



JAMPRO
TRADE & INVESTMENT JAMAICA

Launch of the World Investment Report 2011

Non-Equity Modes of Production and Development

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President

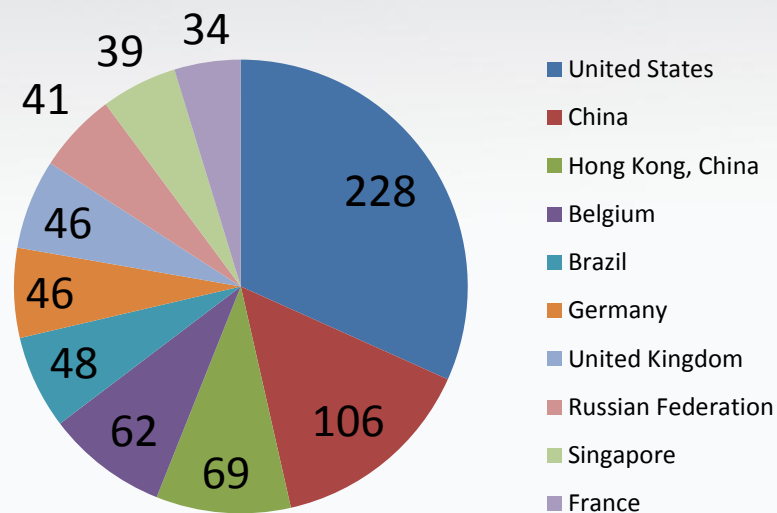
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Overview

- Global FDI Trends
- Top 10 in FDI
- Developing economies
- Small island developing states
- Regional FDI trends in Latin America and the Caribbean
- Jamaica's performance
- Non-equity modes of production (NEMS)
- Advantages of NEMS
- JAMPRO's Role
- Going forward

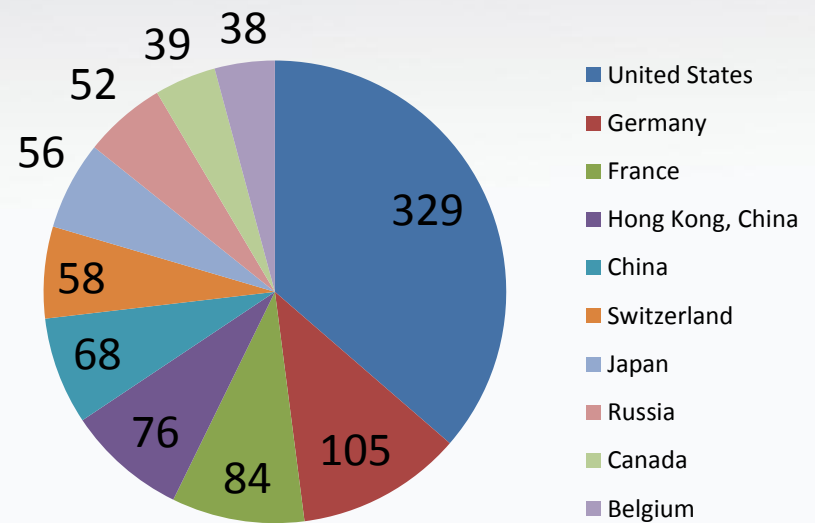
Top 10 in FDI

MAIN RECIPIENTS OF FDI, US\$bn



Together account for **58%** of inflows

MAIN SOURCES OF FDI, US\$bn

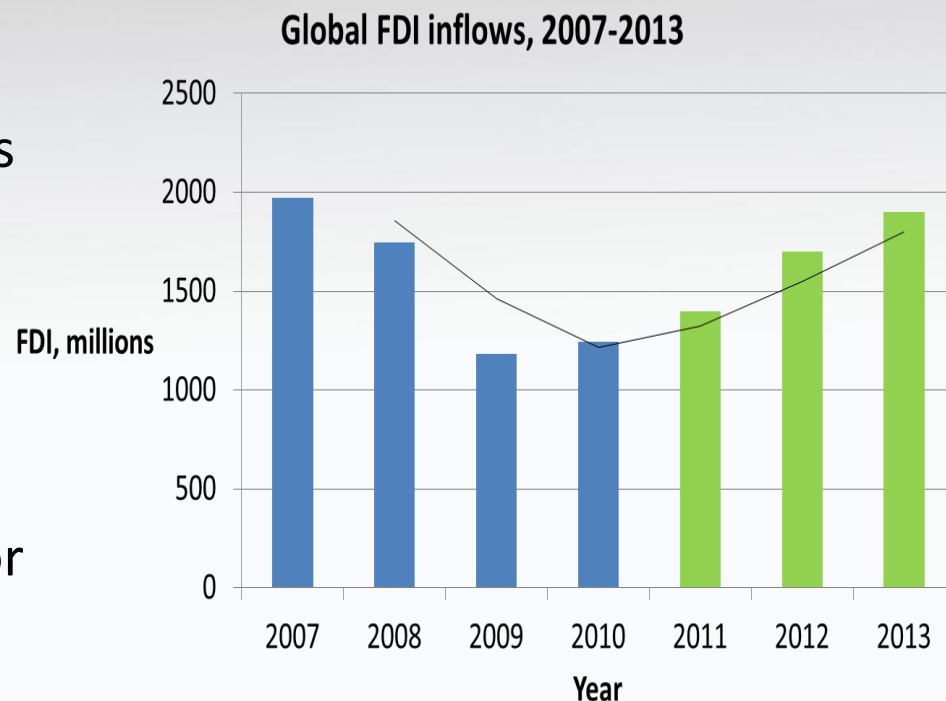


Together account for **68%** of inflows



Global FDI Trends

- FDI inflows totaled **US\$1.24** trillion, a **moderate increase** over 2009
- FDI inflows still below pre-crisis levels; inflows 37% below the 2007 peak of US\$1.9 trillion
- **For the first time** developing and transition economies are major recipients of FDI
- While the manufacturing sector grew in value and share of FDI projects, the primary and services sectors declined in both categories



Developing economies

POSITIVES

- Developing and transition economies accounted for more than half of global FDI flows, **for the first time**
- South-South investments flows constituted significant portion of FDI
- Developing countries are now important sources of FDI
- Performance was strongest in Latin America and East and South-East Asia

NEGATIVES

- There is uneven performance
- FDI continued to decline in
 - Africa
 - least developed and landlocked developing countries
 - SIDS
 - South Asia

Small Island Developing States (SIDS)

- FDI to SIDS continued to fall, however decline was marginal (1%)
- A number of greenfield investments in Asia and Africa in the hotel and tourism, mining and manufacturing sectors
- SIDS constitute 1% of total flows to the **developing** world
- No SIDS achieved above US\$500m (excepting Bahamas and Trinidad and Tobago)

Regional FDI Trends

Latin America and the Caribbean

- FDI to Latin America and the Caribbean rose by 13% to US\$159 billion
- This increase was largely accounted for in South American countries, in particular Brazil, which attracted US\$48 billion in inward flows
- However, FDI to the Caribbean was in the decline in 2010, with a reduction of approx. 26%
- The British Virgin Islands and Cayman Islands were the largest recipients of FDI in the Caribbean

Jamaica's Performance/Outlook

- In 2010, received an estimated US\$201 million in FDI
- Like the other SIDS, Jamaica has been adversely affected by the global financial crisis
- JAMPRO's outlook for future performance is positive
 - Resurgence of the Mining sector
 - Renewed interest in Tourism investments
 - Increased focus on Manufacturing and ICT
- In addition, plans are advanced for the establishment of the international financial services centre

Non-Equity Modes of Production

- Non-equity modes of production (NEMS) generated over US\$2 trillion in sales
- NEMS include:
 - Manufacturing and services outsourcing
 - Franchising
 - Licensing
 - Management contracts
- Manufacturing and services outsourcing constituted more than half of NEM activity, at approx. US\$1.3 trillion

NEMS IN JAMAICA

- Number of local manufacturers undertake contract manufacturing for export (e.g. Grace Foods, Eatons and Wisynco)
- Franchising most significant type of NEM, dominating food sector, with Several top 25 global franchises operating locally (Subway, KFC, Burger King, Pizza Hut, Dominos and Wendy's)
- Other sectors include Hotel & Tourism (e.g. Wyndham & Hilton), and Real Estate (Re/Max and Century 21)
- Diversification into other sectors with establishment of Orkin (Pest Control) in 2010 and Payless Shoe Source in 2011

Advantages of NEMS

- NEMS create opportunities for enhancing productive capacity and further integration into global value chains
- Main development impacts of NEMS include:
 - Employment generation
 - Local value added and linkages
 - Export generation
 - Technology and skills transfer
 - Industrial capacity building

JAMPRO's role

- Manufacturing sector key area of focus in investment strategy
 - New unit dedicated to manufacturing sector
 - Workshops and forums to support the manufacturing sector
 - Ongoing Linkages Programme
 - Marketing of the sector at signature events

Success stories

- **SANDY BAY SWEETS**
 - Sandy Bay Sweets, invested approximately US\$1.2 million and in initial phase created 300 jobs.
 - The specialty cookie and sweets company has major supply contracts with TJ Maxx and CostCo
 - Converted existing manufacturing facility (Jockey) to accommodate Sandy Bay Sweets
- **WISYNCO**
 - Investing US\$8m to expand production capacity
 - Now producing Minute Maid locally (previously imported)
 - 300 jobs to be created



Going Forward – MEMs

Strategy for sector undergirded by research:

- Undertaking study to ascertain viability of manufacturing locally imported goods
- Development of value proposition for the sector with support of the IDB
- Acceleration of efforts to promote contract manufacturing
- Possible opportunities for manufacturing of medical devices