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# Ministry of Industry, Investment & Commerce

THE STRATEGY FOR ACHIEVING GROWTH WITH JOBS

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# **THEME: A Strategy for Achieving Growth with Jobs**

## **1.0 INTRODUCTION**

Mr. Speaker, it is with great pleasure and a sense of humility that I rise in this honourable House today to make my contribution to the sectoral debate – my very first as Minister of Industry, Investment and Commerce. It is made more special since the opportunity comes in the year when our nation celebrates its first 50 years of independence. The opportunity to influence the course of our great nation for the next 50 years, is the dream of all patriots. We here are especially privileged.

Mr. Speaker, I congratulate you on your re-appointment to your now familiar position. I commend your able deputy as well for an “ever-ready” posture. Mr. Speaker, your measured handling of the affairs of the House is a credit to the high office you hold, and I pledge my personal support in assisting you in the discharge of your sometimes difficult task.

I wish to thank my constituents for their unwavering support. To my special adviser, Reginald Nugent, the Permanent Secretary, Agency Heads, Board members and staff of the Ministry, I say a big thank you for being the wind beneath my wings. To my wife and members of my family...I am grateful for your patience and understanding. Words cannot adequately express my gratitude.

Mr. Speaker, in the discharge of Ministerial leadership I am ably assisted by my Minister of State who I must report is standing in for me at official functions in Washington D.C. even as I speak.

I want also to acknowledge the strong support of my colleagues in Cabinet, and on both sides of the House for your constructive criticism and your selfless dedication to Jamaica ... land we love.

Mr. Speaker, I am sure I speak for all of my colleagues on this side when I say that it has been a great privilege to serve under the leadership of the Most Honourable Prime

Minister. In her absence, I say for the record thank you, Madam Prime Minister, for your confidence in the fact that my nearly 20 years of experience in government, wearing several different hats, coupled with my involvement in the development of the Progressive Agenda, has prepared me for this critical task – the task of being a catalyst to change the way we do business, and getting government and the private sector to perform at their optimum, to perform, as we like to say in Jamaica “to the max.”

Mr. Speaker, a Private/Public Partnership (PPP) is the only way forward, the only way we can change track from decades of anaemic growth, onto a glide path to sustain growth with jobs. But, simply wanting the change is not enough. There are some critical questions which we must ask ourselves. What is our growth strategy? And having answered that... How are we going to achieve it? One thing is clear Mr. Speaker ... if we are to achieve growth, with jobs, it cannot be business as usual.

## **2.0 THE GLOBAL CONTEXT**

Mr. Speaker, the global economic recovery that got underway in 2010 produced real GDP growth of 3.8%, which was largely the result of the economic performance of emerging and developing economies. The advanced economies were reported to have registered growth of 1.6%, several points off historical growth performance. The World Bank-issued advisory in its newly-released Global Economic Prospects (GEP) 2012 report indicated that growth forecasts have been significantly downgraded. The global economy is now expected to expand 2.5 and 3.1 percent in 2012 and 2013, versus the 3.6 percent projected in June for both years. Developing country growth has been revised down to 5.4 and 6.0 percent versus 6.2 and 6.3 percent in the June projections.

In addition, the Bank indicated that slower growth is already visible in weakening global trade and commodity prices. Global exports of goods and services expanded an estimated 6.6 percent in 2011 (down from 12.4 percent in 2010), and are projected to rise by only 4.7 percent in 2012. Meanwhile, global prices of energy, metals and minerals, and agricultural products are down 10, 25 and 19 percent respectively since

peaks in early 2011. The report also issued a call for the developing countries to ***“prepare for further downside risks, as Euro Area debt problems and weakening growth in several big emerging economies are dimming global growth prospects”***. Growth forecast for 2012 were lowered to 5.4 percent for developing countries and 1.4 percent for high-income countries (-0.3 percent for the Euro Area), down from its June estimates of 6.2 and 2.7 percent (1.9 percent for the Euro Area), respectively.

### **3.0 THE DOMESTIC ENVIRONMENT**

The Planning Institute of Jamaica (PIOJ) expects growth in GDP in FY 2012/13 to be 2.3 %, with the Mining & Quarrying, and Hotels & Restaurants sectors predicted to be the main drivers of growth. PIOJ predicts that the higher real value added for the Hotels & Restaurants and Transport Storage & Communication, will be associated with projected increases in total visitor arrival, as well as growth in merchandise trade volumes. The projection for Mining & Quarrying is based on planned production figures from the Jamaica Bauxite Institute which assumes that Alpart, the largest alumina plant will re-open during the second quarter of FY 2012/13. This development would result in the Mining & Quarrying industry benefiting from output from all four alumina plants. However, there are currently no firm negotiations regarding the plant re-opening. Therefore, if the Alpart plant does not re-open then the point estimate for FY 2012/13 would be a 1.7 % growth instead of the 2.3 %.

The Jamaican economy is projected to expand by 1.9 % during FY 2013/14 with Mining & Quarrying and Hotels & Restaurants again being the main growth drivers. The Hotels & Restaurants industry is expected to be influenced by continued growth in the main source markets, increased diversification of the tourism product and increased visitors from new source markets. The assumption underpinning the Mining & Quarrying industry is that FY 2013/14 will mark the first fiscal year since FY 2008/09 that all four alumina plants will be open for the entire year.

Mr. Speaker, Jamaica's economy continues to be heavily dependent on services, which now account for more than 70% of GDP. The bulk of the country's foreign exchange continues to come from tourism, remittances, and the bauxite/alumina sectors. Remittances account for nearly 15% of GDP, while exports of bauxite and alumina account for about 10%. The bauxite/alumina sector was most affected by the global downturn while the tourism industry was resilient, experiencing an increase of 4% in tourist arrivals. But what are the challenges we face in trying to grow GDP? High crime and corruption, large-scale unemployment and underemployment, high energy cost and a debt-to-GDP ratio of more than 130%.

#### **4.0 THE BUDGET FRAMEWORK**

Mr. Speaker, the budget will have a significant impact on how we do business in government, and how the private sector operates. The tightness of budget allocations coming out of the budgetary process will impose restrictions on the operational capacity of the government ministries, and the agencies through which its programmes and projects are implemented.

The overall budget for this financial year totals \$612 billion, of which \$237 billion or 38.7% comprises capital. This represents an increase of \$53 billion. So even though there is a strong effort to bring the debt to GDP ratio down, a fair amount of resources have been dedicated to capital, dedicated to achieving growth.

Mr. Speaker, my Ministry has 18 active agencies within its portfolio, of which ten (10) plus the Ministry receive budgetary support from the Consolidated Fund. The others are self-financing and are off the budget.

For this year, the Ministry's budget is largely recurrent, with a total allocation of \$1,603 million from the Consolidated and \$73.6 million as appropriations-in-aid. This allocation represents a nominal increase of 3.6 % over 2011/12. This increase is largely

attributable to the 7% increase allocated to public servants. Approximately 62% of the Ministry's budget is allocated to remuneration.

The budget of those agencies not funded from the Consolidated Fund totals \$2.166 billion for this financial year. The total budget therefore of the Ministry and all its agencies is \$3.7 billion compared with \$3.4 billion in the 2011/12 financial year.

Mr. Speaker, "Am I happy with what I have received?" No... but these are challenging times and I accept that I have to carry my share of the burden. So with the goal of achieving growth with jobs, my Ministry will focus on those areas which do not require large capital outlay ...**focus on improving the business environment and enhancing economic competitiveness. These two goals of making it easy to do business and fostering competitiveness are critical to the mission of stimulating economic growth and job creation.**

## **5.0 INVESTMENT CLIMATE**

Mr. Speaker, The Doing Business Report ranks Jamaica at 88 out of 183 countries worldwide in its overall index, a decline from its 2008 ranking of 62. Not good. Whether a business decides to move forward with its business plan, abandon it or implement it elsewhere, depends in large part on how simple it is to comply with the requirements for opening a new business or getting a construction permit, and how efficient the mechanisms are for resolving commercial disputes or dealing with insolvency.

Mr. Speaker, the Government of Jamaica (GoJ) recognizes the importance of improving macroeconomic stability, paving the way for accelerated growth while protecting the vulnerable and the poor. The GoJ has therefore developed a clear strategy to drive fiscal sustainability and debt reduction, and accelerate growth, while resisting deep cuts in protective social spending.

Mr. Speaker, macroeconomic gains from measures such as the successful Jamaica Debt Exchange (JDX) in January 2010, continue to contribute to more stable rates of

interest, inflation and foreign exchange. The adoption of the Fiscal Responsibility Framework (FRF) has further strengthened the fiscal and macroeconomic environment while the dialogue on comprehensive tax reforms to increase revenue collection, among others, continues the Jamaican economy on current forecast is expected to grow at 1-2% over the medium term.

Mr. Speaker, projecting modest economic growth, Fitch, the New York-based ratings agency **argued that improvement in Jamaica's credit rating in the future is predicated on continued fiscal consolidation and higher economic growth that ensures medium-term debt sustainability as well as further reduction in the country's external vulnerabilities.**

## **6.0 STRATEGIC GROWTH SECTORS – HOW TO STIMULATE GROWTH**

Mr. Speaker, the Government in conjunction with the private sector continues to promote opportunities in specific sectors of the economy, which have the potential to create growth with jobs. These are short, medium and long-term opportunities and include areas such as ICT/Business Process Outsourcing (BPO), niche manufacturing including agro-processing, diversification in our tourism product and in the medium term the introduction of international financial services.

But, Mr. Speaker, what is the one big idea that can drive the growth necessary to sustain our debt and provide the jobs that will ensure the social stability necessary to underpin macroeconomic stability?



## **6.1 The Global Shipping & Logistics Hub: A Unique Strategic Opportunity**

Mr. Speaker, let me now turn to what we at the Ministry have assessed to be the centrepiece of our economic growth strategy: the global trans-shipment and logistics hub.

Jamaica is strategically situated at the centre of an 800 million person market in the Western Hemisphere, including the largest market in the world, the United States of America. The Country's location at the centre of East-West and North-South trade routes, positions it to play an even larger role in international shipping as a result of imminent expansion of the Panama Canal that will double its capacity by the year 2015, and the consequential projected increase in trans-shipment traffic through the Caribbean over the long term.

Mr. Speaker, in this regard, let me draw attention to the fact that the Progressive Agenda document launched by our party before the elections, called for an economic strategy based on the integration of Jamaica into the global economy. The vision for this flagship project and its role as an economic engine to drive growth in the short, medium and long-term, is well-articulated in the Progressive Agenda. It states, "the overarching strategic objective, is the integration of the Jamaican economy into the global supply-chain through competitiveness..." It also recognized that "a critical factor in determining Jamaica's successful integration into the global economy is the extent to which importers and exporters of goods, services and information are able to efficiently access the global supply-chain".

The Progressive Agenda further states that, "The remaining challenge to be met by [ the next administration], which we confidently predicted would be this administration, is to transform Jamaica into a major logistics centre for the movement of cargo, passengers, and information. In doing so, Jamaica will become a strategic centre for the international trade in goods, services and knowledge."

In this regard, the government has developed a comprehensive vision for Jamaica to be established as a global trans-shipment and logistics hub in the Americas. The vision for a global trans-shipment and logistics hub that is multi-modal in nature, includes six (6) different but complementary elements. These elements include:

**(i) The dredging of the Kingston Harbour.** This element will act as a catalyst for the entire project and provides the basis for the other complementary elements.

**(ii) Port facility expansion at Fort Augusta and Gordon Cay.** Growth in shipping will require additional space and facilities to accommodate growth in the volume of shipping at the port.

**(iii) The Caymanas Economic Zone:** The Caymanas Economic Zone (CEZ) in its original formulation by the previous administration, consists of 1,500 acres of prime real estate, situated close to the major population centres of Kingston, Spanish Town and Portmore. About 200 acres have been earmarked for Phase I to systematically layout the ICT, the Business Park and the Light Industries Park. This economic centre will link the business districts of Kingston, Spanish Town and Portmore, and embrace the growing population of educated, skilled workers in Jamaica's largest Parish, St. Catherine, especially the sprawling metropolitan area of Portmore. The development of this centre will complement the dredging and expansion of the Port, and support the development of a global distribution centre, light manufacturing and assembly, strategically positioned in the Americas. This will allow Jamaica to elevate its role in the global supply chain by facilitating the movement of cargo throughout the hemisphere, and serving as a strategic gateway for cargo destined for the North, South and Central American markets, thus taking advantage of a network of trade agreements between Jamaica/ CARICOM and these markets. In the process, Mr. Speaker, transforming the existing port of Kingston from being mere trans-shipment port to being truly a logistics centre.

**(iv) Establishing a trans-shipment commodity port facility near Yallahs, St Thomas.** This will take advantage of what is acknowledged as perhaps the deepest port in the Americas at some 51 metres and will allow for the storage of a range of commodities including but not exclusive to crude oil, natural gas, iron ore, petroleum products, bio-diesel and petrochemicals. The port will be developed by the private sector comprising local and foreign interests, and is being facilitated by the government particularly in the marketing/promotion of the project, given its strategic impact on Jamaica's energy security and consequent economic growth and development.

**(v) Establishing a Dry Dock Facility at Jackson Bay, Clarendon.** Mr. Speaker, the idea for a Dry Dock facility has been around for well over 20 years - Thanks to Dr. Cole who is here today. (Applause). Although the idea has been sound from its conception, the circumstances under which it was being proposed did not allow it to germinate and to take root. Today, the circumstances have vastly changed and the idea is now closer to becoming a reality. With the developments around the Panama Canal and the efforts to develop the port facilities in and around Jamaica to accommodate a greater number of ships, the Dry Dock facility has become a compelling proposition and a real window of opportunity has been expanded.

**(vi) Vernamfield Air Cargo and Passenger Facility.** The final element in this cluster is the long discussed development of Vernamfield. Mr. Speaker, a tremendous amount of work on this project has been done. First, by a previous PNP administration and subsequently, by the last administration. The efforts of the previous Minister of Transport and Works in articulating the compelling value proposition of Vernamfield as a long haul air cargo and passenger terminal, as well as a maintenance and repair operations (MRO) must be acknowledged. Indeed, Mr. Speaker, the establishment of an aerospace training institute by private interest underscores the possibilities for this development.

**Mr. Speaker, altogether this global trans-shipment and logistics hub represents an investment opportunity of some US\$7-8billion over a 5-10 year period.** Early discussions with potential investors in the logistics-hub cluster have indicated strong interest from a wide community with operating experience in the industry. Mr. Speaker, investor interest in this strategic cluster of logistic hub projects is very high, and very real. My Ministry is convinced that with timely response and fixity of purpose, these projects, when implemented, will drive Jamaica's growth prospects in short term and well into the future.

Mr. Speaker, developments in the Panama Canal are expected to shift global trade from the Pacific Rim region to the Atlantic region. Current trends in GDP growth and trade performance reported for East Asia and the Pacific, and Latin America and the Caribbean regions, underscore the soundness of the global shipping and logistics hub. Regional GDP growth in the **East Asia and Pacific** region was 9.7 percent in 2010, but grew an estimated 8.2 percent in 2011, and growth is projected to ease to 7.8 percent for both 2012 and 2013. Latin America and Caribbean grew by an estimated 4.2 percent in 2011, but this is expected to ease to 3.6 percent growth in 2012, before picking up to 4.2 percent in 2013. **Despite the lowered growth expectations, this forecast is still 'robust' growth in trade. The demand for goods and services in the Latin American region suggests that the strategy of establishing Jamaica as a shipping and logistics hub in the Americas is sound.**

This vision and plan, Mr. Speaker, is confirmed not only by current investor interest, but by a recent study carried out by the Commonwealth Secretariat for the government as well as strong support from the World Bank and other multilateral institutions.

Mr. Speaker, the development of the **International Logistics Centre** is a key strategy in the GOJ's plans to position the country as a major manufacturing hub within the Caribbean and Central America. It represents a significant opportunity for investment in the new wave of export-focused and high-value niche manufacturing, in areas such as medical devices, which are fast becoming big business in today's world. Jamaica is the

ideal location for manufacturers seeking near shore markets, quick conversion cycle and low cost customised delivery options to key markets. The proposed Centre will serve to boost Jamaica's competitive advantage within this sector. The development of this hub can also augur well for facilitating neighbour Haiti, with access to a potentially affordable and nearby trans-shipment point for its exports.

Mr. Speaker, the value proposition of the Logistics centre is greatly enhanced by the prospects of Kingston becoming a Home Port for cruise shipping in the Caribbean. The proposed plans for the re-development of Down Town Kingston makes this move more than a mere possibility.

Mr. Speaker, in implementing this vision and plan we will not be starting from scratch. We already have the Maritime Institute for training the skills needed as well as the Maritime Authority for ship registry and proper regulation of the maritime space. An expanded role for our Universities must also be contemplated.

## **6.2 ICT/BPO sector**

Mr. Speaker, ICT remains one of our most vibrant and significant sectors for investment, growth and job creation. Opportunities run from entry-level contact centre work to mid-tier work, such as sales campaigns and bill collection, to high-end finance and accounting and tier two technical support. Through JAMPRO, Mr. Speaker, we continue our thrust to ensure that Jamaica remains a major player in the Caribbean, and ultimately, becomes a major ICT global player.

Mr. Speaker, business process outsourcing (BPO) is big business. Worldwide, BPO spending increased from \$460 billion in 2007, to an expected \$680 billion by the end of 2011. According to the International Data Corporation (IDC), the global BPO market will grow at an annual rate of 9%, reaching about US\$1 trillion by 2014.

In Latin America and the Caribbean (LAC) region, the BPO sector is worth approximately US\$2.5 billion and is expected to grow to US\$5 billion by 2013. The size of the young Jamaican BPO market is approximately US\$145 million, just 6% of the LAC market. From all indications, Mr. Speaker, we are well positioned to address the growing need for near-shore market destinations.

In line with our vision to transform the industry in Jamaica and make it an important engine of economic growth and job creation, a number of programmes have been implemented, with the goal of doubling employment in the sector from current levels to 30,000 jobs in the next four years.

#### **a. Key ICT/BPO Projects**

The viability of our investment strategy is demonstrated by the quality of firms at the table. Mr. Speaker, investment decisions by top tier entities such as VistaPrint, Convergys and Hinduja Global Services, represent an endorsement of Jamaica's ICT/BPO investment environment. Convergys' plans to build 50,000 sq. ft. is a clear indication of the strength of the Jamaican brand. The operation of these companies in Jamaica will send a strong signal to other international companies saying "Hey there, bring on the investment ... Jamaica is a **really attractive** place to do business."

In addition, Mr. Speaker, a number of companies already established in Jamaica, are currently in expansion mode. These expansions alone are expected to create an additional 1,000 jobs over the next 1-2 years.

#### **b. FCJ's Build-out Plan**

In response to the ICT/BPO opportunity, the Factories Corporation of Jamaica (FCJ) is to be restructured to properly carry out its mandate as part of the growth agenda of Jamaica. The Chairman and his team conducted an analysis of the entity and are now engaged in an aggressive course of action to move the project forward.

We have engaged all aspects of the financial sector in exploring financial solutions for the build-out of badly needed ICT space nationally, as well as the Caymanas Economic

Zone. The response from the financial sector has been very encouraging with innovative and creative approaches to funding the development of these projects. We will be exploring a public-private partnership arrangement as a strategy for the build out of commercial space.

We expect to start the build out of 100,000 square feet of new space at Naggos Head shortly, to offset the pent up demand for space. Work will start once the final designs have been completed. We will commence the build-out of space on 22 acres of land, also at Naggos Head, for a modern state of the art ICT park, complete with support services and alternative energy solutions to mitigate the cost of energy. We are also seeking to collaborate with other entities and interested parties in the private sector, to creatively build out well needed space throughout Jamaica, especially in Montego Bay, where the demand for space is extremely high.

Mr. Speaker, interest continues to be very high for space in the Caymanas Economic Zone, with strong indicators from local and international entities seeking to locate in Jamaica to capitalize on the expansion of the Panama Canal in 2014 as mentioned. We will be starting construction in the Zone before the end of the year to be ready to provide options for entities seeking to locate in the Zone. We continue to have weekly meetings and contacts with future occupants.

### **c. Free Zones**

Mr. Speaker, one of the barometers of activity in our country is the performance of our Free Zones in Kingston and Montego Bay.

Despite the challenges of the global recession, the Kingston Free Zone (KFZ) as at March 31, 2012, registered occupancy level of 98%, with the remaining 2% being committed to a potential client. It is expected that upon completion of a due diligence exercise, and if all is well, the occupancy level will be 100%.

The Kingston Free Zone has committed to providing between 450 and 550 jobs at this facility. At the end of March 2012, the employment level at both the Kingston Free Zone and the Portmore Informatics Park was 784 persons. This figure represented an increase of 13.46%, compared with the same period in the last fiscal year.

A comparative breakdown of employment by sector, shows some 94% of those employed in the MBFZ being in the ICT sector. In total, some 4,777 persons were employed in the MBFZ up to March 2012.

In terms of office space, the MBFZ had 94% occupancy up to March 2012, while factory space was 88.6% occupied. Priority Programmes at the MBFZ for 2012/2013 includes the construction of 63,000 sq. ft. of space, increasing occupancy of office and factory spaces to 97% and 100%, respectively.

### **6.3 Tourism & Health & Wellness Tourism**

Mr. Speaker, JAMPRO will continue to focus on attracting investments in high-end boutique hotels and in facilitating the expansion of existing hotels for the period 2012-2015. We seek to redouble our efforts to encourage tourism linkages with other sectors of the economy. The new Casino Gaming Act and the proposed Time Share legislation, will also serve to further diversify Jamaica's tourism offerings.

Mr. Speaker, much has been said about the Harmony Cove project, but I wish to use this opportunity to bring to Jamaica's attention a hard assessment of the progress so far. The construction has been held up because of the difficulties in the international capital markets. However, a new approach to funding has been taken with the seeking of loan from the China Exim Bank.

The Harmony Cove project is currently in an accelerated design process. The Government of Jamaica and Tavistock Group are diligently working with our design, construction and capital partners in Jamaica, the United States and China, with the intent to finalise the design later this year and obtain the project financing indications shortly thereafter.



The first phase of that design process, Mr. Speaker, will see the completion of preliminary building and engineering designs completed by August 1, 2012. When this is done, it will form the basis of verifying the construction budget. Much care is being taken to get this phase of the project as precise as possible, to ensure that once construction begins, the likelihood of interruptions will be minimized or even eliminated.

The first phase of the project is projected to comprise a 1,000 room hotel and a wide array of amenities that will position Harmony Cove as the lodging and attraction destination of choice in the region.

A total of 5,000 hotel rooms is still the target for the eventual completion of the project, which is projected to be completed over a period of 10 years from the start of construction. In the construction of the first phase approximately 4,000 jobs are expected to be generated, with an estimated 3,000 jobs during the operation of this initial phase.

Other important tourism investments being pursued include the US\$200M Fiesta expansion project and the Marriott Courtyard US\$20M project in New Kingston. The Minister of Tourism and Entertainment will provide details on these projects.

Mr. Speaker, the health and wellness segment of the tourism industry is a new growth area with significant potential. Worldwide, there is a growing trend with an increasing number of destinations diversifying their tourism product into health and wellness tourism including medical, wellness, care and related sectors.

Jamaica, as a world renowned tourist destination, has a well-developed medical infrastructure, numerous private medical facilities, and a first class reputation for its doctors and nurses. I recently met a Jamaican who has lived in the US for 20 years, who came home for orthopaedic surgery, and even with airfare and other costs, it was more affordable to do her surgery in Jamaica. We need to multiply that by 10 thousand.

Opportunities for health and wellness tourism are being explored and further research, matched with development and packaging of investment opportunities, is anticipated. The interest of the local medical fraternity in this area is also particularly encouraging.

Mr. Speaker, efforts to develop a Health and Wellness policy framework are being undertaken. A road map for health and wellness has been developed and my Ministry is aggressively pushing for strategies within the context of the tax reform process and the proposed Omnibus Incentives Act.

## **7.0 INTERNATIONAL FINANCIAL SERVICES**

Mr. Speaker, the setting up of the Jamaica International Financial Services Authority (JIFSA) in Jamaica is a key initiative for investment stimulation, job creation and revenue generation. The establishment of this industry presents an excellent opportunity for Jamaica to be recognized as an international business centre, by creating a new modern industry that will diversify our economy and position Jamaica as a provider of services further up the global value-chain. Jamaica's entry into the market will be as a mid-value competitor.

Amongst the initial services contemplated in the near term and for which the development of the legislative framework is well advanced are international holding companies, international trusts, and limited liability companies. These will lead, ultimately, to the development of other services, including international banking, insurance services and aircraft registration. The Ministry sees this as an important project and, despite our late entry into the market which itself can prove advantageous, we must now seize this opportunity to create a new, modern industry that will provide lucrative opportunities for local professionals and support service providers, diversify the Jamaican economy, provide substantial annual recurring revenues for the Government, and further develop Jamaica as a place to do business.

Our existing strengths include, most importantly, our hundreds of well-trained bankers, accountants, lawyers and other corporate and financial professionals who are well poised to provide the services required by the international financial community at the most competitive rates available anywhere. Other assets include our well established tradition and infrastructure for hosting international business people, our robust telecommunications infrastructure, excellent air and land infrastructure, location in a

convenient time zone providing easy access to North, South and Central America, and significant international tax treaties.

The returns could be phenomenal, and experts have expressed with confidence that no other initiative that could be pursued by the Government could provide a higher return on investment in the short term. Direct employment prospects for the long term could be as high as 15,000 local professionals, with potential revenues to the Government approaching a maximum of US\$300 million per annum. (**Source: *Assessment of the Implementation Strategy for the Establishment of an IFSC-KPMG report, July 2008***)

## **8.0 THE DIGITAL ECONOMY**

Mr. Speaker, the Ministry of Industry, Investment and Commerce recognizes the impact of the modern digital revolution on the jobs market. The growth in the global market for digital products including the development of apps, the production of video, creating 3D motion graphics and animations or the development of websites, has created opportunities for new kinds of work based on a range of the digital technologies. We recognize the enormous implications of this changing nature of work on how we develop our human resources, especially the youth workforce.

The virtual economy offers new opportunities for unemployed or underemployed youth in Jamaica. Unemployment in Jamaica affects a large number of youth in all socio-economic segments of the population – from low skilled and unattached, to those with secondary and tertiary education. Youth unemployment rate in 2009 stood at 27.3 per cent, more than twice the national overall rate of 10.6 per cent, with the rate for young women being even higher.

The Ministry along with other ministries has been in collaboration with the World Bank to stage the Digital JAM 2.0 Mobile Application Competition, which promotes youth involvement in the rapidly-growing global market for mobile applications. The Digital

JAM 2.0 Mobile App Competition is designed to ultimately, encourage participants to develop and transform their ideas into practical business opportunities, using the training and feedback offered during the competition.

MIIC will work closely with the Ministry of Youth and Culture and the Ministry of Science Technology, Energy and Mining, to create a framework to support this emerging creative community to take advantage of the opportunities in the global digital marketplace. Demonstrating the principle of Joined-up Government, the MIIC will focus on the business elements of the initiative, while MYC and MSTEM will address the human resources and regulatory infrastructure, respectively.

## **9.0 MANUFACTURING AND EXPORTS**

Mr. Speaker, Jamaica has well established itself in some sub-sectors of manufacturing such as agro-processing, which is known for its distinct traditional sauces, coffee and other products. The Expo 2012 put on by the JMA/JEA & JAMPRO with the participation from JBDC in April confirms our continuing strengths in this sector and has earned any commitment to ensure that this administration does not acquiesce in the further de-industrialization of the sector. JAMPRO will however, be looking to place strategic focus on value-added manufacturing investment ventures. The investment strategy is to target new areas of niche manufacturing and non-equity modes of international production, which will be enhanced by the development of the logistics hub.

### **(a) Trade arrangements**

Jamaica is a signatory to a number of trade arrangements that cover manufacturing and trade in goods and services in global markets. However, I wish to take this opportunity to point out that among these trading arrangements, our signing of the EPA and Treaty arrangements in CARICOM, are perhaps the two most significant. These trading arrangements imply benefits and burden imposed on our economies. Creating a balance in the negotiated benefits and burdens, is essential.

In order to achieve and maintain that balance we have to do two things:

1. We must produce competitively
2. We must have access to the marketplace at competitive pricing, as well as presence on the shelves and on the tables of the consumers.

From experience we know this to be a costly endeavor. This cost can be increased or reduced based on measures taken by our trading partners. We are well aware of the various barriers that have acted as impediments to access and expansion in the marketplace.

It is the responsibility of government to so organize its agencies and institutions to address obstacles to fair trade for the benefit of its economic actors. As a consequence, the MIIC, in charge of that responsibility, will be embarking on an initiative to put in place a trade policy and enforcement mechanism that seeks to harness the expertise resident in the Trade Board, Fair Trading Commission, the Anti-Dumping & Subsidies Commission, the Bureau of Standards, JAMPRO and JIPO, to establish a modern and responsive enforcement mechanism to be put at the disposal of our producers in order to bring about a level playing field, through engaging the dispute settlement bodies after diplomatic initiatives have exhausted.

This in our view is very much needed to ensure that the benefits under these agreements, and not only the burdens, are enjoyed by the productive sector and the society.

**(b) London 2012 Initiative**

Mr. Speaker, the Jamaica 50 Secretariat, the Jamaica Tourist Board (JTB) and JAMPRO have partnered in presenting Jamaica to the world at Jamaica House 2012 in London from August 3 - 12. This is being positioned as '**A celebration of Jamaica – a Nation on a Mission**', and is intended to meet a multiplicity of objectives, highlighting the different facets of Jamaica – past, present and future. The exhibit will capture in

creative and dynamic ways, the identity of Jamaica - its history, people, culture and way of life, its current positive imagery as perceived by the world, and significantly, its desired imagery – the way in which Jamaica at 50 wants to be known and defined globally.

JBDC will be capitalizing on opportunities of Olympic 2012 by showcasing over 350 authentic, high quality, export ready products, under the Things Jamaica brand, during the 2012 Olympics and Jamaica 50 Celebrations being held in the U.K.

Retail booths displaying brand Jamaican products in the categories of home accessories, jewellery, aromatherapy, special foods, fine arts, handicraft and gift items will be established at special Jamaican events to be held in Jamaica Square in Birmingham, Brixton and London. We will showcase Jamaican music; past and present, there will be a Jamaican store and a Brand Jamaica showcase, demonstration and sampling of Jamaican food and beverage and an exposé of business successes, opportunities and infrastructure in Jamaica. Mr. Speaker, we believe that by leveraging the expected success of the Jamaican athletes at the Olympic 2012 in London, Jamaica will further propel itself into the minds of Olympic enthusiasts as a premier tourism and business destination.

**(c) Cemcorp/Cement Jamaica**

In addition, Mr. Speaker, Cemcorp Canada, in partnership with Sinoma out of China, will be establishing mining operations in Clarendon to be used in the manufacturing of cement for the local and export market. The company recently confirmed finalization of its economic impact assessment, and is well on the way to establishing a US\$340 million cement manufacturing facility that will employ 400 permanent workers. This investment, Mr. Speaker, is one of the most significant in the country's manufacturing industry in recent years.

Then we have **ISOCON**, Mr. Speaker, which will be establishing a facility to clean and maintain ISO tanks, used to transport spirits to bottlers and distillers worldwide. This business opportunity arises because different types of beverages are shipped in the tanks, and each tank must be cleaned after each shipment.

JAMPRO has facilitated the finalization of a lease agreement between ISOCON and the Port Authority of Jamaica for the facility to be housed at the Kingston Freezone. The project will see capital expenditure amounting to just over US\$500,000, with a minimal employment of 8 persons for starters. However, with Jamaica's ability to provide this service in-country, the greater impact will be made on the levels of foreign exchange retained, as well as potential export earnings from regional exports of rum and other spirits that can now have their ISO tanks cleaned in Jamaica rather than in the US.

## **10.0 IMPEDIMENTS TO GROWTH**

### **10.1 Barriers to Doing Business**

Mr. Speaker, we use the World Bank's "Doing Business Report" (DBR) as our guide to help us prioritize the key areas that we need to address. The reasonable expectation of the private sector in this environment should **not be more incentives but fewer disincentives, that is, the removal of the barriers to doing business.**

The Doing Business Report provides quantitative measures of regulations for:

- starting a business
- dealing with construction permits
- getting electricity
- registering property
- getting credit
- protecting investors
- paying taxes
- trading across borders

- enforcing contracts; and
- resolving insolvency

While many of these areas lie outside of my portfolio, my responsibility is to agitate for change and collaborate with other ministries to get them to place some of these areas on their priority agenda. This is the concept of joined-up Government, Mr. Speaker, because as the saying goes *“If we don’t hang together, we shall hang separately.”*

Improving Jamaica’s ranking in the Doing Business Report is a key focus of my Ministry in order to improve the business environment. This is important also because businesses rely on the Doing Business Report as a barometer to test the attractiveness of Jamaica’s business environment.

Mr. Speaker, in order to give priority attention to this matter, I have re-activated the National Competitiveness Council (NCC). The NCC has already developed a reform agenda - the blue print for reforms over the next three years - to improve Jamaica’s ranking on the Doing Business Report. The NCC comprises representatives from the business community and key agencies of government, and is based at JAMPRO. The NCC Reform agenda will shortly be submitted to Cabinet for consideration. Based on Cabinet’s decision, the reform agenda items will be incorporated into the work plans of relevant ministries and agencies. The NCC will then monitor the implementation.

JAMPRO will be establishing a hot line and we encourage any business person experiencing a bureaucratic hurdle to call that hot line. The calls will be logged. We will analyze the calls to determine if there are any consistent trends, and determine the appropriate corrective action.

Mr. Speaker, as the World Bank’s 2012 Doing Business Report has shown, the countries that had the most improved rankings, undertook the following initiatives: created or improved a one stop shop, abolished or reduced minimum capital requirements, simplified registration formalities, cut or simplified post-registration



procedures (tax registration, social security registration), and introduced or improved online procedures.

Mr. Speaker, at the moment when you register your company at the Companies Office of Jamaica, you will next have to register with GCT, NIS, NHT, HEART, etc. Having registered the company, some people do not even know that they will need to go and register with these other entities. Is this good enough for a country that wants a reputation as a place to do serious business? Is it acceptable that we lose so many man hours, let me rephrase, 'productive people hours' in the course of doing business? Mr. Speaker, my Ministry is committed to changing this as a matter of urgency? It cannot be business as usual. We will be establishing the Companies Office as a one-stop-shop for business registration, through which your business will be automatically registered with all other relevant entities.

We are well advanced in the development of a Super Form that captures all the information needed for registration with the other agencies. We will need to do legislative amendments to facilitate the proposed centralization of the registration process and we expect completion of this work before the end of the current financial year. This, Mr. Speaker, will make the environment more business friendly to foreign and local direct investment and send the clear message that Jamaica is serious about doing business, serious about achieving growth, serious about jobs.

## **10.2 Competitiveness**

Mr. Speaker, Jamaica's most important challenge today is the lack of competitiveness and if this is not addressed, we will not be able to survive in this globalised environment. **The Global Competitiveness Index 2011-2012** ranked Jamaica at 107 out of 142 countries surveyed. The lack of international competitiveness is the source of our economic woes and widening trade deficits will not reverse if we are unable to improve our international competitiveness. I want to use this forum to rally the nation to action. There is no place for complacency. Time is **NOT** on our side. Have you ever heard the phrase "time to break up your folly ground?". The time is now.

Efforts towards creating a Single Electronic Window (SEW) will both support the logistics centre and drive efficiency throughout the economy, and is being pursued along with the port community project with private sector involvement.

### **10.3 Standards**

Mr. Speaker, I now wish to turn my attention to an area that is becoming increasingly important from a competitiveness point of view - the area of 'standards'. As globalization of markets intensifies and countries integrate their economies more, the matter of standardization becomes even more critical. This applies to every aspect of human activity. For example, when I dine at a restaurant, I want the assurance that the food is safe and will not compromise my health. Standards help to provide that peace of mind. When everybody has a different standard, you cannot be sure of what you are getting.

Standards fall into two categories: compulsory and voluntary. Compulsory standards, also known as technical regulations or laws, affect health, safety and the environment. Businesses that are not able to meet compulsory standards cannot sell their products locally or internationally. Failure to embrace compulsory standards, therefore, can become a barrier to trade.

Voluntary standards are driven by industry based on the need for consistency across companies and countries. As the world integrates through trade, companies are moving away from narrow national standards to international standards. Even though they are also voluntary, failure to embrace voluntary standards can also become a barrier to international trade. It is therefore, imperative that Jamaican businesses work closely with the Bureau of Standards to ensure that they are able to meet the relevant compulsory and voluntary standards.

I want to address two of these standards, which are critical for international competitiveness.

**a. Standards Initiatives**

**(i) Hazard Analysis Critical Control Point (HACCP)** is an important standard for businesses in food production. The USA recently passed its Food Safety Modernization Act with regulations which could become a barrier to Jamaican food exports to the USA. To meet the requirements of this Act, food producing companies must become HACCP certified. It is not easy for many small Jamaican food producing businesses to meet HACCP requirements. This requires modernization of their plants in some cases, and undertaking major and expensive capital development. The EXIM Bank has a loan programme to facilitate this modernization work, and I encourage food producing companies to spare no effort, in becoming HACCP certified. The Bureau of Standards stands ready to offer general guidance in obtaining this certification.

**(ii) ISO 9001 Quality Management System for Competitiveness**

Mr. Speaker, the ISO 9001 quality management system designed to improve the quality of its goods or services, is another voluntary standard that could become a barrier to trade. The Ministry and the Bureau of Standards will be promoting the adoption of ISO 9001:2008 quality management system, a standard already implemented by over one million organizations in 175 countries. ISO 9001 quality management system is applicable to any organization, Government or private sector, which provides goods or services.

Mr. Speaker, whether the organization is private or public, ISO puts the customer at the centre thereby guaranteeing quality. In the case of the public sector agency, the public will get improved value for their tax dollars. In the case of the private company, customers will be more satisfied, resulting in increased sales and improved competitiveness.

Many companies in developed countries do not want to do business with companies in developing countries that are not ISO 9001 certified. Therefore, in this highly competitive global environment, certification is not an option, it is a mandate. Jamaica

must move urgently to assist our companies to become ISO 9001 certified to enhance their international competitiveness.

What I like about ISO 9001, Mr. Speaker, is that the organization has to be independently certified, and must keep its standard high to maintain that certification. Loss of certification raises a red flag. It means standards have fallen. Board, management and worker will have to shake up. Management will have to shake up. Workers will have to shake up. Complacency must be replaced by efforts at continuous improvement and this, Mr. Speaker, will assist in driving innovation and competitiveness.

Mr. Speaker, the Ministry of Industry, Investment and Commerce is now in the process of becoming ISO 9001 certified. Along with the Bureau of Standards, we will be championing the certification work throughout the country. This is a low cost, robust intervention, which will have profound positive impact on competitiveness and will underscore the fact that we are serious about growth, serious about business, serious about jobs.

While the Bureau of Standards will operate as the certifying body, it cannot provide the in-plant consultancy support and then certify you as that would constitute a conflict of interest, prohibited under the WTO TBT Agreement. The Ministry, therefore, will focus on the in-plant consultancy, while the Bureau will deal with certification and the monitoring of certified organizations as the regulator.

Mr. Speaker, all portfolio agencies of MIIC are mandated to implement the ISO 9001:2008 quality management system and become certified. My vision is for all ministries and agencies of Government to become ISO 9001 certified within the next four to five years. I am giving each agency of the Ministry two years to reach certification. I expect that by 2014, all the agencies will be certified or at least Self-Declared. "Self-Declared" means that the agency employs ISO quality management system but is not certified by an independent body.

At the same time, Mr. Speaker, we will be working with other agencies of Government so that they can also be certified. This certification process will have profound impact on the quality of public service and will revolutionize and transform the public sector.

My Ministry will also be championing the certification of private companies, especially those that are in the export or manufacturing business. The implementation of a quality management system can have an important positive impact on the improvement of product quality. I want to raise the standard of quality of goods and services produced across the country. This is critical if Jamaican exports are going to become internationally competitive. The Jamaican export sector will not be able to expand if the quality of goods is not improved.

Do you know one of the reasons this country is so uncompetitive? Currently Jamaica has only twenty-three... twenty three companies that are ISO 9001 certified. Can we continue to accept this? Like every well thinking Jamaican ... I don't think so.

I am therefore, calling on the board of directors of each company to mandate its CEO to move the company towards ISO 9001:2008 certification. As the ISO Minister, I am going to hold up the CEOs of companies that are ISO certified as models of good management while I work with others to become ISO certified. CEOs, please make sure to invite me to celebrate with you when you are cutting that certification ribbon!

#### **(b) Jobs Facilitated by JAMPRO**

Our strategic objective, as we have stated, is growth with jobs. With respect to JAMPRO, unaudited figures indicate that JAMPRO surpassed its target of 4285 jobs facilitated, by achieving a 10% increase and facilitating 4,729 jobs within the target sectors. In keeping with relatively recent trends, the ICT sector represented 51% of the employment opportunities created. The labour market for this sector is characterized by young high school or university graduates, who have the potential to earn conservatively, just under J\$500,000 per annum.

The second significant contributor, with 34% of the total jobs facilitated, was the creative industries, which generally create significant numbers of temporary jobs for the young, skilled and semi-skilled portion of the labour pool. The other sectors also continued to contribute significant employment opportunities.

## **11.0 MSME DEVELOPMENT INTERVENTIONS**

Mr. Speaker, Jamaica is a country of small businesses. The vast majority of Jamaican businesses are small. While small businesses have several important challenges, they have two important features. They are more nimble, flexible and versatile and they create proportionally more jobs. Small businesses are also more flexible because they do not have the cumbersome bureaucracy of large businesses. This is an important advantage as it means they can respond quickly to the market by taking fast decisions ... important in a fast-changing world.

Small businesses have another very important feature, Mr. Speaker. Because these businesses are more labour-intensive than large businesses, it makes them more valuable in the creation of jobs. It is now a well-accepted position world-wide that most jobs are created by small businesses. Large businesses will give you growth but that is jobless growth. Small businesses give you growth with equity. Mr. Speaker, while growth is critical, job creation is even more critical for social stability.

However, let me hurry to say that Jamaica does not have the luxury of choosing between big businesses and small businesses. We would love to have large businesses which can accelerate the growth in GDP and earn the well needed foreign exchange. Ideally, we would love to have a good mix so that we can get the growth and also get the jobs. However, we do not have some of the key ingredients to attract certain large capital intensive businesses. We must, therefore, nurture our small businesses.

Mr. Speaker, it is for this reason that we have a specialist institution known as the Jamaica Business Development Corporation (JBDC), which focuses on the small business sector. We have the institutional arrangement. What we lack is adequate resources to pump into the JBDC, to increase its work programme. That is why from our limited resources we have increased our allocation to the JBDC.

Mr. Speaker let me highlight briefly some of the main interventions geared to support the micro, small and medium size sector.

JBDC will undertake the full range of business development service interventions to support MSMEs. These include business advice, generalized and customized training, product design, product development, branding, fashion and graphic design, marketing consultations, packaging and labeling. In 2011/12 JBDC undertook approximately 6,000 of these interventions.

- 70 business development workshops targeting 1,850 persons
- Incubation of 70 craft and agro-processing start-ups
- Disbursement of \$120 M to 100 MSMEs
- Assistance to MSMEs in marketing their products in the UK during the London 2012 Olympics

In continued support of small businesses, the JBDC will also be:

- developing market brands to support export penetration in areas such as aromatherapy, foods, craft, fashion and jewellery.
- organizing a furniture and wood products programme, involving technical assistance and marketing. 100 entities will be audited, rated, organized in clusters, trained in skills enhancement and business development.
- promoting energy efficiency and energy management among MSMEs and promotion of renewable energy solutions among MSMEs. This is being funded by a \$20M grant from the DBJ.

The work of the JBDC also involves training and strengthening the technical skills of craft producers, and providing market outlets through Things Jamaican outlets, for small struggling craft producers.

So you see, Mr. Speaker, we have a full range of support to be provided to the MSMEs through the JBDC. Our major challenge is that we do not have enough resources to cover the number of MSMEs who need our support.

### **11.1 Small Business Finance Programmes**

Let me turn now to the very important matter of financial resources to the MSME sector. Lack of access to finance is often regarded as a constraint for micro and small enterprises. Government funds to the sector are wholesaled through four institutions as follows:

- The Development Bank of Jamaica (DBJ)
- The National Insurance Fund (NIF)
- Micro Investment Development Agency (MIDA)
- Pan Caribbean Financial Services Ltd. (PCFS)

These entities in turn on-lend to retailers who on-lend to final borrowers. The banks and other private entities also provide significant amount of funds the MSME sector.

### **11.2 Development Bank of Jamaica (DBJ)**

For the 2012/13 financial year, the DBJ is expected to disburse the following:

- A J\$1.5 billion line, provided by the DBJ. Of this, \$396 million will be lent through the micro credit institutions
- A \$250 million loan guarantee fund leveraging \$1 billion worth of loan to MSMEs
- A \$100 million line from DBJ to assist with capacity building and technical assistance, leveraging \$400 million in counterpart grant funding from multilateral institutions.



Mr. Speaker, I would like to share with you the experience of one of our most outstanding retailers, Jamaica National Building Society.

### **11.3 JN Small Business Loan**

Funds Available	\$ 4.03 Billion
Disbursement - 2011 & 2012	\$4.025 Billion
Loan Outstanding – 2012	\$597.91 Million
Number of Beneficiaries – 2011 &2012	59,248
Jobs Created/Sustained “ ”	19,901
Average Loan Size (Micro)	\$ 85,657
Average Loan Size (small) 2011	\$1.40 Million
Average Arrears – Micro	3.43%
Average Arrears – Small 2011	16.95%

This is a programme that touches the lives of thousands of small people. What is of interest, Mr. Speaker, is that is a programme that lends to small people without traditional collateral and the arrears rate is just 3.4%! I want to say how proud I am of this programme. This is the kind of programme that Government needs to support.

### **11.4 MSME Policy**

Mr. Speaker, the Ministry has been working on the development of an MSME Entrepreneurial Policy. My Minister of State will address this in her contribution to the Sectoral Debate.

### **11.5 MSME Procurement Policy**

Mr. Speaker, I now turn my attention to the matter of procurement policy to support the development of the MSME sector. My Ministry is working with the Ministry of Finance

and the Public Service to finalize a procurement policy to facilitate and stimulate growth and employment in the small business sector.

With the support of the IDB, a consultant was engaged who conducted a study to inform a small business procurement policy. The study found that:

- (i) Between 50% and 75% of MSMEs consider the GOJ procurement process to be too lengthy and unaffordable
- (ii) GoJ tender requirements and documents are considered too burdensome for essentially low value contracts
- (iii) Bid security is too burdensome
- (iv) Tax compliance requirements act as a deterrent
- (v) General delinquency in payment by Government and Main Contractors to MSMEs and Sub-Contractors

Mr. Speaker, another very important barrier to small businesses accessing Government procurement is the requirement to be registered with the National Contracts Commission. Mr. Speaker, there is something which I do not understand here. I cannot understand why a local contractor is required to be registered with the NCC before bidding and this is not required of the foreign contractor. Why should there be a greater burden on locals? This does not make sense to me and reeks of discrimination. Is this what we call a level playing field? This is an evil system and could be prone to corruption as people will jump through hoops to get on the register. To me, a national registration system must be purely voluntary to advertise the existence of the business and its capability. When a bidder submits his bid documents, his information is more current than what is on this register. My Ministry goes on record as saying ... this discrimination must stop.

Mr. Speaker, government spending constitutes a significant part of the GDP. Therefore government procurement should be used as a deliberate strategy to:

- facilitate technology transfer from overseas firms to Jamaican businesses
- save the outflow of valuable foreign exchange
- create local employment
- provide a market for domestic firms to gradually improve product and service quality, raise business standards, and act as a launching pad for export

Another important barrier Mr. Speaker is the size of contracts. Many times government agencies deliberately package contracts large, to facilitate overseas firms in the name of economies of scale. This effectively discriminates against the small domestic firms. I want to go on record as saying ... this is not right. This must stop.

Mr. Speaker, a policy has been prepared and a Cabinet Submission is now being finalized which the Minister of Finance and myself will be taking to Cabinet shortly. The expectation is that some of these challenges will be addressed in this policy.

#### **11.6 Mobile Money Pilot Project**

Mr. Speaker, my Ministry and the DBJ are working on an exciting initiative called mobile money. The term 'mobile money' refers to a range of monetary transactions carried out using mobile phones. Here the mobile phone is used to check the balance in a bank account and to make payments. It can be used to transfer funds from person to person. This has the potential to reduce transaction costs for Micro-Finance Institutions. This will lead to a reduction in interest rates to micro-borrowers, and greater stimulation of economic activities. Mobile money is popular in parts of Africa such as Kenya, where it serves to increase access to financial services, by persons who do not normally have a bank account. Mobile money is beneficial to the unbanked and under-banked segments of the population. The direct correlation between financial exclusion and poverty is well documented -access to savings accounts, insurance and other financial services improves quality of life of the poor.

The DBJ is planning to implement a pilot project to test the model. The Bank of Jamaica is now analyzing the plan.

### **11.7 Venture Capital Programme**

It is agreed that the availability of venture capital through the provision of long term equity financing to new ventures and new entrepreneurs with good ideas, can contribute to the creation of jobs and greater economic growth. The DBJ, is managing the Jamaica Venture Capital Programme to provide a conducive venture capital ecosystem, focusing on facilitating the legal and structural imperatives, capacity building of SMEs and fund managers, and the establishment of a Venture Capital Park. This Programme will also give focus to the establishment of an initial private sector managed fund, with a target of \$1B for investment in high potential SMEs.

### **11.8 Creative Industries**

#### **(i) Intellectual Property to Build Competitiveness in Creative Industries**

Mr. Speaker, intellectual property is an important source of competitiveness. However, people must be able to protect their intellectual property if they are to benefit from it. There are some challenges which holders of intellectual property are having and I am going to fix them. Let me repeat... I am going to fix them.

#### **(ii) Patent and Designs**

There are currently a number of unexamined patents. This problem could be addressed when Jamaica becomes a signatory to the Patent Cooperation Treaty (PCT). All signatories to the PCT are able to access the International Patent Cooperation Union. This organisation enables one to file, search and examine all applications for the protection of inventions, and be able to access technical services of the Union, which is only available to the members. The Act is being amended to allow for this.

We are obliged to have a modern Patent legislation in place under the WTO TRIPS Agreement. Our non compliance has placed us on the US 301 Watch List which means

that trade sanctions can be imposed on Jamaica by the USA or any WTO member state. Mr. Speaker, this legislation is now a priority for the Ministry during this legislative year.

### **(iii) Copyright Act**

This Act needs to be modernized to make it compliant with the WTO Treaties, and incorporate provisions to provide greater protection for authors, composers and creators of literature. These treaties include Internet Treaties, and allow for the protection of works disseminated over digital networks such as the Internet. The importance of these treaties is that they will afford another level of protection for persons involved in the Creative and Copyright industries. The Copyright (Licensing Bodies) Regulations are being developed, which will facilitate regulating and Government oversight of Copyright Collective Management Societies, representing the interest of creators and publishers of musical and literary works, and producers of audio recordings. Mr. Speaker, I intend to fix these during the legislative year because I want to make it abundantly clear ...we are serious about growth and jobs in the Creative Industries.

### **(iv) Trade Marks Act**

There is a need to improve the regulation and registration of Trade Marks. The Act needs to allow for amicable settlement of disagreements and potential disputes, without having to proceed to addressing the matter in an adversarial setting. The role of JIPO will be enhanced to meet the needs of stakeholders. Mr. Speaker, this also I intend to fix these during the legislative year because we are serious about growth, serious about business, serious about jobs.

## **11.9 Diaspora Initiatives**

The Ministry is working in collaboration with the World Bank, Ministry of Finance and the Public Service and the Ministry of Foreign Affairs and Foreign Trade to float a bond

geared towards the Diaspora community. My Minister of State will speak more this matter.

## **12.0 SCRAP METAL TRADE REGULATION**

Mr. Speaker, I now turn to the matter of scrap metal. The regulation of the scrap metal trade has been a challenge to the Ministry. This industry cleans the environment of derelict scrap metal, earns foreign exchange and employs thousands of persons at the bottom of the socio-economic ladder.

Mr. Speaker I am on record as saying that I did not support the closure of the industry. Consequently, since coming to office, there have been several calls, letters and delegations to meet with me requesting a re-opening of the trade. I have also had strong representation advocating just the opposite. As some of you may know, I do not rush and make populist decisions. To ensure that I make a good decision, I decided to meet with the various stakeholders, some of whom have opposing interests. I have the awesome responsibility of balancing these competing interests.

Previously, each exporter had his own facility. The process requires Customs to inspect a container from start to finish but this was not always possible, as the loading can take up to two days. Considering that there are so many sites, this level of inspection would require an army of Customs Officers. In the absence of customs officers, there was the risk of unscrupulous persons loading stolen materials or banned materials into the containers.

I have now come to the conclusion that if we are going to have a sustainable scrap metal trade, the operations need to be centralized - loading from a multiplicity of sites cannot, will not work.

I have now sent a Submission to Cabinet for consideration. We await the decision of Cabinet.

## **13.0 CONCLUSION**

And so, in conclusion Mr. Speaker, in this milestone year for Jamaica, as Minister of Industry, Investment and Commerce I give you my word. I pledge before God and all mankind, that this Ministry will take up the mantle of being the engine which drives growth with jobs and drives competitiveness 'to the max'.

We at our Ministry, pledge to work diligently and creatively with other Ministries, agencies and stakeholders, to ensure that we fashion a Jamaica in which it is easy to conduct business, a Jamaica which is globally competitive, a Jamaica in which our young people can be gainfully employed, a Jamaica of which Jamaicans at home and in the Diaspora, can be proud. Most of all, together ... we will fashion a Jamaica of which our children and our children's children, will be proud.