

## **SECTORAL PRESENTATION 2017-2018**

**By**

***G. Anthony Hylton, MP Opposition Spokesman***

**on**

**Industry, Investment & Commerce**

**A Vision of Growth We can ALL believe In**

### **Salutations:**

I begin this year's contribution to the Sectoral Debate, my twentieth (20), by acknowledging with tremendous gratitude the voters of Western St. Andrew for electing me as their Member of Parliament for the third consecutive term; and for supporting my three Councillors to provide the support I need to carry out the work on their behalf. I thank the Councillors and my Executive members including my constituency Secretary, Mrs. Grace Barrett who has served in that capacity for the last 30 years, with quiet diligence and admirable loyalty.

Mr. Speaker, I must acknowledge the former Party and Opposition Leader, The Most Honourable Portia Simpson-Miller, for giving me the opportunity to serve in her Cabinet as her Minister of Foreign Affairs and Foreign Trade, and more recently as her Minister of Industry, Investment and Commerce. Mr. Speaker, I have had the privilege of serving in other Cabinets and it therefore allows me to state that the last Simpson-Miller led Cabinet was, arguably, the most outstanding but definitely the most consequential. I offer the view Mr. Speaker, that history will be kind to her leadership of that Cabinet and her role in the rehabilitation of the Country's economy, as well as her central role in Jamaica's politics for the last 40 odd years.

To Dr. Peter Phillips, I once again say congratulations on your ascension to these high offices and for your own role in the last PNP Administration, which

together with your many years of quality service to Party, Government and Country recommends you highly as the Prime Minister in waiting. History will not fail to acknowledge the central role played by you in laying a solid foundation for the trajectory of stability and growth now being experienced by the Country's economy.

Mr. Speaker, thanks for choosing **not** to hear or see everything that goes on in this House from time to time, but for keeping us focused on the important tasks at hand, which is to keep moving forward the Nation's agenda;

Last but by no means least, I must specially recognize the wind beneath my wings, my wife Yodit and daughter, Nyle. If nothing else, Mr. Speaker, their presence here today serves to remind others that we do have families, who bear the brunt of our sacrifices as we daily try to balance our public duties with our family responsibilities.

## **LNG VISION REALIZED**

Mr. Speaker, one writer opined that success is vision realized.

I had occasion Mr. Speaker, to reflect on the meaning of this earlier in the month, at the ground breaking ceremony for the JPS 190 Megawatt Liquefied Natural Gas (LNG) fuelled power plant in Old Harbour Bay. And I must commend my colleague, the former Energy Minister Phillip Paulwell as well as Dr. Vincent Lawrence and the ESET team for the tremendous work they did in making the event possible.

I must also commend JPS, its shareholders and the local financial institutions that have come on board to provide some US \$210 million of the US \$330 million project funding needed. This Mr. Speaker, is a clear sign of their confidence, renewed commitment and demonstration of the capacity of Jamaica's maturing capital market to play a key role in Jamaica's economic development.

This Statement is true Mr. Speaker, regardless of the political administration in office and is the cumulative effect of confidence building measures, taken across Administrations and over a sufficiently long period of time, to assure our private sector and investor community of a renewed commitment by the political directorate to pursue sound macro-economic policies.

Mr. Speaker, the other occasion on which I participated in a similar ground breaking event was for the 120 MW Bogue plant in Montego Bay, when I served as the Minister of Mining and Energy and sanctioned the building of the plant as a dual fuel use plant to accommodate LNG. The Year was 2002 and the prospects for Jamaica getting LNG, Mr. Speaker, seemed remote and our most likely source at the time was Trinidad and Tobago, who subsequently reneged on an agreement to supply LNG to Jamaica.

Yet, Mr. Speaker, the vision articulated by me at that time, was for Jamaica to become the LNG Hub for the Caribbean and the Americas. It seemed to some at the time, Mr. Speaker, to be as improbable and **a pipedream** as the Logistics Hub appeared to others in more recent times.

It has been a long road Mr. Speaker, but success is indeed vision realized.

## **LNG FUELLING INDUSTRIES**

However, Mr. Speaker, what had me not just reflecting but connecting the vision of the past, the success of the present and the more than hopeful prospects for the future is the use of LNG not just for efficient electricity generation, but to support industrial development as well. And, Mr. Speaker, what really had me swelling with pride as a Jamaican is the certain knowledge that this industrial development, if focused correctly, could be truly economically and socially transformational and in an inclusive way. Truly to the benefit of **ALL** our people and not just a few.

Mr. Speaker, there are any number of industrial uses for LNG, but if we were to focus on even one, the potential impact could be far reaching. Mr. Speaker, I am referring to the cryogenic or cold storage capabilities that result from LNG being shipped at the very cold temperature of minus 112 degrees centigrade.

Mr. Speaker, just take farming, still a major source of employment, food security, pride and dignity for many of our people. Our farmers endure a lot, we have all heard the horror stories around praedial larceny, however, **our farmers suffer even more from post-harvest losses due to the lack of adequate cold storage facilities in the country.**

LNG, Mr. Speaker, can fundamentally change this through the development of cold chain facilities that keep agricultural produce cool from the cold temperatures of the LNG rather than from direct and more expensively generated electricity, as is currently done.

Consider as well, Mr. Speaker, the longer shelf-life of our agriculture produce, especially those shipped across borders to distant markets to earn foreign exchange for the farmers and the country. LNG, Mr. Speaker, can alter the loss-making story for many of our farmers, into a positive story and decisively in their favour.

Let us also take a look at pharmaceuticals Mr. Speaker. A major cost of their manufacturing, storage and distribution is simply keeping them cool in order to maintain their efficacy as a drug. With the introduction of LNG to Jamaica, we now have the fundamentals to effectively lower pharmaceutical costs through either manufacturing and or cold storage in Jamaica for regional and global distribution. In this scenario, Mr. Speaker, not only will manufacturers benefit from lower costs, but this would be a welcomed benefit to our overburdened health sector.

Mr. Speaker, LNG is referred to as a “miracle fuel” because of its low carbon footprint, its cheaper than fuel oil cost and its multiple uses. Another such use is as transport fuel, as explained by the Minister of Transport and Mining in his presentation to this Honourable House last week, when he announced the start of a pilot project for LNG use in JUTC buses. But significantly Mr. Speaker, **LNG is also fuel for the latest generation of cargo and passenger ships being built to traverse the Panama Canal or to cruise the Caribbean Sea.**

Mr. Speaker, colleague Members of this Honourable House, it should be clear from my presentation so far, that the realisation of the vision for the introduction of LNG in Jamaica and its expansion, will lead to the speedy realisation of the LNG Hub in Jamaica and to further serve as a catalyst for the realisation of Jamaica becoming the Logistics Hub of the Region.

Mr. Speaker, I have every reason to believe that the investors in the LNG project here in Jamaica, Fortress Energy, embrace the vision of Jamaica serving as both a LNG Hub and a Logistics Hub, because they, like us, are fully aware of the mutually reinforcing benefits of both Hubs.

Mr. Speaker, what should be equally clear is that the two game changing visions and strategies of past PNP Administrations have propelled the introduction of LNG into our energy mix **and** catalysed the establishment of the Global Logistics Hub, as the fourth node in the global trading system ensuring sustained economic growth and jobs for Jamaica, now and well into the future.

## **DEMYSTIFYING THE FORMULA FOR GROWTH**

Mr. Speaker, the formula for sustained economic growth is greatly simplified and more accessible with the introduction and expansion of LNG and the push to establish Jamaica as a Global Logistics Hub.

### **THE FORMULA:**

**Macro-economic Stability + Business & Entrepreneurship Reforms + Introduction of LNG + Logistics Hub + Education and Training (with values & attitudes) + Crime Reduction = Sustained Economic Growth with Jobs**

Mr. Speaker, the use of LNG as both a source of cheaper and cleaner energy, as well as to drive expansion of industrial output and to increase commerce, while serving as a magnet to attract more cargo and passenger carrying vessels to the Ports of Kingston and Montego Bay will be catalytic, making Jamaica's quest to become the fourth node in the global supply chain and a Logistics Hub for this hemisphere unstoppable.

Mr. Speaker, you will appreciate that we in the Opposition are not in the least surprised at the modest but significant growth being experienced in the Jamaican economy.

After all, Mr. Speaker, **we own the formula!!**

If anything, Mr. Speaker, we are concerned that the momentum of economic growth and job creation, started under the previous PNP Administration could be halted or worse reversed.

It is clear, Mr. Speaker, that these successes did not just sprout out of the ground, like Jack and the Bean Stalk, from magic beans sown by this JLP Administration. It is simply impossible for such economic momentum to have gathered force in a year or less, unless there was a great catalyst behind it.

Mr. Speaker, I have spelt out the formula for all Jamaica to see and understand. **It is worth repeating!**

**Macro-economic Stability + Business & Entrepreneurship Reforms + Introduction of LNG + Logistics Hub + Education and training (with values & attitudes) + Crime Reduction = Sustained Economic Growth with Jobs.**

Thus Mr. Speaker, the veil of secrecy has been lifted and the mystery solved.

In other words, Mr. Speaker, the previous PNP Administration created the vision, laid out the roadmap, developed the strategies, created the instruments, charted the course and drove the momentum of the economic recovery being witnessed now. All **this** Administration has to do is **follow the blueprint!**

Just to remind, Mr. Speaker, when we left office in February 2016, the following obtained:

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

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 performing economies in the world according to the 2016 World Bank doing Business Report.

Mr. Speaker, the statistics are unassailable.

## **CONCERNS FOR THE ECONOMY**

We are concerned primarily with the taxation measures imposed by the Administration, including the property tax measures that have been draconian and have been disabling for middle income persons and the working poor.

The question is, Mr. Speaker, if through carelessness this Administration allows the proverbial Humpty Dumpty (which is macro-economic stability) to fall, can it be put back together again under this Administration? We are concerned that the foundations of Macro-economic stability laid by the previous Administration, were built on the great sacrifices made by the Jamaican people, will be eroded.

Mr. Speaker, we are concerned as well that the pace of business environment reforms, has slowed to a crawl. As Minister of Industry, Investment and Commerce, I facilitated private sector investors putting concrete into the ground by significantly improving the ease and speed of doing business, as recorded by our significant improvement in the international indices to which I previously referred.

Mr. Speaker, the soft infrastructure, while not headline grabbing, were and remain of critical importance to attracting investment (both local and foreign), getting concrete into the ground, and putting our people to work! Again, Mr. Speaker, the plan was laid, the work was started, all this Administration has to do is **follow the blueprint!**

The failure of this Administration to maintain pace with the reforms is perhaps nowhere more evident than in the emerging Cannabis Industry, where waiting investments in medical marijuana have passed the point of frustration and are approaching anger. The failure to move forward within the set framework, is inexplicable because all this Administration has to do is **follow the blueprint!**

And Mr. Speaker, we are concerned that not enough attention is being paid to the social and economic inclusion of the people in the economic policies of this current Administration.

Mr. Speaker, I again make a special appeal on behalf of the MSME Sector as it relates to the possible use of unclaimed funds in dormant accounts in the banks. Some \$48billion at last count!

Mr. Speaker, it is now generally accepted that the MSME Sector is the engine of economic growth with jobs. Yet of the share of the increased lending to the private sector by banks, the amount provided to the MSME Sector is a paltry 6%. This is not good enough, Mr. Speaker. Because, beyond risk

assessment and capacity building lies the Gordian Knot of appropriate financing. As I have pointed out in a well-researched document submitted to the previous Cabinet and made available to the banks, many Developed Countries have decided to fund their MSME Sector from unclaimed funds in dormant accounts. There is urgency, Mr. Speaker, in us following suit. Again, Mr. Speaker, the plan was laid, all this Administration has to do is **follow the blueprint!**

## **Towards A Shared Vision of The Logistics Hub**

But Mr. Speaker, what a difference a year makes!

Last year, Mr. Speaker, it was less than clear what the new JLP Administration's true posture towards the Logistics Hub would be. After all, Mr. Speaker, notwithstanding the Prime Minister's own metaphor which likened the change of administration to passing of the baton in a relay race, other Senior members of his team in critical ministries had called the push towards implementation of the Hub a "pipedream" and even less charitable a "hoax". **This, despite the fact that significant local and foreign investment had already started, under the previous Administration in Kingston Wharves, CMAICGM, Isocon,, which is a UK investment in specialized container operations allowing for the shipment of our rums and specialized foods, across borders at global standards, among others.**

A year later, Mr. Speaker, the Administration's fulsome embrace of the Global Logistics Hub Initiative in all its elements, gives the assurance to the Jamaican entrepreneur, the foreign investor community, the youngsters in school trying to decide on a career path, and the unattached youth on the corner hoping for a second chance at life, that finally, there seems to be a shared vision and strategy towards achieving the goal of Jamaica being a Global Logistics Hub. Thus, fulfilling both its maritime and aviation potential, given its central geographic position in the Caribbean and midway between the 800 million person market in North, Central and South America.

In fact, Mr. Speaker, the Administration has not simply fulsomely embraced the Global Logistics Hub Initiative in all its elements; it has restored that Initiative to being the centrepiece of the Growth Agenda – a full vindication of my own vision and articulation.

Mr. Speaker, this display of a shared vision and strategy could not have come at a better time, given the increasing competition coming from elsewhere in the Region and concerns/fears in several quarters, including here in Jamaica, that we may have yet again missed the proverbial boat.

So, Mr. Speaker, I take this opportunity to commend the Prime Minister for his full embrace of the Global Logistics Hub Initiative and for staying true to his stated belief that this is a relay race that we must win for Jamaica Land We Love!

For, Mr. Speaker, it is to the credit of the JLP Administration and the immense benefit of the Jamaican people, that we now have a shared vision of Jamaica being the Global Logistics Hub and the fourth node in the global trading system.

Mr. Speaker, the Logistics Hub is about Jamaica, but more importantly it is about the Jamaican people!

## **HUB NOT A PIPEDREAM OR HOAX**

Mr. Speaker, let us be clear that an embrace of the Logistics Hub is a rejection of the notion that the Hub is a pipedream or worse a hoax – a good example of the profound benefits to **following the blueprint!**

I am certain, Mr. Speaker, that the Hon. Prime Minister, the minister(s) with responsibility for the portfolio in the Economy and Growth Ministry, as well as the Minister of Transport and Mining, together with their advisers have by now viewed the studies, had the discussions with the experts within and without Government and more importantly, heard from investors and participated in the signing of agreements and the ground breaking ceremonies, to have disabused themselves of any such negative views of the Logistics Hub Initiative.

But, Mr. Speaker, I must here again compliment the Prime Minister for a very constructive and indeed career saving move he made, in the removal of the logistics hub and the Special Economic Zones, (the principle policy instrument of the hub), from his colleague Minister, Mr. Pipedream himself, Minister Karl Samuda. This, for his failure to **follow the blueprint!**

Mr. Speaker, it should be noted that Karl and I were first friends (in the PNP) then he became my harshest critic, based no doubt on poor advice, but I should report that he is again my friend though still not a Comrade.

On a more serious note though Prime Minister, I hope that those ill-advised letters that were written to Free Zone Operators engaged in Motor Vehicle Logistics Operations at KWL and the Spanish Town Free Zone, are by now rescinded or withdrawn as being violative of the law, as pronounced by the AG's Chambers.

### **Looking to the Future – Joint Action/Concerns and Accountability**

Mr. Speaker, with significant agreement on the broad vision of Jamaica being the Hub for both Logistics and LNG in the region, coupled with the business environment reforms being undertaken with the support and cooperation of both the World Bank/IADB and the IMF, there is much on which Government and the Opposition can agree as it relates to Jamaica becoming the fourth node in the global supply and trading system behind Singapore (Far East), Dubai ( Middle East and North Africa) and Rotterdam ( Europe).

Indeed, Mr. Speaker, there has been broad support for divestment, expansion and dredging of the Port of Kingston by the global shipping organization, CMA CGM and its subsidiary, Freeport Terminal Limited.

The expansion and modernization of Kingston Wharf Limited (KWL) into a major hub terminal with significant logistics capabilities, also has bi-partisan support.

Further, Mr. Speaker, there is support for private sector investments in the proposed Kingston Dry Dock operations to be implemented by German and local interests, together with the expansion of bunkering activities by West Indies petroleum. There is as well, major warehouse development activities at Ferry, where the global corporation Nestle' is putting its regional distribution headquarters. These, Mr. Speaker, are but some of the major activities which serve to demonstrate the continuing strong investment in the Logistics Hub Initiative.

Additionally, Mr. Speaker, the Opposition welcomes the recent announcements by the Transport and Mining Minister relating to the development of Vernamfield into an aircraft repair and maintenance organization, cargo facilities and carrier service operations, as well as an aviation training institute.

Mr. Speaker, the Opposition also welcomes the announcements made by the Transport and Mining Minister as they relate to the Logistics Hub on the developments regarding the railways, Vernamfield and Tinson Pen. These of course, Mr. Speaker, are subject to a closer examination of the details of these announcements.

For example, Mr. Speaker, the Opposition views the railway as an **essential facility** in support of our internal logistics and the success of the Global Logistics Hub Initiative. We, therefore, will be looking closely, Mr. Speaker, to see what provisions will be put in place in the final agreement with the mentioned Herzog Organization to ensure access to this essential facility by potential competitors. And further, to see what regulatory arrangements are proposed to be put in place.

For, as we know Mr. Speaker, the “*devil is in the details*”.

## **CONCERNS WITH HUB IMPLEMENTATION**

But, Mr. Speaker, we have major concerns too about the Government’s handling of aspects of the implementation of the Hub Initiative.

Mr. Speaker, one such is the view reportedly expressed by the Prime Minister in New York at a public meeting and in response to a question, that the Goat Island project will not go forward as proposed by the investor China Harbour Engineering Co. (CHEC), notwithstanding the significant investments undertaken by that entity, as part of its due diligence exercise and to satisfy the great public outcry by environmentalists concerns.

To date, Mr. Speaker, the Prime Minister has not honoured his word by coming to this Parliament and giving an explanation as to the Government’s position on this matter, and to advise on the role, if any, that Goat Island will be playing in positioning Jamaica as the fourth node in the Global Trading System. This off-the-cuff response, Mr. Speaker, cannot suffice as a statement of policy nor as a substitute for a proper explanation to this Honourable House!

Mr. Speaker, we welcome to the Customs Agency a new Commissioner of Customs, who from all reports brings with her a wealth of relevant

experiences to enable her to accomplish the task of transforming the Customs Agency into a facilitator of trade and commerce thus aiding the efficient operation of the Logistics Hub, rather than continuing to be the bureaucracy that it has become or a mere revenue collection agency.

Indeed, Mr. Speaker, the Opposition is of the view that the reform of the Customs Act is critical to the success of the Logistics Hub, by it becoming a more accountable agency and more efficient in its facilitation of trade and commerce. We did the work. Just **follow the blueprint!**

Of equal significance, Mr. Speaker, is the urgent need to pass legislation to give effect to the Trade Facilitation Treaty signed in Bali, Indonesia in 2013, ratified by Jamaica in December 2015 and which entered into force in January, 2017. The legislation will allow our local courts Mr. Speaker, to adjudicate on breaches of the Treaty rules by customs officials and hence enforce harmonization of the Customs Administration of global trade rules.

## **SHARED VISION & UNITY OF PURPOSE**

Mr. Speaker, these expressions of concerns by the opposition should not detract from the fact of a shared vision for Jamaica becoming a Global Logistics Hub. Indeed, Mr. Speaker, it allows for greater scrutiny of the work of the Government by the Opposition when there is truly a unity of vision, strategy and purpose.

Nowhere is the benefit of a shared vision better exemplified Mr speaker, than in the area of human resource development to meet the projected needs of the emergent logistics industry. Mr. Speaker, Government and Opposition demonstrated this unity of purpose and action in the recent passage of legislation to upgrade the high performing Caribbean Maritime Institute into a top flight regional and international university to be called, the Caribbean Maritime University (CMU).

The effort, Mr. Speaker, was a truly bi-partisan one which allowed for apparent challenges to be met and overcome swiftly in a demonstration of unity in action. Both sides recognize, Mr. Speaker, that we have an opportunity to respond to the demands of our young people who have signalled their faith in the only institution of its kind in the Region and perhaps the entire hemisphere. Its enrolment has skyrocketed from a mere 200

students in 2007 to over 3,600 students registered in the last academic year and still growing.

Mr. Speaker, equally demonstrative of this unity of purpose and action is the announced support by the Minister of Education of a \$50 million contribution, through HEART TRUST NTA, for the development of the Seaview Gardens Workforce College to be located in the industrial heartland of Jamaica off the Spanish Town Road.

Mr. Speaker, I announced the project towards the end of the PNP Administration in November 2015, as the then Minister of Industry, Investment & Commerce after an undertaking by the then Minister of Education.

The project Mr. Speaker, is aimed at providing entry level training for mainly, though not exclusively, inner city youngsters who live in the shadow of the Port of Kingston and can see the increased activities in or around the Port, but are at risk of being excluded because they are not equipped with the necessary skills to fulfil the demands of an emergent logistics industry springing up around them.

Mr. Speaker, the upgrade of the Caribbean Maritime Institute to a degree granting University, makes the workforce college more critical and urgent. Mr. Speaker, the workforce college aims at training mainly young unattached men and women with the requisite entry level qualifications to be certified using the apprenticeship scheme and other methods of training by HEART to make them work ready.

Although located in the Seaview Gardens Community in Western St. Andrew, the training institution will provide training for youngsters drawn primarily from the inner city communities of West Central St. Andrew, East Central St. Andrew, Southwest St. Andrew and Western St. Andrew.

Mr. Speaker, one remarkable feature of this institution is the involvement of other stakeholders, including the business interests who have already identified their training needs in the area of logistics and related fields.

On behalf of the Stakeholder grouping, I take this opportunity to thank the Government for taking the baton and running with it!

Mr. Speaker, the logistics hub is clearly no pipedream.

## CONCLUSION

Mr. Speaker, a shared Vision of Jamaica as both LNG Hub and the Logistics Hub for the Region and the hemisphere, is a powerful recipe for success and a potent antidote to the anaemic growth experienced by the Jamaican economy over these last forty (40) years.

But, Mr. Speaker, these are only two of the components of the growth formula set out in this presentation.

**Macro-economic Stability + Business & Entrepreneurship Reforms + Introduction of LNG + Logistics Hub + Education and training (with values & attitudes) + Crime Reduction = Sustained Economic Growth with Jobs.**

If any component of the formula is missing, or poorly implemented, Mr. Speaker, positive growth in the economy will be affected and undermined. That is why we remain concerned about;

- The Maintenance of Macro-economic stability
- Transparency in decision making relating to Goat Island
- Maintaining the pace of business environment reforms
- We are specially concerned that appropriate source of financing be made available for the MSME sector.
- We are concerned that the Special Economic Zone (SEZ) Regulations are taking far too long to be promulgated, thus putting at risk much needed investments.
  
- We are concerned that the long promised Master Plan and industry analysis are taking far too long to be completed.
- The Customs reforms, including legislation to implement the Bali Agreement on trade facilitation now that the agreement has entered into force (Jan. 23, 2017) must be quickly completed.
- Cannabis License – For medical marijuana and hemp, including their export must be speeded up.
- We need more information on the Lee Chin led Enterprise Team proposed to implement the Logistics Hub Initiative.

It is to this end, Mr. Speaker, we urge the Administration to **Step Up The Progress:**

- If it wants to maintain Jamaica's ease of doing business rankings
- If it wants to improve in the competitiveness index.

**Step Up The Progress:**

- If it wants to keep the growth momentum in the economy going.
- If it wants to achieve its promised 5% growth in 4yrs.

**Step Up The Progress:**

- If it wants to achieve the shared vision of growth that **ALL** Jamaicans can believe in!!

Mr. Speaker, the vision is clear, the roadmap set out, the compass points to true north ...it is the only way we are going to sustain economic growth with jobs.

Mr. Speaker, the two great visions of the PNP Administrations will lead to real prosperity, one that we all can experience and believe in.

So, Prime Minister, **Step up the Progress** so that the Jamaican People may yet see **A Prosperity that We Can Believe In!!**

Jamaica, Mr. Speaker, is now closer than ever but we must stay the course.

Mr. Speaker, success is indeed vision realized!