

# The Logistics Hub and Jamaica's Development

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Logistics Hub: 'The Economy vs the Environment?'"

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I sense an underlying fear in many peoples' minds that the logistic hub project will perpetuate a historical pattern of foreign investment in export activity that is unfriendly to the environment and does not benefit the ordinary Jamaican. I think the fear reflects the reality of the impact of the sugar, bauxite/alumina, tourism and manufacturing industries on the environment and on the working people.

Sugar plantations required the cutting down of the forests, and with that, the habitat of some of our fauna. It was based first on slave labour, and then on low-paid labour. By definition, no wages, and then low wages, meant that the working people were poor, and many of them destitute.

Bauxite/alumina has been notoriously hard on the environment. It is even unpatriotic to talk about what it has done to the soil, the air, and the underground water resources, but the mined-out areas and mud-lakes are there as scandalous testimony to environmental abuse. The industry provided a small number of jobs that were relatively well-paid for Jamaican workers, and what little trickled down to the rest of the population, did so primarily from the spending of these workers. We know that too much of the revenue from this industry was frittered away in consumption instead of invested in the development of the country. But, we do not know how the total costs to the environment and to the health of the people affected by it compares to the revenues the country earned, the vast majority of which came from insisting on better returns through the Bauxite Levy.

Tourism has been sited on the coast, often on abandoned sugar lands, and too often, the facilities have displaced fishing communities and general public access to our beaches. Apart from the obvious pressures of large numbers of visitors, their chemicals and their waste on the marine resources, there is the run-off of chemicals from golf courses that are pristine green all tropical year long. The workers in the industry are paid poorly, have no job security, and have had to squat in growing ghettos on the margins of the resort areas. The inevitable social tensions arising from this has been used to justify the apartheid tourism model, known as All-Inclusives.

Apart from sugar and the processing of bauxite into alumina, manufacturing never quite made it beyond regional exports. It left a small visible footprint on the environment, such as the scars in the hills of active and closed quarries. But little is known of the consumption of water resources by the drinks industry, and there are only guesses at the level of disposal of toxic waste. However, manufacturing provided a lot of low-wage employment. In its last expression as assembly of garments in the Free Zones, it was based on non-unionized female labour paid below that of their male counterparts.

The pattern of abuse of undervalued natural resources and the poverty of low-wage labour are endemic. The fear of the hub is that this pattern will persist, and the promises of employment and the trickle-down of benefits will not materialize. It is clear that the hub will incur huge environmental costs, no matter how we try to minimize them. Will they be taken into account in the case of this new industry, or will we simply bequeath the damage to the generations to come? The project promises employment, and again, the trickle-down of benefits. The promised construction work may be illusory, as it is well-known abroad and here in Jamaica, that the Chinese bring their own labourers. Further, their labour standards are known to be disgracefully lower than those to which Jamaican workers are accustomed and which are enshrined in our laws. Beyond the construction, the Special Economic Zones are being promoted as the sources of new employment in manufacturing and the provision of services. The promotional video for the logistics hub boasts of many of the top international companies – Pepsi, Apple, Fedex, UPS, Diageo, Microsoft, Nestle, Xerox, for example – that have expressed interest in establishing facilities in these Zones.

The GoJ has acknowledged that Micro, Small and Medium sized Enterprises (MSMEs) are an important source of employment. Certainly, the leadership of the formal private sector do not think that the formal business sector has much more room for employment, as it is re-tooling with more technology for greater competitiveness. It is legitimate to ask whether Jamaican MSMEs will get a chance to participate in these Special Economic Zones, or will the opportunities pass to foreigners as has been the case of the Falmouth Cruise Ship Pier. Few Jamaicans have gotten businesses on the Pier, and few have gotten low paying jobs, as the people in the market across the

street and the taxi drivers will tell you with great resentment. Indeed, it is clear that there is a fragile social peace in Falmouth because of the disappointment of broken promises of economic opportunities and the displacement of traditional livelihoods to facilitate foreign businesses.

It is commendable that one of the committees that the government has established to prepare the logistics hub project is focused on MSMEs and that funds are being put in place for these entities to access. However, it will probably need more than that, and indeed, it will need a kind of affirmative action approach to enabling the existing MSME community to participate. Otherwise, social groups with a tradition of business, their own capital and access to financial institutions, as well as the supporting social, economic and political connections, are likely to prevail. They may even set up their own MSMEs, as the strategy to capture the opportunities. The question is, what are the logistics for facilitating the MSME interests to participate in the planning and implementation of the project, for enabling their productivity, and ensuring that they participate integrally in the opportunities of the Special Economic Zones?

Similarly, what are the logistics of incorporating workers' interests in the planning and implementation of the project? The GoJ has a pattern of undermining its own labour laws and regulations to encourage and appease investors, at the expense of the working people. In modern Jamaica, this began with the relaxation of labour regulations and standards and the de facto barring of labour unions to stimulate the development of the Free Zone in the 1980s. The Chinese have very low standards, as we now know from the experience of projects in Jamaica.

The conditions of workers in other logistic hubs should be studied as indications of what could happen here. Of the migrant workers in Dubai - citizens of Dubai are employers, not employees – we read that “their living conditions are extremely deplorable. Workers are deprived of even basic sanitation facilities and live in tiny, dingy apartments with at least a dozen other people”.<sup>1</sup>

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<sup>1</sup> Yusra Hayat, “Dubai: Look beyond the glitter to see the sorrow of migrant workers”, August 23, 2013 <http://blogs.tribune.com.pk/story/18358/dubai-look-beyond-the-glitter-to-see-the-sorrow-of-migrant-worker/>

Training is a part of increasing labour productivity, but it needs to be supported by efficient organizations and appropriate incentives to facilitate high labour productivity. Is it not time for Jamaica to switch to high productive labour that is rewarded properly, and away from cheap labour that reproduces poverty? We can get rapid growth with very high levels of investor interest if we reintroduce slavery. But that would be intolerable and anti-developmental.

We ask a similar question for farmers, fisherfolk, and foresters: What are the logistics of incorporating their interests in supplying the food for consumption and processing, and other agricultural raw materials for industry? In particular, what will happen to those who will be displaced from the beaches, and their hinterlands, that are allocated to the hub? We have the experience of the displacement of domestic production by imports from a liberalized trade regime, which is expected to become much more liberalized with the implementation of the Economic Partnership Agreement (EPA). What lessons will we draw?

The focus of the project sponsors has been on encouraging and facilitating investors, primarily foreign investors. The local business community, with its aversion to risk, is waiting to see what happens, and ready to climb on a bandwagon if it materializes. I surmise that the existing Jamaican MSMEs don't have the capital to qualify as serious investors.

The selling of the logistics hub has used a Michael Porter-esque engineering pitch on global value-chains, and the imperative and urgency of Jamaica linking in for its "last chance" for survival. Apart from being extreme, this linking with the global value-chains needs to be embedded in a view of development that is inclusive of ordinary Jamaicans and mainstreams adaptations to climate change. That development strategy should see the hub as a vehicle for human development, and it should not sacrifice the interests of our citizens on the altar of global value-chains. That development strategy must break from the historical development pattern of endemic environmental despoliation and poverty.