



STATE OF THE NATION DEBATE

SENATOR THE HON. AUBYN HILL MINISTRY OF INDUSTRY, INVESTMENT & COMMERCE

*Facilitating and Enabling Jamaican
Businesses to Produce Higher Exports and
Economic Growth*

FRIDAY, OCTOBER 21, 2022

10:00 A.M.

**GORDON HOUSE
DUKE STREET**



Mr. President, it is with great pleasure that I rise again in this noble Senate to present another State of the Nation address. I'm eternally grateful to the Almighty Father because only by His grace alone could I, by faith alone, be numbered among his blessed children and be present here today.

I am very grateful to my dear wife Tamara and our children and family for the support they have given me to serve in this capacity.

The Most Honourable Prime Minister Andrew Holness gets very special thanks for giving me the double appointment of Senator and Cabinet Minister to serve the Jamaican people.

Very special thanks to Permanent Secretary Sancia Bennett Templer and the team of expert researchers and especially the team in my office led by Kadian and Chris.

Mr. President, I'm particularly grateful to the Clerk of the Parliament, Ms. Valerie Curtis and the parliamentary staff who have rendered so much assistance and guidance to me – especially when my friends across the aisle completely without any malice, would want to lead me astray.

Many thanks to my Senate colleagues on both sides of the aisle for being so gracious and engaging in our interactions.

So what is the State of the Nation that has had to be managed through a devastating worldwide pandemic, unlike any such experience in over 100 years?

Mr. President, the Andrew Holness administration has been and is in a constant state of looking after the nation. **Especially the needy in our country.**

The latest help package is for our hard-working transportation operators.

It's the **\$25,000 PPV Grant CASH PICK UP** which was accessible at: WECARE.GOV.JM

Mr. President, there was a further **extra PATH payment of \$1.1 billion** for the short period of April-June 2021.

Mr. President, **PATH beneficiaries were allocated a total of \$1.3 billion in 2021/22** which was distributed by the Ministry of Labour and Social Services in grants of \$10,000 to individual recipients.

We didn't stop there, Mr. President!

We recognized the tremendous financial pressure parents faced in getting their children back to school during the pandemic, and so **the Andrew Holness administration allocated another \$1.8 billion to 203,500 beneficiaries** whereby primary and secondary school students receive grants of **\$8,500**, while a **grant of \$5,000** was given to every student at the early childhood level who were on the **PATH student or Poor Relief Programme.**

The government implemented in fiscal 2020/21, during the first months of the onset of the pandemic, a \$14 billion TAX RELIEF to all Jamaicans in the form of a significant reduction in GCT from 16.5% to the more agreeable 15%!

This, Mr. President, is the tax relief that keeps on giving!

Let's not forget that it started with the phenomenal \$1.5M.

Mr. President, I have a list on which I have counted 24 programs which this administration has implemented during the pandemic.

Anyone who doubts that the Andrew Holness administration has managed this economy well to recovery especially during the pandemic, can have their doubts relieved by the 8.7% economic growth that was recorded in fiscal 20/2021. If doubts still linger, check out the first quarter of this fiscal year when our economy grew by 5.7% compared to the same quarter of fiscal 2020/21.

Mr. President, we have implemented this huge amount of additional, unbudgeted pandemic-induced spending – additional billions of dollars – without raising taxes or borrowing any extra money.

Indeed, Mr. President, we have NOT RAISED TAXES in the past 7 years, and especially NO NEW TAXES in the better part of the 3 years of the covid-19 pandemic!

Even the most grudgeful or bad-minded observers will have to give the Andrew Holness Administration much more than a little credit for navigating Jamaica so carefully through the COVID-19 pandemic!

This is a caring administration.

Mr. President, without question, Andrew Holness IS THE CARER-IN-CHIEF!

CARING THROUGH THE INFRASTRUCTURE BUILD-OUT

As chairman of the **Infrastructure Committee of Cabinet**, I am in a very privileged position to see firsthand the amount of money **this government also spends on making various aspects of our society much better than the way we found them.**

The **Infrastructure Committee** reviews all contracts over J\$60 million and recommends to Cabinet if it should approve these various contracts. Naturally, on occasions, we ask the presenting ministries and agencies to return to do more work in order to gain our recommendation.

So what have we recommended since late 2020

1. J\$469.75M & US\$430K for MINISTRY OF ECONOMIC GROWTH & JOB CREATION (MEGJC)
2. J\$239M for contracts for MINISTRY OF EDUCATION AND YOUTH (MEY)
3. J\$406.27M & US\$3.08M MINISTRY OF FINANCE & THE PUBLIC SERVICE (MFPS)

4. J\$352.03M For MINISTRY OF HEALTH AND WELLNESS (MHW)
5. US403.56K for MINISTRY OF LABOUR AND SOCIAL SECURITY (MLSS)
6. J\$843.77M & US\$18.1M for MINISTRY OF NATIONAL SECURITY (MNS)
7. J\$307.39M & US\$8.95M for MINISTRY OF SCIENCE, ENERGY & TECHNOLOGY (MSET)
8. J\$251.55M for MINISTRY OF TRANSPORT AND MINING (MTN)

That total amount (of both currencies) recommended by the Infrastructure Committee to Cabinet for its approval is approximately J\$8.8 billion!

That substantial approved sum of money converts into 10s of thousands of jobs for Jamaicans.

That spend covered works on **roads** in the countryside and in Kingston, money to **maintain expensive technical machines**, cash to buy and distribute **textbooks, I CT equipment** and the **supply and installation of information systems across the government**. Clearly, also, lots of that money was used to **buy vehicles the services of security guard companies** and the **servicing of air conditioning and similar equipment** used by government offices.

Not only does this administration spend a lot of money to better the infrastructure and services in our country, *we cooperate well across ministries to get it done!*

INTERNATIONAL RECOGNITION FOR JAMAICA

So amazing has been Jamaica's fiscal performance that in a recent publication by an international cable business news service and a big American bank it found that among Emerging Markets Bonds (EM), Jamaica is rated the highest among its CARICOM partners in terms of the current additional risk premium the market would seek to attach for holding different countries' bonds.

Quite exceptionally, Jamaica cooperative bonds are rated higher than some investment-grade bonds. For example: (READ FROM THE CHART)

SO WHERE DOES JAMAICA'S SPENDING MONEY COME FROM?

Where does that money that the MOFPS, MHW, MEY, MNS, MTN and MLSS spend come from?

- a) **The Diaspora:** Our Jamaican Diaspora has been at various times a life-giver and a lifesaver. ***Their remittances to Jamaicans at home is worth about US\$2B annually.*** We certainly appreciate gifts to their family members at home. Many thanks to Ministers Kamina Johnson Smith and Leslie Campbell for the amazing work that they and their staff at the Ministry of Foreign Affairs and Foreign Trade and overseas do to keep close contact between yardies and the diaspora in many overseas cities and towns.
- b) **Grants** – from our multilateral partners
- c) **Businesses:** Tourism, BPOs, Manufacturing, Services
- d) **Taxes:** Companies and individuals, generally coming from businesses. Even government employees get paid largely from the taxes the GOJ secures from businesses or individuals that are employed by businesses.

- e) **Borrowings** – when we borrow its taxes from businesses and their employees which repay the loans!

BUSINESS THE KEY DRIVER IN THE ECONOMY AND MAIN PROVIDER OF REVENUES (TAXES!) TO THE GOVERNMENT

Minister Clarke does an outstanding job of spending government revenues in a very prudent and judicious manner. However, the key contributor of those revenues is the various business sectors operating in the economy.

Mr. President, just as **there is no 'government money'**, per se, **there are no 'government revenues'** unless there are companies in the various business sectors that produce and sell products, and services and collect and pay taxes to the government treasury.

Businesses are the entities which provide a lot of the cash that Minister Clarke and his colleague Ministers spend through their various ministries.

The money that his ministry and all the others spend is the result of taxes paid by the businesses and their employees in the productive sectors of the economy.

As the **Business Ministry**, we at the *Ministry of Industry Investment and Commerce* seek to **remind the nation of the very vital and indispensable position and role** our large, medium and

small businesses play in the economy, *and in the proper and regular functioning and funding of the government apparatus of the country.*

Minister Edmund Bartlett has led the tourism industry and ministry through the COVID-19 pandemic to quite an outstanding recovery, which will result this year in a projected US\$5.7 billion in revenues coming into the country. The **Global Digital Services Sector - BPO - in my Ministry** has also performed extremely well during the pandemic growing from 43,000 employees at the end of 2019 to about 55,000 today, and earning approximately US \$2 billion in the last two years or so. The STATIN data shows manufacturing, agriculture and services playing their part in producing revenues for the GOJ treasury.

Maybe its time that our national figures show export services like Tourism and BPO, which earn hard currency, as EXPORTS!

Mr. President, without well-run, innovative, investor-supported and entrepreneurial businesses, the government would have an extremely difficult time functioning as well as it does today.

The COVID-19 pandemic has thrown up some tragic sovereign cases around the world from Europe to Asia, where businesses have been unable to function well, and we see the downfall of governments as a result of those business upheavals or failures.

Mr. President, as the Business Ministry, we will endeavour to upscale the cooperation and collaboration between **business-affecting ministries** in this administration **to facilitate and enable our businesses to perform optimally every single day.** We will work with all our ministries colleagues to reduce red tape and obstacles to set our business free to excel at their performance and results.

In a similar vein, Mr. President, we at the Ministry are working to **redirect, and in some cases repurpose,** our **22 agencies** to assist our business firms to grow, be efficient by international standards - and to **EXPORT a lot more than they do today!**

JAMPRO, JBDC, **JANAAC**, BSJ, THE TRADE BOARD and JIPO are just some of the Agencies which will have to step up to provide clearer support and focus, **to deliver on the critical EXPORT-A-LOT-MORE objective!**

This is a good point, Mr. President, to publicly thank Senator Don Wehby, the President and CEO of the 100-year-old Grace Kennedy Group of Companies for the excellent leadership and service he gave to JAMPRO during the six years he served as the Chairman of the board of that critically important agency in my Ministry. I thank him for the leadership he gave to the board and management during that long period of free but valuable public service.

Mr. President, because businesses are producing the jobs, goods and services for the economy, and the taxes that the government needs to support our social and physical infrastructure, **it is incumbent on all of us in government and across the country outside of government, to**

provide the maximum support and assistance to help our businesses to grow, become bigger, to provide more jobs, to export a lot more.

We expect them in turn to provide more revenues for the government, so that JAMAICA can become a more wealthy and well organized society.

That means broad and sustained support, facilitation and enabling for tourism, Global Digital Services - BPO, manufacturing, construction, agriculture and agro-processing, and a whole range of services sectors that can sell to Jamaicans and customers in overseas markets.

I make an equal pledge, Mr. President, to ensure that **the agencies of the Ministry, especially the Consumer Affairs Commission and the Fair Trading Commission - both to be merged soon - will work to support consumers in their desire and search for the best product and services at reasonable and competitive prices.**

EXPORT A LOT MORE!

Mr. President, **to highlight and focus on the very vital and urgent need to export a lot more**, I want to share some numbers with you. The following first four figures are easily the most important of the set:

1. **In 2021 we imported US\$5.975 billion** worth of products and services
2. In the same year **we exported US\$1.441 billion.**
3. **Jamaica's NEGATIVE TRADE GAP was in excess of US\$4.5 billion!**

4. In 2021 **our oil important bill** (A SINGLE PRODUCT ON OUR TRADE ROSTER) **was approximately US\$2 billion.** This single item completely dwarfs our total export earnings for the year, Mr. President!

Clearly, we need to export a lot more in order to begin to close that huge trade deficit. We need to deploy professional perseverance, innovation, entrepreneurship and a relentless dedication to EXPORT what we can today, and constantly create new products and services that will make us competitively successful in overseas markets.

Mr. President, our national stress and emphasis our growing or exports, really exponentially, cannot be too loud or too persistent!

STATIN, in a release earlier this week Gave us some more stark figures for the half year between January and June 2022.

IMPORTS = US\$3,758.2 billion

EXPORTS =. US\$ 801.0 billion

NEGATIVE GAP. US\$2,957.2

IMPORTS INCREASED BY 37.4%: EXPORTS GREW BY JUST 2.3%

Mr. President, our negative trade gap has been a persistent and decades-long perennial problem for Jamaica.

I had my research team, Karl, Chevaughn, Shakeem, Rachel & Vanessa, dig up seven decades of Jamaican trade data. **I was simply amazed to find, Mr. President, that only in ONE of our 60 years of independence - in 1966 - did we have a positive trade balance!**

Mr. President, I trust you and us grasp the desperate significance of that six decades of negative trade balances.

Recall too, Mr. President, that the average growth rate of the Jamaican economy for at least 50 of those sixty years, was a MERE 1%, or so!

Mr. President, that persistent and perennial negative trade gap has to be addressed if we are ever going to improve Jamaica's economic independence.

PER CAPITA COMPARISONS

Here are some tough numbers, Mr. President.

Today, **Jamaica's per capita GDP is just under US\$5,000.** We have only 3 million people living in Jamaica.

Israel, by comparison, has a population of 9.2 million people and a per capita GDP of about US\$43,000 – about the same per capita GDP as Canada with about 38 million people. It is

obvious, Mr. President, that Israel does not sell to only its 9.2 million population, but rather it sells its products and services around the world.

Singapore has 5.7 million people and a per capita GDP of between US\$70,000 and \$80,000, depending on the exchange rate and export volume of a particular year. Singapore quite clearly does not sell to only the relatively small population within the country. **Singapore, probably even more than Israel, sells its products and services right around the world.**

So, Mr. President, JAMAICA is not going to become a WEALTHY country selling its goods and services to only 3 million relatively poor people.

For us Jamaicans to realize the ECONOMIC INDEPENDENCE that we need and deserve, we must make products and craft services that we can sell around the world.

And, Mr. President, we must sell a lot more, EXPORT EXPONENTIALLY MORE THAN WE DO NOW, to lift ourselves to that place of ECONOMIC INDEPENDENCE and WEALTH for our people - that we have never known in our 60 years of independence.

WHY MUST WE EXPORT A LOT MORE AND HAVE HIGHER GROWTH?

1. **To create more and better employment**

2. **Boost business and other taxes to enhance revenues to the government's treasury.**
3. The GOJ has set a goal of **reducing our debt to GDP figure to 60% in a few years - coming all the way from 147% in 2013.**
4. There are **really only two ways to reduce that figure to 60%** – either we **REDUCE THE NOMINATOR by paying down the debt** (right now we do not have the cash to do so – we must earn it through profitable business paying taxes); **or, second, INCREASE THE DENOMINATOR figure, - INCREASE the GDP - by exporting a lot more and growing our hard currency revenues** which will enable our businesses and their employees to grow economically and pay more taxes.

WHAT WILL THIS BUSINESS MINISTRY DO TO ENCOURAGE AND ENABLE JAMAICAN BUSINESSES AND ENTREPRENEURS?

- I have just met with the **TRADE FACILITATION TASK FORCE**, led by Mrs. Patricia Francis, a former head of JAMPRO, and a trade expert that is recognized internationally, to give a clear new direction to this World Bank-funded program to keep a very clear focus on fixing our local trade arrangements, to enable government ministries and agencies to collaborate a lot more efficiently - in order to assist our businesses thrive at creating goods and services and earn increased and sustained export revenues.
- The **Global Digital Portal** has been launched by JAMPRO and is being used by businesses and persons locally and around the world. I encourage more of our businesses, executives and entrepreneurs to use it.

- **Will personally work with other Ministers, Ministries and agencies in my Ministry and others to clear obstacles and red tape for our business firms.**
- We will work hard to ensure that businesses play fair and by the rules - especially when dealing with our Jamaican consumers.
- **I will lead businesses in TRADE MISSIONS to open doors in overseas markets in order to find new export markets and hard currency revenues. We just had a successful trade mission to Guyana two weeks ago.**

Mr. President, this business ministry intends to do everything we can to help Jamaican businesses grow their markets and exports in order to earn hard currency revenues – and in the process, Mr. President, pay their fair share of taxes to the government's treasury!

Those payments will be a fitting tribute for the robust social and economic enabling the government has been doing and will continue to do for the Jamaican Economy!

We know the future has challenges, but it's promising!

Mr. President, The State of This Nation has been managed very well by the Andrew Holness administration!!

If it pleases you, Mr. President!

THANK YOU.

Aubyn Hill