

ADDRESS BY DON WEHBY
GROUP CHIEF EXECUTIVE OFFICER – GRACEKENNEDY LIMITED
OFFICIAL HANDING OVER CEREMONY, HOUNSLOW POST HARVEST
AND PACKAGING FACILITY

JULY 8, 2011

Honourable Prime Minister, Honourable Ministers of Government, Your Excellency, Mr. Trevor Murray, Mr. Donovan Stanberry, Rev Carlton Tulloch, ladies and gentlemen, it is my distinct pleasure to be here today, participating in the official handing over of this post-harvest and packaging facility and the launch of the Grace Fresh n Ready line of packaged vegetables.

Carlton Alexander – late Chairman & CEO of GraceKennedy Ltd. once said “what is good for Jamaica is good for GraceKennedy”. This is a memorable day for GraceKennedy, as it demonstrates our total commitment to agriculture and agro-processing, and signals the strengthening of our relationship with the farmers of St. Elizabeth. The existence of this plant is a critical element of GraceKennedy’s long term plans for growth of our food business, since our very existence as a producer and distributor of the finest processed foods depends on a reliable supply from farmers.

The genesis of this operation goes back to 2008, when we took stock of the growing demand for spicy foods and condiments in our overseas markets, as consumers seek new and authentic food experiences. Up to that point, our Food Division had been unable to meet this swelling demand, due to inconsistent supplies of raw materials.

We saw the need to stabilize the market and decided to contract farmers to supply peppers and escallion. We started out with 60 farmers and today we have contracts with farmers to supply over 45,000 pounds of produce weekly. In turn, these farmers are able to employ approximately 450 persons.

Not only do we buy pepper and escallion crops, but we have also employed a full time field operations manager, who frequently visits our contracted farmers and provides guidance where possible for improving yields and efficiencies.

This business has turned out to be a very successful venture, as we can market our products with confidence, knowing that we have a consistent and reliable supply of raw material. Instead of importing pepper mash, which we have had to do in the past, we are now exporting our pepper mash overseas. We are now marketing pepper and escallion mash to the UK, Belize, St. Lucia and the USA, and supplying many of our local agro-processors, including Gray’s Pepper, King Pepper and Spur Tree Spices.

What all of this means is that local agro-processors will no longer need to tie up limited working capital to buy raw materials for processing and storing mash. They will also have a reliable supply of pre-processed raw materials to meet the increasing demands of local and overseas consumers for jerk and hot sauces which, in turn, will reduce their reliance on imported mash to meet production requirements.

Our relationship with the farmers in St. Elizabeth has taken on a life of its own. I say this because, the work which we were doing with pepper and escallion farmers led us to conclude that improvement of the consistency of supply of produce to the local market could be a viable business. At the same time, we would be contributing to the development of the agricultural sector in Jamaica, while reducing our reliance on imports.

With that in mind, GraceKennedy entered into a 10 year lease with the Ministry of Agriculture, with an option to renew, for the use of the facility which is being handed over today, and proceeded to equip this plant for the processing and packaging of fresh produce.

We invested over \$43 million Jamaican dollars to set up the plant and – after some delays- were able to start operations last month. We currently employ 26 persons and this number is expected to increase, as demand grows, which will undoubtedly have a significant impact on this small community.

The facility has been equipped to produce, process and distribute fresh produce to the retail and hotel trades. The crops which, initially, we intend to take to the market include carrots, cabbage, lettuce, callaloo and sweet peppers. In the next few weeks, we will expand the list to include items such as sweet potatoes, onions and Irish potatoes. At present, we have contracted to purchase 16,000 pounds of produce weekly.

In order to consistently meet market demands, GK Foods has entered into long term contracts with 17 farmers to supply a variety of vegetables to the plant, and this number is expected to increase, as business grows. They have, in turn, employed some 190 persons. We also have established relationships with non-contract farmers.

Taking into consideration the fact that the success of any agro-processing venture starts from in the ground, we decided to partner with Agro-Grace, which is one of the primary suppliers of seeds and

chemicals to our farming communities. Agro Grace provides contract farmers with special discounts on seeds and pesticides, as well as technical advice, continued support and training sessions. Support includes field visits, assessment of any pest or disease management issues, recommendation of suitable vegetable varieties, nutrition and pesticide use programme. In this respect, we are collaborating with the Ministry of Agriculture and Fisheries.

Ladies and gentlemen, we are clear that the operations of GK Foods are inextricably linked to the agricultural sector, so it is in our best interest to ensure the success of the sector. Beyond that, we are earning foreign exchange for the country, and creating significant employment. From Jamaica, Grace Foods is currently exporting products to 33 countries and we are actively exploring other new markets. I can share with you that the value of our export of Grace brand products made from Jamaican ingredients was recorded at \$508 million last year. What is perhaps more significant is the value of purchases from local farmers which amounts to approximately \$917 million. Additionally our GK factories currently employ approximately 438 persons on.

From our own factories, we are exporting 13 products including juices, veggie meals, soups and vegetables. In addition, we export 17 products coming from other Jamaican factories, including canned ackees and callaloo, jerk seasoning and hot pepper sauce. We are now in the process of installing an additional soup line at National Processors, our plant at Temple Hall, for approximately \$50million, and this will considerably improve the capacity of that plant. We are making a further investment – at Grace Food Processors Canning division, which amounts to \$86 million, for the installation of a new line.

In closing, let me reaffirm our total commitment to the development of the agricultural sector, to continued collaboration with the Ministry of Agriculture and to contributing to the economy through export, strengthening of our local market and creating employment.

Thank you.