

**SPEAKING NOTES FOR THE MOST HONOURABLE  
PRIME MINISTER  
FOR THE SANGSTER INTERNATIONAL AIRPORT  
DIVESTMENT CEREMONY, RITZ CARLTON ROSE  
HALL,  
WEDNESDAY, JANUARY 15, 2003**

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Salutations

- Pleased to participate in signing ceremony.

Join in welcome to new partners. Confident that the relationship will be of benefit to

- The Investors
- Government of Jamaica
- The people of Jamaica

And serve to enhance the attractiveness of this gateway for tourism.

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This concession Agreement has been long in the making –

- commenced more than a decade ago –

To allow for modernization and expansion of airport

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Ports – whether for air or sea have previously been seen as assets that had to be owned and operated by the State.

- No longer so

The State must remain responsible for the laws and regulations – which must also conform to international requirements, but arrangements of the kind we are entering today relieve the Government of borrowing so that loans can be concentrated on priority areas of infrastructure and human resource development.

This will allow the government to devote its scarce/limited resources and loan financing which it can mobilize to meeting priority areas, which can only be met by government, such as health, education and national security. With this model, the Airports Authority of Jamaica will be paid concession fees by the operator for the use of the airport, while, at the same time, the expanded airport remains in public ownership.

The Government, over the period of the lease, will also continue to exercise significant control and influence on the nature and scope of the development – a somewhat similar approach to that taken in respect of the development of the Highway 2000 toll road.

Some suggest that the government is giving away the airport and ought instead to borrow capital and hire private sector management to carry out the works.

The fact is that the strategy adopted does utilize the best private sector expertise for the development of the airport while relieving the government of further borrowing for the expansion, thus, enabling it to direct available resources to the priority areas which are the main responsibility of the government

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In today's world where international trade is growing rapidly and the forces of globalisation are intensifying, air transport is a critical service sector.

There are important statistics, which demonstrate the far-reaching nature of this process:

- In 1950 there were no more than 35 million passengers transported by airlines. In 2000 the figure was 2 billion passengers and the economic value of the industry amounted to US\$1.5 trillion.
- Forty per cent of the world's manufactured goods by value are transported by air, and annual turn over of airlines worldwide in 2000 was US\$340 billion

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The global economy is inextricably tied up with the airline industry as it is the only means of moving large numbers of people across the world within what are now acceptable time frames. This is particularly true of continental countries and island economies like those in the Caribbean, and like Jamaica.

Our island has always been heavily dependent on foreign trade for the advancement of its economy and the upliftment of its people. Like the rest of the world we have become increasingly open to the movement of goods and people.

Air and sea transportation are therefore critical components around which our economic and social lives are organized.

Today, air travel facilitates the movement, between the two Jamaicas – the one here at home, and greater Jamaica which has borders expanding far north and east.

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Our economy, especially through tourism, is heavily dependent on air travel and in fact over 60% of visitors to our island get here by air travel. In the future we anticipate that there will be an increasing integration between the cruise shipping industry and our airports as we seek to develop home port facilities.

Seized with the importance of the aviation industry, my Administration has carried through the most comprehensive modernization and improvement works ever at our two international airports.

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Privatisation process of Sangster Airport involved the establishment of legislative framework (Airport Economic Regulation Act 2002), preparation of long-term development plans as well as the systematic and transparent tender procedures.

By the time the process had reached the negotiation of the Concession Agreement, we were hit by the September 11 terrorist attacks in the USA, which greatly upset the travel industry.

It is a measure of the major improvement in our investment climate and the confidence in investors both at home and overseas that we were able to press ahead and complete a satisfactory commercial arrangement.

The arrangements ensure:

- A 30-year concession under which the airport will be leased.
- The operations to be run by private investors who will invest capital and provide management to allow for modernisation and expansion according to an agreed plan.
- Government will continue to have oversight and maintain ownership of the airport.
- It will earn fees for use of the facilities based on passenger and cargo throughput.
- Best airport practices to be introduced
  - We can ensure the best management practices.
  - Benefit from the international linkages, which Groups such as Vancouver can offer.

The model adopted in the arrangement gives effect to the government's policy of encouraging and facilitating private capital for development of critical infrastructure among other economic entities.

- Sangster International Airport is the single largest economic entity in western Jamaica.
- Larger of our two international airports.
- Largest in the English speaking Caribbean in terms of traffic.
- Last year the airport handled over 3 million passengers.
- Modernisation and expansion is very critical to the development of tourism, the economy as a whole and the competitiveness of the country.
- The expansion and modernisation enhances the prospects for Montego Bay to become a major homeport for cruise ships.
  - This already being done under a pilot involving the 'Arusha Blue'