

New Business Frontiers – Opportunities for CARICOM

Address by

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Caribbean Community in Haiti**

At a Seminar on

**CARICOM's New Business Frontier
Opportunities for Doing Business in HAITI**

Jamaica Pegasus

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Salutations

1. Haiti as a Member State of CARICOM

- In 2002, Haiti became the newest and most populous member of the Community which is comprised of 14 Sovereign Nations
- Why CARICOM's advocacy and unwavering support? A member State has suffered a disaster of incalculable dimensions and we feel compelled to be a voice of advocacy. Hence, my role as Special Representative
- The reconstruction and redevelopment of Haiti is a massive undertaking in size, magnitude and complexity. The Action Plan estimates that some US\$11 Billion will be required to finance public sector projects. There is however a huge gap which will have to be financed by the private sector. This gap has been estimated at some \$20 Billion using the proportion of private to public sector losses of two to one ratio
- The process has attracted business interests from far and wide. It is no secret that the international private sector is already on the ground and making inroads.
- We regard the rebuilding of Haiti as a priority and are committed to working with Haiti to facilitate her assimilation into the regional economic integration system.

President Preval himself has indicated that Haiti's future model of development must be consistent with that of full integration into CARICOM

- We in CARICOM are of the view that the long term sustainability of Haiti's development requires that a significant portion of that investment should be made by Haiti's own private sector, Haitian nationals in the diaspora and other CARICOM nationals at home and abroad. This approach has the potential to provide the much needed impetus and fillip to propel the region forward

It was with this in mind that CARICOM Heads at their meeting in Montego Bay last June, agreed on the following strategies to facilitate Haiti's reconstruction and development process:

- a) facilitate the movement of Haitian business persons within the Community by changing the terms of the visa requirements. This is being vigorously pursued
- b) establishment of nonreciprocal trade in a range of products for a specified period. Special access has now been provided to 44 products from Haiti and consideration is being given to extend the list further
- c) provide the necessary technical assistance to offset Haiti's depleted institutional capacity. Discussions are ongoing between Haiti, CARICOM and the CDB. At the recent intersessional meeting in Grenada the Heads recommitted to making senior personnel available
- d) encouragement of the private sector (including the diaspora) in participating in areas such as housing, construction, education and agriculture

- **Collaboration between Haiti and CARICOM Private Sectors**

Haiti's private sector has been having discussions with CARICOM's private sector to identify areas of collaboration, cooperation and advice to take advantage of the opportunities which are presented in the reconstruction and development process.

A series of meetings have taken place between CARICOM Business leaders and their Haitian counterparts

- A small number of private sector leaders visited Haiti in April 2010
- CAIC led a mission to Haiti of over 80 business in July 2010
- CARICOM companies participated in the Housing Conference and Expo in Haiti Jan 31 – February 4th
- The Caribbean Construction Sector is convening a Conference in Trinidad and Tobago March 21st -22nd

In all the deliberations financing has been identified as a major challenge. Our business persons are particularly concerned about how to mobilize the volume of financial resources required – both equity and loan capital – given the high level of risks involved. They are also concerned about the likelihood of mobilizing loan funds on competitive terms such that they would be able to compete with investors from developed country markets. Needless to say these concerns are also shared by the Haitian private sector

A proposal for a CARICOM Special Fund for Private Sector Investment in Haiti was approved by CARICOM Heads of Government last week in Grenada. The facility is a One Billion United States Dollar (US\$1B) Fund .

The purpose of the Fund is to provide loan financing of up to US\$20 Million to private companies investing in long term development activities in Haiti.

There are two major immediate activities;

1) To mobilize the resources.

Haiti has already committed US\$3Million dollars to start the Fund. There is a Resource Mobilization Team which I will lead which will target (a) other CARICOM Governments (b) Bilateral Governments and agencies (c) multilateral institutions (d) major Foundations e) Private sector bodies and (e) the Diaspora

2) Finalization of the Legal and Administrative arrangements

The Caribbean Development Bank (CDB) and other regional Development Banks such as the Development Bank of Jamaica (DBJ) will have a major role to play

Target Date for implementation

Given the variables, it is not possible to put a specific target date for the Fund to become operational. The projection however is for the Fund to have commitments of US\$100Million by the end of the third Quarter of this year

• **Business Opportunities**

Business opportunities as implied in the developmental needs of Haiti, cover a wide range of areas including but not limited to:

- Construction of economic and social infrastructure – housing, fixtures and appliances, roads, ports and factory space

- Agriculture and agro-processing for local consumption and more importantly for the export markets. Need to bear in mind that Haiti has special market opportunities in the USA and in Europe
- Manufacturing, in particular textiles and garments. The Koreans and the business persons in the Dominican Republic are gearing up to take advantage of the HOPE Legislation which provides for special access to the US market for garments manufactured in Haiti (807 type)
- Education and human resource development including the training of Haitians for job opportunities in Haiti and outside of Haiti.

- **Key Role of Transportation Links and Why**

International transportation, both air and sea, is critical to the development and success of all the other areas of business.

Jamaica, and in particular Kingston, is ideally located to be a transportation hub to Haiti

The Dominican Republic shares a land border with Haiti. We in Jamaica share a sea border with Haiti and there are points in Haiti which are closer to Kingston than they are to Port au Prince

Jamaica is therefore a natural hub between Haiti and other CARICOM countries. This is why during the emergency phase of the following the earthquake, Kingston was used as the launching point for CDERA's activities.

The current international shipping lines provide a weekly container service between Kingston and Port au Prince, but this is not sufficient. And businesses continue to lament.

The airside, until now, has been weak, even though we can remember a time when there were fairly regular direct flights between both countries. (Air Jamaica and Air Jamaica Shuttle)

The challenge is that the market will have to be built up and we all acknowledge that this takes time. In addition it is both costly and risky.

It is particularly for this reason that the venture being inaugurated today by Jamaica Air Shuttle is so important.

The transportation issue should not just be viewed in the context of Jamaica/ Haiti. Last December at a conference in the Cayman Islands which looked at increasing business cooperation within the entire northern Caribbean region, transportation was lamented as a major constraint. Somewhere in that challenge is a major business opportunity...which needs to be nurtured.

Important service being provided by Jamaica Air service

The launch today is an important step in our partnership and cooperation with Haiti.

It has the ingredients for backward and forward linkages not only between Haiti and Jamaica but is an important connecting link for other CARICOM nationals travelling to Haiti. It certainly avoids the hassle of connecting through Miami and a travel time of just over one hour must be commended. I envisage for example, members of the international community who are currently working in Haiti, wishing to avail themselves of this service to get away for a weekend, utilizing our tourism facilities here

All business persons therefore should have an interest in Jamaica Air Shuttle's success in this venture. You have it within your capacity to help to guarantee its success by utilizing its service

Let me take this opportunity to pay tribute to two organizations who are already doing business in Haiti and who are present here today – DIGICEL and Jamaica Broilers. I am aware that there are others of you who are contemplating doing business in Haiti. No doubt after today, you will be encouraged to advance your plans