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Ladies and gentlemen:

Earlier this year I referred to the global financial crisis when speaking with my colleagues in GK as the equivalent of a Force Five hurricane approaching our region from the Atlantic and with us starting to feel the outer bands of wind. The reality now, in June, is that the hurricane season is here and the hurricane has hit.

What I would like to do is share with you, how we in GraceKennedy prepared ourselves for this hurricane, how are we surviving and thriving in it and what lessons are there, not only for other companies and individuals in the Caribbean but also for our governments and for our Caribbean society as a whole.

On the evening of Sunday, September 14, we heard the news breaking on international television, that Lehman Bros had gone bankrupt. We recognized that the world had changed as of that evening. What we all know is that it destroyed the confidence among players in the financial system...their willingness to trust each other.... and led to a rapid contraction in credit and the subsequent collapse of equity values around the world. Within the last 18 mths approximately 50% of the market value of equities across the world has evaporated.

Two years ago, if I were asked to predict what the future would look like I could give a fairly good projection using trends from the past and projecting them out forward. After Sept 14 2008, if I were asked the same question I would have to say I have no idea what the future holds. All we can do is to prepare for any eventuality and make sure we are capable of weathering our way through those circumstances.

In the Wall Street Journal of September 29 2008, on page 1, there was an article headlined 'Few Good Scenarios Still Exist'. The article pointed to four possible scenarios that could emerge in the world and they were greatly divergent from each other. They were:

- 1) Credit Crunch
- 2) Japan style deflation
- 3) Surprising resilience in the US economy
- 4) Rapid depreciation of the US dollar

What we in GraceKennedy did was to examine those scenarios along with several others that we created in order to prepare ourselves for any eventuality in our business canvas. We assigned a probability for each scenario unfolding and we determined pre-emptive and corrective actions for each scenario.

Ironically, one of the greatest benefits of this exercise was psychological, as at the time most people were gripped in denial with a sense of fear for the future which in some cases can manifest itself as paralysis. By working through these scenarios we became aware both collectively and individually that not only could we survive in any of these scenarios if we took the necessary action, but we could also thrive. This was truly a great breakthrough for us. Incidentally we have done scenario planning in the past but never in an environment as turbulent and as unpredictable as this.

What emerged from our scenario planning was that there are some actions which are common to all scenarios – the most important one being the need to garner cash. In addition to that we realised the need to develop new banking relationships, where possible, to give ourselves maximum flexibility.

Other themes that emerged included the importance of not losing focus on customers, on increasing our own internal productivity so that we would come out of this period more competitive than we entered it; and also the importance of adjusting our product offerings and internal costs very quickly to respond to any changes in the buying behaviour of our consumers and customers. Whatever we did, there was also the need to communicate fully with our GraceKennedy people through staff meetings, in-house e-mails, audio messages and one-one-one contact.

The net effect of this has been that our core profits for the calendar year 2008 actually increased by approximately 11 per cent and our profits for the first quarter of 2009 increased by approximately 39 % over the first quarter of 2008. This is heartening news because it demonstrates that we are coming through a period of incredible turbulence – probably a once in a century event – not only whole, but stronger than when we entered this period.

Incidentally, to go back to my earlier hurricane analogy, Jamaica's efforts in hurricane preparedness have come a far way under the leadership of our Office of Disaster Preparedness and Emergency Management (ODPEM). I can remember Hurricane Gilbert on Sept 12, 1988 when, I have to admit that as a country and as a company we were grossly unprepared. I can remember old-timers in the company, at 10:00 clock that morning, saying that no Hurricane was imminent because they could tell from the sunset the night before. And then we got hit two hours later. When I compare that with how ODPEM which is a fine public sector agency, has been able to effectively engage the private sector, the public sector and civil society it just shows that we can achieve our objectives if we set our minds to it. As a result, our preparation and recovery from more recent hurricanes such as Ivan and Gustav have been very effective.

What can we learn from these two examples of handling crisis – GraceKennedy's and ODPEM's? Let me start with the words of a politician – Rahm Emmanuel, President Obama's White House Chief of Staff who said "Rule one: Never allow a crisis to go to waste. They are opportunities to do big things." I have been repeating this statement ever since I heard it last November because it is profoundly important for us to recognize that as a region we have an obligation to transform ourselves much more rapidly in this environment than in a steady-state situation.

But, alas, my great fear is that the opposite is happening. Let me now share with you my personal feelings. I am a Caribbean man. I first got to know other Caribbean people at the age of 17 in, of all places, Scotland where I was an engineering undergraduate at the University of Glasgow. I studied alongside several other young Caribbean people and it was a revelation to me how many more similarities than differences there were between us.

I have personally made it a life mission to live, work and bring up my children in this region, to invest personally in this region, to build a company in this region and of course, to party in this region. As many of my colleagues know, I have been going to Trinidad for Carnival almost every year since 1977, as well as a variety of music and literary festivals and events across the region.

I now admit a sense of deep disquiet that centrifugal forces are at work which could blow us off course from our vision of an integrated region. This crisis is manifesting in two ways. One is that, given the realities of external forces acting upon us, countries are tempted to seek individual solutions based on their relationships with players outside the region. The second is an emotional response of 'every man for himself' or in this case, 'every country for itself'.

Regional political analysts are increasingly citing what they see as a waning political commitment to the CSME. A key indicator has been the region's inability to respond in a timely or cohesive way to the global and economic crisis. A specific example is the recent report that at the special session of CARICOM leaders on May 24, a team was commissioned to come up with recommendations on the region's approaches to the global economic crisis, even while we are yet to move on a draft report that was submitted by another task force mandated in January by the region's finance ministers.

We are now nearly one year into this crisis and our heads of government have yet to articulate a cohesive strategy for us to work our way through this crisis! I am sure if you spoke to each prime minister and president individually you would find each to be deeply passionate about his commitment to our goals. So what is it that prevents this from happening?

I believe that there are a number of issues that we need to confront and accept, in order to move on to where we would like to be.

The first issue is: the decision making machinery within CARICOM is outdated and rooted in the thinking of the mid 20th century.

In GraceKennedy we had to go through a wrenching transformation over the last several years to convert our internal decision making processes, our structure and our culture to make them relevant for the 21st century.

The result is we have the same name, and we have the same values that we have always had, but our modus operandi is completely different. I would like to suggest that if it is to survive as a regional body with any authority and legitimacy, the CARICOM region also needs to go through a process of self transformation. We need to ask ourselves what is it that we need to change in our CARICOM systems and culture to become more nimble and creative in our decision making and actions?

We still have an outmoded belief that lengthy meetings and speeches are actually an output of work. This is a completely misplaced concept in the 21st Century. Meetings and speeches are only vehicles for achieving outcomes, not the end in themselves. Yet we continue to be mired in a culture of long meetings and longer speeches, and then congratulate ourselves for a job well done. Consider this. The length of speeches at the opening ceremony of the recent Summit of the Americas : Christina Fernandez de Kirchner of Argentina, 16:46 minutes; Barack Obama of the United States – 16:26 minutes; Patrick Manning of Trinidad & Tobago 17:28 minutes; Dean Barrow of Belize, 20:42 minutes, Manuel Ortega of Nicaragua 50 minutes.

I would ask the question, which speech did you remember the most? Actually many persons remembered the speech by President Ortega simply for the fact that it was almost as long as all the other speakers' combined.

Years ago we determined inside GraceKennedy that a lot of productive time was being wasted in meetings. We took the decision first of all to do away with meetings simply because they were a standing committee meeting, if the objectives were not clear. We also took the decision to consciously determine that where possible, meetings would not exceed an hour. This principle was adopted across the board, from executive meetings to staff meetings. This had the effect of forcing participants to be more succinct and also gave them more working hours to actually execute the decisions taken in these meetings.

Even before this crisis we had moved to teleconferencing as a standard method of communicating across geographical boundaries to save on travel costs and to speed up decision making. With operating locations in some 8 countries, it is rare that we have a business meeting that is not teleconferenced across several countries. We do this as needed and these sessions tend to be, on balance, very focused.

Compare this with the traditional CARICOM Heads of Government calendar for meeting twice yearly. Ask yourself the question. How are we going to respond to the current global environment where there is breaking news every few hours if our heads of government only meet twice a year. Now the traditional response would be to have more physical meetings. What I am proposing is the opposite – what we need are virtual meetings using 21st century technology such as teleconferencing and video conferencing so that, with any event that takes place, our political leaders can get together within hours and come to a decision.

The second issue is our capacity to use information to assess situations, and predict the future. In private industry, market information is vital to competitiveness. Let's take remittances as an example. At GraceKennedy we know this business well and we spend a lot of time determining where our Diaspora live, what industries they work in, what are their savings, investment and spending patterns in order to meet their needs more effectively. This helps us to provide better service to them. We were also able to anticipate that the decline in remittances would not be as sharp for Jamaica because our English speaking Caribbeans work primarily in health, education and transportation services which are interestingly, the industries that have been least affected by the global crisis. In fact health services continues on a net basis to create jobs. According to the US Bureau of Labor Statistics, Health care employment increased by 24,000 in May, which was just about in line with its average monthly job growth so far in 2009.

How are our governments and our universities collecting and assessing this kind of information? Are we using research to predict future job demand trends in our countries and in the developed world that would inform how we educate and train our people to take advantage of opportunities?

Our experience in CARICOM has been that we do not have the resources to gather and analyze data with the ease of our developed country counterparts, and so, many of our decisions are made based on anecdotal evidence.

A case in point – the issue of migration within the region has surfaced as a hot button issue within the last few months, but how much of the current debate is actually informed by hard data, as opposed to anecdotal evidence? The fact is that much of the analysis currently available on intra-regional migration is based on information derived from the 1990 regional census.

At a meeting of Caribbean statisticians last year, CARICOM Deputy Secretary General Ambassador Applewhaite, noted that analytical information from the 2000 regional census was only made available to the public in 2008, largely due to a shortage of qualified statisticians. She also announced that efforts are being made, under the Caribbean Integration Support Programme (CISP) to strengthen our capabilities in this regard in order to ensure availability of more timely interpretative data. Our universities should be co-opted in this regard, and encouraged to conduct more research on trends that will assist our countries to carry out more effective workforce planning.

My third point is that I believe we have been largely immobilized by the fact that we have missed most of our deadlines for implementation of aspects of the CSME. The reality is that, in some cases events have overtaken us which make it more difficult if not impossible to implement some of these action items. The answer is to be honest about those things that are simply not going to get done in the short term, and concentrate our efforts on those things that are not only do-able but urgent.

One of these 'do-ables' is the movement of capital and improved regulation of our financial services sector.

In GraceKennedy we are fortunate that we have the ability, because of our scope of operations, to raise capital directly in more than one country through our capital market relationships. As you may be aware we are listed on four regional exchanges. We have discovered this to be a most onerous position to be in because of the disparate reporting regulations and the costs associated with them. What we need is a single, Caribbean stock exchange and regulatory framework, in order to make the markets truly efficient to raise capital and function as one economic space.

If this doesn't happen soon, we will find more and more that our larger companies will have no choice but to list outside of the Caribbean region which is certain to be an irreversible set of decisions.

We need to move past our traditional xenophobia as it relates to our regional counterparts and liberalise those areas that will allow for truly free ownership of capital across the region. The reality is there is not enough capital within the region to meet the aspirations of all of our people. So having free movement of this capital no matter who owns it, in order to create economic development, is completely in keeping with improving the standard of living of all our people.

An issue whose achievability is under debate is the free movement of qualified persons within the region. In the 21st century this is a fundamental underpinning of, and a pre requisite to, economic growth. GraceKennedy, and other companies like ourselves cannot compete effectively with extra regional entities if we are not able to employ the best people possible from within the CSME and without the hassle of onerous immigration or work permit requirements. This is not a demand for carte blanche movement but purely to honour what was agreed to in the Grand Anse Declaration.

Ponder this fact. Free movement of people was possible when we were all colonies of the British empire. We could go from one territory to another without a passport or without a work permit. So why aren't we able to do that now, as related Independent nations? Mia Mottley, the current leader of the Opposition in Barbados, made the following statement in 2006 when she was then in the Government as Minister of Economic Affairs and Development. Barbados was at the time faced with a shortage of labour leading up to the Cricket World Cup. She said, "I prefer to have a migration problem rather than an unemployment problem". In other words, migration makes eminent

commonsense because it is positively intertwined with creating economic prosperity. I commend her on her succinct, forthright statement.

Remember one other fact, the future of the Caribbean is inextricably linked to the export of services including export of people to work overseas as the developed country populations age. We will weaken our own argument for outward migration to meet those needs if we have not fully resolved that issue among ourselves regarding internal migration in CARICOM.

Another issue that I believe can be addressed fairly quickly is greater Customs cooperation and removal of trade barriers, formal or artificial. We seem to be in the throes of what is referred to by regional media as a 'brewing trade war' between some CARICOM countries, often manifesting itself in excessive red tape in the entry of goods, even where they represent a minor value. However, I know I speak for my colleagues in the private sector in reminding our governments that this does nobody any good in the long run. The manufacturing associations of Trinidad & Tobago, Jamaica and Barbados issued a joint statement a few weeks ago calling on their governments to quickly and effectively resolve these regional trade issues. The communiqué noted "It is imperative that at this time, given the current global economic downturn, decreasing global demand and increasing extra-regional competition, that Governments of the region work together to remove all non-tariff barriers and unfair trading practices."

The statement calls for all border agencies to be strengthened and more proactive in dealing with trade issues; and for adoption of clear regional standards for goods and services.

Incidentally, no one is suggesting that the tendency to protectionism and xenophobia is a uniquely CARICOM issue. Countries of the European Union have struggled through, and are struggling through similar issues but in the end they have recognized that cooperation and integration in critical areas will result in a stronger Union. Even in private industry where firms compete for the same market, we are coming increasingly to understand the need for pragmatism. This is why you will see companies entering into co-packaging and other arrangements which allow them to benefit from economies of scale and offer more competitively priced products to consumers.

What we in the private sector need our governments to do is create a climate that allows us to be more nimble in response to global trends, and to expand our businesses across borders.

My colleagues have often heard me make the statement, "A rising tide lifts all boats". In the regional context it is obvious that if we create a climate in which countries are able to draw on each other's resources, to move capital, goods and skilled workers freely, we will create a better standard of living for all our people.

However, it is not just about the private sector doing well. It is also a political issue. Traditionally, migration by our nationals to the OECD countries has served as somewhat of a safety valve, allowing our professionals and other skilled nationals to achieve the standard of living they would like to enjoy, and also providing direct economic benefits through remittances. However, in the context of the current global financial crisis, job opportunities have already contracted dramatically in these countries, and will slow down the level of migration. Our governments must develop plans, and act to manage the social implications of this reality in their various countries, or they will not remain in power for long.

In closing I would like to reiterate that the examples I have shared from our experience at GraceKennedy can be replicated successfully by any business, or country experiencing chaotic times

- do your scenario planning, and do it early
- become more nimble and creative in your decision making
- review your strategic objectives in light of a changing environment
- execute on time

Some weeks ago, a prominent Caribbean journalist suggested that one way to accelerate the regional response to the current global crisis was for governments to commission a regional think tank. While I share his impatience in this regard, I believe there are enough great recommendations from some of the brightest minds in the region, to keep us busy for the next five years. What we need is to execute on those plans.

One of the consequential effects of our own lack of execution is that in the countries of Europe and North America, there is a growing lack of interest in our region, with the exception of security issues.

Someone once said "Execution is the missing link between aspirations and goals", and I believe this to be true for any enterprise whether a private business or an organization such as CARICOM.

The early proponents of Federation had a vision for a united region and though, for various reasons this was not realized, successive generations of Caribbean leaders have understood the benefits of working together to overcome the limitations of small size. Over these four decades, we have seen examples of larger, more developed nations exploiting the benefits of regionalization. We, in the region can no longer afford the luxury of trying to compete as individual countries in this global environment. Now, more than ever, if we do not hang together, we will certainly hang separately.

In summary, I go back to my hurricane analogy. Today, we would all agree that it would be completely unacceptable to sit idly by watching a hurricane form in the Atlantic heading westwards and take no precautionary action. In like manner it is equally unacceptable for us as a region to sit idly by and watch the global and economic hurricane heading for our region without taking urgent, pre-

emptive action. This is the role for our leaders at this time. This is what will ensure that our region not only survives, but also thrives in uncertain times.

Thank you.