

REMARKS



HON. ANTHONY HYLTON

MINISTER OF INDUSTRY, INVESTMENT &
COMMERCE

Jamaica Investment Forum (JIF) Opening Ceremony
Montego Bay Convention Centre – Block D Main Hall

Wednesday, March 11, 2015, 9:00am

Salutations

- The Most Honourable Portia Simpson Miller, ON, MP
Prime Minister
- Colleague Ministers
- Members of the Diplomatic Corps
- Heads of International Organizations
- Ms. Anabel Gonzalez, Senior Director, Trade and Competitiveness Global Practice, World Bank Group
- Mr. Hans Schulz, Vice President for Private Sector, Inter-American Development Bank
- Mr. Jacques Nyssen, Head, Structured Finance Hub, Commerzbank
- Mr. Milton Samuda, Chairman, JAMPRO
- Mrs. Diane Edwards, President, JAMPRO
- International and Local Investors
- Permanent Secretaries
- His Worship the Mayor Cllr. Glendon Harris
- Hon. Ewen Corroodus, Custos of St. James
- Mr. William Mahfood, President, Private Sector Organization of Jamaica (PSOJ)
- Heads of Government Departments and Agencies
- Members of the Private Sector
- Members of the JAMPRO Board
- Other Distinguished Guests
- Members of the Media
- Ladies and Gentlemen... good morning

I am pleased to add my words of welcome to this impressive gathering of potential investor and local business stakeholders at this most important investment forum.

In this Forum today, we have representatives at the senior levels in the Jamaican Government and in Jamaican Business, who will have the opportunity to engage with

almost 150 overseas-based investors and friends of Jamaica, who have travelled from far and wide.

As Minister with responsibility for investments, I am delighted that you responded to the invitation from our Most Honourable Prime Minister to make this business trip to Jamaica, here in Montego Bay, the Caribbean's tourism mecca.

As you would have heard, this is our second Jamaica Investment Forum.

JIF 2015 is set in the context of a decline in the flow of foreign direct investments (FDI) which fell by 8% in 2014, to settle at US\$1.26 trillion. The Caribbean region itself also experienced a correlating decline of 16% in FDI in 2014 driven mainly by a fall in the level of Mergers and Acquisitions in offshore financial locations.

This however, has in no way diminished our drive to step up our investment promotional activities as evidenced by the staging of this event. Jamaica will remain bullish about foreign direct investments because we have a great business value propositions for the global investor community.

We believe that our strengthening economy, which is far more diversified than our regional partners gives us a unique advantage, and we expect that Jamaica will figure prominently in the projections of the UN Conference on Trade and Development (UNCTAD) that FDI flows into developing countries, which is expected to continue rising over the next three years.

FDI Recovery and Major Jamaican Industries that Attracted FDI in 2014

In the case of Jamaica, over the past two years, there has been a gradual recovery in the flow of inward investments since the global recession, moving from a low of US\$218 million in 2011 to US\$490 million in 2012, and US\$567 million in 2013. Indeed, we are moving in the right direction.

As the recovery continues, we saw significant growth in Tourism (including Medical Tourism); ICT/BPO and the Creative Industries sectors in 2014:-

- There has been major investment activity in the tourism sector, due to the implementation of a number of major projects which are currently at various stages of completion. International brands such as the Hyatt Ziva and Zilara, Azul Sensatori and Royalton began operations in Jamaica during 2014. The Melia Hotel Chain will register its presence in the Jamaican marketplace shortly.
- The Medical Tourism sector also continues to expand, with work beginning on Hospiten's US\$20 million hospital in Montego Bay.
- With respect to the ICT/BPO sector, over the past five years we have seen considerable growth. In 2014, a number of the global brands that made Jamaica their home, continued to expand their operations and contributed positively to local employment, with a total of 3,500 new jobs being created. Smaller operations, such as Global Gateway Solutions, Island Outsourcers and Accent Marketing also increased personnel, resulting in a total of 500 jobs being created within this niche.
- Within the creative industries, over J\$250 million was expended on film-related projects under the Motion Picture Recognition Status facility in 2014. There were also numerous investments from linkages to a wide cross-section of sectors, valued at over J\$843 million. A total of 1,787 temporary jobs were created in these industries during 2014 and we look forward to the hosting of the Jamaica Film Festival in July of this year.

As we meet for the next two days, we are inviting the international investor community to consider large-scale business opportunities in six key growth sectors of the Jamaican economy, as well as in a number of exciting emerging industries:-

1. Logistics

As most of you would know, Jamaica has taken the deliberate decision to chart a path to growth by developing itself as a logistics-centred economy in order to function as a major logistics hub in the Western Hemispheric region. Our ideal location as a logistics cluster for warehousing, distribution, re-labelling and light manufacturing facilities that are integrated into the global supply chain, has been well established and re-affirmed by several more recent studies. With this proof of concept, we are moving with deliberate speed to attract and sustain the right mix of investment and global partnerships to realize our ambitions of becoming the logistics hub of the Americas, and the fourth pillar in the global trading system.

I am looking forward to discussing practical partnerships in this Forum with investors interested in the various elements of the Jamaica Logistics Hub, which is centered on the incorporation of the transportation of goods via multiple modalities, through the integration of world class seaports (handling containers, dry bulk and liquid bulk commodities), airports, special economic zones, free zones, logistics parks, logistics centres, integrated intermodal transport capabilities, supporting infrastructure such as, telecommunications, and trade facilitation mechanisms.

In this regard, I am pleased to announce that, the Cabinet has recently approved the signing of a Memorandum of Understanding with an investor group that has expressed their strong interest in investing in a series of logistics-related infrastructure projects that will support this Mission. The projects, which have a combined investment value of just over US\$5 bn, will transform the business landscape for logistics in Jamaica and position the country for increased investments in related sectors such as manufacturing, outsourcing, financial services, tourism, and of course agribusiness and creative industries; industries such as those that we will be discussing over the next few days.

2. Tourism

Tourism remains one of Jamaica's fastest growing and most profitable sectors. Investment opportunities abound because of the sustained popularity of the Jamaican brand of tourism.

Yet, our natural resources, our rich heritage and culture, music, entertainment, abundance of medicinal herbs, and the overflow of healing springs and fountains, are proof that Jamaica has far much more to offer; particularly in health and wellness tourism where we can tap into the natural endowments of our country. As such, we are looking forward to the conversations at this Forum that will advance Jamaican Tourism to the next level of diversification and growth.

3. Outsourcing

In the BPO sector, Jamaica remains the leading contact centre location in the English-speaking Caribbean, with over 17,000 persons employed in the sector. We have established a track-record in customer service, telesales, Finance & Accounting Outsourcing (F&A), Human Resource Outsourcing (HRO), debt collection and technical support. Attrition rates in the sector are low, labour force availability among secondary and university graduates is over 20%, and average Call Centre and BPO salaries are 40-60% lower than in the United States. Our overall competitive advantage in these areas offers investment opportunities for companies looking to expand their English-speaking BPO, in animation outsourcing and software development business services.

4. Manufacturing

Jamaica is also an ideal location for manufacturers seeking near-shore markets, quick conversion cycles and low-cost customized delivery options to major markets, given the island's geographic positioning vis-à-vis the Panama Canal and major markets in the United States and Canada.

The widening of the Panama Canal and the development of our logistics lane provides an investment opportunity for discerning investors. Manufacturing will be focused on

export and domestic operations, particularly niche products, including agro-processing and the assembly of products, such as electronics, medical devices and automobile components.

The development of the special economic zones also represents a great investment opportunity to facilitate trans-shipment of goods, destined for larger markets that are comparatively closer to Jamaica. This will no doubt be an area of strong interest at this Jamaica Investment Forum.

5. Agri-Business

For investors, there are also tremendous opportunities in our agricultural sector. Our value proposition as the ideal location for agricultural and/or agribusiness-related investment is predicated on an expansive local market, bolstered by three million visiting tourists annually, the increasing demand for high quality Jamaican produce overseas, and the country's proximity to key export markets. Opportunities in agriculture include aquaculture, contract farming joint-venture opportunities to produce crops all-year round, and expanding the production of fresh produce in agro-parks.

6. Financial Services

Jamaica is also well on the way to becoming a centre for international financial services. Establishment of the Jamaica International Financial Services Centre will lead to the creation of a modern industry that will further diversify our economy and enhance our reputation as a place to do business. International Financial Services will also enhance the value proposition of the Jamaica Logistics Hub as it will facilitate linked business activities in the maritime industry, aviation industry and trade.

Ladies and gentlemen! International investors!

The evidence is there and the track record speaks for itself.

We have the product, we have the people and we have the capacity to join in win-win partnerships with the global investor community.

We are also proud to say that our overall business environment has improved significantly since we last held this Forum in 2012.

Again, the validation is available for everyone to see as evidenced by Jamaica's performance in the global business rankings; which are worth repeating for the purposes of this investment forum. They are as follows:

- The World Bank's Doing Business Ranking, Jamaica moved up 27 places, from 85 to 58 in the 2015 Report;
- The Logistics Performance Index, we jumped 54 places, from 124 in 2012 to 70 in 2014;
- The Global Competitiveness Index, we improved our position to 86 out of 144 countries in 2014, when compared to 94 out of 148 countries in 2013.
- For all this, at the end of 2014, Jamaica was declared the best country with which to do business in the Caribbean.

It is also worth noting that our international Credit ratings also moved positively in 2014:-

- **Standards and Poor's** revised Jamaica's long-term sovereign outlook upwards to positive from stable
- **Fitch** upgraded Jamaica's long term foreign currency and local currency Issuer Default Ratings to 'B-' from CCC
- **Moody's** upgraded the outlook on Jamaica's government bond rating to Caa3, positive from stable.

Ladies and gentlemen, for 2015, the outlook for the ease of doing business and the attractiveness of Jamaica as a business destination is equally positive. For our part, we

will continue to implement the necessary reforms to make Jamaica an even easier place to do business.

Already, we have implemented significant reforms, such as the recently passed Insolvency Act and Regulations, which took effect on January 1, 2015. This Act is expected to change the way creditors relate to persons who file for bankruptcy and encourage persons to start businesses by removing the stigma and punitive actions associated with bankruptcy.

Over the years, the time taken to obtain development approvals has been a challenge for both the Government and for investors. We have been streamlining that process, supported by the implementation of what is known as the AMANDA system, which allows developers and clients to track the status of their applications online. Work is underway to facilitate online submissions and processing of applications, which should result in a faster processing of applications to within a maximum 90-day timeframe.

New Industries

Ladies and gentlemen, we are positioning ourselves in this country for serious, consistent, and sustainable growth, and this involves the exploitation of new industries.

- **Industrial Hemp & Medical Marijuana**

In the area of industrial hemp and medical marijuana, we have made great strides in the revision of the Dangerous Drug Act (DDA) that will allow for the legal development of a formal industrial hemp and medical marijuana industry. This move will eventually lead to the generation of increased investment flows to our country.

- **Health & Wellness Tourism**

Health and Wellness Tourism is an evergreen area of investment. In recognition of its significant potential, we have been developing the necessary framework for the nascent medical tourism industry in Jamaica. Once fully developed, the industry, along with Wellness Tourism, will engage a wide cross-section of Jamaicans ranging from small to larger corporations involved in related areas, such as research, and in pharmaceuticals.

Conclusion

Ladies and gentlemen, with all of this, there could never be a better time than now to invest in our country. Jamaica is today, a solid investment decision.

We are looking forward to the positive outcomes from this 2nd Jamaica Investment Forum.

Ladies and gentlemen, we are confident in the future of the Jamaican economy. We continue to put the necessary measures in place so that investors will have confidence in our economy.

The government has clearly demonstrated its commitment to prudent fiscal policy, reducing the public debt, and avoiding inflation. And, while there is more to be done, we also have a stable and predictable legal framework. So that, one need not fear any frequent changing of the rules of the game.

We also continue to make steady progress in reducing the time taken and the cost of doing business. We also continue to invest in our human capital, which is essential to increasing investment and growth.

In closing, let me also say that Jamaica has a dynamic political environment, and we are fortunate at this moment in time, in our history and development to have the wise and inspired leadership of the Most Honourable Prime Minister, Portia Simpson Miller.

In our Prime Minister resides the integrity and leadership that global investors can depend on. In her heart burns a genuine and sincere desire for the upliftment of the Jamaican people and to deliver unprecedented prosperity for all Jamaicans. We are honoured to stage the Jamaica Investment Forum under her patronage and direction.

Ladies and gentlemen, it is my pleasure to welcome, Jamaica's Prime Minister, the Most Hon. Portia Simpson Miller...