

INVESTMENT OPPORTUNITIES

Logistics and Infrastructure



Overview

Jamaica is among the top One Hundred (100) global transshipment ports and the top Ten (10) in the region (the LAC Americas). The island is the most centrally located of the major shipping hubs in the Latin America and Caribbean region and has the least deviation on exiting the Panama Canal to the US East Coast and the Gulf Coast. Jamaica sits at the heart of an 800 million regional market and thus providing fast, reliable cargo fulfilment services to the region from anywhere between 2-10 days.

Key Indicators

Industry Size

Contribution to GDP

US\$649 million (2017)

Cargo Handled

29,958,000 tonnes (2018)

Vessel Visits

3,561 (2018)

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Jamaica is connected to over 140 ports globally and served via two international airports, with over 400 weekly international flights and visitor arrivals of 4.4 million in 2017. The Norman Manley International Airport (NMIA) has good potential for the development of air cargo and its proximity to the cargo port, via modern road network, will provide Air-Sea connectivity. The NMIA provides over 157 weekly connections to 16 international cities in 13 countries.

With the expansion of the Panama Canal, Jamaica is poised to benefit from new and innovative commercial ventures as it seeks to position itself to join Rotterdam, Dubai and Singapore as the fourth node in the international logistics chain. Widely regarded as a paradigm shift for world maritime trade, the Panama Canal expansion project promises to deliver greater trading opportunities by facilitating the crossing of larger new Panamax ships between the Pacific and Atlantic oceans.

The expanded Panama Canal is already paying dividends in the region as tonnage passing through the Port of Kingston year ending December 2018 was 1.83 million twenty-foot equivalent units (TEU) and the port is on track to achieve over 2.0 million TEU's in 2020. Jamaica has the ability to handle 3.2 million (TEU) including the capacity to handle container cargo liners of 14,000 TEU (the limit of the expanded Panama Canal).

This increased throughput has had a ripple effect in the region and Jamaica is developing the capacity to move cargo through public and private sector initiatives. The country has sought to offer greater logistics efficiencies to markets in the region by leveraging key existing infrastructure, as well as its location in proximity to major East-West shipping lanes and direct connections to all regional ports.

The development of Jamaica as a major Logistics Hub will satisfy the demand for global-standard logistics capacity serving the Eastern Seaboard of the US. Jamaica's movement of goods averages 30 million tonnes through maritime trade from ports across the island, with Kingston being the prime port for activity.

Air transport facilities are provided through the two main terminals which have seen continuous growth because of the increase in visitor arrivals, this has caused a positive impact on air cargo, between 2015 and 2018 saw the movement of 17 million kilogrammes of cargo via air.

Jamaica's openness for investment was evident in the divestment of the government owned Kingston Container Terminal to the French company CMA/CGM. The expansion of the Port of Kingston coupled with the

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dredging of the Kingston Harbour will facilitate larger vessels coming into the region through the Panama Canal, while the creation of new berths will allow the country to host post-Panamax size vessels. Other recent private investments include the expansion of the local Kingston Wharves Limited into a modern logistics services provider and the establishment of a drydock facility for ship repair by German Ship Repair Jamaica Limited.

In 2019, the Government of Jamaica completed the divestment of the Norman Manley International Airport (NMIA), which will also significantly boost air logistics capabilities in the country.

Further investments needed to augment the Jamaica Logistics Hub initiative will be inter-connected via multiple modalities - air, sea and land, thereby allowing for maximum efficiency. The Jamaica Logistics Hub Initiative incorporates several proposed and existing projects which seek to incorporate crucial assets that will support the sector including:

- Expanded maritime port facilities
- Special Economic Zones
- Dry dock facilities
- Commodity Ports/Facilities
- Strategically placed aerodromes and cargo facilities.

DEMAND DRIVERS

- **Strategic Geographic Location:** Jamaica's location close to the main East-West shipping lanes between the Far East, Europe and Eastern North America gives it a distinct advantage. The country is also near trade and air routes to the Americas, Europe and the Caribbean.
- **Solid Infrastructure:** The island's well-developed transport and telecommunications infrastructure complements existing services and facilities that provide a strong foundation for the main elements of a major logistics hub.
- **Large, Trainable Workforce:** Targeted training is being provided in all the pertinent areas related to the Logistics Hub to ensure that the Jamaican workforce is adequately prepared for the upcoming employment opportunities.
- **Training Support Infrastructure:** Jamaica is home to the Caribbean Maritime University (CMU), which was established in 1980 to support the country's growing maritime industry. The CMU is the only International Maritime Organisation accredited institution in the English-speaking Caribbean; and supplies graduates to Jamaica and the region in the areas of logistics and supply chain management across all levels of the workforce.

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Logistics - Port of Kingston Industrial Park

- **Single Trade Electronic Window:** The launch of ASYCUDA by the Jamaica Customs Agency in 2016, coupled with the creation of a Port Community System (PCS) by the Port Authority of Jamaica lay the groundwork for a fully integrated electronic trading system for Jamaica. The PCS was developed with the assistance of SOGET is the largest PCS in the Americas which links six seaports and two airports.

KEY TRENDS

- Trade in transport as a commercial service remains affected by the movement in the global economy and demand for goods, with consumer goods and construction goods driving growth. Global exports in transportation services earned US\$1 trillion in 2018 and are expected to grow in the medium term due to increased demand for goods via e-commerce platforms.

- The outsourced arm of logistics, 3PL revenue reached US\$950 billion while the overall market for logistics (cost of logistics services) reached \$9 trillion in 2018, accounting for 10.9% of global GDP.
- The global logistics market is projected to grow to US\$12 trillion by 2025, driven by the output from the construction industry. Manufactured products for construction – stone, cement and ceramics – are expected to be the strongest growth products through to 2025.
- Global merchandise trade continues to increase in volume, as demand for products in emerging markets grows, despite falls in the value due to currency fluctuations. Volume of world trade grew 3% in 2018.
- Increased automation and robotics to improve service delivery through agile warehousing, autonomous transport and the Internet of things.
- These are expected to reduce the carbon footprint while reducing the cost of energy.

