development.

2. We will be driving ***growth through production*** by making it easier for people to do business.
3. We will be driving ***growth through production*** by providing quick turnaround in the provision of Government services.
4. We will be driving ***growth through production*** by temporarily operating the Long Pond and Monymusk Sugar factories to ensure continuity of production, even whilst we create the policy and regulatory framework for the full transformation of the industry.
5. We will be driving ***growth through production*** by providing a supportive policy environment and an import regime that will allow us to consolidate the gains made in the poultry, pork, egg and Irish potato industries and ensure continued self-sufficiency.
6. We are driving ***growth through production*** by restructuring the fisheries industry to allow for greater investment along the entire value chain lobster, conch and pelagic resources.

7. We are driving ***growth through production*** by encouraging new industries such as cassava for beer , Beauregard sweet potato for export and expansion of pineapple production.
8. We are driving ***growth through production*** by enacting the JACRA Bill which will take Government out of the commercial aspects of commodities and allow for a greater level of private sector enterprise.
9. We are driving ***growth through production*** by implementing critical irrigation schemes and new agro-parks in order to ramp up production.
10. We are driving ***growth through production*** by engaging our partners in Trinidad and Tobago to level the playing field in terms of lowering their prices for fuel for production.