



KINGSTON, JAMAICA

DATE: Thursday, March 18, 2016

FOR IMMEDIATE RELEASE

**'List Government Entities on the Junior Stock Exchange,' Recommends
Victoria Mutual Executive**

Devon Barrett, General Manager of Victoria Mutual Wealth Management Limited, the investment arm of the Victoria Mutual Group, is urging the government to consider listing some of its entities on the Jamaica Stock Exchange, as a possible solution to the continued under-spending on capital goods due to budgetary constraints.

Barrett was speaking at the University of Technology's Economic Growth and Sustainability Summit held at the institution recently (March 16, 2016). As a member of a panel of presenters, Barrett made a brief presentation on the topic **"Powering Economic Growth through the Stock Market"**. In his presentation, he also noted that although the Jamaican economy has done well over the last 3 years under the International Monetary Fund (IMF) Extended Fund Facility, it was done with little economic growth.

"In order for us to achieve economic growth, we need to increase our Gross Domestic Product (GDP). To increase GDP, governments, companies and individuals need to produce and sell more goods and services. This usually requires financing and one of the most efficient places to find financing is the stock market," said Barrett.

He added, "Government spending on capital goods has been proven to be the most direct way to create economic growth. This means that, the lower the spending on capital goods, the lower the prospect of economic growth. The GOJ has spent only approximately 2% of GDP annually on capital goods over past year 5 years due to budgetary constraints (US = 3.3%, EU = 3.1%); resulting in anaemic growth over that period. The ideal amount of capital goods spending would be between 5% and 8% of GDP and since the budget does not currently allow for that, the GOJ could utilise the

Jamaica Stock Exchange (JSE) to raise the capital needed for this spending. It could sell equity in some of the companies it owns and use the funds raised to undertake growth inducing projects such as roads/highways, schools, factories, dams and sewage plants. Some of the potential GOJ entities to target are **National Water Commission (NWC), Urban Development Corporation (UDC), Jamaica Mortgage Bank (JMB) and Factories Corporation of Jamaica (FCJ).**”

In concluding his presentation Barrett also made recommendations on how the private sector could also enhance Jamaica’s economic growth through utilizing the stock market. He said “the big opportunity here is to engage in import substitution, which has been particularly difficult in the past. The difficulties are usually related to high production costs (such as electricity) and inefficient production methods. With the recent significant reduction in oil prices and the new efficient power plants being built by the Jamaica Public Service Company Limited (JPSCo), the cost of production should become more competitive in the near term.”

“That leaves us with the need to retool some of our inefficient factories. The private sector should utilise the Jamaica Stock Exchange to raise equity and use these funds to retool factories, which would lead to more efficient production, more competitive pricing and more local output,” Barrett continued.

Also presenting at the Economic Summit was Proven Investments Christopher Williams, Senior Lecturer at UTech Sharon Nelson, Honey Bun’s Michelle Chong and Former Commissioner of Police Owen Ellington. Keynote Speaker, Dr. Juan Pedro Schmid, Country Economist, Inter-American Development Bank (IDB), in his address, noted that the IDB acknowledged that growth has been a major challenge for Jamaica but this should not be the case with the country’s rich natural resources, human capital and prime location.

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