

Address

**The Hon. G. Anthony
Hylton**

Minister of Industry, Investment and Commerce

Event : Jamaica Logistics Hub Symposium

**Theme: Integrating Jamaica Into the Global
Value and Supply Chains**

Date : Tues, January 21, 2014

Time : 8.00 a.m.

Venue: Jamaica Conference Centre

Salutations

- Prime Minister, the Most Honourable Portia Simpson Miller
- Dr. Morais Guy, Minister without Portfolio in the Ministry of Transport & Works
- Minister Sharon Ffolkes-Abrahams, Minister of State in the Ministry of Industry, Investment and Commerce
- Leader of the Opposition, Mr. Andrew Holness, and other Members of the Opposition
- Mr. Francis Kennedy, President of the Jamaica Chamber of Commerce, and other distinguished Private Sector heads;
- Professor, Hon. Gordon Shirley, Chairman and CEO, Port Authority of Jamaica **and Chairman of the National Logistics Hub Implementation Committee**
- Dr. Eric Deans, Chairman, Logistics Hub Task Force
- Permanent Secretaries and other members of the Public Sector
- Chairmen and Heads of Agencies
- Members of the Diplomatic Corps
- Representatives of Multilateral Agencies and international guests

- Distinguished speakers and panelists
- Leaders and members of the private sector
- Esteemed guests, especially our international guests and speakers who have taken the time to come to share their knowledge and experience of the logistics industry at this important symposium.
- Ladies and gentlemen ...Good morning.

Premise and Introduction:

The staging of this Symposium is a remarkable demonstration of public-private partnership in support of the transformation of the business and socio-economic landscape of Jamaica.

This Private Sector-led Symposium has been billed as an event primarily aimed at informing local investors and the business community in general about Jamaica's Logistics Initiative. Indeed, it is important to note that our deliberations over the next two days will be closely observed by our competitors and prospective investors located well beyond the shores of Jamaica.

Let us therefore then recognize this Symposium for what it is- **a global event!**

- In fact my friends, everything about the Jamaica Logistics Hub Initiative has distinct global relevance!
- This Initiative is challenging the paradigms of how we think about how we do business with the world, and the plans we are making to expand and make our businesses more profitable!
- This Initiative is a challenge to every Jamaican entrepreneur, and to every Jamaican business to begin to think outside of their comfort zones; and to arrive at responses to some of those troublesome questions that might be keeping you up at nights:

How do I see global competition to my business?

Am I fearful about the survival of my business?

Am I equipped to compete? How do I respond?

Could this Jamaica Logistics Hub Initiative be the answer to our prayers for a way out of our economic malaise and for my business to grow beyond my wildest dreams?

If so, how then do I insert my business into global value chains in order not only to survive but to compete successfully and to generate wealth?

These are questions that I as Minister of Industry, Investment and Commerce constantly contemplate; I too am up at nights, frequently into the wee hours of the morning, cognizant of the fact that the future of our economy depends on us getting this Initiative right, by closely collaborating as trusted partners to achieve sustained economic benefits and positive results never before seen in Jamaica.

My vision is that we can construct a New Jamaican Economy upon the platform of this Jamaica Logistics Hub Initiative.

I see the Initiative as an ecosystem in which the local and international Private Sectors will co-exist and thrive, and where the positive impact and outcomes will be felt right throughout the economy.

And, I too share the Prime Minister's vision that the Jamaican Private Sector must not be left behind; that means well-established firms, the MSME Sector, the individual entrepreneur and the next generation of Jamaican entrepreneurs to whom we must bequeath an enduring legacy!

Your presence here today speaks volumes to me that you are genuinely interested in the Jamaica Logistics Hub Initiative, and that you are prepared to participate. My job is to ensure that you are kept updated with information in order to make timely business decisions. You can count on my commitment and that of the MIIC going forward.

Demystifying the JLH

Ladies and gentlemen, I know there is still considerable doubt and skepticism about the concept of the Jamaica Logistics Hub Initiative.

Is it credible?

Can Jamaica really be a big player, indeed the Fourth Node in the global logistics industry?

Is this idea too big for us?

What exactly does Anthony Hylton mean when he talks about Global Logistics?

My friends, Logistics is what we do every day in managing the flow of goods, services, people, information, energy and other resources through the entire supply chain from producers to end users.

- How we get the daily newspapers to readers in the far-flung corners of Jamaica is an exercise in logistics;
- How modern manufacturing gets done on a global scale is based on a highly complex network of assembly and production sites, the shipping of parts from one location to another to produce a final good or product, and to then get it to the consumers around the world.

It is widely acknowledged that Jamaica has effectively lost its competitive edge in goods production especially over the last two decades.

The Jamaica Logistics Hub Initiative affords us the opportunity to arrest and reverse this trend.

How so you might ask?

With your participation and our collaboration, we can integrate local manufacturing and distribution processes into the global goods production and distribution chains of multinationals who are seeking quicker routes and shorter times to markets. It will make strong business sense for these international companies to set up their operations in Jamaica, and they will be looking for solid local partners.

You must be ready as the Jamaican Private Sector for these potential deals and opportunities, to breathe new life into your businesses and in Jamaica's manufacturing, distribution and services sector.

Beyond manufacturing and distribution, we expect that there will be a huge demand for services, all types of services, which we can provide.

- Consider the services and jobs that will be created at all levels, from top management to entry level: Logistics management, Industrial management, Transportation, Construction, Production and

packaging, Information technology management and operation, Port and airport operations with high demand for marine pilots, forklift and crane operators.

- Consider other services: Ship repairs and aircraft maintenance and repairs, Customs and immigration services, Cargo handling and warehousing, Security and financial services.
- Consider the companies that will be involved in this Initiative, and this list is not exhaustive: - Shipping companies, Port operators, Warehouse managers, Third party logistics companies, Manufacturers, Trucking companies, Cargo consolidators, Construction companies, Security companies and Government agencies

Small and Medium-sized Business Opportunities:

There will be numerous opportunities for support services to companies and persons working in and around the special economic zones, at the ports and airports, logistics parks and industrial parks, e.g.:

- Technicians, Tradesmen, Workshops, Professionals (accounting, finance, legal), Catering, Transportation
- Shops serving persons working on the port, in factories and sailors from ships
- Ship chandelling (supplying water, food and other supplies to ships calling at the port)
- The spin-off or trickle down from employment created by logistic hub activities will benefit the society at large, as persons employed will buy goods and services in their communities. The initial area of employment will be in the construction of the facilities for the hub, e.g. port and airport structures, large warehouses and factories but gradually transitioning to operations.

So when I speak about the Jamaica Logistics Hub Initiative, I mean:

- The clustering of large global businesses with substantial cargo flows, as well as global third party logistics providers (such as shippers, couriers like FedEx and DHL, freight forwarders) in Jamaica.

- These companies will locate in Jamaica to take advantage of our sea-air connectivity and trade corridors from their production houses in the Asia/Pacific and other regions to the growing markets of over 800 million people in the Americas.
- Ladies and gentlemen, when I speak about the Jamaica Logistics Initiative, I am talking about the Jamaican Productive Sector grabbing this opportunity and making money.
- I am talking about every service provider in this country taking a second look at their business and taking steps to build out their capacity in order to win contracts that will come from the roll-out of projects. And where one single Jamaican company cannot compete to win a contract, I would like to see small firms clustering and forming consortiums to bid on contracts. Again, my Ministry stands ready to support MSMEs to benefit from the Logistics Hub Initiative.
- When I talk about the Jamaica Logistics Hub Initiative, I am talking about maximizing the opportunity provided by global logistics to build on the platform of our existing physical infrastructure, to capitalize on

our geo-strategic location, and to integrate Jamaica into the global trading system, grow our economy and create jobs.

Simply put, the Jamaica Logistics Hub will be a platform to take Jamaica to the World and the World to Jamaica!

From the outset, when we embarked on this Initiative, I spoke of the key physical elements of the Logistics Hub implementation strategy:

1. The Privatization and modernization of the Kingston Container Port (KCT) – to accommodate the post-Panamax vessels
2. The development of Vernamfield – to facilitate long haul cargo and passenger flights and support the establishment of a maintenance, repair and overhaul facility

3. A Dry Dock facility – to build facilities for providing repair and maintenance services to ships
4. A Commodity port at Cow Bay, St Thomas, to position Jamaica as strategic location for the storage and transportation of dry and wet bulk commodities (grains, minerals, petroleum and LNG);
5. A Single Electronic Window – enabling the efficient cross-border flow of goods, services and people.
6. Special Economic Zones (SEZs)

Let me share our plans for these Special Economic Zones:

- These special economic zones will cluster large trans national companies engaged in a variety of logistics activities – warehousing and manufacturing logistics- that add value to semi-finished or intermediate goods that are destined for global markets. As many as 16 SEZs are contemplated to be spread across the country, connected with each other, linked with the Port Community System and connected to the world.

- We see the SEZs as facilitating new and innovative commercial ventures for the MSME sector, opening up significant opportunities for job creation and allowing our firms to link into global trading platforms.

This will be achieved through MIIC-facilitated industry clusters linking large corporations with MSMEs.

- The industry sectors targeted with potential for Jamaica's Logistics Hub will be determined based on a detailed industry analysis to be commissioned. This analysis involves a high-level benchmarking of Jamaica's offerings against key international competitors based on current and future industry trends. The purpose of the exercise is to identify the most promising sectors, sub-sectors and business functions as potential targets for Jamaica's Global Logistics Hub.

Again, it bears repeating, small businesses are a critical aspect of the logistics industry in any part of the world and

Jamaica is ensuring that micro, small and medium enterprise (MSME) entrepreneurs are included in the economic zones, and that they will become an integral part of the global supply and value chain.

- Another area we are paying close attention to is Information Communications Technologies. ICTs are central to logistics. Efficient physical flow of goods must be supported by robust information systems that meet global standards. The Jamaican Private Sector is replete with many ICT professionals, and the success of the Jamaica Logistics Hub Initiative will depend on inventive IT value added solutions and services.

Ladies and gentlemen, Jamaica must ready itself to compete in a world where global trade patterns and regimes have radically shifted.

- The emerging economies of Brazil, Russia, India, China and South Africa, the so called (BRICS) countries, along with the rest of Southeast Asia are now the major production houses of the world.

- These emerging economies are also fast becoming major markets in and of themselves. China has now become the largest trading country in the world.
- The expansion of the Panama Canal is in response to this trend. Without doubt, Jamaica's strategic geographic position on major sea lanes and air routes to North and South America as well as to Europe, Southeast Asia and Africa gives it a comparative advantage. By becoming a Logistics Hub, Jamaica offers near-shore advantages to the markets of North and South America from China and the rest of Asia.
- We must not doubt ourselves that we can become that Fourth Node in the global logistics and supply-chain system.
- A comparison with the three existing nodes, Singapore, Dubai and Rotterdam, demonstrates the benefits of being proximate to large markets, situated on or near critical trade routes and waterways, and possessing air, road, rail and ICT connectivity.

- Jamaica's opportunity compares favorably with the existing three nodes: - we are in close proximity to the Panama Canal; we sit astride the trade routes in the Windward Passage with access to the 800 million-person market of North, Central and South America, with some of the best natural harbours, as well as a world-class ICT infrastructure.
- An English speaking population and a trainable workforce
- In the final analysis, the bid by two of the world's leading port operators based in two of the existing hubs, to win the concession for the Port of Kingston, and with it the obligation to invest millions of US dollars to expand and modernize the Port facilities is tangible evidence of support for Jamaica's claim.

As the Prime Minister pointed out, the Logistics Hub Initiative is central to the national growth agenda and will be the most transformative economic development effort of this administration or administration in recent history.

- As many of you know, I have led missions to Dubai, Singapore, Panama, China, the USA and Canada to promote Jamaica's Logistics Hub.
- It is out of these missions that we have been able to generate significant interest from the global investor community.
- These global investors understand why the positioning of Jamaica as a global logistics hub can support their global business models and enable Jamaica to play a vital role in the global trading system. The clear message from these missions abroad is that Jamaica's logistics hub will be an asset to the global investor and business community.
- In all of these missions, I have sought to include the Jamaican Private Sector. I remain very grateful to 'Paco' Kennedy the President of the Jamaica Chamber of Commerce for embracing the vision from the very beginning. Little surprise since he himself has been, for a good part of his working life, as an executive member of the Grace Group, involved in the maritime sector and in logistics.

- As a representative of the Private Sector, “Paco” accompanied me as a part of the official Logistics Hub missions to Dubai, Kuwait, Canada, Washington DC, and Guatemala.
- ‘Paco’ participated in these missions at his own expense! This morning, I would like to applaud his instincts as a businessman and his conviction as a son of Jamaica for this Initiative.
- Paco himself has declared that he “has been to the Mountain Top and has seen the Promised Land!”
- This Symposium is, therefore, the outcome of his conviction of the value proposition for the Logistics Hub and the need for the Jamaican private sector to develop a better understanding of the business opportunities that will arise. The Ministry of Industry, Investment and Commerce and its agencies and our private sector leaders and sponsors share this view.

Ladies and gentlemen, Madame Prime Minister, I am very mindful that the future success of the Logistics Hub will largely depend on how we reform the business environment to achieve greater efficiency and competitiveness. Improving the business environment is indispensable to the development of a logistics-centered economy.

I assure you, that working in the framework of the National Competitiveness Council, which I chair, and which comprises leaders and technical professionals from the Public and Private Sectors that together, we will successfully implement the country's 'Doing Business and Competitiveness' reform agenda. We will arrest and reverse the slide down these indices!

We are very mindful that strong country positioning in global indices such as the "Doing Business Index", "The Competitiveness Index", and "The Logistics Performance Index – are important signals to global investors seeking to invest in Jamaica. And this applies to investors in large-scale infrastructure projects, as well as potential investors

in the special economic zones – large, medium-size, small and micro enterprises.

Allied to this, the Government is also currently reviewing legislation and policies related to foreign trade, with the intention of putting in place the appropriate trade regimes to enhance the efficient operation of the hub facilities.

I am confident that you- the Jamaican Private Sector will play your role and maximize the benefits that this opportunity offers.

I am particularly heartened too, with the keen interest of the MSME sector represented by many of its members here today, including Mr. Donovan Wignall, President of the MSME Alliance, and Dr. Meredith Derby, the President of the Small Business Association of Jamaica.

I must also acknowledge the support of our international development partners, namely the World Bank and the IDB, and their interest in supporting the implementation of the Government's MSME & Entrepreneurship Policy and

their commitment to the country's overall growth strategy, including the Global Logistics Hub Initiative.

CONCLUSION

In closing, let me point out that there is no question that the Logistics Hub Initiative holds vast potential for wealth creation and sustained economic growth. Our confidence about the results of our efforts is grounded in the experiences of the major global hubs; we only have to reflect on what global logistics have done for countries like Singapore and Panama.

Consider as benchmarks if you will, what the business of global logistics have done for the economies of Panama and Singapore:

- In Panama, earnings from the Canal constitute over 7% of the country's GDP with adjunct facilities such as the Colon Free Zone exporting US\$11.4 billion per annum in merchandise;

In Singapore, the transport and logistics industry contributes about 8% to the country's GDP or US\$12.4 billion with employment of 93,000 workers.

Ladies and gentlemen, this is our moment. This is our time.

This solid partnership between the public and private sectors will transform Jamaica into a global asset, grow

our economy and significantly improve the quality of life for all our citizens, making Jamaica truly “the place to live, work, raise families and do business!”

I thank you.