



**Ministry of Industry,
Investment & Commerce**

**SECTORAL DEBATE
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**Advancing the
Logistics-Centred
Economy for
Sustainable Growth**

*Building on the solid foundation for
inclusive economic transformation*

The Hon. G. Anthony Hylton, MP

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The Context

It is the settled consensus of the Portia Simpson Miller-led Administration, its international partners and the Jamaican population at large, that economic growth is indispensable to achieve long-term sustainable fiscal balances and macro-economic stability.

The foundation of Jamaica's economic growth strategy is sustained growth of investments. Investment is what fuels industry, commerce and job creation.

Jamaica's ability to build and sustain its competitiveness is perhaps the single most important hurdle that we now must overcome in order to successfully implement the Economic Growth Agenda of this administration.

SECTORAL PRESENTATION

Mr. Speaker, a good leader is a good listener. The people speak and you listen. You listen, you reflect and you respond. Sometimes that reflection requires a change but that is par for the course, adaptability is a law of life.

After the Public Accounts Committee (PAC) meeting and the ensuing media reports about my Ministry, I listened carefully. I heard the innuendos of detractors as they craftily sought to sow seeds of doubt in our ability to deliver the Logistics Hub. I heard the confusion of some people, as they struggled to distinguish fact from fiction.

Mr. Speaker, the nay-sayers can no longer cast doubt on our vision. There is much evidence that the promotion of this vision has served as a call to action for the investor and business communities, as well as the many hopeful students at our secondary and tertiary institutions, including the Caribbean Maritime Institute. My task here today is, therefore, to focus on what we have done and how much more we must do to deliver a logistics-centred economy.

Our vision has been validated over and over again by our international development partners. Our vision has been validated by the cold cash of private investors, as well as by the various international performance indices. However, there are those who attempt to undermine the burgeoning confidence and hope that are becoming increasingly manifest across Jamaica and in the Diaspora, but we are clear.

Having listened for the last few weeks, and upon reflection, I abandoned my original text and decided to answer the audible question being posed by the population at large, namely, what will it take to deliver the Logistics Hub?

For the next 45 minutes, Mr. Speaker, I crave your indulgence and that of my colleagues. It is time to explain to the people of Jamaica exactly what it takes to deliver the logistics-centred economy.

We have faced challenges as a Ministry but we are correcting the structural weaknesses, which I found when I became Minister, and we have been able to achieve signal successes in three short years.

This presentation will demonstrate in the clearest terms, why our vision for Jamaica is already well on its way to becoming a reality.

Mr. Speaker, when I assumed Office in 2012, our administration had a clear vision for Jamaica and it was well documented in the Progressive Agenda and its Manifesto. As a political party, we had completed deep policy reviews and analyses and as a result our leader knew she could instruct us to get working, working, working immediately – we knew what had to be done in our various portfolios.

Mr. Speaker, even the best laid plans do not always survive the first engagement. Only a few weeks into the portfolio, it was evident that I had inherited a Ministry with some deficiencies. It was a fledgling Ministry with several structural problems. In this respect, we as politicians, on both sides of this Honourable House, must accept responsibility.

Since independence, the Industry and Commerce portfolios have been shifted no fewer than 17 times, with some of the portfolio adjustments lasting less than 6 months. Industry, Investment and Commerce have been itinerant portfolios, with some staff members not even bothering to unpack their moving boxes as they were never quite sure how long a portfolio shift would last.

Under the previous administration, the current spokesman on the subject area, pulled together the disparate pieces of the Ministry and placed them under one roof. This was the real estate component of establishing a Ministry, but it was only the beginning.

Mr. Speaker, when I took charge of the portfolio there were still critical staffing gaps. The units within the Ministry, although physically together, were not integrated and properly aligned. This was not a foundation on which to build a logistics-centred economy.

Mr. Speaker, when my Permanent Secretary and his team spoke at the PAC, they were being brutally honest. They could not lie and say that the Ministry did not have weaknesses. I could not stand here and say that the Ministry is without challenges – in fact, no Minister could do so - it would not reflect the current realities. It is already well established that the public sector requires and is undergoing transformation.

In fact, Mr. Speaker, they offered to attend the PAC before the schedules had been settled. Even before the Auditor General's Department conducted its limited audit,

the PS and his team were keen to share the process of self-assessment taking place within the Ministry and the several initiatives that were underway.

Mr. Speaker, my Ministry developed a number of short-term operational responses to address some of the immediate needs. We also embarked on critical strategic initiatives to strengthen the Ministry's institutional capacity.

These included:

1. Engaging a Global Strategist in 2012 and 2013, to conduct seminars on global competitiveness and the need for the Ministry to respond to global imperatives;
2. Creating the post of Chief Technical Director (CTD) to strengthen the Ministry's organizational capacity in 2014;
3. Establishing the Logistics Hub Secretariat in September 2012 to drive the Logistics Hub Initiative;
4. Activating the Technical Working Group (TWG) in the Ministry to strengthen the planning process and to develop the Three-Year Strategic Business Plan and One-Year Operational Plan.

Mr. Speaker, we have gone about strengthening the institutional capacity of the Ministry in a very clinical way. We called in the Public Sector Transformation Unit of the Cabinet Office to lead a strategic review and modernization effort to transform the Ministry and its agencies.

In addition, we have drawn on the vast technical knowledge of the private sector and academia to collaborate with us on critical areas of policy development.

Underpinning the process of institutional strengthening, Mr. Speaker, we have embraced ISO management systems and practices to improve business processes and quality of service delivery.

Mr. Speaker, at the end of the process we will realise the creation of a new organisational structure within the Ministry, with new key performance indicators (KPIs) and delivery mechanisms, improved response times and performance enhancements.

Mr. Speaker, Professor Peter F. Drucker – the founder of modern management strategy - is known for saying “... it is change that always provides the opportunity for the new and different. Systematic innovation, therefore, consists in the purposeful and organized search for changes, and in the systematic analysis of the opportunities such changes might offer for economic or social innovation.” –
Mr. Speaker, our policies and programmes at the Ministry represent change.

The changes that we are undertaking are geared towards ensuring that our Ministry and its agencies meet the demands of the logistics-centred economy!

Having listened to the comments and observations, here are the direct responses to the question; can we achieve the logistics- centred economy? **Yes we can!! We must!!**

Mr. Speaker, properly understood the Global Logistics Hub Initiative is a multi-Ministry, multi-agency collaboration in a joined up governance approach.

The Kingston Container Terminal (KCT) is a gateway project, and the signing of the concession agreement last week by the Ministry of Transport, Works and Housing (MTWH), is an important step towards the implementation of a **key pillar** in the Logistics Hub Initiative.

For example, Mr. Speaker, a privatised and modernised KCT will require the development of the Special Economic Zones to ensure a successful transformation from a transshipment port to become a pillar of the Logistics Hub.

The logistics-centred economy will be developed on the framework of the Logistics Hub Initiative to include strategic investments, an improved business environment, workforce training, further development of the maritime, aviation and ICT infrastructure, a new Outsourcing Strategy, the development of the International Financial Services Centre and linkages to the MSME sector, among others.

Mr. Speaker, there is a clearly defined leadership role for my Ministry in advancing the logistics-centred economy. But, ultimately, Mr. Speaker, the whole of Government is required to deliver the logistics-centred economy.

In discharging our leadership role, the Ministry has sought to leverage the talent available in the wider public sector, the private sector and academia by setting up

a multi-agency Logistics Hub Task Force. This Logistics Hub Task Force is divided into Working Groups, focusing on areas such as:

- Master planning
- Legislative reform
- Trade facilitation
- Business climate reforms
- Knowledge management and skills development
- Infrastructure development
- SEZ transitioning
- MSME development
- Investment facilitation
- ICT development, and
- Fostering innovation.

The Logistics Hub Task Force created an integrated framework for logistics-related infrastructure projects including ports, potential locations for industrial parks/ special economic zones, airports and a role for a rehabilitated and expanded railroad in the thrust to establish Jamaica as a global Logistics Hub in the Western Hemisphere.

The joined up collaboration of the task force also identified key legislative amendments, regulatory changes, ICT infrastructure requirements, as well as educational and training needs, while building awareness locally and globally.

Mr. Speaker, we are not stopping here!

I am happy to report that the World Bank has agreed to provide grant funding for the establishment of a Transformation Office in my Ministry, to support the work of developing the Logistics Hub. The Transformation Office will augment the Logistics Hub Secretariat and Task Force with the introduction of a high-level team of consultants with the required specialized skills.

Mr. Speaker, I am confident that these facts illustrate my Ministry's vision and capacity to implement those aspects of the Global Logistics Hub Initiative for which it is responsible.

WHAT ELSE HAVE WE ACHIEVED?

Mr. Speaker, last year, I promised to roll out the Mobile Business Clinic Initiative. Promise made, promise kept. The Mobile Business Clinic is very much up and running; and is rolling across Jamaica. Our last stop was in Mandeville and our next stop will be in Santa Cruz. Mr. Speaker, we will be visiting every parish.

So far, we have visited 4 parishes and interfaced with over 1,000 entrepreneurs. We are actively motivating our talented people to join the ranks of entrepreneurs and for those already in business to strengthen their businesses, Mr. Speaker, through the delivery of a suite of services provided by key institutions of Government in a one-stop-shop format.

I also promised that the Small Business Development Centre (SBDC) model would be launched. Promise made, promise kept, with the launch of the SBDC pilot project, in January this year. I will speak more on this later in the presentation.

I promised delivery of the Insolvency Act, to consolidate the laws relating to bankruptcy, insolvency, receiverships, provisional supervision and winding up. The Act was passed in October last year. Promise made, promise kept.

Mr. Speaker, the work of my Ministry has significantly contributed to improving the business environment and attracting local and foreign investments to drive the Growth Agenda. We must now build on the gains we have made thus far.

We must ensure that we move towards sustainable and inclusive growth that will better utilize the talents and create more opportunities for our people.

Mr. Speaker, the inclusiveness to which I refer, is a deliberate strategy of this administration to ensure that small and medium-sized enterprises benefit from the large scale projects that we are attracting.

An example of this deliberate strategy, Mr. Speaker, is a “joined up” collaboration with my colleague Minister of Tourism and Entertainment who spoke earlier. In his presentation, he mentioned the Tourism Linkages Council, staffed in part by personnel from the Ministries of Industry, Investment and Commerce (MIIC), Agriculture and Fisheries (MAF), Tourism and Entertainment (MTE), Finance and Planning (MFP), and tasked with enhancing the contribution of the tourism sector to our economy.

BUSINESS & INVESTMENT CLIMATE SCORECARD

Since I reported to this Honourable House last year, Mr. Speaker, the business environment is markedly improved. The situation today is demonstrated by the global business performance indices.

Ease of Doing Business

1. Forbes Magazine

In December 2014, Jamaica placed 40th in the world and number one in the Caribbean in Forbes Magazine’s **Best Places to Do Business** survey.

2. Doing Business Report

The World Bank reported that Jamaica improved by 27 places in the 2015 Doing Business Report, climbing from 85 to 58 out of 183 countries.

The major improvements were reported in the categories of starting a business, getting credit, and paying taxes.

3. Global Competitiveness Index

In the 2014/15 Global Competitiveness Index, Jamaica’s position was 86 out of 148 countries, moving up from 107 out of 142 countries in 2011/2012. Our performance has been steadily improving.

4. Logistics Performance Index

Mr. Speaker, it is important to reinforce that Jamaica has made the greatest improvement in the history of the Logistics Performance Index (LPI), with a leap of 54 places over the 2012 ranking of 124th to a ranking of 70th in 2014.

We improved in every category of the World Bank's Logistics Performance Index, which includes areas in customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timeliness.

Mr. Speaker, this did not happen by chance! These are the results of deliberate policy actions of our administration, led by the Most Honourable Prime Minister, Portia Simpson Miller.

This is what we speak of when we refer to laying the foundation for competitiveness and building a logistics-centred economy.

Mr. Speaker, we are growing a sustainable economy with inclusiveness. We are opening the flood gates so that opportunities can be realized.

JAMAICA INVESTMENT FORUM – A SUCCESS

Mr. Speaker, the second Jamaica Investment Forum (JIF 2015) held in Montego Bay last month was strategically timed. It took place while the Government was presenting the national budget to Parliament. The Budget continues to emphasize fiscal prudence as a requirement for achieving macro-economic stability. With this solid foundation, we are better enabled to attract private sector investment to drive the Growth Agenda.

Mr. Speaker, early reports received confirm that the **JIF 2015** surpassed all expectations. JIF was organised to achieve three objectives:

1. To raise awareness of Jamaica's business brand. There were top-rated business media houses, which included Bloomberg and Near Shore. Jamaica obtained more than US\$5 M in positive media exposure. Mr. Speaker, Mission accomplished.
2. To generate new leads and advance existing leads. We hosted 180 targeted investors and generated over 20 strong leads, including 4 Greenfield tourism projects. Strong investor interest was also shown in the areas of bunkering, biodiesel, medical devices and agriculture. Mr. Speaker, Mission accomplished.

3. To connect overseas and local companies. In this respect, there were over 200 networking meetings among conference participants. Once again, Mr. Speaker, Mission accomplished.

This renewed investor confidence, Mr. Speaker, is a result of the business climate reforms being implemented and the groundwork being laid to transform Jamaica into a logistics-centred economy to drive growth.

Mr. Speaker, it does not get much better than to be referred to as a “SWEET SPOT” for investment, as reported by Therese Turner- Jones, the IDB Country Representative. Our international development partners are optimistic about the prospects. **This did not happen by chance!**

FOREIGN DIRECT INVESTMENTS (FDI)

Mr. Speaker, as a result of our improving investment climate, as well as initiatives, such as the Jamaica Investment Forum (JIF), inflows of Foreign Direct Investment are moving in the right direction. As previously reported by the Most Honourable Prime Minister, we have seen an increase from:

- US\$490 million in 2012, to US\$567 million in 2013, and
- In the 12-month period ended September 2014, the figure increased to US\$707 million. This did not happen by chance.

We are far from being satisfied Mr. Speaker, but the trajectory is set. We are heading in the right direction, and we are confident that the 2015 figures will look much better.

HUB ACTIVE!

When I spoke in the debate last year, I focused on the **hub effect** and getting **hub ready**. Mr. Speaker, we have moved beyond being hub ready. We have created a framework of integrated logistics related projects. We are improving the business environment to mobilise assets and unlock investments. Mr. Speaker, **we are now Hub Active!**

- We have begun to reap the rewards of targeted high-level investment missions.
- Mr. Speaker, as mentioned, the concession agreement for the Kingston Container Terminal was signed. Under this agreement, an expenditure of over US\$600 million is contracted to modernise and to prepare for the increased maritime traffic. The Minister of Transport, Works and Housing, I am sure, will speak more definitively on this in his presentation.
- Mr. Speaker, Kingston Wharves Ltd. (KWL) is one of the first major local investors to roll out its logistics investment plans. KWL will be investing more than J\$7 billion over the next five years, with activities including the construction of a 150,000 sq. ft. logistics facility in Newport West in the first phase of development. Phase one is expected to be completed later this year. It will provide over 200 jobs.
- Already the KWL facility is oversubscribed. Mr. Speaker, they have also announced securing contracts with some of the world's leading brands. **This did not happen by chance!**

It doesn't stop there, Mr. Speaker...

- **Manufacturing**

The logistics-centred economy is not just about ports and port related activities. At the heart of it, is the local productive sector. Mr. Speaker, **we are** seeing a resurgence within the manufacturing sector. Some significant activities in this space include:

- Red Stripe's \$750 million investment in implementing a Combined Heat and Power (CHP) Plant at their Spanish Town Road location. In addition, they will invest US\$10 million over the next five years to set up a cassava supply chain, as they move to use the tuber to offset barley imports in beer production.
- LASCO's on-going construction of their manufacturing facilities, which includes investment of over J\$2 billion to upgrade and expand their plant at White Marl.
- GulfRay Americas, a petrochemical company with its parent office in Dubai, made a substantial investment in the build-out of a blending and regeneration plant for lubricating oils. Mr. Speaker, this project is a trailblazer for other investments originating in the Middle East and Asia.

This did not happen by chance!

Mr. Speaker, I am confident that the prospects for manufacturing are bright in the logistics-centred economy. These are not my words. These were the sentiments expressed by Mr. Lascelles Chin of Lasco and Mr. Brian Pengelley, President of the Jamaica Manufacturers' Association (JMA) at the 2015 Jamaica Investment Forum.

The small manufacturers are also making great strides. A few examples of this are:

- **Spur Tree Spices Jamaica Limited**, a small company which produces sauces and spices using locally grown ingredients, last year reported that its export sales represented 81 per cent of its total revenue. This company, which is located in the Garmex Complex, achieved this through increased exports to US and UK markets.
- **Bartley's All in Wood**, a Mandeville-based furniture company, has been capitalizing on the growing market for genuine Jamaican-made wooden pieces and authentic Jamaican furniture. The company, which has offerings at outlets across the island, seeks to adopt an export-centric approach to further grow the business.
- **Rêve Jewellery & Accessories** is a local company that has made the transition from micro to small. Having benefitted from business, technical and marketing assistance, the company sells pieces at outlets across the island, in New York, and St. Croix.

FOUNDATION FOR COMPETITIVENESS AND GROWTH PROJECT

Mr. Speaker, even though we have made progress, we must still address a range of interlinked constraints to private sector led growth.

To assist us in doing so, the **Foundation for Competitiveness and Growth Project**, funded by the World Bank, has provided some US\$50 million to promote broad-based private sector growth. This project will help to further improve our business environment, facilitate large-scale private investments, and support SME financing and capacity-building.

Mr. Speaker, the long awaited work on the development of the Logistics Hub Master Plan will begin in short order. Due to the Government's fiscal constraints, we had to await the approval of the project under the **Foundation for Competitiveness and Growth Project**. This approval was received in 2014.

We have since started the process with a request for Expression of Interest issued and responded to by 14 of the world's largest engineering consulting firms from Europe, Latin America, North America and Asia. The top 6 contenders have been shortlisted to submit detailed proposals.

SPECIAL ECONOMIC ZONES

Mr. Speaker, the Opposition spokesman has constantly questioned why the plans for the Caymanas Economic Zone (CEZ) that were left in the Ministry have not been implemented. The fact is, Mr. Speaker, the plans that were left in the Ministry for the build-out of the CEZ, amounted to nothing more than a real estate development effort, which was not implementable as crafted.

Mr. Speaker, the plans inherited called for the use of a strategically located asset, situated between the large population centres of Kingston, Spanish Town and Portmore. But, Mr. Speaker, the Opposition's project outline lacked a strategic objective and a viable business plan. It was not envisioned as part of a Logistics Hub in the manner we have articulated, and would have required the issuance of debt, which Government has no fiscal capacity to undertake. Such an action would have been tantamount to recklessness and a waste of our limited resources. This, Mr. Speaker, is something that our Government and people can ill afford.

In December 2014, I tabled in this Honourable House, a Green Paper for our Special Economic Zone regime. We are working assiduously with other key stakeholders to complete the White Paper by the end of this month, with the full regime scheduled for completion by October this year.

Mr. Speaker, despite large-scale investments in the past, we failed to achieve sustained and inclusive growth. From the outset, through deliberate policy actions, we are creating mechanisms to ensure that there are backward linkages to the domestic economy, from large scale investments in the Special Economic Zones.

The major beneficiaries of these backward linkages, Mr. Speaker, will be our MSMEs. These small companies too will get their share of the pie. A new day is dawning for local businesses, small and large.

Mr. Speaker, we are building a sustainable economy. We are advancing a logistics-centred economy.

MSME DEVELOPMENT

Mr. Speaker, one of the key priorities of my Ministry is the implementation of the MSME and Entrepreneurship Policy. The goal of this effort, Mr. Speaker, is to transform our MSMEs into globally competitive enterprises.

In this regard, the Ministry has embarked on an initiative to re-purpose and strengthen key agencies to meet critical challenges facing MSMEs. The agencies include the Jamaica Business Development Corporation (JBDC), the Self Start Fund (SSF), and the Micro Investment Development Agency (MIDA). The goal here, Mr. Speaker, is to merge their operations over time to ensure greater efficiency and cost reduction.

Mr. Speaker, in January of this year, the Ministry launched the Small Business Development Centre (SBDC) model initiative. The SBDC model, Mr. Speaker, is a hemispheric initiative to strengthen the JBDC's capacity to provide business development and advisory services.

The SBDC model provides a tried, tested and proven electronic platform to 'track and trace' enterprise performance. This platform also facilitates the cross-border networking of MSMEs in the Americas.

Mr. Speaker, the model further upgrades entrepreneurs with greater business literacy and provides a significant advantage for hemispheric networking of commercial ventures.

It is fully recognised, Mr. Speaker, that one of the major impediments to the appropriate financing of MSMEs is the high risk profile of the sector. Despite the challenging times, we must find the way to work out viable solutions for our entrepreneurs....we **cannot, and will not** abandon our MSMEs.

There is no doubt that we have to find a creative solution to the problem of financing the MSME sector. The Minister of Finance and I have begun a dialogue to examine the possibility of utilising the unclaimed funds at the financial institutions and insurance companies to provide funding to the sector.

This will require stakeholder dialogue. I am proposing that these resources be used to recapitalize the funding agencies of the Ministry to make available appropriate financing to the MSME sector. Mr. Speaker, we must find the legal mechanism and appropriate governance structure to harness these resources.

Mr. Speaker, I have convened a Task Force, to explore viable solutions for appropriate MSME financing. We believe the private and public sectors need to work together to improve financing for the MSME sector. I expect a report in the next 4-6 months.

Mr. Speaker, another important initiative that will provide MSMEs access to credit is the Security Interest in Personal Property (SIPP) regime. This will provide lenders with reliable information to properly identify, evaluate and track moveable assets which are pledged as collateral to obtain financing. However, there were challenges in the start-up of the registry and after further stakeholder consultations, these operational deficiencies are now resolved. More will be said at an early date.

Mr. Speaker, we will continue to be relentless in our efforts to remove barriers to the development of MSMEs.

In this regard, I wish to mention the capacity building effort represented by the recent agreement signed between the Mona School of Business and Management, and Jamaica Business Development Corporation, to provide training for entrepreneurs.

This new agreement will see both entities collaborating on future projects and programmes that will include: assisting with professional business development, visiting and mentoring professional groups including but not limited to, entrepreneurs, engineers, medical doctors and lawyers. Mr. Speaker, not every professional is a business person.

Mr. Speaker, for the first time, mobile application services have created the opportunity for many Jamaican micro businesses to participate in the digital economy.

The Ministry has been a strong supporter of the Government's Mobile Money initiative from its inception. This initiative will enable the approximately 35% of our adult population without bank accounts to access credit and financial services in a cost effective manner.

We intend to explore further how this mobile financial infrastructure can be applied to a variety of other services that meet the needs of the MSMEs.

Mr. Speaker, our local enterprises, particularly MSMEs, are in need of relief in these challenging economic times to encourage their expansion and growth.

I am therefore happy to announce that the Companies Office of Jamaica (COJ) will be embarking on an amnesty initiative that, starting May 4th, will run for 3 months. This 3-month amnesty initiative includes 3 different sets of amnesties. They are as follows:

1. The **Annual Return Amnesty** that will allow companies limited by shares to file each outstanding Annual Return at a cost of \$3,000 or 60% of the regular cost, and companies limited by guarantee to file Annual Returns at a cost of \$1,000 each, or 50% of the regular cost. The penalty in accordance with Section 121 of the Companies Act (\$100 a day for each day the Annual Return is outstanding up to a maximum of \$10,000) will be waived.
2. The **Removals Amnesty** that will allow companies to request removal without having to file all outstanding documents or to provide an audit certificate which can be quite costly. The company will be required to formally request removal by way of a letter signed by a majority of the directors, submit a statutory declaration sworn to by a director that the company has no assets or liabilities, along with a fee of \$10,000 which will include the cost to publish the removal notice in a daily newspaper.
3. The **Business Names Amnesty** will be offering the owners of those 80,424 Business Names on record that have never been renewed, the opportunity to close them down, for a flat fee of \$2,000. No late or renewal fees will be charged.

Mr. Speaker, there is much in a name. After several complaints by persons seeking to have the business or company name of their choice registered, a review of the existing Companies Rules of 2006 was undertaken. Following the review, Mr. Speaker, the decision is to allow for exercise of greater flexibility by the Registrar of Companies. In this regard, a resolution will be tabled in this Honourable House to have the relevant rules amended in the shortest possible time.

Mr. Speaker, we are growing a sustainable economy. We are advancing a logistics-centred economy.

OUTSOURCING STRATEGY

Mr. Speaker, Jamaica's performance in the Outsourcing Industry reflects the country's ability to effectively respond to the process of globalisation. As global companies seek to reduce their cost of doing business, we have been able to attract investments in this sector and secure significant employment.

Mr. Speaker, outsourcing is about the logistics-centred economy through its reliance on ICT enabled processes and value added logistics services.

- The sector continues to be a significant provider of jobs and is expected to contribute over 10,000 additional jobs over the next 3 years. During the past 12 months, approximately 4,500 jobs were created through expansion by Xerox Commercial Solutions and Sutherland Global Services.
- Also of note is Hinduja Global's facility expansion and start-up of its contact centre for one of the largest US health care benefits providers.

Mr. Speaker, while we continue to enjoy success in the Business Process Outsourcing sector, growth rates globally have slowed to single digits. The new Outsourcing Strategy calls for diversifying the types of services that we attract.

This includes the Knowledge Process Outsourcing (KPO) sector, including accounting, legal and professional services, which is projected to grow at an average annual rate of 20% over the next 4 years.

We are also addressing the shortage of work-ready office space for outsourcing companies to occupy, since this has hindered expansion of the industry. More space will be developed in the Naggo Head Technology Park in Portmore, St. Catherine.

The preferred bidder of a tender process launched for the development of the 750,000 sq. ft. of space in Naggo Head will be announced by the end of this month.

This will assist us to meet our goal of employing some 30,000 persons in the sector by 2020. Mr. Speaker, this is a big move forward for the BPO/KPO sectors.

Mr. Speaker, earlier today, I tabled a Ministry Paper detailing a 5 year Strategic Development plan for the Outsourcing sector. This includes a 12-month action plan which was developed to strengthen our competitiveness and to maintain strong relations with pre-existing outsourcing companies.

In collaboration with the Ministry of Finance and Planning, we are far advanced in developing a competitive tax policy that will ensure continued investments and retention of existing players in the sector.

We are growing a sustainable economy, Mr. Speaker. We are delivering a logistics-centred economy.

NATIONAL EXPORT STRATEGY (NES)

The National Export Strategy (NES) partners JAMPRO, Trade Board and the Jamaica Exporters Association (JEA), with support from the Commonwealth Secretariat, are advanced in the process of developing the initiatives for Phase II of the NES. This is being done with a renewed focus on inclusiveness and collaboration between the private and public sectors.

Mr. Speaker, we recognize the challenges facing our exporters, particularly our smaller exporters. In response to these challenges, we have introduced a number of measures to improve export performance and facilitate access to overseas markets.

One example is "Roadshow USA," a 2 year market penetration and expansion programme, designed by JAMPRO to facilitate 10 established Jamaican exporters in the first instance, to deepen their distribution footprints in the US. Mr. Speaker, in October 2014, the first leg resulted in 21 trade leads being generated and 4 new product shipments of processed foods and fresh produce.

Another key initiative is Export Max 2, following on the success of Export Max 1. Export Max 2 will assist an additional 20 Jamaican SMEs to benefit from capacity building support. It will help them to develop their export competitiveness, take advantage of export market opportunities, increase access to international markets, and improve their export sales.

Mr. Speaker, we are moving to a logistics-centred economy that will advance our export-led growth agenda. Jamaica's domestic market is too small to deliver its economic growth strategy. Our firms and industry sectors must participate in global supply and value chains for sustainability. The Logistics Hub will improve routes to global markets, while reducing costs.

TRADE FACILITATION

Mr. Speaker, we continue efforts to facilitate trade and improve our export performance.

A Trade Facilitation Task Force has been established with the mandate of mapping and driving implementation of trade facilitation measures. The Task force is chaired by Patricia Francis, our own global expert in trade facilitation. Major (Retired) Richard Reece, the Commissioner of Customs, serves as Deputy Chair.

The Chairman is committed to delivering a Trade Facilitation Implementation Plan in six months. This will represent a blueprint of measures that would have been agreed across the Government. A key component of the work of the Task Force will be a coordinated approach across ministries, departments and agencies in the development of a Single Trade Electronic Window. This is critical to advancing the logistics-centred economy.

NATIONAL QUALITY INFRASTRUCTURE

Mr. Speaker, quality standards are a pre-requisite for accessing global markets. I cannot emphasize enough, the importance of standards, certification, and accreditation, as Jamaican firms seek to become globally competitive.

So, while the Government creates the environment for business opportunities, we are challenging our local private sector firms to improve their standards, get certified and produce quality goods and services for local and international consumers.

Mr. Speaker, my Ministry is implementing a National Quality Infrastructure (NQI). This involves a highly integrated network of personnel, systems and organizations, with the Bureau of Standards Jamaica (BSJ) at the centre of this transformation process. With an efficient NQI, businesses will become more competitive and consumer rights will be better protected. Consumers will receive good value for every dollar spent.

Mr. Speaker we are building the logistics-centred economy.

CREATIVE ECONOMY

Mr. Speaker, this Ministry is playing its part in moving the country forward; the creative industry is one of several pillars in this thrust.

The visit by US President, Barack Obama to the Bob Marley Museum is a significant indication of where our creative industries must be positioned in Jamaica at this time. The value of Marley's legacy is clear. It is therefore an opportunity (again) for us to find ways to facilitate wealth and greater awareness regarding the power of Reggae, our creative industry and our culture in general.

THE JAMAICA FILM FESTIVAL

Mr. Speaker, one element within our creative industry that we are working on, is our film industry, an area in which we are seeing increasing interest. This year we will host the inaugural Jamaica Film Festival, scheduled for Kingston, July 7 – 11. We are no longer positioning our shores as a location only for screen shots. The aim of the festival is to showcase Jamaican film products, screenwriters, producers, and actors who will present their films for international distribution.

Mr. Speaker, this is set to stimulate investment in Jamaica's film industry and to provide jobs and create wealth. As a matter of fact, in preparation for the festival, over 400 persons will receive temporary employment between January and July.

Over the 5 days, this festival will attract 250 overseas participants from the USA, Canada, the UK and the Caribbean, as well as 1,000 participants from Jamaica. An investment of J\$50 million, made possible through a public/private partnership, is expected to garner for Jamaica, media exposure of up to US\$15 million in value, thereby, enhancing the marketability of the destination.

FORMER GOODYEAR FACILITY DEVELOPMENT

Mr. Speaker, last year I announced a film production project at the former Goodyear facility in St. Thomas. The project has been moving forward and the investors/project developers have recently concluded negotiations on the terms of a lease agreement with the Factories Corporation of Jamaica (FCJ).

It is anticipated that the design phase of the project will be completed in the second quarter of this financial year, allowing for handover of the property.

MODERNIZING OUR IP REGIME

Mr. Speaker, I will now turn to the matter of modernizing our Intellectual Property (IP) regime. The importance of a modern IP regime for the development of industry and commerce, particularly the creative industries, cannot be over-emphasized.

The pending amendment of the Copyright Act to extend the Copyright term from 50 years to 95 years is unprecedented in the region. This will allow our creatives longer periods of exploitation and income earning from their works. The ability of our creators of IP is now being further enhanced with the recognition of intellectual property as a form of collateral through the Security Interest in Personal Property (SIPP) Act.

Mr. Speaker, the long-awaited Copyright (Amendment) Bill 2015 is finally being tabled in this Honourable House today!

PROTECTION OF COUNTRY NAME

The Government through JIPO has also initiated the process of amending the Trade Marks Act to explicitly protect the country name **“Jamaica”** from further abuse and unauthorised exploitation.

Mr. Speaker, the proposed amendment will protect the country name “Jamaica” against trademarks, business identifiers and domain names which use the country name “Jamaica”, but which do not originate in Jamaica. This will benefit the entertainment industry in particular.

MADRID PROTOCOL

Mr. Speaker, the Trade Marks Act is being further amended to prepare for Jamaica’s accession to the Madrid Protocol. This will allow for the registration of trademarks in multiple countries through one centralized application and registration procedure.

Like the Copyright Bill, this long awaited amendment to the Trade Marks Act has finally broken through the legislative logjam and will be tabled before the end of this quarter.

Mr. Speaker, we are building a sustainable economy. We are advancing a logistics-centred economy.

INTERNATIONAL FINANCIAL SERVICES CENTRE

Mr. Speaker, the much anticipated legislative regime to support the operations of the International Financial Services (IFS) Centre is now in sight. In fact, we expect that 4 of the critical pieces of legislation will be tabled in this Honourable House, in this fiscal quarter.

We anticipate that the IFS Centre will be launched before the end of this fiscal year. Direct employment for the long term could be as high as 15,000 local professionals, with potential revenues to the Government being upwards of US\$300 million per annum.

Mr. Speaker, with the passage of the requisite legislation, the Government would have already put in place much of the infrastructure required to establish the IFS Centre.

A major promotional effort will shortly commence both locally and abroad.

Mr. Speaker, the IFS Centre will complement efforts to position Jamaica as the fourth node in the global trading system. It will complement the Logistics Hub, and represents an integral part of the broader logistics-centred economy.

EMERGING INDUSTRIES

Mr. Speaker, I now want to touch on some emerging industries, which Jamaica plans to exploit and from which we can reap significant short and long term benefits.

AUTOMOTIVE REPAIR AND RE-CERTIFICATION INITIATIVE (ARRI) (“DAMAGED VEHICLE”)

Mr. Speaker, the Ministry aims to launch the Automotive Repair and Re-certification Initiative (ARRI) during this fiscal year. This would represent a big move forward for employment creation in Jamaica!

During my contribution to the Sectoral Debate last year, I gave an undertaking to review the ban on the importation of damaged motor vehicles. I gave a further undertaking to devise a way forward that would allow Jamaica to position itself as a regional hub to supply repaired and re-certified motor vehicles to near shore markets.

The removal of the ban imposed on the importation of damaged motor vehicles, when properly structured and implemented, will stimulate the local automotive industry.

Mr. Speaker, the new regime will see repairs to imported damaged motor vehicles and the remanufacturing of auto parts being accommodated in Special Economic Zones (SEZs). Approved entities will be granted special approval to trade in damaged motor vehicles and remanufactured auto parts. The approval process will facilitate a greater level of control, monitoring and order in the industry through the use of modern technology and appropriate regulation.

We are convinced that establishing the trade in damaged vehicles, through the SEZ model, will present a viable commercial opportunity, given the considerable markets of Latin America and the wider Caribbean.

Mr. Speaker, the Automotive Repair and Re-certification Initiative, like the reopening of the scrap metal trade, requires that the Government create the appropriate facilitatory and regulatory structures. However, it will then be up to private capital to make business decisions on whether to assume the commercial risks.

Mr. Speaker, early indications of interest in this emerging sector are very positive.

BAMBOO

Mr. Speaker, exciting things are happening in our emerging bamboo industry.

One private sector entity, Nelson's Superfarm Jamaica, has so far invested approximately J\$6 million in 2 kilns to produce 9,900 pounds of bamboo charcoal a day.

Mr. Speaker, we are talking about the application of global standards. This local factory, based in Pembroke Hall, St. Mary, is producing the only USDA certified Organic Bamboo Charcoal product in the world.

An order for US\$10 million retail value has been secured. To fill this order, the first shipment out of Jamaica by local entrepreneur, Roger Chang, is set to leave today, April 14, 2015. This concludes the successful pilot project incubated in the Bureau of Standards Jamaica (BSJ). We are now embarking on the commercialisation of this exciting industry.

Mr. Speaker, an approved Jamaican standard specification for Bamboo Charcoal Air Purification was signed by me on April 3rd and is being gazetted. This is what we are talking about when we discuss the NQI. This will allow our local MSMEs to begin the manufacturing of this product for the global marketplace.

This did not happen by chance. We are advancing a logistics- centred economy. Mr. Speaker, I commend the effort of my Minister of State in moving this important project forward.

MEDICAL MARIJUANA & INDUSTRIAL HEMP

With the recent amendment to the Dangerous Drugs Act, the Ministry of Industry, Investment and Commerce will be spearheading the implementation of the industry regulatory framework to be implemented by a **Cannabis Licensing Authority**. This Authority will facilitate investment and the development of the industry.

We have completed the Terms of Reference (TOR) and launched a Request for Proposal (RFP) for a consultant to advise on the regulations for the Cannabis Licensing Authority. This consultant will be in place by the end of the month.

Mr. Speaker, the most important challenge to developing the ganja industry is to establish the ownership of the different strains of ganja which have been produced in this country for nearly a hundred years. In this connection, my Ministry has already implemented the following:

Firstly, we have established a Ganja Research and Development Team which has been mandated to:

- a. Determine the basis for the ownership of the intellectual property rights of the different strains of ganja produced in Jamaica.
 - The objective of this process is to protect the rights of the traditional growers of ganja in the country through the use of rigorous international scientific methods and standards.
 - Steps are being taken to ensure that the intellectual property of traditional ganja growers, such as the Rastafarian community, will be protected.

- b. Establish a database that will record and ensure the protection of the rights of the traditional growers.
- c. Recommend the development of regulations and standards of the highest quality which would guarantee the maintenance of the integrity of the Jamaican brands.

The Research and Development Team is in an advanced state of preparedness and will begin its fieldwork within a few weeks.

Secondly, we have established an Industry Advisory Council which is mandated to do the following:

- Advise on industry development strategies
- Recommend the appropriate policy framework, inclusive of the roles of the MSME sector, in the build out of the industry.
- Advise on a regulatory and administrative framework
- Ensure that interests of stakeholders are taken into account.
- Advise on global developments in the cannabis industry and possible implications

In a word Mr. Speaker, the emerging ganja industry will be *standards led and market driven*.

CUBA

Mr. Speaker, when on December 17, 2014, U.S. President Barack Obama announced steps to normalize relations between the United States and Cuba, it took some people by surprise. But not us, Mr. Speaker, we were already making preparations regarding the prospects for export and investment opportunities between Jamaica and our closest neighbour, Cuba.

Mr. Speaker, the removal of Cuba from the US Government's list of State Sponsors of Terrorism, will also speed up the normalisation process and facilitate prospects for greater trade and investment.

Mr. Speaker, we are not waiting for the business opportunities to come to us. From April 21 to 26, I will be leading a trade mission to Cuba. The interest of the private sector in this mission is demonstrated by the presence of several large and small local firms, as well as representatives of key umbrella business organisations.

While there, we will advance discussions already begun for a strategic economic partnership with the Government and its economic entities, to include logistics and inter-SEZ trade.

Mr. Speaker, we have created a clear path to deliver a logistics-centred economy with significant transformative implications for our economy.

- We are creating links through a trade facilitation programme for building export competitiveness and getting farm produce and manufactured products to market, cost effectively and efficiently
- We are creating new linkage opportunities for IT, legal, financial, insurance, customs brokerage, ship provisioning, etc.
- We are opening up opportunities to attract manufacturing investment via component assembly and final stage customisation
- We are creating the opportunity to attract third party logistics (3PL) companies, such as Amazon warehousing and distribution operations
- We are targeting private investors in major logistics infrastructure projects, bunkering, cold storage and component assembly, just to name a few.

CONCLUSION

Mr. Speaker, we are now moving this country forward to a new stage of growth and inclusiveness, with opportunities for all Jamaicans.

I make no apologies for my announcements Mr. Speaker. As Marcus Garvey said, "I do not speak carelessly or recklessly, but with a definite object of helping the people, to know, to understand, and to realize themselves"

On Monday April 20, 2015, a Memorandum of Understanding (MOU) will be signed with a consortium of European and US interests. This is the earliest possible date for all parties involved. The MOU will allow for detailed discussions to commence between representatives of the consortium and a team on the Government side to determine the specific projects to be agreed on in the furtherance of the Logistics Hub Initiative.

Mr. Speaker, we have confirmed their technical and financial capabilities to deliver world class facilities. Among the projects in which the consortium has expressed interests are Vernamfield, Caymanas Special Economic Zone and a dry dock.

This MOU will pave the way for an investment in excess of US\$5 Billion in the Logistics Hub. **Mr. Speaker, this did not happen by chance.**

This is proof positive, Mr. Speaker, that the Jamaica Logistics Hub Initiative is not a pipedream. As stated by Winston Churchill, "He who fails to plan is planning to fail" Mr. Speaker, **failure was never an option.**

We took the time to conduct proper planning, research and analysis to develop evidence-based policies and the marketing strategies necessary to deliver significant investment in a sustainable logistics-centred economy.

Mr. Speaker, we have laid the groundwork to anchor the growth agenda. **We are now Hub active!**

The Ministry has successfully articulated and marketed the vision of Jamaica as the fourth node in the global trading system. This success is validated by the increased investment activity of our local investors, the strong interest of global investors, and the endorsement of multilateral institutions.

Transforming Jamaica to become a Logistics Hub will, however, require an urgent paradigm shift in the way we do business. It will require pressing reforms and institutional restructuring across the whole of Government, and it calls for strong private sector partnership.

Mr. Speaker, I want to see the local private sector playing a central role in the development of the Hub and taking advantage of the opportunities to link with the Special Economic Zones.

Indeed, all of us have to be involved in rolling out the Hub – Government, private sector, academia, small and large businesses, every single Jamaican.

In all of this, the adoption of international standards is critical, and I want to encourage the private sector to embrace global standards and urgently reform their business processes, Mr. Speaker.

Jamaica continues to shine in the various indices dealing with the business and investment climate. Mr. Speaker, this did not happen by chance.

Manufacturing is not only re-emerging but exhibiting a renewal especially with local investors and significant foreign interest. Mr. Speaker, this did not happen by chance.

The Outsourcing Strategy is set to bring about, some 10,000 new jobs over the next 3 years. Mr. Speaker, this did not happen by chance.

We have answered the critics by demonstrating policy leadership and strong institutional support in building the Logistics Hub and the logistics-centred economy. Most importantly, we have demonstrated our unyielding commitment to playing our part in the integrated approach needed now to assure the success of the growth agenda.

We are on the cusp of an explosion and renewed vibrancy in economic and business activities. This is being fuelled by growing business and consumer confidence.

Mr. Speaker, it is for all these reasons that we are convinced that the Logistics Hub is being realised.

Mr. Speaker, I have heard the question; “What is in it for me?”

What is in it for you, is greater access to finance and training via the World Bank’s Growth and Competitiveness Project, greater access to capital via the framework of the Security Interest in Personal Property Act, greater access to development services via the Jamaica Business Development Corporation, access to exporter workshops, new markets and capacity building via JAMPRO, easier company formation via the Companies Office of Jamaica, greater intellectual property protection via the Madrid Protocol and, greater business linkage opportunities with increased participation in global value and supply chains.

Mr. Speaker, in essence, we are building the eco-system to support MSMEs in a logistics-centred economy for sustainable growth.

Mr. Speaker, “Change will not come if we wait for some other person or some other time. We are the ones we’ve been waiting for. We are the change that we seek.” – these are the words of US President Barack Obama.

To my fellow Jamaicans, the change is now; we must prepare for the opportunity for meaningful employment, start your own business, grow your own business, chart your own destiny and solidify your future in **Jamaica...Land We Love.**

Mr. Speaker, I pray God’s richest blessings on us all.



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