

JAMAICA

THURSDAY, JANUARY 9, 2020

The best place to do business in the Caribbean

Jamaica's successful economy, strategic location, connectivity, natural resources, cultural status and pro-business approach make it the ideal investment destination.

The third-largest island in the Caribbean's diverse economy has grown every year since 2013, with its gross domestic product (GDP) rising by 1.5 percent in 2018. "Our economy is in an excellent position. In 2018, exports grew by 43 percent to \$1.3 billion, business confidence has increased by 24 percent recently and Jamaica has received over \$6 billion in foreign direct investment (FDI) in the last decade," said Diane Edwards, president of Jamaica Promotions Corp. (JAMPRO), the investment and export promotion agency.

The country's economic success has intensified since Andrew Holness was elected as prime minister in 2016. "The government has put in place platforms that will bring prosperity for all in Jamaica," said Minister of Industry, Commerce, Agriculture and Fisheries Audley Shaw. These include reformed frameworks for taxes and the public sector that have generated economic stability. "Our mantra has been fiscal prudence. We have brought our debt-to-GDP ratio down 36 percent to 96 percent and plan to get it to 60 percent within five years," stated Edwards.

Jamaica has many advantages for investors, especially its location. "We are between North, South and Central America, with a market of 800 million consumers within four hours of our shores. We are also directly north of the Panama Canal and have one of only two Caribbean ports that can receive the world's largest ships," she said. That port is part of a substantial network of transport and logistics infrastructure that is being significantly expanded to enable Jamaica to boost its position as a global hub for logistics and other industries.

The island contains numerous natural resources. It has a well-established mining industry and



Edmund Bartlett
Minister of Tourism

reserves of valuable minerals. It also has the ideal climate for agriculture, which when combined with agricultural manufacturing provides 15 percent of GDP.

"Many of our products are world-class, including our coffee, cocoa, ginger and pimento," noted Edwards. "The export markets for our crops and goods made from them are growing as more people around the world demand the flavors of Jamaica," added Shaw. As well as servicing this demand, the country is diversifying into new crops and along the value chain of the sugar that makes its famous rums. The beauty of the lands these crops are harvested

from, as well as its idyllic beaches, have helped make Jamaica a capital of tourism. "Our brand is known worldwide — Jamaica is a global cultural symbol," Minister of Tourism Edmund Bartlett said. That culture has been forged by the creativity of Jamaicans, who have shaped the world's music, sport, film and other industries. "Jamaicans also make up the third-largest English-speaking population in the western hemisphere. That has attracted 60 global companies to our business process outsourcing (BPO) companies — which is now valued at over \$400 million — including IBM, Xerox and Conduit," Edwards stated.

"The government has put in place platforms that will bring prosperity for all."

Audley Shaw, Minister of Industry, Commerce, Agriculture and Fisheries

Those companies are also drawn by pro-business policies. Jamaica is the best Caribbean country to do business in and is sixth in the world for starting a business, according to the World Bank. "Our investment climate is very liberal. Foreigners are allowed to own land, repatriate all profits, we have no exchange control, have double-taxation and investment-protection treaties with 12 countries including Japan and offer excellent incentives," said Edwards. According to Bartlett: "Japanese companies have already invested in, for example, our tourism, energy and automotive sectors. We would welcome further collaborations with Japan."



Jamaican Prime Minister Andrew Holness and Japanese Prime Minister Shinzo Abe at their joint press briefing in Tokyo last month.

A wealth of potential for Japanese and Jamaican partnerships

Beyond Blue Mountain coffee there are investment opportunities to appreciate in many of Jamaica's other key economic sectors.

Japan's annual celebration of Jamaica Blue Mountain Coffee Day on Jan. 9 demonstrates its high regard for a product that was first shipped to its shores in 1953. "Today, 70 percent of our Blue Mountain coffee exports go to Japan. However, this is not just a day for appreciating coffee. It is also for generating alliances and building on our already strong connections," said Diane Edwards, president of Jamaica Promotions Corp. (JAMPRO), an investment and export promotion agency.

The strength of these connections was demonstrated and deepened in December, when Jamaican Prime Minister Andrew Holness paid a four-day working visit to Japan where he met, among many other people, Prime Minister Shinzo Abe, Crown Prince Akishino and Crown Princess Kiko. Jamaica is a country that "Japanese people hold very close to their hearts," said Prime Minister Shinzo Abe during his visit to Jamaica a few years earlier. In addition to its coffee, he highlighted admiration for Jamaica's athletes, reggae, films, beaches and rums. "Japanese investors have an equally high respect for our business environment," Gabriel Heron, JAMPRO's vice president of marketing, noted.

Those investors include Ueshima Coffee Co., a Japanese-owned producer and Jamaica's largest coffee exporter. Another major investor is Marubeni Corp. that, together with Korea's East-West Power,



Diane Edwards
President, JAMPRO

owns 80 percent of Jamaica Public Service Co., a utility that is the island's main distributor of electricity and which operates power stations, hydroelectric plants and a wind farm. "A further example is Japan's automotive industry. Kingston Wharves at our capital's port is the largest transshipment center for Japanese vehicles in the Caribbean," said Edwards.

There are also close ties between the countries' public sectors. The Japan International Cooperation Agency opened an office in Kingston in 1989. Since then, it has implemented many projects in areas such as water supply, sewage, infrastructure, fisheries, health and vocational training. Hiromasa Yamazaki, ambassador of Japan to Jamaica, aims to "further energize the strong bond of cooperation and friendship between both countries. I will seek to act as a bridge between Japanese and Jamaican business communities." JAMPRO can connect partners through its business matchmaking service. "We are a full-service business partner for investors that want to operate here. That starts by providing information on Jamaica's investment climate and procedures. We will also, for example, introduce key government partners and the best legal and accounting services," explained Edwards.

Now is the time to invest in Jamaica

Opportunities exist in various Jamaican sectors. In agriculture, some areas that are ripe for investment are biotechnology, organic farming and aquaculture. "We also see potential in yield-increasing technologies such as irrigation and we would like to extend Japan's appreciation for our foods and beverages to include more of our world-class produce," said Edwards.



The Blue Mountains produce one of the world's best coffees.

Jamaica's rising position as a logistics hub makes it a prime destination for investors wanting to convert its produce into manufactured goods for export. "Investments in existing, internationally recognized Jamaican products that could be advanced in another area that is seeing interest," Heron noted. The automotive sector offers a further opportunity. "Many Japanese vehicles are shipped here fully assembled. We want to establish a manufacturing plant that would receive semi-finished vehicles and customize them for the region. Kingston Wharves will be looking for investors to make this a reality. Using Jamaica for the regional distribution of spare parts also offers potential," said Edwards.

Alongside manufacturing and distribution, the island's growth in logistics is creating a favorable environment for investments in infrastructure, warehousing, fuel bunkering and logistical sup-

port services. "Japan's technological expertise would fit well in our business process outsourcing sector, which is expanding to cover skilled global digital services. Data usage is growing in the region overall and Jamaica is the ideal location for technology companies wanting to establish a regional base," Heron commented. Japan's technological know-how is also being sought to help diversify Jamaica's energy supply. It is likely that about 30 percent of its power

will come from renewable sources by 2020, particularly from solar and wind. However, the government plans to increase this to 50 percent by 2030. Other natural resources that are available for exploitation include limestone reserves, bauxite, marble and other minerals and rocks.

More investment opportunities exist in Jamaica's film, music, fashion and other creative industries. This is due to its talented population and scenery that provides the perfect backdrop for films. Jamaica is also attracting increasing numbers of tourists that want to experience more than just its traditional luxury resorts, opening up space for investments in emerging sectors like hotels, entertainment, sports and wellness. Given the buoyancy of the country's investment climate, many of these opportunities will be snapped up quickly. "Now is the time to invest in Jamaica," advised Edwards.

"We are a full-service business partner for investors that want to operate here."

Diane Edwards, President, JAMPRO

JAMAICA'S AIRPORTS

THINKING DEVELOPMENT... MOVING AHEAD

Safety, security and comfort remain the Airports Authority of Jamaica's core values and the continuous upgrades across the airports are channeled in these directions.

AIRPORTS AUTHORITY OF JAMAICA

Follow us:

airportsauthorityjamaica.aero aaj@aaj.com.jm

@Airports.Jamaica @airportsauthorityja Youtube

Jamaica cements its position as the jewel of Caribbean tourism

The vibrant and increasingly accessible island offers a full spectrum of immersive vacation experiences that extend far beyond it being the perfect location for sun, sea and sand.

Voted the best tourist destination in the Caribbean and one of the top 14 in the world at the TripAdvisor Travelers' Choice Awards in 2019, Jamaica was one of the stars of the show at October's Tourism Expo Japan for discerning attendees planning their next vacation.

From March 2020, the country will be much easier to visit thanks to an agreement between the U.S. and Japan to allow increased flight services between both countries. That will enable improved connections to Jamaica. "Someone can leave Tokyo, go to Dallas or Atlanta and connect easily to Montego Bay, for example. We have extraordinary connections with the U.S. and the fares are very fair," said John Lynch, chairman of the Jamaica Tourist Board (JTB), which coordinated the island's presence at the October event.

In the same month, JTB appointed the renowned travel specialists Connect Worldwide (CWW) to help increase awareness of the country in Japan by, for example, implementing airline route developments and working with the Japanese travel trade and media. The JTB is also being supported in its bid to attract visitors by the Japan Association of Travel Agents and will, "work with the Japan Travel Bureau and Jamaican travel agencies to create packages that reinvigorate the market," noted Lynch. Jamaica is seeking to build its airlift arrangements even further for Japan and other Asian countries. Minister of Tourism Edmund Bartlett said "We also need to look at how we can help to promote coach sharing and other kinds of cooperation between airlines to enable seamlessness in terms of vacation packages, for example," he explained.

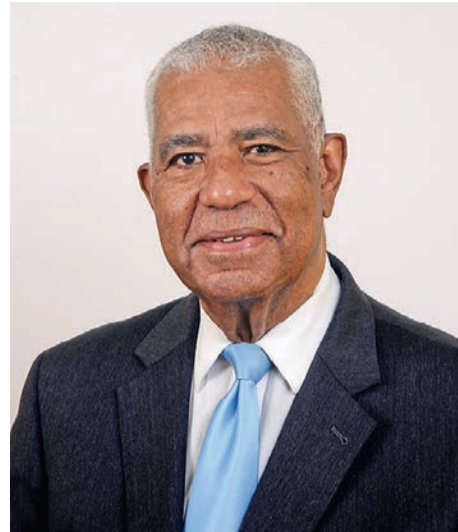
This concerted effort to make the country more accessible has helped to reignite the long-held appetite of Japanese people to relish at first hand the vibrant Caribbean nation, its heritage and its authentic culture. "In the 1990s, we had over 20,000 visitors a year from Japan. For various economic reasons there was a downturn in the market and we became known as an expensive place for people to take honeymoons. Today, we are seeing a different type of Japanese tourist coming to our shores — younger and more inquisitive travelers and, of course, business travelers," noted Lynch.

Many other tourists from around the world are also increasingly choosing the home of reggae as a destination. 4.3 million people visited the island in 2017, where they spent \$2.9 billion. "In 2018, tourism arrivals in Jamaica grew by some 7.5 percent, and in the first half of 2019 they grew 10.5 percent over 2018 with our top markets being the U.S., Canada and the U.K. Tourism is the fastest growing sector of our economy," said Donovan White, director of tourism at JTB. "It now represents 10 percent of our gross domestic product and is responsible for 50 percent of our economy's foreign exchange," added Bartlett, while Lynch predicted that the sector will continue to expand and should double in size by 2035.

Traditionally, Jamaica has been seen as an ideal destination for tropical sun, sea, sand and fabulous resorts. Most of its classic hot spots are, therefore, along the dazzling shores of the calm and turquoise Caribbean Sea. These include Kingston, the country's newly revitalized capital. Built around the world's seventh-largest harbor, the city contains a fascinating mix of impressive modern build-



Donovan White
Director, Jamaica Tourist Board



John Lynch
Chairman, Jamaica Tourist Board

ings and historic gems. These house a multitude of attractions, such as a riches-packed national art gallery, the Bob Marley Museum, a state-of-the-art conference center, the national sports stadium and arena, numerous music venues, a thriving open-air crafts market and a plethora of shops, bars and restaurants. Among its further draws is Devon House, built in the 1880s and now a heritage and gastronomic center of excellence, with the National Geographic describing it as the fourth-best place in the world to eat ice cream.

"We are always looking for more investment. It would be great to have a Japanese hotel and restaurant on the north coast of Jamaica."

John Lynch, Chairman, Jamaica Tourist Board

Some of Jamaica's other, similarly attraction-filled hot spots are its second-largest city Montego Bay, Negril with its famously white-sanded resorts and Ocho Rios, known in particular for its spectacular waterfalls, which formed from some of the island's 120 rivers that flow to the coast from its mountains. Those mountains, especially the stunning Blue Mountains that are a UNESCO World Heritage site and the source of Japan's favorite coffee, are another highlight. They offer magnificent views and eco-lodges, making them the first choice for eco-tourists, hikers, mountain climbers and those looking for remote seclusion.

"One of the things that we pride ourselves on is that Jamaica goes way beyond the sun, sand and sea that you can find anywhere in the Caribbean. The nation is a rounded destination that gives our visitors the opportunity to immerse themselves in everything. We have so much to offer," stated White.

Igniting the passions of Jamaica's visitors

"We are now building our tourism offering around the passions of the people who come and visit our island. We have identified five passion points:

gastronomy; entertainment, music and sports; health and wellness; shopping; and knowledge," explained Bartlett. In the case of gastronomy, for instance, "We are building capacity to provide the finest culinary experiences that any visitor could want when visiting Jamaica. That includes establishing the culinary center at Devon House and also the idea of pop-up kitchens, where tourists can learn how to make their favorite dishes," he added. The country has also established annual festivals for two of its most renowned products — coffee and rum — and another for cocoa may soon be set up, as Jamaican cocoa produces some of the world's finest chocolate. "In addition, there is a lot of interest from Japanese tourists and investors who want to experience our tours of the mountainous regions that bear fruit to the coffee that they enjoy so much. We believe that the long, solid relationship between Japan and Jamaica has its roots in food and music," noted White.

Jamaica is a colossus on the international stage when it comes to music. Over the last 50 years, it has been the origin of seven popular music genres including reggae, ska, rocksteady, dub, dancehall and ragga. These have been unleashed on the world by local pioneering giants like Bob Marley, Toots Hibbert, Sean Paul, Jimmy Cliff and Sister Nancy. Tourists in the country are able to experience the pulsating rhythms of Jamaica at hundreds of festivals, other events and venues throughout the year, which is a big attraction for visitors from Japan, said Bartlett, "Japanese people have a deep appreciation for our music and dance, to the extent that our reigning dancehall queen is actually Japanese!" Tourists are also drawn to Jamaica as a destination of sporting excellence as it has produced many of the world's leading athletes in recent decades, including Usain Bolt and Shelly-Ann Fraser-Pryce.

In terms of health and wellness, "Jamaica is known for its spa experiences. Our rich biodiversity enables us to drive a more local approach to the oils, herbs and plants used within treatments at our facilities. Jamaica is also known as a destination of some of the finest cannabis that you can find around the world, which is very interesting for alternative medical practices," stated Bartlett. Although Jamaica has previously lagged behind some other

countries in its shopping facilities, it is fast catching up, according to the minister. It is introducing new duty-free incentives to boost purchases and attract more big-name brands.

It is also developing five craft villages across the country that will house a substantial number of local artisans. When it comes to knowledge tourism, the Jamaica Conference Center in Kingston is the perfect location for the international meetings, incentives, conventions and events market. This is complimented by training institutions and universities that provide facilities for events and short courses.

"People leave Jamaica with a sense that their money was well spent and they had the time of their lives."

Donovan White, Director, Jamaica Tourist Board

"Overall, Jamaica's new tourism is defined by three factors: safety, security and seamlessness," said Bartlett. By guaranteeing those factors, "Today, our rate of repeat visitors is 42 percent. People leave Jamaica with a sense that their money was well spent and they had the time of their lives," White stated.

Part of the reason for this is a focus on investing in the skills of the local workforce, White explained. "We pride ourselves on training the people in our industry to deliver a better product every single day and the kind of services that travelers around the world have come to expect and demand." Bartlett added: "There are also tourism courses run at our high schools and universities, and we have established the Jamaica Center for Tourism Innovation to create a consolidated professional pathway for competent and experienced workers who are not yet certified. We are also the first country in the world that has a pension plan for all workers in the tourism industry."

Jamaica is an international frontrunner when it comes to sustainability in tourism as well. "We will soon open the Jamaica Global Resilience and Crisis Management Center at the University of the West Indies in Kingston. It is aimed at assessing, forecasting, mitigating and managing risks related to tourism resilience that are caused by various disruptive factors, including climate change, natural disasters, cybersecurity and pandemics," Bartlett said. "We believe that this center offers a major opportunity for Jamaica and Japan to collaborate on research that will have a global impact," White noted.

Building high-quality accommodation

In order to cater for the growing number of tourists coming to the island, "We need to expand our accommodation capacity by building an extra 15,000 rooms within five years," said White. Between 2016 and 2109, local and international investors added nearly 5,400 high-quality rooms to Jamaica's stock but "We are always looking for more investment. It would be great to have a Japanese hotel and restaurant on the north coast of Jamaica, for instance," Lynch said.

As well as chairing the JTB, he heads the country's Shovel Ready Investment Program "It is a scheme that offers investors that want to build hotels a hand-holding experience to break through



The stunning Ocho Rios is known by locals as Jamaica's garden parish.



Jamaica's iconic jerk chicken.

red tape and get their projects up and running quickly."

A leading illustration of the world-class, innovative quality of recent developments in Jamaica's tourism sector is provided by R Hotel Kingston, the capital's first extended-stay corporate hotel. "We opened our doors in December 2018 and moved quickly up the ranks on Trip Advisor to become Kingston's sixth-best rated hotel in the space of five months. I foresee us reaching number one very soon," predicted R Hotel's general manager, Alexander Pike. "It is not just the best business hotel in Kingston — we offer our guests the Kingston lifestyle and enable them to experience what it is like to

"We offer our guests the Kingston lifestyle and enable them to experience what it is like to live and work here."

Alexander Pike, General Manager, R Hotel Kingston

live and work here. It is a very exciting city and, with the advent of social media, it is now more popular than ever. People want Instagrammable moments — Kingston provides those," Pike added.

Located at the heart of the city's business and entertainment district, R Hotel offers sophisticated luxury, state-of-the-art technology and a comprehensive concierge experience. It has 48 rooms ranging from deluxe to penthouse suites with balconies and kitchenettes, while on its roof are a

fine-dining restaurant, bar and pool. It also contains secure parking, gym and business facilities. Its guests receive the highest level of professionalism, standards and Jamaican hospitality from extremely experienced staff at all levels. "I am the third generation of my family that has worked within hospitality after my mother and grandmother. As a child, I fell in love with the business and it became part of me, to the extent that I would never think about doing anything else," said Pike.

The partners behind the project, celebrated architect Evan Williams and entertainment mogul and investor Josef Bogdanovich, are keen to support environmental sensibility and the country's "Brand Jamaica" initiative through the hotel.

Pike said: "The furniture in the rooms was all made by local carpenters. An array of locally produced art is also displayed in the hotel, with most of it being for sale." R Hotel supports local music as well, not least by hosting the world-famous Redbones restaurant and music venue. "Redbones" has been well known for over 30 years and is now bringing Jamaican nightlife directly to our international guests. Jamaican live music does not get any more authentic than Redbones," enthused Pike.

One of the benefits of being a boutique hotel is, as Pike said: "We can get to know our guests in a way that larger hotel chains cannot. We have the city's only eighth-floor restaurant but there are many other great restaurants in Kingston that we handpick for our guests to experience." Pike is confident that Jamaica's tourism market will continue to attract new entrants, "With the stability of our economy and the government following an integrated long-term plan, we are now a country that is ripe for local and international investment."

Feel the Rush

Do you feel it?
Let's go!

JAMAICA
HEARTBEAT OF THE WORLD

visitjamaica.com

A globally competitive logistics hub

The Jamaican government is implementing its plans to create an advanced and integrated infrastructure network covering air, sea, rail, road and special economic zones in order to become the fourth node in the world's logistics chain.

Jamaica is positioning itself as a globally competitive logistics hub and the fourth node in the international logistics chain, alongside Rotterdam, Dubai and Singapore. Its strategic location makes this goal eminently achievable: the island is directly north of the enlarged Panama Canal, close to the main shipping lines between the Far East, Europe and North America and a total market of 800 million people is within four hours of its shores.

It is already a major center for logistics and transshipments, and moves more cargo than any other Caribbean country. In 2018, its logistics industry was worth \$728 million, 29 million metric tons of cargo was handled on the island, 3,561 vessels visited its ports and its airports saw over 400 international flights every week. Apart from its location, there are other reasons for this success. Most importantly, Jamaica has a well-developed transport and telecommunications infrastructure that has benefited from over \$1 billion in investments in recent years.

But now it wants to go further and the government has put in place a coordinated strategy for the growth of its transportation and logistics infrastructure led by private sector investment and public-private partnerships. This involves the development of a more advanced multimodal integrated transport system covering air, sea, rail and road to aid the efficient movement of goods and people, as well as

new industrial and special economic zones. "As a result, there are a lot of opportunities for investors within our transport sector. As a government, we want to facilitate profitable activities," said Minister of Transport and Mining Robert Montague.

Jamaica is looking to boost its air transportation infrastructure, which currently consists of three international airports, plus some aerodromes and private landing strips. Its largest facility, Sangster International Airport in Montego Bay, is operated by the international consortium MBI Airports and is the Caribbean's best airport, according to the World Travel Awards 2019. Also last year, the government awarded Grupo Aeroportuario del Pacifico of Mexico a concession to run its second-biggest facility, Norman Manley International Airport in Kingston. The winning bidder will now invest \$60 million in extending and modernizing the airport.

The country is also seeking to develop its many deep-water commercial and cruise ports in an environmentally sustainable way. The most important of these is the Port of Kingston, which is located on the world's seventh-largest natural harbor, can accommodate giant post-Panamax vessels and has an annual capacity of about 3.4 million twenty-foot equivalent units. Two cutting-edge terminals at the port are operated by Kingston Wharves and France's CMA CGM. The latter gained its concession in 2016



The Maritime Authority of Jamaica is committed to pursuing the development of shipping

and intends to invest \$400 million in its facilities in the near future.

The government plans to expand the port and dredge the harbor to provide more space for larger vessels. "In addition, shipbuilding is another opportunity that has garnered interest. We are also looking to invest in Port Royal, at the mouth of the harbor, to showcase that area as a cruise destination and nominated UNESCO World Heritage site," said Montague. Other priority maritime projects include creating a new dry dock for cargo-ship repairs and maintenance and building a deep-water commodity port. "There is also an investment opportunity in ferry services that will move cargo and people between Jamaica's towns along the coast," he added.

Advancing the maritime sector

The Maritime Authority of Jamaica (MAJ) is a key organization when it comes to advancing the country's sea-based industries. "Our job is to develop merchant shipping, which includes the registration of ships, setting maritime safety standards around Jamaica's coasts, imposing rules for all vessels within our waters, providing training and certification for seafarers and we also have a developmental role in that we facilitate the introduction of maritime investments," explained MAJ's director general, Peter Brady.

One of MAJ's goals is to increase the number of ships and yachts flying the Jamaican flag, he said. "We have an ongoing project to develop our ship registry through a public-private partnership." Those registering vessels or operating in the country's waters can be assured that the authority works in full compliance with the highest standards. "We adhere strictly to the international rules promulgated by the International Maritime Organisation,

"There are a lot of opportunities for investors within our transport sector."

Robert Montague, Minister of Transport and Mining

so we embrace international conventions on safety, pollution prevention and air emissions from ships. In addition, ships that come here have to be assured that our waters are safe and our navigational charts are up to date, so we recently carried out a new survey of Kingston Harbor using the most advanced hydrography equipment," stated Brady.

"We also provide Jamaica and the world with highly trained seafarers by having academic and



Jamaica Bauxite Mining was set up to manage government investments in bauxite.

regulatory oversight of the nautical and marine-engineering subjects taught at the Caribbean Maritime University in Kingston, the only educational institution accredited by the International Maritime Organisation in the English-speaking Caribbean," he added. As part of its role in facilitating maritime investments, MAJ carried out research that highlighted Jamaica's suitability as a maritime logistics hub. "Another comprehensive study we undertook demonstrated that we can be a viable bunkering center for storing and providing fuel to vessels. Our authority has regulatory responsibility over this area, which has taken off well and we now have three operators in the sector," Brady said.

Land-based opportunities

Jamaica's railway system closed in 2012, apart from a few lines that take export goods to the country's ports. A government priority is to rehabilitate and expand rail transportation through privatization. The first phase of this should start soon, said Montague. "We are working with tourism companies to kick-start a heritage railway tour from Kingston to the Appleton rum estate. We are also very interested in introducing rail to move heavy cargo across the country and are thinking of reintroducing trains for school children. Another opportunity for investors is light-rail and monorail. We

have an excellent gully network in Kingston, which could host a railway above it, and would welcome Japanese interest in this as they have the technology and know-how to create a system that would be resistant to natural disasters."

Roads are also getting an upgrade, with work starting on the \$326 million Southern Coastal Highway Improvement Project in November. There are opportunities to supply electric buses for the fleets of public bus companies as well, according to Montague. "Our Jamaica Urban Transit Company is currently preparing a request for proposal in this area and our electricity provider is onboard with putting up charging stations."

Topping off the country's plans are new special economic zones (SEZs) with very attractive tax incentives, said Eric Deans, CEO of the Jamaica Special Economic Zone Authority, which is responsible for facilitating the development of and promoting investments in those areas. "Caymanas SEZ is the government's flagship project. It covers 12,000 acres and is 5 kilometers from Kingston's shipping container terminal," he stated. Along with the other two zones being built — Vernamfield Aerotropolis and Gansu Industrial Park and SEZ — Caymanas will offer excellent connectivity, infrastructure and amenities to a wide range of businesses that want to benefit from Jamaica's position as a logistics hub.

Jamaican aviation looks to the next horizon

The Airports Authority of Jamaica's President Audley Deidrick describes the investments and developments that are transforming the country's airports and aerodromes.

The Airports Authority of Jamaica (AAJ) is the independent statutory body that oversees the country's airports and aerodromes. It is also responsible for ensuring a safe and secure airport system for Jamaica, and undertakes the long-term planning and development of that system. Could you explain how important the aviation sector is for the Jamaican economy?

The Jamaican economy has never been in a more positive position, to sum it up simply. Jamaica has had its fair share of economic challenges but, because of policies and programs that the government embarked on from as early as 2007, a unified long-term planning mechanism has been used to put the country on a sound economic path and we are now seeing the fruits of those plans and programs.

Jamaica is a multi-industry-based economy. As it stands now, tourism and aviation stand front and center as two of the country's key economic drivers. Our aviation industry is growing in leaps and bounds, and has been significantly influenced by the increase in tourism — around 80 percent of our current annual air traffic is based on that sector.

Jamaica has a very rich aviation history, with the industry officially starting here in 1911. Once that started, tourism soon followed and the two have been inseparable ever since.

Our airports have been seeing particularly significant traffic growth over the last three to five years, growing on average by 3 percent to 5 percent a year. In 2017, we got a major uptick when traffic grew by 8.4 percent nationally. The year 2018 saw a further 6 percent rise and we have not dropped the ball since — we expect to have recorded an increased percentage in the double digits in 2019. Again, this is mostly tourism driven, as there has been an expansion in accommodation stock and an improvement in hotel occupancy levels.



Audley Deidrick, President, Airports Authority of Jamaica

Could you provide a background to the airports that AAJ has responsibility for?

As it stands now, we have three international airports and three aerodromes for domestic flights that are under the auspices of the AAJ. We also have a small number of private airstrips that are receiving support from the current government in order to redevelop them into fully functioning domestic-flight airports and further widen the network of aviation services across the country. The Sangster International Airport (SIA) in Montego Bay, which is being run by a private concession, MBI Airports, is the

"Over the last 15 years or so, the country's two major airports have seen about \$500 million in investments."

Audley Deidrick, President, Airports Authority of Jamaica

largest of our three airports. It is currently driving visitor traffic by being responsible for 4.7 million passengers per year, which was forecast to reach 5 million by the end of 2019.

Norman Manley International Airport (NMIA), which serves Kingston and is smaller, currently accounts for 1.7 million passengers. In October 2018, we signed a concession agreement with a company called Grupo Aeroportuario del Pacifico to operate NMIA. It is a major player in the airport business in Mexico, operating 12 facilities across the country. It is also a 75 percent shareholder within the MBI Airports concession for SIA, although it has 100 percent of the concession at NMIA.

Ian Fleming International Airport (IFIA) near Ocho Rios is the smallest of our three airports. It caters to a different type of traffic that covers general aviation and small-scale tourism.

How are the airports that you are responsible for being developed?

The government and the AAJ have consistently been engaging in significant capital investments in the airports because, if they are to increase in capacity and service quality, then we must invest. Over the last 15 years or so, the country's two major airports have seen about \$500 million in investments — around \$350 million in SIA and \$150 million in NMIA.

While both airports will operate under private concessions going forward, these investments are planned to continue. Right now, SIA is rolling out a new master plan for another \$250 million in investments that will take place over the next 10 years or thereabouts.

The operators that have taken over NMIA have a capital investment program for the airport of over \$200 million. That means we are looking at about another \$500 million going into those airports within the next 15 years. This will be used to improve operational efficiencies and service quality but also to build capacity, as we expect the growth that we have been experiencing in tourism and, by extension, aviation, to continue on the same trajectory it is following. The same model is being rolled out for

IFIA and it is the same approach that we are using to look at the development of the Lionel Densham Aerodrome on the south coast of St. Elizabeth, which is a privately operated facility.

The country has embarked on a public-private partnership for our major international airports, where the government currently owns the airports and is handing operation to private bidders. However, what we are doing now with these smaller aerodromes is what I call reverse public-private partnership, where the private entity owns the facility, the government steps in to assist in improving it and then hands it back to the owner to operate in a contractual arrangement.

How is the aviation industry in Jamaica changing as a result of the country's in-depth plans to become a global hub for logistics and one of the four international nodes for that sector?

Our current business model for air traffic has been pushed mainly by tourism over the decades — however, we are now looking at the next horizon and want to propel our aviation industry beyond catering just to tourism.

Jamaica is strategically and geographically placed within the region and, by extension, the world. People in the international maritime sector will tell you about the advantages of Jamaica from a shipping-logistics standpoint — we are saying the same is true for aviation. Take the Vernamfield Aerotropolis

development that will include an aerodrome, plus international air cargo and logistics services alongside warehousing, industrial and manufacturing facilities, as an illustration.

That is where this new horizon is pointing to — you are talking about aviation traffic at the mega-scale, needing a lot more real-estate footprint, needing a lot more variety of services, looking at not just moving traffic in and out of Jamaica but making Jamaica an international logistics hub and central distribution zone that links traffic between South America, Africa, Europe, North America and Asia.

In addition to businesses based at the site, Jamaica's new special economic zones, including the Caymanas Economic Zone and the Gansu Industrial Park and Special Economic Zone in St. Elizabeth that China's Jiuquan Iron and Steel Company plans to invest over \$3 billion in, need substantial infrastructure, too. Vernamfield will be able to service that.

The Vernamfield project will be a new city in its own right and it is beginning to take form for development and implementation. It is a huge investment, so consultation, analysis and due diligence is currently being done in order for the project to be able to go out to the investment market.

In the meantime, AAJ has started preliminary work. The project is located at a former military base with three of five runways and we are about to rehabilitate the main north-south runway to reactivate aviation activities on the site. While we are doing that, we are

embarking on procuring and securing all the lands in that area to cover some 4,700 acres overall in time. That will be the government's stake in this investment.

How attractive is the Jamaican investment climate at the moment and do you see any areas within aviation or logistics that offer specific opportunities for Japanese investors?

As we make our own strides in aviation, Jamaica has generally become a really significant attraction site for investments. A lot of investors in various industries are suddenly reaching out to Jamaica, which is now seen on the world stage as being active and ripe for investment. The opportunity here in Jamaica is enormous.

There is no doubt that Japan and Jamaica have a longstanding relationship and there is an opportunity here for that synergy to be deepened.

For example, Japan is known for its manufacturing prowess and just-in-time methodologies. These will be vital for many of the processes we are implementing here when it comes to logistics. And just imagine the potential that exists for a major assembly site in this country for Japanese cars and spare parts.

I think that there are enormous opportunities for this kind of collaboration to take place. We are optimistic about the future and welcome investors to join the prosperous future that lies ahead for this country and for businesses.



Jamalco currently mines bauxite and refines it into alumina, which is exported through its own port. With our high-quality bauxite reserves we create exceptional value for our customers, partners, workforce and community. Jamalco is jointly owned by Noble and Clarendon Alumina Production Ltd., a wholly owned government company.



Tel: +1 876-986-2561
www.jamalco.com

THINK YOU KNOW JAMAICA? LET'S TALK

DoBusiness JAMAICA INVEST • TRADE • CONNECT

Visit us at www.dobusinessjamaica.com

Have any questions? info@jamprocorp.com

The revitalization of Jamaica's mining sector

The island's bauxite and alumina industry is retaking its place on the world stage, while investors explore Jamaica's other minerals.

"The star performer in Jamaica's economy has been mining recently. When you talk about Jamaican mining, most people think of bauxite — the ore rich in the alumina that is turned into aluminum — but that is changing. We have just signed 27 exploratory mining licenses to look into gold, zinc and copper, and at expanding our limestone industry. There is a lot of potential within our mining sector," said Minister of Transport and Mining Robert Montague.

"Today, mining is the principal growth engine for Jamaica's drive to prosperity. It contributes over 50 percent of the economy's growth, represented 2.7 percent of our gross domestic product in 2018, up from 2.1 percent in 2017, employs over 3,500 people and earned \$1.2 billion in 2018," he added.

While the country is a rich source of natural resources such as limestone, silica, marble, mineral fuels, gold and copper, the sector is still driven by the high-quality bauxite and alumina that continue to attract international investors more than 60 years after they first became major export products for Jamaica.

In 2016, for example, China's Jiuquan Iron and Steel Company (JISCO) invested \$299 million in the takeover of an alumina refinery. "Now, JISCO's planned investment is going up to \$6 billion, as it intends to build a special economic zone for downstream aluminum products," said Diane Edwards, president of Jamaica Promotions Corp. (JAMPRO), the country's investment and export promotion agency.

"Mining is not an intrinsically bad activity, in my opinion. However, it must be managed with the utmost responsibility," stressed the minister, who said that the Jamaican government wants to continue sustainably expanding and developing its mining industry by further rejuvenating the bauxite and alumina sector, increasing



Austin Mooney
Managing Director, Jamalco



Robert Montague
Minister of Transport and Mining

diversification in the resources being mined and maximizing value-added areas of mining, among other things.

"As a result, there are many investment opportunities within mining. The mining leases of some older companies that are not being used are currently for sale and there are a lot of opportunities for prospective mining. Now is the time to come to Jamaica and invest," stated Montague. "In addition, we see a big opportunity in the high volume of our limestone reserves. We have pharmaceutical- and food-grade limestone that is not found in many places," said JAMPRO's president.

Transforming bauxite and alumina

A key example of how Jamaican mining is progressing is Jamalco, a company focused on bauxite mining and alumina production that is a joint venture between global commodities trader Noble Group, which owns 55 percent, and Clarendon Alumina Production, which holds the other 45 percent and is publicly owned.

The venture was established by the pioneering mining company Alcoa in 1959 to extract bauxite. It began to export in 1963 from its own port facility and started refining alumina in 1972. Today, its refinery — which is located near to its mines and port in Clarendon in the south of Jamaica — has an alumina production capacity of over 1.4 million metric tons a year.

"Mining is the principal growth engine for Jamaica's drive to prosperity. It contributes over 50 percent of the economy's growth."

Austin Mooney, Managing Director, Jamalco

Austin Mooney, managing director of Jamalco, explained how important Jamaica is to the history of the global bauxite and alumina industries: "When I started working in the alumina business almost three decades ago, the whole sector was focused around the Americas and some of the refineries that were used as role models for the world were the plants here in Jamaica. The two companies that started the entire industry, Alcoa and Alcan, were based in North America and had facilities here that used best-in-class technology and equipment."

"At that time, this was a tremendously profitable business with high growth," added Richard Russell, Jamalco's chief operations officer. "However, since 2009 there has been significant compression within the sector, many high-cost producers have left the market and the business today is driven more than ever by a company's ability to produce at a low cost."

Although the sector remained important to the country's economy, Jamaica lost its position as the world's leading bauxite and alumina producer, with buyers turning to cheaper supplies in Australia and the Middle East. However, it seems the tide could be turning back toward Jamaica, with both industry experts and investors predicting a revival of the country's fortunes in the sector. "Yes, this is a cost-driven business and, if you are not vigilant with expen-

diture, you can quickly find yourself becoming uncompetitive. Nonetheless, plans can be changed and, if you are high on the cost curve for one particular decade, that does not necessarily mean that you have to stay high on the cost curve — it is possible to transform your business," said Mooney.

Jamalco's own transformation started in 2014, when Noble Group acquired 55 percent of the company's shares from Alcoa and introduced a new competitive advantage to the Jamaican firm.

According to Mooney: "Noble is a global trading company and it has been able to use its widespread trading network to derive substantial value for the alumina we make here. It is very agile in how it markets our alumina and adapts very quickly to changing situations. I believe that the future of the alumina industry will be that companies can not just be producers — they will have to be both producers and traders, and equally good at both. Jamalco has the manufacturing capacity and Noble has the trading know-how — it is a recipe for success and we work together very well."

Retaining global competitiveness

The rejuvenated Jamalco is committed to growing returns for its shareowners, employees, customers, suppliers and Jamaica as a whole by consistently delivering world-class products and remaining competitive in the global market. It also aims to lead the way in terms of environmental performance, energy efficiency and safety standards.

An obvious way for the company to remain globally competitive involved transforming its energy supply. "One of our big challenges was to find an energy solution that gives us a long-term, stable and consistent supply of energy, which represents around 40 percent of the total cost of running Jamalco. The government has been working tirelessly to create the opportunity for us to change our energy supply," said Russell.

As well as cost and reliability, the environment was a factor in the company wanting to move away from the heavy fuel oils it currently uses to supply its energy. "In all our operations, we have to balance environmental concerns with the fact that we need development within the industry. That is a challenge that we need to positively mitigate to make sure that we maximize our resource while caring for the environment at the same time," said Jamalco's chief financial officer, Andrew Williams.

The solution should come online in the first part of this year: a groundbreaking power plant based on liquefied natural gas that is being installed by New Fortress Energy. This will provide Jamalco with 120,000 pounds of steam as well as adding a further 90-100 MW of power to the nation's energy grid. "The new plant will be able to give us 40 percent of the energy we require and we will have the benefit of an agreement with New Fortress that allows us to lock in a low-cost steam supply. Additionally, it is installing the infrastructure for natural-gas supply and distribution to Jamaica, which means we will be provided with lower-cost and cleaner gas in the future," Mooney stated.

Jamalco also aims to modernize its production systems in order to remain competitive. "We have always been interested in automation



R Hotel Kingston, the capital city's first business, leisure and extended-stay hotel.

www.rhotelja.com

and artificial intelligence within our production. Knowledge transfer on top of investment from Japan, for example, would enable Jamaica to raise its practices in order to bolster our capacity to remain competitive in the world and be at the cutting edge of the industry," Williams pointed out.

The biggest need for automation is on the maintenance side of the company's business, according to Mooney: "The maintenance work carried out here is physically very demanding and there is a trend toward automation in this area. From a safety point of view, an efficiency point of view and an environmental point of view, this is the best avenue for our industry to

explore." Another area where Jamalco already has some experience of automation is process computing. "Putting more processes that are essential for running our business in the hands of computers frees up employee time spent on repetitive tasks," explained Russell.

The Jamaican company sees itself as a partner for sustainable national development and social responsibility is high on its list of priorities. "We have a substantial footprint when it comes to the amount of people we employ from the areas surrounding our operations and the establishment of many businesses that provide countless services to us is linked to our existence as well," stated Williams.

In addition, Jamalco runs a comprehensive corporate social responsibility program that includes initiatives for education, career advancement, entrepreneurial development and health. "In order for us to be successful, we must ensure that the communities that surround us give us their support and we work very hard to maintain that. It is an important part of what we do in our day-to-day work," said Mooney. He is optimistic about Jamalco's future and the mining sector in Jamaica: "Alumina is a critical material for the world — it is lightweight, strong and has many applications. Jamaica has bauxite reserves that will allow us to mine here for another 30 to 40 years."

Developing new revenue streams from mining assets

Jamaica Bauxite Mining is ensuring that the country's mining operations are profitable even after mineral reserves have been extracted.

While the Jamaican government is keen to expand mining activities in the country, "We also have a strong focus on sustainability, developing alternative revenue streams from our mining assets and ensuring continued success for lands that have been mined out," said Minister of Transport and Mining Robert Montague.

One of the government's main supporters in these areas is Jamaica Bauxite Mining (JBM). "JBM was set up in the 1970s as a wholly owned government company to hold equity in the bauxite industry," said Coy Roache, its managing director. Today, its role is to oversee public mining investments, promote the sustainable advancement of the sector and to engage and support investors through, for instance, the facilitation of mining equipment. Additionally, it is responsible for the identification, development and management of new revenue streams from publicly owned mining lands.

JBM currently holds equity in two active mining ventures. It has a 7 percent stake in West Indies Alumina Co., with the remainder being owned by the global aluminum producer UC Rusal. This mining and refining company has annual production capacities of 0.6 million metric tons of alumina and 5 million metric tons of bauxite. Secondly, JBM holds a 51 percent share of the mining and export company Noranda Bauxite. Since 2016, its partner in this has been New Day Aluminum, with international trader Concord Resources being a minority shareholder. Having substantially increased its worldwide customers, Noranda's mining lease was expanded in 2019 to cover more reserves, which should enable it to reach its bauxite target of 5.2 million metric tons a year.

JBM's recent ventures are at the forefront of rehabilitating mined-out lands to benefit local communities. In one project, "We build greenhouses in cleared spaces and install solar energy to pump collected water into the soil. The quality of the resultant produce, which supplies the hotel industry, is exceptionally high," said Roache.



Coy Roache
Managing Director, Jamaica Bauxite Mining

Outside these partnerships, many of JBM's activities relate to an estate of over 3,000 acres of publicly owned lands that were previously used for Reynolds Jamaica Bauxite Co.'s mining and export operations. Most of the estate is located in Lydford, although it includes an active port at nearby Ocho Rios. Although mining has stopped at Lydford, the site is thought to have remaining bauxite reserves worth up to \$12 billion and JBM has been working with potential investors with a view to resuming mining on some of the estate. "However, we are also developing the land for other revenue streams," stated Roache.

The transformation of mining lands

JBM already manages a rental portfolio of more than 40 residential, commercial and agricultural properties at Lydford but the company's ambi-

ties go further. "We aim to transform the area into an industrial and technology park," he explained. To start this process, the estate's airstrip is being made fully operational and large warehouse buildings will be renovated for business process outsourcing activities. "These will employ around 200 people and will be linked to an internship and hiring program that is connected to local colleges," Roache said. "In addition, a major company is interested in manufacturing cement in the area as the raw materials are available on the estate," noted Montague.

Today, JBM's Ocho Rios Port handles the shipping of over 30,000 metric tons of sugar and 162,000 metric tons of limestone every year. Other activities that take place at the facility include the servicing of passenger and cargo ships, warehousing, dry docking and oil bunkering. To maximize the revenues of this port, JBM is exploring its redevelopment in partnership with the Port Authority of Jamaica. Its aim is to create a modern, multipurpose facility that will allow JBM to continue to satisfy its current clients while also enabling it to attract additional and larger vessels, and to receive and distribute hardware products.

In another revenue-generating initiative, JBM has leased some of its land on the seaford to Guardsman Hospitality, a leading hotelier and entertainment company, which will be developing the area into a world-class beach. According to Roache, who is also the deputy permanent representative of Jamaica to the International Seabed Authority, a further revenue stream exists beneath the waters that surround the island. "The world is moving to an electric future, which is going to require the extraction of far more copper and other minerals. We need to extract those minerals sustainably and that will drive the industry toward seabed mining," he said.

This report was produced by Global Insight and can also be read online at: www.japantimes.co.jp/country-report_category/jamaica-report-2020/ and www.global-insight.net

Jamaica's ranking on global indices



Highest-performing stock market in the world 2015 and 2018
— Bloomberg



Best Caribbean country for doing business
— Forbes, January 2019



Moved up six places on the Logistics Performance Index
— World Bank, March 2018



Jamaica voted Best Destination in the Caribbean and among the 14 Best Destinations in the World for 2019
— TripAdvisor Travelers' Choice Awards



Placed 75th in the Doing Business Report 2019 out of 190 countries
— World Bank, October 2018



Jamaica's credit rating upgraded from stable to positive in 2018
— Standard & Poor's



Kingston named Business Process Outsourcing Nearshore City 2017
— Nearshore Americas, July 2018



Ranked 79th in the Global Competitiveness Report 2018 out of 140 countries
— World Economic Forum

Jamaica Special Economic Zone Authority

Facilitating the development of and promoting investments in special economic zones in Jamaica



JAMAICA SPECIAL ECONOMIC ZONE AUTHORITY

www.jseza.com