

Jamaica: The Caribbean island's economy is 'on the move'

The country's ongoing economic growth is backed by substantial developments in its tourism, transport and mining sectors

The vibrant Caribbean island of Jamaica is rebounding quickly from COVID-19, with the World Bank forecasting 3.2 percent growth in its real domestic product this year, which follows on from a 4.6 percent rise in 2021.

"Our economy is on the move and coming back fast, especially our tourism sector, which is recovering toward pre-COVID numbers. It's a major industry for us and the government is doing everything necessary to allow the sector to grow sustainably. Hotel rooms are being built in record numbers, for instance, and we are expanding our international airports at Montego Bay and Kingston," says Minister of Transport and Mining Audley Shaw. Those expansions will mean the island can welcome more visitors from around the world, but they will also contribute to Jamaica's ambitious plans to become an international hub for transportation and logistics. To encourage this, upgrades have also been made to much of the country's extensive marine and logistics infrastructure. "Jamaica is strategically located to be a crucial transportation node: apart from Cuba, we are the closest country in our region to the U.S., we are near to Central and South America and we are well positioned for the Panama Canal," explains Shaw.

Another priority for the minister is the development of a safe, integrated and environmentally friendly land transportation network that can move people and goods efficiently around the country. Roads and highways are being extended and improved, while a central element in Shaw's plans is the revival of Jamaica's scenic rail lines, he states: "We have one of the oldest rail systems in the western hemisphere, which was initiated by the British in 1842, primarily to transport sugar cane and it then became a public transport system. Unfortunately, it was closed 30 years ago, although the tracks are still in place." The initial stage of the rehabilitation will cover 55 kilometers and is expected to cost \$40.2 million. "This first phase will be a private investment to create a tourist train service from Montego Bay to the Appleton Estates in St. Elizabeth, where they manufacture Jamaican rum, and the second phase will restore the service from Montego Bay to Kingston," reveals Shaw.

To further reduce the carbon footprint of public transport, "We are modernizing the transportation landscape by incorporating newer, smarter energy sources, modes of transport and technologies. For example, we are expanding our bus fleet to include electric and compressed-natural-gas-powered vehicles



Audley Shaw
Minister of Transport
and Mining



Jamaica is rehabilitating its historic and scenic railway system

and, over time, we will convert our existing diesel buses to biodiesel. The government is also supportive of electric cars and growth in that market will require more charging stations to be installed," he states.

The scale of the ministry's infrastructure projects and their likely impact on the economy are illustrated by a development taking place in the east of the country that involves the parishes of St. Mary, Portland and St. Thomas. "This is a \$200-million investment in which we are putting in efficient highway infrastructure to connect Kingston with the three parishes, which include beautiful areas little visited by tourists. We are also expanding our third international airport at Boscobel in St. Mary and, when all of this work is completed, the tourism sector in eastern Jamaica will grow significantly. St. Thomas is important for our mining industry too and, with this new infrastructure, we will be able to move minerals more easily and safely," says Shaw.

Centered around bauxite, mining became one of Jamaica's largest economic sectors in the 1950s and it continues to be a key revenue source, he notes: "Bauxite mining and alumina processing are valuable income generators for the economy. However, while allowing these activities to remain viable, safeguarding the environment is a high priority for the nation, and the industry is subject to robust standards and regulations. We are also balancing mining with, for example, reclaiming mined-out lands." In addition to bauxite, the

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Audley Shaw, Minister of Transport and Mining

country is looking to further capitalize on its rich reserves of high-quality limestone. "There is strong local demand for our limestone, as Jamaica is experiencing a construction boom, and there is also a need in export markets. We are exploring other minerals as well—for instance, there is evidence that we have gold, copper and other rare earth minerals. It is time for us to look at the wider potential we have in Jamaica," Shaw asserts.

That potential extends across a range of additional industries, including agribusiness, manufacturing, green energy, information technologies, plus business and knowledge process outsourcing, the fastest-growing sector in the country. As Shaw says, "Jamaica is a superb location for investment with many mutually beneficial opportunities for the country and its partners."

A resilient and competitive source of world-class alumina

Through its bauxite mining and alumina refining operations, Jamalco has been creating value for its clients and communities for over 60 years

Since the 1950s, Jamaica has been a key supplier of bauxite—the mineral-rich ore from which aluminum is sourced—and it was the eighth-biggest bauxite producer worldwide in 2021, according to the U.S. Geological Survey. During that year, the country mined 5.8 million metric tons of the ore, with the majority of it being refined into 1.2 million metric tons of alumina within Jamaica before export.



Austin Mooney
Managing Director
Jamalco

The island boasts the fifth-largest global bauxite reserves, but there are many other reasons why it has remained at the forefront of the bauxite and alumina industry for so long. “Jamaica is close to the major markets of the U.S. and Canada, we have a good track record in mining and producing quality alumina, and we’ve proven over the years that we’re reliable, stable and consistent, which is what the market wants,” explains Austin Mooney, managing director of Jamalco.

As one of the world’s leading producers of alumina and with a history extending back to 1959, Jamalco has played a central role in building Jamaica’s strong reputation among international buyers. The company is a 55:45 joint venture between Noble Group Holdings, which is among Asia’s top supply chain managers for industrial raw materials, and the state-owned Clarendon Alumina Production Limited. Jamalco mines high-quality bauxite in the south of Jamaica and extracts the alumina at its nearby refinery that benefits from continuous investment in order to maximize production quality, efficiency, sustainability and volumes. Up to 1.42 million metric tons a year of this world-class alumina are then exported to customers via the company’s own port at Rocky Point, Clarendon.

Jamalco demonstrated its resilience during the COVID-19 crisis, says Mooney: “We kept operating at 100-percent production despite the restrictions and we protected the health of our approximately 1,000 workers, more than 92 percent of whom are vaccinated, which is significantly higher than the overall level in Jamaica and something we’re proud about.”

Then, in August 2021, Jamalco faced a second challenge with similar fortitude when a fire broke out in the powerhouse that supplies power, steam and compressed air to its refining operations. Thanks to the company’s stringent safety protocols, no serious injuries were incurred, but the refinery was brought to a standstill for 10 months. As Mooney states,



Jamalco follows environmentally responsible mining practices

however: “We’ve done a remarkable job in getting production restarted and retaining our full workforce. Considering the damage the fire caused, it was a major achievement and that accomplishment must be credited to the commitment, skill and tenacity of Jamalco’s staff. One of the most impressive aspects was how quickly everyone got over the shock of the event: the cleanup and rebuilding process commenced the day after the fire and we had developed a clear three-stage plan to restart operations within the first week.”

Stages one and two of that plan have been completed and Jamalco was able to resume its refining activities in June. “Previously, we were self sufficient for electricity, but some of our power-generation assets were destroyed in the fire. We’re currently using a combination of imported power from the grid, our own assets that survived or have been replaced, and temporary rented gas-fired generation assets. The refinery is operating at 50-percent capacity at the moment and we anticipate reaching 100 percent shortly,” he reveals.

“We have a good track record in mining and producing quality alumina, and we’ve proven over the years that we’re reliable, stable and consistent.”

Austin Mooney, Managing Director, Jamalco

Jamalco is now working on the final stage of its reconstruction process, which should be finished by 2024: incorporating the latest technologies that will further boost the company’s efficiency and competitiveness in international markets. This state-of-the-art powerhouse will be able to utilize either natural gas or heavy fuel oil (HFO) as energy sources, adds Mooney. “We see the refinery’s future as being dual fired. Obviously, we would prefer to operate on gas, because it’s a cleaner fuel and gives us more flexibility, but recent global events, such as the impact that the war in Ukraine has had on gas prices, has shown the importance of being able to switch from gas to HFO if required.”

The company’s conversion of its refinery processes to accommodate cleaner energies is part of a much wider commitment to environmental, social and governance issues. “As a policy, Jamalco operates in a safe, responsible manner that respects the environment and the health of our workforce,



Jamalco’s alumina refinery in Clarendon, Jamaica

our customers and our communities—we don’t compromise our values in these areas for profit or production and are continually improving our environmental, health and safety management systems,” asserts Mooney.

Over the years, Jamalco has established a robust corporate responsibility model that has become one of the pillars on which its business pivots, he says. “The overriding objectives are to advance community development and build lasting partnerships, which underscores the company’s philos-

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Austin Mooney, Managing Director, Jamalco

ophy that its social license to operate is derived from its host communities.” Through programs that are focused on capacity building, creating alternative economic opportunities, social renewal, volunteerism, civic partnerships and charity, the company has generated a solid network of local support and goodwill.

For example, all mined-out lands are reclaimed and rehabilitated to extremely high standards, with most restored lands being used for farming, community recreation facilities and housing. Within the last five years, Jamalco has also invested around \$0.4 million into educational support initiatives, which include providing scholarships, bursaries and computer equipment to local students at all levels. The company helps develop community education and medical infrastructure as well. As an illustration, in 2021 it supported the construction of a COVID-19 medical facility to boost capacity at the hospital that serves the Clarendon area during the pandemic.

Having withstood the challenges of the last two years, Mooney is optimistic about the future: “Jamalco has made a strong comeback after the fire to restart the production of alumina and the quality our refinery deploys is returning quicker than planned. This is a great achievement, because we always want to supply our customers with the best product on the market and one that exceeds their expectations. Jamalco is here for the long term and, once our powerhouse reconstruction is complete, it will be bigger and stronger than ever.”

Jamalco: A key partner in Jamaica’s ongoing economic and social development



Jamalco was established in 1959 and has been exporting alumina since 1972



Jamalco operates bauxite mines, an alumina refinery and its own port facility



Jamalco is one of the world’s leading producers of high-quality alumina



Jamalco has the capacity to produce 1.42 million metric tons of alumina annually



Jamalco has a committed and skilled workforce of around 1,000 employees



Jamalco’s state-of-the-art new powerhouse is on target to be completed by 2024



Jamalco’s mined-out lands are rehabilitated, mainly for farming, housing and recreation



Jamalco has donated about \$0.4 million to education initiatives over the last 5 years



At 2 billion metric tons, Jamaica has the 5th-largest global bauxite reserves



Jamaica was the 8th-biggest bauxite producer worldwide in 2021



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Adding value to underutilized mining and export assets

Jamaica Bauxite Mining has taken an enterprising approach to building new businesses that are set to rejuvenate its community

Established in 1975 to act as the custodian for public interests in bauxite, state-owned Jamaica Bauxite Mining (JBM) is transforming to propel the economy and society forward.

“We are still a 51-percent shareholder in Discovery Bauxite Partners that produces and exports 2.6 million metric tons of ore a year, which we oversee on behalf of the government. However, as a public entity with a business mandate, it is also vital to move with the times, grow our revenue streams and optimize the use of our assets,” says JBM’s managing director, Donna Marie Howe.

Located in the rural St. Ann Parish, those assets include over 4,000 acres of land and the Reynolds Pier Port in Ocho Rios, which is strategically placed for the Panama Canal and provides services to cruise, cargo, oil and other vessels.

According to Howe: “JBM’s mission is to create, maximize and optimize added value in a fiscally responsible way. We are also strongly focused on the environment, social governance, sustainability and resilience. By restructuring, repurposing and integrating our ecosystem of assets, we can realize their value and achieve our mandate.” One innovative new revenue stream to emerge from this approach is the manufacturing of bottled spring water, she reveals: “We have a premium high-alkaline spring on our land and we have a port—we can connect the two. We are looking to develop a white-label bottling plant for the spring water and to utilize the potentially huge export market for that product to cruise lines and other Caribbean islands.”



Donna Marie Howe
Managing Director
Jamaica Bauxite Mining

JBM is also working to maximize the value of another of its underutilized resources: high-quality limestone. “We export limestone through our port on a small scale for mining partners, but we are aiming to grow that export market and there’s substantial international demand. We are not mining operators, so we will collaborate with a strategic partner on this—as in all our activities, we align with partners whose expertise and skills add value to ours, and who share our goals for development, sustainability and responsible mining,” she asserts.

Most ambitiously, JBM is creating a vast multi-use commercial park on land previously used for mining operations, which will be a special economic zone offering associated tax benefits. Supported by an affordable housing development, plus retail and hospitality outlets, the park will make St. Ann a hub for logistics and skilled knowledge process outsourcing (KPO), she states: “It is ideally situated between Kingston and Montego Bay, just off the highway and by the port. In terms of KPO, we are targeting multinationals that want to take advantage of the talented graduates from the excellent colleges in our area. We are also going to build about 120,000 square feet of warehouse spaces for companies of all sizes. We have gone through the planning stage for the park, so now is an optimum time for investors and clients to come on board.”

The groundbreaking project that is holistically aligned with the United Nations Sustainable Development Goals and the government’s national development plans will fundamentally rejuvenate St. Ann Parish, enthuses Howe: “We are utilizing our resources from bauxite mining in order to give back to a community that has been so involved in our activities for over 40 years. The project will bring 600 new high-level jobs directly and over 2,000 indirectly.” By generating those jobs, JBM will be providing a route for the parish’s young graduates to be able to live and work in their local area rather than having to move to a city for employment. “There will also be a training facility within the park that will support KPO and we are rolling out an apprenticeship scheme. As a government entity, we have an important role in investing in education and ensuring there are job opportunities in the best-possible work environment. It is about giving back to St. Ann by building the community and businesses. By extension, that helps Jamaica achieve its national Vision 2030 goals,” she says.

The park will be JBM’s first macro-development project, but others are likely to follow, adds Howe: “JBM will continue to contribute to Jamaica’s plans for growth, development, job creation and the blue economy, which we are geographically well placed for. In all cases, the economic and social impact of our future plans are equally significant.” She would encourage investors wanting to know more about those plans to contact JBM’s commercial unit via its website at jbm.gov.jm, noting that: “Resilient Jamaica is on a positive growth trajectory, as it is led by a very good government that constantly makes improvements. It is a highly desirable place to work, live and do business.”

"Building businesses, restoring communities, from the ground up through mineral export."
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The Caribbean's leading airport ecosystem spreads its wings

Already at the forefront of tourism air traffic, the Airports Authority of Jamaica plans to turn the country into a hub for cargo transshipments

"Jamaica's aviation traffic for 2022 is expected to reach 91 percent of its 2019 pre-COVID level. Monthly traffic since August 2022 has been surpassing the corresponding months in 2019 and total 2019 traffic is expected to be surpassed in 2023. It's remarkable as, like most countries, we were contemplating 5-6 years for recovery, but we have closed that gap three years earlier," says Audley Deidrick, president and CEO of the Airports Authority of Jamaica (AAJ), the body with overall responsibility for the country's airport system.



Audley Deidrick
President and CEO
Airports Authority
of Jamaica

The sector's rapid recovery is excellent news for the country, he adds: "Aviation is a major economic driver in Jamaica. In 2019, our international airports handled 6.5 million passengers and over 80 percent were tourists, who directly contribute approximately 10 percent of our gross domestic product." With tourism once again flourishing, Jamaica is currently receiving around 500 (2019: 600) international flights a week from 25 global airlines and those flights arrive at one of three state-of-the-art airports.

The main tourism gateway is Sangster International Airport (SIA), situated in Montego Bay, while Norman Manley International Airport (NMIA), which is 20 minutes from Kingston's city center, is the primary destination for business travelers and handles more than 70 percent of Jamaican airfreight.

The island's newest port of entry is Ian Fleming International Airport (IFIA), located in Boscobel near Ocho Rios. "We started international commercial flight services at IFIA in June 2022, which we launched with two airlines—interCaribbean that flies from the Turks and Caicos islands and QCAS Aviation Service, a high-end operator for business passengers based in Fort Lauderdale—and we are working with American Airlines to possibly commence operations from the airport in the second quarter of 2023," reveals Deidrick.

AAJ owns and operates IFIA and three domestic aerodromes, but the two major international airports that are owned by AAJ are operated under concession agreements with private operators. SIA's operator is MBJ Airports Limited (MBJ) while NMIA's operator is PAC Kingston Airport Limited (PACKAL). Mexico's highly experienced Grupo Aero-

portuario del Pacifico (GAP) fully owns PACKAL and holds a majority stake in MBJ, he explains: "The operation of MBJ was privatized in 2003 and NMIA in 2019. Utilizing public-private partnerships was a clear policy direction of the government to meet the capital requirements needed for expansion and modernization of the airports, and it's proved to be a successful move—for instance, SIA has been ranked by World Travel Awards as the Leading Caribbean Airport for fourteen consecutive years since 2009 and fifteen times in total since 2003.

It should be noted, however, that the facilities haven't been sold: AAJ exercises very close oversight and monitoring of these facilities to ensure the service quality standards are constantly maintained or surpassed and that their development programs continue as set out in our concession agreements."

Those programs include expanding MBJ's runway and passenger terminal, as well as NMIA's cargo-handling facilities, which are all taking place at the moment, plus large investments in climate-friendly measures. "Consistent with the government's commitment to sustainability, GAP has spearheaded a policy of environmental sustainability. For example, NMIA has already implemented 2 MW of solar power and will add another 3 MW, while MBJ has 1 MW installed, which will rise to 7 MW. Once complete, solar will contribute over 75 percent of the airports' energy needs," Deidrick states.

Privatization of the two airports has allowed AAJ to focus more time on developing the country's wider aviation ecosystem and further boosting air traffic, he comments: "Today, more than 95 percent of tourism passengers come from the U.S., Canada and the U.K. Constantly seeking to engage new source markets, airlines and routes is an ongoing activity for AAJ, particularly in relation to IFIA, which can comfortably accommodate international flights now, using small aircraft. Central and South America, Africa, Eastern Europe and Asia are target markets and we would also like to expand our footprint in the Caribbean, so that travelers can easily move between destinations on a single trip."

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Audley Deidrick, President and CEO
Airports Authority of Jamaica

In addition, the authority is upgrading domestic aerodromes throughout the country so that tourists and the local population can move around Jamaica more efficiently, and there are other areas of aviation that AAJ is about to tap into further, Deidrick says: "One is general aviation and we're developing fixed-base operations (FBOs) for specialized, personalized services in our airport system. Another big opportunity is maintenance, repair and overall (MRO). Last but not least, we've not seriously targeted growth in cargo traffic to include transshipment cargo. Given where Jamaica is geographically positioned, it's ideally located as a transshipment hub for cargo and our next frontier will be development of the Vernamfield Aerotropolis, which will enable us to handle that scale of operation in these areas of aviation. The project is being led by the government through AAJ, but private partnerships via the PPP route will be the foremost source of capital and development, and you'll hear much more about this exciting initiative as the plans are fine-tuned."



THINKING DEVELOPMENT... MOVING AHEAD

