

The Jamaica Logistics Hub and the Jamaica Growth Agenda



Implications for Funding and International
Competitiveness

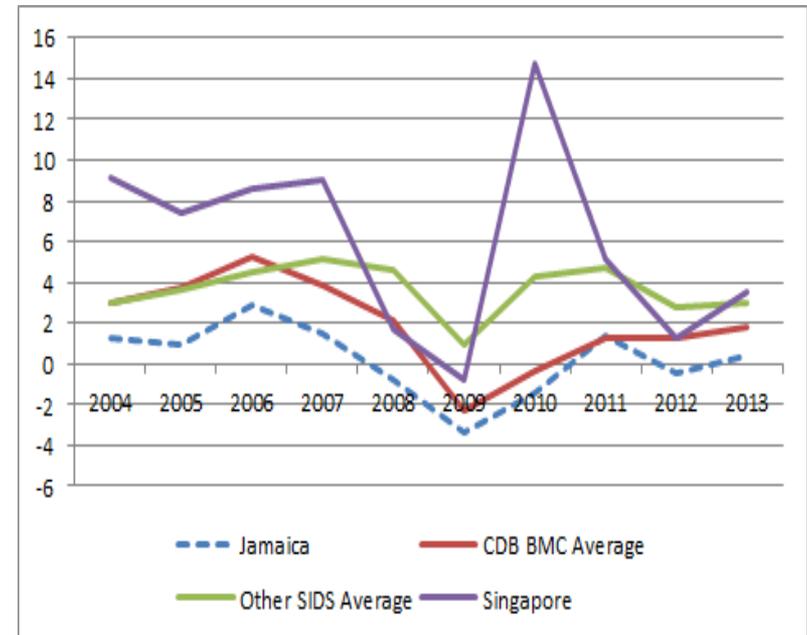
Ian Durant
Deputy Director
Economics Department

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Jamaica's Growth Experience

- Since 2004, real GDP growth averaged:
 - 0.2% in Jamaica
 - 2.0% in CDB BMCs
 - 3% in other SIDS
 - 6% in Singapore
- Low growth explained by:
 - Migration of skilled labor
 - Vulnerability to natural disasters
 - Citizen insecurity
 - Competitiveness issues





Government of Jamaica's Medium-Term Growth Strategy

- Target rate of 5% real growth per year by 2015
- Through:
 - Asset mobilization
 - Enhancement of international competitiveness
 - Strengthening business networks and value chains
 - Strengthening resilience of the natural and built environments
 - Social protection



The Potential for Developing Jamaica as a Logistics Hub

- World markets have opened since the elimination of barriers in the 1990s
- Resulted in the globalization of supply chains
- World trade has grown by 6% annually in the last 4 decades, while global GDP grew at 3.4% per year
- World trade has grown from 20% of GDP in 1971 to 51% in 2010 (WTO)
- Panama Canal expansion potentially expands regional trade volumes
- Jamaica is ideally located to take advantage of these trends





What is Logistics?

- Logistics is defined as:
“that part of the supply chain management that plans, implements, and controls the efficient and effective forward and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customer’s requirements” (CSCMP)



Main Dimensions of Logistics Competitiveness

- **Market access:** The extent to which a country's policy framework welcomes foreign goods into the country's economy and enables access to foreign markets for its exports
- **Border administration:** The extent to which border administration facilitates the entry and exit of goods
- **Transport and communications infrastructure:** The extent to which a country has the transport and communications infrastructure necessary to facilitate the movement of goods within the economy and across the border
- **Business environment:** The quality of a country's government, including the regulatory and security environment affecting the business of importers and exporters active in the country.



Jamaica - Logistics Performance Index

Item	Global Rank
Overall	124
Customs	123
Infrastructure	119
International Shipments	121
Logistics quality and competence	132
Tracking and tracing	117
Timeliness	107

Source: World Bank



What Does Jamaica Currently Need to Do?

- Jamaica ranks 124th out of 155 countries on the Logistics Performance Index
 - 45.3% of Singapore's score
- Hub Initiative is intended to reduce supply chain barriers
- Infrastructure is important, but is only one dimension of logistics
- Focus is also needed on:
 - Customs reform
 - Tax reform
 - Human resource development



The Policy Choice

World Economic Forum, “Enabling Trade: Valuing Growth Opportunities”

“... companies are increasingly organizing production of goods and services through global supply chains. Products are processed – and value is added – in many different countries. A company’s ability to participate in these supply chains depends greatly on their government’s policy choices: the extent of restrictions on market access; the efficiency of border management; information technology capabilities; transport and logistics services infrastructure; and the business environment. Even if tariffs on their exported goods are zero, firms that confront high and uncertain border costs and inefficient and unpredictable logistics will not be able to compete with firms in countries that provide a more efficient economic environment.”



The Likely Impact of the Logistics Hub Initiative

- Reduced costs to trading firms, thus reducing costs to consumers and producers
- Transshipment and supply chain opportunities can ensue.
- Increased GDP
- Increased employment
- Higher-paying jobs
- The effects are not necessarily gradual, but accrue once a tipping point is reached



Funding the Logistics Hub Initiative

- Private sector participation, including through management contracts, PPPs
- Multilateral development bank (MDB) finance
- Technical assistance from MDBs and agencies like IMF, CARTAC, UNCTAD to address the soft issues



Thank you