

CONTRIBUTION TO THE 2005/2006 SECTORAL DEBATE

THE MINISTER OF INDUSTRY AND TOURISM

HON ALOUN NDOMBET ASSAMBA

MAY 24, 2005

“A Sound Foundation: A Secure Future”

SALUTATIONS

Mr. Speaker:

I rise today with a deep sense of gratitude for the opportunity afforded me over the last year to continue serving my country in the portfolios of Industry, Tourism and Entertainment. In carrying out this task, I have been the beneficiary of the legacy of a long and distinguished line of pioneers in these areas, whose vision and work we have an obligation to advance and accelerate in securing a viable future for our Jamaican people.

I acknowledge with thanks, the guidance provided by the Most Hon Prime Minister who, himself, can lay strong and demonstrable claim to being among those who have laid the foundation and laboured at the substructure on which development in both industry and tourism can take place in this new global era.

May I express sincere and heartfelt thanks, individually and collectively, to those who have walked and worked with me in meeting the challenges of the Ministry of Industry and Tourism over the last year.

Minister of State, the Hon Dr Wykeham McNeill has continued to provide committed service to the tourism sector in particular, and in the course of this debate, will duly report to this Honourable house on a number of key areas in tourism, including cruise shipping.

The Permanent Secretary, Mrs. Barbara James; Director General, Ms Carole Guntley, and the staff of the Ministry and its agencies have unfailingly given of their best in executing our mandate for providing the policy direction and technical support that will facilitate growth and development for the critical areas of the economy which we serve.

May I express my thanks to the Chairman of the Jamaica Tourist Board, Mr. Dennis Morrison; the Director of Tourism, Mr. Paul Pennicook; Executive Director of the Tourism Product Development Company, Mr. Michael Muirhead; and the President of the Jamaica Hotel and Tourist Association, Mr. Godfrey Dyer for the exceptional leadership they have provided during what, I firmly believe, is a benchmark period for tourism in this island.

It is axiomatic that tourism exists with the permission of the people of a country. We have many partners in tourism who facilitate the kind of interchange and mutually appreciative relationships upon which a strong and *sustainable* tourism industry must be built. My thanks in this respect go to the members of the resort boards in the various resorts areas, and to the private sector tourism fraternity, many of whom, *in support of* their core concern for strong occupancy levels, take the matter of corporate responsibility in their respective communities, and contribution to the process of training and education for the industry very seriously indeed.

Thanks also to the tourism liaison officers of the Jamaica Constabulary Force, led by Inspector Curtis who handle security for our visitors and their interchange with our countrymen, with the professionalism, sensitivity and respect that we deeply appreciate.

In the industry portfolio, I am indebted to the Head of the main Industry Agencies – Ms. Valerie Veira; Mr. Vivian Chin; Mr. Noel Sloley; Mr. Trevor Blake; and to the Industry Partners – Dr. Andre Gordon, President of the Jamaica Exporters’ Association; Mrs. Beverly Lopez, President of the Private Sector Organisation of Jamaica; and Miss Doreen Frankson, who as the first female President has provided **yeoman** leadership of the Jamaica Manufacturers’ Association.

I thank my colleagues in this honourable House, particularly shadow Ministers of Tourism and Industry, Mr. Edmund Bartlett, and Mr. Karl Samuda respectively, for their keen watch and continued support of the sectors we serve.

I thank my constituents of South East St. Ann led by a stalwart working team comprising:

Mr. Clive Fagan, Constituency Chairman

Councillors:

Miss Vinette Robb, Mrs Lydia Richards, Mr. Grover Gordon and Mr. Lloyd Garrick. You are a source of strength and support for which I am very grateful.

On the home front, I am extremely fortunate to have a large, and loving family that has stood by me in all my endeavours, sometimes sacrificially. My mother, my brothers, sisters and my son are a source of inspiration as well as support. I am in their loving debt.

But, above all, it is the strength of the Almighty that sustains me day by day.

Introduction

Mr. Speaker,

I am making my third contribution to the annual sectoral debate in the capacity of Minister of Industry and Tourism. I am doing so in the context of the Government's macro-economic and development programme which seeks to significantly improve the quality of life for all our people and propel our nation into the upper echelons of the countries of the world. I believe that despite the many and serious challenges that confront us as a country, we have the human, creative and productive capacity to launch Jamaica into an era of sustained progress and prosperity. For that to happen, the Ministry of Industry and Tourism, over which I preside, has a pivotal role to play in harnessing the productive capacity and that phenomenal entrepreneurial energy with which we are blessed as a people, to provide a quantum leap into the future.

This year, I will deviate from the traditional approach of providing a detailed report on the activities of the Ministry and its Agencies. Rather, I will seek to give an overview of what we have been doing within the context of the development strategy of the Government as well as in view of the global realities, that in large measure, dictate the pace and nature of development in a small, dependent economy such as ours.

It is my intention too, to give particular focus this year to the Industry side of the portfolio and to underscore the vital linkages between Industry and Tourism. While I will provide highlights of Tourism performance and plans, the details of our activities and achievements in that area, as well as in the area of Entertainment, will be outlined by Minister of State, the Hon. Dr. Wykeham McNeill, when he makes his contribution to this year's sectoral debate on June 29.

Global Context

Mr. Speaker,

We have been reminded time and again that today, we operate in a global economy that is vastly different from that which existed a few decades ago. There is no end in sight for the rapid forces of globalization with increased transnational mobility of capital, increasingly fierce competition, the devastating erosion of trade preferences, and an international economic and financial architecture that is skewed towards the economically strong and against small, weak open economies like Jamaica.

But even in this scenario, the volume of global trade is increasing and there is a general upturn in global economic activity. In 2004 the volume of exports globally increased by 8 per cent for advanced economies with a near 11 per cent increase in emerging markets and developing countries.

In the Caribbean we have moved closer to realizing the CARICOM Single Market and Economy (CSME). The CSME constitutes a platform for leveling the playing field regionally and creating a broader, stronger productive base for more effective and beneficial participation in global production and trade.

The general lesson to be drawn from the regional and global situation in which we operate is that while there are formidable challenges, there are also exciting possibilities and strategic niche opportunities for a country like Jamaica. The task is now ours to seize the moment and put in place those things that will enable us to strengthen our productive capacity, sharpen our competitive edge and reap a greater share of the rewards from global economic activity. In doing so, we are compelled to think globally and act locally.

Importance of Industry

The United Nations Industrial Development Global Forum on Industry Perspectives for 2000 and Beyond emphasizes the fact that investment in manufacturing has a strong relationship to economic growth and generates considerably greater multiplier effect than most other sectors of the economy.

Fast growing economies have tended to achieve higher rates of growth in manufacturing which has been the engine of broad-based growth in many developing countries. This is so because the historical record suggests that higher manufacturing growth promotes technical progress and by virtue of its linkages with other sectors, promotes growth all round.

Industry has transformed the economies of the rich developed nations of North America, Europe and Japan, socially as well as economically. In the newly industrialized economies of East and South Asia, this process is at an advanced stage.

Indeed, the role of industry for achieving sustainable economic and social development and for fighting poverty and marginalization becomes even more important in today's accelerated technological environment. It is the main source, user and diffuser of technology and fosters productivity growth.

Manufacturing Sector

Manufacturing has always played an important role in the Jamaican economy and in the development of the country. In fact, it was the original platform on which we built our economy in the early days of protectionism, state subsidies and other large scale government incentives.

In the Jamaican context, manufacturing remains critical to the performance of the economy. In 2004, it contributed 13.8% of G.D.P., surpassing the combined contribution of important sectors such as mining and agriculture (5.8% and 5.5%) and was the third highest contributor to GDP behind transportation at 13.9% and distributive trade at 21.9%. Manufacturing remains a significant employer of labour with a total of 69,433 persons and accounted for approximately 25% of merchandise exports last year.

These are the data that convey the importance of the sector and its consequential influence on the broader economy.

Given the importance of the sector, it is of concern that its performance over recent years has been weak, falling from 21.4% to 13.5% of GDP between 1986 and 2002. Manufacturing share of exports for the period 1997-2003 has been trending downwards and in terms of direct employment the sector employed 65,900 persons in 2003 down from 66,801 in 2001, and 95,600 in 1991.

Over time, not only has there been a slowing down of the growth momentum in this sector, but changed global realities have necessitated a dramatic rethink of the traditional approach to manufacturing within a national strategic development plan. The emergence of the World Trade Organization, shifts in local and international demand and fundamental changes in the structure of world production and distribution, have forced a new, and sometimes painful, approach based on competitiveness enhancement, business retooling and technological transformation.

This process has involved the closure of some traditional manufacturing enterprises, the diversification of production in others, as well as the emergence of value added services as an increasing driver of productivity and growth in the area of industry.

Despite all the challenges, the manufacturing sector continues to record growth. An important sub-sector contributing to that growth has been the area of processing and agro processing in particular. The manufacturing and processing sector grew by 3.6 per cent in 2004 compared with 2003. Food Processing, Beverages & Tobacco, Chemicals and Chemical Products and Non-Metallic Mineral were the sub-categories contributing to this growth. For the first six months of 2004, real GDP growth of 5.7 per cent was recorded for the Manufacturing and Processing Sector.

Mr. Speaker,

I want to make it clear that in my view, and that of the Government, manufacturing remains essential to the strength of the Jamaican economy and its prospects for future growth: It is still central to our economic security. But to be competitive internationally, manufacturing in Jamaica has to be innovative, efficient and productive with the best workers in the world, technologies on the global cutting edge and Research and Development programmes capable of going up against intense global competition.

Manufacturing is challenged as never before, finding itself on the front lines of the most intense global competition in history. Volatile energy prices have combined with slow economic growth domestically and around the world, to increase the complexity of the challenges facing manufacturing.

Even in many large developed countries, the economic climate has yielded the slowest manufacturing recovery in decades and a decline in manufacturing employment.

I think we can all agree that an effective strategy for manufacturing renewal to reverse these adverse trends and record even greater levels of growth than we are now recording, must include a coordinated policy framework that involves various Ministries and agencies of Government as well as the private sector.

The Government has, through various Ministries, been pursuing some key elements of such a strategy. These elements, which are at different stages of development and promulgation within the various Ministries, include:

1. A tax policy framework that enhances economic growth and encourages productivity through technology and investment incentives;
2. A trade policy that levels the global playing field for Jamaican manufacturers by opening markets, lowering tariffs, modernizing export controls and sanctions policies and enforcing trade laws;
3. Effective participation of Jamaican businesses in the CARICOM Single Market and Economy to take advantage of the significantly expanded market, while rehearsing for the advent of the Free Trade Area of the Americas and even greater global competition;
4. A national energy policy, which is essential to ensuring sustainable economic growth in manufacturing, with emphasis on reliable, cost-effective supply, conservation, increased efficiency, strengthened infrastructure, and investments in new technologies;

5. A science and technology policy that enhances Research and Development innovation with assured protection of intellectual property;
6. Worker and skills enhancing efforts, first, to increase employment and further, to empower today's workers and those of tomorrow, now in school, to meet the demands and better appreciate the rewards of modern jobs in modern manufacturing;
7. Expanding the range of productive enterprises by creating new industries and building new sources of competitive advantage. This involves encouraging the development of Small, Micro and Medium businesses geared towards export;
8. Improving the availability of, and access to, financing for productive enterprises;
9. Business development and technical assistance that focus on productivity enhancement towards greater international competitiveness;
10. Placing particular emphasis on critical forward and backward linkages involving various sectors such as tourism, agriculture, agro-processing, manufacturing, and construction, to name a few.

Where the Ministry which I have responsibility for is concerned, various programmes have been geared towards building international competitiveness and encouraging export expansion. They involve the facilitation of technological upgrading of plant, equipment and operations and have been undertaken as a part of the ongoing work of the Ministry of Industry and Tourism in collaboration with our key partners.

Factories

Mr. Speaker,

In our mission to boost manufacturing and enhance national development, the Government remains committed to the provision of quality industrial space through the Factories Corporation of Jamaica Limited (FCJ). In accordance with national development guidelines, FCJ's primary role is that of a creator and developer of space as a catalyst for industrial investment.

As a guiding principle, the FCJ encourages investment by the private sector by making space available to industrial investors such as manufacturers, agro-processors and operators of Information and Communications Technology firms.

I wish to emphasize the point that the word "factories" in Factories Corporation of Jamaica is unquestionably becoming a misnomer as increasingly the overwhelming demand is for space for ICT type operations.

In the past, the garment and other semi-manual manufacturing operations were the mainstay of industrial investment and development. The days of that kind of predominance are over. The world trend indicates that industry is now increasingly about value added services, and less about large factories manufacturing products that require the employment of large labour forces.

More than 30 per cent of factory space designed for these kinds of traditional manufacturing operations remains vacant even when some of these facilities are offered rent free.

Challenges to Industry

Among the major challenges that continue to beset the manufacturing sector and industry in general are the prevailing high levels of crime and violence and the continuing high cost of credit. These in turn, have a major negative impact on the prospects for industrial expansion, economic growth and job creation.

The fight against crime and violence is one for the entire country and the creation of a social climate that encourages investment and business development, is a national task.

With respect to high interest rates, I want, as Minister of Industry and Tourism, to add my voice to the campaign of the Jamaica Manufacturers' Association and the Jamaica Agricultural Society for financial institutions to reduce lending rates.

The Government has taken the lead by considerably reducing the cash reserves requirement and gradually lowering BOJ rates consistent with prudent economic management. Market forces must now work to ensure that the benefits are passed on to borrowers.

New Pan Caribbean Facility

As part of our unshakable commitment to small business development and to the lowering of interest rates, the Ministry of Industry and Tourism has identified out of the funds available under the GOJ/EU Credit Scheme for Micro and Small Enterprises, \$100 million as a reserved pool of funds for direct lending to the productive sector through Pan Caribbean Financial Services Limited. Loans will be between \$2 million and \$10 million at 10.5% rate of interest.

The objective of this programme is to enable small and micro enterprises to retool and expand their operations. A portion of the funds can also be utilized for Working Capital.

Under the facility due diligence activities will be undertaken by Pan Caribbean, while the Jamaica Manufacturers' Association will carry out certification of the productive enterprises involved.

Small Business Development

Mr. Speaker,

Members of this honourable House will recall that a fundamental concern of the National Industrial Policy – that strategic plan for growth and development promulgated in 1996 – is the matter of building the base of competitive advantage in the Jamaican economy. We recognise that to do so effectively requires a concentrated focus on encouraging the development of small businesses.

The global reality is that there has been an almost irreversible shift away from large manufacturing companies hiring a large workforce, towards small entrepreneurs heavily based in the provision of services, generating self-employment or hiring a small number of workers.

Small businesses are the backbone of industry and are an essential pillar of promoting equitable socio-economic progress. They account for over 90% of all industries globally, and about 50% of GDP world-wide.

In October 2002, we, on this side of the House, went to the people for a fresh mandate to continue the process of economic transformation, wealth and job creation. We said then, that in the new term the Government would accelerate the positive transformation we started in the economy to provide high quality jobs and entrepreneurial opportunities for our people. This approach, we said, would form the basis for brand new economic projects that would provide thousands of jobs and small business starts.

That was our promise. We have kept that promise and will continue to keep that promise.

Financing Micro and Small Enterprises

During 2004 a major task to which the Ministry of Industry and Tourism devoted itself was facilitating financing to Micro and Small Enterprises.

During the year, the sector, which accounts for 34.2 per cent of the total employed labour force, benefited from more than One Billion Dollars in

funding. Financing was channeled through Approved Financial Institutions such as the Micro Investment Development Agency (MIDA), Pan Caribbean Financial Services, Development Options Limited, and the Self Start Fund.

Financing is critical to the development of businesses, particularly small and micro enterprises.

MIDA

One of the institutions created specifically for the purpose of providing financing for micro enterprises is the Micro Enterprise Development Agency (MIDA). Through its Community Development Fund network, MIDA continues to provide a focused approach to the development of the micro enterprise sector. It is doing so through the provision of wholesale credit and is, in the process, sustaining and creating employment while impacting positively on the reduction of poverty in Jamaica.

Since its inception in 1992 MIDA has, through its islandwide network of retailers, disbursed micro enterprise loans of nearly \$1.3 billion. This provided financing to 16,657 businesses, which have in turn, generated employment for 31,772 persons.

The Agency intends to make available, over the next three years, \$400 million in credit to the micro enterprise sector through a network of Community Development Funds.

This level of funding is expected to finance approximately 3,740 micro businesses that will sustain and generate full time and part time employment for approximately 5,000 persons.

Self Start Fund

The Self Start Fund continues to make an important contribution to expanding business ownership and encouraging entrepreneurial activity in the small and micro sector through loan financing. In the year just ended, the Fund disbursed a total of J\$161 Million to 1,279 entrepreneurs at an average loan size of approximately J\$126,000. This has created or sustained employment for 1,771 persons.

Based on improvement in the Self Start Fund's performance over the last two years and its outlook for the future, the Fund accessed new loan capital of J\$25 Million from the market, for on-lending to small and micro enterprises. This has provided new optimism for growth and development of the SME sector as well as the long term sustainability of the Fund.

Entrepreneurial Linkage Project

We are now embarking on a new and exciting concept in micro-enterprise development – the Entrepreneurial Linkage Project – which is a partnership between tertiary institutions, their students, and Self Start Fund.

Business students in tertiary institutions will be trained as Business Development Officers (BDOs), who will scout entrepreneurial projects in their communities, develop business plans, support entrepreneurs in proposing the project to Self Start Fund for financing, assist in the implementation and ongoing development of the project, and monitor loan repayments. For their efforts, students will earn points towards their graduation, gain valuable experience and earn income of up to \$250,000 per annum.

A one-year pilot project is being mobilised with the University of Technology and a Memorandum of Understanding will be signed soon between Self Start Fund and the University.

Credit Unions

In 2004, Credit Unions disbursed 2,687 small and micro business loans amounting to more than \$434 million dollars. This was 28 per cent higher than the amounts disbursed in 2003.

Mr. Speaker,

I want to make mention of one private sector entity that is making a particularly remarkable contribution to small business development through credit assistance. I speak of Jamaica National Business Loans Limited. For the financial year ending March 2005, the company disbursed 20,146 loans valued at \$670.5 million which created 12,675 new jobs.

These figures represent a 27.6 per cent increase in the number of loans in the previous year and a jump in value of more than 40 per cent.

Year of micro credit 2005

Mr. Speaker,

This year is being recognized by the United Nations as the International Year of Microcredit. The designation of the year will provide an occasion to raise awareness of the importance of microcredit and microfinance in the eradication of poverty, to share good practices and to further enhance financial sector development that supports sustainable pro-poor services in all countries. In addition, the Year will recognize the contribution of microcredit and microfinance toward the achievement of the Millennium Development Goals.

The Government of Jamaica fully supports the objectives of the International Year of Micro credit and will host a symposium in November to bring together a wide cross section of stakeholders, to discuss the way forward in expanding the availability and impact of micro credit.

MicroFin

The MicroFin programme is building a solid network of micro financing and entrepreneurial development institutions.

A European Union team which was recently in the island to evaluate and report on the progress of EU-sponsored schemes, commented that Jamaica was one of the few countries where donor credit schemes had lived beyond the implementation phase and where the portfolio had grown beyond the commencement size.

Mr. Speaker,

This is high praise that we need not be shy about. In the case of the GOJ/EU Programme, the initial sum was \$240 million and the current portfolio is nearly double that amount. For MicroFin, the start-up amount was \$200 million and despite bad debts active portfolio is \$250 million.

Private Sector Development Programme

The strengthening of technical capabilities within the Micro and Small Enterprises Sector has been boosted by the provision of 28.7 million Euros under the Private Sector Development Programme (PSDP) which is financed by the Government of Jamaica and the European Union.

From May 31 to the end of July, private sector groups, including the Small Business Association of Jamaica and the Jamaica Manufacturers' Association will be invited to submit proposals for assistance under the programme. The areas for possible financing include market studies, workforce training, business re-organisation as well as preparation of business and financing plans.

Non-financial Business Development

Non-financial business and product development services continue to be provided through the Jamaica Business Development Centre (JBDC). The JBDC has continued its collaboration with MIDA to provide assistance to the Back Bush Entrepreneurial Production Centre in Eastern St. Andrew. For this project, which provides production space and equipment, financing and product development and marketing assistance is provided to several welders and producers of furniture and clothing.

The JBDC has, under a Memorandum of Understanding with the Development Bank of Jamaica, added to its range of programmes, a Small Business Loan Facility with an initial capitalization of Ten Million Dollars. The objective of this facility is to provide loan funds to innovative and viable micro, small and medium enterprises that require assistance.

JBDC with the assistance of several stakeholders, has developed and is facilitating the implementation of a support programme for the sector based on:

- Modernisation of the business environment
- Dissemination of information relevant to the sector
- Strengthening the existing traditional businesses
- Encouraging and development of new innovative businesses.

Export Policy

An export push policy aimed at building and sustaining competitive advantage along with an efficient import substitution policy underpinned by international competitiveness, is being undertaken by the Government in keeping with the National Industrial Policy. As part of achieving that objective, a systematic programme of support for industry through equipment and technology upgrading, skills training and the provision of technical assistance along with supportive policy measures, is in place and will continue to be implemented.

Complementing this focus on industry modernization will be export development initiatives built around a programme to enhance the export readiness of enterprises and the implementation of projects which will bring Jamaica into the world of electronic commerce. A medium to long term National Export Strategy is currently being developed in consultation with the private sector.

Jamaica is committed to being an open economy and a vibrant participant in global free trade, but we cannot ignore our obligation to provide legislative support to domestic industries through World Trade Organization-compatible trade remedy laws and by the enforcement of standards against unfair trade practices and substandard goods.

Partnership

The Ministry values very dearly the partnership it has built with all its stakeholders – JEA, JMA, Agro-Processors Association and the Small Business Association of Jamaica, which itself continues to benefit from institutional support through the Business Development Centre. We recognize that dialogue with our industry partners is necessary in building a prosperous Jamaica.

TOURISM

Mr. Speaker,

Globally, the past year has been a dynamic one for the portfolios I have the honour to serve. I have spoken in some detail on the challenges and opportunities for industry and the initiatives being undertaken by the Ministry of Industry and Tourism within the strategic framework established by the Government and industry stakeholders.

I now turn to the tourism sector.

These are exciting, though still uncertain times for international tourism and the travel trade. Last year, as stated by the World Tourism Organization, world tourism rebounded strongly from three years of stagnant growth to record an all-time high of 760 million international arrivals, an increase of 10% over the previous year. Significantly, the Americas has been on par with the world average, recording a 10% increase in arrivals last year.

Tourism in Jamaica has performed creditably in the period under review and, as this honourable House is aware, there is much optimism regarding accelerated growth for the sector based on substantial new investments in hotel stock planned for the short to medium term.

Performance in 2004

- For the January to August period 2004, stopover arrivals increased by 8.6% in keeping with the targets of the Jamaica Tourist Board. Despite the advent of Hurricane Ivan in September which somewhat depressed the October to December arrival figures, as a whole the sector performed commendably for the year.
 - Stopover arrivals increased by 4.8% to reach 1, 414, 786 and
 - Gross foreign exchange earnings increased by 6.4% to reach US\$ 1.437 billion.

 - Average hotel room occupancy rate was 61.4% for 2004, an increase over the 2003 occupancy rate of 57.9%.
 - Total capacity in the accommodation sector increased marginally to 24,947 rooms as we benefited from the first “wave” of new hotel room stock, primarily out of Spain, which is expected to significantly increase room stock by some 10,000 over the next five years.

- For the first quarter of 2005, performance has been on target:
 - Stopover arrivals increased by 7.9%.
 - Cruise passenger arrivals increased by 1.3%.

There was some softening of the market in April, but we remain on target for a good performance in tourism this year.

- For calendar year 2005, the targets are an 8% increase in stopover arrivals and 2% for cruise arrivals, given the fact that we are at capacity in respect of our ports. As indicated, the Hon Minister of State will address specific aspects of the sector, including planned expansion of our ports by the Port Authority, during his presentation to this honourable House.

Market Focus

Jamaica continues to segment the market and to develop and implement specific activities for markets in which we have proven strength as well as new areas identified in the Master Plan for Sustainable Tourism Development.

The JTB's marketing and sales programme will continue to target the established geographic regions notably:

- the Americas – USA, Canada, Latin America and the Caribbean
- Europe – UK, Germany, Italy, Spain, Holland, Austria, Switzerland, Belgium and Portugal, as well as
- Japan.

However, there will be stronger focus on growing the European market, the aim being to increase the market share from 17% to 20% by 2007/08. It is essential that the JTB be provided with the requisite resources to undertake additional activities which will generate support in the European market in particular, to fill the new rooms coming on stream.

Greater focus will also be placed on the Latin American market and already there are increased activities in Argentina, Mexico, Colombia, Chile and Brazil. In addition, the JTB will be seeking to capitalize on Jamaica being awarded approved destination status for China. The agency participated in a fact-finding mission to the Beijing International Travel and Tourism Market and was able to facilitate the participation of some of our industry partners, including representatives from destination marketing companies, ground transportation companies, and the accommodation sector.

Airlift

Jamaica continues to be well served by both scheduled and charter air service. However, with the imminent increase in room stock, and in order to support the expected demand from new markets, it is imperative that the JTB seek to secure additional airlift, and I am pleased to advise that a number of initiatives in this respect are already bearing fruit.

This summer, for example, there will be a weekly charter service from Lisbon, Portugal to Montego Bay. Initially this will last from 10 to 12 weeks. Also, importantly, DELTA airlines will start a non-stop service twice weekly between Montego Bay and Cincinnati as of June 4. In addition, DELTA will increase their capacity from a B737 to a B767 daily

from Atlanta as of June 1. This will mean approximately 100 additional seats each day.

Jamaica Vacations Limited

Jamvac is now being administered out of the Jamaica Tourist Board. This entity has traditionally served Jamaica's tourism well, opening up new gateways via charter flights and thus paving the way for scheduled carriers. As the US market is adequately served by Air Jamaica and other scheduled carriers, JAMVAC will not be initiating any charters out of the US this year, but will be focusing very heavily on supporting tour operators' charters out of Europe. Holland, Italy, Spain and Switzerland will be particularly targeted. This is in line with the emphasis in the Tourism Master Plan on growing the European market.

Jamaica Reservation Service

JRS has streamlined its operation with the closing of the Montego Bay office. There is, however, still a recognized need for JRS to provide support to the small hotels sector in particular, and their focus going forward will be very much on that sector.

JTB 50th anniversary

Mr. Speaker, 2005 marks the 50th anniversary of the Jamaica Tourist Board. Jamaica has indeed been well served by this institution which has blazed a

pioneering trail in many ways for tourism in this region. The JTB will be using this golden anniversary as a platform from which to launch several major sales and promotional programmes in all our major markets, as well cementing relationships with our valued travel partners.

- Next week, for example, we will be “Jamaicanizing” activities at the CTO Week in New York. The programme includes a Jamaica Night at the Apollo, showcasing the *Cultural Genius of Jamaica* to tourism officials, trade partners and other decision makers both from New York and the Caribbean. Jamaica will also be the most visible country at the Caribbean State Ball where the Most Honourable Prime Minister will be recognized for his outstanding contribution to Tourism.

We congratulate the JTB, and look forward to these and other efforts contributing to the continued repositioning of Jamaica for quantum growth in this watershed period for the sector.

Product Quality – Product Development – Tourism Training

Mr. Speaker:

The strategic vision for Jamaica’s tourism as outlined by the Tourism Master Plan, is for development based on harmony with the culture and interests of the local population, and wider distribution of benefits across our society. Changing global trends in tourism are demonstrated in massive investment

in theme parks, family entertainment, cultural and nature attractions. Health, heritage, nature activities and events have been among the primary growth areas in tourism.

It is now well recognized that travelers are increasingly “product conscious” and want a merging of information, education, and entertainment to provide them with a rewarding visitor experience.

To this end, the Tourism Enhancement Act, under which the Ministry of Industry and Tourism has established a mechanism for the collection of a small fee from incoming airline and cruise passengers, was put into effect on May 1, this year. The establishment of the Tourism Enhancement Fund is a major achievement that will ensure a quality tourism product for this, and future generations.

This significant step toward accelerated product development for the island’s tourism is extremely well-timed as we seek to capitalize on the window of opportunity presented for our tourism by:

- Global trends
- Redistribution of overall tourism flows in Europe and the Americas from the effect of the US/Euro exchange rate, and
- Continued perception of the Caribbean as a safe region for vacation travel.

Mr. Speaker:

The Tourism Product Development Company will play an enhanced role as a catalyst facilitating development and improvements to the tourism product

encompassing our people, places, events and attractions. The improvements ultimately will result in a more diverse, inclusive, cleaner, healthier, safer, environmentally sustainable and aesthetically attractive product.

TPDCo's core functions in training through its flagship TEAM JAMAICA programme, undertaken in collaboration with HEART/NTA, as well as the agency's work in benchmarking of facilities, will be central to our repositioning of Jamaica's tourism product. This must be aligned to market competitiveness and customer satisfaction.

In keeping with the thrust toward improved quality of life for Jamaicans through the work of our Ministry, I am particularly excited about a programme such as TPDCo's *Tourism for Prosperity Entrepreneurship Drive*, designed to gear participants to start new businesses which will generate employment and profits. All across Jamaica there are people with exciting ideas, which if properly developed, could add significantly to the value and diversity of the tourism product. This programme is one channel by which the process is being facilitated.

The Tourism Product Development Company will play an enhanced role in seeding new attractions as well as enabling improvements to existing facilities such as our famous natural spas, in some instances, positioning these attractions for world class development through various investment arrangements including joint ventures.

Mr. Speaker:

The Ministry of Industry and Tourism is very much attuned to the benefits of an enhanced product and its responsibility in terms of industry standards, environmental sustainability, as well as general health and safety standards as these affect both visitors and host communities.

At the policy level, in tandem with relevant ministries, environmental agencies such as NEPA and non-governmental organizations, there has been considerable focus on critical issues of carrying capacity and environmental management measures to address social and physical infrastructure needs as these relate to the tourism product. Planning for accommodation feeding into expanding resort areas is one obvious challenge along with the provision of adequate sewerage, water, solid waste disposal and storm waste drainage to keep pace with settlement.

The industry itself has increasingly recognized its two-way relationship with the environment, whereby tourism can contribute significantly to pollution and environmental degradation while itself being dependent on a pristine environment for its character and sustainability.

In this respect, the achievement of Green Globe certification by some 67 hotels in Jamaica and across the Caribbean, indicating outstanding commitment to improving environmental practices, is highly commendable.

Other important initiatives have included the adaptation by the Ministry of Industry and Tourism, in collaboration with the Natural Resources Conservation Authority and the USAID Coastal Water Improvement Project,

of the European-based Blue Flag programme designed to facilitate the implementation of environmental policies for beaches and marinas.

Jamaica, Puerto Rico, the Dominican Republic and Barbados were the Caribbean countries which participated in the pilot scheme, the indices of which are good water quality, safety, sound environmental management and environmental education.

It is very gratifying that the pilot sites in Jamaica:

- Norman Manley Sea Park
- Merrill's Beach in Negril
- Doctor's Cave, Montego Bay and
- The West Harbour Marina and Beach in Portland all received Blue Flag Certification in November 2004.

Mr. Speaker:

Our emphasis on product diversification includes areas such as:

- The promotion of Jamaica as a Golfing Destination, in collaboration with TPDCo's Golf Advisory Steering Council and industry partners;
- Health Tourism, particularly spa services as an outgrowth of our natural offering at both Bath Fountain Hotel and Spa in Bath, St. Thomas, and the Milk River Hotel and Spa in Clarendon;
- And the pursuit of concepts such as Pedestrianization in selected areas.

These are examples of the accelerated and aggressive approach which we are adopting in respect of product diversification to broaden the base of, and benefits to our people from our island's tourism.

ENTERTAINMENT

Our Ministry's mandate to better define and strengthen the institutional support for those areas in which we possess natural competitive advantage, extends to the entertainment industry. In this area, work is well advanced in establishing new approaches for creation of the enabling environment required for development of our international markets.

Our aim, through inter-ministerial collaboration is to:

- provide incentives for investment in the sector through promulgation of the Entertainment Industry (Encouragement) Act,
- promote far greater dialogue between the private and public sectors for the development and implementation of enabling policies for the industry,
- raise the level of awareness and appreciation of Jamaican Culture as an entertainment product and,
- foster the synergies that will ultimately maximize the benefits to our people from the tourism, entertainment and industry sectors.

Conclusion

Mr. Speaker,

In my presentation today, I have sought to highlight some of the key issues pertaining to the role of Industry and Tourism as a vehicle for sustained economic growth, national development and prosperity for all our people.

The work of the Ministry of Industry and Tourism, which I have the honour to lead, has been enunciated within the overarching national strategic approach anchored in both the National Industrial Policy and the Tourism Master Plan.

I have underscored the continuing value of the manufacturing sector as an important force in boosting productive capacity, increasing productivity, sharpening international competitiveness and in the process, unleashing its multiplier effect for job creation and national development.

We accept too that this process of national development also has to be rooted in stimulating and supporting the creative and entrepreneurial spirit of the Jamaican people through micro and small business development.

Faced by the vastly changed regional and global realities, the way forward for Industry in Jamaica has to be found in deepening the collaboration between the Government and the private sector for industry modernization and the creation of new niche enterprises.

The Ministry's vision for sustaining and increasing the growth momentum in the tourism sector is not limited to improving brand Jamaica, expanding hotel rooms and developing our attractions. We remain convinced that in order for the benefits of the expansion in the tourism industry to be felt at

every level of the society, the critical linkages between that sector and other areas of national economic activity must be firmly established.

With a holistic, collaborative approach to development of our industrial and tourism sectors, I believe that this can truly be a period of quantum development for our country with the attendant benefits at the national, corporate and individual levels. With a stable macro-economic environment, widespread infrastructural improvements, a facilitating environment and, importantly, increased understanding of the new global environment in which we must operate, the inherent entrepreneurial spirit of Jamaicans is coming to the fore to move Jamaica forward.

Indeed, as I undertake my daily rounds, I see tremendous evidence of renewed confidence and creativity in exciting, new enterprises in manufacturing, agro-processing, craft, entertainment, attractions and numerous other areas with considerable value-added potential. Much effort has gone into the creation of a sound economic foundation, the fruits of which we are now beginning we reap.

More than \$335 million in micro credit was provided for small business development last year to help build a foundation that is sound.

Mr. Speaker,

Manufacturing is rebounding because the foundation is sound.

Tourism is rebounding because the foundation is sound.

With our new development thrust rooted in global realities and fired by the creative energies of our people, the future is secure.

With a shared vision and collaboration by all stakeholders let us now move to realize our goals of sustained progress and prosperity for all our people.

I thank you, Mr. Speaker.