

SECTORAL PRESENTATION, FY 2016/2017
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THEME:

Passing the Baton, Acknowledging the Runners

SALUTATION

CONTEXT

Mr. Speaker, my task here today is made more challenging by the fact that the MIIC as I and we all know it, no longer exists and is substantially replaced by a new structure consisting of the Economic growth and Job Creation Ministry together with an economic Growth Council complemented by several ambassadorial appointments. However, the rump of MIIC is still recognizable in the new Ministry of Industry, Commerce, Agriculture and Fisheries. I will focus on those aspects of the current portfolio assignment that falls within the Industry and commerce portfolio, as well as the Economic Growth and Job Creation Ministry.

The Chairman of the Economic Growth Council is targeting 5% growth in FY 4 & 5. The just concluded budget debate has provided mere glimpses of a strategy that in the main carries on/forward many of the plans and programs advanced by the previous administration. What it promised the Jamaican people as a bold new move is the relocation of Departments, Agencies and Ministries with minimum restructuring of government. Mr Speaker, what we propose is the acceleration of the current transformation of the Government's bureaucracy making services for the Jamaican citizen more affordable, transparent and accessible.

At the same time, Mr Speaker, there is an attempt to muddy the waters and to misrepresent the historical records by claims that the previous administration is attempting to copyright its initiatives, programs and projects when all that is being done is simply setting the record straight. Well, Mr Speaker, we must set the records straight, and more of that will be done today!

Mr. Speaker, I have no difficulty using the Prime Minister's own metaphor in likening the change in administration to a passing of the baton in the running of a relay—a feat for which we are well known to excel. However, please note Mr. Speaker that each member of every world record breaking Jamaican relay team is recognized for his/her contribution on each leg of the relay and each gets a medal. Even the reserve members not standing on the podium get a medal as recognition for his/her efforts.

A. MATTERS OF GOVERNANCE

As the Opposition Spokesman on Industry, Investment and Commerce, my contribution to this sectoral debate will necessarily track the Growth Agenda and job creation efforts which are assigned different institutional responsibilities in this administration.

Allow me, Mr. Speaker, a brief comment on the clustering of Ministries, Agencies and institutions under the rubric of Economic Growth and Job Creation Ministry.

Mr. Speaker, never before have we had such concentration of power, authority and scope in a single ministry of government, let alone one for which the Prime Minister has lead responsibility. We observe that although there are three or four ministers without portfolio within this Super Ministry, it

is still not clear to a would be investor foreign or local which minister is in charge of an investment in say Logistics, or the BPO Sector. As I view the arrangements, there are still significant overlaps of responsibilities between different ministries and agencies. For example, both the Port Authority and Factories Corporation have responsibilities for providing and maintaining BPO spaces. But, Mr. Speaker, apart from the Ministers there are several ambassadors, some have full powers to commit the Government outside of Cabinet and away from Parliamentary oversight. I ask Mr. Speaker, Is this the Outsourcing of Government without a PPP? Without the Jamaican people and this Parliament being told the strategic vision/plans, deliverables and governance framework i.e. accountability for this Super Team and Super Ministry, Mr. Speaker it risks becoming like the legendary Pied Piper.

To be sure Mr. Speaker, the Opposition has built meaningful partnerships with the private sector during our administration through institutions like the Partnership for Jamaica which involved the Opposition and civil society. This administration, Mr. Speaker has opted for a model of outsourcing which could see significant swath of Government managed by and left with the newly appointed and yet to be appointed Czars.

Mr. Speaker, I feel compelled to warn against the increasing Czar mentality- as the historical experiences and performances of Czars should not be recommended in forward thinking 21st century management, as there is the tendency to concentrate power in the hands of individuals rather than institutions. Is this compatible with our democratic traditions and the direction of leaders preparing their economies and citizens for the 21st century?

Mr. Speaker, separate and apart from the Governance concerns, what are the specific policies and strategies to be pursued by these private sector actors and what legal framework will they utilize in discharging their responsibilities and who monitors the progress and deliverables?

Mr. Speaker, If my understanding is correct these ambassadorial appointees report directly to the Prime Minister in the discharge of their duties. What then are the respective roles of the Ministers in relation to these ambassadorial appointees? Are there any risks for our foreign policy administration?

These are but some of the questions that the Opposition hopes to get answers to during the course of the Sectoral Debate, since answers to these were not dispositive from the Budget Debate itself.

B. CLAIMING MEDALS FOR THE TEAM

Mr. Speaker, under my watch in the MIIC the Government's overarching strategy for driving growth and expanding jobs was clear. We were doing it and achieving the results. The platform for increasing growth was built and functioning/performing, Very Well!

When we left office the Doing Business Index, Competitiveness Indices, Logistics performance and Investments, were ALL way up!

Mr. Speaker, Forbes Magazine had voted Jamaica, the best place in the Caribbean to do business for two consecutive years running.

Jamaica was among the top ten reforming economies in the world according to the 2016 World Bank Doing Business Report.

The statistics are unassailable!

How Did We Achieve these Outcomes?

Mr. Speaker, we spent the early days at the Ministry building the capacity and skills set to deliver the vision of a Logistics Centered Economy, which we are confident would deliver growth with meaningful jobs for inclusive, sustainable and equitable growth.

This was not as easy as it appears, Mr. Speaker, because the Ministry itself was just newly created and lacked the cohesion and capacity necessary to plan and execute a redirection of the Ministry's policies away from sunset industries to the sunrise industries capable of driving faster and more sustainable growth. But in time we built a team at the ministry and throughout its several agencies that not only shared the Vision but had the capacity to deliver on that Vision. Hence, the activities at the Company's Office aimed at reducing the time for forming a company and the activities at the Trade Board aimed at speeding up the approval of licenses for cross-border trade, complimented well the activities of JBDC aimed at reducing the bureaucracy for the MSME Sector to thrive and businesses in general to be competitive.

Simply put Mr. Speaker, through our research and missions to places like Panama, Dubai, Singapore and China we were and remain convinced that Jamaica's location in the Americas at the centre of East-West and North-South trade made it an ideal place to develop a Logistics Hub. The Hub, Mr. Speaker, is no more than a clustering of industrial, commercial and transport related activities at strategic locations throughout Jamaica that would attract high levels of investment, high skill individuals and the facilitatory environment that would enable MSMEs to participate in global supplies and value chains, all aim at driving growth.

By parity of reasoning Mr. Speaker, building the Logistics Centred economy was aimed at focusing our energies and limited resources on ensuring the efficient movement of goods, people, services, data and money within the domestic economy and across borders into the rest of the region and the

world. The modes of transportation could be either by air, sea, ICT platforms and additionally by rail and highways within our borders.

Further, Mr. Speaker, by focusing on logistics our economy will be characterized by the ease and speed of doing business and increased global competitiveness of our goods and services. The evidence is clear Mr. Speaker, a Logistics focus will create for us and has already begun to demonstrate, a virtuous cycle with more to come.

RUNNING FAST WITH THE BATON - CONTINUITY

Mr. Speaker, the Prime Minister's announcement therefore, that the several logistics hub and related projects will be continued is to be applauded. The port to be privatized, the dry dock to be built by German investors, the LNG Terminal to be developed and the airports, rail and highways to be revived and expanded. The Special Economic Zones to be implemented furthers the objectives of building a logistics centered economy, an objective supported by the World Bank and IADB

which explains the continuation of the Logistics Hub Master Plan consultancy.

We on this side applaud not simply because "imitation is said to be the sincerest form of flattery", but because we know that without continuity in this area, there is no possibility for the Government to realize anything that is even close to a 5% projected growth in the economy. A goal to which all well thinking Jamaicans should be aligned.

Mr. Speaker, I am particularly pleased that the privatization of Norman Manley as well as the development of Vernam Field will be pursued, as I have always been of the view that both airports hold strategic value for realizing Jamaica's optimum logistics opportunity. I commend the Minister of Transport and Mining for his fixity of purpose in this matter, which will not

only help his constituency but the entire Jamaica.

C. MAJOR CONCERNS

But, Mr. Speaker, I am concerned as well!!

The news that the financial closure on the concession agreement with KCT and the French Company, Kingston Freeport Limited, is pushed back to June 30, 2016 is not welcome news. And we on this side would urge the Parties to do all that is necessary to achieve operational transfer in the new timeline outlined. Mr. Speaker, time is not on our side!!

Mr. Speaker, when the Prime Minister travels to Panama City later this month to participate in the ceremonies to mark the opening of the third locks which expands the Panama Canal, the investor community, which continues to eye Jamaica's development favourably, will want to know that we are on track with the concession agreement and more generally, with our Logistics Hub Plans!!

Mr. Speaker, the Prime Minister will also be in a position to sign on behalf of Jamaica, a bilateral agreement with the Government of Panama that will enable cooperation on a wide scope of areas in the Logistics field. That Mr. Speaker, represents the forward planning and preparation of the team at the then MIIC. By all means, take the baton and run with it Mr. Prime Minister!! But I want the medal for the Team and the historical record.

FREE ZONE-MOTOR VEHICLE IMPORT

Mr. Speaker, another area of major concern for the Opposition is the change of policy direction formally announced by the Minister of Industry, Commerce, Agriculture and Fisheries in his presentation to this Honourable

House yesterday.

Mr. Speaker, this decision will have far reaching implications for current investors in the existing Free Zones and prospective investors in the pending Special Economic Zones. Mr. Speaker the Minister's reasoning in support of his decision is fatally flawed and spurious at best!

Mr. Speaker, the issue here is whether the Trade Act of 1955 applies to the importation of motor vehicles into the existing Free Zone or the Special Economic Zone to be implemented?

Mr. Speaker, following on the decision of the previous administration to transform Jamaica and the port of Kingston into a global logistic hub, thus enabling the provision of logistics services beyond the mere transshipment of motor vehicles and other goods within the region, the fundamental policy decision was taken to extend the provision of the Free Zone Act, in the first instance and ultimately the Special Economic Zone Act, to port side operations as a key strategy for attracting major investments in port logistics activities.

Mr. Speaker, in direct response to this policy initiative a major investment of approximately US\$75 million was made by Kingston Wharf Limited in the development of a logistic center which has attracted significant other investors to the port of Kingston. The business model pursued by these investors seeks to take advantage of the existing Free Zone Act and the clear policy enshrined in the Special Economic Zone Act, which has been passed into law but has not yet come into effect.

Of significance Mr. Speaker, the Minister does not and could not assert a breach of the Trade Act or any customs law or regulations as he claimed on at least two previous occasions in this House. Instead, he merely asserts that "this practice of importation of motor vehicles without licenses is

contrary to the spirit of the Free Zone, but it also frustrates the intent of Trade Act ...”

This Mr Speaker, is the strongest argument available to the Minister even after he has sought and obtained the legal opinion of the acknowledged subject matter expert in the Attorney General’s Chambers. An opinion, Mr. Speaker, which he has refused to provide me with a copy of, despite the advise given to him by me to seek the opinion of the AG’s Chambers in the first place!

Mr Speaker, the Minister may be correct in his assertion that the original rationale for Free Zones in Jamaica was “to foster the development of production for export”. Without in any way conceding this point Mr. Speaker, I wish to note the fact that in modern times the services sector, including logistics services, has grown exponentially far out-stripping manufacturing as a share of both domestic and global trade. Indeed, Mr. Speaker, subsequent amendments to the Free Zone Act and the schedules thereto, recognized this increased role for services and expanded the list of activities that could be carried out in the Free Zones to include several service sectors, including what is now the expanding BPO services sector.

Therefore Mr. Speaker, whatever was the original reasons for the creation of Free Zones in Jamaica, the subsequent amendments to the Act as well as the recent passage of the enhanced Special Economic Zone Act, are clearly intended to focus on the logistics opportunities being presented to Jamaica at this time, including in the automobile industry.

Mr. Speaker, in light of the foregoing the Opposition is demanding that no changes be made to the existing policy put in place by the previous administration for the benefit of existing investors and users of the Free Zone facilities, until the Minister releases the legal opinion in his possession

to this Parliament, satisfying the opposition and the public at large that he is acting consistent with the legal advise given by the AG's Chambers. Mr. Speaker, I have good reason to believe that the Minister is acting contrary to the advise sought by him and given by the AG's Chambers in this matter!

OTHER CONCERNS

1. Customs

Ascycuda implementation to paperless operations to be speeded up.
Legislation to reposition Customs not only as revenue center but as trade facilitator.

Single Electronic Window and Port Community Systems.

2. Implementation of the Special Economic Zone Authority – Early implementation is critical.

3. Trade Facilitation Task Force -

Yeoman Service given by Mrs. Patricia Francis, CD, An external member of the Team.

Urgent need for an effective Chairman (important appointment)

4. International Services Centre

Additional Legislation needed.

5. Cannabis

Need to bring legislation on Intellectual Property to protect ganja brand
Maintain Health and Safety Standards with the assistance of BSJ and our foreign partners.

Avoid a free for all because Jamaica's brand will suffer if the island again becomes a smugglers paradise.

6. Caymanas

Strategic not simply real estate development.

Please to hear it will be pursued as we planned as a Special Economic Zone. URGENCY # 5 years.

Confirmation of Jamaica's Unique Opportunity as Logistics Hub by Proff from Singapore!!

7. Repositioning the Consumer Affairs Commission

The Consumer Mr Speaker has evolved in this the 21st century and much work was done to restructure and reposition the Jamaican consumer from a protected to an empowered Consumer. This was lauded by the IMF and is to be integrated in the new financial reform guidelines.