



**The Ministry of Industry, Investment and
Commerce**

**Creating
Economic Development through
Investment and Production**

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1.0 PREAMBLE & PLEASANTRIES

2.0 PRESENTATION

In my presentation today, Mr. Speaker, my primary focus will be on those aspects of my portfolio that are pivotal to growth, employment and development. As such, I will be speaking to:

- Our role in creating an enabling business environment;
- Promoting local and foreign direct investments to generate hard currency earnings and create jobs;
- Growing the micro, small and medium-sized enterprise (MSME) sector into the big businesses of tomorrow;
- Infusing science, technology and innovation in new entrepreneurial ventures;
- And of course, as the “business ministry” of the Government, I would like to briefly outline some of the strategies for the way forward.

3.0 CHALLENGES

Mr. Speaker, in our drive to make our economy more efficient, competitive and business-friendly, we have made significant achievements as a Government, but there is still a long way to go.

These are the **obstacles** in our way:

- **Excessive bureaucracy**, which frustrates our businesses, causing them to lose time and money. Exhaustive and unnecessary registration and certification procedures have a debilitating effect on businesses, and can be particularly crippling to the export industry.
- **Access to capital** continues to be a major constraint facing our entrepreneurs, large and small
- Lack of a trained workforce
- **High energy cost**, continues to be a major cost of doing business in Jamaica; and of course there is also the high cost of **security**.

4.0 SOLUTIONS TO CHALLENGES

4.1 Streamlining of Business Registration System

Mr. Speaker, you can register your business in 24 hours using the priority service or 4 days for the normal service. We are also moving to have business registrations done online by the end of the fiscal year. You only register a business once. So, I do not see registering your business with the Companies Office of Jamaica (COJ) as a major bureaucratic hurdle now.

Mr. Speaker, the real annoyance relates to registration with other agencies of Government. Under the present system, after registering a company, the businessperson then has to register for:

- HEART/NTA
- NIS
- NHT and then on top of that,
- Apply for a Taxpayer Compliance Certificate (TCC).

Mr. Speaker, this is too onerous for business in 21st century Jamaica. What we are working on now is the development of a super form to be administered by the Companies Office. This means that when you register your company, you would have been automatically registered with HEART/NTA, NIS, NHT and you would get your TCC at the same time. Therefore, you won't have to relate with these entities. The COJ will do those things behind the scene for you.

4.2 Formation of National Competitiveness Council

Mr. Speaker, previously we had different administrative arrangements to deal with competitiveness. What I have now done is to put all the necessary mechanisms pertaining to national competitiveness under one umbrella - the **National Competitiveness Council**.

This Council is an amalgamation of:-

- **The National Export Council**, which is addressing the operational and legislative constraints facing the export sector,
- **The Trade Facilitation Board**, which is mandated to improve efficiency in the exporting and importing processes, and
- **The Target Growth Competitiveness Committee**, which actively lobbies for business-friendly policies and regulations.

The National Competitiveness Council coordinates implementation of the National Export Strategy, and promotes partnership to foster robust economic growth. It was established in the interest of administrative efficiency and effectiveness, and provides a single point of reference and support for the various initiatives to be undertaken by the Trade Facilitation Board, the National Export Strategy, and the Target Growth Competitiveness Committee.

The NCC, among other things:

- Coordinates and drives cross-functional and multi-agency strategies to address the impediments to establishing and doing business in Jamaica;
- Drives the creation and maintenance of a policy environment that facilitates continued improvements in the productivity and innovativeness of Jamaican MSMEs;
- Directly addresses complaints regarding delays experienced in the processing of business and investment projects;
- Formulates measures leading to speedy processing of business and investment projects; and
- Provides policy advice on steps towards an improved and competitive business climate.

4.3 Partnership for Transformation

Coming out of the National Planning Summit in 2007, the Partnership for National Transformation was established to streamline the work of the Social Partnership and the Planning Summit and achieve a greater level of efficiency in the work towards a competitive business environment.

4.4 Private Sector Development Programme - 2004-2009

Mr. Speaker, in 2004 the Private Sector Development Programme, the PSDP, was launched following an agreement with the Government of Jamaica and the European Union. The primary purpose of the programme was to enhance the competitiveness of our MSMEs and strengthen their support institutions.

Mr. Speaker, the programme's contribution to the developmental imperatives of the MSME sector has been considerable. We can point to the overwhelming demand for the PSDP's services, which were implemented in 12 components and resulted in over 16,000 interventions over the life of the project.

While it is well recognized that more could have been achieved, we can take pride in the fact that we have had interventions island wide and across all sectors with the highest number of interventions evident in agri-business, the creative industries, tourism and services.

At the level of the firm, over **80%** of beneficiaries of PSDP grants and supporting business development services went to micro and small enterprises.

Access to corporate finance was the greatest challenge. Nevertheless, the target of facilitating **J\$363M** in loans to 100 firms has been met. The average loan size was **J\$3.6M** – up from **J\$2.5M** in the second year of the unit's operation.

Mr. Speaker, with the benefit of multimedia technology we have assembled here today, some of the proud beneficiaries of the PSDP, who are making big strides in their businesses.

Mr. Speaker, we are fully committed to removing the barriers and improving the environment for competitiveness and growth, in keeping with Jamaica's Medium Term Socio-Economic Policy Framework (2009-2012).

What this means Mr. Speaker, is that we must now find the right formula to take advantage of the opportunities in order to move this country on a path of sustainable growth.

In so doing, our strategies must be proactive. We must put in place the necessary structures, programmes and policies for the growth and development of this country, and we must commit to the long haul.

Mr. Speaker, we have established a sound foundation on which we can now build this country in a much more predictable and sustainable manner. Interest rates are now the lowest they have been for many years. In addition, our exchange rate has been relatively stable, and our business environment is in a state of continuous improvement.

Our role in this Ministry is to drive production and we will maintain a clear focus on promoting investments and exports, micro, small and medium enterprise development, the application of science and

technology, as well as establishing an international financial services centre.

Critical to this process, therefore, are the roles to be played by JAMPRO, the Jamaica Business Development Corporation (JBDC), the Scientific Research Council (SRC), and the Factories Corporation of Jamaica (FCJ).

5.0 DEVELOPING THE CAPABILITIES OF THE MSME SECTOR

The Government is firmly committed to the development of the MSME sector.

5.1 Jamaica Business Development Corporation

The Jamaica Business Development Corporation (JBDC), as the lead agency driving business development and facilitation among MSMEs, continues to play a critical role in this process.

(i) Kingston Urban Renewal Project

Mr. Speaker, one of the main projects implemented by the JBDC in the last two years, is the Kingston Urban Renewal Project (KURP).

Under this project funded by the IDB, which the Member for Central Kingston can attest to, the JBDC has been playing a significant role in the efforts to enhance the social and economic welfare of

communities in depressed Central Kingston neighbourhoods, including Tel Aviv and the Southside communities.

Under this project, Mr. Speaker,

- 104 young entrepreneurs have been trained in small business management;
- 32 businesses have been approved to benefit from a loan fund under the project;
- 131 students have participated in HEART/NTA certified training programmes;
- 250 persons have been employed through various components of the project;
- 62 interns have been placed; and
- 45 persons have received literacy training.

(ii) Incubator and Resource Centre

Mr. Speaker, one of our first interventions on assuming office was to assign the building at Marcus Garvey Drive to the JBDC to implement the Incubator Resource Centre. The JBDC, Mr. Speaker, has a three year rent-free tenure in the building at Garmex.

The approach at Marcus Garvey Drive, Mr. Speaker, has been to provide training and technical assistance to the incubatees, as well as to offer them common business support in the areas of graphic design, packaging and production services. Mr. Speaker, the entire business development team of designers, graphic artists, food

technologists and product development officers has been relocated from the Camp Road office of the JBDC in order to provide the requisite services to incubatees. Services are also provided virtually.

During the 2009/10 period, the Incubator and Resource Centre (IRC) continued to play a key role in providing hand-holding and “incubation” services for start-ups and existing small businesses. This included assistance to 12 fashion and apparel incubatees, 150 training sessions, and 3,500 participants.

Mr. Speaker, in order to strengthen the access of MSMEs to technical, business, marketing and financial services, we now have 11 Jamaica Business Information Centres – JAMBICS --across the island. In 2009, over 2,000 persons were assisted by the JBDC through these centres.

We have 80 Business Service Providers (BSP) throughout the island. Through this network, clients are provided with first level JBDC services and are assisted in identifying and meeting new needs.

Mr. Speaker, the Member for East Kingston made a number of observations during his contribution, which raised some issues that I must, however, clarify.

The Member suggested that the Micro Investment Development Agency – MIDA – is now being operated under the Jamaica Business Development Corporation (JBDC) and that by so doing, we have

created an institutional conflict of interest by having the same entity wholesaling and retailing funds.

Mr. Speaker, MIDA was physically moved to JBDCs headquarters on Camp Road as part of the Ministry's rationalization programme to reduce cost and improve coordination and collaboration. However, MIDA does not fall under the JBDC and the JBDC does not influence operational decisions of MIDA. Both share the same board of directors but each is independent and autonomous. The question of conflict of interest does not, therefore, arise.

Mr. Speaker, the Member for East Kingston reported that the JBDC was created with a "core mandate of providing technical support for small enterprises." Let me assure this Honourable House that the JBDC means: Jamaica "Business Development" Corporation and its core mandate of "business development" has not changed. Its current lending activity is only a small part of its overall operation.

Mr. Speaker, the Member stated that there is nothing in the budget for the incubator centre. I wish to inform him that there is an allocation of \$12 million in the budget to support the incubator in the area of food processing.

There is also budgetary provision for the continuation of the JAMBIC centres within the JBDC's budget.

It has also been suggested, Mr. Speaker, that the JBDC has been reaching only one percent of small and medium enterprises. While we embrace the entire MSME sector, the services provided by the JBDC, both financial and non-financial, deliberately focus on the productive sector. This sector accounts for approximately 33% of the MSMEs or about 132,000 entities. As such, last year JBDC's 12,000 new clients would account for about 10% of the target sector and not the 1%, suggested.

Mr. Speaker, for the period 2009/10, some 12,350 individuals/entities were assisted by the JBDC. This assistance took the form of general business advice, training, product development, marketing and consultations. Some 2,200 new clients were dealt with during the year.

(iii) Jobs Created

Furthermore, the impact of the JBDC's work through its network of private business service providers extends to institutions such as Jamaica National, the credit union network, etc, and accounts for an additional 15,000 individuals.

The JBDC is also involved in a number of other programmes and interventions.

Mr. Speaker, the JBDC has been doing tremendous work and I must commend the chief executive officer, Valerie Veira and staff for their achievements.

5.2 Availability of Funds for MSME Sector

It will be recalled that the Prime Minister announced that the DBJ will be providing \$2 billion for on-lending this year. I am pleased to announce, Mr. Speaker, that of this amount \$750 million will be dedicated to the micro sector. This will be the largest allocation of funds to this sector. This means that institutions that lend to the MSME sector such as Jamaica National, Nation Growth and Access Financial Services will be able to access more funds and provide hope for thousands.

Mr. Speaker, it is reasonable to suggest that a good supply of funds is now available to the MSME sector. In all, we have approximately \$6.7 billion available for lending, from both the private and public sectors.

Funds have also been available and disbursed through the following institutions:

(i) Micro Investment Development Agency (MIDA)

- For the period March 2009 to March 2010, the Micro Investment Development Agency (MIDA) disbursed \$172.11 million or 877 loans. A total of 1,173 jobs were created or retained.
- For the 2010/11 financial year MIDA aims to disburse \$171 million.

(ii) Self Start Fund (SSF)

- During the financial year 2009/2010 the Self Start Fund (SSF) disbursed 113 loans totaling approximately \$27 million.
- The Fund created or preserved approximately 441 jobs.

For the 2010/2011 financial year, the SSF aims to disburse some \$45 million to the SME sector.

(iii) Development Options Limited (DOL)

During the period, Development Options Limited disbursed 3,500 loans valued at \$186, million. A total of 3,427 jobs were created or retained. For the 2010/2011 financial year DOL aims to disburse \$186 million.

(iv) Pan Caribbean

Pan Caribbean disbursed \$115.4 million, with a total of 2,599 loans during the period. For the 2010/2011 period, they aim to disburse \$51 million to the sector.

(v) Jamaica National Micro Lending

Additionally, Jamaica National Micro Lending programme disbursed some J\$2.88 billion during the period January to December 2009. This involved 42,388 loans and the creation or retention of some 26,000 jobs. Mr. Speaker, it will be recalled that we provided \$200 million to Jamaica National last year for its micro lending programme. That money was disbursed in two months. I am advised that the arrears rate is less than 5%. Mr. Speaker, when you consider that those loans were made without the reliance on traditional collateral, we must conclude that this is a highly successful programme and that honest small people repay their loans. I want, therefore, to congratulate Jamaica National for an excellent performance.

(vi) Development Bank of Jamaica (DBJ)

During the period March 2009 to March 2010, the DBJ disbursed a total of \$2.667 billion to the SME sector. This involved 2,460 loans and the creation or retention of some 16,903 jobs.

(vii) JBDC Lending Programme

During the same period, the JBDC disbursed 212 loans valued at \$150 million, creating 534 new jobs. The arrears level is approximately 4%.

5.3 Increasing Access to Credit

However, many persons are still finding it difficult to qualify for some of these funds, owing to credibility issues or the absence of suitable collateral. A number of potential borrowers cannot readily provide the necessary documentation such as TRN, TCC, financial information, formal business registration, and so on in order to access loans.

The Government, Mr. Speaker, has neither the financial resources nor the expertise to single-handedly fill the financing gap facing MSMEs. That is why we welcome the increasing involvement of the private financial institutions, including the Jamaica National, NCB, Scotia Bank and others. That is why we continue to support the creation of new financial products suited to the financing of MSMEs, and that is why we have been introducing mechanisms to facilitate the institutionalized sharing of information and risk, as a means of reducing the risk and heavy reliance on collateral.

It is against this background, Mr. Speaker, that the MSME credit bureau and the Junior Stock Exchange have been introduced.

5.4 Collateral Registry

Mr. Speaker, plans are now well advanced towards the establishment of a collateral registry in Jamaica. Such registries provide notice of prior liens to all potential creditors. Under this system, a publicly-available data base is created, allowing borrowers to register the collateral they are pledging against loans. A steering committee for secured transactions is being formed and will consist of the Ministry of Industry, Investment and Commerce, Ministry of Finance and the Public Service and other key stakeholders.

5.5 Role of Science & Technology in Entrepreneurial Development

Mr. Speaker, science and technology underpins virtually everything that we do. This is evident through the technologies developed in areas such as food production, health and environment, the development of local industries, the promotion of competitiveness, job creation, as well as small and micro enterprise development.

A key player in this process is the Scientific Research Council (SRC).

5.6 Rural Youth Employment Project

One of the most recent projects of the SRC, Mr. Speaker, is a 3-year Rural Youth Employment Project, made possible through US\$1.25m

support from the United States Agency for International Development (USAID) and the United Nations Development Programme (UNDP).

The project, launched in March 2010, is really an initiative of the SRC and the Planning Institute of Jamaica (PIOJ). Its main objective is to reduce rural youth unemployment in the parishes of St Thomas, St Ann, Trelawny and Manchester. It primarily targets youth who are unattached, as well as those earning a living directly or indirectly through agriculture.

The project aims to reduce rural youth unemployment by increasing their access to sustainable livelihood options. This will be achieved through the provision of skills training and increased access to post harvest and agro-processing facilities.

Through the Rural Youth Employment Project, youths will have in addition to important life skills, the necessary skills to identify and access opportunities for engaging in other businesses along the agriculture value chain. The project will work through established community groups but will also accommodate youths not currently involved in such groups.

Mr. Speaker, we expect this project to enhance current efforts to strengthen the linkages between the agriculture and tourism sectors and the servicing of underserved niche markets.

5.7 Lemon Grass Industry

Another important initiative of the SRC, Mr. Speaker, is that of establishing a lemon grass industry.

In an effort to stimulate employment opportunities along the value chain, the Council has revitalized and showcased the potential of essential oils from local plants. The SRC, Mr. Speaker, has been using lemon grass as a model to demonstrate the versatility of under-utilized aromatic plants locally. So far, over 200 persons have expressed interest in farming lemon grass as a crop, while others are already engaged in activities towards the extraction and production of value-added products.

The SRC has also signed a MOU with Churches Credit Union that expressed a willingness to provide concessionary facilities to parties interested in participating in a lemon grass business.

As a result of a vibrant promotion campaign to stimulate the lemongrass industry, over 180 enquiries have already been processed, with commitment from farmers to cultivate over 986 acres of lemon grass for value added products.

Mr. Speaker, the SRC in **enabling economic activity**, has interacted with over 2000 customers, mostly through the efforts of Marketech Ltd, the marketing and business development arm of the SRC. This has resulted in a **55% increase in the number of requests for food**

product development and a 107% increase in contracts with MSMEs for product research and development activities. Over 32 food and personal care formulations have been sold to MSMEs.

The SRC's effective use of its patented environmentally-friendly wastewater treatment technology continues to protect Jamaica's natural resources for our generation and generations to come. In a time when manufacturers are complaining about high energy costs, this technology can contribute to improving competitiveness through the use of renewable energy.

5.8 Wooden Products and Furniture Incubator Project

Mr. Speaker, in addition to all of this, we have developed a programme specifically geared towards providing technical support to micro and small manufacturers of furniture and wooden products. A total of \$35 million has been allocated through the Bureau of Standards Jamaica (BSJ) to finance the project for this year. Over the duration of the three-year project, a total of \$100M is to be made available.

The project, Mr. Speaker, is being implemented in collaboration with a number of public and private sector bodies, including the Ministry of Education, HEART/NTA and the Jamaica Wooden Products and Furniture Association (JaWFA). A nine month pilot phase, which ended in December 2009, saw the establishment of the

administrative framework for the project and the launch of a Design Centre at the Bureau. For the 2010/11 financial year we are looking towards the establishment of six hubs islandwide (for technical and financial training) and the incubation of some 40 wooden furniture manufacturers.

6.0 INTELLECTUAL PROPERTY PROTECTION

Mr. Speaker, the success that Jamaica has been enjoying on the world stage with our athletes, has underscored the challenges associated with protecting our niche products, our intellectual property rights and “Brand Jamaica”. Countries and companies worldwide have been taking advantage, exploiting our country’s good name and gaining commercially from our reputation.

I brought some examples of the wanton cases of piracy now taking place with respect to some of our Brand Jamaican commodities around the world:

(1) Swiss Barbeque original Jamaica Jerk Sauce – Made in Trinidad & Tobago;

(2) Jamaica Jerk Sauce, which has on the bottle the map of Jamaica, the Jamaican doctor bird, the Jamaican colours and refers to Boston-style jerk - Made in Costa Rica;

(3) Ron Jamaica – which in English translates “Rum Jamaica” – **Made in Ecuador;**

(4) Jamaica Energy Drink, this product is being advertised and sold on the Internet as if it were from Jamaica – **Made in Croatia,** and

(5) Jamaica Coffee, Blue Mountain Ground Coffee, with the map of Jamaica and the doctor bird – **Made in the USA.**

Mr. Speaker, we have been getting all our producers organized, beginning with coffee, jerk and rum. In legal terms, JIPO is establishing what are called “Codes of Practice”, which clearly set out specific rules and standards by which our fine Jamaican products can be registered locally and internationally. By so doing, Jamaica will be in a better position to police and prosecute infringements of its intellectual property around the world.

7.0 INVESTMENT PROMOTION AND TRADE FACILITATION

Mr. Speaker, I now turn to another important area -- investment promotion and trade facilitation.

Over the past several months, the role of JAMPRO has been comprehensively refocused from a wider approach to investment promotion and facilitation, to a more specific sector targeting approach. Simultaneously, the trade and business development side

of the agency has increased its services in the development and capacity-building of local businesses to compete at global standards.

In so doing, JAMPRO is engaging in more aggressive export promotions while implementing a national linkages programme that is connecting competitive Jamaican producers with local and foreign buyers.

I pause here to commend the JAMPRO team under the leadership of president Sancia Bennett Templer for the solid work being done against the backdrop of an unfavourable global climate for trade and investments.

7.1 The New JAMPRO

Mr. Speaker, the new JAMPRO of which I speak, is being reconfigured to address, and to become an even more critical institution to support the Jamaican business community, in particular, our large, medium and small exporters.

7.2 JAMPRO Business Hub

With regard to export development, JAMPRO has renewed its focus on business facilitation and on product development, which are key functions underpinning the organisation's promotional activities. This is based on the organisation's recognition that in order to effectively promote exports to the international market, we must ensure that

companies are export-ready and can sufficiently meet the standards and capacity requirements of the global marketplace.

Guided by the refined and targeted focus on companies within the small and medium-sized enterprises sector, JAMPRO will identify and support such entities that demonstrate strong export potential for development into export viable companies, whose products can then be promoted.

Key to this process is the execution of export readiness diagnostics, facilitation of technical assistance, access to financing, facilitation of business linkages, coordination of cluster and sector initiatives, stakeholder partnerships and ongoing client interface with the export clientele to identify issues affecting export expansion.

Within the next 4 months, Mr. Speaker, JAMPRO will transform nearly 7,000 sq. ft of the ground floor of its head office to create the JAMPRO Business Hub.

- This Business Hub will be the only one-stop ‘business facility’ of its kind in Jamaica.
- It will allow for easier and more direct access by clients to business information via touch-screen monitors, Internet desks and a modified contact centre;

- The establishment of a permanent showroom/exhibit displaying a variety of Jamaican products with an emphasis on new and emerging products/brands and a virtual and physical information hub that provides data to assist clients in making critical business decisions.
- On certain days of the month, JAMPRO will facilitate ‘full service’ days, where it will assemble all Government-related services for the conduct of business in the Business Hub, and invite the business community to access these services.

As Minister, I am concerned with “**What is it that hampers production and the growth of Jamaican exports?**” I am determined to overcome the hurdles and bureaucratic ‘red tape’ that stifle the growth of the export sector, especially in a new paradigm where the reforms instituted by this Government to our financial system have effectively coerced the banks to go out and find productive projects for financing.

It is my resolve, as interest rates continue to trend downwards, to create a more business-friendly environment for the increasing numbers of local entrepreneurs and producers seeking to go into the export market; that these proud, brave men and women, receive the highest quality of export facilitation from JAMPRO, on par with the best in the world!

They deserve no less. And this Government through the Ministry of Industry, Investment and Commerce and all its agencies, and especially JAMPRO, will re-double its efforts to make it happen for our entrepreneurs and producers, who take the risks to lead the production drive of this country.

It is against this background that the new JAMPRO is being branded, and that's why it gives me such pleasure to unveil in this Honourable House, in this important sectoral debate, the face of the NEW JAMPRO!

JAMPRO: TRADE, INVESTMENT, JAMAICA!

Mr. Speaker, let me quickly point out that:-

- This is not about changing labels.
- It is about taking Jamaica's productive promise to the next level.
- It is about seeking out new investments, wherever we can find them in the world to create new jobs in the economy;
- It is about stepping up the services to exporters and producers in keeping with the goals of our National Export Strategy, to expand businesses, which will employ more workers, and to

increase Jamaican exports to one-fifth of GDP by the year 2013.

7.3 JAMPRO 2009/2010 Performance

Mr. Speaker, everyone in this Honourable House is acutely aware of the extreme challenges in the current environment for attracting and landing investments in Jamaica.

Notwithstanding what has been the worst year for the flow of foreign direct investments around the world, JAMPRO has achieved another creditable year of performance:-

- For the fiscal year April 2009-March 2010, JAMPRO facilitated and landed investments in Jamaica to the tune of J\$17.12 billion in capital expenditures (CAPEX), or approximately 76.4% of the target for the fiscal year.
- Despite a 30% decline in global trade¹ and a 32% decrease in Jamaica's non-traditional exports², some sub-sectors proved particularly resilient during the period under review.
- Export sales facilitated by JAMPRO was J\$3.43 billion as at March 2010, or 98% of the fiscal year's target.

¹ www.wto.org/statistics

² Statistical Institute of Jamaica

- The value of linkages contracts facilitated by the organisation was approximately J\$935 million, relative to J\$113.8 million in FY2008/09. The majority (85%) of the linkage contracts signed were in the ICT sector.
- In the area of employment creation, 4,574 jobs were created, representing approximately 69% of the target for the year. Mr. Speaker, I should point out that some of the shortfall in employment relative to target was attributed to the capital intensive nature of a significant proportion of the foreign investments facilitated during the year.

As a Government, our approach in attracting investments to Jamaica, has been decidedly proactive and purposeful. This Government understands the inextricable link between landed investments and the creation of jobs. I have had the job as Minister for the past 2 ½ years, during which time my resolute focus has been about finding those elusive jobs in a global investment environment marked by jittery investors and the phenomenon of jobless growth.

So what have we done to operate in this challenging environment?

I have charged the board, management and promotional teams at JAMPRO to become more targeted in their investment promotions; and as a matter of priority, to go after those investments which stand the greatest chance of bringing in the jobs that will have a multiplier effect on the economy.

Mr. Speaker, this resulted in more than 22 new projects being added to the JAMPRO portfolio during the year.

- This included 12 ICT projects (specifically 11 Business Process Outsourcing (BPO)/ Call Centre Operators and 1 Offshore Medical Facility), 1 creative industries project, 5 tourism projects, 2 manufacturing projects, and 2 agricultural projects.
- In examining the over \$17 billion of investments facilitated by JAMPRO, key among these were mega-tourism projects such as Secrets/Seawind Keys, whose preliminary spend for the period totalled just under US\$100 million; and Palmyra, whose total spend was valued at US\$47million.
- Other key projects facilitated over the period included Flow Jamaica at a capital spend of US\$30 million.
- JAMPRO also worked with Carib Cement in facilitating the expansion of their operations which was valued at US\$17mn.
- Within the ICT/BPO sector, noteworthy investments were facilitated from renowned multinationals such as Minacs as well as reinvestments by existing international investors, Tele-performance /Alliance One.

- Investments were also facilitated in the minerals and mining sectors, with companies such as Cement Jamaica investing in a new cement and limestone quarrying operation at Port Esquivel, St. Catherine and Freetown, Clarendon.

Mr. Speaker, this Government has done well to attract a mix of investments, which I would like to spend some time to enumerate because I don't think the country at large has a clear knowledge of our investment success, notwithstanding the effects of the global crisis.

(i) ICT Investments

Mr. Speaker, I begin with the ICT sector, and I would like to quote from an article entitled "**Jamaica: the Full Picture**" published by the influential "**Nearshore Americas**" that enjoys vast readership of the who's who in the ICT world throughout the Americas; and I quote:

"Jamaica's close proximity to Miami (one hour) and New York (3 hours) in the Eastern Time zone makes it extremely accessible. What becomes obvious after any tour of Jamaica is that the dedication and work ethic of Jamaicans far surpasses many other countries – the workforce is polished and professional with excellent communication skills."

"We are optimistic that Jamaica will continue to expand as a near shore location servicing the USA", the publication quotes the senior vice president of Alliance One, one of our big ICT investors in the

Montego Bay Freezone who is seeking to expand his business, as saying: "There have been significant improvements to infrastructure in the country to make this expansion to more inbound call applications viable. There is always potential for Jamaica to increasingly progress its service capabilities to include advanced and complex business process outsourcing (BPO) specialty services."

Mr. Speaker, the point to be made here, is that we are attracting quality ICT investments to Jamaica. Our strategy for attracting investments in the ICT sector is paying off.

Worldwide, spending in the business process outsourcing (BPO) side of the ICT business amounted to approximately \$460 billion in 2007, and is expected to increase to \$680 billion by 2011. The large transnational corporations of the world are seeking to outsource in seven critical business functions: Human Resources (HR), Procurement, Finance and Accounting (F&A), Customer Management, Logistics, Sales and Marketing, and Training.

They are doing so because of mounting pressure to expand their capabilities, drive down costs, and look for new markets as the environment becomes more competitive and buyers more demanding. Jamaica is strategically poised to tap into the lucrative benefits accruing from the developments in the global ICT industry. Today, we are a player at the table.

Jamaica, and in particular, the fair city of Montego Bay is a blue-chip ICT investment destination. The ICT world is lining up to do business in Montego Bay, and they are doing so, not out of sentiment or because they love our white sand beaches and beautiful sunshine. They are coming to invest in Jamaica because they recognize that we have the necessary policies and regulations, as well as the institutional capacity to ensure the growth and development of one of the fastest growing sectors in the world.

Mr. Speaker, let me hasten to add that the credit for this is not entirely our own, and kudos are due to the Opposition for the efforts they made whilst in Government.

But, Mr. Speaker, I must for the benefit of the people point out to this Honourable House why our strategy for attracting ICT investments over the past 2 ½ years, has been different from the past.

Mr. Speaker, under my watch:

- JAMPRO has executed a strategy of employing market brokers (industry experts) based in our key ICT target markets (USA, Canada, India) to sell our services and broker hard currency deals.
- We refocused on capacity building in the local BPO sector by working directly with existing call centre operators to expand the number of seats and agents they employ.

Under my watch:

- We focused on linkages, that is, the spin-off employment opportunities from out ICT investment, looking at how Jamaican builders, telecom companies, lawyers, real estate companies, trainers, etc. could benefit from this sector.
- Last year JAMPRO facilitated 18 contracts with a value of nearly \$800 million worth of linkages in the ICT sector. This means that existing ICT companies initiated new contracts worth US\$9 million, putting money directly into the hands of local Jamaicans. This is quite apart from the people they employ.
- We worked actively with existing operators, e.g. helping them to find new real estate to expand or dispose of computers, etc.
- We reviewed competitor countries and our policy environment to ensure our competitive place, whilst becoming more attractive as a location for ICT investments.

What fruits did this bear? How well did our strategy work?

- **Overall, we added over 2,100 jobs in the ICT sector and realized capital expenditure to date of nearly J\$500-million in 2009-10.**
- Through JAMPRO, we landed the first new multi-national investment in the BPO sector for the past 5-6 years. This was done via joint-investment with a local/Jamaican medium-sized operator and has the potential to generate 1,500 good quality paying jobs.
- Other new businesses/accounts were established in the areas of debt collection, telecommunications customer support, telesales and lead generation, time share sales, medical help line, advertising/market research and human resource outsourcing.
- Last year JAMPRO helped to create new jobs in the ICT sector simply by connecting local BPO operators with overseas clients or companies who wanted to outsource or sub-contract services to a third party provider. This is a direct commercial brokering service offered by JAMPRO.
- JAMPRO also hosted a number of inward missions with potential clients, real estate developers, and site selection consultants. They all had one common message: Jamaica is a perfect location for outsourcing due to competitive costs and a

highly developed talent pool but we need “more space” to attract new businesses.

- By space we mean ICT-ready built-out space for rent. No new investor is going to wait 9-18 months for space to be built. They will have moved on to another location and opportunity.
- This challenge has created significant opportunity for local investors to seriously consider investing in real estate to provide the well needed space to grow our ICT sector. We need space in Montego Bay, Kingston and St. Catherine.

(ii) The Story of MINACS: New Type of ICT Investment

Mr. Speaker, let me now share in even more practical terms how our ICT investment is working:-

Minacs is a new investment landed during last year, which represents the new type of ICT investments we are looking for. This 28-year old company services Fortune 500 clients in Business Process Outsourcing. They employ 13,000 professionals around the world.

- They chose Jamaica as their newest location due to the high calibre of the Jamaican labour force and our competitive costs.
- In February 2010 they began with 200 debt collection agents.

- What is noteworthy about this investment is that Minacs also has expertise in finance and accounting functions as well as IT/software development.
- What this means is that there is the opportunity to add many very high quality jobs employing university graduates.
- Jamaica also now has the opportunity to transition into providing back office services to the investment banking sector, which will be a platform of our International Financial Services Centre, IFSC.
- Minacs has the potential to be a 1500 (or more) agent operation.
- Most importantly, Minacs chose to partner with a local operator, using their management expertise and capabilities and proving that we definitely have the entrepreneurial talent required to develop this industry in Jamaica.

(iii) Growing existing investments

a. Teleperformance:

- One of our largest existing operators, Tele-performance, has been continuously growing and expanding.

- They added 220 new agents between July and August 2009 and will be adding another 500 agents by July of 2010.
- One of our largest existing operators is currently looking for space to expand anywhere between 20,000 to 50,000 square feet. This could translate into as many as 500 new jobs by 2011 from just one operator.

b. Vistaprint:

- Mr. Speaker, it has been publicized in the press this year that Vistaprint acquired 11 acres of land at Fairfield (St. James) in the soon to be developed Barnett Technology Park to build a 90,000 square foot customer support and design centre.
- Infrastructure development is currently underway and Barnett Tech Park will represent the consolidation of Montego Bay as the BPO hub of the Caribbean.

What is the approach going forward for the ICT Sector in 2010-11?

The overwhelming imperative/thrust for 2010 must be the development of ICT-ready space, using the public-private partnership model.

There is strong private sector interest in the 21 acres at Naggo head for an ICT Park development. We have been approached by a

consortium, and the Factories Corporation of Jamaica plans to begin procurement procedures to initiate this project in 2010-11.

This is located next to the Caribbean's largest dormitory bedroom community (Portmore) with a highly educated workforce, which is ideal for the BPO sector.

(iv) Agro-Industry and Manufacturing Investments

Mr. Speaker, my support and advocacy of the local manufacturing industry is well known in this House and beyond. I am an unrepentant believer in the ability of this sector to grow, expand and provide this country with the wherewithal to produce our way out of debt and poverty.

But the agro-industrial and manufacturing sectors need new investment. And as a Government, we are stepping up our efforts to attract investments to these sectors because we want to deliver the jobs that manufacturing can bring to communities, especially poor rural communities.

(v) Sweet Investment: The Story of Sandy Bay Sweets

The seaside community of Sandy Bay, Hanover, along the way from Montego Bay to Negril, is one of the rural communities adversely affected since the Jockey International manufacturing plant closed down in 2007.

For years, this factory was the economic mainstay of the area, from which families derived their livelihood and sent their children to school. When the factory closed, the economic heart was ripped out of the chest of the community.

In assuming office, this Government looked far and wide for a buyer for the Jockey facility. Today, I am pleased to announce that, through the tireless efforts of JAMPRO - **Sandy Bay Sweets** - a part of the US-based Madrona Speciality Foods Group, will open in June 2010 in the old Jockey factory in Sandy Bay, Hanover.

- The capital investment into the economy is US\$1.2 million and this unique investment will create 300 permanent jobs.
- **Sandy Bay Sweets** is a premier manufacturer of specialty foods products, and will manufacture cookie and hard candy to be sold under the “Just Delicious” brand, a product line which was previously made in China.
- **Sandy Bay Sweets** will supply confectionary products, which have been featured on lifestyle media such as the ‘Food Network’ and ‘Better Homes and Gardens’, to large American retail entities such as TJ Maxx and Costco.

Mr Speaker, this is a sweet deal not just for the people of Sandy Bay, Hanover, but also for local manufacturers of flour, palettes and corrugated boxes, as well transportation and concessionaire services.

This investment will also require the services of custom brokers, freight forwarders, payroll and administrative services and other linkage services that the Jamaican economy can provide. The JAMPRO team is now working actively to create these linkages on the ground to ensure that the Sandy Bay Sweets investors make sweet returns on their investment.

Mr. Speaker, the people of Sandy Bay, Hanover are thankful to their Government today for this investment; and we are happy to have served them well.

(vi) Film Investments: the Economic Impact on Portland

From Sandy Bay in the west to Portland in the east, there are few places in Jamaica, which can lay claim to being as naturally beautiful and diverse as Port Antonio.

This unique quality continues to make it an ideal location for major overseas film projects that engage the local industry and contribute in a significant way to the economy of the town and the wider Jamaica.

- In the past year, film projects, inclusive of music videos, employed 770 people and generated \$292.6 million dollars in the economy.

I would like to single out for special mention the most recent big studio Hollywood movie to have been produced in Port Antonio with

Tom Cruise and Cameron Diaz - “**Knight and Day**” – which employed 80 people and spent J\$135 million dollars within a month in the town of Port Antonio.

- Among the beneficiaries were: hoteliers, who experienced 100% occupancy during the filming of the movie scenes, local film producers and their crews of location scouts, cameramen, photographers, lighting and film technicians, set designers, riggers, and support services by caterers, restaurants, drivers, farmers, and the list goes on.
- When a film lands in Jamaica, it has a major economic ripple, creating a film economy that an important town like Port Antonio understands very well.

For the town of Port Antonio and other scenic and urban locations all over Jamaica, JAMPRO and the Jamaica Film Commission will continue to market and promote Jamaica as a ‘Filmmaker’s Paradise’.

Recently, the Jamaica Film Commission’s creativity and distinctive flair in marketing the island as an attractive film location was celebrated with the runner-up award for Best Theme Booth at the Association of Film Commissioners International (AFCI) Locations Trade Show, held at the Santa Monica Civic Auditorium in Los Angeles, California from April 15 to 17.

The booth's visual display was anchored by a large poster of the landmark film "**The Harder They Come**", which was directed by Jamaican film legend Perry Henzell. The poster generated quite a buzz among the Hollywood crowd at the event and follows up on the recent celebrations by the American Cinematheque to honour the life and times of Perry Henzell.

In tribute to the pioneering work of Perry Henzell and the industrious men and women who work in Jamaica's film industry, the Ministry and the Film Commission in JAMPRO, will work to establish a modern film policy that seeks to enhance our ability to compete with other locations for films.

(vii) Breaking New Investment Frontiers: The International Financial Services Centre (IFSC)

Mr. Speaker, the Government has identified the financial services sector as a priority area for development in this fiscal year. Work on the International Financial Services Centre (IFSC), started as far back as 2004 and it is hoped that the establishment of this Centre will occur during this fiscal year.

Mr. Speaker, the size of the global offshore financial sector is estimated to be between \$5 trillion and \$7 trillion with approximately 80 jurisdictions that offer these services worldwide. Notwithstanding, offshore financial services experts have highlighted the opportunities for Jamaica, with the centre providing substantial annual recurring revenues for Government from statutory fees, etc. estimated at

US\$30m - \$300m and the prospect of creating substantial job opportunities for thousands of local professionals in the fields of administration, legal, accounting/auditing and financial services.

(viii) On-going work

- An evaluation of Jamaica's ability to position itself competitively in this industry and to identify Jamaica's possible product offerings/options for a Jamaican IFSC is currently underway. A comprehensive preliminary report has already been submitted and is being reviewed by a committee established to oversee the implementation of Jamaica's international financial services centre.
- Work will also be undertaken to review our double taxation treaties. This will be done to determine their relevance in the current environment and whether they need to be renegotiated, so as to support the attractiveness and development of the IFSC.
- A draft bill to establish the statutory body for the development and promotion of Jamaica as a centre for international financial services has been referred to the Attorney-General's office for legal opinion. It is hoped that this bill will be passed during the first quarter of the 2010/2011 fiscal year.

7.4 Exports – achievements, challenges and opportunities- Implementing the National Export Strategy

Mr. Speaker, operating within the global trade arena is fraught with many challenges, but we will not be deterred. JAMPRO will press on its key role of export promotion, focusing on niche products that have demonstrated the potential for further penetration into existing and new markets.

During the last financial year, the economic and financial crisis and the resultant economic downturn adversely affected demand for goods and services, resulting in a 30% decline in global trade and a 40% decrease in Jamaica's non-traditional exports. However, some sub-sectors have proven particularly resilient during the period under review. Exports of non-traditional "Food" items increased in 2009, from US\$118.7 million to US\$119.5 million. In particular, "Cake" rose to US\$13.6 million, "Baked Products" increased to US\$10.8 million and "Other Fruit and Fruit Preparations" grew to US\$6.2 million. In addition, "Beverages and Tobacco (excluding Rum)" increased by US\$3.5 million, relative to 2008.

JAMPRO's clientele has primarily been comprised of exporters of these "recession-proof" non-traditional exports. It is, therefore, no surprise that exports sales facilitated by JAMPRO was J\$3.43 billion as at March 2010, or 98% of the fiscal year target. The organization has committed to focus continued attention on the export of these

and other niche high value products from Jamaica, many of which have been clearly outlined in the National Export Strategy (NES).

The NES Roadmap, which was completed in 2009 and is now being implemented, has not only identified key strategic imperatives or growth sectors for Jamaica but also distills the key challenges faced by our exporters. Some of the cross-cutting sectoral issues include the need for human capital development, innovation and technology, trade facilitation, transportation, financing challenges, to name a few. These and other related challenges will be tackled at the level of the National Competitiveness Council, which will act as an agitator for change and will monitor the implementation of key strategies to overcome the challenges identified.

While traditional countries or regions will continue to be the focus of significant promotional efforts going forward, JAMPRO will build on the work of the NES by conducting ongoing market research to identify the specific local segments within international markets that have the greatest potential for Jamaican niche products. These include markets that have managed to rebound fairly quickly from the impact of the recession, such as emerging markets in Latin America and Europe, and new markets in traditional export countries like the USA and Canada. JAMPRO will also seek to optimize opportunities arising from the trade agreements already in place and those currently being negotiated.

Export Development: Bringing New Exporters to Market

Mr. Speaker, earlier I posed the question concerning the impediments to our export growth. We recognize that growing our exports will require new markets for our export products and services, as well as keen attention to encouraging and facilitating the development of new exporters.

A few weeks ago, I met with a large contingent of manufacturers and exporters to discuss the challenges facing them and to work at finding common solutions to boost their production and export of products and services. The challenges were many and varied. But one of the recurring themes was the need for support in global markets. This is a matter that this Government has taken seriously and we have been working to put all the systems and refinements in place to give our exporters an edge in the markets where our quality Brand Jamaica commodities compete.

- Key among these refinements is the establishment of a North American Regional Office, staffed by 2 investment and export promotions officers, operating out of Toronto, Canada.
- We selected Toronto as the base of our North American operations, given some of the untapped opportunities in the Canadian market in the context of the upcoming CARICOM/Canada Free Trade and Development Agreement and the wealth of opportunities related to the ICT/BPO sector.

- JAMPRO is also restructuring operations in its European Regional Office in London, with a renewed focus on exports, given the expanded market opportunities under the CARIFORUM/European Union Economic Partnership Agreement, as well as the upcoming London Olympics in 2012.
- The creation of new distribution channels in the European market is a critical component to JAMPRO's strategy in FY2010/11.
- And so, the Government took the decision to re-establish the Jamaica Marketing Company Limited (JAMCO), with a view to assisting Jamaican firms to expand exports, in particular, non-traditional exports, through the creation of more distribution channels.
- JAMCO will facilitate and assist small Jamaican exporters to penetrate non-traditional export markets abroad, beginning with the UK. If successful, the company could expand its operations into other European countries, in order to take advantage of the opportunities afforded Jamaica under the CARIFORUM/EU Economic Partnership Agreement (EPA).

8.0 CAYMANAS ECONOMIC ZONE

Mr. Speaker, last year, I shared with the House the vision for the Caymanas Economic Zone (CEZ), an initiative which has the potential to generate up to 10,000 jobs when implemented. The Ministry has been pursuing a two-pronged approach to the development of CEZ.

- The first prong comprises a logistics hub and manufacturing facilities on the southern-side of the Mandela Highway consisting of between 1,000 and 1,500 acres.
- This phase is led by the private sector, and to that end, the Ministry of Investment, Industry and Commerce signed a Memorandum of Understanding on behalf of the Government of Jamaica with Intercontinental Worldwide Limited on August 25, 2009.
- Since then, Intercontinental Worldwide has held discussions with strategic partners in China, Hong Kong and South-east Asia. Their efforts have resulted in the identification and commitment of an anchor tenant for the Caymanas Economic Zone.
- A major Chinese financial conglomerate has also expressed interest in participating in the project along with several major

manufacturing, processing and trading companies. We are now moving forward to the contractual stage of the process.

Mr. Speaker, the second prong of the CEZ Initiative is Government-led:-

- The Ministry is spearheading the build-out of a zero emission industrial park on the northern-side.
- There has been overwhelming response from the local private sector to the August 2009 press advertisements inviting 'expressions of interest' in Phase 1 of the CEZ project.
- Based on this response, the parcel (of land) allocated for phase 1 was oversubscribed. We, therefore, expanded the size of phase 1 to accommodate the additional interest.
- A shortlist has been created and having completed the planning and preliminary design, we are about to engage in negotiations with these parties.
- The responsibility for implementing this project has been transferred to the Factories Corporation of Jamaica.

9.0 FACTORIES CORPORATION OF JAMAICA

In terms of factory space provided through the Factories Corporation of Jamaica (FCJ), plans are fairly advanced for the investment of

\$400 million into the creation of 60,000 sq. ft of factory space for manufacturing at Garmex Free Zone during the 2010/2011 financial year. There are also plans for the investment of another \$700 million to create 100,000 sq. ft. of space for the ICT sector at Naggo Head.

10.0 DEVELOPMENT OF DOWNTOWN KINGSTON

Finally, Mr. Speaker, I would like everyone in this Honourable House to know that contrary to what a few people want to believe, I have always been firmly in support of the development of downtown Kingston. The staff of the Ministry knows that very well. Had we obtained the required space downtown, we would have been there from as early as 2007.

The Ministry, therefore, is pursuing the Government's policy mandate of developing the downtown area. We are fairly well advanced in the process of acquiring five floors of the Air Jamaica building downtown. Once the necessary paper work has been taken care of, we shall be there. We are moving forward.

11.0 THE WAY FORWARD

And, as I stated before, Mr. Speaker, the way forward is not an easy road. The recession is coming to an end, but we still have a far way to go.

In moving forward, therefore, we must:

- Continue our efforts to remove the barriers to competitiveness and growth in this country.
- Our micro, small and medium sized entrepreneurs and potential entrepreneurs must be supported every step of the way.
- The provision of \$750 million for lending to micro entrepreneurs is a significant move forward not only for the small man, but for the country as a whole.
- Indeed, with the general reduction in the interest rates on loans, now is the time for our private sector businesses to proliferate and expand. We are willing and ready to work with you.
- Through the JBDC, we will continue to provide the necessary handholding, training, technical and business development support for entrepreneurs throughout the length and breadth of Jamaica.
- We will continue, through the new JAMPRO, to strengthen our investment promotion and trade facilitation capabilities, whilst maintaining a targeted approach to foreign direct investments, with job creation being a major objective. This approach has

already resulted in over 22 new projects being added to the JAMPRO portfolio.

- In moving forward, we will continue to build our research, development, and innovation capacity.
- Critical to everything that we do must be a renewed and expanded focus on the export trade, with a serious long-term commitment to the development of more value-added products.
- Finally, Mr. Speaker, all of us must now work together to build this country – Government, Opposition, church, private sector – one country, one people, one common goal. We must all play our part in creating a society in which all Jamaicans are empowered to achieve their fullest potential, in keeping with the objective of the Vision 2030 National Development Plan.