

Economic Evolution: *Building New Opportunities for Jamaica*





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Building Jamaica's economy through change



“For Jamaica to move forward there must be more innovation in our local economy and innovation in the way we attract investments into Jamaica.”

Diane Edwards
President, JAMPRO

The question of whether and how Jamaica can develop a viable economy and create a sustainable place in the global market continues to animate conversations on verandas and in boardrooms.

We have been making some strides towards economic growth, but achieving a real breakthrough will require a mental revolution, massive improvements in the business environment, a sea change in the way we do business and interact with each other, both in government and the private sector.

Jamaican business must follow the lead of our home grown multinationals, like Sandals, Grace Kennedy, Jamaica Producers, JMMB and others, to deliver high quality, competitive products and services that can compete among the best on the global market. JAMPRO can play a catalytic role in galvanizing that change through public and private sector collaboration to improve conditions to do business.

For the past 26 years, JAMPRO has been advocating for policies and reforms that foster economic growth, create jobs, and open up new opportunities for Jamaica's private sector. This has led to the development of a comprehensive Business Environment Reform Agenda, which will catapult Jamaica's business processes into the 21st century. The transformation to e-government and a sophisticated, efficient online Interface between business and government will give birth to enhanced efficiencies in doing business.

This improved environment will spawn greater innovation as entrepreneurs find access to information easier and business start-ups less time consuming, creating an environment to foster collaboration, creativity and innovation. Our efforts to stimulate new industries, such as medical tourism, medicinal cannabis, medical device manufacture and logistics are all poised for take-off in the improving business climate. For JAMPRO, lobbying and advocating to make business simpler is an imperative.

By aligning ourselves with key global trends towards openness, transparency of information and the “always on” culture, we can unlock the entrepreneurial zeal of the millennial generation.

As you will see in the following articles, initiatives such as the Shovel Ready Investment Programme and the use of the Special Economic Zone regime are some of the foundations of the new Jamaican economy, and herald the evolution of JAMPRO itself to becoming a full service promotional company, marketing and selling investment and export projects via a pro-active strategic thrust. JAMPRO will continue to be at the forefront of the legislation, enabling new industries to come into being and building the eco-systems that will allow them to thrive.

The economic transformation story has only just begun. JAMPRO looks forward to being a part of, and leading, this story.

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Easing the Bureaucratic Barriers

Like many other countries in the Caribbean, Jamaica has been working to improve its business environment. In fact, doing business in Jamaica is much easier today than it was five years ago, so much that Forbes Magazine, ranked Jamaica as the best place in the Caribbean region to do business.¹ By rating a country's performance on various factors such as property rights, innovation, taxes, technology, corruption, freedom (personal, trade and monetary), red tape/bureaucracy, investor protection and stock market performance, the study examined business conditions for 144 nations around the world, placing Jamaica at #59 overall or on top among its Caribbean counterparts.

The World Bank's Doing Business Report (DBR) also ranked Jamaica as the 64th easiest country for doing business out of 189 assessed around the world in 2015/16. Many will marvel at this achievement, but how do countries (like Jamaica) ease the bureaucratic barriers in challenging economic circumstances?

Indeed, when Mexico reduced the number of procedures to start a business by about 60 per cent, the country saw a five per cent increase in the number of new companies developed. Portugal also saw a 17 per cent spike in new start-ups when it reduced the time and cost for starting a business by 50 per cent. Every country will have its own dynamic way to improving internal systems, but what did Jamaica do in the past few years to improve business performance and business rankings?

Commitment to growth

The Government of Jamaica has committed to creating an enabling business environment for local and international entrepreneurs who take the risk of establishing new businesses – this to the benefit of the overall economy. In 2010, the National Competitiveness Council (NCC)

was developed as the committee focused on addressing critical issues under the Business Environment Reform Agenda (BERA). The Council was implemented through the investment and promotions agency JAMPRO, which identified at least 20 reforms which they would implement over two years (2014-2016).

Improving the business environment is the prerogative of government. Among the reforms addressed were: the single business registration form with shorter turnaround times, modernizing the Insolvency and Bankruptcy Act, the establishment of a credit bureau and credit score system and online payment of taxes. BERA is driven by key state agencies including the Tax Administration, Jamaica Customs and the Companies Office; since permits, certification and approvals fall under the country's legislative framework.

Many studies have shown that the business environment can have an important influence on the development of the private sector and economic growth, which will invariably create jobs and provide better livelihoods for people. When carefully crafted regulatory reforms are implemented, the private sector grows with the elimination of bureaucratic obstacles; reducing cost and time constraints in doing business.

BERA, which is now in its third year, continues to play an important role in how Jamaica has been improving in business. While there are still many obstacles to overcome, the country is keen on attracting investments through a revived economic programme and strong private-public sector partnerships.

¹<http://jablogz.com/2016/01/jamaica-is-the-best-country-in-the-caribbean-to-do-business-forbes/>

Jamaica looks to transform economy with Special Economic Zones

As Jamaica proceeds to create a logistics-centered economy, the country looks to implement a Special Economic Zone (SEZ) regime to attract new investments, create jobs and integrate local businesses into the global economy.

These zones will be geographically distinct facilities designed to accommodate large-scale investments in the productive and services sectors. The aim is to attract more foreign direct investment (FDI), create employment and support Jamaica's economic reform strategy.

The SEZ model has seen much success internationally. The World Bank in its book "Special Economic Zones: Progress, Emerging Challenges, and Future Directions" observes that the strategy "...allowed the Dominican Republic to create more than 100,000 manufacturing jobs and shift dramatically away from reliance on agriculture. Similar stories of industrialization and job creation can be seen in Mauritius, the Republic of Korea, and Taiwan, China; in Honduras, El Salvador, and Madagascar; and more recently in Bangladesh and Vietnam."

The Jamaican Government believes that it can replicate this success with the establishment of SEZs that will facilitate time sensitive cargo, and will offer an environment that supports efficient business.

Impact on Jamaica's Productive and Services Sectors

Locations across the country have been earmarked to possibly host SEZs in major industries such as business process outsourcing (BPO)/knowledge services and electronics manufac-

turing. The SEZs would also have logistics services such as manufacturing and assembly; distribution; and maintenance and repair of ships, boats and other watercrafts.

Companies operating within the SEZ will benefit from a special Corporate Income Tax (CIT) rate of 12.5%. They will also be able to apply the Employment Tax Credit (ETC) and Promotional Tax Credit (PTC) provided through the SEZ Act, they can realise an effective CIT rate at a low of 7.5%.

Jamaica's SEZ regime will also introduce other fiscal incentives for companies. The exemption of General Consumption Tax (GCT) on purchases, including telecommunication utilities or services and rental of property within the zone, will provide a financial cushion for businesses.

Promotion of two-way trade between the SEZs and the rest of the local economy is also a key part of the regime. Local entrepreneurs and businesses would become an integral part of the special economic zone, gaining linkages and inclusion in the mainstream economy.

SEZs promise to be part of Jamaica's economic reawakening, by encouraging reinvestments into its industries, and attracting new investments in higher value products and sectors. To protect the sustainability of the SEZ programme, Jamaica will have to maintain the relationship between special economic zones and the wider economy. Agencies such as JAMPRO will be tasked to find investments from companies that focus on innovation, to make operations in the zones sustainable.



Jamaica - A Global Destination for Higher Education

The global higher education market has emerged since the last twenty years and is now rapidly growing, expecting to grow from \$43.06 billion in 2013 to \$65.83 billion in 2019 at a CAGR of 7.5%. As JAMPRO increases its emphasis on the export of services, higher education is prioritized as one focus area, as the organization seeks to tap into this billion dollar industry.

To zone in on this market, JAMPRO has recently developed Study Jamaica, the brand platform through which it will promote Jamaica as a destination for higher education study. As a small island country, Jamaica has made a huge mark on the world through culture, music and athletic prowess. Everyone can relate to King of reggae music - Bob Marley or Usain Bolt - the fastest man on earth. Jamaica also boasts a wide range of quality institutions that offer traditional and professional programmes in a variety of disciplines including medicine, engineering, teaching, business and the arts/creative industries.

The Study Jamaica programme offers an opportunity to international students to immerse themselves in the wonderful Jamaican culture, beauty and splendor of this major landmark of the Caribbean, while pursuing studies.

Some local institutions are already attracting and engaging international students for their English Language Training, Undergraduate and Post graduate Degrees and Diploma programmes, as well as innovative short courses. The premier institutions of higher learning have gained international reputation for their educational standards and programmes are comparable to those offered by some of the top universities globally.

JAMPRO's programme for the internationalization of higher education involves a comprehensive development strategy, with the organization working with colleges and universities to increase the number of foreign students that go to Jamaica to pursue both short term and full-time studies programmes.

The programme underscores brand building and marketing as well as sector development and capacity building training for all institutions as they increase their readiness to effectively tap into the burgeoning international market for higher education.

Jamaica turns to “Shovel Ready...” Programme to attract tourism investments

Jamaica continues to be a leading tourism destination throughout the Latin America and Caribbean region. Currently, people from around the globe continue to flock its shores in growing numbers from year to year, with figures pointing to a 4% growth rate since 2003 in total stopover arrivals to Jamaica.

While the number of hotels and guesthouses established in Jamaica have almost doubled to reach over 26,000 rooms in the last decade, the demand for rooms continues to outstrip availability – particularly in peak travel seasons. Jamaica’s government recognized that to continue the growth of the tourism industry, the country needed more investments that would diversify the sector and respond to emerging trends such as sports tourism, ecotourism, heritage tourism and most recently, medical tourism.

To meet the demand, in 2014, Jamaica’s Ministry of Tourism and, Ministry of Industry, Commerce and Agriculture (MICA) led the cause to launch Jamaica’s Shovel Ready Investment Programme (SRIP). The programme was endorsed by the country’s Cabinet, which signed the approval for fast-tracking the development of properties to facilitate faster turnaround of investments in tourism investment projects.

The programme, as explained by then Minister of Tourism and Entertainment Dr. Wykeham McNeil during his presentation at the 2014/15 Sectoral Debate in the House of Representatives, would “...expedite the processing of investment in Jamaica..[and] target local and foreign investors.” He further explained that in the programme’s post-promotion phase “...after an investor has been identified, assistance will be provided with land acquisition, concept design, planning and approvals, environmental permits and building approvals.” It would mean that an investment project that would



originally take up to two years before breaking ground, could now do so in six months, with the pre-packaged investments offered through the SRIP.

An initiative on this scale requires the input of key government agencies to make projects happen. Collaborating on the initiatives under the Programme are the Tourism Enhancement Fund (TEF), Jamaica’s investment promotion agency, JAMPRO and the National Environmental Planning Agency (NEPA). Each agency is working to identify suitable tourism sites for development of resorts and attractions, to fast-track the approval process for land readiness and to promote ready properties to attract tourism financiers and developers to Jamaica.

Since its inception, the SRIP has achieved significant milestones, including successful identification of more than 15 suitable private and publicly owned land assets. A one-year promotional initiative or ‘promotional phase’ funded by TEF and executed by JAMPRO is also now being implemented.

As the program enters its promotional phase, there are still questions as to whether the SRIP will have the large-scale impact that is needed to make significant impressions in Jamaica’s tourism industry and create billions of dollars in investments.





N'Sombi Jaja, PMP, CMC
Certified Management Consultant
Management Consulting

Dr. Nsombi Jaja is the managing director of Quality Management Consultancy Company Limited, a consulting practice providing assistance to the business community in the areas of strategic and quality management, leadership development and customer service management. Her company was founded in 1986 and recognized as a regional consulting firm among clients and associates throughout the English speaking Caribbean. Dr. Jaja is also the President of Quality Management Consultancy Inc. USA, and a member of the Board of the Institute of Caribbean Studies located in Washington DC.

Dr. Jaja was recently trained in JAMPRO's Services Go Global project and shares her journey to success and experience in the programme.

"I decided after completing my doctoral studies that I needed some certification as validation for the skills and competencies I've been developing. So I studied for, and achieved the Project Management Professional (PMP) and later the Certified Management Consultant (CMC) credentials. Both are globally recognized and were used to open doors of opportunities for me to serve on project teams or lead projects around the world. One can then understand how excited I was to be offered the opportunity to be trained as a trainer on the Services Go Global project, which helps members of the services sector to develop and execute their export marketing plans in a structured, scientific, creative and purposeful manner.

Trade in services and specifically export of services provides tremendous opportunities for all to make use of the technological platforms available to share knowledge, skills, wisdom and creative genius, using the four modes of 'Trade in Services': cross border trade, consumption abroad, commercial presence and presence of natural persons."

Dr. Jaja lauds the programme and recommends it to all exporters.

"I am encouraging everyone who trades services to make use of the Services Go Global opportunity at JAMPRO. A whole new world, a new fantastic point of view will be opened to you."



Businesses of the Future

The Private Sector Organisation of Jamaica, since its inception in 1976, is regarded as the country's most prominent private sector umbrella group. After years of less than desirable economic growth and high public debt, we, in our estimation, believe that the country is finally beginning to see an improvement in the business environment, which has resulted in business confidence being at an all-time high. The future is bright with possibilities and as such it is important that Jamaica is proactive and recognise what businesses will be demanded in the future, as we seek to realize the robust economic growth that has been projected for the next few years. This is necessary not only because our business environment is improving and businesses coming on stream will have to adapt to those changes, but also because as the world gets smaller and societies get more advanced, the nature of businesses will also evolve.

From the PSOJ's point of view, the businesses of the very near future are as follows:

Knowledge-Based Industries

According to the Organisation for Economic Cooperation and Development (OECD), knowledge is now recognised as the driver of competitiveness, productivity and economic growth, leading to a new focus on the role of information, technology and learning in economic performance. Businesses that are based on providing information to customers will do better than those that are not, and businesses that know how to convert information into knowledge will be the most successful.

Some of the businesses that fall under this heading include science, technology, bio-technology, creative and communications based companies.

Environmental Solutions

As Jamaica continues to face challenges relating to climate change and waste management, there will be more opportunities for companies to capitalize on efforts to successfully address these challenges. Specifically as it relates to waste management, companies at the forefront of new environmental developments can look to waste separation, waste-water management and recycling opportunities as the main areas through which they can generate business.



Agro-Processing

Jamaica's National Export Strategy document defines agro-processing as a secondary industry that processes agricultural raw material into food and beverage.

It is one of the most important contributors to the country in terms of GDP and employment and have extensive linkages to supporting industries such as tourism transport, manufacturing and packaging. The strength of specific brands and brand Jamaica have also afforded opportunities for brand leveraging for further increasing exports.

So as Jamaica seeks to be more competitive globally, we have to do what we can to embrace the industries of the near future that will allow us to compete globally. By doing so, consistent economic growth that redounds to every Jamaican across all social classes, will not only be a possibility, but a reality.



A Prosperous Future by 2030... Perspectives of Vision 2030 Jamaica

By: Vision 2030 Jamaica Secretariat, PIOJ

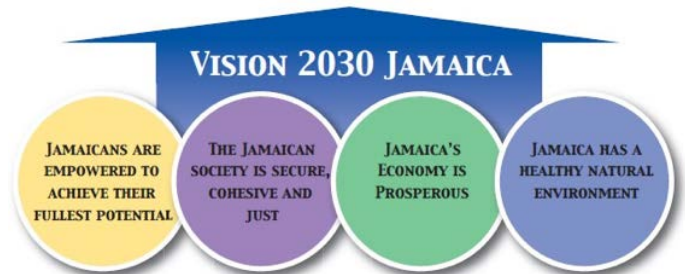
Vision 2030 Jamaica – our country's first long term National Development Plan has been designed to put the country in a position to achieve developed country status by 2030. This will be achieved on the one hand by addressing our development challenges and on the other hand by capitalizing on our strengths and other prevailing opportunities. This means that the central objective of Vision 2030 Jamaica is to secure sustainable and inclusive development that would result in all citizens enjoying at least a minimum standard of living deemed appropriate for persons living in a developed country. The Plan represents a new paradigm for approaching sustainability and a future where growth and development are based on advancing the higher forms of capital including innovation, knowledge, culture and strong institutional arrangements. This approach decouples growth from reliance on lower capital stocks, characterized by finite natural and other endowments and manmade capital that limits the potential for development.

Achieving sustainability is inextricably linked with the achievement of the four interdependent and synergistic goals contained in Vision 2030 Jamaica and encompasses the three dimensions of sustainability – social, economic and environment – all underpinned by good governance. The goals therefore represent the pillars of a prosperous future. The four (4) goals cascade into 15 national outcomes; with the national outcomes clearly illustrating how we will see and experience what constitutes the “developed Jamaica” in 2030.

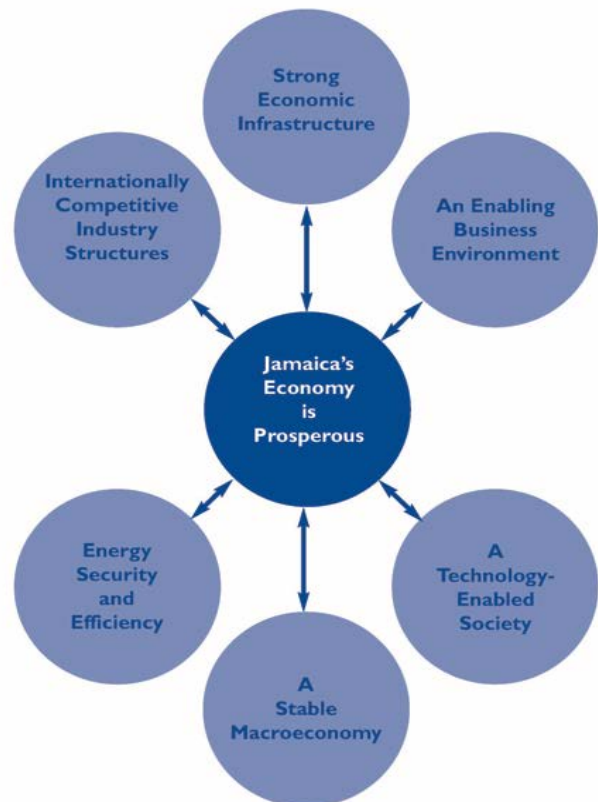
Six of these national outcomes are directly aligned with the economic focused Goal “Jamaica’s Economy is Prosperous”.

The attainment of these national outcomes by 2030 will result in a Jamaican economy characterized by the following, among others:

- a vibrant, dynamic and competitive business environment that embodies the principles of a green economy and sustainable consumption and production patterns, entrepreneurship and innovation, and is resilient to global downturns but able to capitalize on:
 - high levels of human capital engaged in productive and competitive industries within a well-functioning and diversified labour market
 - adequate and equitable access to capital and opportunities for creating and expanding micro, small and medium-sized enterprises
 - stable macroeconomic conditions
 - strong economic infrastructure and a secure, affordable and sustainable energy supply.



Prosperity for Jamaica, whilst heavily dependent on favorable economic conditions and outcomes, must also take into account human capital development, security, safety, governance and justice, environmental sustainability and climate change. Engaging youth as both architects and beneficiaries in the development process, as well as recognizing the importance of gender equity are also essential in advancing on the path to our sustainable prosperity and making Jamaica **“the place of choice to live, work, raise families and do business”**.



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