

Ministry of Industry and Tourism
Contribution to the Budget Debate 2004-2005

By

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Minister of Industry and Tourism

“One Vision, One People: A Strong Jamaica Through Partnership”

Expressions of Thanks

I begin my presentation by expressing sincere thanks to the Most Honourable Prime Minister PJ Patterson for placing so much confidence in me, as one of the newer members of his team, to be responsible for the important Ministry of Industry and Tourism. I thank the Prime Minister for his leadership and guidance, and the members of the Cabinet for the support they have given me.

Acknowledging that I am only the current carrier of a baton that has been passed to me after excellent legs have been run by past Ministers of Industry and Tourism, I want to thank them all, on both sides of the House, for the legacy of partnerships and goodwill that have been passed to me.

Special thanks to my Ministerial colleague the Hon. Dr. Wykeham McNeill, the Minister of State, for his continued support to me and to the work of the Ministry.

I must also thank the Permanent Secretary Mrs, Barbara James, Director General Ms. Carrole Brady and the staff of the Ministry of Industry and Tourism and its Agencies for their professionalism and invaluable assistance and support.

I have many partners to thank in both the Industry and Tourism Sectors. I am afraid that I may leave out persons who deserve to be mentioned, so I'll express a very sincere “thank you” to the Chairman and Board Members of the following Agencies:

- The Jamaica Tourist Board
- The Tourism Product Development Company
- The Jamaica Business Development Centre
- The Factories Corporation of Jamaica
- The Micro-Investment Development Agency
- The Self-Start Fund
- The Kingston and Montego Bay Free Zones and Portmore Infomatics Park
- The Devon House Development Committee
- The Milk River Spa & Bath
- Bath Fountain Hotel & Spa
- Jamaica Vacations/Jamaica Reservation Services Ltd. (Jamvac/JRS)
- The Entertainment Advisory Board
- The Ports Authority of Jamaica
- The Airports Authority of Jamaica
- JAMPRO
- and The HEART Trust/NTA

My heartfelt thanks to our partners in professional and trade organizations, especially the leadership of:

- The Private Sector Organization of Jamaica
- The Jamaica Manufacturers' Association
- The Jamaica Exporters Association
- The Small Businesses Association of Jamaica
- The Jamaica Hotel & Tourist Association
- The Jamaica Association of Villas and Apartments
- The Association of Jamaican Attractions Limited
- The airlines serving Jamaica
- and the Jamaica Federation of Musicians

In my constituency, I must extend gratitude to the hard-working members of my team headed by Clive Fagan, my Constituency Chairman, and Councillors Mr. Lloyd Garrick, Mr. Grover Gordon, Ms. Lydia Richards and Ms. Vinette Robb for their tireless work and support. I also want to thank Mr. Hurburt Mullings and other members of my constituency executive for their hard work and support.

I would not have been able discharge my responsibilities without the help of my personal support team including my friends and family especially Mom, my brothers and sisters, particularly James and Maria, and my son Dominic who is studying overseas – I thank them profusely

Building Partnerships

My first full year as Minister of Industry and Tourism – with responsibility for Entertainment – brought me to a full appreciation of Prime Minister Patterson’s vision of harnessing the energies of our creative and productive sectors behind that powerful brand – “Jamaica”.

In my opening remarks, I thanked numerous individuals, agencies and organizations. I thanked them separately but what makes the work of my ministry truly meaningful is that we are all working together – industry, tourism and entertainment – the private and public sectors – in partnerships that build bridges across and among the sectors for new opportunities and mutual benefit.

Today, I want to share a vision with you of Jamaica’s future. Our Master Plan for Sustainable Development, which I will say more about later, sets a target of 2.2 million stopover arrivals and a similar number of cruise arrivals by the year 2010. Last year we welcomed record numbers of visitors - 1.35 million stopover visitors and 1.13 million cruise visitors - as we recover our strides to the Master Plan targets that were set before 9/11...

...but let us look ahead of those figures to a time when Jamaica will be welcoming 3 million stopover visitors and a similar number of cruise passengers. This is more than twice our current arrival figures. Think of what this means in terms of:

- increasing our hotel occupancy levels, our room stock, and employment in construction and the accommodation sector, transforming the North Coast from Montego Bay to St. Ann's Bay into the "Jamaican Riviera" facilitated by the North Coast Highway; Kingston into the true Cultural Capital of the Caribbean and the South Coast into a haven for Community and Nature Tourism.
- more than doubling the demand for local agricultural produce that currently stands at more than J\$2 billion in annual purchases by the hospitality sector
- more than doubling the demand for manufactured goods that are currently valued at J\$4 billion in annual sales to the hospitality sector
- providing opportunities for an abundance of new and diverse attractions all over Jamaica and the prospect of hundreds of additional tours for cruise and stopover visitors in the areas of heritage, sports, nature, adventure and entertainment – all of this facilitated by Highway 2000 and the North Coast Highway
- opening wide open the doors of opportunity for hundreds of Jamaican singers, musicians, actors, dancers and others in the performing arts to find an outlet for their creative talents and financial security as we satisfy the international demand for our rich, authentic Jamaican culture
- more than doubling the demand for local works of art, craft items and local souvenirs that are of high quality and produced mainly by our cottage industries located in communities outside of the traditional resort areas
- an increased inflow of overseas visitors spending foreign currency at our special events such as the Jerk Festival in Portland, the Yam Festival in Trelawny, the Curry festival in Westmoreland, the Shrimp Festival in St. Elizabeth, the Chicken Festival in St. Mary, the Kumento Festival in St. Thomas and the Port Royal Fish Festival, to name only a few. We will need

even more such special events to satisfy the increased demand for the Jamaican experience by 3 million stopover and 3 million cruise visitors.

All of this is no fantasy. It is an unfolding reality that will see Jamaica becoming the most popular tourist destination in the world and one of the world's most prosperous economies. Individual Jamaicans, communities and entire business sectors are waking up to the fact that our tourism is no "stand alone" industry. Our visitors will leave the beach for some Boston Jerk Pork and give up the sun to swing all night at a reggae concert.

The fact is that because Jamaica's appeal goes way beyond sun, sea and sand, our tourism industry is naturally inclusive. It provides a catalyst for growth in all other sectors and therefore requires a multi-sectoral approach in its development. This is the path my Ministry is taking along with our partners in the public and private sectors and the communities.

Indicators of the success of this multi-sectoral approach are evident in a number of areas; here are a few:

- the Jamaica Business Development Centre is working with the local craft industry to improve design, functionality, durability, finish and packaging so that these products can attract stronger demand from our visitors as well as in the export market;
- the most recent Tourism Achievement Awards recognized community based enterprises in the areas of agriculture, craft, agro-processing and services with a special award to Walkerswood Caribbean Foods Limited for their success in creating synergies through tourism, industry and community development;
- non-tourism enterprises in Portland have signed on to the efforts at making Port Antonio a Green Globe Destination so that the entire parish can benefit from improving the quality of the environment and thus sustain their tourism product well into the future;

- the Jamaica Manufacturer’s Association’s “Buy Jamaican – Build Jamaica” campaign has joined with the Jamaica Agricultural Society’s “Eat Jamaican” campaign and they are garnering widespread support in the hospitality industry and among the general public;
- The Jamaica Cluster Competitiveness Project has developed a “My Jamaica” tourism marketing campaign, geared toward the nature-adventure-culture segment of travellers, that is creating new tour packages including:
 - a. studio tours to see where and how our internationally famous music is made;
 - b. the relationship between Jamaican music and religion;
 - c. the story of Bob Marley and
 - d. the drumming and dancing traditions of Jamaica, and
 - e. 35 new travel packages along the themes of “Jamaica Naturally”, “Taste of Jamaica” and “Roots Jamaica”.

There are many more instances of multi-sectoral partnerships and it is a growing phenomenon that vindicates the government’s National Industrial Policy of achieving growth through the facilitation of productive clusters – groups of related and supporting industries that cooperate to improve their individual and collective competitiveness.

By working together, we can earn our way to being a prosperous nation. Only a united Jamaica will be able to take full advantage of the Caribbean Single Market and Economy and remain competitive in a globalized world of more open borders to trade.

The Industrial Sector

This government is committed to uniting our country around a single vision of earning our way to prosperity. Our *Memorandum of Understanding* with the Trade Unions and the ongoing discussions toward a *Partnership for Progress* with the private sector have established an agenda for a broad-based social contract that is creating an atmosphere of cooperation and boosting investor confidence.

For our part, the government has been taking some bold steps toward creating an enabling environment for investors and entrepreneurs. At the macro level, we have:

- liberalized the foreign exchange market;
- liberalized the telecommunications sector;
- contained inflation;
- maintained healthy Foreign Currency Reserves;
- divested publicly-held enterprises to the private sector where they properly belong;
- enacted legislation to facilitate private sector growth;
- and, in my Ministry and its agencies, we have been putting the policies and systems in place for the twin objective of facilitating the profitability of investors in our economy and expanding employment.

The government's commitment to facilitating the vibrancy of the productive sector is reflected in measures and legislation that address the needs of investors in the productive sectors of the economy. Among these are:

- Tax and duty incentives for the development of tourist attractions, this being the first such incentives for attractions in more than fifty years;
- A special loan fund of US\$8.4 million for exporters, facilitated through the EXIM Bank, at a low interest rate of 7% per annum with a one-year moratorium;
- A new \$80 million loan facility, through the EXIM Bank, for local investors in the ICT sector. The programme includes a short-term working capital facility named YES – Young Entrepreneurial Scheme – focusing on young and upcoming entrepreneurs in the sector;
- Widening of the Export Industry Encouragement Act to include the service sector;
- An incentive measure of allowing Accelerated Depreciation for those companies meeting the criteria;
- A Modernization Fund for Exporters;
- Duty Exemption on Equipment for Research and Development, and
- Zero Duty on Inputs

Indeed, our success in creating an enabling environment for investors is recognized in a recent World Bank report that named Jamaica among the world's top ten best countries with whom to do business. Perhaps the most revealing indicator, however, is the fact that over the last five years, we have recorded the largest inflow of direct foreign investment since the 1950's.

Last year alone, 25 firms out of the USA, Ireland, Canada, the UK, Belgium, Spain and the Caribbean invested more than US\$201 million in the Information Technology, Manufacturing, Mining and Chemicals, Tourism and Agricultural sectors of the Jamaican economy. These investments have generated thousands of new jobs for Jamaicans.

The Minister of Finance has already told you of some of these projects, so I will only mention a few more from each sector:

- **In ICT:** Oceanic Digital, The E-services Group and Mossel
- **In Manufacturing:** Desnoes & Geddes, Plastcom, Caribbean Paper Recycling and Pepsi Cola Jamaica
- **In Mining and Chemicals:** Newport-Fersan Ltd., Rugby Jamaica Lime & Minerals and Carib Cement Company
- **In Tourism:** Jamaica ATV Tours, Beljam Technology Ltd., Sea Spa, Teresina Bed & Breakfast, Riu II and Secret Paradise
- **And in Agriculture:** Transglobal Aquaculture Ltd.

Just from the Spanish hotel chains alone, there will be US\$550 – 600 million of resort development to create 5,000 new rooms and generate some 10,000 new jobs in the next 5 years. These projects do not include Sandals Whitehouse to be opened this year, Phase 1 of Cinnamon Hill in Montego Bay, the massive Harmony Hall investment and other projects that the Prime Minister will say more about.

We have also opened the floodgates for new investments in industry, with new projects coming on stream in the areas of minerals, manufacturing, ICT, energy and agriculture

within the next few years. Most of these investments are being facilitated by JAMPRO and are being made by both local and overseas-based firms who know that Jamaica is now the location of choice for wise investors.

The value of all these projected investments in tourism and industry, that are at various stages of fruition, is estimated at more than US\$1 billion and have an employment potential of over 30,000 new jobs for Jamaicans.

But we know there is more work to be done, especially in the area of revitalizing the export sector. This can only be achieved on the basis of a systematic programme of support for industry modernization through equipment and technology upgrading involving skills training and the provision of technical assistance, and buttressed by supportive policy measures particularly in regards to financing and incentives.

Again, this calls for partnerships – not only between the private and public sectors, but among private sector players involving investors, business professionals, financial institutions and other service providers. To achieve effective collaboration among all stakeholders, we have established Industry Advisory Committees – a coalition of private, public, civil and academic players that are developing a strategy and plan of action, based on diagnostic studies, that can take the productive sector on a path of higher value added and increased export activities.

The Industry Advisory Committees will have available to them the services of UNIDO and UNCTAD, specialized agencies with vast experience in industry strategy formulation and analysis. At the same time, institutional support for industry from state agencies such as JAMPRO, the Scientific Research Council, the Bureau of Standards, JIPO, the JBDC and others will be coordinated and monitored by an Inter Ministerial Committee, spearheaded by the Ministry of Industry and Tourism in collaboration with the Ministries responsible for Development, Agriculture and Commerce.

The agro-processing sector is being singled out for special mention. This sector has great potential for forging linkages with other strategic sectors, such as agriculture and tourism, and possesses tremendous capabilities for generating employment and expanding exports. My Ministry is working closely with the Agro Processors Association for the positioning of the sector in the international marketplace.

My Ministry's efforts at strengthening our partnership with the manufacturing sector is based on the fact that the sector plays an important role in the development and growth of the economy. Throughout the years, the sector has contributed significantly to critical variables such as GDP, employment, foreign exchange earnings and skills development.

In recent years the manufacturing sector, like the rest of the economy, has undergone severe structural changes. Several manufacturing companies have ceased operations and many producers have had to change their modus operandi.

This adjustment process has impacted on the sector's performance and output has contracted over the years. In 2001, the manufacturing sector paid \$10.9 billion in indirect taxes and in 2003 manufacturing's share of GDP stood at 14.5%. These ratios can all be improved if there is a concerted effort to buy locally made products.

The trade environment in which the local manufacturing sector operated 20 years ago has undergone radical change. Today the sector cannot rely on preferential access, but on negotiated access. The negotiations for a Free Trade Area of the Americas also mean that the terms and conditions for entry into the other markets of the hemisphere will be based on reciprocity and not preferential trade. If the productive sector is to become one of the pillars of growth within the economy and overcome these challenges, Jamaican consumers must support local industries.

The Government of Jamaica shares the view of the JMA that encouraging Jamaicans to buy quality Jamaican made products can result in significant gains to the economy. These gains include reclaiming the home market for certain basic items, reducing the trade

deficit, reducing unemployment among our youth and improving the sector's contribution to GDP.

We support the JMA's "Buy Jamaica-Build Jamaica" campaign on the basis that it is not intended to appeal only to the nationalistic pride of Jamaicans, but to expose the consumer to issues of standards and quality, and the inter-linkages in the economy and how these can be enhanced when individuals support the manufacturing sector by buying local products.

For example, when a consumer purchases imported toilet paper or imported water instead of that which is manufactured locally, we want that person to consider the implications of such action...to ask themselves:

"Does this mean that less persons are employed in the local industry?"

"Does this mean that more foreign exchange is being spent to purchase imports that are already available locally?"

"What are the implications for the national debt?"

These are some of the questions that will be answered in the campaign as the government joins with our partners in the sector to "paint the big picture" of the linkages.

This type of campaign is not unique to Jamaica, as the USA and a number of our regional trading partners have mounted similar campaigns. Currently Trinidad & Tobago and Barbados are staging aggressive national campaigns to improve the local market share of their manufacturers. It is important to note that Trinidad & Tobago has the most vibrant manufacturing sector within the region and they continue to safeguard their local market share by encouraging locals to buy Trinidadian products. Jamaica must do likewise.

I want to encourage all Jamaicans to support the "Buy Jamaican – Build Jamaica" campaign and to come out to the JMA/JEA Expo being staged under the theme "Buy Jamaica" that will be held at the National Arena from May 27-30 next month.

Small and Medium Sized Enterprises

Special attention will continue to be paid to facilitating the development of competitive and dynamic small enterprises that can contribute to wealth generation and job creation. The current thinking is that modern economies are not based on big business but on small, innovative, flexible enterprises. To cite the relevant figures, they account for over 90% of all industries globally and about 50% of GDP worldwide.

In the Jamaican context, an estimated 33.9% of employment is accounted for by small and micro businesses and this share is growing, facilitated by the information technology revolution which has created abundant opportunities. Emphasis in this fiscal year will be on technical assistance and the delivery of credit and non-credit services to the sector.

The Jamaica Business Development Centre (JBDC)

During the past year, the JBDC focused on identifying and networking all the resources existing within the public sector system to ensure that a coordinated and relevant package of services is available to its clients.

Agencies such as the SRC, HEART, the Registrar of Companies and the Ministry of Health are important in this network and relationships have been strengthened with agencies such as MIDA, Self-Start, the DBJ, EXIM Bank and others to provide appropriate financial and non-financial assistance to the client group.

Last year alone, the JBDC provided over 28,000 man hours of technical and business development services with a value of \$80 million. Nearly 800 persons received training and 24 business development workshops were held islandwide.

The JBDC has 2,600 active clients and in the period under review 1,200 clients received business services from the Centre. There are approximately 60 new “walk in” clients per month.

In helping to identify and develop new business opportunities, the JBDC has been focusing on new market niches and indigenous materials. These include:

- Natural Fibre (such as Banana fibre)
- Candy
- Dehydrated Products, especially fruit
- Ceramics
- Fashion (including jewelry and other accessories)
- Ornamental Fish
- Aromatics
- Textile Industries (including weaving and print designing)
- Soft Toys, and
- Dolls (including porcelain and collector dolls)

With regard to Banana Fibre, arrangements have been made with the Japan International Cooperation Agency (JICA) for a skilled Japanese volunteer to join the banana fibre project this month to assist in that programme's development.

And in the area of Metal Craft, a consultant seconded from India has already developed a work plan for the development of that sector.

BYoND

One of the most promising programmes of the JBDC is that of Building Youth for National Development (BYoND). It was launched in 2002 with the JBDC being the secretariat and partners including HEART and the National Youth Service.

BYoND aims at preparing Jamaican youth to make a meaningful contribution to economic development and to tutor them in entrepreneurial skills.

Thus far, some 1,000 youth have completed internship under the programme with 410 being offered employment as a result of their internship performance. Also, 237

participants have been trained in business development, resulting in 65 new businesses of which 26 have received grants for start-up.

A Music Programme has been launched in BYoND for young musicians through which 30 studio engineers, 18 vocalists and 8 instrumentalists have already been trained. I want to take this opportunity to thank practitioners from the entertainment industry who have been generous in their support for this programme and who have been helping to guide the development of young entrants to the industry.

Things Jamaica

The JBDC has successfully upgraded and strengthened the Things Jamaican Shops and brand name through:

- advertising, promotional trade fairs and merchandising
- and by implementing quality criteria on products accepted for the shops.

Over the past year, Things Jamaican Shops recorded a 14% increase in sales over the previous year. There are now 300 suppliers participating in the new Things Jamaican Shops, with each supplier earning between \$10,000 and \$200,000 per month – their average monthly earning is \$35,000, representing a 30% increase in average earnings over the previous year.

The JBDC will embark on a pilot project with the Negril Crafts Market this year to assist those artisans and entrepreneurs in the areas of product development and business practices so as to improve their competitiveness and viability. The intention is to implement similar programmes in the major Crafts Markets in the resort areas.

The JBDC will be continuing its collaboration with the private sector to provide technical support and data from the field to guide the development of relevant policies and programmes for the stimulation of growth in the productive sector.

Efficiency, productivity, quality and compliance with government regulations will guide the services provided to clients in the new fiscal year.

Micro Investment Development Agency (MIDA)

Of course, businesses of all sizes require access to appropriate financing. Smaller businesses have, historically, been at a disadvantage in this area and this is why the Micro Investment Development Agency (MIDA) was established in 1992. Since then, the aggregate investment and reinvestment to the sector has surpassed \$1 billion.

Over the past year, MIDA pursued a policy of assisting in the development of the micro enterprise sector through the provision of financial products and services while networking with stakeholders in the sector to facilitate the delivery of non-financial services.

For the year under review, MIDA disbursed \$215.82 million to the micro enterprise sector, representing an increase of 46.62% over the previous year. A total of 1,996 micro businesses were exclusively financed through MIDA's islandwide network of sixteen Community Development Funds (CDFs).

For the financial year 2004/2005 MIDA will provide \$200 million in credit funds to the sector through its CDFs. This will finance approximately 2,080 micro businesses with an average loan size of just over \$96,000. These businesses in turn will sustain and create 2,920 full and part-time jobs.

Self Start Fund (SSF)

The Self Start Fund is a developmental lending institution providing credit and technical assistance to entrepreneurs in the small and micro enterprise sector.

It was determined that the SSF's loan portfolio of \$64 million was far too small to support the structure that was in place and so in September 2003 a process of rationalization was undertaken that involved the revamping of its regional network in order to bring its cost structure in line with its current revenue potential. The process has already begun to reap success.

The six months to March 31, 2004 saw the Self Start Fund already breaking even on its current portfolio size and collection rate. This is coming from a monthly deficit of J\$1.2 million prior to September 2003.

We expect this recovery to continue as the Fund streamlines its operations to make it a viable and efficient organization. In the 2003/2004 Financial Year, the SSF disbursed in excess of \$10 million to approximately 150 entrepreneurs, creating new employment for 83 persons.

In addition to the new employment created during the period, the Fund currently supports a client base of close to 800 entrepreneurs for a portfolio balance of \$80 million.

In concluding on the performance of the Small Business Sector, I am pleased to announce that the Ministry has brokered a new strategic alliance between the Self-Start Fund, the Jamaica Business Development Centre and MIDA that is resulting in a more collaborative relationship that better serves the sector and creates synergies that are improving the effectiveness of these agencies.

I must point out that Government's policies and programmes, coupled with private sector initiatives such as those of Pan Caribbean Financial Services Ltd., Development Options Ltd, Jamaica National Small Business Loan Ltd. and ScotiaBank's Micro Enterprise Financing Limited, resulted in the creation of 17,150 new jobs last year, an increase of 30.3% compared with year 2002.

Entertainment

The entertainment industry is one of the strategic sectors with important spill-over effects in job creation and the stimulation of creativity and enterprise. Government is committed to the growth and development of this industry which is of significant economic importance and already has in place Mr. Speaker, a number of measures, including an enforceable legal framework for the protection and promotion of copyright and an

Entertainment Advisory Board - a public/private sector advisory body on entertainment to guide and influence policies and programmes for the sector.

Infrastructure/capacity building in this sector is of great importance and through the work of state institutions like the JBDC, the HEART Trust and the Self Start Fund, entrepreneurs with interest in the entertainment industry can have access to skills training, business development and finance facilities, all so very critical in the development of the industry.

Indeed, Mr. Speaker, it will be recalled that mention was made earlier of the very critical role being played by JBDC through the BYonD Programme in developing musical talent and thereby improving quality standards. The Cluster Competitiveness Project also referred to earlier has been making significant strides towards providing opportunities for our musicians. The HEART TRUST has established a number of training modules to prepare individuals for entry to the industry.

JAMPRO continues to promote the entertainment industry which, in its widest sense, includes film, music, dance and theatre. For the year just ended 2003 expenditure by the film industry in Jamaica was \$800M and from this, close to over 2,500 jobs were provided. Major publications, Cosmo, Glamour etc have used Jamaica as a location site for catalogue shoots and a number of European companies have also been using Jamaica as a film destination for important documentaries.

Jamaican creativity continued to be a big sell with artistes like Sean Paul, Elephant Man and others gaining international acceptance in major music capitals. It is our goal that the creativity of our artists be given every encouragement and for the export potential of the industry to be maximized with the resultant benefits the economy.

Industrial Space

During the period under review, the Factories Corporation of Jamaica (FCJ) and the Free Zones made significant strides in fulfilling their mandate to market and manage government-owned factory space to help revitalize Jamaica's economy.

In 1987, the FCJ was established by the Government of Jamaica to manage government owned factory space to satisfy customers' needs and enhance national development by providing quality commercial space. The FCJ coordinates with the Free Zones to facilitate investors and over the past six years they have kept pace with the Government's efforts at capitalizing on the enormous growth in knowledge-based business by adjusting their systems to meet the projected demand in the Information Communication Technology (ICT) sector.

The results are remarkable. There is now a resurgence of business activity and the FCJ's portfolio of 178, 948 square metres of rentable space is now 87% occupied.

The FCJ, as a premier builder of factory space, moved to provide companies with well-defined space at highly competitive rates and with excellent site management in choice areas.

The Montego Bay area has seen an increase in interest in space for companies involved in the ICT sector. In the last year, three new companies – National Asset Recovery Services, Vista Print Ltd. and West Corp have opened their doors, employing over 1,000 persons. At the same time, all the other companies in the sector have increased employment by at least another 1,000 persons. There are now over 5,000 persons employed in Contact Centres in Montego Bay.

The Contact Centre Sector contributed over \$1 billion in wages and salaries in Montego Bay alone during last year. The economic impact of this industry is apparent in the

significant purchases of goods and services in the local market that has assisted in diversifying the economy of Montego Bay from Tourism.

The shortage of space in the Montego Bay area for more centers is being addressed with a new 40,000 sq. ft. building being planned by the Port Authority of Jamaica at the Montego Bay Free Zone and conversion of 60,000 sq. ft. of factory space by the Factories Corporation of Jamaica, both being envisioned for this year. There is also increased focus on training potential customer service personnel for these Centres through the HEART Trust and the Montego Bay Community College.

Kingston is also seeing some growth in this sector with the recent opening of the Naggo Head Informatics Centre. The e-Services group has committed to 75,000 sq. ft. of space and plan to employ about 800 agents by year-end to add to the 1,200 they have in Montego Bay.

Verizon International Teleservices Group has also announced that they plan to open a contact centre in Kingston by the second quarter of 2004. They will be offering English and Spanish Call Centre solutions to North American companies in the areas of Customer Service, E-mail Response and Software Testing and Development.

Devon House Development Company (DHDC), Bath Fountain Hotel and Spa, Milk River Bath

The current atmosphere of economic buoyancy and confidence is affecting even our centuries-old institutions and attractions.

Immediately after the Devon House Development Company completed the first phase of its redevelopment programme, there was a rush of bids by investors wanting to operate businesses at this historic site. The stores that were burnt have been restored and renovated, the grounds newly landscaped, and we are now seeing an increase in tour

buses bringing visitors to tour this historic site, to enjoy our local cuisine and to purchase Jamaican souvenirs and works of art.

In keeping with our policy to showcase the best of Jamaica, all business outfits on the commercial complex continue to offer first class authentic Jamaican products thereby providing direct employment for the persons engaged in business activity there, as well as indirect employment to the providers of craft and food products sold on the property. Service is kept at world standards in order to ensure a high level of repeat business.

In the coming year, the DHDC will be pursuing a Strategic Business Plan around the themes of:

- Heritage Tourism and Cultural Development
- A Park Within Our City
- Education Through Living History, and
- Economic Development

I am also pleased to inform the House that Bath Fountain Hotel and Spa in St. Thomas has been transformed into a high quality facility, complete with gym, beauty salon and massage room.

This natural and heritage attraction now boasts first class spa amenities and services with sixteen guest rooms and public baths that include five Jacuzzis, five Roman Baths and three In-House Roman Baths.

You are all invited to come and be rejuvenated at Bath.

Tourism

No industry has promoted and benefited more greatly from the powerful “Brand Jamaica” than our tourism and hospitality industry. I believe that all other sectors can learn many lessons from the experience of this successful industry.

Perhaps the most important lesson is this: we boast a premium tourism product and a growing hospitality industry today because the industry learnt from early that its competition was not only the other Caribbean destinations, but the entire world – including the first world.

I therefore want to use this occasion to pay tribute to our hospitality industry partners who have always seen themselves as first-world professionals providing services and facilities that exceed first-world standards.

What's more, our private sector tourism partners have consistently sought to engage with the government in constructive dialogue regarding policy direction and sustainable tourism development. And here I must again thank the Jamaica Hotel and Tourist Association and its President Mr. Godfrey Dyer for the constant collaboration and excellent cooperation that my Ministry has enjoyed with the JHTA.

It is when governments listen to and respond to investors in the national economy, that the concept of “partnership” becomes meaningful. Those measures and initiatives I mentioned earlier, that reflect the priority that this government is giving to assisting our private sector to increase investment, production and international competitiveness signify our commitment to this partnership.

Tourism continues to be a major activity in the Jamaican economy and a catalyst for growth in other sectors. The industry:

- Generates about 50% of the gross foreign exchange earnings from the productive sector;
- Provides direct employment to about 75,000 persons, while another 90,000 persons are employed through indirect and induced impact;

- Makes significant contributions to Gross Domestic Product (GDP) and to government's tax revenue, and
- Generates a considerable amount of investment in the country and stimulates economic activities in other sectors through its linkage effects.

Performance in 2003

In the interest of time, I have attached tourism data, including arrival figures, airlift and other statistics as an appendix to this presentation.

A general observation is that, despite global challenges such as the Iraq conflict and SARS, the Caribbean tourism industry performed relatively well with Jamaica performing better than most in 2003. The main contributing factors to this performance were:

- Increased airlift from the main market areas;
- The sustained level of our advertising and promotional activities in our major markets, and
- The perception of the Caribbean as a "safe" area.

The main indicators for calendar year 2003 show that:

- Stopover arrivals increased by 6.6% to reach a record 1,350,000;
- Cruise passenger arrivals increased by 30.7% to 1,131,000 thus exceeding the **million-mark** for the first time;
- Gross foreign exchange earnings are provisionally estimated at US\$1.34 billion, an increase of 10.7%;

I am pleased to report that arrival figures remain strong for the first quarter of this year, with Stopover Arrivals showing a healthy increase of 7.5% and Cruise Ship Arrivals continuing to grow, with a 2.5% increase over the same period last year.

Cruise

I want to take this opportunity to recognize the excellent work of the Port Authority of Jamaica for doing an outstanding job in promoting cruise shipping in Jamaica, including opening new markets for us in Europe.

By being selected for the award of being “**The Most Responsive Port**” in March of this year in the *Dream World Cruise Destinations* magazine’s annual survey of ports and destinations worldwide, the Port Authority of Jamaica has done Jamaica proud in being recognized as:

“the port that has demonstrated an effective cooperation and partnership with public/private organizations, enabling them to react and find solutions to the demands of the industry and to the many challenges of investing in future growth”.

Our achievement and surpassing of the one million cruise visitor mark last year validates the work that has been done over several years to improve our ports, allowing Ocho Rios and Montego Bay to berth the newest and largest megaliners being floated by the largest operators in the world – namely Carnival Cruise Lines and Royal Caribbean – as well as an increasing number of vessels out of Europe.

We also note that the megaliner M/S Caribbean Princess, a 3,450 capacity cruise ship, made its inaugural visit to Montego Bay earlier this month and is scheduled to make 16 more calls this season, giving that port a resounding “stamp of approval”. This comes after the Montego Bay Port won the award for “**Best Turnaround Operations**” in the *Dream World Cruise Destinations* annual survey.

Through the development of the new Marina, Port Antonio has also been positioned to once again take its place as a port of call for smaller cruise vessels and yachts. Nine cruise calls are already on the calendar for Port Antonio this year. We therefore started writing a new chapter in cruise tourism when Jamaica, for the first time in recent memory, had a cruise ship in each of our four ports – Montego Bay, Ocho Rios, Port Antonio and Kingston - on the same day in January this year.

We must seek to overwhelm these one-day cruise visitors with things to do and see and provide them with the kind of experience that will entice them to return as stopovers. A strong programme to convert cruise visitors to stopovers is an important area of emphasis in the Jamaica Tourist Board's development plans.

Polishing “Brand Jamaica”

We have good reason to be upbeat about tourism's performance but we cannot afford to become complacent because there is much more we can achieve.

Jamaica's tourism performance is in line with world tourism results which have generally improved in recent months with many destinations reporting clear signs of a revival in demand.

Careful assessment of opportunities for competitive advantage, and aggressive positioning for growth, are therefore more important than ever as established and new destinations vie for business among increasingly savvy consumers seeking better value for money.

The current world economic and political landscape has provided some opportunities for tourism in our region.

The strengthening of the Euro relative to the US dollar, for example, has made holidaying outside the Euro area more price competitive. This has helped to counter hesitation about traveling far from home among many Europeans who have been worried about possible recession in their economies and terrorist attacks in some of their favourite holiday destinations in the Mediterranean and the Middle East.

At this point in our industry's development, we must build on the extraordinary strength of "Brand Jamaica" and the appeal of our culture in satisfying the expectations and demands of the modern traveler.

More and more of our visitors are seeking not only the ever-popular sun, sea and sand, but also an authentic experience of the destination that is entertaining, edifying and emotive.

It is therefore good to see a growth in both the volume and diversity of cultural and entertainment productions that are strengthening our claim to being the cultural capital of the Caribbean.

Marketing Programme

I want to inform the House that, following the bidding and selection processes, Ruder Finn and Financial Dynamics were appointed in October 2003 to undertake Public

Relations functions on behalf of the Jamaica Tourist Board in the North and South America and the UK/Europe markets respectively.

Both Ruder Finn and Financial Dynamics are ranked among the top international firms in the field of communication.

As our tourism product evolves into a more culturally enriching and nature-friendly experience, our marketing strategy has been revised to reflect this repositioning.

The Jamaica Tourist Board's "Undiscovered Jamaica" advertising campaign and "Genius of Jamaica" public relations campaign promote and celebrate our people, heritage and natural environment.

During 2003, the JTB undertook an aggressive and multi-pronged approach to marketing the destination among both consumers and the travel trade in key international markets. A number of innovations were introduced in the marketing programme, including:

- Specific television promotion of the "Undiscovered Jamaica" highlighting the island's less exposed attractions and smaller lodging alternatives;
- A dedicated campaign promoting Jamaica's villa accommodations in partnership with the Jamaica Association of Villas and Apartments (JAVA), and
- For the first time, advertising in movie cinemas in the United States.

These efforts complemented the more traditional television and print advertising conducted by the JTB, as well as coo-op advertising with our partners and sales activities with travel agents and tour operators worldwide.

Update on the Master Plan for Sustainable Tourism Development

Over the past year, I have visited and toured each of our six resort areas at least once and have had frank and open discussions with all stakeholders – craft traders, artisans, taxi-drivers, porters, hoteliers, attraction owners, members of the security forces, environmentalists, community representatives and interested citizens.

These discussions have made it very clear to me that the implementation of the Master Plan for Sustainable Tourism Development is an urgent necessity if we are to take this industry along a planned path that will allow for wider participation while ensuring its preservation for future generations.

You will recall, Mr. Speaker, that the five key objectives of the Tourism Master Plan are:

1. Growth based on a sustainable market position
2. Enhancement of the visitor experience
3. Community-based development
4. The building of an inclusive industry, and
5. Environmental sustainability

A Road Map for the implementation of the Master Plan was presented to the joint Cabinet/Development Council Retreat that was held on September 9, 2003. This included a list of capital projects and estimated costs, an implementation strategy as well as a mechanism for raising the necessary funds for implementation of the government led projects.

The intention is to raise funds by charging a fee to incoming visitors, The money raised is to be placed in a dedicated fund to be used solely for tourism development.

At that retreat, cabinet supported the recommendations and gave the Ministry of Industry and Tourism the go-ahead to put the necessary systems in place. We also consulted with our tourism partners in the private sector and obtained their approval for the recommendations.

Since then, the Ministry has been working on the following:

- The legal framework for the charging and use of the tourism enhancement fee;
- The managements mechanism for the implementation of projects emanating from the Master Plan, and
- Establishment of an interim advisory committee which will ultimately become a Board of Directors for the Tourism Enhancement Fund which will manage the implementation process.

The Bill is now well advanced in the legislative process and has been presented to the Legislation Committee. We are aiming to have the Bill tabled in Parliament at the earliest opportunity.

But even as we are going through the legislative process for implementing the Tourism Master Plan, we are far advanced in preparing our agencies by putting the appropriate structures, programmes and personnel in place to work with our stakeholders to successfully take this industry to a qualitatively new level of performance.

To this end, the restructuring of the JTB is almost complete as we strive to work smarter and in a more cost-effective way that utilizes enabling technology to achieve clear objectives.

With regard to the Tourism Product Development Company (TPDCo), that agency is now in the process of restructuring. It is projected that this phase will be completed in the first quarter of coming financial year.

Product

TPDCo is positioning itself to play a critical role in the implementation of the Tourism Master Plan. The agency is aggressively facilitating the diversification and improvement of the tourism product while enhancing visitor experience.

Three visible projects have been identified by TPDCo to be pursued in the coming financial year:

- The first is Entrepreneurial Outreach in which individuals, companies and communities are being encouraged to approach the agency with their project ideas. TPDCo will assess the viability of these projects and facilitate development and possible funding through collaboration with various agencies such as the JBDC and MIDA.
- The second project is a major beautification plan that includes a corporate “Adopt-a-mile” programme and pedestrian street attractions, starting with Knutsford Boulevard in the first quarter of this Financial Year.
- The third consists of Product Enhancement Projects aimed at developing major “activity” attractions that will focus on Golf and Popular Jamaican Culture.

In addition to the aforementioned new projects, TPDCo continues to place emphasis on:

- the management and physical upgrading of attractions;
- beautification as well as measures to improve visitor convenience;

- the monitoring and upgrading of standards in the sector, and
- measures to foster professionalism in the industry by undertaking human resource development programmes

Before concluding on Tourism Product Enhancement, I would like to say something about the South Coast Sustainable Development Programme (SCSPD), Blue Flag and the Environmental Audits for Sustainable Tourism (EAST).

These programmes are engaged in the protection and preservation of Jamaica's natural and cultural environments and are therefore vital components of our Master Plan for Sustainable Tourism Development

Let us be clear, Mr. Speaker; the Master Plan is not on "hold" while we await the legislation to implement more ambitious projects. We are forging ahead and making significant progress.

Tourism Worker Welfare

Mr. Speaker, every survey that has been done on the reasons why people visit Jamaica have found that our number one attraction is the warmth of our people and the hospitality of our tourism workers. Our people are central to the product and therefore the industry won't be sustainable unless we address the social needs of tourism workers.

I want to see our progress in tourism being reflected in the quality of life of our tourism workers who are the main reason for the success of Jamaica's hospitality industry.

My Ministry will be engaging in discussions with the private sector, other Ministries and agencies as well as labour organizations to explore areas of social and infrastructural

improvement and assistance to persons who are employed in hotels, attractions and other tourism enterprises.

In the area of housing, for example, I see where the NHT and employers could be instrumental in developing a programme similar to those in place for sugar and bauxite workers. This will be an area of priority for me this year as I think that providing housing solutions for the tourism workforce is a practical way of recognizing their importance to the economy. It will also help to solve the problems of squatting and unplanned development in resort environments

With regard to pensions, the industry has long operated on the basis of a significant portion of workers' remuneration being tips that are not taxed. While this may be seen as a non-tax perk that is appreciated by these workers, there is a long-term disadvantage in that these earnings rarely go toward assisting in the provision of adequate pensions for their retirement.

It is not that we want to deny tourism workers of their tax-free incentives, but it must be recognized that if provisions are not made for their retirement then they could face serious problems later on in life. I therefore intend to consult with the trade unions, employers and the relevant Government agencies to see if a pension scheme can be established for our proud tourism workers so that they can maintain their dignity in their later years.

Conclusion

Indeed, there is a renewed sense of confidence in our productive sectors that is impacting positively on our communities and influencing and giving our people the hope of a more prosperous future.

The strategic partnerships that are being forged among the public sector, the private sector, trade unions, communities and NGOs are opening up opportunities for productive activity and income generation.

We can all progress together because the natural linkages that connect tourism with agriculture, manufacturing, entertainment, transportation, construction and our communities are forming a solid foundation for the nation's economic prosperity.

Let us make "Brand Jamaica" our rallying cry:

- Let us, as citizens of this vibrant country, wear the "Jamaican" name brand with dignity, knowing that we are doing our best to realize our God-given potentials and to build a more caring society
- Let us, as farmers, workers and entrepreneurs, adhere to the highest standards so that the "Made in Jamaica" label continues to be equated only with excellence and top quality
- Let us, as consumers, support the strengthening of "Brand Jamaica" by purchasing from our local producers and farmers; seeking, wherever possible, to substitute our purchases of imports with those made and nurtured by Jamaican hands.

Together, we can work in partnership as One Team, with One Love, to build a stronger, more Prosperous Jamaica.

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