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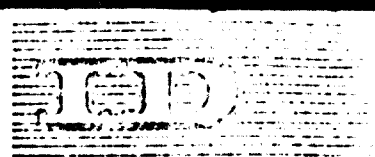
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**INDUSTRIAL INVESTMENT PROMOTION ACTIVITIES OF THE
UNITED STATES OFFICE OF
JAMAICA INDUSTRIAL DEVELOPMENT CORPORATION**

submitted by

Jamaica Industrial Development Corporation

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

It gives me great pleasure to have been afforded the honour and the opportunity of addressing such a distinguished gathering in the field of industrial development. On behalf of my Country, I would like to express my appreciation to the United Nations Industrial Development Organisation for having invited Jamaica to participate in this seminar and to contribute this Paper which I hope will contain elements not only of general interest but also meaningful suggestions that might be implemented for the assistance and mutual advantage of all developing countries in their industrial endeavour.

Before proceeding to what might be described as the specifics relating to the activities of Jamaica's industrial promotional arm in the United States, I shall attempt to provide a very brief background of our industrial economic history - no attempt will be made to provide a review or history of overall economic development. However, I feel it is appropriate to include some brief remarks about the historical background, (industrially speaking), of our Island, so that those of you in this distinguished audience who may not be too familiar, might be somewhat better acquainted with the social and economic problems which have had to be surmounted. I believe that this is necessary because of the special and unique considerations which each country must have regard to when determining or charting the course for its industrial development programme.

Some years...../

Some years ago, our Corporation prepared a Review of Industrial Development in Jamaica and it is from this publication that I have selected some of the most salient points relating to the historical background I referred to earlier. For purposes of the study, our development was divided into five (5) periods as follows:

1. The period to 1939
2. 1939 - 1945
3. 1945 - 1949 - adjustment and the beginnings of positive industrial legislation
4. 1949 - 1956 - the years of the Pioneer Industries (Encouragement) Law (1949) and the establishment of the Jamaica Industrial Development Corporation.
5. 1956 - 1967 - the era of the Export Industry Encouragement Law and the Industrial Incentives Law.

The first period covers several hundred years. However, I believe that it can be dealt with very briefly bearing in mind the purpose of this seminar. Jamaica, like other islands in this hemisphere, was considered a valuable possession by the leading nations of the world and under both Spanish and early British rule, served as a lucrative source of revenue through its production of sugar and other staple agricultural products. Absentee ownership of the plantations was the rule and there was very little, if any, interest on the part of the administrators or operators of these plantations in developing other than agricultural skills of the workers. As humanitarian considerations led the world another step up the ladder of maturity, the heretofore lucrative and profitable agricultural undertakings became less profitable. In addition, various external economic factors

further...../

further contributed to the end of the golden era of sugar.

Our country was now faced with the absence of many factors necessary to encourage the development of manufacturing enterprises = technical skills, capital, power and so on. The first industries which were undertaken by a very small percentage of the population who had the required resources, were confined to the processing of agricultural products and the simple manufacture of food stuffs and household furniture.

By the year 1870, a furniture factory had been established and during the next 50-odd years, the manufacture of the following products had also been added: bay rum, ice sugar/^{mill} machinery, beer, rope and twine, sauces and vinegar.

In 1929, one of the fundamental pre-requisites for industrial development took place. The Jamaica Public Service Company acquired the then existing electrical power company. The subsequent expansion and availability of power which heretofore had principally been generated by individual companies for their own use, was very probably responsible for the addition of many new industries during the years to 1939. Some of these included:

Confectionery	Optical products
Soap, lard, edible oils and fats	Bindery products
Neon signs	Tiles
Leather	Blocks
Washing Soda	Footwear
Alimentary pastes & powders	Ice cream and frozen products
Condensed Milk	Matches
	Cigars and cigarettes

During the period 1939 - 1945, sales of power to industry just about doubled and the production of some of our basic products expanded substantially. Faced with acute shortages of consumer goods during this period, it also

witnessed. /

witnessed a substantial expansion in what might be regarded as the relatively newly established consumer goods industry.

I think it is interesting to note at this point, that employment in large manufacturing plants had increased from 9,000 in 1939 to 20,000 in 1947.

The year 1944 which marked in some respects, the beginning of our march toward Independence, also very significantly saw the enactment of the first positive pieces of development legislation, comprising incentives to the hotel and textile industries. In the years between 1944 - 1949, further incentive legislation covering the cement industry, the motion picture industry, the manufacture of buttons and the Pioneer Industries (Encouragement) Law were enacted.

It will be noticed that there has been some overlapping of years in my presentation, however, I felt that for purposes of this paper, brevity, rather than a chronological record was the important factor.

The enactment of the Pioneer Industries (Encouragement) Law might be regarded as the beginning of our effort to stimulate industrial development on a broad front rather than in specific sectors. The realisation that agriculture alone could no longer sustain or improve the general standard of living of our people was one of the major motivations for its enactment. While in today's terms the incentives offered by this Law appear to be minimal, the developing countries of the world had not yet embarked on the race for extending greater incentives and longer tax exemption periods. However, the concessions available provided further impetus for the expansion of the manufacturing complex in Jamaica and our industrial base was broadened to include the

production. /

production of gypsum, metal containers, batteries, gin, gramophone records, acetylene, dry ice, etc. These products show the trend toward specialised technology and production skills which had not heretofore been present in our manufacturing sector.

We had indeed embarked on an industrial development programme, albeit one geared almost exclusively to supply the needs of the domestic market.

Some 10 years before our emergence as an Independent Nation in 1962, the Government had established the Jamaica Industrial Development Corporation and assigned to it the responsibility of stimulating, facilitating and undertaking the development of industry in our country. As a matter of interest, it was this month, 15 years ago, that the Law creating our Corporation was enacted. The J. I. D. C. was established as an autonomous agency of Government and intentionally it was assigned broad areas of responsibility so as to facilitate its promotional endeavours.

Today, there are approximately 100 staff members in the Corporation and these include specialists in the fields of promotions, economics, engineering, industrial services, worker training programmes and others.

The Corporation is within the portfolio of the Minister of Trade and Industry, the Hon. Robert Lightbourne and the policies are determined by members of the Board under the chairmanship of Mr. Felix Fox. The administration of our Organization is the responsibility of the Executive Director, Mr. Carroll daCosta. The organizational structure of our Corporation is divisional and embraces the following functions: administration, promotion, engineering, economics, export sales, productivity centre (previously industrial services)

accounting.... /

accounting, training-within-industry, and an industrial library. In addition to the promotional and service function provided by the Corporation, it owns and administers a number of industrial estates in Jamaica. Initially, Government granted the Corporation 310 acres which was designated the Kingston Industrial Estate and today, there are some 12 estates of various sizes in advantageous locations around Jamaica.

For about the first 10 years of its operation, the Corporation was also responsible for Government financial participation in industrial undertakings. In the intervening years, the advantages of specialization were appreciated and in 1959, the Development Finance Corporation was established. However, the financing and building of factory space remained in the portfolio of the Corporation.

Toward the end of 1955, the decision was taken to open an office in the United States and the Office was established in 1956. In this year also, our incentive legislation was strengthened by the enactment of the Industrial Incentives Law (IIL), which offered more favourable and flexible concessions than the Pioneer Industries Encouragement Law, and the Export Industry (Encouragement) Law, (EIEL), which was geared specifically to encourage export-oriented operations.

Until our Independence in 1962, the United States office served in a broad area of representation for Jamaica, for until then there was no central Government representation in the U.S.

Perhaps one of the most significant developments in Jamaica which in large measure contributed to the possibility of embarking on a meaningful

and active.... /

and active economic development campaign was the discovery and subsequent mining of bauxite. Although bauxite was discovered in 1942, really active production and export did not begin until the early 1950's. By 1961, it had grown to be one of the largest Jamaican exports and accounted for nearly 50% of our total exports. It is worthwhile to note that during the past year, some \$300 million have been committed by aluminium companies currently operating in Jamaica and by new companies which will be not only mining but also processing bauxite into alumina.

In the field of industrial development particularly, history is always interesting, however, the current action programme is far more meaningful and pertinent. Up to this point, I have endeavoured to give a brief picture of our industrial development because the specific economic considerations of a particular country are vitally important to its planning for an effective industrial development programme.

Relatively speaking, by the time our Corporation was created there existed an industrial base on which to build a manufacturing complex which would contribute substantially to the standard of living of many Jamaicans. In essence, there were companies producing goods in the fields of food, clothing and shelter. These provided a manufacturing framework in which the essential commodities of life were being produced although there was room for much expansion.

The responsibility for stimulating expansion within the existing framework and increasing the range and variety of products was given to the Jamaica Industrial Development Corporation. One of the first steps taken by the newly formed organisation was to have a leading consulting organisation undertake a

general study and survey of our economy and make firm recommendations as to the areas of industry which it felt offered the greatest potential for development. On completion of this study, the Corporation was then armed with a meaningful instrument from the standpoint of experience and know-how and the necessary incentive tools to attract industry.

While I am sure that this distinguished gathering is primarily interested in the facts of life today, I believe that it is meaningful to touch briefly upon the road which has led, in the case of Jamaica, to the stage of development which we have reached today, for in essence, there are certain basic steps up the ladder which, if followed, lead to a more solid foundation and rapid rise in the standard of living in the particular country.

The enactment of our PIEL and the subsequent endeavours undertaken to sell its advantages to new industry, resulted in a broadening of the foundation of our manufacturing economy. Because of the fact that the field of industrial development was recognised as one of the most challenging and rapidly changing fields of endeavour - and this is more true today than ever - our Government's passage of the EIEL and IIL opened new horizons for our promotional endeavours.

One of the tangible actions which was implemented, as I have mentioned before, was the establishment of the office in the USA, which serves as a promotional entity. The service or support activity which could be offered to business interests in general has always been willingly proffered, however, it has taken second place to the promotional activity.

It is difficult to precis 10 or 15 years of development into a few paragraphs. However, in its simplest terms, I would put it this way: Following the development of the consumer goods industry, and the discovery and

subsequent...../

subsequent substantial investment in mining, of what today, is our major mineral resource - bauxite, the manufacturing complex of our Country achieved considerable diversification and expansion.

With the enactment of our new incentive legislation in 1956, we were able to embark upon a programme that I like to term 'external industrialization' i. e. establishment of manufacturing industries to produce for ^{the} export market exclusively. During the years from 1956 to the present day, there has been continuing expansion and diversification within our manufacturing complex and governmental policy has continued to be directed to this end. Substantial strides have been made toward increasing in the commercial business community an entrepreneuring spirit to undertake the manufacture of products which heretofore had been imported.

Jamaica's industrial development has now reached the stage where joint venture operations with major international corporations are the order of the day, stimulated in most instances by the local businessmen. We have evolved to the point where the examination of our import statistics to determine whether or not a particular product could be economically manufactured, is so actively pursued that we receive several applications for each product and it is then a matter of selecting which submission offers the greatest potential to our country. The entrepreneuring spirit of the businessman is such that he is coming forward with suggestions and applications for industrial undertakings at a pace never envisioned 5 or 10 years ago. This is perhaps one of the most enviable developments in Jamaica's industrial expansion, for it ensures one of the soundest bases on which a country's economy can be founded - namely, the internal

utilization... /

utilization of capital for manufacturing undertakings. I am not suggesting that Jamaica has all the capital it needs, indeed, this is one of the elements which we are seeking.

This interest and business development have been such that today our promotional efforts can be directed toward the encouragement of external industrialization.

In the text books on industrial development there are certain basic criteria which are considered necessary for a country to successfully carry out an industrial development programme. I am sure that all of us here are only too familiar with them. In our day to day operations we talk of political stability, an adequate availability of highly productive workers, strategic geographic location in relation to one market or another, generous incentive legislation, tariff preference in certain world markets, good communications, adequate availability of utilities and services, etc.

While all of the aforementioned criteria are essential in greater or lesser extent to a particular undertaking, the prime consideration of any business or business manager is whether or not he can increase his profits by locating in one area as opposed to another. Here I am referring to export industries not the maintaining of existing markets.

The formation of the Bank of Jamaica in 1962 and the Development Finance Corporation somewhat earlier as well as specialist agencies in the agricultural sector and the formation of long term development plans, together with the establishment of other specialist agencies covering various areas of development and planning, have assured that the machinery exists for an

intelligent...../

intelligent utilization of proposals in all areas of our economy. Jamaica is also a member of the World Bank and its affiliate, the IFC.

To ensure that the overseas arms are kept^{up} to date on policies and decisions which take place from time to time, our Corporation holds an annual symposium which provides liaison and information for better overseas representation.

In the case of Jamaica, our office in the U.S. and indeed our offices in Canada, the United Kingdom and Montego Bay, (Jamaica), channel their communications to our Head Office in Kingston. In this way, the overseas offices are relieved of the necessity to accumulate vast amounts of statistical data and of having to maintain correspondence with various governmental departments. This means that overseas offices are freed to act as promotional entities and concentrate all their efforts in this direction, knowing that research, follow up and the necessary liaison with Government as well as private forces will be maintained and served through our Head Office.

In the section of the Administration of the Agency, I believe that the most important force which the promotional arm could have working for it and indeed must have working for it, is "synergism" at home. In the case of Jamaica, it is more evident today, than ever before in its history that dynamic leadership in both the Government and private sector is stimulating progressive action, participation and development in all spheres of activity by more Jamaicans. This united cooperation is generating an energy aggregate which, in my opinion, would make any developing country, proud..

To digress for a moment, this activity which is taking place in our Country in the area of industrial development is synonymous with development in social and cultural undertakings as well. We are striving to identify and solidify

solidify the.../

the culture which is uniquely Jamaican and I believe it is essential, for it helps to provide the impetus which stimulates action programmes and development in all spheres of our country's life.

Before concluding our contribution under ^{the} section Administration of the Agency, I would like to deal with section 2 of the suggested outline that this paper should follow which is entitled Activity of the Agency and would like to submit statistical data on manufacturing enterprises, which have been approved and are operating under our incentive legislation, as my way of succinctly dealing with section 2. - (See appendix one.)

In my opinion, the two most significant points in the suggested outline for this paper which we have pleasure in submitting to UNIDO are the ones dealing with the identification of prospective investors and the contacting of same. I believe that UNIDO will contribute substantially to making more effective the industrial development programmes of the developing countries - I also believe that it is of great importance that cognizance be taken of the fact that apart from each country having particular considerations, it must also be borne in mind that the "stage of development" of a particular country also will determine the areas in which UNIDO might most meaningfully contribute. I am sure that this factor is appreciated by the knowledgeable and capable administrators of UNIDO. However, in my somewhat limited experience, I have found that specific problems are sometimes overlooked when large international organisations are endeavouring to assess the special considerations of small units.

In the area of industrial promotion, we have always felt that one of the most important facets of an industrial development office's job is to be able

to make...../

to make an early assessment of an enquiry. I am sure that all of us engaged in industrial development appreciate the essentiality of this capacity to give an early assessment, for if we realise a return of 2 or 3% from enquiries, that is a good return. It could very well mean that all one's time could be spent on non-productive prospects. I am not advocating harsh treatment for the curious rather than genuine enquiry - for the curious today, could well be the potential investor tomorrow. The point I am trying to make is that it is essential in my opinion that development organisations must attract promotional staff which have the capability to differentiate at an early stage between the curious and the genuine. I believe that the foregoing is essential before any question of identification of prospective investors is undertaken, otherwise no matter how sound the research is, a genuine enquiry could be negated.

In this area of identification of prospects, there seems to me to be two considerations, one in relation to those countries that are seeking prospects in internal industrialisation (i. e. industry for the domestic market) and those that are seeking prospects in external industrialisation. In our case, we have found that the prospects for internal industrialisation are most easily identifiable by continued assessment of our imports - e. g. the economic feasibility of a steel mill might be proved by this year's imports but would not have been an economic reality on the basis of last year's. In effect, a close and realistic following of imports could well be one of the most important first steps toward selecting those prospects which offer potential.

In many instances, the size and population of a country limit the type of undertaking which can be intelligently considered and therefore from the

standpoint...../

standpoint of really meaningful absorption from the labour pool, this country has to search and identify prospects which are in the external industrialization sphere. Since, in my opinion, one of the principal advantages which the developing countries can offer to capital from overseas, is a lower wage structure, it is relatively widely accepted that developing countries should look to high labour content industries. The statistical information which is available from the almost limitless accumulation of facts and figures put together by organisations in the United States, readily provides a list of industries with the greatest element of labour in the cost of the product. I am sure that all of us have examined the most labour intensive industries, however, the paramount question to be considered is whether or not the skill that is necessary in a particular industry can be acquired in a reasonable period of time and indeed whether the required dexterity is possessed by the workers of the particular country. In addition, there are the other economic factors such as freight, tariff, etc. When a particular industry is examined and thought to be financially acceptable, we have found that the contact of a prospective investor can best be achieved by either direct approach or by soliciting the help and assistance of the international division of the major banks and such professions as Law and Accountancy, all of which are entities which prospective investors, considering overseas developments approach for advice.

Apart from what might be termed the direct approach, we have found that positive publicity generated by our Public Relations Counsel has been a most rewarding instrument for attracting genuine industrial enquiries. We

are...../

are well aware of the substantial volume of advertising currently being undertaken by many countries with, I am told, good results. However, in our case budgetary considerations have negated the possibility of our considering this medium. I would not subscribe to undertakings which might broadly fall into the category of "mass mailings." of a general nature.

Once the contact has been established with the prospective investor, I feel that one of the important first steps is to encourage him to visit Jamaica. In this way, he will be able to see at first hand what we have been telling him about. Following his initial visit, we maintain contact and liaison with him and our Head Office and offer suggestions and recommendations which we feel will assist in the development of his project.

In addition to the promotional activities undertaken by the Corporation in the manufacturing sphere, it has during the past several years been responsible for expanding our export trade. To further the aims and objectives of this facet of our operations, we have established a Permanent Trade Centre in New York toward the end of 1965. This provides a most worthwhile promotional facility for expanding our overseas trade.

To sum up the Administration of the Agency section, from the stand point of this Office and other overseas operations, we are the principal promotional arms in the ^{principal} areas from which we are seeking participation for our economic development. Our operations are supported by economic research and other necessary service functions which are centralised at our Head Office.

Rather than dealing with the details of the promotional literature and informative material which we distribute, we have pleasure in submitting some of them for those who are interested.

In our.... /

In our operation we have found that the basic problem facing our office in the U.S. arises from the sheer size of the Country and the intensiveness of its industrialization. Another way of putting it is to say that our Office here has the task of selecting from hundreds and in many instances, thousands of prospective investors, a relatively small number percentage-wise who are most likely to be interested in expanding their operations in Jamaica. The factors of time and distance alone present substantial hurdles. In any given industry, there may be several hundred companies of a size and character which superficially at least, would indicate that they are logical candidates for solicitation.

Obviously, the process of getting acquainted alone involves business contact. Yet these hundreds of candidates may be located in as many as 20 states and some of the states may be 2,000 miles distant from New York. It is true that there is no shortage of written material identifying these candidates, their financial standing, their scope of operations, their past performances, regarded in terms of overseas investment and even in many cases information concerning their future plans. In all these directions, the very extent of the information alone becomes part of the problem. Sometimes, when facing a particular assignment, I feel that one of our tools should be the most sophisticated data processing system - I wish there were one.

We try to the best of our ability to minimise the import of these handicaps by one type of method or another. The use of publicity in the press and trade journals, contact with industrial and trade association organisations and a lively programme of collaboration with our own industrial trade

as sociations..... /

associations in Jamaica. In this connection, I would like to suggest for consideration by this distinguished body, the need for the establishment of an international clearing house, a project which I believe UNIDO could consider and I am sure, effectively undertake.

I have been dealing principally with the U.S. for this is the area of my responsibility, however, one of the great advantages which I feel could accrue to all developing nations as a result of the creation of UNIDO, is that it will be instrumental in stimulating undertakings by other developed countries in areas which heretofore they might not have considered. In my opinion, the generation of capital between countries which might not have been in business partnership before, could have far reaching and constructive results and ^{be of} more significant import than ^{just} a business marriage.

While the trend to establish special trading arrangements between countries in the same geographic location has many advantages, it seems to me that geographic markets contain either developed countries or developing countries. It is for this reason I feel that UNIDO with its international complex could serve a most useful function by introducing to some of the developed countries projects in areas they might not have considered in the past.

Another area in which I feel UNIDO could be most helpful would be to obtain from the developing countries a list of projects which they believe would be worth close examination to determine the economic feasibility or which they feel could be advantageously undertaken. I believe that this is really the starting point for after these potential projects have been submitted by the various member countries we would then have a much better idea of specific areas...../

areas in which assistance is most needed. My thought here is that through the United Nations Industrial Development Organisation there could be an industry approach as opposed to what might be described as a country to company approach.

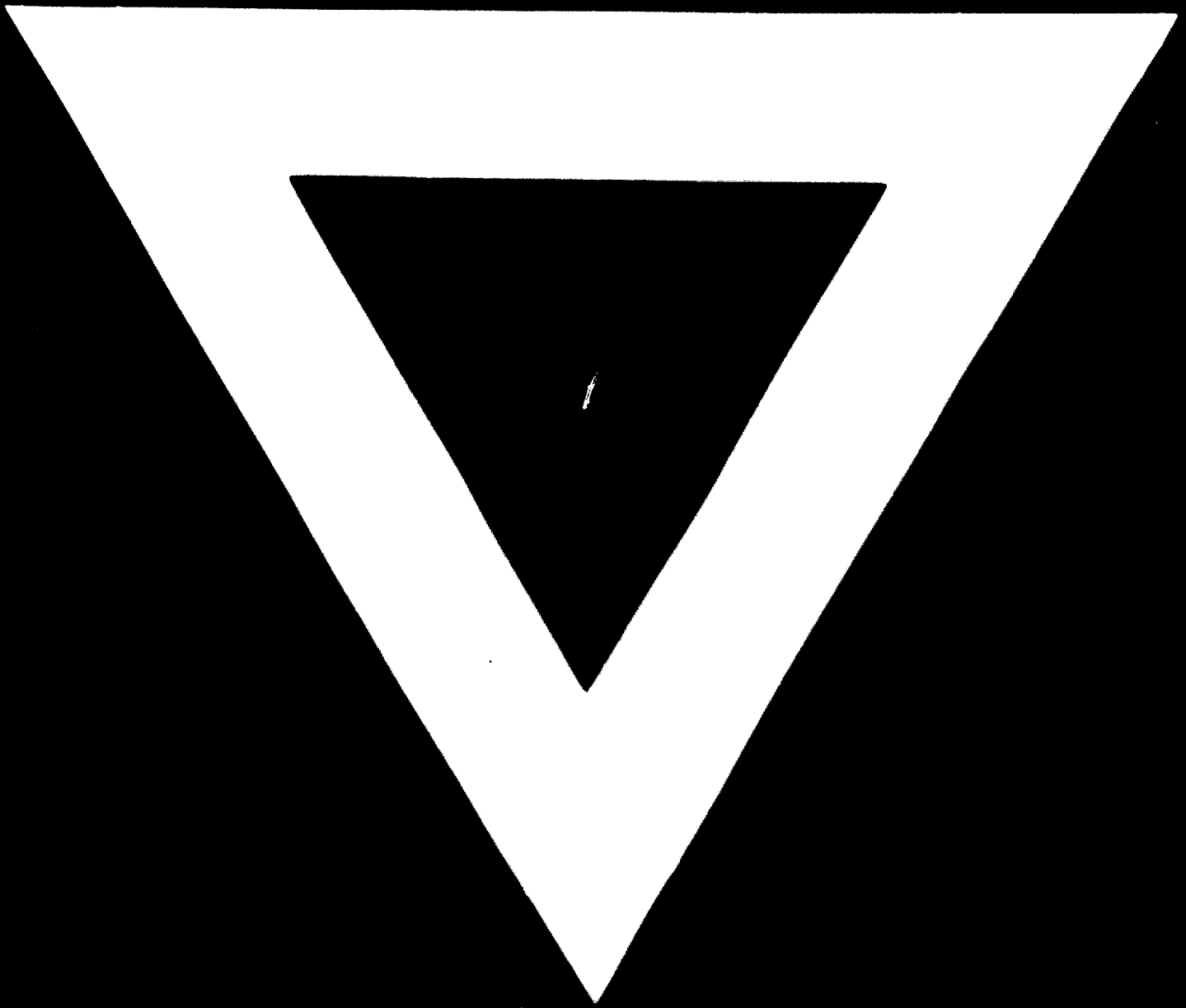
Thank you.

APPENDIX 1

**NUMBER OF COMPANIES APPROVED AND OPERATING
UNDER INCENTIVE LAWS ACCORDING TO INDUSTRY
GROUP: MARCH 1967**

INDUSTRIAL GROUP	NUMBER OF COMPANIES			
	IIL	PIEL	ETEL	TOTAL
1. Metal Products	26	2	-	28
2. Non-Metallic Mineral Products	5	3	-	8
3. Chemicals	12	7	-	19
4. Rubber	3	-	-	3
5. Plastic Products	16	2	-	18
6. Paper products	4	-	-	4
7. Containers & Packaging Materials	11	2	-	13
8. Clothing	-	-	18	18
9. Textiles (Other than Clothing)	3	-	-	3
10. Leather Products	-	-	6	6
11. Food	3	3	-	6
12. Pharmaceuticals & Toilet Preparations	4	-	-	4
13. Tobacco	-	-	1	1
14. Wood & Fibres	2	-	-	2
15. Electrical	4	1	-	5
16. Miscellaneous	7	-	10	17
	100	20	35	155





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