

Address by Robert Gregory, President of  
Jamaica Trade and Invest and the Caribbean  
Association of Investment Promotion Agencies  
(CAIPA)

## **“New Frontiers for Caribbean Trade and Investment: China Matters”**

**“新领域加勒比贸易和投资：中国事项”**

The China-Caribbean Business Dialogue

Wednesday, 5 August 2009

Bridgetown, Barbados

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### **Preamble and Opening Pleasantries:**

- Recognise the Board of Caribbean Exports: Sam Chandler, Chairman, Phillip Williams, Executive Director and staff of Caribbean Exports
- CARICOM and other regional dignitaries present
- The Chinese Delegation- recognizing individual members note rank and protocol.
- Distinguished ladies and gentlemen.

It is my pleasure to share in this most important dialogue between the world's 4<sup>th</sup> largest economy-China, and the world's most diverse and alluring region- the Caribbean.

China's impressive economic growth, increased levels of outward foreign direct investment (FDI) and its tremendous potential as a trading partner combine to make this an

exciting proposition to develop excellent business relationships in our mutual interests, from the standpoint of our individual national interests, and more critically, from the position of our collective regional interests.

In my own country, Jamaica, our vibrant business links with China have deepened since the hosting of the first China-Caribbean Forum on Trade and Economic Cooperation in Kingston in 2005. This was followed by the second forum in Xiamen, China, which coincided with an outward mission from Jamaica and participation in the China International Fair on Investment and Trade (CIFIT) in 2007.

The latter event bore the fruit of a US\$530 million loan facility by the Chinese Government, which is geared towards encouraging Chinese businesses to invest in, and trade with the Caribbean. This gracious offer by the Peoples' Republic of China was meant to underscore China's serious intent to create a real platform from which would spring, a new era of Sino-Caribbean trade and investment relations. It is in that spirit that we meet here in Barbados today, and it is my sincere hope that we will be able to leave this meeting with clear pathways for collaboration, and a practical agenda for

doing business with the most powerful emerging economy in the world.

## **The Caribbean Context**

At Jamaica Trade and Invest, the Agency which I have the pleasure to lead, and which is part of a wider regional alliance called the Caribbean Association of Investment Promotions, CAIPA- (*and I will have more to say on this important regional grouping later*)- we have a maxim that we love to use- it says –

### **Today's Jamaica Means Business**

今天的牙买加手段商业

I would love to amend that phrase for the purposes of our Dialogue, to say that—

### **Today's Caribbean Means Business-**

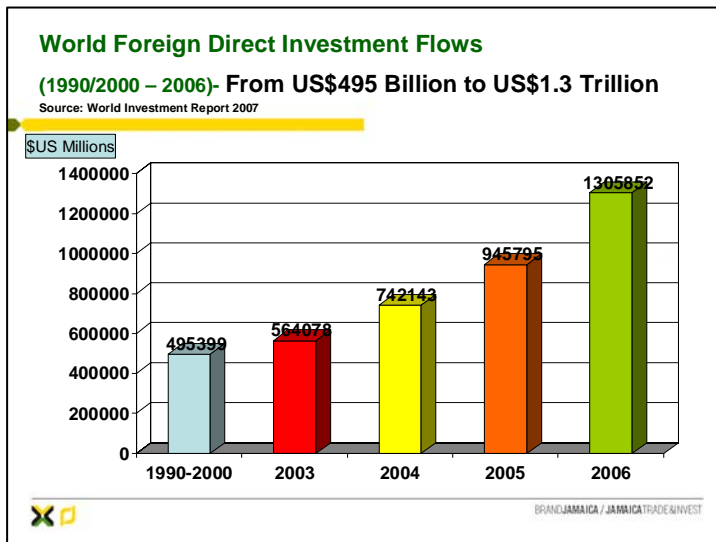
今天的加勒比手段商业

The economy of the Caribbean Community stands at an important juncture in history. We face enormous challenges given the varying levels of development among our individual member states, made worse by our common

susceptibility to external shocks due to limited diversification of most of our economies. In addition, we face vulnerabilities to cyclical natural disasters, notably hurricanes, droughts and floods. Notwithstanding, the Caribbean is among the greatest place on earth *to live, raise families and do business*, to borrow a phrase from Jamaica's Vision 2030 Plan. Of note, is that some CARICOM economies, notably Barbados, have achieved commendable levels of per capita income and rank reasonably well on the United Nations Human Development Index (HDI).

So, in setting the context for our discourse today, I thought it might be instructional for us to have a look at the increasing global flow of Foreign Direct Investment (FDI) in the 5 years in relation to the Caribbean, leading up to the current global recession.

Here's a snapshot of World Foreign Direct Investment Flows, which as at 2006 stood at US\$1.3 trillion, up from US\$495 billion in 2000.



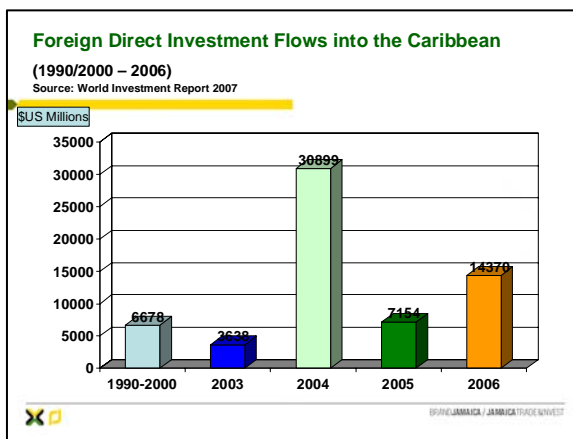
- The consistent rise of global foreign direct investments between 2002 and 2006 was largely attributable to the rise of the countries of the BRIC- **Brazil, Russia, India and China-**

- These four countries are the world's largest emerging markets and, especially in the wake of the global meltdown, still represent the potential for greatest growth. And if it weren't for the American sub-prime crisis that triggered our current state of affairs we would have still been watching with utter amazement, the breathtaking runaway growth of the Chinese economy,

a rapidly expanding India and the quiet, yet formidable strength of the Brazilian economy.

- In fact, the Economist Intelligence Unit points out that despite the recession, China's economy expanded by 8% year-on-year in the second quarter of 2009, posting an improvement from the 6.1% growth of the previous quarter, helped by the government's loose credit policy and stimulus spending.

Now let's look at the snapshot of Foreign Direct Investments in the Caribbean in the 5-year period just before the global economic downturn.



- The graph shows a rather haphazard performance with no consistency in growth...relatively flat performance during the 1990s at an annual average of \$US6.6

Billion with a spike in 2004, attributable to a phenomenal rise in the demand for IT outsourcing services in the region, then back to flat performance with a rise to US\$14.3 Billion in 2006.

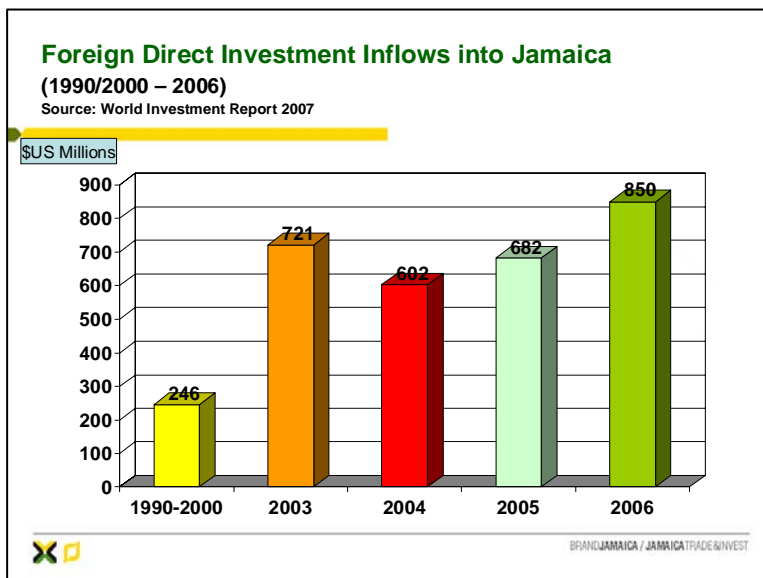
### **What is the big lesson to learn from this?**

- The lesson is this: We are under-performing as a region in attracting Foreign Direct Investments. Our weak regional performance is tied to our relative fragmentation when compared to the rest of the world, and our relative failure to date, to create a strategic, competitive economic space and to represent ourselves as one, albeit small, but united trading bloc and investment destination to the global marketplace.

This conundrum lies at the heart of our Dialogue today, and our common interest in resolving this challenge, has inspired our coming together to talk business, which has its own universal language that transcend barriers of geography,

race and ethnicity. So it's my hope that this South-South-East-West dialogue today will reveal in even clearer terms to our Chinese friends, the vast, limitless potential of the Caribbean as a place to do business, which will be far more enhanced when we eventually unite to create a single Caribbean economic space and trading bloc.

We in the Caribbean, see this as an urgent imperative for our region that we have a well aligned, coherent regional policy and approach to attracting and retaining Foreign Direct Investments in our beloved Caribbean. And my next graph amplifies my point”



And my frame of reference here is Jamaica's FDI performance over the past 6 years, which has benefited from our more focused and targeted strategies and approaches to promoting investment opportunities in Jamaica to the world in a progressive Caribbean context.

So what have we seen?

- More FDIs are flowing into Jamaica than at any other time in our history, as evidenced by the conspicuous investment of the Spanish hotel properties and significant investments in our mining and energy sectors.
- Concurrently, we have had significant investments in Information Communications Technologies in Jamaica. Foreign direct investment inflows to the ICT sector has averaged US\$69 million per annum over the period 2001-2005, representing 11% of total foreign direct investment inflows over the period.
- In 2007, ICT investments registered phenomenal growth, surging to US\$164.5 million, and ICT projects

facilitated by JTI in the telecommunications and call centre industries employ well over 14,000 persons.

- Foreign Direct Investments in Jamaica peaked at over US\$866 million in 2007 with record performances in the ICT and Tourism Sectors, bringing with it, the many opportunities for joint ventures, spin-off industries and businesses, markets for our farmers and possibilities for our entrepreneurs.
- Jamaica has also made significant investments in our ports of entry, highways, roadways and bridges, as well as our ICT capability, to make for a diversified and highly functional infrastructure for Foreign Direct Investments.

It is Jamaica's goal to attract Chinese investment in the areas of value-added manufacturing, information and communications technology (ICT), agriculture/agro-processing, services, alternative energy and real estate development.

Additionally, JTI is focused on showcasing Jamaican culture and promoting the vibrancy and viability of Brand Jamaica. Jamaica's stellar performance at the Beijing Olympics in 2008, in tandem with the Brand Jamaica campaign, served to significantly raise the profile of Jamaica in China.

We hope to build on this through our participation in Expo 2010 Shanghai, which will allow us to captivate the people of China with our culturally-inspired creative industries, and ultimately create a demand for all things Jamaican. We intend to participate in Shanghai 2010 in the context of CARICOM, where we will showcase the Caribbean as a regional trading bloc with diverse opportunities.

As the decline in aluminum prices continues to negatively impact our trade balance with China, we have begun to concentrate our export efforts on identifying niche opportunities for Jamaican products. Our focus is on high value low volume concepts, specifically "lifestyle products" such as rum, coffee and processed food items.

We have also been actively forging strong partnerships with important organisations like the Jamaica & China Chamber of Commerce, which we believe is critical if we are to realise the full potential of our economic relationship.

It is my belief that the Chamber's commitment to promoting opportunities for investment, trade, sports, culture and technology exchange will result in creation of immense value to both our countries.

## **China's Thrust for Investments and CAIPA/CEDA**

### **Response**

Now earlier, I referred to the Economist Intelligence Unit assessment of the Chinese economy. Another important finding, which is germane to our dialogue today, centres around China's remarkable resilience to still show robust 8% economic growth despite a 21% fall-off in merchandise exports for the first half of 2009, in the context of the sharp downturn in world trade and demand for manufactured items.

The secret behind China's quick and growing recovery from the global recession, according to the Economic Intelligence Unit is, INVESTMENT. Investment has been the driving force behind the acceleration in second-quarter GDP growth, amid a surge in government-supported infrastructure spending resulting in broad-based recovery, with stronger growth in private investment and consumer spending.

This is great news for us in the Caribbean. And that's why this Chinese-Caribbean Dialogue is important today. China can continue to grow its GDP by doing increased business with the region, which stands to benefit in terms of Capital Expenditures on large investment projects and Employment.

But there is an added incentive to our deepening business relationship that I would like to emphasize today. The point here is that what obtains for Trade in the world today, is really now a trade in cultures.

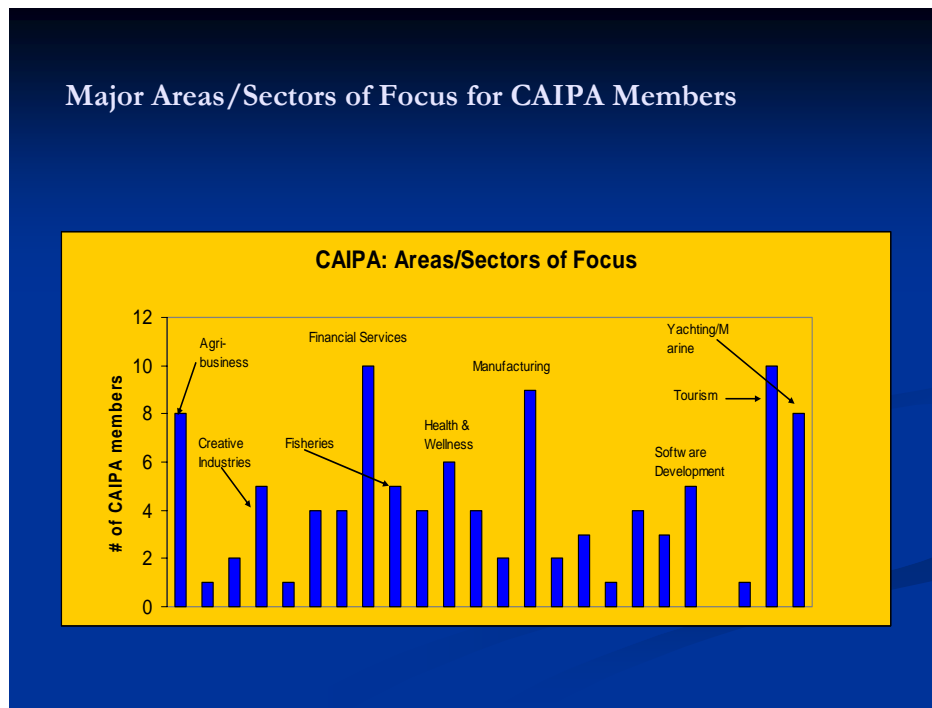
There is something special, unique and exotic about Caribbean Culture, which makes an investment in the Caribbean, whether Barbados, Jamaica, Antigua, Dominica, Trinidad and Tobago or the Dominican Republic, a meaningful one, not just in ROI but in the appeal to consumers in China and the world over, who find the Caribbean a special place.

### **What therefore has been our response as a region?**

One of the more promising developments in recent times has been the strategic move embarked upon by countries in the region to advance their investment promotion efforts by capitalizing on the opportunity to promote the region as a

whole through the establishment of a Caribbean Association of Investment Promotion Agencies (CAIPA). Launched in November 2007 in Jamaica, CAIPA will be established as an umbrella organization that will facilitate the collaboration of regional investment promotion agencies (IPAs) in order to strengthen the region's visibility for foreign direct investment.

Today, I speak to you also as the President of CAIPA, whose membership is open to all Investment Promotions Agencies and functional units in the 15 member states of CARIFORUM, the Dutch and French Antilles, British Virgin Islands, the Cayman Islands, Turks and Caicos Islands, and Cuba.



China is an important FDI target for CAIPA. When we consider Chinese FDI, our areas of specific, packaged investment opportunities are:

- **An Enabling, Reliable Affordable Infrastructure- Transport (Air and Sea), Shipping, Road, Water and Sewage**
- **Agribusiness**
- **The Creative Industries**
- **Fisheries**
- **Financial Services**
- **Health and Wellness (Medical Tourism)**
- **Manufacturing**
- **Software Development**
- **Yachting and Marine**
- **And Tourism**

### **Concluding Remarks**

In preparing for our Dialogue today, I had pause to reflect on some conventional wisdom about doing business with China by the Late Paramount Leader Deng Xiaoping, who encouraged business partners from the world over to – **“Seek Truth from Facts”**:- Doing business with China requires that the businessperson carefully separate hype from truth and **myth from reality**.

Look at these images of transformation:

**This was the People's Square, Shanghai, 1990s**



**This is the People's Square, Shanghai, 1990s**



**This is rush hour at an intersection, 1990s**



## This is rush hour at an intersection in 2005



Pictures worth thousands of words! Pictures, which amplify the critical importance of the dialogue and the **critical action** that we must take to secure the Caribbean future and society that we all seek...one of abundance, enriching life and prosperity for all. In this regard, China matters to us a Caribbean Region. It was Napoleon Bonaparte, who said:

**“China is like a sleeping giant, and when she awakes, she shall astonish the world.”**

*- Napoleon Bonaparte*

We want to be a part of the unfolding astonishment!

I welcome this China-Caribbean Dialogue and I eagerly look forward to the rich ferment of ideas and discussions, and the concrete steps to take going forward.

I thank you for your attention today.