



JAMAICA

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The new economic recovery model

The success of the new Jamaican government's reforms and innovative business initiatives are bringing increasing international recognition and investment opportunities

Since coming to power in 2016, the new Jamaican government, led by Prime Minister Andrew Holness, has transformed the country's economy and business environment. The budget deficit has been eliminated, debt reduced, taxes reformed and legislation introduced to make doing business easier. "Confidence is really high," says Holness, "not only from consumers, but from businesses. Investment projects that could not get going are now being implemented."

Leading Jamaican businessman Delroy Dell, Vice-President and General Manager of Noranda Bauxite/New Day Aluminum (Jamaica), agrees, "Business confidence is the highest it is been in years and the numbers are supporting this." Those numbers include the fact that Jamaica has risen five places to 67th in the World Bank's Ease of Doing Business Index, in which it was one of 2016's top 10 most improved countries worldwide. Inflation has fallen to a 45-year low and the top credit rating agencies have upgraded Jamaica and given positive feedback. Foreign direct investment inflows have improved dramatically – in 2015/16 they rose 42% to nearly \$1 billion and Moody's esti-

mates they will exceed 7% of GDP in 2016/17.

The government plans to continue revitalizing the country, with a priority for 2017 being public sector reform, in order to increase efficiency. It also wants more transformation of the business landscape, to accommodate more international players that want to be located in a pro-business destination, that offers competitive advantages through unique materials, like bauxite and minerals; low operational costs; and a strategic location.

Creating a global logistics hub

Holness intends to make Jamaica the Americas' premier logistics node and "the center of the Caribbean." And the country is well placed to achieve this – it is just outside the Panama Canal, is the third largest English-speaking country in the west, has good telecoms infrastructure, and excellent sea and air connections.

To build this global logistics hub, and the economy in general, the government is focusing on public-private partnerships (PPPs). As Michael L. Henry, Minister of Transport and Mining, says, "the PPP structure is the driving force of the country's economic

development." Jamaica is becoming a leader in innovative PPPs and has risen rapidly to fourth in the PPP program index for Latin America. A good example of a new groundbreaking partnership is its 51% ownership of bauxite and alumina company Noranda Bauxite. The other 49% is owned by New Day Aluminum (Jamaica). Dell notes that, "with regards to

the relationships between the two countries," says Dell. As a result, explains Holness, "we are trying to make our investment environment more consistent with what American investors expect."

In terms of sectors to invest in, the Prime Minister highlights tourism, infrastructure and energy. "There are significant new opportunities with energy and it is a good example of how the US-Jamaica relationship could be strengthened," he says. Traditionally reliant on oil, Jamaica is looking to move into renewables. As well as helping the environment, it would mean industries like mining would be less affected by oil price changes.

“Jamaica is emerging as a place of choice to live, work and do business.”

Prime Minister Andrew Holness

the bauxite sector in particular, the partnership between government and mining companies is a good model for companies worldwide, across all sector stakeholders." Henry adds that this PPP has "transformed our approach as to how we can enhance our country's exports and revenues," and he is optimistic about future PPPs with international businesses.

Specifically, the government is "very eager to strengthen our trade and cooperation with the US," says Holness, and it is already Jamaica's biggest source of trade and remittances. "The two countries have long enjoyed good relations. We have good links and a good framework to continue building on

Dell confirms that his company is already assessing options. "In terms of energy, there are sustainable and green solutions. It is the most significant opportunity. Very little of the energy currently being produced for our sector is renewable. New Day is in talks with various potential partners about diversifying our energy mix in this area," he says.

The continuing reforms and innovative initiatives are gaining international recognition, with the country coming out of the global financial crisis as a success story and model for recovery. "Jamaica is emerging as a place of choice to live, work and do business," asserts Holness.

Noranda puts new life into bauxite mining

A new, game-changing public-private partnership, shows how Jamaica's mining industry is getting back on track through a more collaborative and creative focus, and partnership

Jamaica's bauxite industry is back in business, with new player Noranda Bauxite/New Day Aluminum (Jamaica) aggressively developing new customers and markets, as it sets a new path for a 50-plus-year-old bauxite company and Jamaica's only bauxite exporter. The bauxite and alumina industry was a fraction of its former self, mainly due to reduced global demand and pricing since 2009. Closure loomed for Noranda Bauxite, a mining operation in St. Ann's Parish capable of producing up to 5.2 million metric tons of bauxite ore per year. At similar risk was the 1.2 million metric tons per annum Noranda Alumina refinery in Gramercy, Louisiana, USA, consumer of half of the mine's production capacity. Up stepped New Day Aluminum, an affiliate of DADA Holdings, which purchased the Noranda bauxite and alumina operations in late 2016, avoiding the closure of the facilities and initiating a new path forward.

DADA Holdings is no stranger to aluminum, with principals and industry veterans David D'Addario, Monte Schaefer, Thomas Robb and Robert



Delroy Dell
VP and General Manager, Noranda Bauxite/New Day Aluminum (Jamaica)

risk the business and position it for growth. The government sees it as a pioneering PPP and a great model for future innovative partnerships. Jamaica gains more than just profits, as it has saved over 800 jobs and one of the country's largest earners of foreign exchange, which pumps about \$80 million into the economy every year, via wages, taxes, royalties and local purchases.

The new owners and managers have been busy creating a new route to excellence. Considerable amount of funds in both the Jamaica and Lou-

Noranda is aggressively looking for new markets, as it has excess capacity and wants to ramp up its production.

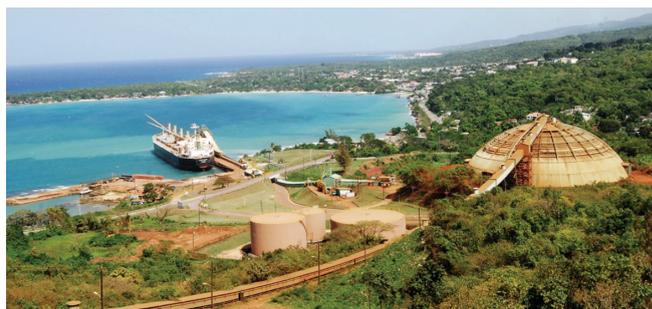
Ericson having led the development of the world's third largest producer of aluminum can stock for the beverage and food industries. Their creative and entrepreneurial approach is also becoming evident in their newest venture.

In a groundbreaking public-private partnership (PPP), the Jamaican government and New Day Aluminum's relationship extends beyond Jamaica's borders, as the government will receive 17.33% of the combined profits of the Jamaican bauxite operation and the US alumina facility. The company is extremely excited about prospects in Jamaica and the government's approach to the partnership, and is working hard to de-

velop a Capesize vessel-loading capability. Additionally, it recently made a strategic commercial arrangement with Concord Resources Limited, to help expand global sales and logistics bandwidth for smelter-grade alumina and bauxite. What the new owners won't change is Noranda's support of the community and environment of St. Ann, Jamaica, where bauxite has been vital for the economy since the 1950s. The wide range of initiatives it has set up includes micro-enterprise business development programs, and scholarships at secondary and tertiary education levels. Many of Noranda's employees are natives of St. Ann, as well as second- and third-generation employees. The company wants to leave a legacy whereby every local child for generations to come is given the opportunity to be successful in an industry and company they are proud to be associated with. Noranda is also at the forefront of sustainable mining in Jamaica. One of its major achievements, and a model for worldwide mining operations, is its Greenhouse Project, which has seen it build over 100 greenhouses on rehabilitated mined lands. Local agriculture is transformed, with farmers reporting 500% increases in harvests, that are no longer affected by droughts and other problems. The company also rehabilitates land for agriculture, farming and forestry, and has built three large reservoirs to protect the local area from drought. The revitalized Noranda is a clear indication of the rising strength and sustainability of the company and the country. Having overcome potential closure, Noranda's success shows what is possible through collaborative and creative partnerships between government and the private sector.



Top: Michael Henry - Minister of Transport & Mining, David D'Addario DADA Holdings and Noranda CEO and Audley Shaw - Minister of Finance and Public Service, shake hands. Middle: A Noranda train filled with bauxite ore. Bottom: Noranda's bauxite facility in Jamaica.



isiana facilities to upgrade asset bases, increase reliability and position the business for long term sustainability. The US refinery has increased chemical-grade volume and customers, as well as worldwide smelter-grade customer numbers. It has also recently announced a long-term supply agreement with the largest US aluminum smelting company, further expansion of its chemical-grade business and the introduction of new filter press technology to reduce costs and improve its environmental footprint. In its short time in Jamaica, the company has exported over 300,000 tons of bauxite to new customers in China and India, and secured a location near its operations to develop a Capesize

vessel-loading capability. Additionally, it recently made a strategic commercial arrangement with Concord Resources Limited, to help expand global sales and logistics bandwidth for smelter-grade alumina and bauxite. What the new owners won't change is Noranda's support of the community and environment of St. Ann, Jamaica, where bauxite has been vital for the economy since the 1950s. The wide range of initiatives it has set up includes micro-enterprise business development programs, and scholarships at secondary and tertiary education levels. Many of Noranda's employees are natives of St. Ann, as well as second- and third-generation employees. The company wants to leave a legacy whereby every local child for generations to come is given the opportunity to be successful in an industry and company they are proud to be associated with. Noranda is also at the forefront of sustainable mining in Jamaica. One of its major achievements, and a model for worldwide mining operations, is its Greenhouse Project, which has seen it build over 100 greenhouses on rehabilitated mined lands. Local agriculture is transformed, with farmers reporting 500% increases in harvests, that are no longer affected by droughts and other problems. The company also rehabilitates land for agriculture, farming and forestry, and has built three large reservoirs to protect the local area from drought. The revitalized Noranda is a clear indication of the rising strength and sustainability of the company and the country. Having overcome potential closure, Noranda's success shows what is possible through collaborative and creative partnerships between government and the private sector.

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Tourism sees a remarkable upturn in investments and opportunities

The Jamaican government's continuing development of its tourism industry is making it an increasingly ideal location for investments in the sector

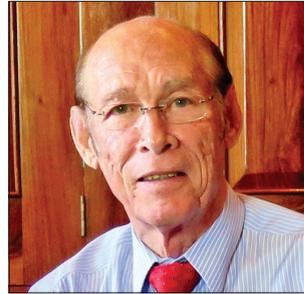
Jamaica is the best holiday destination in the Caribbean and the 12th best in the world, according to TripAdvisor. Tourism has long been important to Jamaica's economy, but it is currently experiencing rapid expansion and 2016 saw more than 3.84 million visitors to the country, bringing in \$2.55 billion. In July, Edmund Bartlett, Minister of Tourism, revealed that the sector's earnings for the first six months of 2017 were estimated to be \$1.84 billion, over 8% up on the same period in 2016. Visitor numbers also rose – up 3.9% to 2.17 million.

That growth has been accompanied by an unprecedented increase in investments, says Bart-



Edmund Bartlett
Minister of Tourism

lett, “in the last three years, we have received roughly \$1 billion and we are expecting 15-20,000 new rooms to become available over the next five to 10 years.” Examples of projects started in 2017 include the building of the



Michael Campbell
Managing Director, Island Car Rentals

\$110-million Excellence Oyster Bay Hotel in Trelawny, the \$100-million redevelopment of the Dragon Bay Hotel in Portland and the \$1-billion Karisma Group Sugar Cane Jamaica resort development near Ocho Rios.

Bartlett puts the success down to the fact that his government is “very bullish about inviting investors and careful to ensure that they are welcome and appreciated.”

Michael Campbell, Managing Director of local Island Car Rentals, confirms that “it is a business-friendly environment, supported by the government.”

According to Bartlett, “Jamaica's future relies on a strong and viable tourism sector.” He wants to see “five million visitors with-

in the next five years, earning \$5 billion for the economy and directly employing 125,000 people.”

To achieve this, his ministry is focusing on five pillars for growth: developing new geographical markets, creating diversified products, investing in human capital through training, building new partnerships and promoting investment.

These pillars are underpinned by the development of five “networks” – areas that research suggests tourists most want to experience and that Jamaica would most benefit from improving. “People travel to fulfill their passions,” explains Bartlett, “our mission is to build our products around these.” The “networks” are gastronomy; shopping; culture; health, wellness and medical tourism; and knowledge-based tourism. All of these need investment.

Bartlett points out that shopping, for example, is very important to Chinese tourists and “in order to attract them, we need to build the facilities to cater to them.” Jamaica has a rich heritage in music, entertainment and sports, but investment is needed in major new facilities and infrastructure.

Similar investment is required to take advantage of the country's rich natural bio-diversity and enable the creation of a world-class nutraceutical and medical tourism sector.

With the government having introduced the legislative, regulatory and policy frameworks needed for attracting investors, Campbell states “the focus now is on the private sector to be the

Airline at the centre of the Caribbean

Fly Jamaica Airways plans for growth

Fly Jamaica Airways is taking advantage of the Jamaican government's Global Logistics Hub Initiative, which aims to establish the country as the premier logistics node for the Americas. The only jet airline based in the country, it is considering to hold an initial public offering on the Jamaica Stock Exchange to help it double its fleet.

Sharing the government's vision of making Jamaica a regional transport hub, the airline wants to contribute to this by collaborating with partners in other Caribbean countries to create multi-destination offers. “We are strategically poised to do the work and have told the government that we are ready to undertake it,” says Captain Paul Ronald Reece, the company's chairman and CEO. The award-winning airline currently offers scheduled flights from Kingston, Georgetown, Toronto and New York. It is also building its charter business, flying passengers all over the Americas. Cargo services are another area that the company wants to grow and it already handles large amounts of fresh and frozen agricultural produce. As important as business opportunities, is safety. “The principle of the airline is that you must have safe pilots and safe cabin crew,” Reece stresses. Fully compliant with US and Canadian regulations, the pilots and cabin attendants all do initial and recurrent training at FAA approved training centers.

The prime minister wants to make Jamaica “the center of the Caribbean” and Fly Jamaica Airways intends to be at the heart of this development. www.fly-jamaica.com



Captain Paul Ronald Reece
Chairman & CEO
Fly Jamaica Airways Ltd.



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engine of growth.” Bartlett agrees that “the private sector has a role to play by creating the products that are required and public-private partnerships (PPPs) are central to the sustainable growth of tourism.”

As well as investments in the five tourism “networks”, Bartlett adds “we need PPPs for airport expansion, cruise liner ports, hotels and lifestyle developments.”

Tenders for some of these projects are already in progress – in February, for example, applications were requested to develop and manage Jamaica’s second largest airport, Norman Stanley International Airport, with a contract to be awarded in December.

Bartlett also stresses that he is keen on collaborating, rather than competing, with other countries in the region. “We believe that if we could market the Caribbean as a single destination, one that

and “the Caribbean’s Leading Independent Car Rental Company” since 2014, it is the market leader in the country by a long way. “If you take all the multinationals in Jamaica and add them all together – we are still bigger than them. Avis is the second largest player with 450 cars. We run over 1,300,” says Campbell,

who expects the company’s turnover to be about \$15.7 million this year.

Car rentals are increasing, as the quality of the country’s roads grows, but Campbell states that “the key to Island Car Rentals’ success is service, service, service. You must always, not only meet clients’ expectations, you

must exceed them at all times.”

When asked if he would advise people to invest in Jamaican tourism, Campbell says, “the opportunities here are unbelievable. Any business, I don’t care what it is, will make a profit. As long as you are willing to offer a good service and to run it correctly – it will make money.”

“Public-private partnerships are central to the sustainable growth of tourism.”

Edmund Bartlett,
Minister of Tourism

would offer a value proposition that states ‘buy one and get all’ – it would be a game changer.”

He is proposing joint marketing programs, and negotiating multi-drop or multi-stop packages with large airlines to access emerging tourist markets in Asia, Africa, South America and Eastern Europe. “This is a far more exciting arrangement than currently exists,” he says, “it will boost yields for the airlines and enable the security of route arrangements.”

As tourism is embraced by more and more countries as a core part of their economy, Bartlett says Jamaica has to be innovative, and create new business models and new experiences that will win over visitors.

Local company in pole position

One Jamaican company that has achieved success through taking exactly that approach is Campbell’s Island Car Rentals. Named by the World Travel Awards as “Jamaica’s Leading Car Rental Company” every year since 2011

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