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Speaking Notes for
The Most Hon. P. J. Patterson
Prime Minister of Jamaica
At Air Jamaica Dinner
Toronto, Canada
Monday, April 5, 2004

"Direct Connections for Stronger Partnerships"

Salutations

The resumption of Air Jamaica's direct flights to Canada, comes at a time when the partnerships between our two countries are in an exciting and promising period. This is happening at every level – in government bilaterals, trade, investment, tourism, culture and sports.

Indeed, the wide scope of our common interests and the depth of our shared objectives give profound significance to the relationship between the governments and people of Jamaica and of Canada.

I therefore see the resumption of Air Jamaica's direct flights to Toronto as a sort of consummation of the relationship between Jamaica and Canada – as the Lovebird strengthens our connection with family, friends, investors and consumers.

This direct connection will no doubt strengthen the already robust partnerships between our two countries that is evident in so many areas, for example:

- a Canadian firm is now managing and operating our Sangster International Airport;
- visitor arrivals from Canada to Jamaica is up by 7.7% for the first two months of this year compared with the same period last year;
- Jamaican products have taken off to become favourites of consumers here and, of course,
- billions of dollars of new investments are being made in Jamaica by Canadian companies and by Jamaicans who have made Canada their home.

Complementing all of this is the activism of the Jamaica Canada Society that helps to keep the bonds of friendship and cooperation strong and vibrant among our Jamaican communities

This historic occasion affords me the opportunity to share with you my government's plans to creatively revolutionize the productive sector, increase investment opportunities and develop strategic linkages among our productive sector while engaging in social transformation for a more caring society.

Ladies and gentlemen ... Jamaica has had a proud and interesting history that has not been without its challenges.

Globalization, the information technology revolution, labour relations and infrastructural needs head the list of challenges and opportunities we face in our industrial landscape.

Our approach is to facilitate strategic partnerships that can link various economic sectors to form a nexus for growth and development.

For example, the linkages that tourism has with agriculture, manufacturing and entertainment make our hospitality industry an engine of growth for the entire economy. This strategic alliance can therefore help to form a solid foundation for the nation's economic prosperity.

The focus on deepening and broadening the links that both the productive and entertainment sectors have with tourism takes on even greater urgency as we prepare for the establishment of the Free Trade Area of the Americas (FTAA) that will see the eventual elimination of trade barriers between 34 countries representing a market of 800 million people.

This significant development has considerable implications to all in the hemisphere and to smaller countries, such as ours of the Caribbean.

The fact is that the world, as we knew it, is rapidly changing, mainly due to the process of globalization. We have seen the emergence of new and powerful economic blocs - in Europe, Asia and this Hemisphere.

This leaves Jamaica and the rest of the Caribbean with no option but to institute the necessary changes for our survival and competitiveness.

This Administration has been actively pursuing the creation of a Caribbean Economic Space that can enhance our individual and collective socio-economic welfare. The establishment of the CARICOM Single market and Economy

(CSME) will enable CARICOM countries to adjust to reciprocal trade and investment within a regional market by taking advantage of our geographical proximity and our cultural affinity.

In today's knowledge-based global economy, it is new creative activities that will transform our economies and provide the basis for sustainable development in the region.

With the phasing out of traditional preferences, Caribbean societies must now develop the capacity to compete by building new alliances and new institutional arrangements that can facilitate competitiveness.

That being said, we are anxious to reap the benefit of greater hemispheric co-operation and recognize the importance of becoming more involved with our future partners leading up to this process.

To this end, allow me to give you a quick overview of some macro-economic indicators that you may find useful.

Foreign direct investment to Jamaica tripled during the latter part of the past decade and continues to be way above the global average. We are also seeing a change in the type of investment inflows.

Two factors in particular account for renewed interest in the island's natural resources and for the new type of investment inflows: liberalization, notably in the telecommunications sector, and divestment. The result: instead of the traditional developed-to-developing country flows, symbolized by Jamaica's once dominant textile industry, the island is now benefiting from investments in financial services, deluxe tourism ventures and technology-based industries.

In tourism, the island has, over the past four years, attracted new investments to the tune of approximately US$127.7million. This derived from the opening of a 430 room Ritz Carlton hotel in Montego Bay and the 396 room Hotel Riu Tropical Bay, in Negril. The Spanish-based Riu opened a second 450 room hotel in Negril last year, in time for this year's winter tourist season…and plans are well underway for another RIU hotel on our North Coast.

By the end of this year, Sandals Whitehouse Resort will open its 360 rooms, employing some 700 Jamaicans and providing a catalyst for further tourism and other development on the South Coast. Thank you, Butch…as Air Jamaica takes off for Canada, so too is Sandals taking off on the South Coast

Investors, interested in natural resources other than the country's natural beauty and magnificent tourism product, have recently made substantial investments in the mining sector. These include a J$891 million (US$22 million) lime production facility by Rugby Plc from the United Kingdom.

Our mineral bauxite, has been another source of tremendous inward investment, generating a Gross Revenue of US$773 million last year, an 8.6% increase over 2002. Recently, Alcoa announced a US$690 million expansion of the Jamalco refinery in Clarendon that will result in increased annual revenue of US$300 million.

Also, the Jamaican government has paved the way for new investment inflows to the telecommunications sector through a liberalization process started in 1999. With the roll-out of the first phase of this process, two new mobile telephone operators -Mossel from Ireland and US firm Centennial - have pumped over US$153 million to establish networks and expand telephone services.

Only last month, AT&T Wireless secured their license to become Jamaica's fourth cellular provider – so, you see that our direct connections are happening in many ways.

Even with a relatively small population of 2.6 million, Jamaica, the largest English speaking Caribbean country, is seen as an attractive market and as one that provides a platform and economies of scale to permit expansion into other countries in the region. Mossel, for example, have since obtained licences in Barbados, in Trinidad and in the Eastern Caribbean. And Pepsi-Cola, which in the past two years invested J$1.4 billion (approx.US$29million) in Jamaica, has now established its Caribbean office in Jamaica.

It is not only businesses outside the region that have begun to pin point Jamaica as an attractive destination. Firms within the Caribbean have been vying for a slice of the Jamaican market.

Over the past three years Trinidadian and Barbadian firms have spent over US$102 million to acquire companies in the financial sector. These are companies that fell to the government during the financial sector crisis of the mid-to-late 1990's and have since been divested. Their acquisition by Caribbean institutions has strengthened the domestic financial sector and has served to rapidly expand the regional financial networks, a development which itself enhances Jamaica's investment profile.

Others from outside the region have also acquired divested assets. The US utility firm, Mirant, purchased the country's national electricity company for US$200 million in 2000, and Canadian-based AIC Investments, owned by a Jamaican, bought the island's largest bank in late 2001 for US$136M.

With regard to improvements in physical infrastructure, Bouyges of France signed an agreement with the Government in 2001 to build and operate a 230 km toll highway, the first phase of which was recently opened. The French firm is injecting US$283 million in this project.

The commitment of over US$1billion by overseas investors in Jamaica's tourism, telecommunications and infrastructure sectors over the last three years testifies to the confidence which foreign investors retain in the country's prospects for economic development.

The vast potential for further inflows are the basis for the sustained focus that the Government of Jamaica has placed on investment promotion and on creating an investment-friendly environment.

What we have been doing in Jamaica is to establish partnerships that can be embraced by all sectors of the society. This process started as far back as in 1998 with the signing of a Memorandum of Understanding between the bauxite companies, trade unions and the government. Since then, productivity in the bauxite sector increased by 23%.

More recently, the Jamaica Confederation of Trade Unions, the umbrella organization for Jamaica's trade unions, signed an MoU with the government establishing an agenda for a broad-based social contract.

At the same time, my government and the Private Sector Organization of Jamaica are engaged in a “Partnership for Progress” that is opening up new areas of cooperation and boosting investor confidence.

It is therefore not surprising that the World Bank has named Jamaica among the ten best places to do business. We have achieved this international recognition because the Jamaican government is doing all it can to ensure that the requisite policies and services are in place to facilitate investors.

What we have also been doing is to leverage Jamaica’s ideal geographic location to our benefit by positioning Jamaica as the hub not only for trans-shipped goods but also for the production of goods and services directed primarily to the North American market.

Such advancement is fostered by our dynamic shipping industry and our commercial Free Zones that allow for the housing of export producers from garment manufacturing, to telephone support providers, to computer software in a completely import duty-free and income tax free environment.

The response from international Information and Communication Technology firms, in particular, have been almost overwhelming. Between 1999 and 2003, J$8.5 billion was invested in the local ICT sector, with the government granting 314 telecommunication licenses.

What about traditional industries, such as agriculture, you may ask? Yes, Agriculture is still a key industry as it is the largest employer of labour in Jamaica. Sugar and banana production have historically formed the basis for the main crops in Jamaica, while our Blue Mountain Coffee remains the best in the world. Now, in recent times, there is much activity in aquacultural production of fish and shrimp as well as developments in the new fields of flavour extraction, and herbal and spa related products.

Our focus is now moving away from primary production to the development of agro-industry for the production of secondary and final goods for the locl and overseas markets..

To facilitate this, legislation provides for tax-free income generated by companies qualifying to operate in a prescribed Free Zone carrying manufacturing and export services. Raw material for all these industries, in addition to those used in any type of production, is imported duty free.

This treatment also extends to some form of warehousing for international distribution. And, unlike many of our Caribbean neighbours, ownership of any private property is enshrined in the Constitution and protected by our bilateral and multilateral treaties.

Based on these conditions investor confidence has fuelled growth in our stock market, which increased its market capitalization last year by 83%.

It is within this framework that investors choose to work with us toward our mutual goal of economic prosperity. With our educated, English-speaking workforce, supported by our vocational training schools and our three universities, we have been able to provide cost-effective and profitable business solutions according to global standards

As we look to the future, we realise the critical importance of ensuring that the path that we take to development is sustainable. This can only be achieved if the needs of Jamaicans as well as our overseas investors and visitors are met in an environment where there is continuous effort to protect and improve the resources that we have for the benefit of future generations.

This is the over-riding consideration behind my government's Ten-Year Master Plan for Sustainable Tourism Development which is being pursued in partnership with the private sector and citizens at every level of the society.

Ladies and gentlemen ... as we seek to grow the Jamaican economy and compete effectively by offering the best products and services, we are mindful that our most important resource is our people.

What is therefore most heartening in the current situation, is that there now exists among our people a renewed confidence and feeling of hope for the future. Together, we are striving to make our country a better place for the residents of Jamaica to live in and for you to enjoy when you come to visit.

And in this effort, Air Jamaica has proven to be a most steadfast partner. Not only does this airline bring more than half of our stopover visitors to our island annually, but it has forged strategic partnerships with our business and export sectors and with Jamaican communities overseas.

With these initiatives, Air Jamaica is contributing to the transformation of Jamaica's industrial landscape in a way which goes much further and deeper than is readily perceived.

I am inviting you to join this partnership by investing and participating in Jamaica's future and, in so doing, ensuring your own success.

Thank you for this opportunity and I look forward to facilitating your business relationship with our country.

As we say in Jamaica – "One Love".

-end-

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IN CASE OF REPLY PLEASE QUOTE
THE DATE OF THIS LETTER AND
THE FOLLOWING

NO.

Please send a copy to Mr. Morrison
done

March 30, 2004

The Most Honourable Percival J. Patterson, P.C.
Office of the Prime Minister
1 Devon Road
Kingston 10

Dear Honourable Prime Minister:

Re: Speaking Notes for Air Jamaica Dinner in Toronto

As you requested, the Ministry of Industry and Tourism has prepared speaking notes for your address to Air Jamaica's Gala Dinner in Toronto to mark the resumption of our national airline's direct flights to Canada.

This draft may seem too long but we felt it best to include as many facts about new developments and approaches that you may wish to include.

I look forward to sharing the occasion with you.

Yours respectfully,

Hon. Aloun Ndombet-Assamba, M.P.
Minister of Industry and Tourism