



# TRADE BEAT

THE MONTHLY NEWSLETTER OF THE  
INTERNATIONAL LIAISON UNIT

## Inside this issue



This issue will inform readers about:

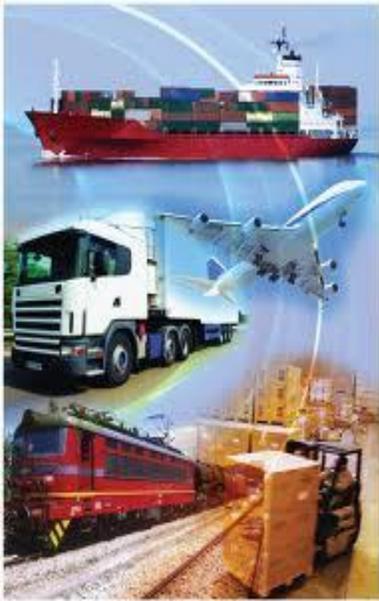
- **The Global Logistics Hub Initiative**
- **Role of Customs in facilitating a logistics hub**
- **How Jamaica's growth potential can be unlocked**

## The Global Logistics Hub Initiative “Unlocking Jamaica’s Growth Potential”

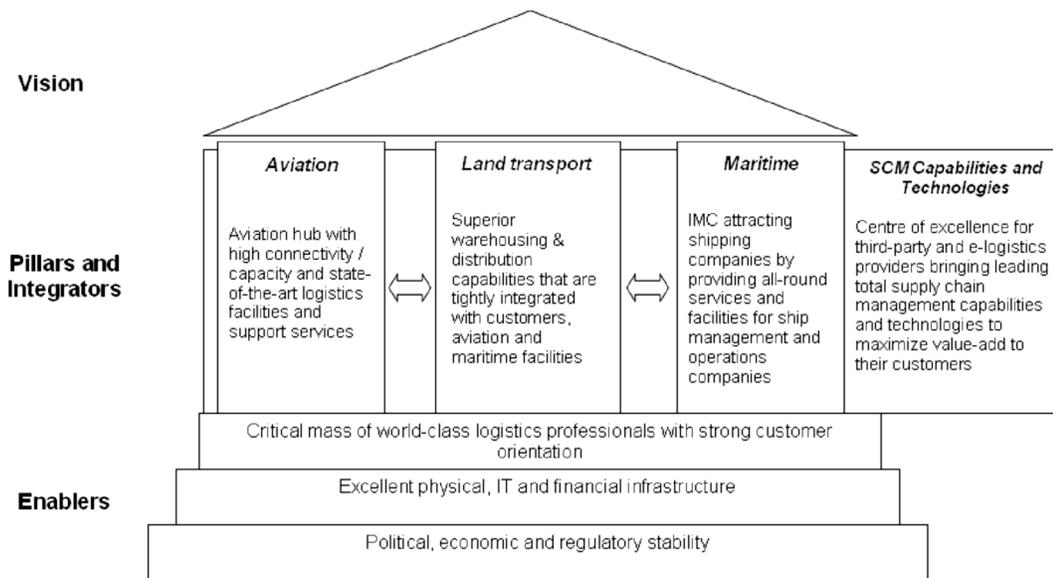
Imagine a specific area where the convergence of all commercial activities encompassing national and international transit, carried out by the various operators is achieved. This can be realized in a Global Logistics Hub., Logistics refers to the process of managing the flow of goods, services, people, information, energy and other resources through the entire supply chain. Through a logistics hub the owners or tenants of the facility can carry out all activities relating to the information flow, material handling,, production, packaging, inventory, transportation, warehousing,, distribution and security of goods and services.

In order to facilitate intermodal transport for the handling of goods, various transport methods must be accessible in the hub. Essentially, the hub should be near to the main railway, motorway and seaway arteries of the country, while incorporating airport facilities to cover all modes of transport. As such, the location of a logistic hub should be ideal and well placed to take full advantage of the resources of the country. Being in an ideal geographical location, certain countries benefit from their strategic position, of being a way point between consumers and suppliers, and are best positioned to operate a global logistics hub. Based on the capabilities and the global reach of a logistics hub, existing in a particular country, the economic benefits that may be derived from such an operation can easily be translated into growth and development for that nation.

With the increase in distance between the production point and the consumer point, logistics becomes critical to operations, whether locally or globally. Since logistics is the management of the flow of resources between the point of origin and the point of destination, the principle of logistics demands that the customer gets the right material, at the right time, at the right point and in the right condition, all at the lowest cost. The logistics hub refers to the specific location that facilitates this process, where intermodal transport and operations from the point of origin to the point of consumption, is managed in a seamless and efficient manner that simplifies the logistics process. Ideally, products should be finalized geographically as near as possible to their final demand location, so as to optimize the trade off between cost efficiency and responsiveness of the supply chain. The logistics hub also acts as an enabler for the integration of key players in the supply chain, bringing together manufacturers, shipping lines, air cargo companies, third party logistics providers (3PLs) and a host of logistics services related to a company in a single location.



## Leading Global Integrated Logistics Hub



Source: Singapore Ministry of Trade & Industry (2005)

## Role of Customs

As more and more international gateways are being sought to provide logistics services, the role of customs is no longer limited to the collection of duties and taxes but rather, has been expanded to include supply chain security and the facilitation of international trade. The aim of this increased role is to promote certainty and predictability, of logistics operations through secure international trade supply chains. As the demand increases for supply chain management, customs has the opportunity to enhance its role of ensuring the integrity of goods from the point of loading to the point of release, in an expeditious manner. In order to achieve this, the use of technology becomes critical to the logistics process, rendering the predictability of trade flows.

In a recent report on non-tariff measures (NTMs), Pat Francis, executive director of the International Trade Center (ITC) said that "In Panama, Singapore and Dubai, the role of customs is seen as trade facilitation. When you think about what a logistics hub demands, you have to take a scientific approach to collection and gatekeeping rather than using the unsophisticated process of physical control and audit. It should be a process which allows a more streamlined way of ensuring the flow of goods." In the major logistics centers mentioned above, trade facilitation is the focus of their customs operations which directly contributes to the success of their global logistics facilities. The Jamaica Customs Department (JCD) through its ongoing modernization process is positioned to be on par with these countries in achieving a level of trade facilitation that will result in direct economic benefits for the country.

Delays at the ports due to cargo examination and valuation discrepancies are often cited as the major drawbacks of a seamless logistics flow for the Jamaican operation. As such, the JCD is charged with facilitating the trade flow while securing the cargo and diminishing loss of revenue by upgrading their information management systems. A central database is being developed by the Port Authority of Jamaica (PAJ), where all stakeholders related to trade can securely exchange information, aiding in the logistics process. Improvements to risk management systems is also critical, to ensure the efficiency of cargo examination through enhanced risk analysis for contraband detection

rather than intrusive examination of cargo. Also essential, is the need for employee integrity and increased levels of cooperation between customs administrations and other government agencies involved in trade.

The JCD is involved in many initiatives geared towards making the logistics hub a reality, one of which is the Port Community System (PCS). Through a single submission of data, over a secure electronic platform, the PCS is able to connect transport and logistics chains by managing and automating port and logistics processing. This facilitates the secure exchange of information between private and public stakeholders operating within the sea and air ports' communities. This initiative is endorsed by the World Bank Group (WBG) which has committed to provide technical assistance for the PCS, critical to the success of the logistics hub.

## **The Logistics Hub Initiative**

Positioned to become one of the world's top four (4) logistics centers, Jamaica is strengthening its position in the global supply and logistics chain, to achieve some dominance alongside Singapore, Dubai and Rotterdam. Spearheaded by the Ministry of Industry, Investment and Commerce (MIIC), the Global Logistic Hub Initiative has received a major power surge by the World Bank, who has committed to provide technical and other assistance for specific aspects of the Initiative.

The proposed initiative has been described by the WBG's representative to Jamaica, Georgio Valentini, as being 'transformational' for the growth potential of Jamaica, during recent consultations. The Country Partnership Strategy, of which the Logistics Hub Initiative is a part of, is an aid mechanism and will govern relations between the World Bank and Jamaica between 2014 and 2017. Due to the dissatisfaction with traditional aid mechanisms, the approach to achieving development goals has been altered to include more consultation to effect collective actions and decisions. Proposed assistance will be provided through public and private partnerships, infrastructure needs, investment funds, facilitation mechanisms, energy needs, capacity building and providing a skilled workforce.

### ***Projects under discussion***

- Growth of container throughput at the Port of Kingston
- Development of Commodity Ports specific to petroleum products, coal, minerals and grain
- Development of an air cargo stronghold
- Expansion of the airports
- Construction of an air cargo airport
- Construction of large scale dry dock
- Airport maintenance, repair and overhaul facility

Special economic zones for local and foreign investors

In order to define exactly how Jamaica should be positioned as a global hub, extensive research and planning has to be done

## TRADE BEAT

### THE MONTHLY NEWSLETTER OF THE INTERNATIONAL LIAISON UNIT

to achieve optimal results. The whole initiative will operate within the context of the Caribbean Growth Forum (CGF), which is a joint venture between the Inter-American Development Bank, the World Bank and the Caribbean Development Bank. The aim of the CGF is to identify policies and initiatives aimed at inducing growth and creating jobs in the Caribbean region through analytic work, knowledge exchange and inclusive dialogue. The success of the initiative is dependent on being aligned with suitable long term investors and partners. Several assessments are being done by the WBG to understand the internal logistics of Jamaica and groundwork is currently underway in the following:

- Creating a Geographic Information Systems (GIS) database
- Trucking Survey
- Port and Aviation Survey
- Regional Trade Survey
- Assessing the Connectivity of Air, Marine and Information and Communication Technology (ICT)

The groundwork being done now, will feed into the master plan of creating the logistics hub, and define how Jamaica should be positioned as a global logistics hub. The various surveys being carried out will assess the internal logistics, infrastructure and energy needs of the special economic zones being created, and unlock the logistics potential of Jamaica. This potential should motivate more international interventions as well as attract private sector investments. Additionally, the creation of the logistics hub will provide jobs to support the varying activities and result in a trained and exportable human capital. Already positioned in a geographically ideal location, Jamaica has the potential of unlocking its comparative advantage by harnessing a desirable English speaking workforce, equipped with the technical training crucial to logistics operations.

## Growth Potential

Jamaica's proposal to become the fourth largest logistics hub is a critical component of the government's growth strategy, and is in line with the National Development Plan, Vision 2030. If we consider the calls being made by the recent International Monetary Funds (IMF) staff-level agreement to improve growth generating efficiencies in the country, then the establishment of the Logistics Hub seems the best direction in which the government should go. The Hub will enable enhancements in the business environment, and lead to increased competitiveness and a strengthened institutional capacity for Jamaica in order to unlock its growth potential. The establishment of special economic zones will be used as an instrument to boost employment, exports and foreign exchange. The importance of the special economic zone is seen as a catalyst for business hub transformation which incorporates the logistics hub by strengthening transport, connectivity and collaboration among the players in the logistics chain. The hope is to create an environment that will attract foreign investment, where international companies would want to be located in Jamaica, because of our highly developed logistics facility and infrastructure.

The Ministry of Industry Investment and Commerce has been engaged in talks with the World Bank Group on additional areas of collaboration and support for the Logistics Hub. In order to harness the best results from the Logistics Hub,

consultations and proper planning of how to execute the Initiative must be realized. As such the Jamaican Mission has been in dialogue with the following bodies

- The International Finance Corporation (IFC)
- The Multilateral Investment Guarantee Agency (MIGA)
- The Inter-American Development Bank (IDB)
- The Inter-American Investment Corporation (IIC)

Jamaica has recognized the importance of strategic partnerships in realizing its potential for growth, and as such close ties are being pursued with several agencies of the United States of America, our largest demand market. The US Chamber of Commerce has committed to promote the Logistics Hub among its members, while the US Trade and Development Agency is prepared to grant technical assistance in specific areas, especially those that support US trade and development. As stated by the Minister of Industry, Investment and Commerce, Anthony Hylton, in a recent Lunch and Learn session, hosted by the MIIC and several key stakeholders on the Initiative, “Jamaica’s economic survival depends on the country’s ability to integrate into global supply chains and fulfill demands for services, in order to stimulate and sustain growth in the economy.”



***International Liaison Unit***

***922-5140-8 ext. 3028/3182***

***Email: [International.liaison@jacustoms.gov.jm](mailto:International.liaison@jacustoms.gov.jm)***

***Website: <http://www.jacustoms.gov.jm>***