



BUSINESS VIEW: It seems a large part of what the chamber has been doing recently is promoting relationships between Jamaica and the U.S., particularly South Florida. Is that your target area? Or what is your agenda day-to-day?

Francis Kennedy: The Jamaica Chamber of Commerce in the past had been very inward looking as far as the economy is concerned, because that is how our members were operating. A lot of our companies in Jamaica only exported to the traditional markets – the United States, Canada and the United Kingdom and Europe – and those are the countries that the country has had great relations with for many years, from before independence in 1962. However, what has happened is, in order for us to survive as a country, we need to export more.

We have a balance of payments deficit of about 2.9 billion U.S. dollars. Our main foreign exchange earnings are remittances, tourism and traditional and non-traditional

exports. Traditional exports are the bulk of this, like sugar and cocoa and coffee and that type of thing, and the non-traditional are processed foods and manufactured goods. However, that comes to about 5 billion U.S. dollars a year, but our import bill is between 6.5 and 7 billion a year, and we have a trade deficit of 2.9 billion. We have, over the years, been borrowing money to pay for this trade deficit on the international marketplace. We have run out of borrowing power.

We have an overseas debt of about 130-140 percent of the gross national product, so therefore we can no longer continue to borrow. We entered into a program in March (2013), an IMF agreement, and obviously with the IMF agreement what you do have right now is fiscal consolidation. But for the first time with an IMF agreement, we now also have a growth agenda. There are quarterly tests – IMF agreements are for four years, so we have 16 tests to go through in the four years. We've gone through two tests already and we passed them with flying



colors – that is as of the end of June and the end of September 2013.

Now, unlike previous agreements, we have agreed with the IMF that we must have a growth agenda and a growth agenda has been negotiated with the World Bank and the Inter-American Development Bank. Each one is for 500 million U.S. dollars over four years, each 125 million, so that's 250 million U.S. dollars per year between the two of them. There have been negotiations

going on, since the IMF agreement was signed in early April, with the multi-laterals, that is the World Bank, Caribbean Development Bank and the IADB.

Because of this, for the last nine months, because of the fiscal consolidation that the government has been forced to take on - minimum capital expenditure, central treasury management, cut back a lot of the social intervention programs – the country has gone into a recession. And, it's only in the September quarter that we had half of I percent growth, but we're still in a recession and we continue in the recession now. The industries that are growing right now are mining and agriculture, but there are other industries that we have to get into. So, that's the conditions that we are in now and the five or six things that we're dealing with the World Bank and IADB on, is for them to provide grant funding for the master development plan for the redevelopment of the two major city areas so that we can get foreign

direct investments, to rebuild infrastructure and put new business in.

The other one that they're negotiating is to open up, bring agriculture in Jamaica, which has been very informal, into an organized way, whereby farmers grow to specifications and the products are bought, graded and sold. Because we have a very informal system, a lot of our hotels do not buy locally, they buy agricultural products out of Miami and bring them in, so that's foreign exchange going out. They are looking for agricultural exports and import substitution. And then they are also going to put in a program which is more medium to long term, to go after the MSME sector, small business sector, but that's going to take time to build a sector.

BV: This doesn't seem like just an easy job for a guy who had retired, this seems like a full-time endeavor all the time.

KENNEDY: It's a full-time job, yes.

BV: How easy is this going to be and how long is it going to take?

KENNEDY: It's going to take anywhere from five to 10 years. The one thing that IMF also stated is that in the past – I think this is the third IMF program that the country of Jamaica has been in - with the other two or three programs, everything was dominated by the government. The IMF, the World Bank and the IADB have said no. you must have a full-fledged partner in the private sector, so the private sector organizations are now sitting on what we call oversight and execution committees - joint committees between the government and the private sector, which is very unique and, by the way, it's working very well. On the committee, you have a chair, a cochair who comes from the private sector and a co-chair that comes from the public sector and then four to six additional members from each, so the maximum size of the board is about 12.

So you sit down and meet a minimum of once a month. It seems to be working very, very well right now, because what has happened is that private sector people are bringing execution into the mix. The government and civil servants usually are very good at writing papers and project documents and how to apply for funds, but they

don't know much about execution, so this is where we're at right now. It's an experiment that we're trying.

BV: This is something that kind of flies in the face of the way things have been done and the scale that you're going to need to have it done on. Taking off your Chamber of Commerce hat and just looking at it as an observer – do you think this is all going to work out to where it needs to be if we revisit this in five or 10 years?

KENNEDY: In five years, I think it has to. I mean, this is our last chance, we don't have any more room to borrow. Our international financial credit rating as a country is in terrible shape and the only reason that we are going to get FDIs, foreign direct investments, in

"It's a full-time job, yes."

Jamaica is because you have the sanction of the multilateral institutions – they approve the projects.

So it has to be done. We have to do it. The current government believes in it and we're meeting. There are about 18 people in the cabinet and we're not going to present to the entire cabinet, but what they're doing is taking two or three people out of the cabinet and saying these are the respective ministers, bring your respective private sector people who know the business and let's get down and get the projects going.

BV: People outside of Jamaica probably have an impression of what the island is and what it's there for and what it produces and things like that, but what are some undiscovered gems in Jamaica that are going to help fuel this reinvention or resurgence or whatever word you want to attach to it? What needs to happen that people don't already know about?

KENNEDY: As far as mining is concerned, I believe we are the world's second-largest producer of bauxite and aluminum, but we have many, many other minerals. We have some rare minerals. The Japanese have come in here and set up an experimental plant and they're going after the rare minerals and metals. Our limestone is 98 percent pure. The agriculture – we have a very informal system of agriculture, whereby the farmers now

sell their produce or production to vendors or to people who come and buy and then sell to supermarkets and into the market – but the vendors buy the whole crop. The farmers love that because they get one lump sum figure for whatever crop they're growing. Now what we are about to set up is packing and grading houses, and sell to the hotels and to the restaurants that import their produce. They only want to buy grade A and grade B, but there are also grades C, D and E products, so what you also need to do is set up processing plants to deal with concentrates and have them available for export. This is how the United States and Canada deal with agriculture and we just have to follow it.

BV: Is it going to be possible, easy, challenging, whatever word you want to ascribe to it, to change the mindset of some of the players there in the country to accept the new way of doing things and how mandatory it's going to have to be?

KENNEDY: I don't think so. Most of the progressive companies in Jamaica see it, the government sees it, of course, because they are backing the plan, and as far as the farmers are concerned, if they can see that they will earn more money, they will follow the new rules. The key is to start it and then maintain it, and not allow it to die or go back to the old ways, you know?

BV: Given the circumstances you explained, that's really not an option, correct?

thing that the government is doing is that we want to become the world's fourth international logistics hub. The current logistics hubs are Singapore, Dubai and Rotterdam. There's no logistics hub for the Americas. China and Japan and Thailand and the countries in the Far East want to start exporting more to the Americas, especially South and Central America, but it's very expensive to export to these countries. So what they want to do is establish terminals, sea terminals, in the Americas. Jamaica is favored, especially by the Chinese, because Jamaica was only the second country in the Western Hemisphere to recognize mainland China as China way back in the '60s and '70s. We recognized China in September 1972.



Cuba recognized mainland China in the late 1960s and the main reason is that the United States of America was pushing Taiwan as China and the rest of the Americas followed. Mainland China has been very appreciative of us, and they said yes they're willing to invest in Jamaica. Jamaica came to China's aid in mid-1972, opened domestic relations with China in September/October 1972, and the Chinese president told our prime minister in August of this year that Jamaica dug the well for the Americas, that is, we were the second ones to recognize China, China has discovered water in the well and China wants to share the water now with Jamaica.

So it's a very, very close relationship between China and Jamaica right now. China is investing quite a lot of money in Jamaica right now.

BV: It sounds like the decision to acknowledge mainland China 40 years ago may be on the verge of paying off in a very big way.

KENNEDY: It is. They are investing quite a lot of money in Jamaica – both concessionary loan financing and even grant funding.

BV: Are there other countries that would be non-traditional that you're trying to establish relationships with?

KENNEDY: Because of the logistics hub, we need to open up trade relations and trade agreements with the countries of South America. We have with Columbia and Venezuela right now only, and in Central America we have with Panama and Costa Rica, but not the rest of Central America. So both the government and the private sector are now opening up negotiations to deal with that.

