

## Can participating in the CSME help Jamaican (and regional) business overcome uncompetitiveness and low productivity?

"Jamaica's weak export performance is at the heart of queries now being raised by scholarly studies as to whether Jamaica can overcome its anaemic export record and, if not, whether or not there is any purpose in extending its CARICOM involvement by participating in the proposed CSME. In 1973, exports from Jamaica to CARICOM were 6.3% of Jamaica's total exports and 5.2% of total imports. By 2001 Jamaica's exports had declined to 4.1% and imports from CARICOM had increased to 12.7%." (Finding A Fresh Wind - p9 Authors Hussey, Chung and Alleyne)

It would be unreasonable to regard these observances as unmeritorious. Indeed, these observances are of such critical importance that they should provoke in the mind of any serious entrepreneur the question of whether, and to what extent, Jamaica stands to benefit from participating in the proposed CSME.

With the greatest of respect to the scholars, such an outlook is indefensible. In this "non-competitive scenario", it seems that the authors would rather we throw our hands in the air in despair. What we require is action. Everything must be done to increase our trade output and increase our level of productivity and thus, it is a mistake to suppose that a rejection of the CSME will ipso facto lead to increased trade or increased productivity. On the contrary, our involvement in the CSME will compel the productive sectors to provide more goods and services at competitive levels, if they are going to survive. This is true not only of Jamaica's involvement in the CSME but also of the Free Trade Area of the Americas (FTAA) and the other free trade arrangements in which CARICOM is engaged. This includes the current free trade arrangements with Venezuela, Colombia, the Dominican Republic, Cuba and Costa Rica.

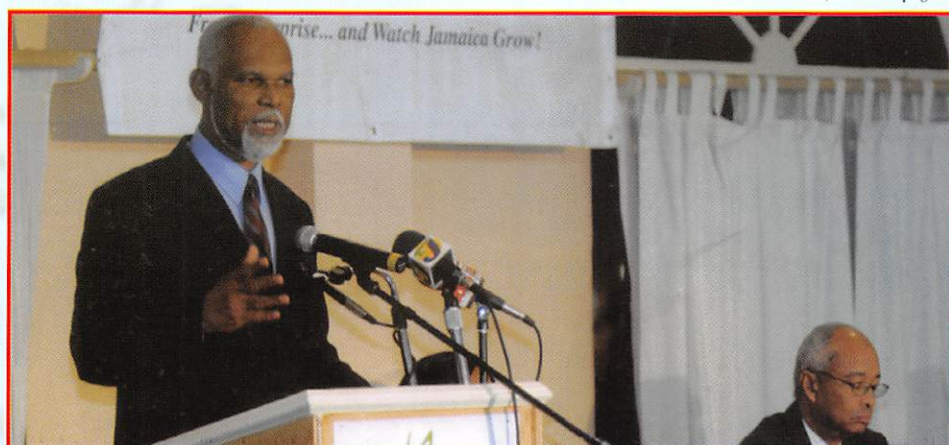
In this regard, there is the need for a strong-willed private sector both in Jamaica and the region. A private sector that will seek to inform itself, sifting through the rhetoric and assimilating only the most important information - information which will assist in understanding how to survive in this new era of globalization, characterized by free trade. How then, should the Jamaican (and regional) private sector approach the CSME?

The private sector in the region cannot afford to fold its hands on the issue of competitiveness. Although many firms have already embarked on strategies to

improve productivity and competitiveness with an eye on the regional and global marketplace, the reality of international trade and trade relationships is far different in 2004 from 1973. In 1994, there were about 33 regional trading arrangements in the world. Today, there are over 100 regional and sub-regional trading arrangements and the numbers are growing. Companies and individuals, for their own continued survival and growth, should not wait on the creation or expansion of regional trading arrangements to move outside of their own borders. Already there are quite a number of companies in the Caribbean region, as well as hundreds of workers who are moving across borders and who are not prepared to sit and wait on the CSME or the other free trade arrangements. To some extent then, creating the

The challenges which come with the CSME are only too well known. However, there is never benefit without burden. What are the benefits in this case? With the CSME, comes an enhanced trade dispute mechanism via the Caribbean Court of Justice (CCJ), pooling of resources for multilateral negotiations, increased inflows of new capital, entrepreneurship and innovation from other member states through the establishment of new businesses, acquisitions, mergers and joint ventures and importantly, free movement of people. Jamaica (and CARICOM by extension) will only be able to access these benefits by becoming a member of the CSME and by implementing the necessary measures in preparation for participation.

(Cont'd on page 2)

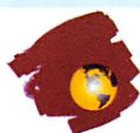


The Hon. K.D. Knight, Minister of Foreign Affairs and Foreign Trade, delivering the keynote address at a CSME Forum held at the Knutsford Court Hotel, on November 18, 2004.

CSME is only moving to regularise what forward thinking businesses and skilled workers have already started to do in response to the new global environment. The decision therefore to establish the CSME is a response to the deepening of the globalisation process. Jamaica cannot afford to stand aside and not get involved, because it has a trade deficit or because it is challenged by low productivity. If that were the case, Jamaica would not be trading with many countries today.

### INSIDE THIS SIDE:

Jamaica's Participation in the CSME .....	Page 1
PSOJ Activities .....	Page 2
FYI .....	Page 3
Bulletin Board .....	Page 4



## JAMAICA INTERNATIONAL INSURANCE COMPANY LIMITED

"Driven by Excellence, Guided by Experience"

Your insurance place from Grace

**Toll Free: 1888-CALL-JIIC(1-888-2255-5442)**





## Jamaica's Participation in the CSME

(Cont'd from page 1)

We do recognise that this ambitious enterprise is, without doubt, daunting and every effort must be made to ensure that it inures to the benefit of businesses (not politicians) and the Jamaican people in particular. But what is the alternative? If we were to fast-forward into the future and examine the landscape that will be in place at that point, we will find a landscape which will be characterized by free trade. In such a world, major trading blocs would have become the norm and vast economies of scale would be reaped through combined productive processes and single currencies. In that future, the mega-trading blocs that are being created will have a tremendous impact on us, for not only will we be competing against individual countries, we will be competing against groupings that will reap the rewards of combined comparative advantage. What the CSME does is to give us an opportunity to experiment with that future - NOW.

The principle of the CSME holds open a world of opportunity for Jamaican and regional business enterprises in the next few years if done right. To ensure that it is indeed done right there must be greater consultation between Governments of the region and the business community, civil society and NGOs.

Efforts must also be made to have the private sector participate more actively in the trade negotiation process. Governments do not do business, the private sector does, and therefore, the sector is more intimately familiar with the problems that arise and can advise most accurately on the effects of particular negotiating positions.

It must never be forgotten that the reason our business persons engage in entrepreneurial activity is to prosper and indeed to see our country prosper. It must also be recognized, however, that businesses have to shoulder the blame for the present situation of low productivity and un-competitiveness. Far too often we hear of businesses prevailing upon Governments in the region to act to impede the movement of goods from within the Community. In one breath, we say we want liberalization while in the other we urge caution and protection. We must realize that we cannot have it both ways.

The un-competitive scenario painted by Messrs. Hussey, Chung and Alleyne is not exclusive to Jamaica. Thus, if we are to move away from this un-competitive scenario and low productivity, businesses need to stop asking their Governments for special protection from other Caribbean businesses operating more effectively. If we cannot compete against ourselves in the region without calling for protection, how can we hope to compete against the larger players in a wider hemispheric and international space that will soon be a reality?

We need to develop our skills and we must build the confidence that we can compete successfully with the large competitors. It is time for the private sector in the region to stop hiding behind the veil of smallness and insularity. The world has changed and will change even more in the next few years. Strategic alliances must be forged if success is to be grasped. These alliances must be made both within and without the region. This is what the CSME offers.

While we have been fiddling and our Rome burning the rest of the world's trading environment is moving at the speed of light. We simply cannot afford the luxury of a long period of dialogue while we try to find our feet. We must act now. The answer then, to the question posed by the title of this article is this:

*The CARICOM Common Market has not worked in the way it was intended and in the face of the new and imminent trading environment, most notably the FTA, the CSME is our best option. While we cater to the present, we must take cognizance of the needs of future generations. We will be held responsible by our children and grandchildren if our actions lead not to the empowerment of our countries in the new global environment, but to their demise; the choice is ours and the time for action is now.*

*The comments expressed are by the PSOJ Trade Policy Unit and are not intended to be nor should they be construed as representative of the views of Jamaican businesses.*



## ACTIVITIES



October 2004 Awardees at the Job Creation Breakfast



PSOJ President, Beverley Lopez with Past Hall of Fame Inductees (L-R) Hon. Oliver F. Clarke, CD, Hon. R. Danny Williams, OJ, Rafael Diaz and Desmond Blades.



Job Creation Awardees at the Breakfast held in November 2004.



PSOJ President, Beverley Lopez Presenting A Citation to Mr. Douglas Orane, CD, PSOJ's 2003 Hall of Fame Inductee at the Ceremony held in his Honour in September 2004.



# HAPPY





## FOR YOUR INFORMATION

### CHINA-CARIBBEAN ECONOMIC AND TRADE COOPERATION FORUM AND TRADE FAIR

The Governments of Jamaica and the People's Republic of China will co-host a China-Caribbean Economic and Trade Cooperation Forum on 2 - 3 February 2005 at the Jamaica Conference Centre and a Trade Fair on 2 - 5 February, 2005 at the National Arena respectively. The Chinese delegation will be led by the Vice President of China Zeng Qinghong.

The aim of the Trade Forum and Fair is to increase trade relations and cooperation between China and the Caribbean region and is expected to provide an excellent opportunity for Jamaica and the rest of the Caribbean to attract Chinese investment and develop business relationships.

With the "opening up" of the Chinese economy in recent times, the Chinese have become one of the more important players on the world's trading landscape, and with the implementation of agreements such as the World Trade Organisation, China is expected to be a major contender in world trade, rivaling the traditionally powerful markets of the United States and Europe.

At the Trade Forum, the discussions are expected to focus on investment and trade, tourism, aviation, agriculture and fishing, finance, human resources and a business networking meeting and matchmaking. Senior government officials from China and the Caribbean islands, along with business interest groups, agencies and individuals will participate in this significant exchange of ideas.

Features of the Trade Fair include an opening ceremony, welcome reception, 'buyer to suppliers' business days and a 'public day', with the following exhibits:

- “ Mechanical and electronic products
- “ Communication and information hi-tech products
- “ Household appliances
- “ Light industry products
- “ Handicrafts
- “ Textile and garments (with an emphasis on travel related products)
- “ Agriculture and primary products
- “ Bio-pharmaceutical technology and products

Organisations are being invited to participate as Buyers/Business Partners. These events will provide an ideal opportunity for the Caribbean to build relationships with the private and public sector representatives of China. The Planning Committee for the Trade Fair is being chaired by Mr. Robert Stephens, Chairman of the Port Authority of Jamaica and includes representatives of the Jamaica Tourist Board, JAMPRO, the Shipping Association of Jamaica, the Chinese Benevolent Association, the Private Sector Organisation of Jamaica, the Jamaica Bankers Association, the Jamaica Chamber of Commerce, the Jamaica Exporters' Association, Kingston Free Zone, Jamaica Customs and the Ministry of Foreign Affairs and Foreign Trade.

Detailed information and registration for the trade show can be found on the website: <http://cncforumenglish.mofcom.gov.cn>.

### Jamaica's Imports from China

Value in US\$ '000 in 2002 - 65,957 (approx. 25% of the value of Jamaica's total world imports in 2002).

This represents a 13% growth in value of imports from China between 1998 and 2002.

The main products imported from China were:

1. T-shirts, singlets and other vests, of cotton, knitted  
Value in US\$'000 in 2002 - 2,417 (representing 6% of Jamaica's total imports of this product)
2. Pneumatic tires (new) of rubber,

for motor cars (including station wagons and racing cars) value in US\$'000 in 2002 - 2,279 (representing 31% of Jamaica's total imports of this product)

3. Pneumatic tires( new ) of rubber, for buses or lorries value in US\$'000 in 2002 - 958 (representing 12% of Jamaica's total imports of this product)
4. Computer inputs/outputs with/ without storage value in US\$'000 in 2002 (representing 7% of Jamaica's total imports of this product) Jamaica's exports to China

Value in US\$ '000 in 2002 - 48,803 (approx. 3.5% of the value of Jamaica's total world exports in 2002).

This represents 41% growth in value of Jamaica's exports to China between 1998 and 2002.

The main products exported to China from Jamaica were:

1. Aluminium oxide value in US\$'000 in 2002 - 48,722 (representing 8% of Jamaica's exports to China)
2. Rum and tafia  
Value in US\$'000 in 2002 - 25

Members who are interested in placing strip advertisement ( 2.5 cm x 19 cm) in our PSOJ NEWS are invited to do so by contacting Tanya Pringle or Karen Payton at....

**Tel: (876) 927-6238. Extensions: 2265 OR 2247**

## NEW YEAR



## BULLETIN BOARD

### CRIME

#### LOCAL CRIME STOP COMMERCIAL COPS TOP INTERNATIONAL AWARD



September 30, 2004 - Kingston, Jamaica - A locally produced television commercial dramatizing the economic consequences of illegal drug importation to Jamaica has been awarded Best Public Service Announcement, Television, by Crime Stoppers International.

The 30-second spot, which focuses on drug trafficking through Jamaica's port systems, was created by Prism Communications Ltd. and produced by Vidquip Productions Ltd., two Kingston-based creative firms on the leading edge of advertising savvy and production capability. The award was announced at the 25th Annual Crime Stoppers International Training Conference held in Cincinnati, Ohio, August 30-September 3, 2004.

With more than 500 delegates attending the conference from countries including South Africa, the Netherlands, Great Britain, the U.S.A., Canada, Guam, Australia and Trinidad & Tobago, the award was well-received locally, and a fitting tribute to the Jamaica Crime Stop membership whose domestic programme has received international acclaim in the past for its messages and efforts to help reduce crime in Jamaica.

"This is an international recognition and an honour for Crime Stop in Jamaica," stated Mike Hirst of Prism Communications, on receiving the news. More important than an effective video that sends a clear and present message is the potential impact its acceptance may have on our ongoing programme in Jamaica to encourage citizens to report a crime when they see one. We especially wish to thank the Ports Authority of Jamaica for its financial support in creating and distributing the public service message to the wider Jamaican population."

Crime Stop Jamaica is one of 12,000 Crime Stop Programmes around the world and is heralded as one of the most successful international programmes of the global organisation. In Jamaica, Crime Stop is a partnership programme between the private sector and the Jamaica Constabulary Force.

**For further information:**

Contact: Mrs. Prudence Gentles, Crime Stop Coordinator  
Tel: 927-3025

### QUESTIONS AND ANSWERS ON THE NEW COMPANIES ACT

**Question:** As a sole proprietor, do I need to register as a company under the Companies Act?

No, the New Companies Act will not affect individual businesses registered under the Registration of Business Names Act such as sole traders and partnerships. While the new Companies Act will make it possible for companies to be formed by a single person, this type of registration may not be suitable for your business enterprise.

**Question:** As a director of several companies, how will the New Companies Act affect my responsibilities?

Section 174 provides that the directors should discharge their duties honestly and in good faith in the best interest of the company.

Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Under the New Companies Act, the Board of Directors will be responsible for the appointment of a person with the requisite skills and acumen to carry out the duties of the Company Secretary and must notify the ORC of this appointment.

Directors may be disqualified for unfitness or persistent breaches of the Companies Act for a period of up to five years.

In certain circumstances, such as the reduction in share capital or a company purchasing its own shares, the directors must execute a declaration guaranteeing the company's solvency.

Directors must disclose and have available for inspection at the Registered Office of the company, interests of himself, his spouse or minor child in among other things, material contracts, shares, debentures and the terms of his employment.

Under the New Companies Act, all public companies should have a minimum of three (3) directors. Two (2) of the directors should not be officers or employees of the company or any of its affiliates.

*For further information contact:*  
**REGISTRAR OF COMPANIES**

1 Grenada Way, Kingston 5; Telephone 908-4419;

Telefax: 908-4425/960-7152; Website:

[www.orc.jamaica.com](http://www.orc.jamaica.com); Email: [info@orc.jamaica.com](mailto:info@orc.jamaica.com)

**MAPCO**  
PRINTERS LIMITED  
HIGH QUALITY PRINTING... ON TIME

*Specialize in:*  
From One Colour To Six Colour Lithography  
Annual Reports • Magazines • Calendars  
Brochures • Posters • Labels & Boxes

**71-73 Montgomery Avenue, Kingston 10**  
Tel: (876) 929-2623, 929-6089, 960-2676  
Fax: (876) 920-5158  
Email: [info@mapcoprinters.com](mailto:info@mapcoprinters.com)  
Website: [www.mapcoprinters.com](http://www.mapcoprinters.com)