

Opening Remarks



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MINISTER OF INDUSTRY, INVESTMENT  
&  
COMMERCE

LEADERSHIP DIALOGUE AND COLLOQUIUM  
**“FORUM ON THE FUTURE: JAMAICA 2030 &  
BEYOND”**

PORT ANTONIO SUITE, JAMAICA PEGASUS HOTEL

TUESDAY, OCTOBER 20, 2015 at 8:30 AM

## **Salutations**

- Hon. Damion Crawford, Minister of State, Ministry of Tourism and Entertainment
- His Excellency Luis G. Moreno, U.S. Ambassador to Jamaica
- Ms. Diane Edwards, President, JAMPRO
- Mr. William Mahfood, President, Private Sector of Jamaica
- Mr. Richard Lumsden, Programme Director, Vision 2030
- Panelists and Speakers
- Representatives of academia and the Private Sector
- Members of the media
- Ladies and gentlemen... Good morning

The simple fact is: Jamaica's economic future is inextricably linked to the future of the global economy.

Uncertainty and risks characterize this changing global economy, placing ever-increasing demands on decision-makers in both the private and public sectors. Notwithstanding, our future depends on our ability to properly gauge the possible outcomes of these economic changes.

Therefore, taking time to reflect on the past and becoming informed about the forces that are transforming the world around us is indispensable to making sound, strategic decisions. This is why we are here today as leaders of a country that is undergoing transformation and change.

Ladies and gentlemen, Jamaica's economic performance over the past four decades has been strikingly dismal, [viewed globally, and also when viewed against its own historical benchmarks.] We remained out of step with the dynamics of the modern global economy by failing to restructure our inherited institutions and economy, and adapt to the broader changes.

Over the past 30 years, real GDP per capita grew at an annual average of just one percent per year, making Jamaica one of the slowest growing developing countries in the world. Until recently, we saw the results of this dismal economic performance reflected in our weak structural macroeconomic conditions. And, we concluded: **gosh, things ought to have gone better.**

The good thing is that we can and have learnt from the past, and have hopefully become fortified to embrace the challenges of the present and the future.

This was the backdrop against which the political leadership of the country commissioned the development of a National Industrial Policy in 1996, and subsequently the Vision 2030 development plan.

To halt our country's downward trajectory, the Government embarked on a comprehensive and bold programme of structural reforms for which it has garnered national and international support. This includes a four-year Extended Fund Facility (EFF) by the International Monetary Fund (IMF) providing a support package of US\$932 million. It also includes support from the World Bank Group and the Inter-American Development Bank (IDB) providing US\$510 million each to facilitate the GoJ's economic reform agenda.

The end goal is to stabilize the economy, reduce debt and create the macroeconomic conditions for sustained growth and resilience. Indeed, this is the broad context for today's event, which seeks to simulate the dialogue on what lies ahead, and how we should be positioned to win in the future.

Ladies and gentlemen, today's global economy is organized on the fundamental principle of competitiveness and highly integrated production, trade and financial networks. Modern industry pivots on global value-chains that support the system of globally integrated enterprises. Production activities are dispersed geographically

across countries reflecting the ever-changing competitive capabilities of different countries.

Today, competitiveness is synonymous with sound logistics and the development of a logistics-centered economy.

My Ministry, the Ministry of Industry, Investment and Commerce, has articulated a vision of a logistics-centered economy as the centerpiece of the country's economic growth strategy.

The logistics-centered economy is about creating a platform for the efficient flow of business activity, which underpins our strategy for building the country's global competitiveness. This involves putting in place a set of administrative and legislative measures aimed at improving the business environment, minimizing friction, bottlenecks and bureaucracies, as well as other impediments to investment and trade. In essence, we must create the environment that will improve the speed at which idle assets are mobilized and converted into productive investments.

The logistics-centered economy is about exploiting Jamaica's geo-strategic position within the Western Hemisphere, to buildout the infrastructure necessary to efficiently and economically move large volumes of products to destinations globally, and within the Americas in particular. The role of information and communications technology is central to this effort, as it will require the integration of networks of communities and systems that are all part of a global value and supply chain.

The logistics-centered economy is also intended to serve as a catalyst for transforming the domestic economy into one that is deeply integrated into the global economy.

Critical elements of this initiative include the following:

- Business environment reforms (as mentioned)
- Strategic investments to modernize our maritime, air, road, and rail transport infrastructure

- Development of the Special Economic Zone (SEZ) regime and other industrial infrastructure
- Reform of Customs Operations and the development of a Port Community System and a Single Electronic Window
- Implementing the National Export Strategy
- Strengthening our National Quality Infrastructure (NQI) consisting of standards, certification and accreditation. And,
- Developing and Implementing a Design-Driven Industrial Policy

Ladies and gentlemen, the logistics-centered economy includes the initiative to get our domestic enterprises -- micro, small and medium-sized - ready for the adoption of globally competitive practices and standards. This is critical to their integration into global production and supplier networks. The SME linkage programme related to the tourism sector is an important element of this effort.

Competing in today's global economy also demands measureable improvement in the domestic business environment to ensure that it meets global standards. As a country, we cannot make any serious headway in achieving growth unless we are able to build the capacity of our national quality infrastructure. This means ensuring that the requisite standards development and quality assurance framework are put in place to meet the demands of the global marketplace.

Technical Barriers to Trade (TBT) remain a major challenge to the implementation of a successful export-strategy. The challenges of technical barriers may have to do with labelling, ingredients, production input, or other issues associated with the physical attributes of the product.

Indeed, the success of our National Export Strategy (NES) depends critically on our ability to raise the standards of our processes, thereby supporting the enhanced quality of exports to meet conformity requirements that exist in cross-border trade.

**Let me be clear, we must rebuild our economy by replacing the outmoded pillars of protectionism that are no longer supported by the rules of global trade and investment regimes.** It is also important that we diversify the economy in order to accelerate growth and create greater inclusiveness and resilience.

Initiatives to unlock private sector investments are key to achieving the scale of investments required to drive the economy forward. Please note that when I speak of investments, I have in mind not just our large local investors and foreign investors but MSMEs too.

We need to strengthen initiatives that are designed to stimulate business linkages and investments in the MSME sector. Indeed, the strategy for developing a logistics-centered economy requires that the MSMEs are transformed through a sustained programme of capacity-building, and the adoption of globally competitive practices and standards.

Recent investments in logistics and manufacturing plant facilities being undertaken by Kingston Wharves Limited, Lasco Limited and Unicomer/Courts through their warehouse logistics project; also, investor interest in ship repairs and dry docking, are all manifestation of the logistics driven investment efforts. The proposed assembly manufacturing facility near Spanish Town, expected to come on stream shortly, is the latest investment in line with Jamaica's further buildout as a logistics hub.

Of some moment, as well, is the planned development of the Liquefied Natural Gas (LNG) Hub on the South Coast of Jamaica. It will serve as a magnet for global ships passing through the expanded Panama Canal and create the condition for a thriving maritime industry. Indeed, the US government's decision to permit the shipping of LNG to Jamaica is catalytic to the revival of Jamaica's status as a maritime state.

**Indeed, it is becoming self-evident that the Logistics Hub is much closer to realisation than people think.**

Ladies and gentlemen, the initiative to transform Jamaica into a logistics-centered economy represents the key organizing principle which has, and continues to, guide the implementation plans and strategies of the Ministry of Industry, Investment and Commerce and its portfolio agencies. This includes investment facilitation and trade promotion, strategies to support the development of the MSME sector, fostering the Creative Economy, workforce development, and fostering competition, standards and quality, and an enabling business environment. We, therefore, have much to do.

It is against this backdrop that I welcome today's leadership dialogue and colloquium. It is only through frank discussion that we will be able to plan for a sustainable economic future. Let me, therefore, express gratitude to all of you that have come out today to participate in this event which is of national significance.

Let me also commend JAMPRO and the United States Embassy in Jamaica for partnering to make this event a reality.

I thank you.