

**MEETING OF THE DEVELOPMENT COUNCIL
BANQUET HALL, JAMAICA HOUSE
WEDNESDAY, JULY 9, 1997, COMMENCING AT 10.00 A.M.**

1. *Call to Order/Opening Remarks -* *Hon. Prime Minister - Chairman*
2. ✓ *Apologies for Absence*
3. ✓ *Confirmation of Minutes of May 14, 1997*
4. *Matters Arising*
 - 4.1 *Productivity (See pp. 12-15 of Minutes DC 3/97)*
5. *Operational Modalities for direct lending by the National Development Bank of Jamaica* - *DC 32/MFP 2/97 (for Information/Decision as appropriate)*
6. *National Industrial Policy Implementation Update* - *DC 31/MIIC (JAMPRO) 10/97 (for Information/Decision as appropriate)*
7. *National Industrial Policy (Review and Assessment of Performance in the First Year)* - *DC 29/OPM (DC TS) 13/97 (for Information/Decision as appropriate)*
8. *Citrus Tristeza Virus (CTV) in Jamaica* - *DC 30/MAM 3/97 (for Information/Decision as appropriate)*
9. *Proposal [to the Development Council] on the reservation of lands for future port development* - *DC 28/MPUT 1/97 (for Decision)*

10. *NIBJ Investment Projects and Debt Financing* - *DC 26/OPM (NIBJ) 14/97 (for Information)*
11. *Chemical Lime Company of Jamaica Ltd.* - *DC 27/MAM 2/97 (for Information)*
12. *Any Other Business*
13. *Date of Next Meeting*
14. *Adjournment*

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DC 27 MAR 2/97

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STATUS REPORT TO THE DEVELOPMENT COUNCIL

CHEMICAL LIME COMPANY OF JAMAICA LIMITED



Introduction

Chemical Lime Company of Jamaica Limited (previously Chemical Lime Company Limited) has been prospecting for high-purity limestone in the Brazillette area of Clarendon for some time. The company has plans to establish a lime production facility there to produce burnt lime for export. In addition to holding an Exclusive Prospecting Licence for the area being explored for limestone, the company has acquired the right to a mining lease issued to Industrial Mineral Resource Limited for an adjacent site within the same area.

The company's plans call for the establishment of a limestone mine, a lime calcining plant, a pier and the accompanying infrastructure of roads, power lines, water supplies and conveyor belts. All this will be a part of the proposed Tarentum Industrial Park.

The project is aimed at producing 400,000 tonnes of burnt lime per annum from one rotary kiln at start-up, with the planned addition of similar kilns on a phased basis to achieve a production level of 1.6 million tonnes lime per year from four calciners within ten to fifteen years of start up.

Progress of the Project

INCENTIVES

One of the first areas of concern for the sponsors of this project was the range and level of incentives obtainable from the Government. This matter was the subject of quite a number of meetings between the company and various government agencies. The matter was then dealt with by the Development Council and as a result, mutual agreement was arrived at some time ago.

ENVIRONMENTAL PROTECTION

The second important issue was that of environmental protection approvals. Chemical Lime Company of Jamaica were disappointed at the length of time it took to obtain approval of their Environmental Impact Assessment (EIA) from the NRCA. (It reportedly took just under five months). Furthermore, the approval contained certain conditions which were not

totally acceptable to the company.

Those conditions were mainly:

- (a) Restriction of mining to a reduced portion of the area covered by the company's Exclusive Prospecting Licence.
- (b) Establishment of a rehabilitation programme bond with the NRCA prior to the start of mining. (The company's concern was to know the value of this bond).
- (c) Licences to be obtained from the NRCA:
 - (i) for the discharge of trade effluent, sewerage effluent, and air emissions prior to the commencement of these discharges/emissions;
 - (ii) for encroachment on the fore shore prior to encroachment.

The concern of the company was whether the grant of these licences would take the same time as for the approval of the EIA. The company had the additional concerns that (as stated by the NRCA) there could be additional conditions imposed by the Authority after the filing of detailed designs of plant, port facilities, emergency response plan, and other pieces of requested information.

In an effort to address these and other concerns two initiatives were taken. In the first case the Minister of Industry, Investment and Commerce and the Minister of Environment and Housing sent a joint letter to Chemical Lime assuring the company that no "ex post facto" conditions would be imposed on the 1991 mining lease which Chemical Lime took over from Industrial Mineral Resources Limited (IMRL).

The second initiative was the establishment of a Committee with membership drawn from the NRCA, JAMPRO, Ministry of Industry, Investment and Commerce, Chemical Lime and the Commissioner of Mines to address outstanding issues. This Committee endorsed and reached consensus on the undertaking given in the joint ministerial letter to Chemical Lime pertaining to the area already covered by a mining lease. Furthermore, a technical sub-committee from this group was mandated to study and agree on the outline of the area at the Brazilletto site that should be reserved as a protected area. This Technical Sub-committee was comprised of representatives from Chemical Lime, Commissioner of Mines, JAMPRO, and NRCA.

The Technical Committee agreed that the factors which governed the designated area to be protected were as follows:

- . To maintain some aesthetics of the area - minimizing intrusion.
- . To protect the Watershed.
- . Preservation of a section of the natural habitat in the Brazilletto Mountain.

The following tentative agreements were arrived at:

- . A tentative designated area above the 625 ft. contour and the shaded area on the southern section of the IMRL Mining Lease, were agreed upon for preservation (see map attached). The area is subject to change depending on the result of chemical analysis of core samples and modelling of the deposit by Chemical Lime Company.
- . Chemical Lime Company has given an undertaking to submit a Mining Plan to the Commissioner of Mines and Geology within three (3) months (i.e. by the first week of August, 1997). This will be for the IMRL Mining Lease area. The submission of this Mining Plan (IMRL) will immediately initiate negotiations among the relevant agencies on a more definitive boundary for the protected area.
- . A global Mining Plan for both Mining Leases will be submitted within six (6) months to the Commissioner of Mines and Geology, giving extensive description of the mining operations to be undertaken.

So far as environmental matters are concerned, there is now an acceptable level of understanding among all parties.

THE MINING LEASE

Chemical Lime Company already has a mining lease for a part of the area and may commence mining after the submission of a mining plan to the Commissioner of Mines. The second Mining Lease was signed by the Minister on July 2, 1997. Chemical Lime was advised that this second lease could be collected on Friday, July 4, 1997.

NEXT STEPS

Chemical Lime Company of Jamaica Limited is now expected to prepare mining plans and designs for the lime plant, pier and other facilities. Designs for construction purposes will be submitted to either the Town Planning Department or the Local Authority for approval. In either case there will be consultation with the NRCA before approvals are granted. This should reduce the time of waiting and would make it unnecessary for second approvals to be sought from the NRCA (as indicated in that Authority's letter of approval dated January 31, 1997).

There was evidently a slackening of mineral exploration speed by Chemical Lime while the company awaited the approval from the NRCA and during the time of the company's concerns for the conditions laid down. The drilling programme has now been completed but results of analyses are still outstanding from drill cores sent to Canada by the company recently. The ball is now in the company's court.



HORACE A. CLARKE

Minister of Agriculture and Mining

July 3, 1997.

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To: All Concerned
 From: Steve Lekowski
 Date: February 8, 1997
 Subject: Approved EIA - Jamaica

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Attached are comments on the conditions set forth in the EIA for the Jamaican Plant. These conditions are negotiable.

Some conditions, such as the Emergency Response Plan, were deliberately left out of the initial submittal of the EIA to save time and money. Others, such as creation of a specific plan for environmental management of areas we are not mining are the result of the review process which took almost five months.

I will be discussing the items that should be modified with with our legal department and with Dr. Douglas.

I will be at the Wyndham on Monday by 2:00 PM. The E-Mail is unreliable so please fax or call if you have comments on these items.

Summary of most critical items:

Confining the "mining area" to the area labeled 'E' on the map:.



Jim Kelley is addressing the mining area issue with Commissioner of Mines Coy Roache. We need to insure that we have permission to mine the entire EPL area. The item as it stands is unacceptable.



Establishment of a rehabilitation program bond.
 We don't know enough about this yet.



Definition of "the environmentally pristine section of the Braziletto Mountains"

Certified stack emission experts "satisfactory to the NRCA" may prove to be a very expensive proposition. I have been told that there are no such people in Jamaica, but I imagine there will be by the time we're ready for them.

We will get a feel for fees involved and duration of licenses.

Finally, as soon as we know what we're going to do we will move to prepare the appropriate plans and applications so that the project is not delayed.

The permits and licenses required will not that difficult to prepare. However, we need to establish some type of procedure or agreement whereby the construction and operation of the plant cannot be delayed by some arbitrary or capricious actions on the part of the NRCA such as those which caused the excessive time for approval of the EIA. Perhaps some type of automatic approval after a given time is feasible.

End Summary

Comments on the EIA Permit:

Based on the length of time that it took to get the EIA approval, we need to have assurance that construction and operation of the facility will not be delayed by the NRCA's deliberative processes.

Given our commitment to comply with environmental and other pertinent regulations it is most likely that any delays in the project will result from the time required by the NRCA to deliberate over the various applications which we must submit.

This is probably best handled by our attorneys.

Mining:

1. Mining and rehabilitation plan approved by Commissioner of Mines be submitted to the NRCA prior to the start of mining.
 - O.K.
- * 2. Mining be confined to the Exclusive Prospecting Licence (EPL) Area designated as E on the attached map.
 - No - mining is to be confined to the entire area included in the EPL, not in just the area marked "E". A detailed mining and reclamation plan is to be submitted to the Commissioner Of Mines at reasonable intervals to be determined by the Commissioner of Mines and the CLC Geological Department.
3. CLC responsible for environmental protection and management of that section of the EPL that is not being mined, according to an environmental management plan approved by the NRCA prior to the start of mining.
 - Eliminate the last clause. "CLC responsible for environmental protection and management of that section of the EPL that is not being mined" is all inclusive.
- * 4. What is NRCA's position on Charcoal Burners ?
4. Implementation of a detailed survey to identify any rare or endangered species and any archeological artifacts, prior to the commencement of construction and or mining and that approval be obtained from the NRCA and Jamaica National Heritage Trust respectively, prior to disturbance or removal of any rare or endangered species and any archeological artifacts.
 - O.K. Will require a list of endangered species. Approval by one agency or the other should be sufficient. Is there a possible conflict ?

Industrial Plant:

5. The final plant layout design, including access roads and associated mitigation measures be approved by the NRCA, prior to the start of construction.
 - Change to: "Environmentally related factors included in the final plant layout design"
6. Adherence to the NRCA's Trade effluent standards, sewage effluent standards, draft stack emission standards as well as world bank noise guidelines.
 - Should be no problem but we need to have the standards.
7. Stack Emission Testing shall be conducted during the commissioning of the kilns in order to verify design specifications. Parameters to be monitored should include CO₂, CO, SO₂, NO_x and particulates. This exercise shall be conducted for each kiln installed and tests monitored and reported by certified experts, satisfactory to NRCA.
 - Would prefer to do this within six months from start-up. Commissioning may be a confusing time.
8. Licences to be obtained from the NRCA for the discharge of trade effluent, sewage effluent and air emissions prior to the commencement of these discharges / emissions.
 - What are the criteria for granting the licences? Are there existing written regulations that need to be met? Are there fees involved? If so, how much?

Port Facilities:

9. The final design of the port facilities, including the pier, conveyor belt-way and service roadways, be approved by the NRCA prior to the start of their construction.
 - O.K.
10. A licence to encroach on the fore shore shall be obtained from the NRCA prior to the encroachment.
 - What are the criteria for granting the licence? Are there existing written regulations that need to be met?

General:

11. Establishment of a rehabilitation programme bond with the NRCA prior to the start of the mining exercise.
 - We need more information on the cost of this. Is it necessary under the regulations?
12. The mitigation measures outlined in section 6 of the EIA report and its addenda dated October 6, 1996 covering air pollution, water pollution, marine pollution, noise pollution and ecological protection be implemented.
 - O.K.

13. The Emergency Response Plan be developed in conjunction with and to the satisfaction of the OPDEM and submitted to the NRCA three months prior to the operational phase of the project.

- O.K.

14. The use of Bunker C Oil, the abstraction of water from the Salt River and mining within the environmentally pristine section of the Braziletto Mountains are strictly prohibited.

- Define the "pristine section". If this refers to land on which our plant is to be constructed, or in the area designated for use as an industrial park we may have a problem. We recognize that we have not requested a permit to burn Bunker C.

15. The detailed environmental monitoring and management programme for

k) the construction phase shall be approved by the NRCA prior to the beginning of construction.

- O.K.

l) the operation phase shall be approved by the NRCA prior to the start of the operation.

- O.K.

Concluding Remarks:

This permit does not preclude the inclusion of additional conditions by the NRCA after review of the information pertaining to the detailed designs.

- What assurance are we given that such conditions will not delay or curtail the project ?

The applicant is hereby cautioned to insure that in the construction and operation of the Lime Production Facility, the nearby ecologically sensitive Braziletto Mountains being considered for designation as a protected area, the Cockpit River / Salt River Wetland and associated coastal marine area, are not compromised beyond that expressly approved by this permit.

- O.K.

Permit also does not relieve CLC of:

the obligations to obtain permits / approval from other relevant agencies.

- O.K.

liability due to harm or injury to human health or welfare, animal or plant life or property caused by the construction or operation of this permitted facility.

- Animal or Plant life ? Needs better definition.

Finally , note that the issue of this permit shall not prejudice in any way, decisions that the Authority may be required to make, in respect of future applications by CLC (or its successors), for the expansion and \ or modification of this permitted lime facility.

- O.K.

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Ref. no. 36/61

January 31, 1997.

Mr. Mark White
Director
Chemical Lime Company
P.O. Box 121874 Ft. Worth
Texas 76121-1874
U.S.A.

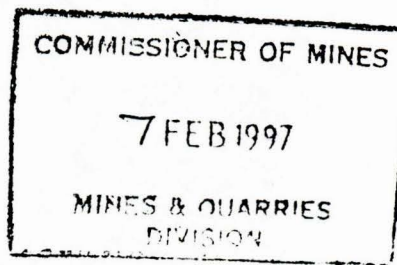
Dear Mr. White,

Re: Lime Production Facility at Braziletto Mountains

The Natural Resources Conservation Authority (NRCA) has considered your application including the EIA and its Addenda and advise that a Permit is hereby granted to construct and operate the Lime Production Facility, subject to the conditions set out below.

Mining

1. Mining and rehabilitation plan approved by the Commissioner of Mines be submitted to the NRCA prior to the start of mining.
2. Mining be confined to the Exclusive Prospecting Licence (EPL) Area designated as E on the attached map.
3. The applicant be responsible for the environmental protection and management of that section of the EPL that is not being mined, according to an environmental management plan approved by the NRCA, prior to the start of mining.
4. Implementation of a detailed survey of the area to be mined, to identify any rare or endangered species and any archeological artifacts, prior to the commencement of



.../2

construction and/or mining, and that approval be obtained from the NRCA and Jamaica National Heritage Trust respectively, prior to disturbance or removal of any rare or endangered species and any archeological artifacts.

Industrial Plant

5. The final plant layout design, including access road(s) and associated mitigation measures be approved by the NRCA, prior to the start of construction.
6. Adherence to NRCA's Trade Effluent Standards, Sewage Effluent Standards, Draft Stack Emission Standards as well as World Bank Noise Guidelines.
7. Stack Emission Testing shall be conducted during the commissioning of the kilns in order to verify design specifications. Parameters to be monitored should include CO₂, CO, SO₂, NO_x and particulates. This exercise should be conducted for each kiln installed and tests monitored and reported by certified experts, satisfactory to NRCA.
8. Licences be obtained from the NRCA for the discharge of trade effluent, sewage effluent and air emissions, prior to the commencement of these discharges/emissions.

Port Facilities

9. The final design of the port facilities, including the pier, conveyor belt-way and service roadways, be approved by the NRCA prior to the start of their construction.
10. A licence to encroach on the foreshore shall be obtained from NRCA prior to the encroachment.

General

11. Establishment of a rehabilitation programme bond with the NRCA prior to the start of the mining exercise.
12. The mitigation measures outlined in section 6 of the EIA Report and its Addenda dated October 16, 1996 and November 4, 1996 covering air pollution, water pollution, marine pollution, noise pollution and ecological protection, be implemented.

13. The Emergency Response Plan be developed in conjunction with and to the satisfaction of the ODPEM and submitted to NRCA three months prior to the operational phase of the project.
14. The use of Bunker C Oil, the abstraction of water from the Salt River and mining within the environmentally pristine section of the Braziletto Mountains, are strictly prohibited.
15. The detailed environmental monitoring and management programme for
 - a) the construction phase shall be approved by the NRCA prior to the beginning of construction.
 - b) the operation phase shall be approved by the NRCA prior to the start of the operation.

Concluding Remarks

This permit does not preclude the inclusion of additional conditions by the NRCA after review of the information pertaining to the detailed designs.

The Applicant is hereby cautioned to ensure that in the construction and operation of the Lime Production Facility, the nearby ecologically sensitive Braziletto Mountains being considered for designation as a protected area, the Cockpit River/Salt River Wetland and associated coastal marine area, are not compromised beyond that expressly approved by this Permit.

Also, please be advised that this Permit does not relieve Chemical Lime Company of the following:-

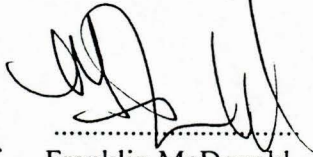
- i) the obligations to obtain the required permits/approval from other relevant government agencies such as the Local Planning Authority in Clarendon and the Commissioner of Mines, and
- ii) liability due to harm or injury to human health or welfare, animal or plant life or property caused by the construction or operation of this permitted facility.

Mr. Mark White - Chemical Lime Company

January 31, 1997.

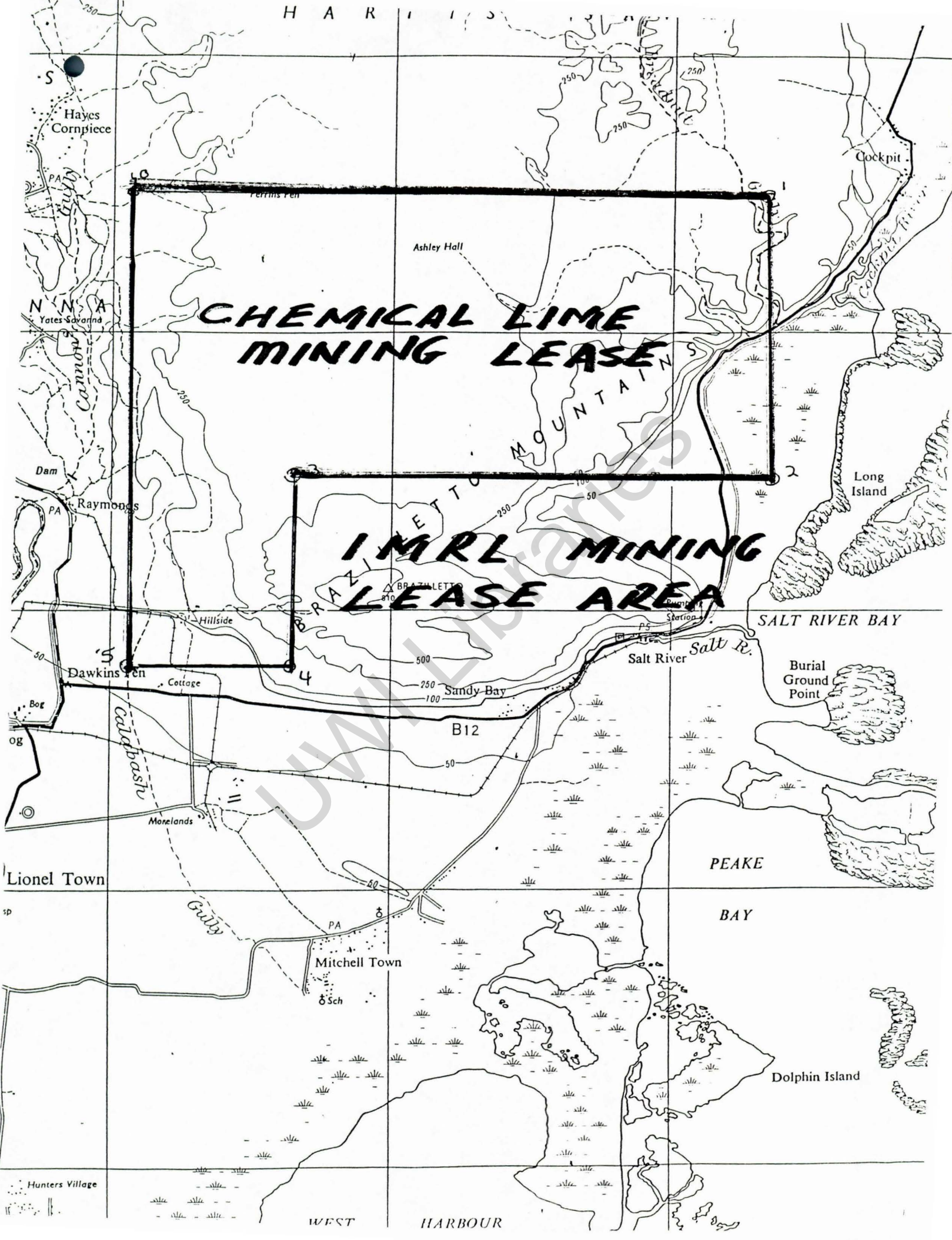
Finally, note that the issue of this Permit shall not prejudice in any way, decisions that the Authority may be required to make, in respect of future applications by Chemical Lime Company (or its Successor), for the expansion and/or modification of this permitted Lime Facility.

Yours sincerely,



Franklin McDonald
Executive Director.

c.c. Mrs. Ruth Crooks	-	JAMPRO
Mr. Paul Thompson	-	Environmental Science and Technology Limited
Secretary/Manager	-	Clarendon Parish Council
Mr. Paul Saunders	-	ODPEM
Mr. Desmond Munroe	-	Environmental Control Division
Mr. Neville Moodie	-	Factory Inspectorate Division
✓ Mr. Coy Roache	-	Mines and Geology Division
Mr. Steve Lekowski	-	Chemical Lime Company
Mr. Karl Hendrickson	-	National Continental Corporation



IMRL MINING LEASE

**PROTECTED
AREA
(TENTATIVE)**

ML 129

Item 10



NATIONAL INVESTMENT BANK OF JAMAICA
Cumulative (J\$) Funding Position for
Equity Investment
As at 30 June 1997

Funding Source	Total Commitment	Total Received	Total Disbursed	Total Undisbursed Balance	Resource Requirement
	(1) (J\$ millions)	(2) (J\$ millions)	(3) (J\$ millions)	(2)-(3)	(1) - (2)
J\$1.0B bond	\$468.97	\$430.50	\$397.93	\$32.57	\$38.47
US\$50.0M bond	\$2 821.00	\$735.00	\$512.05	\$222.95	\$2 086.00
CDF	\$195.90	\$500.00	\$101.20	\$398.80	(\$304.10)
Total	\$3 485.87	\$1 665.50	\$1 011.18	\$654.32	\$1 820.37

NATIONAL INVESTMENT BANK OF JAMAICA
JS1.0B Development Bond
Status as at 30 June 1997

Received (1) (J\$ millions)	Commitments	Amount Committed (2) (J\$ millions)	Amount Disbursed (3) (J\$ millions)	Undisbursed Commitment (4) (J\$ millions)	Resource Requirement (2) - (1) (J\$ millions)
Total Received 430.50	NDB - Loan	\$200.00	\$200.00		
	Early Bond Redemption	\$100.00	\$100.00		
	Sinking Fund Repayment	\$17.94	\$17.94		
	Port Royal Tourism Project	\$4.60	\$4.60		
	Fellowship Aquaculture	\$2.80	\$2.80		
	Mt. Pleasant Estates	\$20.00	\$15.95	\$4.05	
	International Magnetic Prod.	\$8.80	\$8.80		
	Western Cement Company	\$11.17	\$11.17		
	Grizzly's Entertainment	\$13.00	\$7.46	\$5.54	
	Canco Limited	\$6.80	\$6.80		
	Jamaica Livestock Assn.	\$4.41	\$4.41		
	Ja. Edible Fats & Oils	\$18.00	\$18.00		
	Clarendon Lime	\$22.40		\$22.40	
	Surrey Hatcheries	\$3.20		\$3.20	
	Kokoya Group	\$5.00		\$5.00	
	Nautilus Submersibles	\$23.00		\$23.00	
	Coffee Industries	\$4.85		\$4.85	
	NCST-Waste Water	\$3.00		\$3.00	
\$430.50		\$468.97	\$397.93	71.04	\$38.47

Pipeline: 9 projects totaling \$125.19M

Note: These Commitments were made in anticipation of receipt of inflows arising from understandings reached between ourselves, MOF and BOJ.

NATIONAL INVESTMENT BANK OF JAMAICA
US\$50.0M Bond
Status as at 30 June 1997

Received (1) (US\$ millions)	Commitments	Amount Committed (2) (US\$ millions)	Amount Disbursed (3) (US\$ millions)	Undisbursed Commitment (4) (US\$ millions)	Resource Requirement (2) -(1) (US\$ millions)
Drawdown from BNS 21.00	NDB	\$5.00	\$5.00		
	Braco Pebbles	\$3.00	\$3.00		
	Mahoe Beach Village	\$1.60	\$0.03	\$1.57	
	Int. Mag. Prod.	\$0.20	\$0.20		
	Port Royal Tourism Project	\$0.40	\$0.40		
	CDC/FMO re Jablum	\$6.00	\$6.00		
	Hedonism Runaway Bay	\$7.00		\$7.00	
	Drax Hall Marriott	\$6.00		\$6.00	
	Seawind - La Meridien	\$10.00		\$10.00	
	Couples Negril	\$4.00		\$4.00	
	Swept Away - Trelawny	\$5.00		\$5.00	
	Ritz-Carlton at Rose Hall	\$6.00		\$6.00	
	Hedonism - Additional Fundin	\$7.00		\$7.00	
	Swept Away - Additional Fun	\$9.40		\$9.40	
	Beaches Whitehouse	\$10.00		\$10.00	
Total 21.00		\$80.60	\$14.63	\$65.97	\$59.60
J\$ equivalent 735.00		\$2 821.00	\$512.05	\$2 308.95	\$2 086.00

Pipeline: 4 projects totaling US\$15.6M (J\$546M)

- 1 An exchange rate of J\$35 to US\$1 is used
- 2 These Commitments were made in anticipation of receipt of inflows arising from understandings reached between ourselves, MOF and BOJ.

NATIONAL INVESTMENT BANK OF JAMAICA
Debt Restructuring Programme
Status as at 30 June 1997

A General Program

Received (1) (JS millions)	Commitments	Amount Committed (2) (JS millions)	Amount Disbursed (3) (JS millions)	Undisbursed Commitments (JS millions)	Resource Requirement (JS millions)
From the C.D.F. 400.00	Century Corporation Ltd.	\$20.00	\$20.00		
	B & D Trawling	\$20.00	\$20.00		
	Barrett Furniture Limited	\$10.00	\$10.00		
	Taylor Made Apparel	\$8.00		\$8.00	
	Fort Stewart Farms Limited	\$5.00		\$5.00	
	Wilpak Corporation	\$20.00	\$20.00		
	Faurens Limited	\$6.00		\$6.00	
	Day-O Plantation and Rest.	\$13.50		\$13.50	
	SBAJ Fellowship Hall Dev*	\$35.00		\$35.00	
Total 400.00		\$137.50	\$70.00	\$67.50	(\$262.50)

* Special approval given by Financial Secretary for CDF funds to be used for unending to NDB for this project.

Pipeline: 22 projects totaling \$275.5M

B Small Hotel Subsector

Received (1) (JS millions)	Commitments	Amount Committed (2) (JS millions)	Amount Disbursed (3) (JS millions)	Undisbursed Commitments (JS millions)	Resource Requirement (JS millions)
From the C.D.F. 100.00	Royal Court Hotel	\$7.00	\$7.00		
	Tigress Cottages	\$4.00	\$4.00		
	Blue Harbour Hotel	\$3.50	\$3.50		
	Club Inferno Hotel	\$20.00	\$16.70	\$3.30	
	La Mirage Hotel	\$8.00		\$8.00	
	Casa de Paradise	\$10.20		\$10.20	
	Caribic Vacations	\$5.70		\$5.70	
Total 100.00		\$58.40	\$31.20	\$27.20	(\$41.60)

Pipeline: 10 projects totaling \$46.82M

TOTAL A + B =

(\$304.10)

National Investment Bank of Jamaica
Investment Projects
as at 30 June 1997

Project Name	Industry/ Sector	Amount Committed	%	Amount Disbursed
1 Surrey Hatcheries and Farm Ltd.	Agriculture	3 240 000.00		0.00
2 Fellowship Aquaculture Ltd.	Agriculture	2 800 000.00		2 800 000.00
3 Mount Pleasant Estates	Agriculture	20 000 000.00		15 950 000.00
4 Westban	Agriculture	12 000 000.00		12 000 000.00
5 Coffee Industries Ltd.	Agriculture	4 845 000.00		0.00
6 NCST - Waste Water Management Project	Agriculture	3 000 000.00		0.00
7 B & D Trawling Limited	Agriculture*	20 000 000.00		20 000 000.00
8 Fort Stewart Farms Limited	Agriculture*	5 000 000.00		0.00
9 Jamaica Livestock Association	Agriculture	4 406 836.50		4 406 836.50
Subtotal for Agriculture		75 291 836.50	2.57%	55 156 836.50
10 Grizzly's Entertainment Ltd.	Entertainment	13 000 000.00		7 467 083.50
Subtotal for Entertainment		13 000 000.00	0.44%	7 467 083.50
11 InfoChannel	Information Technology	7 139 123.00		7 139 123.00
Subtotal for Information Technology		7 139 123.00	0.24%	7 139 123.00
12 Kokoya Group	Manufacturing	5 000 000.00		0.00
13 Fellowship Hall Development Complex	Manufacturing	20 000 000.00		15 000 000.00
14 Canco Ltd.	Manufacturing	6 800 000.00		6 800 000.00
15 Jamaica Edible Oils and Fats Co. Ltd.	Manufacturing	18 000 000.00		18 000 000.00
16 International Magnetic Products	Manufacturing	8 770 000.00		8 770 000.00
17 International Magnetic Products II	Manufacturing	7 000 000.00		7 000 000.00
18 Taylor Made Apparel Ltd.	Manufacturing*	8 000 000.00		0.00
19 Century Corporation Ltd.	Manufacturing*	20 000 000.00		20 000 000.00
20 Barret Furniture Company Limited	Manufacturing*	10 000 000.00		10 000 000.00
21 Wilpak Corporation	Manufacturing*	20 000 000.00		20 000 000.00
Subtotal for Manufacturing		123 570 000.00	4.22%	105 570 000.00
22 Clarendon Lime Co. Ltd. Phase 2	Mining	22 400 000.00		0.00
23 Clarendon Lime Co. Ltd. Phase 1	Mining	10 550 000.00		10 550 000.00
24 North Coast Bauxite Exploration Project	Mining	30 000 000.00		27 500 000.00
25 Western Cement Company	Mining	11 212 800.00		11 166 236.22
26 Faurens Limited	Mining*	6 000 000.00		0.00
Subtotal for Mining		80 162 800.00	2.74%	49 216 236.22
27 La Mirage Hotel	Tourism - Small Hotel*	8 000 000.00		0.00
28 Casa de Paradise	Tourism - Small Hotel*	10 200 000.00		0.00
29 Tigress Cottages	Tourism - Small Hotel*	4 000 000.00		4 000 000.00
30 Blue Harbour Hotel	Tourism - Small Hotel*	3 500 000.00		3 500 000.00
31 Royal Court Hotel & Health Resort	Tourism - Small Hotel*	7 000 000.00		7 000 000.00
32 Club Inferno Resort Hotel & Restaurant	Tourism - Small Hotel*	20 000 000.00		16 693 491.10
33 Carabic Vacations	Tourism - Small Hotel*	5 700 000.00		0.00
Subtotal for Tourism - Small Hotel		58 400 000.00	1.99%	31 193 491.10
34 Braco Pebbles	Tourism	105 000 000.00		105 000 000.00
35 Drax Hall Hotel and Golf Club (Marriott)	Tourism	210 000 000.00		0.00
36 Hedonism Runaway Bay	Tourism	490 000 000.00		0.00
37 Couples, Negril	Tourism	140 000 000.00		0.00
38 Mahoe Beach Village Resort	Tourism#	56 000 000.00		1 085 000.00
39 Seawind Resort	Tourism	350 000 000.00		0.00
40 Braco Village	Tourism	27 600 000.00		27 600 000.00
41 Nautilus Submersibles Ltd.	Tourism	23 000 000.00		0.00
42 Real Resort (Beaches Negril)	Tourism	72 743 190.00		72 743 190.00
43 Port Royal Development Feasibility Study	Tourism	4 600 000.00		4 600 000.00
44 Port Royal Development Co. Advance	Tourism	14 000 000.00		14 000 000.00
45 Swept Away - Trelawny	Tourism	504 000 000.00		0.00
46 Ritz-Carlton at Rose Hall	Tourism	210 000 000.00		0.00
47 Day-O Plantation and Restaurant	Tourism*	13 500 000.00		0.00
48 Beaches Whitehouse	Tourism	350 000 000.00		0.00
Subtotal for Tourism		2 570 443 190.00	87.79%	225 028 190.00
Grand Total		2 928 006 949.50	100.00%	480 770 960.32

* Projects approved under the Debt restructuring Programme (DRP)

Grand Total Under DRP	160 900 000.00	101 193 491.10
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#Demand notice sent to project sponsor for the repayment of amount disbursed. Commitment to be withdrawn.

**NATIONAL INVESTMENT BANK OF JAMAICA
APPROVED PROJECTS**

Print Date 01-Jul-97

Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
Westban	Agriculture	The project involves revitalizing the banana industry in Western Jamaica thru :- establishment of 1200 hectares of export quality banana, provision of extension service and co-ordination of the sales of export fruits.	\$42 500 000.00	\$12 000 000.00	01-Mar-93	\$12 000 000.00	CDF	Funds fully disbursed. Project at a stand still and unable to achieve its targeted objectives. ACB has agreed to take full responsibility for the operation of the entity.
B&D Trawling Limited	Agriculture	Refinancing of the debt of a company involved in the catching, processing and exporting of conch and lobster primarily to the US.	\$35 000 000.00	\$20 000 000.00	27-Feb-97	\$20 000 000.00	CDF	Legal documents finalized; funds fully disbursed.
Fort Stewart Farms Ltd.	Agriculture	St. Mary based farm that produces payaya for export seeks to refinance high interest debt.	\$18 000 000.00	\$5 000 000.00	27-Feb-97	\$0.00	CDF	Legal documentation to be finalized.
Wilpac Limited	Manufacturing	Refinancing of existing high interest debt to restore viability of the plastic packaging company.	\$70 000 000.00	\$20 000 000.00	27-Feb-97	\$20 000 000.00	CDF	Conditions satisfied, funds fully disbursed.
Century Corporation Ltd.	Manufacturing	Manufacturers of whole milk for the local market - refinancing of existing debt required.	\$75 000 000.00	\$20 000 000.00	26-Sep-96	\$20 000 000.00	CDF	All conditions met, restructuring finalized, factory fully operational.
Fellowship Hall Development Complex	Manufacturing	The construction of factory and commercial space and housing complex on a phased basis, at Fellowship Hall, St. Catherine.	\$96 100 000.00	\$20 000 000.00	23-Jul-95	\$15 000 000.00	CDF	Project has encountered minor setbacks and Phases I and II are now scheduled to be completed by mid-July and August 1997 respectively.

Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
7 Taylor Made Apparel Ltd.	Manufacturing	Refinancing of high interest debt of a contract apparel manufacturing plant in Montego Bay.	\$29 000 000.00	\$8 000 000.00	07-Jan-97	\$0.00	CDF	Conditions not yet satisfied, most important is the finalization of security documentation with NCB. NIBJ has indicated the possibility of de-obligating funds.
3 Barrett Furniture Co. Ltd.	Manufacturing	Refinancing of high interest debt of a furniture manufacturing establishment to restore viability.	\$17 000 000.00	\$10 000 000.00	27-Feb-97	\$10 000 000.00	CDF	Legal documentation finalized and funds fully disbursed.
9 Faurens Limited	Mining	The project involves the extraction of marble blocks as well as aggregates and sand for building and road construction. The operation which is located in Colbeck, St. Catherine requires funding to refinance debt.	\$16 000 000.00	\$6 000 000.00	27-Feb-97	\$0.00	CDF	Legal documentation incomplete. Negotiations underway with NCB to finalize pari passu agreement.
1 North Coast Bauxite Exploration Project	Mining	Feasibility study to establish a one million tonne/annum alumina plant in Jamaica. Funding is being sought for the local component of the study ie. bauxite reserve evaluation and laboratory work.	\$30 000 000.00	\$30 000 000.00	26-Sep-94	\$27 500 000.00	CDF	Feasibility study almost complete. Progress satisfactory to date.
Clarendon Lime Co. Ltd. Phase 1	Mining	Phase 1 of an integrated limestone complex which involves the construction of limestone crushing plant and quarrying facilities at Woodside, Clarendon.	\$59 500 000.00	\$10 550 000.00	23-Jul-95	\$10 550 000.00	CDF	Fully disbursed. Crushing plant became operational in March 1996 but is now at a stand still. Original project proposal reviewed and recommendation being made to allow continuation of project.
1 Royal Court Hotel & Health Resort	Small Hotel	Restructuring of high interest debt of a 25-room hotel located in Montego Bay.	\$12 000 000.00	\$7 000 000.00	26-Sep-96	\$7 000 000.00	CDF	Conditions satisfied, debt restructured. Hotel experiencing low occupancy, professional marketing expertise being sought.
Club Inferno Resort Hotel & Restaurant	Small Hotel	Refinancing of the debt of a hotel and restaurant situated at the Holiday Village in Montego Bay.	\$20 000 000.00	\$20 000 000.00	07-Jan-97	\$16 693 491.10	CDF	All conditions met. Refurbishing not yet completed, however functions e.g. shows and receptions are being held on the property.

Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
Blue Harbour Hotel	Small Hotel	Debt restructuring of a 22-room hotel in Montego Bay.	\$7 000 000.00	\$3 500 000.00	07-Jan-97	\$3 500 000.00	CDF	Debt restructured, promoters to source NDB facility for refurbishing.
Tigress Cottages	Small Hotel	Refinancing of a 45-room hotel in Negril.	\$6 000 000.00	\$4 000 000.00	01-Oct-96	\$4 000 000.00	CDF	Debt restructuring exercise sucessfully concluded.
Casa de Paradise	Small Hotel	Refinancing of a 24-room hotel in Montego Bay. Additional financing is also required to complete hotel.	\$49 500 000.00	\$10 200 000.00	26-Sep-96	\$0.00	CDF	Shareholders unable to resolve issues relating to the formation of a new company. NIBJ's offer may be withdrawn if the matter is not resolved shortly.
Caribic Vacations Ltd.	Small Hotel	Refinancing of a tour and destinations management company catering to the European and S. American markets, and a 18-room hotel in Montego Bay.	\$10 700 000.00	\$5 700 000.00	24-Apr-97	\$0.00	CDF	Commitment letter not signed and promoter has taken issue with NIBJ's dividend rate of 26.5% in light of falling interest rates.
La Mirage Hotel	Small Hotel	Refinancing of a small hotel in Montego Bay with a room capacity of 22, restaurant and convention facilities.	\$16 000 000.00	\$8 000 000.00	26-Sep-96	\$0.00	CDF	The original commercial bank has withdrawn their agreement to participate in the restructuring exercise. Project sponsors have submitted a new proposal, awaiting creditor bank's position. Tax to transfer the property back to sponsors waived by MOF.
Braco Village	Tourism	First phase of Braco Development,Trelawny involving the construction of a 180-room resort targeting adult couples and singles.	\$90 000 000.00	\$27 600 000.00	26-Sep-94	\$27 600 000.00	CDF	Fully operational. The Village has been experiencing cash flow constraints. Approval granted by NIBJ to capitalize the interest up to Feb. 1997 of \$7.6M. The hotel is to be operated by Super Clubs.
Real Resort (Beaches Negril)	Tourism	Construction of a 225-room "all-inclusive" resort complex in Long Bay, Negril catering to singles, couples and families.	\$1 280 000 000.00	\$72 743 190.00	01-Apr-95	\$72 743 190.00	CDF	Fully disbursed. Resort became fully operational in December 1996.
Sub Total:			JA \$1 979 300 000.00	JA \$320 293 190.00		JA \$266 586 681.10		

Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
Mount Pleasant Estates	Agriculture	Located on 145 acres in Balcarres, Portland the project will involve 1) vertically integrated coffee production and 2) development of a cultural/ ecotourism product as well as repayment of high interest debt.	\$153 395 200.00	\$20 000 000.00	01-May-96	\$15 950 000.00	J\$ 1 billion bond	Financing finalized with Horizon. Coffee farm rehabilitated and acreage increased. Some debt has been repaid. Project ongoing.
Fellowship Aquaculture Ltd.	Agriculture	Refinancing of 87 acre fish farm in St. Catherine in order to recommence the production of fingerlings.	\$5 500 000.00	\$2 800 000.00	25-Apr-96	\$2 800 000.00	J\$ 1 billion bond	The farm has been rehabilitated and is fully operational. Cash flow constraints hampering the repayment of NIBJ's investment.
Surrey Hatcheries and Farm Ltd.	Agriculture	Conversion of existing fish farm in Portland into a tropical exotic fish farm for export to the US market.	\$15 321 680.00	\$3 240 000.00	25-Apr-96	\$0.00	J\$ 1 billion bond	NIBJ's preconditions have not been met. If funds are not utilised by 31 July 1997 NIBJ will de-obligate.
Coffee Industries Ltd.	Agriculture	Expasion of existing processing facilities by the purchase of equipment and working capital.	\$80 000 000.00	\$4 845 000.00	24-Oct-96	\$0.00	J\$ 1 billion bond	Legal documentation and the satisfaction of NIBJ's conditions near completion.
NCST - Sidgrain Jamaica Limited	Agriculture	The establishment of a pilot project to produce sorghum for animal feed on 40 hectares of land, using waste water from the Greater Portmore Housing Scheme.	\$16 153 228.00	\$3 000 000.00	24-Oct-96	\$0.00	J\$ 1 billion bond	Disbursement schedule to be submitted.
Jamaica Livestock Association	Agriculture	NIBJ's commitment to co-underwrite the rights issue in the event of it being under subscribed.	\$60 000 000.00	\$4 406 836.50	24-Oct-96	\$4 406 836.50	J\$ 1 billion bond	A total of \$6 247 567.50 to co-underwrite the share issue was disbursed on 24 December 1996. Additional shares were subsequently taken up and NIBJ refunded \$1 840 731.00.
Grizzly's Entertainment Ltd.	Entertainment	The development of 2 integrated Entertainment park complexes in Negril, Westmoreland and Priory, St. Ann. Facilities will include auditorium, disco, cinema, studio music theme park museum and merchandising facilities.	\$149 728 350.00	\$13 000 000.00	26-Sep-96	\$7 467 083.50	J\$ 1 billion bond	Refurbishing of auditorium, stage and kitchen facilities has commenced. Promoters have submitted a proposal requesting that the balance of NIBJ's funds be used for the purchase of technical equipment. Proposal is being reviewed.

Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
3 Kokoya Group	Manufacturing	The manufacturing of garments for the professional woman in the European marketplace, utilizing state of the art production facilities in the Kingston Freezone.	\$43 950 000.00	\$5 000 000.00	01-May-96	\$0.00	J\$ 1 billion bond	Financing agreement not in place. Promoters actively trying to close financing gap.
9 Canco Ltd.	Manufacturing	Food processing facility in Seaforth, St. Thomas, primarily involved in canning of pineapple, papaya and ackee as well as dried fruits. Project involves the expansion of existing warehouse space.	\$18 450 000.00	\$6 800 000.00	25-Jul-96	\$6 800 000.00	J\$ 1 billion bond	Expansion completed. Factory operational and supplying products to local and Canadian markets.
10 Jamaica Edible Oils and Fats Co. Ltd.	Manufacturing	Establishment of an oil refinery utilising crude palm oil from Latin America.	\$152 000 000.00	\$18 000 000.00	25-Jul-96	\$18 000 000.00	J\$ 1 billion bond	Conditions met and funds disbursed. Construction and the installation of machinery and equipment underway. Operations expected to commence in August 1997. NBD has been approached for direct lending of funds previously approved.
International Magnetic Products	Manufacturing	Financing of the expansion of an existing company to purchase equipment and working capital. The company assembles transformers, inductors and coils for Far Eastern and US suppliers.	\$18 375 000.00	\$8 770 000.00	26-Sep-96	\$8 770 000.00	J\$ 1 billion bond	Fully disbursed. Expansion has started and plant operational.
11 Clarendon Lime Co. Ltd. Phase 2	Mining	The installation and commissioning of a Lime plant. \$ 22.4M approved Feb 1997.	\$200 000 000.00	\$22 400 000.00	01-Feb-96	\$0.00	J\$ 1 billion bond	Financing not yet finalized. No work has started on the project. Project being reviewed to determine size of plant.
12 Western Cement Company	Mining	The construction of a lime manufacturing facility on the former Revere Bauxite site in Maggotty, St. Elizabeth. Products will be for the local and export markets.	\$392 000 000.00	\$11 212 800.00	28-Oct-96	\$11 166 236.22	J\$ 1 billion bond	Conditions met, funds fully disbursed and mining operations commence in April 1997. Fire caused by a fuel line leak resulted in the temporary closure of the facility and losses estimated at \$600 000.00. Mining operations are expected to resume between July 14-21, 1997.
Port Royal Development Co.	Tourism	Feasibility study for the development of Port Royal.	\$15 000 000.00	\$4 600 000.00	01-Feb-96	\$4 600 000.00	J\$ 1 billion bond	Fully disbursed. Feasibility study completed and Memorandum of Understanding signed with G.O.J.

Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
Nautilus Submersibles Ltd.	Tourism	Development of an underwater tour of the Ocho Rios marine park utilising a 46 seater submarine.	\$199 369 800.00	\$23 000 000.00	25-Jul-96	\$0.00	J\$ 1 billion bond	Additional US\$0.2M (eqv. J\$7M) approved to fill financing gap. Promoters seeking off-shore financing. Project has not started. If funds are not utilised by 31 July 1997 NIBJ will de-obligate.
Day-O-Plantation Restaurant and Lounge	Tourism	Refinancing of debt of a restaurant that caters mainly to the tourism industry. Funds are also required to upgrade the facility to a tourist attraction.	\$13 500 000.00	\$13 500 000.00		\$0.00	J\$ 1 billion bond	Legal documentation near completion, disbursement expected in July 1997.
Sub Total:			JA \$1 532 743 258.00	JA \$164 574 636.50		JA \$79 960 156.22		
InfoChannel	Information Tech	The project involves the services to support and facilitate the development and distribution of telecommunication and information technology.	\$35 750 013.00	\$7 139 123.00	24-Oct-96	\$7 139 123.00	NIBJ's Funds	Fully disbursed. The project is fully operational. Subscription for service continue to increase above expectations.
Sub Total:			JA \$35 750 013.00	JA \$7 139 123.00		JA \$7 139 123.00		

Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
International Magnetic Products II	Manufacturing	Additional funds approved to cover shortfall in working capital. Project cost same as under J\$ Bond.	\$0.00	\$200 000.00	28-Nov-96	\$200 000.00	US\$ 50 million bond	All conditions satisfied. Fully disbursed. Plant operational.
Seawind Le Meridien	Tourism	UDC and private investors for the expansion of property by the addition of 146 rooms and central facilities including a convention hall, to realise a 250 room all-inclusive resort.	\$18 750 000.00	\$10 000 000.00	25-Apr-96	\$0.00	US\$ 50 million bond	Financing arrangements to be finalized. Sponsors in process of finalizing all agreements, contracts etc.
Drax Hall Hotel and Golf Club (Marriott)	Tourism	The development of 180 villa lots, villas, 15 condo sites, a 27-hole golf course, a 100 slip marina and village and a 280-room beachfront hotel on 800 acres of land in St. Ann.	\$64 700 000.00	\$6 000 000.00	01-Mar-96	\$0.00	US\$ 50 million bond	Financing to be finalized. G.O.J. has been approached for additional assistance by way of guarantee, this was not approved.
Port Royal Dev. Co. Ltd. II (Advance)	Tourism	The total project is expected to cost US\$52.0M however project document has not been finalized. NIBJ has advanced on US\$2.0M private placement.	\$52 000 000.00	\$400 000.00	27-Feb-97	\$400 000.00	US\$ 50 million bond	Project document finalized and private placement on the market.
Ritz-Carlton at Rose Hall (Rollins)	Tourism	The Ritz-Carltn at Rose Hall, Monteg Bay will consist of 388 deluxe guest rooms and 42 suites facing the sea and incorporating the architectural style of the Great House on the property. The hotel will also off a spa and golf facilities.	\$117 241 932.00	\$6 000 000.00	30-Apr-97	\$0.00	US\$ 50 million bond	Conditions to be met and legal documentation to be finalized. NDB to provide US\$5.7M in debt financing.
Hedonism Runaway Bay	Tourism	An all-inclusive hotel with 225 rooms. It will be marketed as a "fun" resort catering to middle and upper end couples and singles.	\$31 000 000.00	\$14 000 000.00	01-Feb-96	\$0.00	US\$ 50 million bond	Financing not in place. Pre-construction phase complete but actual construction has not yet commenced. G.O.J. has been approached for additional financing. NIBJ has approved an additional US\$7M on 97/05/29 for a total of US\$14M.
Mahoe Beach Village Resort	Tourism	Refinancing of a beach park in Montego Bay.	\$9 600 000.00	\$1 600 000.00	25-Apr-96	\$31 000.00	US\$ 50 million bond	Legal documentation finalized however significant variation has been made to the project. NIBJ has formally de-committed on the project and has issued a demand note for the amount disbursed.

Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
Braco Pebbles	Tourism	Second phase of Braco Village, involving the development of a 280-suite all-inclusive family resort. 156 of which will be sold and leased back. US\$3M approved March '96.	\$11 800 000.00	\$3 000 000.00	01-Mar-96	\$3 000 000.00	US\$ 50 million bond	This project involves four phases. NIBJ has invested in Phase 1 which is the construction of 52 units. Sale of these units will finance the other phases. Construction near completion and to be incorporated with new operating agreement signed with Super Clubs.
Swept Away - Trelawny	Tourism	The construction of a 227-room all-inclusive hotel on 37 acres of land in Duncans Bay, Trelawny.	\$45 000 000.00	\$14 400 000.00	28-Nov-96	\$0.00	US\$ 50 million bond	G.O.J. has been approached to close the gap. NIBJ approved an additional US\$9.4M on 97/06/26 for a total of US\$14.4M. Construction to commence July/August 1997.
Beaches Whitehouse	Tourism	The development of a 273-room all-inclusive hotel in Whitehouse, Westmoreland.	\$52 000 000.00	\$10 000 000.00	26-Jun-97	\$0.00	US\$ 50 million bond	NIBJ's conditions to be met. NDB to provide US\$10M in debt financing. Construction is expected to start in the last quarter of 1997.
Couples, Negril	Tourism	Development of a 250-room all-inclusive resort targeting the 25-35 age group, located in Bloody Bay, Negril on 15 acres of land with 100 feet of beach frontage.	\$22 000 000.00	\$4 000 000.00	24-Apr-96	\$0.00	US\$ 50 million bond	Construction financed by other equity partners commenced in January 1997. All NIBJ's conditions satisfied. First disbursement scheduled for August 1997.
Sub Total:			US \$424 091 932.00	US \$69 600 000.00		US \$3 631 000.00		
J\$ Equivalent at J\$35:US\$1			J\$14 843 217 620.00	J\$2 436 000 000.00		J\$127 085 000.00		
GRAND TOTAL IN J\$			J\$18 391 010 891.00	J\$2 928 006 949.50		J\$480 770 960.32		

NATIONAL INVESTMENT BANK OF JAMAICA LIMITED
PRIVATIZATION DIVISION
STATUS REPORT ON PRIVATISED ENTITIES WITH GOVERNMENT INTEREST

ENTITY	PRE-DIVESTMENT	POST DIVESTMENT/STATUS	NEW DEVELOPMENTS	FUTURE PLANS/REMARKS
1. Air Jamaica Ltd - National Airline	Air Jamaica Ltd incorporated in October 1968 with Air Canada owning 40% shares. Since January 1985 100% owned by Government of Jamaica (GOJ). The Ministry of Public Utilities and Transport was responsible for the company's affairs. There were 1,317 permanent employees as at 31 August 1992. Problems Prior to Privatisation (1) Unsatisfactory financial performance mainly because airline undercapitalised (2) sometimes had to operate on uneconomic tourist routes. (3) Undercapitalisation resulted in high debt burden (4) Excessive overhead cost and low load factor.	Privatisation Privatisation Agreement dated 6 May 1994. Agreement of privatization executed by Cabinet Sub-Committee. Name of new company "Air Jamaica Holdings Ltd". New Share Structure Authorised share capital at divestment to be no less than US\$40,000,000 Air Jamaica Acquisition Group Ltd 70% Esop 5% Government of Jamaica 25% Aquisition Group to pay J\$270,562,500 (US\$8.125M at J\$33.30 = US\$1.00) and US\$18.125M Government to have 2 to 3 seats on Board depending on final number of Directors Liabilities as at 31 March 1994 per draft accounts Current Liabilities \$3231.5M Long term Liabilities \$4598.0M	Development Plan To maintain level of service consistent with the status as Jamaica's national airline. Subject to certain conditions a fairly reliable service must be provided on the following routes: Jamaica - Miami, Jamaica - New York, Jamaica - Baltimore /Philadelphia, Jamaica - Atlanta, Jamaica - Orlando, Jamaica - Cayman, Jamaica - Nassau If feasible Modify and expand route structure and services on a timely basis Modify fleet composition to ensure maximum aircraft efficiency and utilization Carry out and implement restructuring of airline in accordance with Business Plan Formulate and introduce an ESOP within 24 months after Take-over date	Air Jamaica is being monitored by the Ministry of Finance (MOF) on Cabinet's instructions. MOF has appointed 3 directors.

ENTITY	PRE-DIVESTMENT	POST DIVESTMENT/STATUS	NEW DEVELOPMENTS	FUTURE PLANS/REMARKS
2. Ashtrom Building Systems Limited	Ashtrom Building Systems Limited was started in 1969 as Ashtrom Jamaica. In 1972 the name was changed to Ashtrom Enscome Limited. On 2 January 1979 Ashtrom Jamaica Limited (AJL) and the National Housing Corporation (NHC) signed an agreement to form Ashtrom Building Systems Limited (ABS). ABS is a company with an authorized and issued share capital of \$100 000 (i.e. 100 000 \$1 shares). The shareholding in ABS is as follows: NHT owned 74% and AJL the remaining 26%. Ashtrom Building Systems Limited provides contractual services to the building and construction industry, using Systems Building Techniques. The company experienced financial difficulties. They required funding to facilitate its relocation, re-tooling of the factory, acquisition of new equipment for the diversification of the operations and to meet its working capital needs. Consequent on its weak financial position it was unable to obtain funding from its bankers without further capital injection by shareholders. The accounts showed that at 30 September 1993 the company had a negative net worth of \$85 million.	A Memorandum of Understanding between the Ministry of Construction, National Housing Corporation and Ashtrom (Jamaica) Limited outlining the re-capitalization, and sale of a portion of the Government's shares in AJL was signed on September 1994. To improve the balance sheet of ABS, a re-capitalization of ABS would be implemented as shown below: Initially both the NHC and AJL would capitalize debts amounting to \$40,426,923 due from ABS. This action changed the shareholding of NHC and AJL from 74:26 to 52:48 respectively. After this interim period, the NHC would sell 26% of its shares to AJL to result in a new percentage ownership structure of NHC:AJL being 26:74 respectively. In an Extraordinary General Meeting of the company held on 21 September 1994 it was "resolved that the Authorized Share Capital of the Company be and is hereby increased from \$100,000 to \$40,526,924 by the creation of 40,426,924 Ordinary shares of \$1.00 each to rank pari passu in all respects with existing shares of the Company. The Option Agreement was dated 31 December 1994 The Transfer of Shares from National Housing Corporation Limited of 10,537,000 shares to Ashtrom (Jamaica) Limited ; and Debenture dated 17 March 1995 issued by Ashtrom (Jamaica) Limited	At the appropriate time privatization being completed with NHC's 26% shares in Ashtrom would be divested in the following manner: within three to five years Ashtrom will invite private local investors and / or establish an ESOP for its staff.	A letter dated 6 May 1997 to NHC from NIBJ request audited financial statements of ABS for the periods ending 31 December 1994, 31 December 1995 and 31 December 1996. A review of this information would assist NIBJ in determining whether or not to recommend the divestment of Government's remaining 26% shares in ABS. The proposed privatisation methodology involves the offering of Government's 26% shares in Ashtrom as follows: • Employees Share Ownership Plan (ESOP) • Local private investors or the public. A letter dated 6 May 1997 was sent to Mr. Dudley Shields, Managing Director , National Housing Corporation – Government's Representative on ABS's Board. Audited Financial Statements of ABS for the years 1994 to 1996 were requested for use in determining whether NIBJ should recommend that Government sell it remaining 26% shares in ABS at this time. We are awaiting a response from Mr. Shields.

ENTITY	PRE-DIVESTMENT	POST DIVESTMENT/STATUS	NEW DEVELOPMENTS	FUTURE PLANS/REMARKS
3. Bowden Bay Resort & Marina	The company is located between Port Morant and Barking Lodge in St. Thomas.	This divestment was handled solely by the Lands Department. A Letter of Commitment was issued to the prospective owner in February 1990 from the Commissioner of Lands. Efforts by NIBJ and JAMPRO to obtain information related to this divestment have proven futile over the years. The Letter of Commitment indicates that there are approximately 8 acres leased for forty nine years in the first instance with an option for renewal. The annual rent is \$ 18 000.00 to be reviewed every ten years after the first five years. Subsequent to the signing of the Letter of Commitment, the lessees were advised by the Commissioner of Lands that the negotiated rental was incorrectly calculated and that occupants would be advised of the new price. The date of possession was stated as 1 March 1990. The land was to be used for a fishing complex and related activities and was not to be assigned or underlet without the written approval of the Commissioner of Lands.	The original lessee, Mr. Anthony Myers has since died and his wife, Mrs. Lorna Myers has taken over. She has verbally advised NIBJ that all lease payments are up to date and has also promised to send a copy of the revised lease to NIBJ.	Commissioner of Lands / Mrs. Myers to indicate.
4. Carib Cement Company Limited	The Caribbean Cement Company (CCC) Limited was incorporated on 07 August 1947 and in 1949 was granted the right to manufacture and sell Portland Cement in Jamaica by an act of parliament. Commercial production of cement began at Rockfort on 08 February 1952. In 1977, the GOJ acquired CCC through its agency the Jamaica National Investment Corporation	In the mid 1980's the government decided to divest its approximately 125 million shares in CCC. Between 15 and 24 June 1997 the NIBJ offered 85.7% of the company's share capital to the public. The offer was undersubscribed: only 70.4% of the shares offered to employees and the public were actually taken up. As of 30 September 1996 the Government, through NIBJ, owned 57 565 941 ordinary shares in CCC, representing 13.6% of the company's share capital. Government is in fact the second largest shareholder in CCC. 3.9% (4 840 000 shares) were reserved for full-time employees of CCC under an ESOP		Government / NIBJ will divest the remaining shares whenever price of shares or stock market increases: Presently trading at \$3.00 per share.

ENTITY	PRE-DIVESTMENT	POST DIVESTMENT/STATUS	NEW DEVELOPMENTS	FUTURE PLANS/REMARKS
5. Highgate Food Products	Highgate Foods Products Limited was incorporated in 1977. The company produces and markets chocolate based confectionery, jelly crystals and beverage powders for the local and export market. The company employed some 120 persons. The company's share capital structure consists of two million authorized and issued fully paid shares of \$1 each. The shareholders of the company pre privatization were: Claude Clarke with 1,536,634 shares or 76.83%, Accountant General 351,946 shares or 17.60%, Michael Pickersgill with 43,994 or 2.20% Keith Clarke with 43,994 or 2.20%, Claude Fletcher with 14,634 shares or 0.73% and Lewis Douglas with 8,798 shares or 0.44%. The Articles of Association of the company includes a pre-emptive clause which states that, "no member shall sell or transfer any share in the company without first offering same to the other members of the company". The Government of Jamaica currently has no members appointed to the Board of Directors and has never received dividends on its shares. Problems with the company Highgate Foods Products Limited is one of a group of companies. There are many inter company transactions. These transactions may result in the suppression of the profitability of the company to the benefit of another. Highgate is heavily indebted and faced difficulty convincing bankers to provide financing for the purchase of all Government shareholding.	Bottlenecks to Privatisation Government's shareholding being sold to employees through an Employee Share Ownership Plan. This plan was not adopted because of the majority shareholder stating that "he nor the company would not provide financing to the employees for the purchase of the Government of Jamaica's shareholding. In a Cabinet Decision dated 2 April 1996, Cabinet approved the shareholding of the GOJ in HFP to be sold to the existing shareholders for a price of \$20 per share. The sale of the Government's shareholding of 351,946 shares or 17.6% was sold to Claude Clarke in August 1996 for J\$7,038,920.	Currently the majority shareholder is negotiating with NIBJ a payment schedule due to the majority shareholder's cash flow problem. He is unable to pay the J\$7,038,920. The majority shareholder was to pay August 1996 but negotiations based on a payment schedule was extended to April 1997. NIBJ is currently trying to facilitate the majority shareholder with a new payment schedule for the shares. In letter dated 20 May 1997, NIBJ agreed to a six months payment schedule to begin in May 1997. The first payment of \$1,173,154.33 was sent to NIBJ on 9 June 1997 and post-dated for 30 June 1997.	In July 1996, Highgate Food Products approached NIBJ for a Letter of Credit to facilitate the company in purchasing an Automatic Chocolate Wrapping Machine Type DSN for US\$694,000.00. NIBJ and NDB are currently working on putting in place a Cross Guarantee so as to facilitate Highgate's request.

ENTITY	PRE-DIVESTMENT	POST DIVESTMENT/STATUS	NEW DEVELOPMENTS	FUTURE PLANS/REMARKS												
6. Jamaica Banana Holdings (JBH)	Jamaica Banana Holdings is the holding Company for Eastern Banana Estates Limited (EBEL) and Victoria Banana Company (VBC). At the time of divestment in October 1994, the following existed. a) VBC - 100% government owned - 1050 hectatres (2595 acres) banana lands b) EBEL - 50%government owned - 50% Jamaica Producers Group - 601.21 Hectares (1485 acres) lands <u>Foreign Exchange Earnings</u> Under the new Banana Regime in the European Market, Jamaica has a quota of 105 000 tonnes of banana annually. Exports were only 76 000 tonnes. <u>Reasons for privatisation</u> (a) To improve production to meet its target as Jamaica was exporting below its quota of 105 000 tonnes; (b) To reduce GOJ's financial support.	In March 1994 Cabinet gave approval for the divestment of EBEL and VBC via holding company <u>Formation of Holding Company</u> Jamaica Banana Holdings Limited (JBHL) was incorporated as a Holding Company. GOJ's shareholdings in both EBEL (50%) and VBC (100%) were transferred to JBHL. <u>Share Value</u> The shares of the Holding Company at the date of incorporation valued \$684.21m (inclusive of JPG's 50% shareholding). The Sale Agreement was executed on 27 October 1994, GOJ has retained 5% shares in JBHL. The present structure is: <table><tr><td>Jamaica Producers Group -</td><td>55%</td><td>3 931 125</td></tr><tr><td>Fyffes Group Limited -</td><td>40%</td><td>2 859 000</td></tr><tr><td>Government of Jamaica -</td><td>5%</td><td>357 375</td></tr><tr><td>Total</td><td></td><td>7 147 500</td></tr></table> <u>Lease Payments</u> Commissioner has responsibility for collection of lease payments of \$2.6M annually for lands at EBEL while NIBJ is responsible for collection of lease payments at VBC.	Jamaica Producers Group -	55%	3 931 125	Fyffes Group Limited -	40%	2 859 000	Government of Jamaica -	5%	357 375	Total		7 147 500	Efforts being made to obtain up to date reports from JBH.	
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7. JAMAICA FISHERIES COMPLEX (JFC (separate Lessees)	Jamaica Fisheries Complex is wholly owned by Government with a share capital of only \$200. It is located at Newport East and includes port facilities for small to medium boats. The complex was established for the purpose of enhancing Jamaica's fishing industry through local and bilateral fishing projects. The basic functions that have been carried out since inception however are; cold storage, whole sale trading of fish, provision of basic amenities, vix ice, water and berthing and unloading, refuelling, maintenance etc. As a result of damage by Hurricane Gilbert, the operation at the complex scaled down to a minimal level and the operating expenses far exceeded revenues. JFC indebtedness to Government amounted to \$11.2M	Cabinet had given directive to the Divestment Secretariat in January 1985 for the divestment of JFC but no offers were accepted over a 4 year period. In July 1989 however, the Ministry of Development Planning & Production advised NIBJ to divestment of the complex to lessees On April 22 1991 Cabinet approved the divestment of JFC to WISYNCO and International Refrigeration Limited . Divestment was by way of 2 separate Leases operating independently of each other.		
8. JFC (ICE PLANT) Int'l Refrigeration Ltd (IRL)	The section of JFC leased by IRL includes the iceplant, a section of the pier, lockers, fuel farm maintenance shed. It was further agreed that IRL would purchase equipment valued at \$476,500	The Lease Agreement dated 1 June 1993 stated an amount of \$4,000 per month from June 10 September 1993 and \$8000 per month until June 1996. These amounts have been paid to date . In the Sale Agreement between JFC and IRL dated 17 November 1993 payment of the equipment was to be in 48 instalments of \$16,753.28. The deposit of \$41,000 was offset against expenses incurred by IRL and only payment of \$16,753 had been received to date. There has only been minimal development to the premises to date		Letter dated 12 May 1997 lfrom NIBJ, the Lessee was requested to provide a 12 month detailed schedule for implementing development plant. Failure to start the implementation on the development plan would result in the termination of the tenancy. The Lessee however continues ;to pay the lease rental of \$8,000 per month and has also paid the amount of \$16,753 on the purchase of equipment on 13 June 1997.
9. JFC (WISYNCO)	This section of JFC leased by Wisynco includes; the chill room, cold room , marketing area, welfare area, and a section of the pier.	The Lease Agreement was signed by Wisynco in October 1991 but due to transfer of property from UDC to the Commissioner of Lands the Lessor has now been identified as C/L. Lease quarterly payments of \$53,500 has been received consistently from WISYNCO.	The Lease Agreement has now been revised by NIBJ to reflect the Commissioner of Lands as the Lessor of the property. Copies of the Agreement has been sent to both Wisynco and the Commissioner of Lands for perusal prior to signing.	This entity has been performing well. Additionally, development are also being considered.

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10. JAMAICA PRINTING SERVICES (formerly Government Printing Office)	Government Printing Office (GPO) now the Jamaica Printing Services Ltd. (JPS) has been in operation for over a decade. The company a wholly government company was set up to provide printing services for Government institutions. Because of the poor performance of the GPO and the need to control government expenditure, Cabinet gave approval, in its decision dated 11/5/92 that the GPO be closed. On 8 June 1992 the Ministry of the Public Service took the decision to close the Company and gave the GPO employees the first option to purchase the company by way of an ESOP.	By way of an Heads of Agree-ment dated 20 August 1992 the JPS, formed by former employees of The GPO took over the operation through an Employee Share Ownership Plan (ESOP). These employees committed \$700,000 to capitalize JPS and the building and equipment were leased to JPS for one year for an annual rental of \$50.00 each. Cabinet's Decision dated 28/2/94 stated that a lease for the property, plant and equipment be negotiated. The lease Agreement for equipment and furniture was completed and on 17 May 1996 NIBJ received a cheque in the amount of \$225,639 representing payment for the period 1993 to December 1995. Lease payments of \$1.,008,234.90 for the premises for the same period 1993 - 1995 is still outstanding and the Ministry of Finance is presently preparing the new Lease Agreement for 1996.	In a letter dated 11 November 1996, JPS thorough their Attorneys made an offer re the assets of JPS as follows: The purchase of: 1) ancillary printing equipment and accessories at cost of \$200,000; valuation cost \$542,300 2) Office furniture, fittings and equipment at \$150,000; 1996 valuation \$277,770. Leasing of: 1) Main Line Printing equipment for 10 years at 30% interest with \$110,642 monthly payments. 2) The premises at \$40 per sq.ft. per annum.	At NIBJ's Board Meeting held 29/5/97 approval was given for the lease and purchase of property, furniture and equipment as follows: - Lease of building at \$22 per sq.ft. - Lease of Main Line equipment for ten (10) years at 20% interest with lease payment at \$110,642.37 per month - The purchase of ancillary equipment at a cost of \$200,000 and - The purchase of office furniture and equipment at a cost of \$150,000. Retroacative lease payments in the amount of \$464,295 for the 3-year period 1993 to 1995(1993 - 1995 is to be collected from JPS. The Lease and purchase Agreements have been completed and sent to JPS' Attorney for perusal prior to signing.

ENTITY	PRE-DIVESTMENT	POST DIVESTMENT/STATUS	NEW DEVELOPMENTS	FUTURE PLANS/REMARKS
Jamaica Soya Products Industries Limited (JSPI)	<u>Incorporation</u> The company is located at Rhodens Pen, Old Harbour, St Catherine, and was incorporated as a Joint Venture Partnership on 10 September 1974, but commenced production and trade in 1977. It had authorised share capital of \$3 000 000 divided into 3 000 000 ordinary shares of \$1.00 each . The shareholders were as follows: a) Jamaica Commodity Trading Company (formerly Jamaica Nutrition Holdings) - 60% b) I.S. Joseph Shipping Company - 40% <u>Production and Trading Activities</u> JSPI operated a Soya bean processing plant to produce once refined Soya oil, Soya meal and other products for the local market. <u>Staff Complement</u> The company employed seventy (70) persons, and the plant was designed to operate for 300 days per year. <u>Financial Position</u> In the years 1977 to 1985 profitability fluctuated. However, since 1986, the company has been able to sustain steady increases in profitability, recording a profit before taxation as follows: 31 March 1991 - J\$8.7m 31 March 1992 - J\$21.4m <u>Problems encountered</u> 1. Inadequate oil storage facilities 2. Interruptions in power and water supply 3. Delays in obtaining raw materials.	<u>Advertisement of Company</u> Advertisements commenced September and closing date for proposals was October 1991. Two (2) proposals were received and evaluated, namely: (a) Lasco Group of Companies - 89 (b) Seprod Limited - 84 <u>Problems encountered during privatisation</u> During negotiations the investor requested time to resolve various issue that were potential threats to the viability of JPSI which include the following: 1. Increase in imported chicken parts which substantially reduced the demand for soya oil. 2. Importation of duty free cooking oil. 3. Imposition of CARICOM duties on imported raw materials. 4. JPSI's reliance on only two customers for Soya meal, namely, Seprod and Master Blend. 5. Strong lobby to secure duty-free status for processed palm oil in the local market. <u>Cabinet's Approval</u> In February 1993 OPM advised that approval was given for GOJ's 1.8m shares were spld at a price of \$27.50 each to Lasco Processors Ltd. <u>New Ownership Structure</u> JOSCO - 49.0% - 1 470 000 LASCO - 45.9% - 1 377 000 ESOP - 5.1% - 153 000 <u>Payment Schedule</u> Deposit - \$4 950 000.00 paid on signing \$7 425 000.00 upon share transfers Balance of \$37 125 000.00 plus interest to be paid in (12) equal quarterly instalments of \$4 550 343.18 (including interest), commencing on 30 June 1993.	<u>Problems encountered after privatisation</u> JCTC has been experiencing difficulties in collecting payments for the shares. Lasco has never paid the quarterly instalments on time, and , although payments for the shares should have completed one (1) year after the agreement was signed, as at 25 July 1996, a balance of \$6 273 015.06 was outstanding to GOJ. It should be noted that interest is still accruing on this balance. <u>Plant Upgrading & Expansion</u> The company spent US\$5m on expansion of the plant. <u>Problems encountered by investor</u> Nine months after divestment, GOJ removed the aggregate duty on Soya oil from 65% to 5%. JPSI is highly leveraged, as at 4 February 1997, loans were as follow: Current loan \$370 000 000.00 Converted to Equity 185 000 000.00 New loan 185 000 000.00	<u>Proposal for financing</u> JPSI has submitted a proposal to NIBJ on 6 February 1997, seeking equity investment of \$100m to assist in reducing high interest debt. JPSI also needed US\$3.5m for working capital. NIBJ responded indicating that the maximum Debt Restructuring is restricted at \$20m. Simultaneously, JPSI was processing an application with EXIM Bank for working capital support. <u>Subsequent Events</u> The Bank has declined JPSI's application. NIBJ learned of JPSI's decision to take legal action against GOJ through OPIC. The Ministry of Industry, Investment & Commerce has been examining the level of Tariff to be imposed on Soya Residue. CARICUM has approved duty of 0-20%. <u>Current Status</u> NIBJ has Written to JPSI advising that its application could not be processed until the following issues are resolved: 1. The company needs an additional injection of equity funding to further reduce the existing debt. 2. NIBJ requires commitment from JPSI's Bankers outlining their contribution to the restructuring programme. 3. The debt restructuring programme requires conversion of short to medium to long term debts with fixed repayment schedules and suitable grace periods on principal payments. 4. Regarding the imposition of duties, NIBJ requires an indication of interest from the animal feed industry, especially Master Blends, to purchase JPSI's meal.

ENTITY	PRE-DIVESTMENT	POST DIVESTMENT/STATUS	NEW DEVELOPMENTS	FUTURE PLANS/REMARKS
11. KINGSTON DRYDOCK LIMITED	Kingston Dry Dock (KDD) was incorporated in November 1972 and commenced trading in December of the same year. It is an wholly owned facility of JIDC (now JAMPRO) with a share capital of \$602,000. It was designed to serve the interest of the local fishing fleet, government owned boats and pleasure crafts. The company's pincipal revenue in the past has been from repairing and reconditioning of vessels not exceeding 150 tons in weight or 100 ft. in length. The general profitability of the company has been marginal. This could have been due to "growing pains" as indicated by the auditors report which states that "there is a steady improvement in (the) gross profit percentage, despite the decline in the market base. The company had accumulated losses of \$756,411 at December 1988 which resulted in a negative net worth of \$154,411.	NIBJ was advised by letter dated 28 June 1991 that Cabinet gave approval for the facilities of Kingston Dry Dock to be leased to Oceanautics International Ltd at a lease rental of \$360,000 p.a. to be increased by 71/2 per annum The development plan for the facility included rehabilitation, upgrading and expansion to facilitate 1,000 ton vessels By letter dated 15 October 199, Oceanautics Int'l was granted possession of the premises pending the signing of the Lease Agreement. For the period October 1991 to August 1992 the lease rental collected totalled \$300,000. No further payments were made for approximately 4 years. In letter dated 11 April 1996, KDD was advised of the arrears totalling \$1.3M. To date a total of \$540,000 has been paid.	To date the development plan has not been carried out by Oceanautics Limited. The Board of NIBJ at its meeting held 26/9/96 requested that Oceanautics Limited provide a new development plan for the facilities at KDD and pay the outstanding lease payments or have their tenancy terminated. On 21 March 1997 Oceanautics Int'l Ltd. sent a 5 year development plan and financial projections. This is being analysed to determine the viability of the operation.	At NIBJ's Board Meeting held 29 April 1997, approval was granted for Oceanautics Limited to negotiate unsettled issues and continue to pay \$60,000 per month - \$30,000 towards the arrears and \$30,000 as lease payments until the lease agreement is finalized. A meeting was held with Oceanautics Int'l and Commissioner of Lands on 13 June 1997 to discuss and agree on areas of the lease which require reconstructing. The Commissioner of Lands requested additional information from NIBJ's files to assist in making the final decision prior to the signing of the lease. We are awaiting a response from the Commissioner of Lands.

ENTITY	PRE-DIVESTMENT	POST DIVESTMENT/STATUS	NEW DEVELOPMENTS	FUTURE PLANS/REMARKS
13. Negril Royal Palm Cabins & Reserve	During the early 1980's the Petroleum Corporation of Jamaica (PCJ) conducted various tests and studies on peat in the Negril Morass area. It became necessary for accommodation to be provided for PCJ staff and consultant for a prolonged period. Acreage of 183 were purchased from UDC and 255 were leased from the Commissioner of Lands. This total land space of 438 acres with twelve cabins thereon was offered for divestment.	The Reserve was advertised in August 1989 for lease and Cabins for sale, separately. Discussions began with a potential investor, but was aborted due to the failure of investor to pay sale deposit. In February 1991, the assets were again offered for divestment, this time as a package. Only two serious bids came from this offer; Mr Lee Issa of Swept Away Resort, and Mr Glasspole Bell of Bell's Trucking and Heavy Duty Equipment Ltd. Mr Issa cancelled his interest in this project early in the discussion phase, leaving Mr Bell. Mr Bell's proposed development plans involved: - the protection of the Royal Palm Reserve by implementation of supporting measures to ensure conservation and protection. - Introduction of various species of plants in the forest to create lush tropical gardens - establish various recreation all facilities - establish a Country Club where indoor recreational facilities would be offered together with restaurants and gift shops. Cabinet Decision approval to privatise entity to Bell's Trucking & Heavy Duty Equipment Limited at the price of \$15M, on the conditions : - a deposit of 15% of the purchase price paid on signing of sales agreement 15% before the expiry of 90 days after signing - balance (70%) payable over 20 months with interest of 18% per annum charged on a monthly basis - The lease rental of \$1M per annum, with the minimum term of 10 years, for land of Reserve.	In addition to approving the lease of the Negril Royal Palm Reserves, a Environmental Impact Assessment study was also ordered to be carried out. The objective of this EIA would be to avoid any undesirable environmental impact and to enhance the planning and implementation of development. Conrad Douglas & Assoc. were invited to submit a cost estimate proposal, on the carrying out of an EIA.	The divestment of this entity was carried out primarily under the portfolio of PCJ, with the proposed lease rental of \$1M p.a. being monitored by the PCJ. A call was made to PCJ enquiring about the status of the lease payments on this entity. Mrs. Ruth Long of PCJ advised that the Lessee had neglected to pay the lease payments and had to be removed from the premises over a year ago. . Mrs. Long further stated that extensive repairs had been done to the cabins and bids have now been received by PCJ.

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14. SUGAR PRIVATISATION PHASE I - Sale of factories and lease of cane lands to purchasers of factories.	In December 1993 the Government owned sugar estates Frome, Monymusk and Bernard Lodge Sugar Estates were divested to the Sugar Company of Jamaica Limited (SCJ). In addition, Long Pond Sugar Company was divested to Long Pond Estates Limited. The Shareholding structure of SCJ is as follows: <table><tr><td>Manufac. Merchant Bank -</td><td>17%</td></tr><tr><td>Wray and Nephew -</td><td>17%</td></tr><tr><td>Booker Tate -</td><td>17%</td></tr><tr><td>Workers (via ESOP - to be incorporated)</td><td>10%</td></tr><tr><td>Cane Farmers</td><td>15%</td></tr><tr><td>GOJ and later public</td><td><u>24%</u></td></tr><tr><td>Total</td><td><u>100%</u></td></tr></table> The Shareholding structure of LPE is as follows: <table><tr><td>Pan-Jam Invest Trust</td><td>42%</td></tr><tr><td>Corporate Merchant Bank</td><td>21%</td></tr><tr><td>Island Life Insurance Co.</td><td>10%</td></tr><tr><td>Private shareholders</td><td><u>27%</u></td></tr><tr><td>Total</td><td>100%</td></tr></table> The estates were divested as a result of the Government's need to secure broad based ownership of assets, increased productivity, improved factory efficiencies and increased sugar production. According to the divestment agreement, the terms of divestment were as follows: • Outright sale of Sugar Factories at the above 4 estates for a combined purchase price of J\$1.36B. Payments to be made via cash and a series of promissory notes. • Forty nine year lease of approximately 38 000 acres of cane land at an annual lease rate of J\$21 865 060.00, commencing December 1993. • Implementation of a broad based development plan involving the following expenditures: SCJ - US\$40M, Long Pond - J\$84M	Manufac. Merchant Bank -	17%	Wray and Nephew -	17%	Booker Tate -	17%	Workers (via ESOP - to be incorporated)	10%	Cane Farmers	15%	GOJ and later public	<u>24%</u>	Total	<u>100%</u>	Pan-Jam Invest Trust	42%	Corporate Merchant Bank	21%	Island Life Insurance Co.	10%	Private shareholders	<u>27%</u>	Total	100%	Complete. Over the five year period 1993-1998, SCJ undertook to spend US\$40M on improvements to its factories and fields. To date, approximately US\$26M has been spent. Over the five year period 1993-1998, Long Pond Estates Ltd. undertook to expend J\$84M on improvements to its factories and fields. To date, approximately J\$9.6M has been spent. To date SCJ and Long Pond Estates are unprofitable. <table><tr><td></td><td>Profit (Loss)</td></tr><tr><td>SCJ</td><td>\$</td></tr><tr><td>1994</td><td>245,513</td></tr><tr><td>1995</td><td>(170,775)</td></tr><tr><td>Long Pond Est.</td><td></td></tr><tr><td>1994</td><td>(3,250,471)</td></tr><tr><td>1995</td><td>(46,867,035)*</td></tr></table> * This figure is an audit estimate		Profit (Loss)	SCJ	\$	1994	245,513	1995	(170,775)	Long Pond Est.		1994	(3,250,471)	1995	(46,867,035)*	In October 1996, SCJ, as part of its restructuring programme made a total of 992 persons redundant from its three estates. The Government of Jamaica mandated a task force to develop an assistance programme to ameliorate the effects of the redundancies. Under the terms of the assistance programme, redundant workers will be provided with training and counselling, support for mortgage servicing, economic support and land. A steering committee has been formed and mandated to implement the recommendations of the task force. The committee has been meeting regularly to implement same. At the request of the Management of Long Pond Estates Limited, in 1996 Long Pond's two promissory notes were consolidated and rescheduled into a J\$32.9M promissory note, at an effective interest rate of 20%. To date, LPE has been current with their interest payments.	1) Since divestment , all 3 factories have shown improved efficiency particularly Bernard Lodge. 2) Efforts are being made to obtain financing to implement development programme.
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15. SUGAR PRIVATISATION PHASE II - Lease of cane lands to private farmers.	The Government has been leasing lands to private farmers under the Sugar Privatisation Phase II programme. To date, a total of 23 applicants/groups have benefited under this programme, as follows: Frome - 12 groups Bernard Lodge - 9 groups Monymusk - 2 groups (see remarks) Parcels range in size from 30.70 hectares to 222.46 hectares per lessee. Lands were leased for \$700 per acre/anum at Frome and Bernard Lodge and \$500 per acre/anum at Monymusk.	The land lease programme at Frome and Bernard Lodge are complete. The land lease programme at Monymusk has not been completed because of problems experienced by SCJ in the implementation of their irrigation programme. NIBJ to liaise with SCJ regarding the expected completion date for infrastructural work.	A Sugar Industry Research Institute review of the performance of the farmers since divestment has been positive with the exception of two farmers. The farmers have been advised of their shortcomings and efforts are being made to correct same.	NIBJ will liaise with SCJ regarding the timely implementation of the infrastructural development plan. Some of the 1st ranked farmers at Monymusk failed to obtain required financing. Consequently 2nd ranked farmers are now being screened.
16. SUGAR PRIVATISATION PHASE- III- Lease/Sale of non-cane lands and residual assets remaining from the above phases.	This programme commenced in 1996 as a continuation of the Sugar Privatisation programme. It involves the sale/lease of parcels of land and buildings to private investors. Negotiations for various parcels are at an advanced stage of divestment. A few of the areas classified as Phase III lands follows: - Tarentum Industrial Complex - Vesting of 273 ha of land with the Factories Corporation of Jamaica for lease/purchase to interested investors. - Cabaritta Tours - Rafting Project utilising the Cabaritta River, Westmoreland. - Land for Versailles Hotel - Monymusk, Clarendon - Lease of approximately 0.75 acre to be used as an embarkation and disembarkation point for a pleasure boat. - Long pond - sale of poultry Building - Lease of approximately 420. acres to small farmers	Negotiations for divestment are at advanced and varying stages of completion. Detailed status reports will be submitted to the Development Council as information becomes available. Lease Agreement being reviewed by Lessee. It is expected that lands will be handed over in July 1997 Lease Agreement has been signed by relevant parties. Versailles Hotel is expected to start conducting tours from the leased site in the near future. Five of six moveable grow-out houses have been sold, dismantled and removed to Bushy Park in St. Catherine. Sale price was \$4.5M	<u>Lease to Small Farmers</u> Applications have been received and the Enterprise Team is presently processing them.	

ENTITY	PRE-DIVESTMENT	POST DIVESTMENT/STATUS	NEW DEVELOPMENTS	FUTURE PLANS/REMARKS
17. TOJ Limited	The privatisation of TOJ evolved from the recognition "that in order to promote and maintain orderly development in the telecommunications sector...a degree of rationalization of the sector was inevitable". Telecommunications of Jamaica Limited was formed to be the holding company for the Jamaica Telephone Company and Jamaica International Telecommunications Limited. All of the shares in JAMINTEL were acquired in the first year but the acquisition of JTC's shares was on a piecemeal basis. The company is involved in the provision of international telecommunication services and local, telephone, telex and telegraph services. Before privatisation, the company employed approximately 3 000 persons. TOJ controls and operates the country's local and international telecommunications network, and have been granted exclusive 25 year renewable licences to provide these services.	TOJ Limited, a public company, is the largest capitalized company (with 3.8 billion shares) which trades on the stock market. Marginal fluctuations in the price of TOJ has been known to impact on the movement of the entire market. Later ,GOJ sold 193 136 800 shares or 20% of the issued share capital of TOJ to Cable and Wireless in December 1990.	Government owns less than 1% of issued share capital of the company. In actuality, the transaction should have been completed when GOJ sold 193 136 800 shares or 20% of the issued share capital of TOJ to Cable and Wireless in December 1990. Under the licences issued to the company, TOJ may set rates at a level which will enable them to achieve an annual return on shareholder's equity (after tax) of between 17.5% and 20%.	32.723 million shares have been earmarked under an ESOP for full-time permanent employees of the company. The company is now working on its ESOP.

ENTITY	PRE-DIVESTMENT	POST DIVESTMENT/STATUS	NEW DEVELOPMENTS	FUTURE PLANS/REMARKS
18. Trans-Jamaican Airlines Ltd	Trans Jamaican Airlines (TJA) a wholly government entity was formed in 1972 after the government acquired the privately owned domestic carrier, Jamaica Air Services. Before privatisation the company offered scheduled and chartered services within Jamaica and to Cayman, Belize, Dominican Republic and Mexico. In November 1994 the company leased or owned 9 aircraft. Reasons for Privatisation Company embarked on 3 phase Business Plan to make it profitable. Privatisation seen as method of raising equity capital to finance phase 3 which was expansion of fleet for the commencement of regional operations. In late 1994 scheduled flights to regional destinations were discontinued Between 1993 and late 1995 losses on overseas routes estimated at approximately J\$100M Lease payments for the overseas designated carriers the ATR42's continued to accrue and termination of these leases resulted in penalties of about US\$200,000 by late 1995. The negative cash position has created difficulties for the proper maintenance of the aircraft which in turn has affected the domestic schedules. Liabilities as at September 1995 amounted to J\$121.2M and US\$3.13M. Of these amounts approximately J\$109.3M and US\$304 were owed to Government Agencies.	Privatisation Heads of Agreement dated October 1995 New Share Structure Authorised share capital to be increased to J\$134M to comprise 50M ordinary voting shares of J\$1.00 each and 84M non voting subordinated cumulative and redeemable 8% preference share of J\$1.00 each. Purchasers - Air Jamaica Acquisition Group Ltd and General Management Co Ltd 80% of ordinary voting share capital for J\$40M Government 20% Purchasers to pay J\$20M on signing of Heads of Agreement. Balance to be paid within 2 weeks of takeover date or signing of the formal agreement. ON completion preference shares to be issued to Government in consideration of the payment by Government of Trans Jamaican debts TJA granted exclusive license for 15 years for the existing scheduled routes on which TJA as of take over date enjoys any type of authorization 5% ESOP Purchasers to contribute 3/5 of total shares of ESOP and Government the remaining 2/5. Accountant General to appoint 20% of the membership of the Board of Directors.	Outstanding Matters Government to be reimbursed redundancy payments made to TJA workers who were re-employed after privatisation Matters relating to the refurbishing and repair of the leased Dornier and ATR42 Aircraft. Purchasers still owe J\$20M	A status report is presently being prepared for the Ministry of Finance. In order to facilitate completion, meetings are being held to settle the Dornier issue and the granting of "Charter Licence" to compete directly with the airline (contrary to privatization agreement).

Please Note:

1. *Jamaica Gypsum & Quarry, 100% shares divested in Dec. 1989 to Carib Cement Company (CCC)*
Purchase price of \$4.0M
Lease payments made to the Commissioner of Lands \$89 000 per annum
NIBJ advanced \$16M to CCCo. To be repaid by from 50% of annual profits from JGQ, (now a CCCo subsidiary)
The Government of Jamaica retains NO further interest in this entity.
2. *Port Antonio Marina, leased to the Sir Henry Morgan Angling Club, in February 1989.*
Lease rental of \$ 20 000 per annum is payable and monitored by the Commissioner of Lands.

NATIONAL INVESTMENT BANK OF JAMAICA LIMITED
(PRIVATISATION DIVISION)

NOTES TO ACCOMPANY REPORT ON PRIVATIZED ENTITIES

The storage, retrieval and dissemination of privatisation information on a timely and efficient manner is critical for the Government of Jamaica and specifically, the National Investment Bank of Jamaica (NIBJ) Limited. The Jamaican privatisation programme has completed notable transactions; however, key statistical data from some of these transactions are unavailable. Consequently, this makes it difficult for NIBJ to provide meaningful reports on all privatized entities..

In the preparation of the accompanying report, the following constraints were experienced:

- 1) Up-to-date information on all entities was unavailable as some of the privatisation transactions were not handled by NIBJ (e.g. Air Jamaica, TOJ Limited);
- 2) Current transactions regarding some of the entities are being dealt with by other agencies (e.g. loan guarantees are done by the Ministry of Finance);
- 3) Getting updated information is extremely difficult, as in the majority of cases there are no government representatives on the Boards of entities especially those involving lease of assets and outstanding loans to Government.
- 4) An appropriate monitoring policy for privatized entities needs to be established. For example there are entities which have been privatized by NIBJ but the rental is collected by another agency. In these cases, NIBJ is no longer involved, consequently reconciliation and updates can prove a very frustrating task.

27 June 1997

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DC 28 MPUT 1/97



Item 9

TEL: 926-9170-9 FAX: 926-2835

ANY REPLY OR SUBSEQUENT REFERENCE
TO HIS COMMUNICATION SHOULD BE
ADDRESSED TO THE PERMANENT
SECRETARY AND THE FOLLOWING
REFERENCE QUOTED:-

MINISTRY OF PUBLIC UTILITIES AND TRANSPORT

36 TRAFALGAR ROAD
KINGSTON 10, JAMAICA

No. _____

3 July 1997

MINISTRY OF PUBLIC UTILITIES AND TRANSPORT

FOR DECISION

***PROPOSAL TO THE DEVELOPMENT COUNCIL ON THE
RESERVATION OF LANDS FOR FUTURE PORT
DEVELOPMENT.***

FOR DECISION.

✓

PROPOSAL TO THE DEVELOPMENT COUNCIL ON RESERVATION OF LANDS FOR FUTURE PORT DEVELOPMENT

Background

The Government has identified the maritime sector as a growth pole for the Jamaican economy in recognition of the integral support role the sector has played in the development of the Jamaican society and more recently, its contribution to the economy and potential for increased generation of foreign exchange from transshipment and cruise activities. The Industrial Policy of the Government for the maritime sector enunciates two major strategies for capitalizing on this potential of the sector:

- (i) *the expansion of available capacity through the commissioning of additional berthing capacity at Gordon Cay; and*
- (ii) *continued development of infrastructure and enabling environment that will allow Jamaica to operate even more effectively as a regional transshipment centre.*

Status

- (i) **Gordon Cay Expansion:** Since the mid 1970's, Government through the Port Authority, has been pioneering and spearheading initiatives towards a modern port industry. The initial aspects of the programme established the Container Transshipment Terminal at Port Bustamante, which so far has been very successful, and has served to give Jamaica a pride of place in the International port community.

The shipping industry and more so, the transshipment aspect, intensely competitive, especially in recent times because of new emerging trends, driven by world trade

patterns as well as technological innovations within the industry. The survival and prosperity of ports demand more modern sophisticated infrastructure and equipment, as well as greater efficiency and operational productivity.

Over the past 21 years, the Kingston Container Port has been serving as a relay terminal, providing transshipment services to international carriers in the distribution of cargo worldwide. Notwithstanding the fierce competition from other regional ports, the transshipment sector has demonstrated the highest level of growth in the local industry.

The Jamaica Port Industry, particularly the transshipment sector, attained the competitive position it currently enjoys in the international marketplace because it was able to grasp opportunities at the time they were available. The country's ability to respond competitively to the developments in the industry has been due, in no small measure to the initiatives of the 1970's which saw the need for making provision for future port development.

Despite many competing projects, special efforts were made to ensure the lands at Gordon Cay were reserved for future port development. Therefore as activity at the terminal grew and existing facilities approached capacity, there were few problems in finding new lands to further develop the industry. The Gordon Cay South Terminal facility was opened in July 1996 and will serve to double the capacity of the port.

- (ii) **Development of infrastructure and enabling environment:** The enactment of the Shipping Bill this legislative year will provide a major component of the necessary enabling environment for the promotion of shipping activities in Jamaica. A Proposal for the Establishment of a Maritime Administration to see to the administration and enforcement of the Act and the further development of the sector, has been drafted for internal consideration with a view to securing Technical Assistance for

implementation under the Memorandum of Understanding signed between Transport Canada and the Ministry of Public Utilities and Transport. The Proposal has been drafted in response to an expression of interest from the International Maritime Organization (IMO) via Transport Canada, to provide some level of funding for the project. The project has also been received positively by the Commonwealth Secretariat.

While the recent expansion at Gordon Cay has served to double the capacity of the Container Port, based on the current rate of growth the port will reach full capacity by the year 2005, - about a decade away. **No further development is possible in the immediate location of Port Bustamante.**

There is therefore the need to identify suitable lands to facilitate the future development of infrastructure to enable the port to continue to respond to the demands of the industry. **This demand will not only be for conventional port operations and facilities, but also for the development of ancillary activities, such as equipment repairs, container repairs and dry docking.**

Reservation of Lands for Future Port Development

Preliminary investigations conducted by the Port Authority identified the Bellevue property, Fort August a and Soapbury as having potential for port development.

(a) Bellevue Lands

The Bellevue Lands are ideally suited for future port development as it has the advantage of being located on the north-eastern foreshore of the Harbour, where the greatest natural depth is found. This position is further enhanced by the presence of the barrier of the Palisadoes Peninsula which provides a natural wave-breaker.

The PAJ's assessment initially identified 70 acres of land in the Bellevue property, inclusive of approximately 3,000ft. Of shoreline, with depths of water of up to 40ft., located close to the southeastern extremity of the inner Harbour.

It was however later realized that this specific area may not be entirely available as Cabinet had, via a decision of January 24, 1994 given approval for the Bellevue lands to be used for expansion of the Hospital and for investment with a view to earning revenue for the Hospital.

Bearing in mind the recently announced housing development plans of the Urban Development Corporation (UDC) for lands in the Bellevue area, this Ministry has made enquiries of the UDC as to the extent to which the Bellevue lands will be utilised and whether or not there will be any available lands in the area remaining which could be earmarked for future port development.

It was indicated that the Bower Banks Decanting Centre which currently houses a squatting community will become available as there are plans to relocate the settlers. It was however indicated that there are plans to cut a bypass road through this area in order to extend and complete the Harbour View Bypass road.

The Port Authority considers that the housing development planned by the UDC will not necessarily be incompatible with port development, and has expressed an interest in any lands that may be available in the area and its environs after these developments. The Authority has further indicated that notwithstanding the proposed construction of the road through the Bower Banks Decanting Centre, they are of the view that at the appropriate time, it will be possible to make the necessary physical adjustments so that the road will complement the port .

(b) **Fort Augusta Peninsula**

Currently housing the women's prison, the Fort August peninsula consists of approximately 60 acres of land. There is the possibility of creating additional lands with material from the dredging of shallow areas, which would be necessary in any port development. This area has the potential for providing at least 2,000ft. of sheltered berthing.

Fort August is in close proximity to Port Bustamante, and could be developed as an extension to the Container Transshipment Port. Although there are constraints in the size of the land and depth of the water, these can be overcome by dredging and reclamation.

The Ministry of Security and Justice has expressed support in principle for the reservation of the Fort Augusta Lands for future port development.

© Soapbury Lands

In light of Government's Policy to establish a Maritime Industry which includes the commercial development of assorted ancillary maritime services, the Soapbury lands are ideal for development as backlands to locate support services industries, such as repair and maintenance facilities.

The Port Authority has identified that portion of lands bordered by Hunts Bay, Sandy Gully and the Rio Cobre, as being suitable for this development.

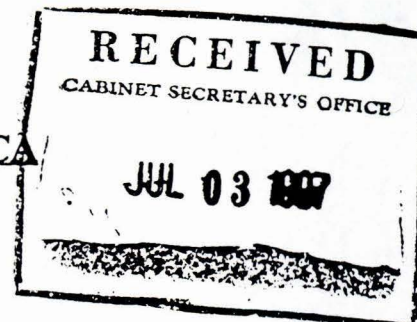
It should be emphasised that these lands are to be *reserved for future port development*. The three properties identified are therefore likely to be used sequentially, as the need arise, with the first level of development being for sometime within the next ten (10) to fifteen (15) years, when it is expected that the existing facility will reach capacity.

However, if the provision is not made now, there will be no opportunity to expand and further develop the transshipment port, in the medium and long terms.

The Gordon Cay lands were reserved since the mid-1970's and withstood numerous attempts to be utilised for alternative purposes, and were thus available when needed, to further expand and develop the port.

The Development Council is therefore invited to consider the foregoing information and to approve, for future port development, the reservation of lands in the following areas:

- (i) Bellevue area and its environs;**
- (ii) the Fort Augusta Peninsula; and**
- (iii) Soapbury lands bordered by the Hunts Bay, Sandy Gully and the Rio Cobre.**

CITRUS TRISTEZA VIRUS (CTV) IN JAMAICA**Importance of Citrus to Jamaica**

Citrus is a small but lucrative sub-sector of agriculture in Jamaica. Analysis carried out by FAO in 1995 on a broad range of crops (sugar, bananas, cocoa, citrus, coffee and a number of food crops) demonstrated that Jamaica can be a very competitive producer of citrus, if the economic fundamentals in the country correspond to those of world markets.

In 1996, total citrus production in Jamaica was estimated at about 4.25 million boxes, representing a value of about J\$636 million (approximately US\$18 million) before processing and sales. The industry has some 4,000 growers cultivating about 10,800 hectares of trees with more than 70% of this area in farms of over 40.5 hectares. Citrus is in fact among the most competitive of Jamaica's Agricultural crops, although the country is not a low cost producer when compared to Mexico or Brazil - countries which have large economies of scale

Threat From Citrus Tristeza Virus

The citrus industries of the Caribbean islands, Central America, Mexico and the United States are at risk of citrus Tristeza Virus (CTV) epidemic because of: -

1. The arrival of the brown aphid which transmits the disease
2. The predominance of highly susceptible sour orange as root stock
3. Lack of a budwood certification programme which would reduce the threat of other citrus viruses to new root stock.

Severe CTV first showed up in 1991 in Jamaica during a USDA survey for incidence of the virus on the Island. It has been confirmed several times since and the threat it posed was amplified largely with the arrival of the Brown Citrus Aphid in 1993. In 1997 less than five years after its arrival, the signs of Tristeza decline in trees were observed. The virus causing the disease has the propensity to change from a mild to severe strain. This severe strain of Tristeza causes trees to first go into decline then die.

Almost the entire national stock of citrus trees in Jamaica is planted on sour orange root stock. Of 350 trees sampled by the Bodles Research Station in January 1997, 13 - 14% were infected by CTV and half of that with the severe strain. Of a sample of 1,000 trees on United Estates Limited 8% of trees were declining and 34% were suspected to be approaching decline.

External Financial Impact

Based on the rate of progression of the disease observed in other countries, it is estimated that within two (2) years, citrus growers will see production on their existing trees decline by about 40% leading to annual losses of about J\$150 - 200 million for about three (3) years before production is completely stopped. It is predicted that within five (5) years the entire production of citrus (estimated at about J\$635 million) will be wiped out if the situation is not addressed.

Impact on Employment and Processing

The employment effect of the citrus industry is substantial, with about 10,000 persons benefiting from picking and other farm related work. An additional 13,000 persons are estimated to be involved in the local trading and processing.

On farm employment will fall as production falls, fresh fruit exchange in the higgler trade will be affected, and processors will be forced to import citrus from overseas growers. In the absence of finding reliable cost-effective outside sources of supply, processing facilities could be closed. Local demand will acquire new tastes and may not want to switch back to home production when the industry finally responds to the crisis.

Need for Certification Programme

The current position of the industry is one of uncertainty. Many plantings from the 1980's expansion are in full bearing and the island's production is higher than it has ever been. With the CTV and the brown aphid working steadily, growers are worried about finding the first signs of economic loss in their groves. Limited amounts of plants are available on CTV tolerant stocks and most budwood has had, at best limited serological testing performed on its parent trees.

However, industry awareness has been raised and at least one of the larger citrus growers in Jamaica Orange Company has been establishing all its new planting in CTV resistant root stock. Another grower, United Estate Limited has begun a testing and replacement programme with resistant root stock in their groves.

Following on the results of the USDA survey of the CTV in Jamaica, the Ministry of Agriculture and Mining and the FAO provided laboratory space and equipment to the industry at Bodles to conduct a testing programme to assess the status of the disease.

The deregulation of the Citrus Industry severely hampered the testing programme as there was no agency to carry out this activity, additionally because of the imminent threat of the disease to the industry it became necessary to develop a National Certification Programme to address an industry problem.

The Ministry of Agriculture supported by a Technical Assistant Grant from the Food and Agricultural Organisation (FAO) formed a National Citrus Rehabilitation Programme (NCRP) committee in November 1996, comprising of representatives drawn from the Ministry's Research and Development Division, Plant Quarantine Division, Project Management Division as well as representatives from The Citrus Growers Association, private sector companies and the Planning Institute of Jamaica with a mandate to assist the government of Jamaica in developing a plan to establish a National Policy on citrus rehabilitation and draft a mandatory citrus certification programme for future planting material.

This committee, chaired by the Permanent Secretary appointed a National Working Group (NWG), coordinated by Phillip Clarke a private sector grower. The NWG conducted exhaustive deliberations over the last eight (8) months and has formulated the framework through which all industry members will contribute towards successful implementation of the certification programme.

A Protection Agency (not for profit) which would eventually implement the proposed certification scheme under the existing Plant Quarantine Act was proposed and terms of reference drafted for discussion.

During the week of May 12 - 14 the National Working Group in conjunction with five (5) FAO Consultants held a workshop, the purpose of which was to:

1. Discuss the draft terms of reference for the proposed protection agency
2. Examine an existing plant quarantine act to see how the certification programme would be applied
3. Develop a Citrus Management Information System
4. Develop strategies for the Certification Programme
5. Examine legal implications of the programme
6. Secure support from the private sector to finance the formation of the agency and determine how funds would be obtained to keep the agency operational.

This last action received significant support from private growers and steps are now being taken to legally register the agency with a proper memorandum and articles of association.

Rehabilitation of the Sub-sector

This disease represents a timely opportunity for Jamaica to replace existing stock of low density, low production trees with new high density planted groves with the potential for a greater volume of production. This would allow the industry both to respond to increasing demand for citrus products in its local market as well as maintaining its niche market positions abroad.

The Certification Programme will be a joint public/private sector venture with the Government Post Entry Plant Quarantine facilities at Bodles playing a key role in the screening of plants and budwood. This centre would require additional budgetary support for staffing, equipment and other essentials which will augment private sector facilities and inputs into the programme

Cost of On-farm Rehabilitation

In order to arrive at an estimate of the magnitude of the cost of rehabilitation three types of investment is been envisioned:

- a highly sophisticated larger scale commercial grower operation based on 232 trees/acre during 12 years, with trees removed to reach density of 116 trees/acre subsequently;
- a medium scale commercial grower with 116 trees/acre and
- a small grower also based on 116 trees/acre. The table below shows the cost per acre of investment, and the increase in yields which could be obtained.

	Trees/Acre	Replanting Cost/acre		Current Yields Boxes/acre	Yields at Full Development boxes/acre
		J\$	US\$		
Large Grower	232	-58 340	-1 667	400	481
Medium Grower	116	-38 720	-1 106	394	421
Small Grower	116	-23 320	-666	100	200

Overall, citrus growers will be obliged to invest about J\$900 - 1300 million (US\$26 -36 million) over five (5) years to replace their current tree orchards. Of this investment, about J\$190 Million will be required by small growers (i.e. under 40.5 hectares of trees). As can be seen from the above table, the potential increase in yields over current yields is substantial and could lead to exceptional development of the industry.

Risk

If growers replant with trees that are not certified as disease free, replanted trees will never attain their full potential production. The investment made will never yield its full benefits. Without clean planting material, farmers will be obliged to replant a second time ... thus re-incurring the entire investment cost. The delay in the coming on-stream of benefits can be up to 18 years -- giving sufficient time for low cost producers in other countries to completely take over a small local market like that of Jamaica. Since Citrus Industry has been deregulated and there is no proper authority in place to

implement cess collection for such a programme, a massive injection of loan and equity capital is envisaged.

A business proposal would be required to be presented to the Development Council to indicate the level of financing required to undertake this rehabilitation.

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Table 1. Illustrative Scenario of Financial Impact of CTV on Jamaican Citrus Industry

percentage share of declining trees a/		8%	34%	50%	75%	90%	100%				
	1993 b/	1994	1995	1996	1997	1998	1999	2000	2001	2002	TOTAL
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Affected Area (acres)	27000	27000	27000	27000	24840	16394	8197.2	2049.3	204.93	0	
Trees (millions) b/				3.34	3.07	2.03	1.01	0.25	0.03	0	
Boxes (millions) c/				4.24	3.90	2.57	1.29	0.32	0.03	0	
Revenue (J\$ mil)				635.85	584.98	386.09	193.04	48.26	4.83	0	
Revenue (\$US mil)				18.17	16.71	11.03	5.52	1.38	0.14	0	
Annual revenue losses (J\$ mil)					-50.87	-198.89	-193.04	-144.78	-43.435	-4.8261	-635.85
Annual revenue losses (US\$ mil)					-1.453	-5.6827	-5.5155	-4.1367	-1.241	-0.1379	-18.167
Guess estimates Rehabilitation Requirements											
Cleaning planting material ('000 of nursery trees) e/				267	1 045	1 014	761	228	167		
Larger growers, on-farm investment											
Annual areas to be rehabilitated f/				1 620	6 334	6 148	4 611	1 383	154		20 250
per acre cost @ 116 trees				38 720	38 720	38 720	38 720	38 720	38 720		
Cost of Investment (J\$ mil)				62.73	245.26	238.05	178.54	53.561	5.9512		784
per acre cost @ 232 trees				58 340	58 340	58 340	58 340	58 340	58 340		
Cost of Investment (J\$ mil)				94.51	369.54	358.67	269	80.7	8.9667		1 181
Small growers, on-farm investment											
Annual areas to be rehabilitated g/				540	2 111	2 049	1 537	461	51		6 750
Per acre cost @ 116 trees				23320	23320	23320	23320	23320	23320		
Cost of Investment (J\$ mil)				12.59	49.238	47.79	35.842	10.753	1.1947		157
All on-farm Year 1 rehabilitation costs											
Total annual area				2 160	8 446	8 197	6 148	1 844	205		27 000
Estimated annual investment required (J\$ mil) @116 trees/acre				75.3	294.5	285.8	214.4	64.3	7.1		941
Estimated annual investment required (J\$ mil) @232 trees/acre				107.1	418.8	406.5	304.8	91.5	10.2		1 339
Estimated annual investment required (\$US mil) @116 trees/acr				2.2	8.4	8.2	6.1	1.8	0.2		26.9
Estimated annual investment required (\$US mil) @ 232 trees/ac				3.1	12.0	11.6	8.7	2.6	0.3		38.3

a/ Based on experience in other countries and sample taken on 8 acres of United Estates in January 1997.

b/ Industry sources cite 4.36 million trees on 27 000 acres, but this would imply an average of 161 trees per acre on the island. To arrive an an estimate based on the age structure of existing plantations, the following assumptions have been made: half of the area is planted at 100 trees per acre; one quarter is newer plantations with an average of 180 trees per acre and on quarter is planted at 116 per acre. This gives an average of about 128 trees per acre. The total area of 27 000 acres planted seems somewhat optimistic, but has been used.

c/ Based on an average production of 157 boxes per acre (large growers average around 350 boxes/acre and small growers about 100 boxes/acre) FAO Consultancy Report, TCP/JAM/6611 March 27, 1997.

d/ Based on an average price of J\$150 per box, representing a blend of sales for juice and fresh fruit sales on the local market.

e/ Based on replacing declining trees with one year with cleaning nursey trees; after year 2002, demand is estimate is based on 3% tree attrition rate, but 5% purchases equivalent to the national stock of trees.

f/ Estimated at 75% of annual affected area, derived from existing Information about average holding size and number of growers.

g/ Estimated at 25% of annual affected area, see f/ above.

Table 2. Structure of Production by type of Grower (estimate)

Farm size (acres)	Growers	Percentage	Estimated Area	Aver. hldg size	Percentage
> 0.5	2000	50.7%	1000	0.5	4%
0.5-1	1408	35.7%	1200	0.85	5%
1-10	486	12.3%	1620	3.33	6%
10-50	24	0.6%	1100	45.83	4%
50-100	15	0.4%	1400	93.33	5%
100-3000	14	0.4%	20000	1428.57	76%
	3947	100.0%	26320		100%

Source: Communication from the Citrus Growers Association February 1997 and adjusted in light of FAO Mission discussions.

Table 3. Estimated Year 1 Rehabilitation Cost by type of Grower

Trees/acre	Replanting cost		Current Yields boxes/acre	Yields at Full Development boxes/acre
	J\$	US\$		
Medium Growers 116	-38 720	-1 106	394	429
Large Growers 232	-58 340	-1 667	400	481
Small Grower 116	-23 320	-666	100	200

Source: Tables 4-6, Estimates based on FAO Citrus Certification Mission discussions with growers

Table 4a. Commercial Grower, cost replanting one acre of citrus, 232 trees per acre in J\$
After year 12, 116 trees per acre

Investment Cost		Cost J\$														
Land preparation *		11 000														
Plants @J\$120 per nursery tree		27 840														
Fertilizing		2 800														
Field Expenditure		7 200														
Security		1 500														
Management overhead		8 000														
Sub-total		58 340														
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
Operation Cost	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	
Nursery Trees **		2 784	2 784													
Fertilizing		3 360	4 032	4 838	5 806	6 967	6 264	8 561	8 561	8 978	8 978	8 978	5 220	6 788	8 665	
Field Expenditure		7 920	8 712	9 583	10 542	11 596	12 755	14 031	14 031	14 031	14 031	14 031	7 015	7 015	7 015	
Security		1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	
Harvesting @ J\$30/box		0	690	2 790	5 580	7 830	10 440	14 280	14 970	14 970	14 970	14 970	8 700	11 310	14 430	
Management & overheads		5 013	5 664	6 410	7 266	8 250	8 453	10 041	10 041	10 226	10 226	10 226	6 797	7 667	8 711	
Sub-total		20 577	23 382	25 121	30 693	36 143	39 412	48 413	49 103	49 705	49 705	49 705	29 233	34 279	40 322	
Output value																
Boxes	acre	0	23	93	186	261	348	476	499	499	499	499	290	377	481	
Boxes	tree	0.00	0.10	0.40	0.80	1.13	1.50	2.05	2.15	2.15	2.15	2.15	2.50	3.25	4.15	
Value @ J\$180	acre	0	4 140	16 740	33 480	46 980	62 640	85 680	89 820	89 820	89 820	89 820	52 200	67 860	86 580	
Net Margin		-58 340	-20 577	-19 242	-8 381	2 787	10 837	23 228	37 267	40 717	40 115	40 115	40 115	22 967	33 581	46 258

* about J\$ 30 000 for land preparation on new land

** 10% attrition Yr 1 and Yr 2

IRR
14.2%

Table 5a. Commercial Grower, cost replanting one acre of citrus, 116 trees per acre in J\$

Investment Cost		Cost J\$														
Land preparation *		11000														
Plants @J\$120 per nursery tree		13920														
Fertilizing		1400														
Field Expenditure		3700														
Security		1500														
Management overhead		7200														
Sub-total		38720														
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
Operation Cost	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	
Nursery Trees **		1 392	1 392													
Fertilizing		1 680	2 016	2 419	2 903	3 484	6 264	8 561	8 561	8 978	8 978	8 978	5 220	6 786	8 665	
Field Expenditure		4 070	4 477	4 925	5 417	5 959	6 555	7 210	7 210	7 210	7 210	7 210	3 605	3 605	3 605	
Security		1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	
Harvesting & hauling @ J\$30/box		0	360	1 380	3 120	4 710	6 780	9 570	11 820	11 820	11 820	12 870	12 870	12 870	12 870	
Management & overheads		2 556	2 886	3 264	3 698	4 197	5 697	7 009	7 009	7 195	7 195	7 195	4 903	5 773	6 817	
Sub-total		11 198	12 631	13 488	16 638	19 849	26 796	33 851	36 101	36 703	36 703	37 753	28 098	30 534	33 457	
Output value																
Boxes acre		0	12	46	104	157	226	319	394	394	394	429	429	429	429	
Boxes tree		0.00	0.10	0.40	0.90	1.35	1.95	2.75	3.40	3.40	3.40	3.70	3.70	3.70	3.70	
Value @ J\$180 acre		0	2 160	8 280	18 720	28 260	40 680	57 420	70 920	70 920	70 920	77 220	77 220	77 220	77 220	
Net Margin	-38 720	-11 198	-10 471	-5 208	2 082	8 411	13 884	23 569	34 819	34 217	34 217	39 467	49 122	46 686	43 763	

* about J\$ 30 000 for land preparation on new land

** 10% attrition Yr 1 and Yr 2

IRR
19%

Table 6a. Small Grower, cost replanting one acre of citrus, 116 trees per acre in J\$

Investment Cost		Cost J\$														
Land preparation *		5500														
Plants @J\$120 per nursery tree		13920														
Fertilizing		1400														
Field Expenditure		2500														
Security		0														
Management overhead		0														
Sub-total		23320														
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
Operation Cost	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	Cost J\$	
Nursery Trees *		1 392	1 392													
Fertilizing		1 680	2 016	2 419	2 903	3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	
Field Expenditure		2 750	3 025	3 328	3 660	4 026	4 429	4 872	4 872	4 872	4 872	4 872	4 872	2 436	2 436	
Security		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Picking & hauling @ J\$20/box		0	240	720	1 200	2 320	2 320	2 900	2 900	2 900	2 900	2 900	2 900	4 000	4 000	
Management & overheads		1 969	2 240	2 554	2 917	3 338	3 517	3 714	3 714	3 714	3 714	3 714	3 714	3 289	3 289	
Sub-total		7 791	8 913	9 021	10 680	13 168	13 749	14 969	14 969	14 969	14 969	14 969	14 969	13 208	13 208	
Output value																
Boxes acre		0	12	36	60	116	116	145	145	145	145	145	145	200	200	
Boxes tree		0.00	0.10	0.31	0.52	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.72	1.72	
Value @ J\$180 acre		0	2 160	6 480	10 800	20 880	20 880	26 100	26 100	26 100	26 100	26 100	26 100	36 000	36 000	
Net Margin	-23 320	-7 791	-6 753	-2 541	120	7 712	7 131	11 131	11 131	11 131	11 131	11 131	11 131	22 792	22 792	

IRR
14%

* 10% attrition Yr 1 and Yr 2

JUL 04 1997

BACKGROUND INFORMATION**NATIONAL INDUSTRIAL POLICY IMPLEMENTATION UPDATE****- July 1997****OVERVIEW**

Since the last meeting of the Development Council the momentum of the National Industrial Policy has swelled largely by the private sector's recognition that it needs to be more involved in national development issues. Interest is exhibited by almost full attendance at Industry Advisory Council meetings, as well as by increased contact with JAMPRO through the sharing of ideas and suggestions.

A suggestion was made for the Development Council to publicize the findings of the first year's review of the National Industrial Policy and to clearly enunciate the targets towards which the economy should grow over the next three (3) years. This should be used as the rallying point to mobilize national support for the goals of the National Industrial Policy.

The members of the newly formed Industry Advisory Councils have questioned the current structure of the Development Council and are insisting that private sector (at the level of the Chairmen of the Industry Advisory Councils) should become members of the Development Council.

There is also increased interest in issues such as international trade policy developments and the implications for their companies and sectors.

1.0 INDUSTRY ADVISORY COUNCILS

- 1.1 The Industry Advisory Council for Cluster #5 of the National Industrial Policy, targeting Minerals, Caustic Soda, Chemicals and Ceramics, had its first formal meeting on 1997 June 18. Mr. Ray Gendron was selected Chairman of the Council. The Terms of Reference were refined and a *modus operandi* agreed.
- 1.2 There are two Industry Advisory Councils for Cluster #4 of the National Industrial Policy. The Garment Sector is headed by Mr. Peter King of Peter King and Associates and the General Manufacturing group is headed by Mr. Barclay Ewart of Tanners Limited.

The first meeting of the General Manufacturing group was held on 1997 June 19 at which sub-groups of the sector were formed. These groups will be undertaking research with special focus on Furniture, Beverages, Light Manufacturing (including Appliances, Cosmetics and Toiletries), and Packaging.

The first meeting of the Industry Advisory Council for the Garment sector was held on Thursday, 1997 July 3.

2.0 PUBLIC AWARENESS PROGRAMME

- 2.1 The parish presentation organized for Trelawny on 1997 June 5, and which should have highlighted a presentation by the Honourable Roger Clarke, Minister of Local Government and Works had to be postponed due to all-island rains. A new date is being arranged.
- 2.3 A seminar on investment opportunities in St. Elizabeth was hosted jointly by JAMPRO and the St. Elizabeth Homecoming Foundation on 1997 June 26. The main presentation was done by the Minister of State in the Ministry of Industry, Investment and Commerce under the theme "Establishing the Framework for National Development". Presentations on three (3) strategic sectors in the National Industrial Policy, Tourism, Agribusiness and Film and Entertainment were done by JAMPRO personnel. Requests have been made for a follow-up presentation.
- 2.4 The remaining parishes to host presentations are Trelawny, St. James and Kingston and St. Andrew.

3.0 OTHER ACTIVITIES

- 3.1 Representatives of the Office of the Prime Minister and JAMPRO made a presentation to the Economic Policy Committee of the Private Sector Organization of Jamaica on 1997 June 3 on the National Industrial Policy. After giving an overview and details on implementation to date, there was a vibrant discussion on those matters directly affecting the financial sector. The private sector group expressed surprise that so many positive developments had taken place during the first year's implementation of the Policy and requested that some of these details be made public.

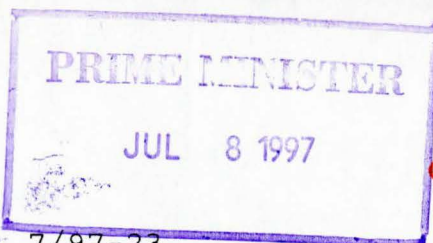
- 3.2 A presentation on the National Industrial Policy was made to the senior staff of the Ministry of Public Utilities and Transport on 1997 May 16 by JAMPRO personnel. The main areas of focus were the implementation of the Policy and the role of the Ministry in this regard.
- 3.3 The Jamaica Institute of Management for its annual convention this year structured its programme around an examination of the major economic strategies in the National Industrial Policy. The Convention, held 1997 June 5-7 at the Wyndham Hotel, included a presentation based on the Policy by Professor Donald Harris and a panel discussion on "Creating the Environment for Sustained Economic Development".

Facilitated by JAMPRO, one hundred and fifty (150) copies of the National Industrial Policy document were purchased by the organizers for distribution to participants at the Convention as part of the conference material.

4.0 **OTHER MATTERS**

4.1 **G.P.D. Communications Jamaica Limited**

The matter of the application for two licences by G.P.D. Communications Limited is still outstanding. The Minister of Industry, Investment and Commerce, by letter dated 1997 June 27 to the Minister of Public Utilities and Transport, indicating his concern about the delay in processing the Company's application and the need to arrive at a decision on the matter.

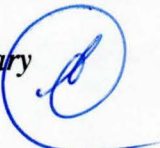


CABINET OFFICES

CS: 7/97-23

MEMORANDUM

TO : Honourable Prime Minister

FROM : Cabinet Secretary 

DATE : July 8 1997

RE : Comments on documents being presented to meeting of Development Council - July 9, 1997

-
5. DC 32 MFP 2/97 - Operational Modalities for Direct lending by the National Development Bank of Jamaica

I believe there is a need to educate potential borrowers about the process and the level of preparation that would be expected from them.

6. DC 31/MIIC (JAMPRO) 10/97 - National Industrial Policy Implementation Update - July 1997

No comments.

7. DC 29/OPM (DC TS) 1/97 National Industrial Policy - Review and Assessment of Performance in the First Year

This is a very useful review, which could (with some editing of matters which we may not wish to make public at this time) be laid in Parliament as a Ministry Paper.

Tables 1-4 pp 20-24 on the export and services earnings - Government has to use its information bureaux and the podiums to make producers understand that nearly all the goods and services we produce are "commodities" (not "products") in the economic sense. Consequently,

when each commodity experiences good markets, the proceeds should not be squandered in the expectation that all years will be good ones. This has happened in the case of sugar and bananas, for instance, when our dollar strengthens or the British pound weakens against the U.S. dollar, to which our dollar is linked.

On the imports side, because we really have not pursued energy conservation relentlessly it remains the 'bogey' in our import bill.

It is not specifically identified in Table 5 (p.25), but it is a major factor.

On the investments made by NDB, so far, (Table 1 p.27) can we be satisfied that investments of US\$36 million/(J\$206.5m + US\$30m) will yield a projected 1,797 jobs i.e. US\$20,000 (J\$700,000) per job?

In regard to Tables 7 and 8 (pp.32-33) I personally will have to take JAMPRO's estimates of projects "initiated and assisted" with the proverbial "grain of salt".

In Table 8 they have a list of projects totalling some J\$30.4 billion or nearly US\$1 billion. Is this real?

8. *DC 30 MAM 3/97 - Citrus Tristeza
Virus (CTV) in Jamaica*

In regard to the statement (p.3) that the deregulation "severely hampered the testing programme as there was no agency to carry out this activity....", the question must be asked what of the Citrus Growers Association?

It further highlights the difficulty Government has in divesting things to a still quite underdeveloped private sector.

In regard to the "guess estimates" of the cost of rehabilitation (Table 1) is Government expected to put up the entire US\$65 million?

9. *DC 28 MPUT 1/97 Proposal to the
Development Council on the Reservation
of lands for future post development*

I think that the Port Authority, UDC, NRCA, MEH and NHT should resolve this matter.

10. *DC 26 OPM (NIBJ) 14/97 NIBJ Report
on Investments and Refinancing*

(i) *Fellowship Hall Development Complex*

If Phases I and II are expected to be completed by mid July and August, 1997 respectively, shouldn't the report say whether this is likely?

(ii) *Given all the investments we have made or plan to make in tourism projects*

- Braco Village; Real Resort (Beaches Negril); Seawind Le Meridien; Ritz Carlton; Hedonism; Braco/Pebbles; Swept Away, Trelawny; Beaches/Whitehouse and Couples Negril, what apart from board representation are we doing (apart from Board representation which is not enough) are we doing to make sure we earn reasonable returns from our investments?

In this regard, although Mutual Life has Board representation on Boscobel and Trelawny Beach, only the operators, Super Clubs (in the case of Boscobel) make money because they, in fact, charge a levy on revenues.

11. *DC 27 MAM 2/97 Status Report
to the Development Council -
Chemical Lime Company of Ja.Ltd*

I am beginning to be rather pessimistic about this project.

CED/sem

Encl.

**MEETING OF THE DEVELOPMENT COUNCIL
BANQUET HALL, JAMAICA HOUSE
WEDNESDAY, JULY 9, 1997, COMMENCING AT 10.00 A.M.**

1. *Call to Order/Opening Remarks -* *Hon. Prime Minister - Chairman*
2. *Apologies for Absence*
3. *Confirmation of Minutes of May 14, 1997*
4. *Matters Arising*
 - 4.1 *Productivity (See pp. 12-15 of Minutes DC 3/97)*
5. *Operational Modalities
for direct lending by the
National Development Bank of
Jamaica* - *DC 32/MFP 2/97 (for Information/Decision
as appropriate)*
6. *National Industrial Policy
Implementation Update* - *DC 31/MIIC (JAMPRO) 10/97 (for
Information/Decision as appropriate)*
7. *National Industrial Policy
(Review and Assessment of
Performance in the First Year)* - *DC 29/OPM (DC TS) 13/97 (for
Information/Decision as appropriate)*
8. *Citrus Tristeza Virus (CTV)
in Jamaica* - *DC 30/MAM 3/97 (for Information/Decision
as appropriate)*
9. *Proposal [to the Development
Council] on the reservation
of lands for future port
development* - *DC 28/MPUT 1/97 (for Decision)*

10. *NIBJ Investment Projects and Debt Financing* - *DC 26/OPM (NIBJ) 14/97 (for Information)*
11. *Chemical Lime Company of Jamaica Ltd.* - *DC 27/MAM 2/97 (for Information)*
12. *Any Other Business*
13. *Date of Next Meeting*
14. *Adjournment*

***COMMERCIAL BANKS MARGINS--
JANUARY 1996- JANUARY 1997***

PREPARED BY TRAFALGAR DEVELOPMENT BANK

FOR NATIONAL PLANNING COUNCIL

COM.BKS MARGIN(JAN'96 & JAN'97)

<u>Deposits</u>	<u>Jan'96</u>	<u>Jan'97</u>
Demand		
Private Sector	13603.9	14436.7
Government	7978.3	7655.2
Public Entities	1392.1	1170.1
Spec. & O.F. Insts	1695.3	2411.7
Total	24,669.6	25,673.7
<u>Savings</u>		
Private Sector	36866.4	43014.7
Government	287.8	307.4
Public Entities	89.9	97.9
Spec. & O.F. Insts	55.9	217.1
Total	37,300.0	43,637.1
<u>Time</u>		
Private Sector	19068.8	19114.7
Government	215.7	335.2
Public Entities	3291.2	2631.6
Spec. & O.F. Insts	3113.7	3637.1
Total	25,689.4	25,718.6
Grand Total	87,659.0	95,029.4
% MIX		
Demand (%)	28.14	27.02
Savings (%)	42.55	45.92
Time (%)	29.31	27.06
Avg. Fixed Dep rate	30.5	19.00
Avg. Savings rate	18.08	17.96
Avg. Loan Rate	57.64	53.67
Avg. T'Bill Rate	41.89	26.36
INTEREST REVENUE		
Cash Reserve @ 0 (.25x0)	0	Cash Resv. (.25x 0) 0
Liquid Assets (.22x41.89)	9.22	Liq Assets (.22x 26.3 5.80
Loans (.53x57.64)	30.55	Loans (.53x53.67 28.45
Weighted Avg.Int. Rate	39.77	34.24
INTEREST EXPENSES		
Demand (.2814x0)	0	Demand (.2702x0) 0
Fixed Deposits (.2931x30.5)	8.94	Fix. Deposi (.2706x19) 5.14
Savings (.4255x18.08)	7.69	Savings (.4592x17. 8.25
Weighted Avg Int. Rate	16.63	13.39
Gross Spread available to (cover Operating Cost)	23.13	20.86

Source: BOJ: Monthly Economic Statistics

1. MONETARY AGGREGATES (J\$mn.)

	Jan. '96	Dec. '96	Jan. '97*	Change p.a.
M1.....	21,636.30	28,504.30	22,958.20	6.11%
(a) Currency with the Public.....	7,979.10	10,753.70	9,559.30	19.80%
(b) Demand Deposits (adj.)**.....	13,657.20	17,750.60	13,398.90	-1.89%
Quasi-Money**.....	50,905.40	55,781.20	55,741.60	9.50%
(a) Time.....	16,622.00	17,204.50	16,246.70	-2.26%
(b) Savings.....	34,283.40	38,576.70	39,494.90	15.20%
Domestic Credit (Net).....	34,739.20	57,322.80	59,895.80	72.42%

	Mar. '96	Feb. '97	Mar. '97*	
Base Money.....	25,627.97	29,240.07	29,518.92	15.18%

II. COMMERCIAL BANKS (J\$mn.).....

	Jan. '96	Dec. '96*	Jan. '97*	
Assets & Liabilities (J\$mn.).....*	117,989.60	135,986.00	134,240.80	13.77%

	Jan. '96	Dec. '96	Jan. '97	
LOANS.....	46,295.90	54,721.00	55,349.90	19.56%
Agriculture.....	1,840.90	2,251.60	2,358.90	28.14%
Manufacturing.....	5,895.40	7,314.20	6,930.90	17.56%
Construction.....	5,863.00	4,758.10	4,667.60	-20.39%
Mining.....	351.20	320.70	320.30	-8.80%
Tourism.....	3,745.80	4,682.20	4,539.00	21.18%
Transport.....	4,335.00	3,811.20	3,870.90	-10.71%
Consumer-Oriented.....	17,806.80	21,551.20	22,120.90	24.23%
Government Services.....	3,503.90	5,176.30	5,118.20	46.07%
Other.....	2,953.90	4,855.50	5,423.20	83.59%

	Jan. '96	Dec. '96*	Jan. '97*	
DEPOSITS.....	87,659.00	94,103.30	95,029.60	8.41%
Private Sector***.....	69,539.10	76,312.40	76,566.30	10.11%
Time.....	19,068.80	20,338.20	19,114.70 ✓	0.24%
Savings.....	36,866.40	42,169.00	43,014.70	16.68%
Demand.....	13,603.90	13,805.20	14,436.70 -	6.12%

Government.....	8,481.80	7,297.90	8,297.80	-2.17%
Time.....	215.70	335.00	335.20	55.40%
Savings.....	287.80	300.70	307.40	6.81%
Demand.....	7,978.30	6,662.20	7,655.20 -	-4.05%

Public Entities.....	4,773.20	4,120.90	3,899.60	-18.30%
Time.....	3,291.20	2,865.70	2,631.60	-20.04%
Savings.....	89.90	87.40	97.90	8.90%
Demand.....	1,392.10	1,167.80	1,170.10 -	-15.95%

Spec. & O. F. Insts.....	4,864.90	6,372.10	6,265.90	28.80%
Time.....	3,113.70	3,029.60	3,637.10	16.81%
Savings.....	55.90	277.40	217.10	288.37%
Demand.....	1,695.30	3,065.10	2,411.70 -	42.26%

	Jan. '96	Dec. '96	Jan. '97*	
Actual Liquid Assets Ratio (av.) %.....	50.22	50.35	54.00	
Cash.....	1.92	1.94	1.78	
Deposits with B.O.J.....	25.58	25.35	25.78 ^f	
Treasury Bills.....	4.14	4.70	5.32	

* Provisional

** Excludes Deposits of Govt., Public Entities, Financial Insts. and Overseas Residents

*** Includes deposits of overseas residents & Comm. Bks. float

+ Includes provision for loan losses.

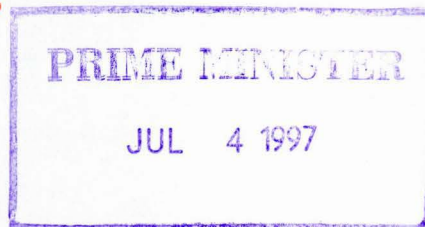
II. COMMERCIAL BANKS (J\$mn.) (Cont'd)		Oct. '95	Sept. '96	Oct. '96	
Actual Liquid Assets Ratio (av.) % (Cont'd)					
Equity Investment Bonds.....		0.12	0.00	0.00	
Local Registered Stocks.....		16.40	19.56	15.64	
Other.....		0.07	0.59	0.92	
III. INTEREST RATES (%) (SELECTED)		Dec. '95	Nov. '96	Dec. '96	
Fixed Deposits (J\$100,000 & over) (comm. bks.)					
3-6 mths.....		19-42	13-32	13-27	
9-12 mths.....		18-42	12-28	12-24	
Call Deposits.....		7-30	7-25	7-18	
Savings Deposits (avg.).....		17.82	18.19	17.96	
Average Loan Rate.....		55.27	55.22	55.22	
G.O.J. Treasury Bills (yield)		Jan. '96	Dec. '96	Jan. '97	
9 Days.....		43.35	-	-	
6 Months.....		41.89	28.83	-	
7 Months.....		-	-	26.36	
12 Months.....		43.37	29.28	26.50	
BOJ Reverse Repurchases.....		Dec. '95	Nov. '96	Dec. '96	
		41.50	31.00	27.00	
IV. SECURITIES (J\$mn.)		Jan. '96	Dec. '96	Jan. '97⁺	Change p.a.
(outstanding balances)					
GOJ Treasury Bills.....		11,163.00	10,666.20	10,666.20	-4.45%
BOJ Reverse Repurchases.....		Dec. '95	Nov. '96	Dec. '96	
		2,101.76	17,348.05	16,661.04	692.71%
V. INSTALMENT CREDIT (J\$mn.)		Oct. '95	Sept. '96	Oct. '96	
(Banks, Finance Houses & Dealers)					
Total Credit Outstanding.....		8,494.00	8,784.90	8,745.40	2.95%
New Business.....		548.50	267.60	365.00	-33.46%
VI. NEAR-BANKS (J\$mn.)		Aug. '95	July '96	Aug. '96	
(Merchant Banks, Trust Companies & Finance Houses)					
Assets/Liabilities.....		16,791.50	22,029.60	22,959.50	36.73%
Loans Outstanding.....		5,748.10	6,698.10	6,548.30	13.92%
Total Deposits.....		7,493.40	6,941.10	6,646.30	-11.30%
LOANS.....		<u>5,748.10</u>	<u>6,698.00</u>	<u>6,548.30</u>	<u>13.92%</u>
Agriculture.....		132.30	431.40	475.90	259.71%
Manufacturing.....		487.10	634.10	629.80	29.30%
Construction.....		1,126.30	1,298.90	1,250.20	11.00%
Mining.....		73.00	60.80	54.70	-25.07%
Tourism.....		481.80	445.90	441.30	-8.41%
Transport.....		459.40	485.40	514.90	12.08%
Consumer Oriented.....		2,706.80	2,741.80	2,594.20	-4.16%
Government Services.....		72.00	60.60	66.80	-7.22%
Other.....		209.40	539.10	520.50	148.57%
Near-Banks' Liquid Assets Ratio (avg.) %.....		Oct. '95	Sept. '96	Oct. '96[*]	
		42.28	47.56	56.47	

Dev. Council



3254/9

CABINET OFFICES



CS. 7/97-21

MEMORANDUM

TO : Hon. Prime Minister
FROM : Cabinet Secretary
DATE : July 3, 1997
SUBJECT : The spread between Interest Revenue and Interest Expenses

=====

I do not know if you have seen this table prepared by Trafalgar Development Bank, but it tells an interesting story of what I view as the inefficiency in the banking sector.

It is clear that we are faced with a situation where there is no power in our hands to drive the system to more efficiency and consequently smaller margins.

You will note on the last page of the report that TDB has remarked that while the margin was 20.86 percentage to 13.86% in December 1996 and margins were higher in January 1996 than December 1995.

points.

Why?

CED:em

Encl.

CONFIDENTIAL

MEETING OF THE
DEVELOPMENT COUNCIL
WEDNESDAY, MAY 14, 1997
10.20 A.M.

PRESENT:

Rt. Hon. P. J. Patterson, Q.C., Prime Minister
Dr. the Hon. Omar Davies, Minister of Finance and Planning
Hon. Robert Pickersgill, Minister of Public Utilities and Transport
Hon. Horace Clarke, Minister of Agriculture and Mining
Dr. the Hon. Paul Robertson, Minister of Industry, Investment and
Commerce
Hon. Dr. Carlton Davis, O.J., C.D., Cabinet Secretary/
Permanent Secretary, OPM
Mrs. Charmaine Constantine, C.D., Permanent Secretary, OPM
Hon. Miss Shirley Tyndall, O.J., C.D., Financial Secretary
Mr. Ransford Smith, Permanent Secretary, MIIC
Mr. Derek Latibeaudierre, Governor, Bank of Jamaica
Dr. Wesley Hughes, Director-General, Planning Institute of Jamaica
Dr. Vincent Lawrence, Urban Development Corporation
Mr. Nathan Richards, National Investment Bank of Jamaica
Mr. Kingsley Thomas, Agricultural Credit Bank
Mrs. Pat Francis, President, JAMPRO
Mrs. Maureen Stephenson-Vernon, Office of the Prime Minister

IN ATTENDANCE:

Honourable Errol Ennis, Minister of State, MoF
Mrs. Karen Ford-Warner, Director-General, OPM
Mr. Ralston Smith, Communications Consultant/Adviser, OPM
Mrs. Claudette Chin, JAMPRO
Ms. Enith Williams, PIOJ
Ms. Uta Schumacher, Technical Secretariat, Development Council
Mr. Paul Dixon, Special Executive Assistant to HPM
Ms. Michele Alexander, Cabinet Office
Ms Ula Miller, Cabinet Office

APOLOGY FOR ABSENCE

Mrs. Ford-Warner tendered an apology for the absence of Minister Francis Tulloch.

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The Prime Minister requested Mr. Ralston Smith to outline a proposal from the FORBES Magazine.

Mr. Smith said the offer, which had been made for some time now, related to the publication of a special 8-page advertising supplement to promote Jamaica to its 765,000 subscribers; the supplement would appear in August 1997.

He said FORBES undertook to write about various aspects of Jamaica; in addition, they would host a dinner or luncheon for Government to speak with U.S. investors; and the cost to Jamaica would be of the order of J\$5 million.

Mr. Smith said he had drawn up a list of about 27 agencies from the public and private sectors, which he thought would be interested in sharing the cost, so that the Government itself would meet about 20% of the cost.

He said it was his view that the Government would benefit immensely from the exercise, and stated that a decision on the matter was needed, as early as possible, to facilitate the necessary advertising work.

Minister Davies mentioned that similar offers were frequently received.

He said it was necessary to -

- assess the readership;
- examine the cost;
- look at the impact it would have - it would be necessary to get an assessment of the results of previous ones done, e.g. level of investment overtures, or consequent investments.
(JAMPRO could indicate);
- ascertain the best offer available - comparing the Forbes Magazine with others.

Mr. Smith said that such an assessment would take some time.

Mrs. Francis mentioned that there was an assessment from analyses done last year on Forbes, Economist, Wall Street Journal and the Institutional Investor, which she would send to Mr. Smith.

The Prime Minister said that some time ago, he had given instructions for the establishment of a group to lead a coordinated approach in these matters. He said that many of the requests were directed to him, in the first instance, but were subsequently directed to the agencies with the principal responsibility. He agreed that there was need for a coordinated approach to ensure value for money.

The Prime Minister said he had directed the setting up of a Standing Committee comprising representatives from the JIS, Tourist Board and JAMPRO, and involving the Bank of Jamaica, NIBJ, PIOJ, Airports Authority and Air Jamaica, as necessary.

The Prime Minister felt that if this particular proposal was found feasible, the timing of August might prove to be propitious, as he was due to attend celebrations of the 35th Anniversary of Independence in New York. He considered it would be a good time to show the face of Jamaica to the outside world and try to attract some significant expression of investor confidence in the country.

Mr. Thomas felt that the hotel chains would want to be involved.

Dr. Lawrence pointed to the need for a Public Relations investment element.

The Prime Minister stated that the consensus of the Council was that the proposal should be supported, in principle, subject to examination of the constraints.

He said the repository of all the relevant information should be the Cabinet Office.

REPORT FROM MINISTER PAUL ROBERTSON

Minister Robertson referred to a communication from the U.S. Food and Drug Administration, concerning the undesirable levels of residue of chemicals on food products exported to the United States.

He said that the Ministry of Agriculture would be aware of the concern over the rigorous examination given to our exported foodstuff, particularly that going through Miami.

The Minister said there was the need for the capability to carry out residue testing in Jamaica but, at present, this did not exist on a commercial basis. Failure to rapidly develop that capability, he said, would result in Jamaica being locked out of its main markets without the ability to protest.

The Bureau of Standards, the Minister said, was seeking the support of the Council, in principle, to take action to ensure that our export status was maintained.

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Minister Horace Clarke said that chemical residue testing was a two-way stream. He said that a chemical residue testing laboratory, though not completed, had been established and funding was now required to facilitate all the necessary tests, as the Bureau of Standards was limited in its capacity to carry out the testing.

Minister Davies said he had mentioned the efforts being made in the matter and had suggested that some of the services could be contracted.

Mrs. Francis expressed surprise at the action of the Bureau of Standards in the matter, as she was of the view that there was a common position.

Permanent Secretary Constantine said that there was the belief that "turf-warring" was preventing progress and the Permanent Secretary in the Ministry of Agriculture and Mining had promised a report on the matter.

CONFIRMATION OF MINUTES

Minutes No. DC2/97 were confirmed subject to the following amendment:

Page 6 - Under the Heading - HEDONISM II - RUNAWAY BAY
First sentence of the second paragraph to read:

"The CDB had approved a loan of \$6M and equity of \$0.625M for this project, he said, which the Super Clubs would market and manage."

MATTERS ARISING :

i) Chemical Lime Project

Minister Robertson stated that he had convened a meeting that morning with the Minister of Environment and Housing, and a supporting team from JAMPRO and the NRCA, at which Chemical Lime raised concern that they were now being asked to vary decisions previously made, despite the existence of a Mining Lease.

He said that by law the filing of a Mining Plan was required; this would ensure that necessary mining conditions could be maintained.

A final meeting was scheduled for May 16, he said, when it was expected that the project would be signed off.

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Mrs. Francis said that they were not objecting to submitting a Mining Plan, but subsequent to the meeting that morning, a telefax transmission was received which indicated that they would not meet again on May 16, but following their Board Meeting, scheduled for May 28, a decision would be taken.

The Cabinet Secretary said there was an ongoing tussle as people felt that development was something that necessarily connoted destruction.

He felt that unless that could be cleared up, once and for all, there would always be a problem, which created a bad image to investors.

He mentioned, too, that whenever an issue became a controversy, it was reported in the newspapers before matters were thrashed out at an official level.

Mrs. Chin mentioned that there had been an ongoing battle with the project. She said the perception was that "the word of the Government of Jamaica was not its bond", an impression formed because of matters relating to the Mining Lease purchased by Chemical Lime.

She felt that there needed to be some intervention at a senior level before the scheduled Board Meeting as a decision on the project would most likely be taken at that meeting and there was the likelihood of losing the project.

Minister Robertson said that the Mining Lease was purchased from Dr. Hill, and in that sense, he said, the NRCA had grounds on which to base their action.

The Prime Minister directed that the Ministers of Industry, Investment and Commerce, Agriculture and Mining and Environment and Housing should collaborate to come to a decision on the matter.

ii) **NIBJ Institutional Strengthening**

Mr. Richards said that the document requested was sent to the Hon. Prime Minister on April 26 with explanatory notes, and soliciting a response before presentation to the Council.

The Prime Minister mentioned that the document reached him after he had completed preparation for his Budget contribution. He said an examination of it would be done in the Office of the Prime Minister before submission to the Council.

The Prime Minister directed that copies of the document should be sent to all Ministers who were members of the Development Council.

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iii) Water Tank Project

Dr. Hughes informed the Council that -

- The Social Investment Fund had agreed to modify projects to include water tanks for community level and for development.
- Any project submitted for a water tank, up to a maximum capacity would be considered.
- Lending Agencies would need to be informed to modify their Operations Manual to make additions to the menu.
- With respect to the CDB project, there were resources available; there was a project for US\$3M signed in 1988 which would come to an end in June 1997, after many extensions - 280 tanks were started, 147 completed and only 120 handed over. There was relatively poor management of the project, and consequent criticisms from the CDB. Less than 34% of the available funds was drawn down between 1988 and the present time.

Minister Pickersgill stated that a part of the problem was that matching funds involved for that project were not forthcoming from the Budget.

The Prime Minister pointed out that the complaint was that work had in fact been done, but no effort made by the Ministry of Public Utilities and Transport to be reimbursed by the CDB; it was therefore necessary to draw on the Ministry's budget.

Dr. Hughes reported that the CDB had said that there would be no extension of the project beyond June 1997.

Minister Davies said that the project, which would be used as a barometer, was an embarrassment and had given the Government a bad name. He said the CDB felt slighted, as higher cost funds were being utilised in place of its offer of 3% money.

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REPORT ON TOURISM SECTOR - Update on Hotel Projects

Submission DC24 OPM(MT) 14/97 was tabled.

Dr. Lawrence reported that negotiations were continuing and progress had been made.

SWEPT AWAY - TRELAWNY

Dr. Lawrence said the water issues, the layout on the site and the type of facility had been resolved. The land issue was, however, still outstanding, he said.

The Prime Minister drew attention to the penultimate paragraph on the first page of the Submission tabled, which it was agreed should read - "The actual additional funding required for the project is US\$10.85M however the Promoters are now requesting additional GOJ funding of US\$9.95M and not the previously reported US\$9.05M."

Minister Davies referred to the original announcement that there would be an actual saving because of the desalinization plant.

Dr. Lawrence mentioned that there had been no proper technical advice; the promoters had been motivated by what would be a solution to not having water; and had planned for a 1.5MW generating plant, which would enable sale of power to the JPSCo. He said, the JPSCo, however, expressed preference to sell to the Company rather than to purchase from them, and it was not in any case purchasing such a small amount of electricity.

Dr. Lawrence said there were problems that could be anticipated in connection with the project, but which he felt could meet a construction start date in July 1997.

The Prime Minister said there was a deeper concern which extended to other hotel properties and related to the decision taken at the previous meeting to examine with the NWC, a water supply from the Martha Brae.

Dr. Lawrence said studies done showed a requirement of \$4M (which had become \$10M) to operate the Martha Brae system. This, he said, was not considered viable.

He said the best solution for further development was proposed at a meeting held that morning with the consultants. The proposal, he said, was for a project to be done in two phases - Phase I for \$5.5M and Phase II for \$2.5M, a total of \$8M; there was, however, no firm proposal for water as yet. This project, he said, would not include getting water to Silver Spring and Braco.

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Dr. Lawrence, responding to the proposals for the provision of water to the area made at the last meeting (Page 6 of Minutes DC2/97 refers), said that there was a fundamental issue of cost accounting. He said he was not convinced that the data put together took into account a viable proposal.

The Prime Minister said it had been accepted that -

- the development could not take place without water;
- it was too vital an area, with too much potential for tourism, to be excluded from the development thrust;
- therefore some source of funding had to be found for the provision of water, and that funding from the NIBJ and the Capital Development fund should be sought.

This, the Prime Minister said, would reduce applications that the NIBJ might otherwise receive for direct investment in separate, individual projects, which would not be feasible without the provision of water.

Dr. Lawrence was in agreement with the position outlined by the Prime Minister and said that work with the NWC would continue.

The Prime Minister mentioned that there was some urgency to the matter, as the Member of Parliament for the area wanted to know what could be expected from the exercise.

Dr. Lawrence gave the present financing status as total equity of US\$22M; total debt committed to the project US\$14M, leaving a gap of US\$10.85; a further US\$9.95 would go in from the NIBJ as Preference Shares, which meant NIBJ's total equity would be \$13M.

HEDONISM II - Runaway Bay

Dr. Lawrence said there was no new development with this project.

DRAX HALL - MARRIOTT

Dr. Lawrence said there was no new development since the last meeting of the Council. He pointed out that one of the problems was central to the Drax Hall Development as distinct from the tourism project. He said that further analysis would be undertaken.

The Casino operation component, he said, had been cut back from the original 200 to 100 machines.

RITZ CARLTON - Montego Bay

Dr. Lawrence said an analysis had been done and it was recommended that 10% of the project (\$11M) could be provided from Government sources to support the project.

He said that agreement had been reached with respect to the value of the land and capital gains. Outstanding issues, he said, were Shareholders' Agreement; finalisation of construction start-up date; further examination of closing costs and legal fees.

Dr. Lawrence said he considered that substantial benefit could be derived from the project; the mere attraction of Ritz Carlton to Jamaica was a big plus; and the project was supported. Continuing, he said that commencement of siteworks was proposed for July and construction of the hotel for September/October, dependent on results.

Minister Davies considered the start-up dates unrealistic. **The Prime Minister**, while agreeing that there should be precaution in announcing start-up dates, expressed his wish to keep as close as possible to the dates stated. He, too, stressed the boost that the Ritz Carlton investment would give to the tourism plan.

BEACHES - WHITEHOUSE

Dr. Lawrence reported that there was a proposal from GORSTEW to implement this project. There was still a number of issues to be resolved, he said, but a complete analysis of the project was in process.

US\$20M was being sought from NIBJ and NDB, he said, for the project which was to be a duplication, with minor adjustments, of the existing GORSTEW facilities in Negril, recently opened.

Dr. Lawrence said that this project would open a new area on the southwest coast, but particular issues relating to the site - infrastructure and solid waste - would have to be resolved. He said that water supply had been identified from Robin's River.

The Prime Minister mentioned that he was not unfamiliar with the area which he represented. The NWC, he said, had undertaken to visit the area and he expected that the extension of water into Whitehouse from Robin's River would be an absolute imperative. The Prime Minister said that directives had been issued and copied to the Minister, concerning the availability of funds from the Carib Engineering Company.

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Dr. Lawrence said a review would be undertaken of the water issue; upgrading of the main access road; and increased accessibility by a small aerodrome, which it was considered would facilitate the operations.

It was the general view, however, that because of the work of ALCAN and the close proximity of Montego Bay, the aerodrome should be excluded from the proposal. This was agreed.

It was suggested by the Prime Minister that the saved amount could be applied to the upgrading of the road between Haddo and Whithorn.

Dr. Lawrence said that other issues to be considered were -

- the conditions of transfer of land from GORSTEW, which was important; and
- the final financial structure which should be ready in about a week.

The recommendation was that work should continue with the project, which was supported.

BRACO VILLAGE AND BRACO PEBBLES

Dr. Lawrence said that all the review work had been done and the current situation was a "sad one" and not acceptable. He said the Company was in very serious trouble; they had been able to service some of their debts, mainly to the private sector. Efforts had been made, he said, to get the NIF, NIBJ and NHT to capitalise outstanding interest, which was a substantial amount. These Government institutions, he said, had put in and continue to put in large amounts without having adequate representation, yet the Company got very upset when it was pointed out that the NIF, with 40% input had only one director, compared to similar representation by those with 1% input. The Government was at risk, Dr. Lawrence said, with this lack of representation.

He said the Company, to whom he had indicated that the loan could be called for non-performance, had agreed to proceed to terminate the current operations and should be out between June 15 and July 31.

Dr. Lawrence said discussions were now taking place with Super Clubs and Sandals, but there was objection to any Government involvement.

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The Board structure, Dr. Lawrence said, had to be looked at, as well as the Shareholders' Agreement. He said that before there was any disbursement or capitalisation, Government's status, not only as a shareholder, but a major lender had to be stated and attendant rights exercised.

He mentioned that the Chairman was Noel Lyon, who was essentially the CEO.

Minister Davies said that given the level of investment, a professional body was needed to deal with the situation - a decision the Prime Minister recalled had been taken at the last meeting.

Minister Davies referred to funding requirements set out for information, which had to do primarily with how the raising of funds was done. He said that of the \$50M to be raised, \$25M was in place, of which only \$8.5M had been utilised. He said that the Ministry of Finance and the Bank of Jamaica had been working in tandem on raising funds on the external market. He asked for cooperation with the team, to ensure the use of funds raised.

A mandate was given to the team (Financial Secretary, and Messrs. Richards and Thomas) to go ahead with arrangements, as agreed for Braco.

The Cabinet Secretary referred to the leadership and secretarial support for the Government team on the Port Royal project, and the need to ensure full cooperation in getting the job done.

The Prime Minister also directed that the Honourable Minister of Industry, Investment and Commerce should convene the group. He said that although the project was related to Tourism, it was also primarily related to perhaps the most significant investment undertaken by the Government. Therefore, he considered that the whole question of getting expeditious decisions, as well as regarding it as a major investment required the attention of the Minister charged with that responsibility; the other agencies would still be involved, he said.

The Cabinet Secretary said that the inactivity was giving the impression that Government was not fully committed to the project.

Minister Davies said he was concerned that Government's intervention, in terms of stimulating growth was becoming lop-sided. He invited attention to Agriculture and mentioned a recent discussion with Mr. McConnell, who had a systematic, annual replacement plan for citrus. He referred too, to plans by Jamaica Broilers for modernisation of their Fish Pond operations.

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It was his view, he said, that for 5% of what was being committed to Tourism, a significant movement could be achieved in the agricultural sector.

Minister Davies said he wished to have, for the next Meeting of the Council, information on citrus and the Broilers' Fish Pond proposal, in order to make a decision as to whether some of the funds being considered for Tourism should be allocated to Agriculture.

The Minister mentioned his recent meeting with a number of persons from England, who were willing to establish purchasing outlets here.

Mr. Thomas said the citrus proposal had merit - involving 1,200 acres and J\$100M.

With regard to the Jamaica Broilers' proposal, he said discussions were taking place, with regard to upgrading. In this connection, he mentioned a requirement of the Commercial Bank for a guaranteed rate of interest for the life of the loan.

The Prime Minister directed Mr. Kingsley Thomas, working with the Ministry of Agriculture and Mining to provide the requisite information. The Minister of Agriculture should submit the matter to Cabinet.

NIBJ INVESTMENT PROJECTS AND DEBT REFINANCING

Submission DC22OPM(NIBJ)13/97 was tabled and the information noted.

NATIONAL INDUSTRIAL POLICY

Review and Assessment of Performance

The Prime Minister said that the document DC21 OPM(TS)12/97 was prepared by the Technical Secretariat as an update. He invited comments at this stage, as the paper would be laid in the House.

The Cabinet Secretary felt that the matter of productivity mentioned in the document merited serious consideration and he enquired whether the Productivity Council was still functioning.

The Prime Minister agreed that the message of increased productivity had not gone across.

Mrs. Francis said the Productivity Council did not exist any more, but efforts were being made to revive it. She said that efforts were also being made to raise the level of productivity, and

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engineering facilities within the Productivity Unit were being strengthened for work within factories. Hitherto, she said, work was undertaken with clients only, but H.E.A.R.T. was now being involved.

The Cabinet Secretary said greater effort was required on the productivity aspect. In the manufacturing sector, for example, he felt that the achievements needed to be measured, as in the bauxite sector which had reduced oil consumption per unit of alumina production by 30% and increased production without very major capital expenditure by nearly 50%. He said, he had never seen any evaluation of work on productivity; growth was only measured in terms of increased capital.

Dr. Hughes mentioned that a Report was expected in another couple of weeks, which should help to address those issues.

Mrs. Francis said Productivity Centres tended to deal with issues at a micro level.

The Prime Minister directed JAMPRO to convene a meeting involving the Cabinet Secretary, and representatives from the OPM, PIOJ, Science and Technology and the Ministry of Labour over a working Lunch, to deal with this matter. A report should be tabled at the next Meeting of the Council.

NIP -Implementation and Update May 1997

Mrs Francis reported that the reprinting of the NIP had been done, and copies were now available in sufficient quantities.

Concerning the report on Direct Lending, which was circulated by the NDB, the Prime Minister invited Minister Ennis to indicate the status of this.

The Prime Minister mentioned that when Cabinet took a decision, it was appreciated that a lot of work had to be done before it became operational. It was a Ministry of Finance responsibility and Minister Ennis had been deputed to deal with.

Minister Ennis said that he had been having meetings with the commercial banks and indicated that the full report would be finalised shortly.

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The Prime Minister indicated that some concerns had been brought to his attention, which he hoped were being addressed. He said that Mrs. Vernon from the Development Division, OPM, should be involved in the finalisation of the report which should be brought back to the Council. He enquired whether the multilaterals had been advised about direct lending, if not, this should be done.

Mr. Richards indicated that he had brought this to the attention of Minister Davies.

Minister Davies confirmed that this was so and that he would be following up on the matter.

Mr. Thomas mentioned that from an Article in the Wall Street Journal, reports from the World Bank seemed to suggest a distinct feeling of unease. He wondered whether the Development Council should be monitoring responses to determine to what extent, if any, such reports seemed to breathe uncertainty, in terms of macro-economic stability, which had been established as a take-off.

The Prime Minister indicated that he intended convening a meeting of the Economic Management Team, which was the most appropriate forum for discussing such matters.

The Economic Management Team Meeting was scheduled for **TUESDAY, MAY 27, AT 10.30 A.M.**

In regard to bauxite projects, the Prime Minister reiterated the route as Ministry of Agriculture and Mining, through the Cabinet Secretary to the Cabinet.

The next Meeting of the Development Council was set for **WEDNESDAY, JULY 9, 1997 AT 10.00 A.M.**

The meeting adjourned at 12.40 p.m.

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DC4/97

**MEETING OF THE
DEVELOPMENT COUNCIL
WEDNESDAY, JULY 9, 1997
10.30 A.M.**

PRESENT:

Rt. Hon. P. J. Patterson, Q.C., Prime Minister
Dr. the Hon. Omar Davies, Minister of Finance and Planning
Hon. Robert Pickersgill, Minister of Public Utilities and Transport
Dr. the Hon. Paul Robertson, Minister of Industry, Investment and
Commerce
Hon. Francis Tulloch, Minister for Tourism
Hon. Dr. Carlton Davis, O.J., C.D., Cabinet Secretary/
Permanent Secretary, OPM
Mrs. Charmaine Constantine, C.D., Permanent Secretary, OPM
Hon. Miss Shirley Tyndall, O.J., C.D., Financial Secretary
Mr. Ransford Smith, Permanent Secretary, MIIC
Mr. Derek Latibeaudierre, Governor, Bank of Jamaica
Dr. Wesley Hughes, Director-General, Planning Institute of Jamaica
Dr. Vincent Lawrence, Urban Development Corporation
Mr. Kingsley Thomas, Agricultural Credit Bank
Mrs. Pat Francis, President, JAMPRO
Professor Don Harris, Office of the Prime Minister

IN ATTENDANCE:

Mrs. Veniece Pottinger, JAMPRO
Ms. Enith Williams, PIOJ
Ms Uta Schumacher, Technical Secretariat, Development Council
Mr. Paul Dixon, Special Executive Assistant to HPM
Ms. Michele Alexander, Cabinet Office
Ms. Ula Miller, Cabinet Office

APOLOGY FOR ABSENCE

The Cabinet Secretary tendered an apology for the absence of Mr. Nathan Richards.

CONFIRMATION OF MINUTES

Minutes No. DC3/97 were confirmed.

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CONFIDENTIAL**MATTERS ARISING:****(i) - REPORT ON HOTEL PROJECTS**

Dr. Lawrence said that progress was being made with the projects, but not as rapidly as he had hoped. A great deal of work still remained to be done to finalise the arrangements, he said.

HEDONISM II - Runaway Bay

Dr. Lawrence reported that there was a little dispute over the tenders and that the financing was taking longer to process than anticipated. It was hoped, he said, to clear these matters within the next few weeks.

SWEPT AWAY - Trelawny

Dr. Lawrence said that most of the outstanding matters had been settled. The delay, he said was due to one major outstanding issue - the supply of electricity and water. He said the developers were trying to provide their own water supplies, but discussions had been held with the National Water Commission with regard to supplies from Negril.

RITZ CARLTON - Montego Bay

Dr. Lawrence said efforts were being made to raise the necessary funding and the developers were on schedule with their time-table.

BEACHES - WHITEHOUSE

Dr. Lawrence reported that the situation with regard to financing was similar to that of Ritz Carlton and discussion with the NDB was proceeding urgently. In addition, he said, the water supply issue had to be settled and that work could commence anytime soon, dependent on the settlement of the ownership of the water system.

Dr. Hughes expressed concern that the commencement of the Whitehouse project would result in the movement of great numbers of people to the area, thereby causing a squatting problem.

Dr. Hughes felt that there was need for a meeting of the relevant Agencies to formulate some plan to prevent the problem.

Dr. Lawrence shared the view and undertook to make the necessary arrangements.

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MARRIOTT - Drax Hall

Dr. Lawrence said that the financing gap had been reduced from \$31.7M to \$8M, which was being worked on. Final designs were also being worked on, and within another 10-14 days it would be possible to finally set a commencement date, he said.

Dr. Lawrence raised the outstanding issue of access to resources at the appropriate time and sought some re-assurance.

Minister Davies indicated that he had set up a three-person task force, as he wished to ensure that commitments and draw-downs were more substantively synchronized. The Minister said he would be submitting a proposal to Development Council on the matter.

BRACO VILLAGE AND BRACO PEBBLES

Dr. Lawrence indicated that the project was being dealt with. He said that Braco had failed to respond to the directive from the last meeting of the Development Council. A Shareholders' meeting had been requested and due notice had been served; request had been made for presentation of the financing position; submission of members of the Board and the proposed new Shareholders' Agreement.

The Prime Minister said that there should be a coordinated position involving the relevant agencies - NHT, ACB and NIF - and that Tourism should be involved.

(The Financial Secretary and Dr. Lawrence left the meeting)

(ii) - PRODUCTIVITY

The Cabinet Secretary said that the meeting to be convened was scheduled for July 18, 1997. He said it was felt that effort should not be dissipated in trying to make the entire country productive in one fell swoop. He said the bauxite and tourism sectors were taking care of themselves, and emphasis should be placed on manufacturing.

With regard to Sugar, the Cabinet Secretary referred to a report from the NIBJ, which he termed superficial. He said that sugar could affect the Government, if by the year 2001 it was still costing some 23 cents per lb to produce; it would be Government's problem, because of the tremendous impact on employment. His impression, he said, was that the progress towards any sort of efficiency in cost terms was virtually non-existent.

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The NIBJ's report, Dr. Davis said, remained a status report, focussing on how land was being distributed with very little technical assessment as to progress in achieving the 11 cents per pound. Efforts to protect Government's interest were not reflected in the report, he added.

The Minister of Finance said that for an extended period nothing had been done with regard to shareholders. He said there was difficulty with the major shareholders; majority shareholders were also the management team; and there was finally an agreement for renegotiation of the Management Agreement. Efforts were being made to dismantle the Agreement to make it more transparent, and to have a more equitable contract between shareholders and management, he said.

The Minister said there was no incentive for efficiency and there was resistance to change. There could be some interest from this quarter in discussions for a devaluation of the dollar, he said.

He mentioned that he had recently received a letter from Mr. Cameron, which stated that unless he received an increase in the price of sugar immediately, he would be closing down by the end of July.

A request was also made for the reinstitution of the same powers enjoyed by the SIA, the Minister said.

It was considered that brinkmanship was being exercised, because it was felt that Government could not afford the social dislocation, at this time.

Mrs. Pat Francis mentioned that she had heard the view expressed that unless the dollar moved to 44:1 the sugar industry would collapse.

The Minister of Finance pointed out that sugar was not under price control. He said, only the SIA had the right to import brown sugar; there were no restrictions on the importation of refined sugar, but there was a reference price, against which customs duty was calculated and this prevented the importation of refined sugar to undersell brown sugar.

There was complaint, the Minister said, that the reference price established was too low; Cabinet had therefore approved raising that reference price, which would give the brown sugar market more coverage.

The increase now sought, he said, was in the price of brown sugar which was not controlled.

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DC4/97

The Cabinet Secretary said that a lot of lessons could be learned from the privatisation process through the sugar industry.

The Prime Minister directed that the matter of sugar should be further pursued and a report submitted to the Council. The Minister of Finance would also deal with the pricing aspect.

Operational Modalities for
direct lending by the National
Development Bank of Jamaica - Submission DC32/MFP2/97

The Prime Minister directed that the Minister of Finance should convene a meeting of all the relevant persons to examine the paper.

National Industrial Policy
Implementation Update - Submission DC31/MIIC (JAMPRO) 10/97

Mrs. Pat Francis reported that excellent progress was being made since the last meeting.

The Prime Minister made reference to mention in the paper that there had been insistence "that private sector...should become members of the Development Council". His view was that there was involvement at the Advisory Council level.

Continuing, Mrs. Francis said that the interest from the private sector was tremendous. Discussions were proceeding, on the advice of the Council, with select groups - PSOJ, Bankers, etc. - rather than in public meetings and the results were more satisfactory. She said requests had been made for the publication of the findings of the first year's review of the National Industrial Policy, indicating benchmarks and targets. She thought that a precis of the report from Professor Harris could be used for information.

An Industry Advisory Council for Cluster #5 of the National Industrial Policy had been established and two such Councils for Cluster #4 (one for the General Manufacturing group and one specifically for the Apparel sector).

With respect to tourism, entertainment and sport, Advisory Councils had been established, with entertainment and sport in a separate sub-group.

Shipping and berthing and information technology were to be stipulated in two separate groups, she said, and therefore there would be eight Advisory Councils instead of five.

Mrs. Francis said that some of the Councils would report to the respective Ministries.

The Prime Minister asked that the flow of the information developed into the central system should be ensured.

~~CONFIDENTIAL~~

Mrs. Francis said that JAMPRO was represented on each Council and carried out an overall secretarial function for most of them.

She mentioned that respective Ministers and Permanent Secretaries were supposed to sit on the Councils, which were chaired by the private sector. That situation, she said, maintained in all cases, except tourism. Mining had the most dynamic situation with the Chairman being from ALPART.

The function of the Councils were taken very seriously, **Mrs. Francis** said. Three absences from meetings within a year meant automatic forfeiture of membership.

Mrs. Francis said that enquiries had been made as to whether the Prime Minister would give up the chairmanship of the Tourism Council.

The Prime Minister said he had no problem with the establishment of a separate Advisory Council. He said that the Prime Minister's Advisory Council enured from a recommendation of the McIntyre Committee which indicated that tourism spanned virtually everything in terms of ministries and sectors and therefore there had to be a level of strategic decision-making on the industry and if it were to be given the importance it needed it should be called the Prime Minister's Advisory Council. He said he expected the Advisory Council to deal with those matters in the National Industrial Policy which were tourism related, without prejudice to his Council, which met twice per year. While he would have no objection to the Chairman of the Advisory Council being a member of his Council, he said there should be no feeling that it was a replacement.

Professor Harris said that tourism seemed to have a proliferation of Councils and it appeared that there were two Advisory Councils which had authority.

Minister Tulloch said he felt that the Prime Minister's Tourism Council played a special important role.

Mrs. Francis said it was necessary to distinguish the roles of the two Councils for the benefit of the industry.

The Prime Minister said that the Prime Minister's Tourism Council which had Terms of Reference consistent with the McIntyre Report would not be transformed into the Industry Advisory Council, which should be established.

He directed that JAMPRO should publish a progress report on tourism, as it related to the National Industrial Policy.

DC4/97

The Cabinet Secretary pointed out that there were solid achievements as indicated in the report of the Technical Secretariat, in terms of Foreign Exchange earnings and employment.

Professor Harris said there was a sense of enthusiasm about the Policy, as also ignorance, which the publication of actual achievements would address. The last report showed achievements which had been updated, he said.

The Prime Minister made enquiries about the application of G.P.D. Communications Jamaica Limited.

Minister Robertson reported that a meeting had been held involving his Ministry, JAMPRO, and a representative of the Ministry of Public Utilities and Transport. He said conclusion had been reached to grant the licences and the Ministry of Transport was to proceed with the matter.

The Prime Minister said he had sent several letters and, as recently as Monday, July 7, Minister Pickersgill was given a verbal reminder. He mentioned that there was information that the promoters were looking at alternatives and if no decision were taken soon, they would go elsewhere. He said that too much time was being taken to make decisions.

The Prime Minister said the project had consequences for the Ministry of Education and he expected that by the time of his return to the island from Los Angeles, there would be information before him or the Cabinet as to how the matter would proceed. He said Terms and Conditions had to be put forward or the application turned down.

National Industrial Policy
(Review and Assessment of
Performance in the First Year) - Submission DC 29/OPM(DC TS)15/97

Professor Harris said the report was an update of the previous one and he considered it very useful. It would be necessary, he said, to determine if there were matters reflected in the report that might not be appropriate for public disclosure, at the present time, and further, if there were any areas where adverse comments might arise, opportunity should be afforded for response.

He felt that the bulk of the report should be made available for advice on what had to be done and the laying of a Ministry Paper in the House was suggested as a way of making it available to the sectors.

DC4/97

Professor Harris mentioned that the Cabinet Secretary had provided him with details on other aspects which could be made available before finalisation.

Permanent Secretary Constantine pointed out that there were paragraphs which were extremely informative that would need highlighting.

The Prime Minister directed that the Cabinet Secretary, **Professor Harris**, **Permanent Secretary**, **OPM**, **Dr. Wesley Hughes** and **Mrs. Francis** should ensure that the matter was finalised. The report could then be laid on the table of House by announcement followed by a suitable Public Relations programme related to it.

Citrus Tresteza Virus (CTV) in Jamaica - Submission DC30/MAM3/97

In the absence of the Minister of Agriculture and Mining, this item was postponed.

Proposal on the reservation of lands for future port development - Submission DC28/MPUT 1/97

The Prime Minister mentioned that the matter had been submitted to Cabinet, and he directed that it should be put before the Development Council, after the necessary consultation with the agencies involved. In particular, he said, it involved Planning, Environment and Housing, Land Use (OPM), UDC and Industry.

He said that on the face of it, the lands would have to be considered for port development, but there were other purposes for which the lands may also have to be considered. Allotment, therefore, could not be on a "first come, first served" basis, he said, and therefore it was imperative for the inter-agency consultations to take place.

The Prime Minister therefore directed that the Minister of Public Utilities and Transport should convene a meeting with representatives of the Office of the Prime Minister, Ministries of Environment and Housing, Industry and National Security and Justice, U.D.C. and NRCA.

(The Financial Secretary and Dr. Lawrence re-entered the meeting.)

Minister Tulloch mentioned that other countries, like Mexico, had been manipulating head tax charges on cruise ship operations to attract ships. In Mexico, he said, all ports were being privatised and, as a result, a ship was lost to Mexico this year because they had reduced head tax to 87 cents.

DC4/97

He said that what Barbados had done was to give over the determination of head tax to the Port Authority.

In the case of Jamaica, the Minister said he was not against charging a head tax, but that there should be some discretionary power with regard to varying the amount as circumstances warranted.

Minister Davies said he wished to have a comprehensive discussion about tourism and cruise ship earnings. In correspondence received from Minister Tulloch, he said, while the matter of head tax was mentioned, the most common complaint was harassment.

Minister Davies said he had always maintained that there needed to be a redistribution of resources for the tourist industry. Some of the advertising budget, in particular, needed to be redirected into other areas, and efforts made to take those harassing tourists off the streets", he said.

Mention was made of the resurgence of squatting in the Ocho Rios area, despite the presence of environment wardens.

Minister Tulloch pointed out that the biggest problem was enforcement.

Governor Latibeaudierre thought that funds allocated to tourism were badly mis-allocated, at this time. He felt that great damage was being done to advertising Jamaica, because it was a very bad product; areas such as Ocho Rios and Montego Bay looked bad, he said, and people had been commenting on it.

**NIBJ Investment Projects
and Debt Financing**

- Submission DC 26/OPM (NIBJ) 14/97

The information contained in the Submission was noted.

**Chemical Lime Company
of Jamaica Ltd.**

- Submission DC 27/MAM 2/97

The information contained in the Submission was noted, at this stage.

Any other Business

Minister Robertson reported that efforts had been made to bring together the relevant parties concerned with the Port Royal Project, but without success and the Enterprise Team had become exceedingly frustrated because of inertia. It would be necessary, he said, to submit the matter to the Council as a substantive item.

The next meeting of the Development Council was scheduled for WEDNESDAY, SEPTEMBER 10, at 10.00 A.M.

The meeting adjourned at 11.40 a.m.

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Items 5.



**OPERATIONAL MODALITIES FOR DIRECT
LENDING BY THE NATIONAL DEVELOPMENT
BANK OF JAMAICA LIMITED**

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**OPERATIONAL MODALITIES FOR DIRECT
LENDING BY THE NATIONAL DEVELOPMENT
BANK OF JAMAICA LIMITED**

I. INTRODUCTION

Table of Contents

<u>Code</u>	<u>Subject</u>
101	INTRODUCTION
102	ARRANGEMENT
103	DISTRIBUTION
104	MAINTENANCE
105	DEFINITIONS

1. INTRODUCTION

101. PURPOSE

The purpose of this Manual is to set out, as far as possible, the details of policies and procedures for the financing of projects by the National Development Bank of Jamaica Limited (NDB) with regard to direct lending to projects. It is intended primarily to assist the relevant managers and other officers in the effective processing of applications made to the Bank for financing where viable projects have been

- (i) unduly delayed by the AFI for processing and approval ie. a period of 6 weeks has elapsed or;
- (ii) declined funding by the AFI.

The Manual contains the official policy of the Bank on the phases that it covers, and any deviations from these policies must be with the prior approval of the Board of Directors.

102. ARRANGEMENT

The Manual is divided into a number of separate chapters (I, II, etc.) each dealing with one of the major phases of financing by the Bank. Chapters are divided into sections (101, 102, etc.) and sub-sections (101.1 etc.) as required.

103. DISTRIBUTION

The Manual is intended for use within the Bank. It may not be assigned or loaned to anyone outside of the Bank without the prior written approval of the President. Copies of the Manual are assigned to the Board of Directors and Management Team and will be made available to the Accountant General, members of the Cabinet, the portfolio Minister and his nominees.

The Manual is assigned to positions rather than to individuals. The Head of Administration Department will keep a record of the Manual assignments.

104. MAINTENANCE

The Head of the Administration Department is responsible for seeing that the Manual is kept up to date. The President may assist in this regard by submitting recommendations for revisions to the Manual as he sees fit. The Board may also assist by directing whenever changes are necessary. Recommendations for revisions can also arise from relevant managers or officers, and should be submitted to the Head of the Administration Department for coordinating prior to presentation to a committee consisting of the President and his nominees.

These proposals should be prepared in as complete a form as possible, for approval by the Board and should include the following information when appropriate: clear statement of the problem, a discussion of alternative solutions and recommendations, and the justification for it. If a decision is made for revision, the Head of the Administration Department will be responsible for advising all interested parties of the change and will ensure that revised pages of the Manual are issued.

105. DEFINITIONS

- 105.1 Bank : This refers to the National Development Bank of Jamaica Limited (NDB).
- 105.2 Board : This refers to the Board of Directors of the NDB.
- 105.3 Client : This refers to a recipient of recoverable financial assistance from the Bank.
- 105.4 Enterprise, Agro-industrial : This means activities involving the packaging and processing of agricultural produce.

- 105.5 Enterprise, Development : This means an industrial enterprise, a tourist industry enterprise and agro-industrial enterprise, manufacturing enterprise, mining enterprise, information technology enterprise, entertainment enterprise, services or any enterprise that from time to time is accorded a high development priority by the Government.
- 105.6 Enterprise, Industrial: This means an enterprise in Jamaica that is engaged in manufacturing, processing, non-metallic mineral mining and such activities as are defined in the National Industrial Policy (NIP).
- 105.6 Enterprise, Services : This means an enterprise involved in activities related to or in support of tourism and productive industries.
- 105.7 Enterprise, Tourism Industry : This means an enterprise in Jamaica in which is carried on the business of supplying hotel accommodation and other support services principally intended for visitors to Jamaica.

- 105.8 Enterprise, Information Technology : This means any enterprise involved in knowledge based endeavours, computer technology and telecommunications.
- 105.9 Net Worth : This means the Bank's capital base and free reserves.
- 105.10 Lending Agency : This refers to any financial or other institution from which the Bank obtains loans.
- 105.11 Manager : This refers to any Officer of the Bank who is responsible for the administration of a department.
- 105.12 President : This refers to the Chief Executive Officer of the Bank.
- 105.13 Minister : This denotes the portfolio Minister.
- 105.14 Officers : This term includes all employees classified within the professional category of the Bank.
- 105.15 Project : This refers to any scheme for which a proposal for financing is submitted to the Bank.

**105.16 Approved Financial
Institutions (AFI)**

: Such commercial bank, merchant bank, credit union or other institution approved by the Bank for the purpose of making subloans.

105.17 Small Business

: This means a productive enterprise with turnover less than J\$15 million per annum.

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II BASIC PRINCIPLES

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201	INTRODUCTION
202	GENERAL CONSIDERATIONS
203	BASIC PRINCIPLES
	203.1 General
	203.2 Debt/Equity Ratio
	203.3 Control of Project

II. BASIC PRINCIPLES

201. INTRODUCTION

The Bank is a wholly owned Government enterprise established to provide financial assistance to 'development enterprises', as designated by the Government from time to time.

The principal assistance given is through the provision of medium to long term loans, to viable enterprises, for the financing of fixed assets. However, other forms of financial assistance such as technical services to conduct feasibility studies can also be provided.

202. GENERAL CONSIDERATIONS

The Bank shall be guided by the following considerations in providing financial assistance:

- (1) Enterprises registered in Jamaica and having its principal place of business in Jamaica.
- (2) Enterprises accorded a high development priority by the Government.
- (3) Enterprises whose operations result in -
 - (a) significant import substitution;
 - (b) increase in foreign exchange earning;
 - (c) incremental employment;
 - (d) the utilization of local raw materials;
 - (e) the spawning of ancillary enterprises.
 - (f) domestic value added
 - (g) location decentralization

203. BASIC PRINCIPLES

203.1 General

The Bank shall aim to finance projects which are economically and financially viable.

The following are general guidelines:

- (a) The Bank must be satisfied that the project is economically and financial feasible.
- (b) the Bank must be satisfied as to the existence of the necessary management capabilities.
- (c) the owners of and investors in the business must have adequate equity investment.
- (d) the Bank must obtain adequate security for its advances.

203.2 Debt/Equity Ratio

In considering applications for financing, the Bank should pay attention to the debt/equity ratio and even after implementation seek to ensure that the original debt:equity ratio is not eroded. In general, minimum debt/equity ratios of 60:40 will be required. However, in circumstances where the project is deemed a small enterprise, a ratio of 80:20 will suffice. The important factor should be the assessment of whether the financial involvement of the borrower is sufficient to provide an incentive for the borrower to strive for the success of the project.

203.3 Control of Project

The Bank should seek to avoid taking over the management of any enterprise which it finances. Where, in exceptional circumstances, such action may be required to protect the Bank's interests, the Bank will seek to divest itself of its management control as soon as appropriate arrangements can be made.

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III. POLICIES

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305	LETTERS OF COMMITMENT
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	306.4.1 Prepayment Fee
	306.4.2 Exchange Risks
	306.5 Security
	306.6 Insurance
307	CONFLICT OF INTEREST

III POLICIES

301. GENERAL

The financial and lending policies of the Bank must be set in the context of the objectives of the Bank, which are as follows, to:

- (i) foster the economic growth and development of Jamaica;
- (ii) increase the availability and access to medium and long term project-based financing for the industrial, agro-industrial, tourism, mining, entertainment, services and information technology sectors of the economy;
- (iii) stimulate the flow of external capital into the country on favourable terms and conditions;
- (iv) assist in the establishment, expansion, diversification and modernization of business enterprises;
- (v) facilitate the widening of Jamaica's entrepreneurial base;
- (vi) encourage the adoption of innovation and technological improvements; and
- (vii) facilitate the development of a capital market and thereby encourage the flow of venture capital.

Pertinent financial policies are as follows:

- (a) the Bank's interest rate on local funds shall be determined annually based on the lowest passbook savings rate prevailing in the commercial banking sector.
 - (i) interest charged on any form of financing will be fixed for the term of the particular transaction;

- (ii) a non-refundable commitment fee in addition to General Consumption Tax will be charged on each project;
 - (iii) a non-refundable processing cost will be associated with each transaction and will vary according to the size of the loan request. A
 - (iv) a transaction cost will be charged according to the size of the project;
 - (v) the Bank will set a reasonable margin over the cost of its borrowing from the various lending agencies in order to cover its administrative expenses and build up its reserves.
- (b) the Bank shall ensure that the total of its medium and long term debt outstanding does not exceed 5 times the total of its net worth.
 - (c) the Bank will not assume any foreign exchange risk in respect of loans made to clients from its foreign exchange resources.

302 SCOPE AND FORMS OF FINANCING

The Bank will extend its financing activities to development enterprises.

Financing provided by the Bank should be utilized primarily for the acquisition of fixed assets excluding land and building. The acquisition of land should be financed by the borrower, and not with the Bank's resources. The Bank may re-finance loans only in cases where it is required to release existing assets for collateral purposes.

303 SIZE OF COMMITMENTS

The size of the Bank's financial commitment to development enterprises shall be governed by the following:

303.1 Loans

The minimum size of loans made by the Bank shall be J\$500,000 or its equivalent in United States Dollars. The maximum loans outstanding to any single enterprise or group of companies should not exceed J\$100,000,000 or its equivalent in United States Dollars.

303.2 Shares

- (1) The Bank should limit its participation in the share capital of any single enterprise to a maximum of 25% of the paid up share capital of the enterprise.
- (2) The Bank's shareholding in aggregate should not exceed 25% of the Bank's net worth.

303.3 Total Investment

The maximum financial exposure (loan and equity) by the Bank in any single enterprise or related group of companies should not in the aggregate exceed J\$100,000,000, or its equivalent in United States Dollars.

304 AUTHORIZATIONS

Approval limits of the Loan Committees of the Bank will be as follows:

- (i) In house Loan Committee maximum J\$5 million or its equivalent in United States Dollars.
- (ii) The Board of Directors Loan Sub-Committee maximum J\$10 million or its equivalent in United States Dollars.
- (iii) All loans approved in accordance with (i) and (ii) above must be ratified by the Board.

305 LETTERS OF COMMITMENT305.1 General

Letters of Commitment should be despatched to successful applicants within 5 working days of the authorization of the financing approved. These Letters should be prepared by the respective Project Analysts, for signature by the Head of the Projects Department.

Prior to despatching the Letters, the Head of the Projects Department and the Legal Counsel should ensure that these are in accordance with the terms and conditions under which the loan application was approved. Copies of the relevant letters of commitment must be made available to the Loan Administration, Finance and Accounts and Legal Departments as at the date of dispatch to the client.

305.2 Acceptance

In every Letter of Commitment, an appropriate date must be set for acceptance of the offer of finance by the applicant. The date of acceptance must not be more than 30 calendar days from the date of the Letter of Commitment, and the offer of financing may be cancelled if the deadline for acceptance is not met.

305.3 Restrictive Clauses

Terms of financing should be kept as simple as is consistent with standard prudential requirements. The inclusion of restrictive clauses should be kept to a minimum but should at all times ensure that the Bank's security is not eroded.

Variations to any restrictive clause without prior approval of the Bank will result in the enforcement of the Bank's security.

306. TERMS OF FINANCING

306.1 Applications

No loan, or other form of financing, should be granted to any enterprise unless an application has been

- (1) made to an AFI and rejected or,
- (2) delayed beyond the agreed period of 6 weeks.

Where feasible the Bank will participate in loan syndications, risk sharing, co-financing and guarantees.

306.2 Duration

The duration of an approved enterprise's proposed indebtedness to the Bank can be a minimum of 3 years and a maximum of 10 years on any single loan, inclusive of a moratorium on principal of up to 3 years.

306.3 Commitment Fees and Other Charges

A non-refundable Commitment Fee equivalent to 1% of the loan amount in addition to General Consumption Tax (GCT) on the Commitment Fee is to be paid upon acceptance of the commitment.

Unutilized loan balances may be recommitted for an additional period upon payment of a special recommitment fee of 1% of the amount recommitted plus GCT.

306.4 Prepayment Fee

A pre-payment fee calculated at 3% of the amount being pre-paid is applicable. In addition, an amount of 1/4 of 1% per year will be applied.

306.5 Exchange Risks

Borrowers should always be made aware of the Bank's position relative to exchange risks. The Bank will avoid the assumption of exchange risks in respect of loans made from its foreign exchange resources by ensuring that repayment of foreign currency denominated loans must be in foreign currency.

306.6 Security

The Bank must ensure that loans made are adequately secured. The Bank will take singly, or in combination, charges on fixed and/or floating assets, guarantees, or pledges of assets. At all times the viability of the project should be paramount.

Notwithstanding the above:

- (a) For all loans, the market prospects, quality of management and the prospective success of the project will impact on the assessment of the security requirement. In the case of small scale enterprises the assessment will take other factors into account.
- (b) Normally a request for the personal guarantees of the principals shall be required.
- (c) A request for corporate guarantees should always be considered in the case of loans to subsidiaries or affiliated companies
- (d) The use of specialized equipment as security should be carefully reviewed as in most cases additional securities will be required.

306.7 Insurance

It is essential that the assets charged to the Bank as security for loans be covered in full against all perils and that the Bank's interest be noted on the policy or policies.

In Letters of Commitment, there should be a clause indicating that in respect of loans made by the Bank, insurance coverage will be required from an insurance company acceptable to the Bank. Prospective borrowers should be appraised of the insurance requirements of the Bank at an early date.

307 CONFLICT OF INTEREST

In dealing with applications for financing, the Bank must at all times endeavour to project an image of propriety. In cases where an employee of the Bank or a member of the Board has an interest in a company seeking to obtain financing from the Bank, the employee or Board member shall not participate in the processing or approval of the said loan application.

Where an employee of the Bank has such an interest to declare, this should be reported to the President who will note the extent of the officer's interest, and also ensure against participation by the employee in the processing of the application.

IV PROCESSING OF PROPOSALS

<u>Code</u>	<u>Subject</u>
401	SOURCES OF PROPOSALS
402	FORMAT OF APPLICATIONS
	402.1 Processing Charge
403	EVALUATION OF PROPOSALS
	403.1 Determination of Eligibility
	403.2 Formal Applications
	403.3 Evaluation
	403.3.1 Scope of Venture
	403.3.2 Criteria for Evaluation
	403.3.3 Examination of Security
	403.4 Use of Consultants
404	DECISIONS OF APPLICATIONS
	404.1 Refusal
	404.2 Refusal Report
	404.3 Acceptance
	404.4 Numbering

IV PROCESSING OF PROPOSALS

401 SOURCES OF PROPOSALS

It is imperative that all loan proposals first be presented to the AFI for consideration. In cases where the AFI has rejected a request or where the AFI has taken more than 6 weeks to respond, the applicant may approach NDB directly for assistance.

402 FORMAT OF APPLICATIONS

No application will be considered unless accompanied by a formal letter and proposal or a completed and signed application together with the processing charge.

402.1 Processing Charge

A non-refundable processing charge will be associated with the application to offset a portion of NDB's expenses related to the transaction. The charge will be stratified based on the size of the loan request. On commitment, the processing charge will be absorbed in the commitment fee.

403 EVALUATION OF PROPOSALS

The proposal evaluation process of the Bank should be so carried out to engender goodwill, on the one hand, and efficient utilization of the Bank's manpower and other resources on the other.

The following procedural guidelines should be adhered to:

403.1 Determination of Eligibility

As soon as contact is made with a potential borrower, the Officer involved should immediately seek to ascertain the eligibility of the proposed project for Bank financing.

403.2 Formal Applications

Having determined eligibility the officer should indicate the necessity for providing the following information in a formal submission, as prescribed in the application, eg.

- the objective and nature of the proposed project
- estimated amounts, sources and use of funds
- market potential
- location
- available securities
- employment

The Head of the Projects Department should submit a report to the President at the end of each month indicating the following:

- (a) proposals accepted for further consideration during the period, and
- (b) proposals not accepted for further consideration.

The report should briefly indicate the reasons for non-acceptance in each case.

403.3 Evaluation

In evaluating a proposal for financing, the Bank should ensure that the decision on every application has been arrived at after an examination process designed to assess the financial and other merits of the proposal. Basic guidelines are as follows:

403.3.1 Scope of Project

The Officer assigned to the evaluation should first ensure that the physical facilities and other resources are, in general, adequate for the proposed scheme. For example, are the costs shown for plant and machinery reasonable? Can the size of plant produce at the projected level? Is the land suitable for the proposed venture? Have approvals been received where necessary? This invariably involves a technical examination of the broad details of the facilities which could necessitate the use of outside consultants.

403.3.2 Criteria for Evaluation

Having ascertained the financial scope and the physical requirements of the proposed project, the evaluation should then revolve around the following criteria:

- (i) Ownership and Management
 - percentage of Jamaican ownership
 - adequacy of equity participation
 - management competence

(ii) Market Prospects

- is there, for example, evidence of a growing demand for the particular mix of goods and/or services to be provided?
- how is the market now being serviced
- what is the competitive situation
- is the projected market share reasonable

(iii) Earnings Potential

- What are the likely financial results of the operation, and are these sufficient to provide a stable base for the expansion and/or development of the enterprise
- what are the resultant cash flow positions in the long and short term
- what are the probabilities of significant change (in either direction) of any of the items

Skills

- what are the critical managerial and other skills required for success of this project and how are these needs to be met

Strategies

- are the proposed strategies of the enterprise designed to exploit potential market opportunities and/or to hedge against probable risks

Level of Investment

- will the structure of investment provide, not only a degree of commitment from the borrower, but, a reasonable financial profile for the project

Financial Structure

- does the borrower have reasonable commitment

Working capital

- are satisfactory arrangements being made to meet working capital needs

Security

- are the available collateral adequate to secure the loan amount and risk profile.

The report of an evaluation should clearly indicate that all of these factors were considered.

403.4 Use of Consultants

From the foregoing, it should be evident that officers evaluating proposals for financing are required to come to conclusions in various areas. However, there will be situations where outside consultants may have to be called in to assist in the evaluation process.

Outside consultants should only be used in situations where certain expertise, not readily available in the Bank, is required to provide technical support which will aid the Bank's decision making process, eg.:

- technical appraisals, eg. adequacy of machinery, market research, management capability, etc.

404 DECISIONS ON APPLICATIONS

404.1 Refusals

Where no mutually acceptable basis for financing can be arrived at and it is found necessary to decline a financing request the applicant should be notified by formal letter within 5 working days after the decision has been taken, by the Head of the Projects Department.

404.2 Approvals

Applicants should be advised by formal correspondence of the Board's approval. The letter of commitment, issued within 5 working days, must include the terms and conditions of financing.

V DISBURSEMENT OF FUNDSTable of Contents

<u>Code</u>	<u>Subject</u>
501	General
502	Disbursement Procedure
502.1	Loan Acceptance
502.2	Transaction Costs
502.3	Review of Security
502.4	Disbursement Methods

V DISBURSEMENT OF FUNDS

501 GENERAL

The procedure for the disbursement of funds should be designed to ensure that, on the one hand, the Bank's terms and conditions for disbursement are met, and, on the other, the project is not adversely affected by undue delays in disbursement.

502 DISBURSEMENT PROCEDURE

502.1 Loan Acceptance

The return of the duly executed endorsed commitment letter, together with the relevant commitment fee plus GCT, to the offices of the NDB completes the loan acceptance process.

502.2 Transaction Costs

The requisite transaction costs shall be fees associated with the valuation of assets, stamping and registration of documents, searching of records and any other legal charges.

502.3 Review of Security

The Legal Department must ensure that all pertinent items/documents relating to the Bank's proposed security are submitted by the client for due registration. Disbursement will be effected after the perfection of the Bank's security.

502.4 Disbursement Methods

Disbursements can take place in any one of the following 4 forms or combination thereof:-

- reimbursement
- direct payments to suppliers
- letters of credit
- advances/float

Disbursements will be made against an agreed schedule which consists of detailed information on the cost of equipment, materials and services provided or needed for the project.

Disbursement will take place only against formal applications supported by proper documentation related to expenses incurred as outlined in the letter of commitment, provided that expenses have not occurred in a period exceeding 180 days prior to NDB's approval.

VI LOAN ADMINISTRATIONTable of Contents

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604	Performance Review
	604.1 Plant Inspections
	604.2 Financial Statements
	604.3 Liability Return
	604.4 Review of Security
605	Amendments to Terms and Conditions

VI LOAN ADMINISTRATION

601 PURPOSE

The operations of the Loan Administration Department (later referred to in this Chapter as L.A.D) should be designed to ensure that the project is performing according to the business plan and Bank's loans are efficiently serviced and arrears are minimized. The main functions of the L.A.D are:

- (1) To liaise with clients by regular contact including periodic visits to their establishments to review their operations, to discuss difficulties, if any, which are being experienced and to identify expansion and modernization requirements for referral to Project Analysts.
- (2) To follow up and ensure that payments are made on due dates.
- (3) To ensure that up-to-date financial statements on each and every client are received and are analyzed on a comparative basis to show the progress, or lack of progress, being made.
- (4) To evaluate, in depth, the financial condition of clients in arrears and to recommend action to be taken, which could include legal measures, rescheduling of accounts, etc.
- (5) To liaise with client bankers to be able to monitor funds flow of the business.
- (6) To produce monthly written reports on all activities of the department to inform the board and management.

602 NOTICE OF DISBURSEMENT

If the L.A.D is to carry out its functions, it must first be apprised of disbursements made. To facilitate this, the Finance and Accounts Department should notify the Loan Administration of any disbursement made, by the provision of a copy of the payment and repayment schedule.

603 REPAYMENTS

603.1 General

The viability of the enterprise depends significantly upon the communication system established between the client and the Bank. In this regard, personnel of the L.A.D should, inter alia, endeavour to build up such a rapport with clients that the two-way flow of information is made that much easier.

The L.A.D should monitor and follow up on payment advice when the Finance and Accounts Department sends out advice to clients. These advice should be sent out as follows:

- (i) principal and interest repayments - two weeks in advance of due dates

With regard to notification of payments received, the Finance and Accounts Department should notify the L.A.D of all cheques received from clients, by sending them a copy of their daily report.

603.2 Arrears

Notwithstanding the efforts for collection made by the Bank, cases of arrears may still occur.

The Finance and Accounts Department should prepare a monthly analysis of all accounts in arrears. These should be submitted to the Loans Administration Department, and the analysis should be by the following periods:

- 31 to 60 days
- 61 to 90 days
- 91 days and over

The Department should arrange for collection on these accounts by direct contact with clients. The procedure to be followed should be:

- (i) a letter should be issued 15 days after due date advising the client that the account is in arrears, and that a late payment fee, where permissible, will be charged on all interest in arrears commencing 15 days from the due date of payment.
- (ii) a file containing credit information should be opened for each client. Copies of all correspondence concerning the account balance, and, when it has fallen into arrears, a 'collection follow-up record' should also be included in the file.

- (iii) should all these efforts fail, 60 days after due date, the Loan Administration Department may recommend to the President one or more of the following:
- (a) the appointment of an independent accounting firm to prepare financial statements, if these are not available, and that the client be billed for such charges; and/or
 - (b) a requirement for monthly financial reporting as a pre-condition for temporary postponement; and/or
 - (c) a rescheduling of the account; and/or
 - (d) the Bank obtaining post-dated cheques; and/or standing order
 - (e) the issuing of a letter indicating the intention to take legal action.

604 PERFORMANCE REVIEW

The L.A.D should play a significant role by maintaining contact with clients and commercial banks. One of the key facets in this exercise is the continual review of client's performance. This is useful not only from the point of keeping abreast of the company's progress but also as a means of identifying either future expansion needs or problems at an early stage as well as providing an early warning system.

604.1 Plant Inspections

Inspections of clients' projects should be made whenever possible, but at least once per year.

The Officer making the visit should write a report on the visit, to include opinions on matters such as:

- the progress of the project
- labour force
- condition of assets
- housekeeping, eg. inspection of sanitary and safety standards
- other reporting as required.

A copy of these reports should be placed in the client's file.

604.2 Financial Statements

The Department should ensure that clients submit financial data at specified intervals, so that the financial progress can be followed.

Requirements for financial statements are as follows:

- (i) in the case of industrial and tourism projects, quarterly unaudited financial statements and annual audited accounts;
- (ii) in the case of agro-industrial projects, semi-annual unaudited statements and annual audited accounts and;
- (iii) Information technology, monthly unaudited accounts

The details of these requirements should be specified in the Letter of Commitment.

The maximum requirement should be:

- monthly management accounts, within 15 days of the end of the month,
- quarterly unaudited accounts, within 30 days of the end of the quarter;
- draft annual accounts within 60 days of the end of the fiscal year, and annual audited accounts within 120 days of the end of the fiscal year.

For the purposes of this section, 'Accounts' means Balance Sheet and Profit and Loss Statement, with appropriate schedules.

604.3 Liability Return

In addition to the monthly report on arrears, the Loan Administration Department should prepare an annual report covering **all** accounts as at March 31.

This report should be done in April of the following financial year, and should be broken down into the following categories:

Category 1: Accounts which are considered satisfactory both on performance and as credit risks.

Category 2: Accounts which have developed unsatisfactory trends but which are expected to be recovered in full without the necessity of realising on the Bank's security. Unsatisfactory trends might be -

- (a) As of the date of the return, arrears on the account have existed for more than two months.

- (b) Earnings have either fallen off or failed to materialise, to the extent that the customer is unlikely to maintain payments as scheduled.
- (c) The customer is substantially in arrears in respect of indebtedness to others which constitute or could become a claim ranking ahead of NDB's charge, eg. realty taxes, workmen's compensation.

Category 3: Accounts in which seriously adverse developments have occurred, and to which at least one of the following applies:

- (a) On current prospects, it is unlikely that the customer will be able to make repayments from earnings and it is expected that it may be necessary to realise on the Bank's security.
- (b) A proposal to creditors has been made or is expected; a bankruptcy has occurred or is anticipated.
- (c) The Bank has commenced, or is likely to commence, proceedings leading to foreclosure or realisation on security.
- (d) A loss is expected on the account.

Category 4: Assets held for sale.

Category 5: Accounts written off but there is a possibility of recovery on security still held by the Bank that they should not be considered dead and should be kept under review.

604.4 Review of Security

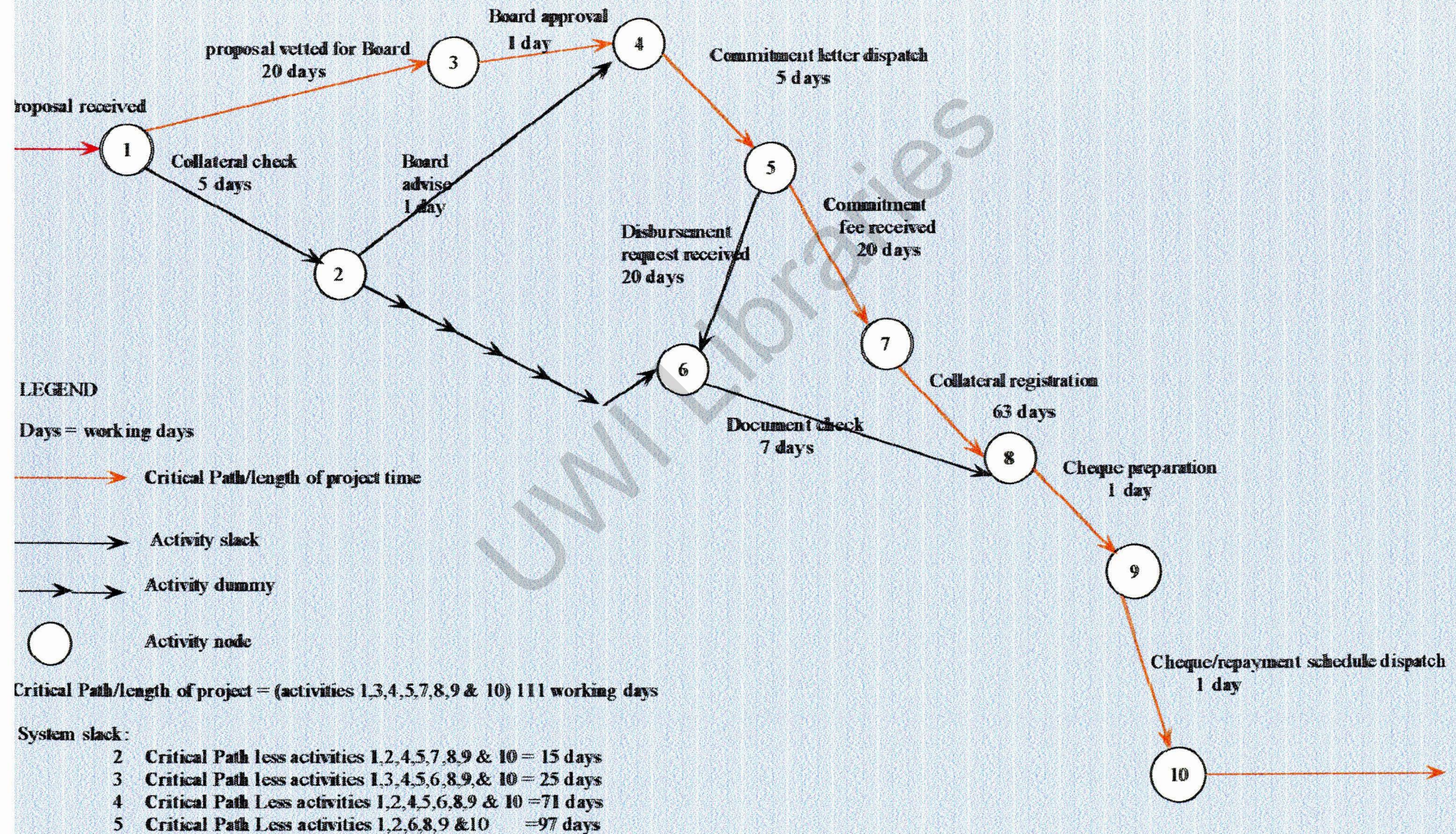
There may arrive a stage in the indebtedness of clients when the performance review may indicate that some of the original terms and conditions imposed can be varied. It is therefore, necessary that at this time the appropriate recommendations for amendment be made. The latter is dealt with in section 605.

605 AMENDMENTS TO TERMS AND CONDITIONS

- (i) a standard form should be used to authorise amendments to, and/or concessions under, the agreed terms of financing.
- (ii) rescheduling of repayments may be approved by the Board of Directors

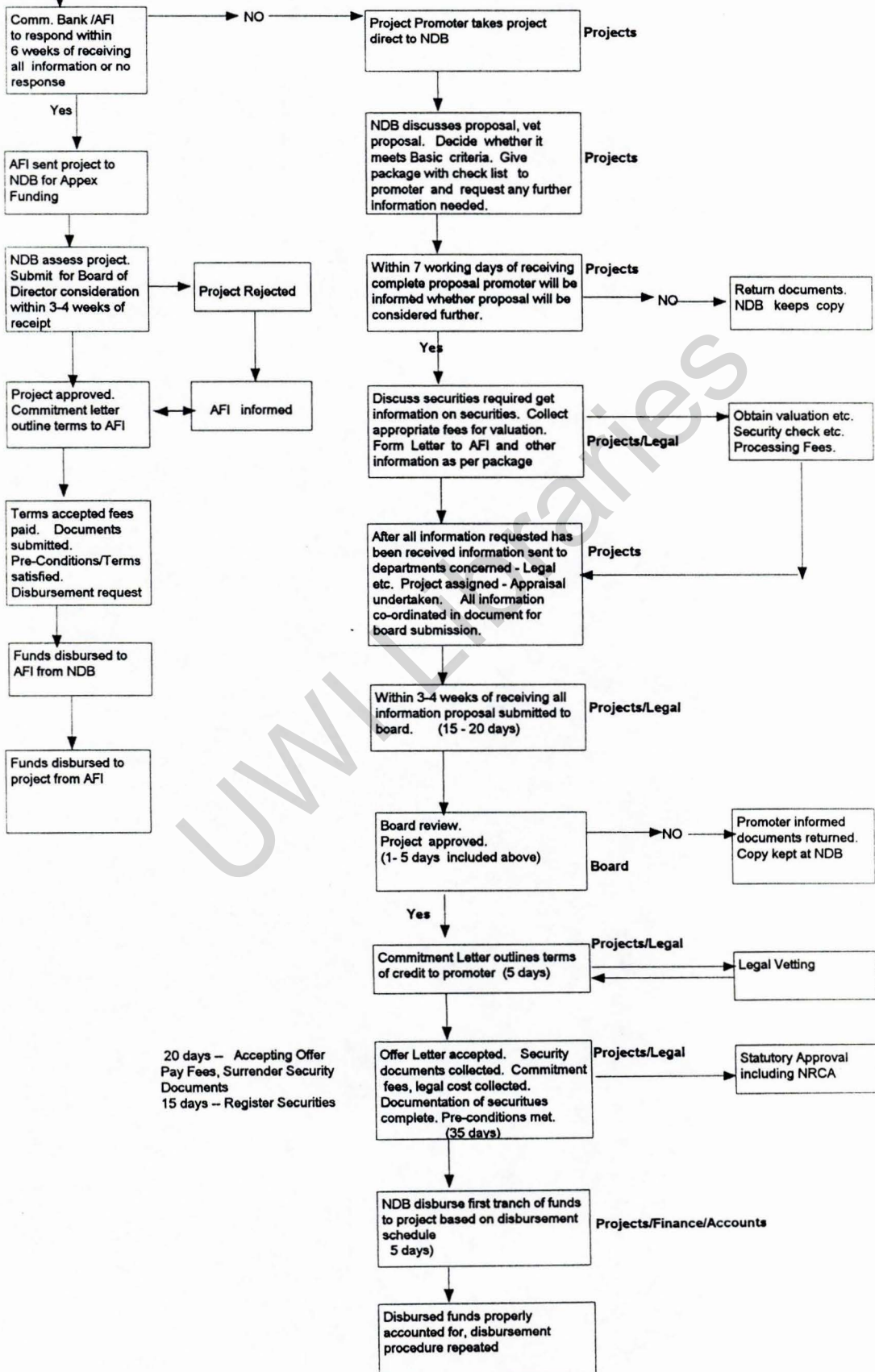
PERT Chart- National Development Bank of Jamaica Ltd. Direct Lending Portfolio

DISCUSSION DRAFT



NDB LENDING PROCESS - FLOW DIAGRAM

PROSPECTIVE
CLIENT



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DC 29 OPM(DCTS) 15/97

Item 7

NATIONAL INDUSTRIAL POLICY

Review and Assessment of Performance in the First Year



Technical Secretariat
Development Council
Office of the Prime Minister

July 2, 1997

NATIONAL INDUSTRIAL POLICY

Review and Assessment of Performance in the First Year

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EXECUTIVE SUMMARY

A. Background

1. The National Industrial Policy (NIP), adopted in March 1996 after careful study and intensive consultations, expresses the consistent principles, policies, and programmes that underpin Government's long-term vision of the pathway to a more prosperous economic future with a better quality of life for the Jamaican people.
2. In the course of the first year since adoption of this Policy, efforts have been made to implement various initiatives and measures called for in the Policy and to involve in this process both the responsible government agencies and groups in the private sector.
3. This review takes stock of the progress made to date, the hurdles that remain to be overcome, and the priorities to be confronted in the period immediately ahead.

B. The Social Partnership

1. Continuing efforts were made throughout the year to negotiate the terms of a structured agreement as the basis for a Social Partnership that would allow cooperation in decision-making and action among all the partners.
2. Detailed terms of an agreement have been worked out and remain to be approved by all partners.
3. In the meantime, Government has moved to implement various initiatives, as indicated in this review, in its determination to establish the conditions and requirements for such a Partnership to work effectively. The achievement of macroeconomic stability is itself a major plank in this process. Other initiatives at the microeconomic level have also served this goal.
4. The National Planning Council continued to play a role in coordinated planning and action among the partners. Industry Advisory Councils are being formed to focus on sector-specific issues in the sectors targeted by the NIP.

C. Macroeconomic Stabilisation

1. The main focus and priority of the overall policy-thrust in the first year was the commitment to achieve macroeconomic stability, specified in terms of a decline in inflation, reduced interest rates, and a stable exchange rate. This objective has been substantially achieved.

2. This achievement lays the groundwork necessary for moving the economy forward now in the transition to the new phase of growth with stability as called for in the NIP.

3. Some of the necessary elements now in place for making this transition are: the weakening of inflationary expectations and reduction in the cost of capital for investment in production.

D. Stimulating Investment and Growth

1. Although macroeconomic factors have been favourable to investment and growth, other factors have tended to play an inhibiting role. Among these are the restructuring taking place in the financial sector and the fact that many firms still suffer from the handicap of a heavy debt overhang. Government has sought to address directly these factors.

2. Various methods and techniques have been developed for (a) increasing the supply of funds available through public-sector lending institutions, (b) improving conditions of access for small and medium-size firms with viable projects that generate employment and export earnings, and (c) channeling funds to allow restructuring and refinancing of viable enterprises.

3. The Financial Institutions Structural Adjustment Company (FINSAC) has been established by Government to deal with problems of the financial sector. A well-structured programme of rehabilitation has been instituted to deal with cases of weakness. New measures for reform, monitoring, and supervision are being developed that will strengthen the sector and maintain its viability as a vital element in the economy.

4. These efforts on the financial side have been complemented by other government-sponsored efforts in the areas of fiscal incentives, support services for marketing and production, investment packaging, remedying bottleneck factors through investment facilitation, and pursuit of an aggressive trade policy.

5. A quantitative assessment of the outcome of these efforts in terms of actual investments is provided by an analysis of investment projects in the pipeline passing through the public sector institutions. This analysis shows that there is a large volume of projects, widely distributed over different economic sectors, that are on stream or have reached actual start-up.

E. Sectoral and Micro-level Initiatives

1. At the sectoral and micro-level, various activities have been carried out and new initiatives and targets proposed for continued action in furtherance of the goals of the NIP. These are reviewed in detail for individual sectors and product lines in relation to seven specific objectives that serve to operationalise the broad goals of the NIP.

2. The detailed data presented reveal a significant record of achievement on all counts. Especially notable are achievements in the areas of market penetration and export diversification and in organizational strengthening through building strategic alliances and networks among firms and agencies. Strong efforts are also being made in particular sectors to develop a sharper focus on product design and quality issues and on the exploitation of synergies between sectors.
3. Areas of weakness exist, specifically as regards efforts to improve productivity. This area must now be given renewed emphasis and close attention.
4. There were significant cases of factory closures in the manufacturing sector and weakness in performance of some farm crops. Assistance is being provided to affected firms in targeted sectors, such as Apparel and Sewn Products and the Dairy Industry. Government has put in place a broad-based support programme to deal with adjustments taking place in manufacturing and agriculture, including: anti-dumping legislation, improved monitoring and testing of imports, technical support services, training schemes, financial assistance at affordable interest rates, and infrastructural investments.
5. At the same time, there were significant expansion programmes taking place in a wide range of economic activities, representing a positive response to existing opportunities and opening up of new opportunities, and resulting from private-sector initiatives buttressed by government support.

F. The Incentive Regime

1. Various initiatives were taken during the year to amend existing legislation so as to establish a more flexible programme of incentives that benefits a broader cross-section of firms and is oriented equally to services, agriculture, and manufacturing activity.
2. In the next phase of NIP implementation, efforts are to be made to undertake a systematic overhaul of the entire incentive regime, consistent with the general thrust of the Policy and evolving international rules.

G. Infrastructure Investment and Human Resource Development

1. Strong emphasis was placed on these twin planks of the government's development thrust, within the tight constraint of a fiscal budget that leaves limited resources for capital expenditures. To relieve this constraint, Government has sought to mobilise additional resources from the local private sector and external sources and to introduce cost recovery mechanisms.
2. Major projects were undertaken or slated to begin during the year in targeted areas of physical infrastructure, including: water supply, irrigation, & sewerage; transportation; roads; seaport and airport facilities; communications; energy; industrial parks/free zones.

3. The programme in human resource development continued to concentrate resources on improvement and expansion in the targeted areas of early childhood, primary and secondary education, and to provide training through the HEART/NTA system.
4. Systematic application of science and technology to meet diverse and changing needs in the economy and society is being pursued through a wide range of activities in research and development, product design, testing, quality control, information processing and dissemination, education and training. The various public agencies involved are being reoriented to focus their efforts. New initiatives are emerging from the private sector.

H. Strengthening the Institutional Framework

1. Crucial elements of the institutional structure that underpins the working of the economy and facilitates the process of growth and development have been the focus of attention and action during the year. These include: (a) the competitive rules governing market structure and behaviour of firms, (b) the capital-market institutions (banking, credit, insurance, and stock market), (c) the labour market, and (d) the administrative apparatus of the public sector.
2. In all of these areas, specific reform measures have been introduced to strengthen the institutions through appropriate legislative action, through the monitoring and supervisory role of state agencies, and through active consultation and joint action between Government and interested parties.

I. Priorities for the Next Phase of Policy Implementation

1. The next phase of policy implementation will focus on building on the gains already achieved so as to meet the central objective of this new phase: growth with stability.
2. Having created the conditions for macroeconomic stability, the aim is to preserve those conditions by rigorous pursuit of the appropriate monetary and fiscal policies. At the same time, it will be necessary to move the policy-mix towards greater emphasis on measures to promote investment in the productive sectors and growth of exports.
3. The key elements of the implementation strategy during this next phase are the following:
 - * Strengthen and reinforce measures to provide the appropriate environment of stability and predictability to facilitate long-term investment.
 - * Design measures to shift the balance of investment decisions from short-term financial instruments to long-term investment in the productive sectors.

- * Pursue an aggressive export-expansion programme based on proven strengths in dynamic sectors of the economy that are ripe for expansion.
- * Orient government budgetary allocations to investment in human resources and infrastructure, the incentive system, and a broad-based support framework, so as to remedy bottlenecks and constraints facing producers in the targeted sectors.
- * High priority is to be given to education and training of the labour force, concentrating on early education as the base of the process, in a push to prepare adults and the new generation to cope with rapid changes taking place in the economy and society.

1. BACKGROUND

1.1 The National Industrial Policy (NIP) was adopted by Government in March 1996 as the outcome of careful study and intensive consultations held over the previous two years. *It expresses the consistent principles, policies, and programmes that underpin Government's long-term vision of the pathway to a more prosperous economic future with a better quality of life for the Jamaican people.*

1.2 The National Industrial Policy provides *a strategic plan* to guide the Jamaican economy on a path of renewed growth and development and pave the way for Jamaica's entry into the 21st century. Its central concern is to promote investment, productivity and growth in the productive sectors of the economy. Its goal is, through growth of output and productivity and diversification of production, to achieve a sustainable basis for reducing unemployment and poverty and increasing income of the Jamaican people.

1.3 Conceived as *a comprehensive and integrated approach to economic policy*, it has the complementary goals of achieving greater social equity among different socio-economic groups and preserving the natural environment.

1.4 The *strategic focus* of the NIP is on (a) export push, through building and sustaining targeted areas of competitive advantage in the national economy, and (b) efficient import substitution, consistent with the emphasis on international competitiveness as the key element of the Policy.

1.5 The NIP sets out a structured programme of measures dedicated to achieving these objectives in a sequential manner. It also indicates certain *implementation procedures* to be adopted over the short-, medium-, and long-term planning horizon.

1.6 *Fully one year has now passed since adoption of the NIP.* In the course of this period, efforts have been made to implement various initiatives called for in the Policy and to involve in this process both the responsible government agencies and groups in the private sector. All relevant government agencies have been required to develop action plans to ensure implementation of the Policy and to coordinate action among agencies where necessary to ensure consistency.

1.7 At the same time, significant adjustments have been taking place in the Jamaican economy, reflecting ongoing changes brought on by international and national factors and by the interventions of the NIP itself.

1.8 This review seeks to take stock of the progress made to date, the hurdles that remain to be overcome, and the priorities to be confronted in the period immediately ahead.

2. THE SOCIAL PARTNERSHIP

2.1 Continuing efforts were made throughout the year to negotiate the terms of *a structured agreement* that would provide the basis for a Social Partnership. Formation of this Partnership is seen as an important and necessary foundation for establishing shared goals, participation in planning and implementation of policy, and an environment of cooperation in economic management and decision-making among all the partners.

2.2 Detailed terms of an agreement have been worked out and remain to be approved by all partners. To the extent that the institutional framework and other elements cannot be implemented unilaterally, the Government will continue to seek the cooperation of the other social partners and is fully prepared to implement them when all partners are in agreement.

2.3 In the meantime, the Government, on its part, has moved to implement various initiatives in its determination to establish the conditions and requirements for such a Partnership to work effectively. *The achievement of macroeconomic stability during this past year is itself a major plank in this process*, as promised in the NIP. Other initiatives at the microeconomic level, outlined below, have also served this goal.

2.4 The *National Planning Council* has continued to play a role as a forum through which strategic planning and coordinated action can take place among the partners.

2.5 Formation of *Industry Advisory Councils* has been occurring within each of the targeted clusters identified by the NIP, with significant advances in the (sub-)sectors of Apparel and Textiles, Other Light Manufacture; Tourism; Mining, Chemicals and Ceramics. These Councils will provide an effective organizational basis for cooperative efforts between government and private sector representatives by focusing on sector-specific issues.

3. MACROECONOMIC STABILISATION

3.1 The main focus and priority of the overall policy-thrust in the first year was the commitment to achieve macroeconomic stability, specified in terms of a decline in inflation, reduced interest rates, and a stable exchange rate. *This objective has been substantially achieved in the course of this past year.*

3.2 This achievement itself has crucial significance, because *it lays the groundwork necessary for moving the economy forward in the transition to the new phase of growth with stability as called for in the NIP.* Some of the necessary elements now in place for making this transition are the following.

3.3 With the inflation rate trending down, nominal interest rates declining, and the exchange rate relatively stable, the stage is now set for undercutting the inflationary expectations that have plagued the economy for years. This turnaround should weaken pressures for wage and price increases in the coming year and put the economy on a firmer footing of *policy credibility and predictability.*

3.4 As a result of the decline in inflation and in the interest rate on government bonds, lending rates of financial institutions have been induced to follow suit. This *reduction in the cost of capital* should help to steer investor expectations towards longer-term investment in the productive sectors and thereby provide a stimulus for a return to growth. At previously existing levels, the cost of capital had been commonly identified as a major factor inhibiting such investment.

3.5 Furthermore, the decline in interest rates on government debt instruments is expected to yield benefits in terms of *reducing the burden of debt service payments in the national budget* and, thereby, allowing a shift in budget allocations towards the critical areas of physical and social infrastructure and human resource development.

3.6 Generally, as these effects of macroeconomic adjustment continue to take hold, the expected payoff in terms of investment in the productive sectors and growth of income and employment will be increasingly realised. The *unemployment rate*, which has now settled around the 16 percent level, is still too high and must be brought down.

3.7 Detailed assessment of *export performance* at the product line level points to strong growth in the service sector as well as a number of traditional export products (see Appendix A). Non-traditional exports, however, recorded a decline in both value and share of overall exports. This contraction has come after five years of steady expansion and stands in contrast to the NIP's

objective of export diversification. Continued macroeconomic stability and targeted government support will contribute to returning the sector to its dynamic growth path. Overall external trade performance has been characterised by chronic deficits in merchandise trade and in the current account. Strong growth in net earnings from services served to partially offset this deficit and to hold steady the balance on goods and services, but the current account deficit deteriorated. An aggressive export expansion programme planned for the next phase of policy implementation will address the essential requirements for dealing with this situation.

4. STIMULATING INVESTMENT AND GROWTH

4.1 Although macroeconomic adjustments have been favourable to investment and growth for the reasons indicated above, other factors have tended to play an inhibiting role this past year. Government has sought to address directly these factors.

4.2 The *private-sector financial institutions* have experienced difficulties during the year, owing to the adjustment from a high-inflation, high-interest rate regime to the new phase of low inflation and low interest rates and to internal problems of management and operational efficiency within the sector. Sections of the sector have been undergoing stress, while others have successfully withstood the pressures. A well-structured programme of rehabilitation, operated by the newly formed Financial Institutions Structural Adjustment Company (FINSAC) set up by Government to deal with problems of the sector, has been instituted to deal with cases of weakness. This should enable the sector as a whole to move forward. In addition, new measures for reform, monitoring, and supervision are being developed that will strengthen the sector and maintain its viability as a vital element in the economy.

4.3 *The public-sector financial institutions have been assigned a new role to act as catalyst to get production going*, for instance by providing equity funding through the National Investment Bank of Jamaica (NIBJ). To support this thrust, Government has developed various methods and techniques for:

- (a) increasing the supply of funds available through public-sector lending institutions;
- (b) improving conditions of access for small and medium-size firms with viable projects that generate employment and export earnings.

4.4 *Many firms still suffer from the handicap of a heavy debt overhang*, due to the previously prevailing high interest rate and a tendency of firms to prefer debt financing. It will take time to work off this overhang as interest rates decline and internal restructuring of assets and liabilities occurs within such firms. Here again, Government's financial policy has played a facilitating role

by channeling funds through loan guarantees and public-sector lending institutions to allow refinancing and restructuring of viable enterprises.

4.5 In the drive to stimulate investment and growth, these efforts on the financial side have been complemented by *other government-sponsored efforts* in the areas of fiscal incentives, support services for marketing and production, investment packaging, remedying bottleneck factors through investment facilitation, and pursuit of an aggressive trade policy.

4.6 A quantitative assessment of the outcome of these efforts in terms of actual investments is provided in Appendix B by *an analysis of investment projects in the pipeline* that pass through the public-sector financial institutions (NDB, NIBJ) and JAMPRO. It is evident that there has been a large volume of projects, widely distributed over different economic sectors, passing through this pipeline to reach the actual start-up phase in some cases.

4.7 Other investments taking place elsewhere in the economy, not documented in this analysis, have also benefitted from these efforts.

5. SECTORAL AND MICRO-LEVEL INITIATIVES

5.1 In the National Industrial Policy, *Government has pledged to support the private sector in its efforts to build competitive advantage in the global marketplace* and, in this way, to serve as a catalyst for modernisation of the Jamaican economy and diversification of the production base. The Policy calls for an integrated approach that takes into account the specific needs and potentials (strengths and weaknesses) of individual sectors of production, the linkages and interdependencies among sectors, and opportunities for emergence of new dynamic sectors. The aim is to build on existing strengths while creating conditions for new opportunities to emerge.

5.2 *The successful application of this strategy requires Jamaican firms to be innovative in all phases of their operation and to create a niche for themselves by exploiting the specific advantages that give them an edge in the international marketplace.* Firms must build and sustain their ability to compete across many different product dimensions, including price, quality, design, packaging, delivery time, range and variety of products. This requires focusing on critical elements of the production process along the continuum: R&D/design - production - distribution - marketing, and on the organization and management of these elements to ensure success.

5.3 ***Government's support*** is geared towards providing various forms of assistance and support services at different points in this process in order to enhance competitiveness of firms by addressing directly constraints that raise their costs and risks and place them at a competitive disadvantage in relation to their counterparts in other countries.

5.4 Guided by this strategy, various activities have been carried out during the year at the sectoral and micro-level and new initiatives and targets proposed for continued action in furtherance of the goals of the NIP. These ***initiatives, targets, and achievements***, at the level of specific sectors and product lines, are reviewed in detail in Appendix C. They are grouped according to ***seven objectives that serve to operationalise the broad goals of the NIP***, thereby making it possible to identify strengths and weaknesses in the policy-implementation process.

5.5 The detailed data presented in Appendix C reveal ***a significant record of achievement in policy implementation on all counts***. Especially notable are achievements in the areas of market penetration and export diversification and in organizational strengthening through building strategic alliances and networks among firms and agencies. Strong efforts are also being made to develop a sharper focus on product design and quality issues and on the exploitation of synergies between sectors in the specific cases of Textiles and Sewn Products, Tourism, and Music & Entertainment.

5.6 ***Areas of weakness*** exist, specifically as regards efforts to improve productivity. This is an area that must now be given renewed emphasis and closer attention in the ongoing process of implementation of the Policy.

5.7 To be sure, there were ***significant cases of factory closures in the manufacturing sector and weakness in performance of some farm crops***. These represent, in many cases, a process of adjustment to the far-reaching competitive changes taking place on a global level as well as pressures arising from domestic constraints. Assistance is being provided to affected firms in targeted sectors, such as Apparel & Sewn Products and the Dairy Industry, to allow viable enterprises to make adjustments through restructuring operations and upgrading productive efficiency as well as to provide safeguards against unfair competition.

5.8 ***Key features of the government's support programme for dealing with the adjustment process taking place in both manufacturing and agriculture*** include:

- (a) strengthening and effective enforcement of anti-dumping legislation;
- (b) improved monitoring and testing, through the Bureau of Standards and Customs Department, to ensure that imported goods meet the appropriate health, safety, and phyto-sanitary standards;

- (c) provision of technical support, R&D, agricultural extension services, pest and disease control, marketing support, and financial assistance at affordable interest rates;
- (d) training schemes for adapting the labor force to sector-specific skill requirements;
- (e) remedying infrastructural deficiencies by investment in targeted areas of physical and social infrastructure.

5.9 At the same time, there were *significant expansion programmes taking place in a wide range of economic activities*, representing a positive response to existing opportunities and opening up of new opportunities, and resulting from private-sector initiatives buttressed by government support. Examples include cigar manufacture, edible oils and fats, hotel facilities and attractions, shipping and berthing facilities (Gordon Cay), non-metallic minerals, fresh produce, processed foods, and marine products. Considerable dynamism existed in the areas of entertainment, music, and cultural products, where growing opportunities are being created for increased employment and income that are widely distributed among different income groups.

5.10 New opportunities are also emerging in the area of *offshore financial services*. In part as a result of the contraction in the local financial sector, Jamaica offers a pool of well trained professionals as well as physical and telecommunications infrastructure to be readily deployed in developing a niche as an attractive offshore financial services center. Initiatives in support of this thrust include developing the enabling legislation to encourage offshore industries.

5.11 In *the bauxite/alumina sector* a far-reaching process of restructuring has been taking place on a global level, driven by an extremely high level of competition in international markets. The local sector is constrained by the age and size of existing plants as well as the level of technology. The companies are pursuing a sustained drive for cost efficiency and improved productivity along with plans for expansion of capacity. These efforts showed up in a 8.9% increase in bauxite production and a 5.6% increase in alumina production in 1996, above the corresponding levels for 1995. Despite the increased production, the level of earnings from the sector fell by 1.5% due to adverse market conditions. To maintain its competitive position in the marketplace, it is important for the local sector to continue its cost-efficiency drive and to sustain the relatively stable labour-relations climate which existed in 1996.

5.12 The *shipping & berthing sector* continues to benefit from the Port of Kingston consolidating and expanding its position as a strategic regional transshipment hub for containerised cargo within a highly competitive environment. Under Phase One of the Gordon Cay Expansion Programme, an additional 2,000 feet of berthing space was commissioned into service in July 1996, effectively doubling the Port's transshipment capacity. The expansion programme also involves the construction of additional container storage space, the acquisition of state-of-the-art

equipment, and the provision of other infrastructure support. It is complemented by the installation of a comprehensive computer-based container terminal management system. These investments lay the foundation for continued growth in the sector's transshipment activity which, in 1996, was reflected in a 5.6% increase in the number of ship calls at the transshipment port and a 23.4% rise in the number of container moves.

6. THE INCENTIVE REGIME

6.1 Government recognises that *fiscal incentives*, although being no panacea for industrial competitiveness and growth, play an important economic role. They serve as an offset to distortions arising from prevailing disincentive factors and, thereby, to equalise advantages of the incentive regime faced by Jamaica-based firms with those enjoyed by competitors in other countries. In addition, they may be deployed in support of activities that are deemed to have priority preference for strategic reasons.

6.2 Currently, *Jamaica has a complex and unwieldy system of many different incentive schemes* inherited from past policies and programmes. In the National Industrial Policy, Government has pledged to re-examine and restructure this system so as to make it consistent with both the guiding principles of the NIP as well as the international rules and regulations that Jamaica is subject to as signatory to the WTO and CARICOM agreements. The central thrust of the policy approach is to re-orient fiscal incentives to make them

- * more transparent, simple, and automatic;
- * based on quantifiable and easily monitored performance standards;
- * more flexible so as to enable a broader cross-section of firms to benefit from their provisions;
- * oriented equally to services, agriculture, and manufacturing activity.

6.3 Guided by these principles, Government has undertaken in the past year *various initiatives to establish a more flexible programme of incentives*:

- (a) The Export Industry Encouragement Act (EIEA) has been amended to grant tax relief to firms exporting a minimum of five percent of their output. This measure supports local firms in their efforts to use their presence in the domestic market as a platform for expansion into the international domain.
- (b) The Jamaica Export Free Zones Act has been amended to allow for private designated free zones outside of the existing free zone area.

- (c) A first draft of legislation expanding the EIEA beyond manufacturing activity to include the service sector has been prepared. The legislation is expected to be tabled in Parliament by the end of the third quarter of 1997.
- (d) Legislation is currently being drafted to amend the Motion Picture Encouragement Act. The objective is to extend beneficiary status to providers of motion picture facilities and to music providers (e.g. recording studios, CD manufacturers). Pending the passage of legislation, duty-free status is conferred on imports of items and equipment required by recording studios and CD manufacturers.

6.4 Additional initiatives include the proposed Amendment of the Factory Construction Act to decentralize factory building and encourage owner-built and occupied factories, and the preparation of draft orders to allow duty-free treatment of items used for R&D purposes and for projects promoting environmental concerns.

6.5 In the next phase of NIP implementation, efforts are to be made to undertake a *systematic overhaul of the entire incentive regime, consistent with the general thrust of the Policy and evolving international rules*. These efforts will be coordinated with the ongoing assessment of the existing structure of taxation, with a view to adapting the whole system to meet the requirements of the NIP for promoting saving, investment, productivity, and international competitiveness.

7. INFRASTRUCTURE INVESTMENT AND HUMAN RESOURCE DEVELOPMENT

7.1 A key component of the National Industrial Policy is the strong emphasis placed on these *twin planks of the government's development thrust*. They are considered basic to the overall strategy of economic and social development and essential requirements for facilitating investment and growth.

7.2 The Government's programme in these areas has operated within the *tight constraint* of a fiscal budget with sizeable demands for debt service and recurrent expenses that, consequently, leaves limited resources available for capital expenditures. Strong efforts are being made to relieve this constraint through debt management and achieving cost-efficiencies in public sector operations. Furthermore, Government has sought to mobilise additional resources from the local private sector and external sources and to introduce cost recovery mechanisms wherever feasible and desirable.

7.3 The *private sector* itself can play an important role here too in directly meeting investment requirements and is being encouraged to pursue its own initiatives.

7A. INFRASTRUCTURE INVESTMENT

7A.1 Major projects were undertaken or slated to begin during the year in targeted areas of physical infrastructure, including the following:

Water Supply, Irrigation, and Sewerage

- * Water Supply Projects in the Lucea/Negril area and in Montego Bay;
- * Sewerage System Improvement Projects in Montego Bay and Ocho Rios;
- * Rural Water Supply Programme;
- * Urban Water Supply Programme;
- * Construction of Irrigation Infrastructure (canals, deep wells, Yallahs project, Colbeck project).

Transportation

- * Expansion of public passenger bus fleet (including school bus system), provision of depots, training of transport workers;
- * Activation of a comprehensive traffic plan (computerized traffic monitoring system with signals and sensors, one-way systems in major urban thoroughfares, widening of selected roadways).

Roads

- * Northern Jamaica Development Project;
- * Road rehabilitation improvement and maintenance programme (arterial, secondary, and tertiary roads, drainage and flood control, bridge development).

Seaports and Airport Facilities

- * Completion of expansion phase of Gordon Cay facility;
- * Airport Reform and Improvement Programme.

Communications

- * Expansion of telecommunication stations and exchanges, introduction of new services, by TOJ.

Energy/Electricity

- * Rural Electrification Programme;
- * Privatisation of Petrojam;
- * Continued operation of JPSCo Demand Side Management Project;
- * Implementation of cogeneration programme;

- * Development of alternative energy sources (hydropower, bagasse, solar, photovoltaics, wind);
- * Development of Energy Plan based on Energy Sector Policy;
- * Establishment of Office of Utilities Regulation.

Industrial Parks/Free Zones

- * Montego Bay Free Zone expansion project;
- * Montego Bay Free Zone/Freeport housing project;
- * Portmore Informatics Centre;
- * Tarentum Industrial Park.

7B. HUMAN RESOURCE DEVELOPMENT

7B.1 The government's programme in human resource development continued to concentrate resources on improvement and expansion in the targeted areas of early childhood, primary and secondary education. The programme focused on *the critical areas* of curriculum development, distribution and rental of textbooks, in-service training for teachers, conditions of pay for teachers, construction, renovation, and maintenance of buildings and equipment.

7B.2 Four major capital-expenditure projects are underway, with funding from GOJ and multilateral/bilateral sources:

- * Social Sector Development Project;
- * Improvement and Expansion of Primary Education;
- * Secondary School Textbook Project;
- * Reform of Secondary Education.

7B.3 Mechanisms and measures for closer articulation between all tertiary institutions and the technical and vocational training system are being introduced so as to rationalise and improve the quality and efficiency of tertiary education with respect to both teaching and learning.

7B.4 The HEART Trust/NTA system continued to play a key role in the provision of training to equip adults for entry into the world of work and to keep abreast of changing technology. Measures were adopted to upgrade training programmes, to be more relevant to specific needs of industry, to provide graduates with appropriate skills, knowledge, and work attitudes, and to broaden the base of options for further training.

7C. SCIENCE AND TECHNOLOGY

7C.1 The Government's programme in Science and Technology (S&T) seeks to promote the systematic application of science and technical knowledge to meet the diverse and changing needs in different areas of the economy arising from the ongoing drive to increase production, productivity, value-added, quality and diversity of products. This entails a wide range of activities in research and development, design, testing, quality control, information dissemination, education and training.

7C.2 The various *institutions and agencies engaged in such activities*, most of them in the public sector, are being encouraged, by the provision of resources and appropriate incentives, to focus their efforts in this direction, to develop closer collaboration among institutions and integration of activities and projects, and to pursue opportunities for commercial adoption through linkage with firms and investors.

7C.3 New initiatives are also beginning to emerge from *the private sector*, for instance, the formation in 1996 of a new firm to provide "technological solutions" by offering laboratory and product development services.

7C.4 *Projects* being pursued by the different agencies cover a wide range. There is a concentration in the field of agricultural and agro-industrial research, focusing on four main areas: food technology, crop research and development, livestock research and development, and plant protection. This work is fully consistent with the goal of the NIP to increase production, improve productivity, and expand value-added in domestic food crops and in both traditional and non-traditional export products.

7C.5 Other areas covered include: marine biology and ecology, alternative sources of energy, waste management, environmental research, medical research, and information technology.

7C.6 *Information technology* is targeted as a sector for development and support by the NIP. The main points of focus this past year were: closer coordination and organization of activities within the sector, provision of incentives for production and use of IT, development and application of software for training and education, and increasing distribution and use of hardware throughout the educational system. The computer-services facility that serves the Port of Kingston is emerging as a leading center of innovative activity in the sector, providing spillovers to the rest of the economy through training and diffusion of technology and skills. Linkages with other sectors (tourism, finance, government administration) are also helping to drive development in the sector.

8. STRENGTHENING THE INSTITUTIONAL FRAMEWORK

8.1 *A complex structure of institutions underpins the working of the Jamaican economy as a market-economy.* These institutions make it possible for economic decision-making and action to occur smoothly, effectively, and efficiently and, thereby, facilitate the process of growth and development of the economy. The National Industrial Policy seeks to strengthen these institutions through appropriate legislative action, through the monitoring and supervisory role of state agencies, and through active consultation and joint action between Government and interested parties. This *process of institutional reform* is considered to be an essential feature of the process of modernising the Jamaican economy and enhancing its capacity to respond to the global challenges it faces on the road ahead.

8.2 Some elements of the institutional structure that are crucial in this respect are: (a) the competitive rules governing market structure and behaviour of firms, (b) the capital-market institutions (banking, insurance, credit, and stock market), (c) the labour market, and (d) the administrative apparatus of the public sector. They have been the focus of continuing attention and action during the past year.

8.3 Specific matters addressed include:

- * Review of the *Fair Competition Act* to allow the Fair Trading Commission to better carry out its mandate to provide for the maintenance and encouragement of competition in the conduct of trade, business, and the supply of services, including professional services.
- * Preparation of new draft legislation to revise the existing *Companies Act* of 1965, now regarded as obsolete, so as to accommodate the company law to a rapidly changing business environment and achieve some measure of harmonisation with practices in the Caribbean Community.
- * Establishment of the *Office of Utilities Regulation*.
- * Strengthening of the *Jamaica Bureau of Standards* in its measurement and quality assessment systems through provision of equipment, training of local engineers and scientists both in-house and in Germany, setting up of five new metrology laboratories and substantial upgrading of three others.
- * Further deepening of the *reform process in the financial sector*, in the context of the long-term trend of broader economic reform through liberalisation and deregulation begun in the 1980s, by

instituting specific legislative and prudential reform measures, eliminating differences in regulation and supervision within the sector, amending the Building Society Act, steps to introduce a Deposit Insurance Scheme, formation of FINSAC to coordinate and manage the restructuring process in the sector.

* Adoption of the report of the *Labour Market Reform Committee*, and steps taken to implement some of its recommendations for specific reform measures.

* Acceleration of the *public sector modernisation project* to improve productivity, efficiency and management capability of public-sector institutions, through training of senior and middle managers, computerisation of operations and information systems, updating records, rationalisation of staff functions, and creation of executive agencies.

9. PRIORITIES FOR THE NEXT PHASE OF POLICY IMPLEMENTATION

9.1 The next phase of policy implementation will focus on the two essential and combined tasks of (a) *consolidating the gains made to date*, and (b) building on those gains to *achieve the central objective in this new phase: growth with stability*.

9.2 The *key elements of the implementation strategy* during this next phase, as specified in the National Industrial Policy, are the following:

- * *Strengthen and reinforce measures to provide the appropriate environment of stability and predictability to facilitate long-term investment.*
- * *Design measures to shift the balance of investment decisions from short-term financial instruments to long-term investment in the productive sectors.*
- * *Pursue an aggressive export-expansion programme based on proven strengths in dynamic sectors of the economy that are ripe for expansion.*
- * *Orient government budgetary allocations to investment in human resources and infrastructure, the incentive system, and a broad-based support framework, so as to remedy bottlenecks and constraints facing producers in the targeted sectors.*

9.3 Having created *the conditions for macroeconomic stability*, the aim is to preserve those conditions by rigorous pursuit of the appropriate monetary and fiscal policies, using the full range of instruments and tools available and successfully deployed this past year. At the same time, it will be necessary to *move the policy-mix towards greater emphasis on measures to promote investment in the productive sectors and growth of exports*.

9.4 Measures to reduce cash-reserve requirements accompanied by the continued downward trend in interest rates and the shift in government debt-instruments towards the long end will create *the required financial conditions to stimulate long-term investment*. In addition, the public-sector financial institutions are being geared up to act as catalyst in the investment process through increasing the supply of development-oriented long-term credit and improving access for credit-worthy projects. The restructuring process taking place within the financial sector will serve to strengthen confidence in the financial system and maintain the incentive for saving and investment.

9.5 The *export-expansion programme* will focus on the targeted growth-poles in the five strategic clusters identified by the National Industrial Policy. Government support-measures generally available to all sectors will be concentrated on providing support to viable projects that are capable of yielding early and significant gains in export earnings, in both traditional and non-traditional areas of exports. The Industry Advisory Councils that are now being organised will be mobilised to help coordinate and drive this effort.

9.6 Continued efforts will be made to strengthen and deepen the requirements for an export push in pursuit of *the declared long-term strategy of export-led development*. In this respect, the chief matters of major concern to be dealt with are:

- (a) *review of trade policy and strategic repositioning of Jamaica's international relations* (CARICOM, NAFTA, ACS, FTAA, EU/Lome) to accommodate to current global trends in trade, investment, and foreign assistance;
- (b) *review and restructuring of the complex and unwieldy system of incentives* that currently exists so as to provide a more uniform, transparent, and performance-oriented system that is consistent with international rules and regulations under the WTO agreements and with preserving Jamaica's competitive position in relation to other countries;
- (c) *a drive for increased productivity and product innovation*, focused on sector-specific and firm-level requirements identified in the NIP, so as to improve the capability of firms to deliver quality products at a competitive price in both domestic and export markets.

9.7 Maintaining *the infrastructural investment programme* in physical and social infrastructure will be of fundamental importance to all of these efforts. *The highest priority will be given to education and training of the labour force, concentrating on early education as the base of the process*, in a push to prepare our adults and the new generation to cope with rapid changes taking place in the economy and society.

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APPENDIX A

ANALYSIS OF EXTERNAL TRADE PERFORMANCE

A1. The strategic focus of the National Industrial Policy is on export push coupled with exploiting possibilities for efficient import substitution. The objective is to pursue a diversified portfolio of different growth opportunities by expanding existing activities with a demonstrated capacity for continued growth while promoting new activities in targeted niche areas.

A2. The accompanying tables give an indication of the extent to which the Jamaican economy is on track to meet these objectives as judged by the value, composition and growth rate of exports and imports for the period 1990 to 1996. A detailed account of the performance of individual traditional and non-traditional exports is also provided.

A3. Analysis of the data reveals the following:

(a) The *out-turn on the Balance of Payments* accounts indicates a further widening of the merchandise trade deficit in 1996 to US\$1,529.6 million or 28% of GDP (see Table 1). The improvement in the service account served to partially offset this trade deficit and contributed to the balance on goods & services remaining relatively steady at a deficit of US\$783 million (16.8% of GDP). The current account deficit deteriorated to US\$240.7 million (4.4% of GDP), up from US\$214.7 million in 1995. Details on movements in Jamaica's export and import performance underlying these trends are provided in Tables 2 through 5.

(b) Regarding the *composition of exports*, *Services* continue to account for the majority of gross export earnings with 57.1% of the total in 1996, up from 50.5% in 1990 (see Table 2). While *Tourism* prevails as the primary service export (34.7% of total exports), the share of *Other Services* has been rising steadily to 22.4% in 1996. Among *Merchandise Exports*, *Traditionals* predominate with a 28.2% share of total exports. *Non-traditionals* accounted for 13.5%, down from 15.3% in the previous year.

(c) Total *export growth* of 2.5% in 1996 was driven by the *Service* sector which expanded at a rate of 7.6%, with particularly strong growth exhibited by the non-tourism category (12.3%) (see Table 2). In contrast, *Merchandise* exports declined, on average, by 3.5% due to a significant contraction in *Non-traditional* exports (-9.7%). This decline in both the value and share of *Non-traditionals* is the first after five years of steady growth and stands in contrast to the NIP's objective of diversification and heavy reliance on a dynamic non-traditional export sector to carry the growth momentum.

(d) An analysis of *export performance at the product line level* indicates that *traditional* merchandise exports recorded a mixed performance (see Tables 3 and 4). The strong growth in *Bauxite, Gypsum, Sugar, Citrus, Coffee & Coffee Products, and Rum* was almost entirely offset by a decrease in earnings from the other traditional exports (*Alumina, Bananas, Citrus Products, Cocoa, and Pimento*). Earnings derived from *Non-traditional* exports decreased across the board with few exceptions. In particular *Apparel* exports, which account for 57.4% of the non-traditional category, experienced a 13.2% contraction.

(e) *Growth in total imports* slowed to 2.2% in 1996, down from an average growth rate of 22.6% in the previous year (see Table 5). *Merchandise Imports* expanded at a rate of 3.0%, driven by an increase in *Consumer Goods* (5.3%) and *Capital Goods* (11.1%). *Raw Material* imports recorded a slight decline (-0.4%). On the *Service Account*, imports remained steady as increases in *Travel* (8.3%) and *Other Services* (7.7%) were offset by a 14.1% decline in *Investment Income* outflows.

(f) In terms of the *composition of imports*, the share of *Consumer Goods* imports continued to increase to 18.3%, up from 12.0% in 1990 (see Table 5). The shares of *Capital Goods* and *Other Services* also rose above their 1995 levels to 13.6% and 15.5% respectively. The proportion of Total Imports accounted for by outflows of *Investment Income* continued its downward trend, falling to 8.3% (18.1% in 1990). The same holds true for *Raw Material Imports*, which in 1996 accounted for 40.8%, down from a high of 45.2% in 1992.

Table 1
Jamaica Balance of Payments, 1990-96

US\$ millions	1990	1991	1992	1993	1994	1995	1996
Trade Balance (in % of GDP)	-784.9 (18.5)	-677.9 (19.5)	-721.8 (22.7)	-1113.8 (29.3)	-1014.0 (26.2)	-1395.0 (30.0)	-1529.6 (28.0)
Goods & Services Balance (in % of GDP)	-599.4 (14.1)	-508.6 (14.7)	-328.9 (10.3)	-571.1 (15.0)	-461.5 (11.9)	-778.0 (16.7)	-783.0 (16.8)
Current Account Balance (in % of GDP)	-328.0 (7.7)	-252.2 (7.3)	+10.9 (0.3)	-194.2 (5.1)	+13.8 (0.4)	-214.7 (4.6)	-240.7 (4.4)

Source: Bank of Jamaica, Balance of Payments Department; Planning Institute of Jamaica: *Economic and Social Survey Jamaica*.

Table 2
Exports of Jamaica, 1990-96: Value, Composition, and Growth Rate

Exports	1990	1991	1992	1993	1994	1995	1996
Value (US\$ millions)							
Merchandise Exports	1157.5	1150.7	1053.6	1075.4	1219.6	1436.8	1386.8
Traditional	899.9	830.1	735.9	713.2	777.1	905.0	911.0
Non-Traditional	222.8	226.5	295.9	345.1	405.8	483.2	436.1
Re-exports	34.8	94.1	21.8	17.1	36.7	48.6	39.7
Services	1179.3	1107.0	1250.3	1447.4	1523.1	1712.5	1842.7
Tourism	740.0	764.0	858.1	942.6	970.4	1068.8	1119.6
Other Services	439.3	343.0	392.2	504.8	552.7	643.7	723.1
Total Exports	2336.8	2257.7	2303.9	2522.8	2742.7	3149.3	3229.5
Percentage							
Merchandise Exports	49.5	51.0	45.7	42.6	44.5	45.6	42.9
Traditional	38.5	36.8	31.9	28.3	28.3	28.7	28.2
Non-Traditional	9.5	10.0	12.8	13.7	14.8	15.3	13.5
Re-exports	1.5	4.2	0.9	0.7	1.3	1.5	1.2
Services	50.5	49.0	54.3	57.4	55.5	54.4	57.1
Tourism	31.7	33.8	37.2	37.4	35.4	33.9	34.7
Other Services	18.8	15.2	17.0	20.0	20.1	20.4	22.4
Total Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Exports/GDP	52.0	55.2	65.7	55.1	58.4	na	na
Growth Rate							
Merchandise Exports	15.7	-0.6	-8.4	2.1	13.4	17.8	-3.5
Traditional	25.2	-7.8	-11.3	-3.1	-9.0	16.5	0.7
Non-Traditional	-9.7	1.7	30.6	16.6	17.6	19.1	-9.7
Re-exports	-1.1	170.4	-76.8	-21.6	114.6	32.4	-18.3
Services	0.5	-6.1	12.9	15.8	5.2	12.4	7.6
Tourism	24.8	3.2	12.3	9.8	2.9	10.1	4.8
Other Services	-24.2	-21.9	14.3	28.7	9.5	16.5	12.3
Total Exports	7.5	-3.4	2.0	9.5	8.7	14.8	2.5

Source: Bank of Jamaica, Balance of Payments Department; Statin: *National Income and Product*.

Table 3
Value of Selected Traditional & Non-traditional Exports, 1990-96

Exports	1990	1991	1992	1993	1994	1995	1996	1996
Value (US\$ millions)								%*
Traditionals	899.90	830.10	735.90	713.20	777.10	905.00	911.00	65.69
Bauxite	102.97	112.91	88.76	84.21	73.50	70.94	78.35	5.65
Alumina	625.30	542.96	471.07	439.78	537.22	632.05	607.01	43.77
Gypsum	0.43	0.55	0.70	1.09	0.97	1.07	1.32	0.19
Sugar	85.77	87.45	82.54	97.50	68.63	96.00	109.23	7.88
Bananas	37.59	45.11	39.56	35.64	46.15	45.70	45.21	3.26
Citrus	4.67	3.31	4.65	3.50	2.80	3.89	4.95	0.36
Citrus products	4.28	1.15	3.47	2.23	0.68	2.06	0.22	0.02
Coffee	8.65	11.82	16.20	19.07	16.19	26.26	31.49	2.27
Coffee products	0.86	0.40	0.48	0.66	0.68	0.62	0.78	0.06
Cocoa	3.35	2.23	2.51	1.56	3.15	2.75	1.90	0.14
Cocoa products	3.00	3.28	3.43	2.60	2.53	2.47	na	(0.17)
Pimento	5.66	3.55	4.48	3.83	3.72	4.26	3.55	0.26
Rum	85.77	15.44	17.96	21.59	20.84	22.21	25.38	1.83
Non-traditionals	222.80	226.50	295.90	345.10	405.80	483.20	436.10	31.45
Apparel	83.01	89.38	152.52	199.92	250.21	288.03	250.12	18.04
Furniture	na	3.23	3.32	3.57	4.52	3.42	3.30	0.24
Manufactured Gds	16.97	16.86	16.31	13.58	17.85	15.19	13.40	0.97
Machine/Transport	4.25	3.75	3.56	2.51	2.35	3.41	3.63	0.26
Pumpkins	0.60	0.71	0.77	0.64	0.86	1.12	1.04	0.07
Cucumber	0.10	0.08	0.13	0.14	0.19	0.11	0.07	0.01
Other vegetables	0.42	0.02	0.31	0.34	0.28	0.26	na	(0.02)
Sweet potatoes	0.68	0.62	0.74	0.95	1.08	1.34	1.39	0.10
Yams	8.02	8.64	8.11	9.44	10.69	12.17	10.84	0.78
Avocadoes	0.05	0.05	0.11	0.14	0.19	0.18	0.15	0.01
.../continued								

Table 3 (contd)
Value of Selected Traditional & Non-traditional Exports, 1990-96

Exports	1990	1991	1992	1993	1994	1995	1996	1996
Value (US\$ millions)								%*
Mangoes	0.58	1.21	0.96	0.50	0.68	1.12	0.93	0.07
Dasheens	1.88	0.87	0.98	1.12	1.26	1.49	1.21	0.09
Papayas	na	1.06	2.11	3.45	4.74	6.69	6.53	0.47
Other food exports	25.23	32.89	38.59	43.32	44.76	52.68	76.03	5.48
Tobacco/Beverages	19.61	17.44	17.16	19.05	19.95	21.02	22.19	1.60
Cut flowers	2.29	1.99	1.75	1.29	0.87	1.06	0.86	0.06
Foliage/Live Plants	0.19	0.69	0.80	0.58	2.10	0.95	0.78	0.06
Crude Materials	7.78	5.67	6.18	6.87	7.78	7.62	5.77	0.42
Mineral Fuels etc	16.52	11.55	10.09	6.54	6.02	8.36	5.81	0.42
Oils & Fats	0.03	0.26	0.04	1.48	1.54	0.88	0.02	0.00
Chemicals	24.21	22.65	25.43	24.15	23.52	44.90	48.32	3.48

Source: Statin: *External Trade*, Part One; Planning Institute of Jamaica, *Economic and Social Survey Jamaica*.

Note: * figures in parentheses are based on 1995 data.

Table 4
Growth Rates of Selected Traditional & Non-traditional Exports, 1990-96
(in percent)

Exports	1990	1991	1992	1993	1994	1995	1996
Traditionals	25.2	-7.8	-11.3	-3.1	-9.0	16.5	0.7
Bauxite	-7.3	9.7	-21.4	-5.1	-12.7	-3.5	10.5
Alumina	31.7	-13.2	-13.2	-6.6	22.2	17.7	-4.0
Gypsum	54.5	29.6	27.8	55.3	-11.1	10.5	22.5
Sugar	26.6	2.0	-5.6	18.1	-29.6	39.9	13.8
Bananas	95.2	20.0	-12.3	-9.9	29.5	-1.0	-1.1
Citrus	87.3	-29.3	40.8	-24.8	-20.0	38.9	27.2
Citrus Products	163.6	-73.2	201.7	-35.6	-69.6	203.0	-89.4
Coffee	-8.7	36.6	37.1	17.7	-15.1	62.3	19.9
Coffee products	25.3	-53.1	19.3	37.3	2.0	-8.3	25.4
Cocoa	1966.7	-33.3	12.2	-37.7	101.5	-12.7	-30.9
Cocoa products	-30.7	9.3	4.7	-24.2	-2.9	-2.1	na
Pimento	23.3	-37.4	26.4	-14.5	-2.8	14.3	-16.6
Rum	26.6	-82.0	16.3	20.2	-3.5	6.6	14.3
Non-traditionals	-9.7	1.7	30.6	16.6	17.6	19.1	-9.7
Apparel	-25.3	7.7	70.6	31.1	25.2	15.1	-13.2
Furniture	na	na	2.7	7.6	26.5	-24.2	-3.6
Manufactured Goods	-8.0	-0.6	-3.3	-16.7	31.4	-14.9	-11.8
Machine/Transport	-1.0	-11.8	-5.1	-29.5	-6.5	45.6	6.3
Pumpkins	-1.3	19.0	8.1	-17.2	34.9	30.1	-7.4
Cucumber	33.3	-20.8	67.1	7.9	37.2	-43.1	-35.5
Other vegetables	-20.3	-47.0	40.8	8.6	-18.2	-8.2	na
Sweet potatoes	-9.0	-8.1	19.1	28.6	12.9	24.1	3.8
Yams	-9.2	7.7	-6.1	16.3	13.3	13.8	-10.9
Avocadoes	228.6	6.5	118.4	26.2	37.8	-3.2	-19.4
.../continued							

Table 4 (contd)
Growth Rates of Selected Traditional & Non-traditional Exports, 1990-96
(in percent)

Exports	1990	1991	1992	1993	1994	1995	1996
Mangoes	52.4	107.9	-20.9	-48.0	35.5	65.9	-17.2
Dasheens	16.5	-53.6	12.0	14.9	11.7	18.8	-18.7
Papayas	na	na	98.8	63.3	37.3	41.2	-2.3
Other food exports	26.8	30.4	17.3	12.2	3.3	17.7	44.3
Beverages/Tobacco	1.4	-11.1	-1.0	11.0	4.7	5.3	5.6
Cut flowers	20.7	-13.0	-12.3	-26.0	-42.1	21.5	-19.3
Foliage & live plants	-67.5	268.1	15.9	-27.4	260.0	-54.9	-17.2
Crude Materials	-30.1	-27.1	9.0	11.2	13.3	-2.1	-24.4
Mineral Fuels	1.4	-30.1	-12.7	-35.2	-8.0	38.9	-30.4
Oils & Fats	24.0	732.3	-84.9	3702.6	3.7	-42.7	-97.5
Chemicals	2.0	-6.5	12.3	-5.0	-2.6	90.9	7.6

Source: Calculated from data in Table 3.

Table 5
Imports of Jamaica, 1990-96: Value, Composition, and Growth Rate

Imports	1990	1991	1992	1993	1994	1995	1996
Value (US\$ millions)							
Merchandise Imports	1942.4	1828.6	1775.4	2189.2	2233.2	2831.8	2916.4
Consumer Goods	353.1	251.9	293.3	476.9	462.7	697.6	734.4
Raw Materials	986.6	1178.8	1188.8	1322.8	1404.7	1642.3	1635.6
Capital Goods	602.7	397.9	293.3	389.5	365.8	491.8	546.4
Service Imports	993.8	937.7	857.4	904.7	971.0	1095.5	1096.1
Travel	53.7	53.6	63.9	64.2	65.0	129.2	139.9
Investment Income	532.2	492.9	365.3	335.8	347.5	388.1	333.5
Other Services	407.9	391.2	428.2	504.7	558.5	578.2	622.7
Total Imports	2936.2	2766.3	2632.8	3093.9	3203.2	3927.3	4012.5
Percentage							
Merchandise Imports	66.2	66.1	67.4	70.8	69.7	72.1	72.7
Consumer Goods	12.0	9.1	11.1	15.4	14.4	17.8	18.3
Raw Materials	33.6	42.6	45.2	42.8	43.9	41.8	40.8
Capital Goods	20.5	14.4	11.1	12.6	11.4	12.5	13.6
Service Imports	33.8	33.9	32.6	29.2	30.3	27.9	27.3
Travel	1.8	1.9	2.4	2.1	2.0	3.3	3.5
Investment Income	18.1	17.8	13.9	10.9	10.8	9.9	8.3
Other Services	13.9	14.1	16.3	16.3	17.4	14.7	15.5
Total Imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Imports/GDP	56.1	56.5	66.7	64.6	65.8	na	na
Growth Rate							
Merchandise Imports	3.7	-5.9	-2.9	23.3	2.0	26.9	3.0
Consumer Goods	-9.6	-28.7	16.4	62.6	-3.0	50.8	5.3
Raw Materials	7.6	19.5	0.8	11.3	6.2	16.9	-0.4
Capital Goods	6.5	-34.0	-26.3	32.8	-6.1	34.4	11.1
Service Imports	6.9	-5.6	-8.6	5.5	7.3	12.8	0.0
Travel	-1.1	0.0	19.2	0.5	1.2	98.8	8.3
Investment Income	19.0	-7.4	-25.9	-8.1	3.5	11.7	-14.1
Other Services	-4.7	-4.1	9.5	17.9	10.7	3.5	7.7
Total Imports	2.2	-5.8	-4.8	17.5	3.5	22.6	2.2

Source: Bank of Jamaica, Balance of Payments Department; STATIN: *National Income and Product*, 1996.

APPENDIX B

ANALYSIS OF INVESTMENT PROJECTS IN THE PIPELINE

B1. From the standpoint of the National Industrial Policy, investment is one of the key strategic variables in analysis of the economy and in assessing economic performance.

B2. The accompanying tables provide a quantitative profile of investment projects in the pipeline that pass through the public-sector financial institutions (NDB, NIBJ) and JAMPRO, as of the indicated date.

B3. Note: (a) Because some projects are not exclusively handled by any single one of these agencies, there is some overlap in the data across the different agencies. (b) Because this information is limited to public-sector agencies, it provides an incomplete picture of the investment activity and potential in the economy as a whole.

B4. Analysis of the profile of investment projects reveals the following pattern:

(a) There is an overall concentration of projects in the tourism sector. This sector predominates in terms of the number of projects for expansion and new development (as distinct from debt restructuring), the scale of funding committed, and the projected gains in employment and foreign exchange earnings. Within the sector, the large hotels receive the largest share of funding.

(b) The manufacturing sector is second in both commitments and applications-in-process at NDB. It also leads in projects for debt restructuring at NIBJ (44% of total funding sought).

(c) The mining sector ranks high in terms of funds committed at NDB, and in terms of number of project start-ups and size of potential investment at JAMPRO.

(d) Agro-industry projects have a sizeable share of total commitments. Agriculture is under-represented in these agencies (relative to ACB), but ranks high in projects for restructuring at NIBJ.

(e) The services sector is well represented, with entertainment and information processing and film emerging as significant new areas for funding.

(f) Disbursement of funds relative to commitment/approval is running at a rate of 42% at NDB and much lower, 19%, at NIBJ.

(g) Applications in process relative to existing commitments (measured by total of local and foreign funds) is 81% at NDB and 140% at NIBJ.

(h) Bottleneck factors center on: financing, land acquisition, and government approval.

Table 1
National Development Bank of Jamaica, Ltd.:
Summary of Commitment and Disbursement Activities, January - December, 1996

Sector	No. of Projects	Committed		Disbursed		Projected Employment	Estimated Foreign Exchange Earnings US\$	Est. no. of rooms added
		J\$m	US\$m	J\$m	US\$			
Agro-Industry	26	54.968	.492	16.189	4.319*	134	152,497	
Garments	10	12.985	1.073	12.022	.126	249	138,364	
Manufacturing	38	190.720	1.800	53.613	2.206*	280	116,171	
Mining	8	114.617	0	57.991	0	49	0	
Services	26	87.740	1.068	55.400	.771	193	0	
Tourism	28	25.753	22.780	11.289	22.894	892	8,780,034	804
TOTAL	136	486.783	27.213	206.506	30.316	1,797	9,187,066	804

Source: Projects Department, NDB.

Note: * inclusive of commitments made in 1995.

Table 2
National Development Bank of Jamaica, Ltd.:
Summary of Applications in Process at February 7, 1997

Sector	No. of Projects	Local Funds Requested J\$m	Foreign Exchange Funds Requested US\$m
Agro-Industry	2	14.000	0
Manufacturing	19	26.690	11.020
Services	7	65.000	2.800
Tourism	9	3.200	16.450
TOTAL	37	111.890	30.270

Source: Projects Department, NDB.

Note: Projects submitted for Board approval/ratification, excluding amounts at project inquiry stage.

Table 3
National Investment Bank of Jamaica
Summary of Commitment and Disbursement Activities, January 1996 - January 1997

Sector	No of Projects	Approved J\$m	% of Total Appr.	Disbursed J\$m	Comments
Agriculture	4	20.240	1.1	14.000	
Agro-Industry	5	69.645	3.8	17.700	J\$22m for refinancing
Manufacturing <i>Apparel</i>	5 2	48.770 13.000	2.7 0.7	25.770 0	J\$8m for refinancing
Mining	4	73.800	4.1	35.122	
Entertainment	1	13.000	0.7	7.467	
Info-Technology	1	7.139	0.4	7.139	
Tourism	20	1,577.443	87.2	231.171	Small Hotels funds all for refinancing Large Hotel funds incl. J\$25m for investment; projects estimated to add 2150 rooms/suites to capacity; Other incl. J\$56m for refinancing
<i>Small Hotels</i>	7	55.700	3.1	26.428	
<i>Large Hotels</i>	10	1,445.743	79.9	200.743	
<i>Other</i>	3	76.000	4.2	4.000	
TOTAL	40	1,810.037	100.0	338.369	

Source: National Investment Bank of Jamaica

Table 4
National Investment Bank of Jamaica
Use of Funding Sources as at February 11, 1997

Sector	Approved J\$m	Disbursed J\$m	Applied for J\$m
J\$1.0B Bond Issue			
Agriculture	8.240	2.000	128.482
Agro-Industry	69.645	17.700	57.237
Manufacturing	28.770	15.770	198.533
Mining	33.600	4.922	11.700
Entertainment	13.000	7.467	40.000
Tourism	256.700	30.428	190.600
TOTAL	409.955	78.287	626.554
US\$50M Bond Issue (J\$1.75B)			
Tourism	1,225.000	105.000	2,387.847
Capital Development Fund (CDF)			
Agriculture	12.000	12.000	--
Manufacturing	20.000	10.000	--
Mining	40.200	30.200	--
Tourism	95.743	95.743	--
TOTAL	167.943	147.943	--
National Investment Bank of Jamaica Funds			
Info-Technology	7.139	7.139	--
GRAND TOTAL	1,810.037	338.369	3,014.401

Source: National Investment Bank of Jamaica

Note: Assumed exchange rate: J\$35 per US\$1

Table 5
National Investment Bank of Jamaica
Summary of Applications in Process at February 11, 1997

Projects for Debt Restructuring

Sector	No. of Projects	NIBJ Funding Sought, J\$m
Agriculture	8	114.760
Agro-Industry	5	57.237
Manufacturing	12	182.805
Mining	1	11.700
Tourism	8	48.920
<i>Small Hotels</i>	7	45.320
<i>Other</i>	1	3.600
TOTAL	34	415.423

Source: National Investment Bank of Jamaica

Note: Excludes a total of 4 projects for which letters of intent have been received but no specific funding request has been made.

Table 6
National Investment Bank of Jamaica
Summary of Applications in Process at February 11, 1997

Expansion & New Developments

Sector	No. of Projects	NIBJ Funding Sought, J\$m*
Agriculture	2	13.720
Manufacturing <i>Apparel</i>	3 1	15.729 8.750
Entertainment	1	40.002
Tourism	13	2,529.527
<i>Hotels**</i>	9	2,387.847
<i>Other</i>	4	141.680
TOTAL	19	2,598.978

Source: National Investment Bank of Jamaica

Notes: * Assumed exchange rate: J\$35 per US\$1

** Estimated to add 1540+ rooms/suites

Table 7
Summary of Investment Projects Initiated and Assisted by JAMPRO,
as at January 31, 1997
(start-up initiated, incl. pilot stage where applicable)

Sector	No. of Proj- ects	Potential Capital Investment J\$m	Potential Employ- ment
Agriculture	6	439.2	161
Information Processing	0	0	0
Tourism	10	6,871.8	1,345
Mining & Chemical	10	4,812.0	445
Textiles & Sewn Products	4	22.9	252
General Manufacturing	3	21.2	125
Entrepreneurial Centre	2	0.4	10
TOTAL	38	12,167.5	2,338

Source: JAMPRO

Table 8
Summary of Projects by Bottleneck
JAMPRO-listed Projects, as at January 31, 1997
(J\$ millions)

Bottlenecks	Sectors								Total
	Agriculture	Film	Information Processing	Manufacture	Mining & Chemicals	Small Business	Textiles	Tourism	
AGA	10.000		4043.560		49.750			1512.555	5,615.865
F/JV	400.000	122.500		385.000	42.900	0.689	76.400	7587.834	8,615.323
F/JV/AGA								4564.300	4,564.300
INC					500.000				500.000
JV/AGA								1200.000	1,200.000
LA	20.000		19.600		76.000		60.980	259.179	435.759
LA/INC					1400.000				1,400.000
LA/INC/AGA					2400.000				2,400.000
NONE	29.220	4964.550	9.000	189.808	343.340	19.841	122.100	21.120	5,698.979
TOTAL	459.220	5087.050	4072.160	574.808	4811.990	20.530	259.480	15144.988	30,430.226

Source: JAMPRO.

Key: LA = land acquisition; AGA = Awaiting Government Approval; INC = Incentives; F/JV = Financing, Joint Venture;
NONE = none at this time.

APPENDIX C

SECTORAL TARGETS, PROPOSED INITIATIVES, AND ACHIEVEMENTS

C1. The accompanying tables give detailed information on targets, initiatives, and achievements at the sector/product level to date.

C2. This information provides a useful, initial profile of the steps that are currently being taken or proposed to implement the National Industrial Policy in the various sectors. The information is preliminary in both its coverage of sectors and product lines as well as in its information content on actual initiatives and achievements. Missing information will be added as it becomes available.

C3. For the purpose of this review, the targets and initiatives have been grouped according to the following seven (7) objectives:

- **market penetration** -- through export expansion or import substitution;
- **diversification** -- extending the range/variety/value-added of products offered;
- **product design/quality** -- improvements in existing products;
- **productivity** -- gains in production efficiency through use of appropriate/state-of-the-art technology, skilled/trained workers, efficient management & organization, efficient distribution;
- **organization** -- strategic alliances, networks, co-operative arrangements to take advantage of economies of scale, build critical mass, pool risk, share information, etc.;
- **investment** -- in new capacity or in replacing/upgrading existing production facilities;
- **intersectoral linkages** -- spillovers across product lines and sectors, creation of dynamic synergies that serve to reinforce growth within each sector.

C4. These objectives serve to operationalise in specific terms the broad goals of the NIP. They also provide a useful framework that implementing agencies are encouraged to apply in structuring and focusing their initiatives.

C5. There is necessarily some overlap in that a certain initiative may serve multiple objectives, for instance product diversification as well as market penetration, product quality as well as productivity.

C6. The following broad pattern emerges from the profile of targets and initiatives:

(a) In the majority of cases, proposed initiatives are directed primarily at the objectives of **market penetration** and **export diversification**.

(b) The **organization** objective is addressed primarily through efforts to establish/strengthen the **strategic alliance** between JAMPRO and other agencies servicing the respective sectors and through JAMPRO functioning as an information clearinghouse.

(c) Relatively little attention is paid to: **product design/quality, productivity, and intersectoral linkages**. Notable exceptions are the Textiles & Sewn Products, Tourism and Music & Entertainment sectors, where strong efforts are being made to develop a sharper focus on product design and quality issues and on the exploitation of synergies between the three sectors. Deepening of linkages is occurring also between tourism and agriculture.

(d) In terms of the specific nature of the initiatives proposed, promotional activities (participation in trade shows, advertising campaigns, newsletters, presentations, seminars, etc.) tend to predominate.

C7. The particular pattern of proposed initiatives that appears here may be a reflection of the nature of the available data set. However, implementing agencies are being encouraged to ensure that their efforts are integrated and complemented with initiatives in support of the entire spectrum of activities ranging from product innovation and design to efficiency in production, distribution and marketing. More specifically, once marketing efforts have opened up potential markets and established contacts, Jamaican firms must be in a position to deliver an innovative, top-quality product in sufficient quantity, on time, and at a competitive price.

SECTORS/PRODUCTS REVIEWED

(listed by Clusters as identified within the National Industrial Policy)

Cluster # 1

- Tourism
- Music & Entertainment

Cluster # 2

- Shipping & Berthing
- Information Technology
 - Information Processing
 - Telemarketing Services
- Financial Services

Cluster # 3

- Agriculture & Agro-Processing
 - Agriculture — General
 - Fresh Produce: Tropical Ethnic Crops
Tropical Exotic Fruits
Organic Foods
 - Agro-Processing
 - Aquaculture: Tilapia
Ornamental Fish
 - Horticulture

Cluster # 4

- Textiles & Sewn Products

Cluster # 5

- Minerals, Chemicals & Alternative Energy

Small Business Sector

Data Sources: JAMPRO, *Marketing Plans 1996/97*; Tourism Unit, Office of the Prime Minister; Port Authority of Jamaica; Ministry of Agriculture & Mining, *Corporate Plan 1997/98*; Micro Investment Development Agency.

TOURISM

Important efforts are currently underway to consolidate initiatives aimed at improving the tourism product and to rationalize and reorganize public sector entities involved with the tourism sector. Those efforts include:

- drafting legislation concerning the functions and operations of the Jamaica Tourist Board (JTB) and the Tourism Product Development Company Ltd (TPDCo);
- reorganization of the Tourism Division, OPM;
- development of a Master Plan for Tourism Development;
- establishment of the Prime Minister's Tourism Council.

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Initiatives:</i>	* direct charter service (JAMVAC) from Western Canada since winter 96 and from Fort Lauderdale (since 95/96) * cruise-ship port infrastructure development
	<i>Achievements:</i>	* significant increase in arrivals from Western Canada * JAMVAC instrumental in developing Fort L. gateway * visitor arrivals up 3.9%; cruise passenger arrivals up 8.8% * gross visitor expenditures up 5.5%
Diversification	<i>Products:</i>	* nature, culture & heritage tourism * spas & retirement care facilities * family resorts * mid-market & small hotels
	<i>Markets:</i>	* Europe * Japan * Latin America
	<i>Initiatives:</i>	* lobby for incentives for eco-friendly & heritage-based projects * promotional activities * seminars/workshops * revitalization of Inns of Jamaica Programme
	<i>Achievements:</i>	* Port Royal Project: Agreement of Understanding signed * Falmouth: exploratory meetings held * stop-over arrivals from Europe up 5.5% * two new all-inclusive family resorts
Product Design/ Quality	<i>Target:</i>	* reduce harassment & crime directed at tourists * improve quality & competitiveness of tourism product * erase foreign investors' (Europeans') negative perception of Jamaica as unsafe, high-risk investment location * expand attractions sector

TOURISM (continued)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Product Design/ Quality	<i>Initiatives:</i>	* Sustaining the Environment & Tourism (SET) Programme extended to Montego Bay in 96; to be extended to Negril & Portland in 97/98 * Northern Jamaica Development Project (infrastructure) * GCT relief for attractions sector * seminars/workshops on International Quality Standards * various training seminars for tourism workers * promotional activities
	<i>Achievements:</i>	* reported harassment/crime incidents down 17% since 1995 (down over 50% since 1993)
Productivity	<i>Initiatives:</i>	* seminars/workshops on physical plant management, information technology
Organization	<i>Initiatives:</i>	* launching of Prime Minister's Tourism Council * strategic alliance with overseas offices, Embassies, etc; with local agencies, eg JHTA, UDC, TPDCO, JTB etc; with Caribbean & World Tourism Organizations etc
Investment	<i>Target:</i>	* min. of 4 new accommodations projects with min. value of J\$1B creating min. of 400 job opportunities * 4 new joint venture partnerships (accommodations) at J\$8B under Target Europe Programme
	<i>Initiatives:</i>	* two attractions projects at US\$506M and job potential of 91 * Port Royal & Falmouth projects * promotional activities for Jamaica: multimedia software, newsletter, seminars & workshops * promotional activities for US, Europe & Japan: business lunches, calls to investment banks, multimedia software, investment fora, consumer trade shows, advertising in relevant publications
	<i>Achievements:</i>	* 7 new accommodations projects implemented in 95/96; total value of J\$1.75B; 509 job opportunities * 4 new attractions projects implemented; capital investment of J\$625.2M; 144 jobs
Intersectoral Linkages	<i>Initiatives:</i>	* "Sugar Loaf Presentation" at Round Hill Hotel (3/18/97) to foster linkages between tourism sector and design-led products (arts & crafts, fashion, music, home furnishings, gourmet foods)

MUSIC & ENTERTAINMENT

The marketing thrust focuses on four broad segments in the Music & Entertainment sector:

- recorded music (Reggae, Dancehall, Fusion, Rock Steady, Ska, Mento, Binghi)
- live performances
- recording facilities
- themed entertainment districts/seasons.

NIP OBJECTIVE

SPECIFIC TARGETS & PROPOSED INITIATIVES

Export Volume/ Import Substitution/ Market Penetration/

Target:

- * increase visibility in international markets
- * penetrate traditional & non-traditional markets, in particular: US, Japan, Brazil, UK, Jamaica

Initiatives:

- * MIDEM '97 as springboard for marketing campaign
- * concept/trademark "Jamaican Sound"
- * aggressive national & international marketing programme
- * public education campaign
- * market research
- * develop Jamaican-based international distribution network
- * compile worldwide database of distributors, licensing agents, media contacts

Diversification

Products:

- * foreign language recordings
- * re-mixes, strategic covers of popular songs

Markets:

- * Africa
- * France

Initiatives:

- * promotional activities, including: targeting public radio stations, "Diplomatic Goodwill Tour", Jamaican exporters to sponsor overseas engagements

Product Design/ Quality

Target:

- * creative packaging & presentation (red/green/gold motif for cultural/national identification; inclusion of historically & culturally relevant information)
- * state-of-the art studio facilities

Productivity

Target:

- * improved distribution
- * technology transfer; state-of-the-art studio facilities

Initiatives:

- * amend Motion Picture Industry Encouragement Act to encourage/facilitate technology transfer

MUSIC & ENTERTAINMENT (continued)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Organization	<i>Initiatives:</i>	* strategic alliances with media; African-American entertainers/lawyers/ financiers; Nat'l Academy of Recording Arts & Science * networking of local international record companies * The Entertainment Bureau (special vehicle company convened by JAMPRO to represent/negotiate on behalf of product owners unable to attend MIDEM; need for such representation on permanent basis)
Investment	<i>Target:</i>	* facilitate pipeline projects totaling US\$10M
Intersectoral Linkages	<i>Target:</i>	* designer fashion, reggae fashion * Jamaica as cultural Mecca (Reggae-Rasta link) * tourism * themed eateries, attractions, shopping areas
	<i>Initiatives:</i>	* Jamaican exporters to sponsor overseas engagements * <i>intrasectoral</i> linkages between music and film/TV soundtracks to be pursued aggressively * "Sugar Loaf Presentation" at Round Hill Hotel (3/18/97) to foster linkages between tourism sector and design-led products (arts & crafts, fashion, music, home furnishings gourmet foods) * Jamaica Jamboree, New York (10/96), promoting design-led products

SHIPPING & BERTHING

Activities in the Shipping & Berthing sector center around the Port of Kingston which has experienced significant growth in transshipment activity in recent years. To consolidate and further develop the Port's position as a major regional transshipment hub for containerised cargo, the Gordon Cay South Terminal Expansion Programme was embarked upon in October 1994. In July 1996, an additional 2,000 feet of berthing space was commissioned into service, effectively doubling the transshipment capacity of the Port of Kingston. In addition, the expansion programme involves the construction of additional container storage space, the acquisition of state-of-the-art equipment and the provision of necessary infrastructural support. As traffic at the Container Port is projected to be close to optimum capacity by the year 2000, further expansion plans are currently under discussion.

In addition to its transshipment activities, the Shipping & Berthing industry also provides critical support services to other sectors of the economy by facilitating the handling of cargo for import and export, with specialist facilities devoted to fruit and bulk products.

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Initiatives:</i>	* Port infrastructure development (Gordon Cay South Terminal Expansion Programme) * funding support, financial leveraging * marketing activities
	<i>Achievements:</i>	* 5.6% increase in number of ship calls at transshipment port over 1995 * 23.4% increase in number of container moves over 1995 * 23.1% (US\$ 10.6 M) increase in revenue from transshipment Port over FY 1995/96
Diversification	<i>Initiatives:</i>	none specified
Product Quality/ Design	<i>Target:</i>	* improvements in turn-around time for ships
	<i>Initiatives:</i>	* installation of computerised vessel and yard-planning systems * infrastructure improvements & expansion * acquisition of state-of-the-art equipment (gantry cranes, straddle carriers, tugboat etc)
Productivity	<i>Initiatives:</i>	* see Product Quality/Design

SHIPPING & BERTHING (continued)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES
Organization	<i>Initiatives:</i> none specified
Investment	<i>Initiatives:</i> * Port Authority of Jamaica investment in upgrading and expansion of port infrastructure and equipment
Intersectoral Linkages	<i>Initiatives:</i> * direct link with information technology sector * infrastructure investment to upgrade or develop specialist facilities for handling import & export cargo (especially fruit and bulk products)

INFORMATION TECHNOLOGY -- INFORMATION PROCESSING (Data Entry)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i>	* none quantified
	<i>Initiatives:</i>	* promotional activities: participation in trade shows, advertisement in trade publications * exposition in conjunction with JDI, TOJ
Diversification	<i>Product:</i>	* multi-lingual, multi-media package * personal banking applications * high-end data entry services (GIS, CAD/CAM, Imaging)
	<i>Market:</i>	* large consumers of software support such as healthcare, financial, environmental, publishers, car rental agencies * Europe
	<i>Initiatives:</i>	* work with JAMPRO Target Europe Secretariat * promotional activities
Product Design/ Quality	<i>Initiatives:</i>	* liaise with UWI, UTECH, HEART, EXED to establish training programme in software skills
Productivity	<i>Initiatives:</i>	* client-servicing to ensure that companies are utilizing current systems and/or technology * establish high-tech office park with free zone status
Organization	<i>Initiatives:</i>	* formation of active trade & professional association * facilitate strategic alliances to more effectively exploit opportunities through co-operative marketing & generation of "critical mass" * sector to foster closer collaboration with J. Computer Society
Investment	<i>Target:</i>	* no specific target quantified
	<i>Initiatives:</i>	* promotional activities; co-operative marketing with overseas Trade Commissions; seminars * lobby for high-tech office park, investment incentives * seminars to sensitize financial sector to IT sector's viability, opportunities, investment needs
	<i>Achievements:</i>	* total Jampro-assisted IT projects (incl. Telemarketing, data entry, software development): J\$150M; 415 jobs
Intersectoral Linkages	<i>Target:</i>	* facilitate co-operative marketing with complementary sectors, eg. tourism

INFORMATION TECHNOLOGY – TELEMARKETING SERVICES

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i>	* 50% growth in Call Centre activity (# of centres, employment, value of business)
	<i>Initiatives:</i>	* promotional activities: participation in trade shows, advertising campaigns in key publications * lobby TOJ/JDI to rationalize their rates * exposition in conjunction with JDI, TOJ
Diversification	<i>Product:</i>	* database marketing * multi-lingual services
	<i>Market:</i>	* companies with high percentage of consumer inbound calls (audiotext, directory assistance, reservations, Jamaica Today, physician referrals etc) * companies with high percentage of business outbound calls (mail order, answering services) * Europe
	<i>Initiatives:</i>	* promotional activities * collaboration with Target Europe
	<i>Initiatives:</i>	* liaise with UWI, UTECH, HEART re manpower development
Productivity	<i>Initiatives:</i>	none specified
Organization	<i>Initiatives:</i>	* formation of an active trade & professional association * facilitate strategic alliances to more effectively exploit opportunities through co-operative marketing
Investment	<i>Target:</i>	* no specific target quantified
	<i>Initiatives:</i>	* promotional activities * lobby for investment incentives
	<i>Achievements:</i>	* total Jampro-assisted IT projects (incl. Telemarketing, data entry, software development): J\$150M; 415 jobs
Intersectoral Linkages	<i>Target:</i>	* facilitate co-operative marketing with complementary sectors, eg. tourism

FINANCIAL SERVICES

The current range of financial services offered in Jamaica includes commercial banking, investment banking, insurance and unit trusts. Plans to broaden the country's range of capabilities in this sector focus on the development of off-shore financial centres which allow international corporations to minimize their tax liabilities by locating in low-tax territories. To date, some 440 Foreign Sales Corporations (FSCs) have been registered in Jamaica. Expanding Jamaica's service export offerings in this area would provide immediate options for utilization of the excess capacity among existing banks, insurance companies, and the cadre of well-trained professionals that has resulted from the current contraction in the financial sector.

Existing legislation already provides some of the incentives required to develop Jamaica's position in this market, but a more targeted approach is necessary to further strengthen competitiveness. Minor amendments to existing legislation such as the Companies Act, the New Companies Bill 1996, the Foreign Sales Corporation Act 1984, the Income Tax Act, and the Stamp Duty Act could make a significant contribution in this regard.

Efforts are currently underway to heighten awareness of opportunities among local service providers and to increase Jamaica's visibility in the FSC market.

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Diversification/ Investment	<i>Target:</i>	* broaden financial services offerings, in particular promote Jamaica as an attractive offshore financial centre
	<i>Initiatives:</i>	* measures to increase visibility in FSC market, eg. private-public sector delegation, headed by ministerial representatives, attended FSC/DISC Tax Association Conference, Orlando, 11/96 * market study of FSC potential commissioned
Intersectoral Linkages	<i>Initiatives:</i>	* strong linkage potential identified with tourism, information technology

AGRICULTURE — GENERAL

Primary policy measures in support of continued growth and development of the sector to focus on:

- increased agricultural production, exports, and productivity;
- institutional support;
- increased watershed protection & afforestation;
- export pre-clearance.

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i>	* increase production & export of traditional & non-traditional crops * banana: meet EU quota; 105,000 tons over next 2 years * increase foodcrop production for domestic use by 10%
	<i>Initiatives:</i>	* projects to improve watershed management (see Environment) * Agricultural Export Services Project * preparation of Agricultural Support Services Project to strengthen research, extension, planning & marketing; financial assistance of micro-proposals * one-stop export pre-clearance facility at Norman Manley Airport (to be completed by Fall '97) * improve plant quarantine & food inspectorate; implementation of Integrated Pest Management Programme * recruitment of International Trade Specialist to focus on issues related to international trade agreements * special laws and special arm of Police to address praedial larceny * MAM National Country Paper on Food Security; recommendations to be implemented in FY 97/98 * farmers' workshops in conjunction with RADA * studies on market opportunities for non-traditional crops * see also: Productivity initiatives
	<i>Achievements:</i>	* increased export crop production & export volumes (especially sugar cane & bananas) * residue testing facility to meet EU standards established in MAM Veterinary Division
Diversification	<i>Products:</i>	* dasheen, culinary herbs, exotic fruits & vegetables
	<i>Initiatives:</i>	* projects under aegis of USAID co-funded Agricultural Export Services Project

AGRICULTURE — GENERAL (continued)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Product Design/ Quality	<i>Initiatives:</i>	* support services for disease/pest control * Banana Quality Improvement Project * see also: Productivity initiatives
Productivity	<i>Initiatives:</i> * strengthening of support services * strengthening of agricultural research support for technology development & dissemination (project proposal to be submitted for World Bank funding) * restructuring of National Agricultural Research System; to include co-operative system between Government & Private Sector * funding for Bodles Agricultural Research Station approved * water storage tanks project (funding not yet identified) <i>Achievements:</i> * productivity increases in banana growing (tonnes/hectare up 8.3%)	
Organization	<i>Initiatives:</i>	* MAM to establish data bank; analyze & distribute information (Agricultural census conducted in 1996) * MAM to liaise with other agricultural institutions * MAM to provide small farmers with agricultural inputs necessary for increased production
Investment	<i>Achievements:</i>	* selected investment projects: - Sea Island Cotton: J\$10.5M; 5 jobs - Livestock (2): J\$2.3M; 6 jobs - Medicinal herbs (2): J\$12.4M; 12 jobs
Intersectoral Linkages	<i>Achievements:</i>	* 3 projects fostering value-added linkages between farming & agro-processing implemented (Twickenham Bammies, Lucea Dasheen, Reaches Dasheen)
Environment	<i>Target:</i> * reduce environmental degradation * improve watershed management <i>Initiatives:</i> * Hillside Agricultural Project * Yallahs/Morant Integrated Development Project * purchase/distribution of fruit trees to small farmers to reduce soil erosion, improve eco-system * passing of Forestry Act (10/96)	

FRESH PRODUCE – TROPICAL ETHNIC CROPS
(yam, sweet potato, dasheen, pumpkin, hot pepper)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i>	* increase export volume & market share in US, UK & Canada
	<i>Initiatives:</i>	none
Diversification	<i>Markets:</i>	* general population (as opposed to ethnic/immigrants) * mainstream small chain stores
	<i>Initiatives:</i>	none
Product Design/ Quality	<i>Initiatives:</i>	none specified
Productivity	<i>Initiatives:</i>	* collection & dissemination of technical information (IICA, RADA)
Organization	<i>Initiatives:</i>	* formation of Fresh Produce Association; core group activities ongoing; official formation expected 1997 * strategic alliance between Jampro & other agencies servicing the sector (JEA, IICA, RADA etc); ongoing
Investment	<i>Initiatives:</i>	* farmers' fora, promotional activities
	<i>Achievements:</i>	* winter squash for export to US: J\$7M; 17 jobs
Intersectoral Linkages	<i>Initiatives:</i>	none specified

FRESH PRODUCE -- TROPICAL EXOTIC FRUITS
(mango & papaya)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i>	* increase export volume & market share in US, UK & Canada
	<i>Initiatives:</i>	* promotional activities: trade show participation in association with J. Papaya Growers Assoc'n (JPGA)
Diversification	<i>Markets:</i>	* general population (as opposed to ethnic/immigrants) * specialty stores, mainstream super- and hyper-markets * Europe
	<i>Initiatives:</i>	* promotional activities, point of sale information (recipe cards, taste testing); updated for Canadian market via CANEXPORT * Target Europe Programme
Product Quality/ Design	<i>Initiatives:</i>	* development of Grade & Quality Standards for papaya
Productivity	<i>Initiatives:</i>	* collection & dissemination of technical information (IICA, RADA) * training course conducted in Post Harvest Technology for Papaya * production manual prepared for publication in collaboration with JPGA
Organization	<i>Initiatives:</i>	* formation/strengthening of Mango Growers Association, JPGA, Fresh Produce Association * strategic alliance between Jampro & JEA, IICA, RADA etc
Investment	<i>Target:</i>	* investment in growing of papaya, espec. in view of overseas demand exceeding supply
	<i>Initiatives:</i>	* farmers' fora, publications
Intersectoral Linkages	<i>Initiatives:</i>	none specified

FRESH PRODUCE -- ORGANIC FOODS

Organic farming in Jamaica is in its infancy with a few small farmers producing largely for the local market. The exception is one sugarcane project which grows and processes sugarcane into sugar, syrup and molasses for export. Export demand for all three products exceeds supply. In general, the market for organic produce has experienced significant growth, and demand far exceeds supply. Over the years, JAMPRO has received several inquiries from overseas (US, Canada, UK, Europe) for organic products, in particular tropical fruits, vegetables, honey, herbs & spices, cotton, hemp as well as processed foods.

The focus of JAMPRO's promotional plans for the industry is to create awareness of investment and export opportunities in organic foods.

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES
Export Volume/ Diversification/ Investment	<i>Target:</i> * increase awareness of investment opportunities in organic foods, in particular for export * pilot project of min. 10 acres of organic bananas or other crops * min. 1 additional export project <i>Initiatives:</i> * market research ongoing <i>Achievements:</i> * 5 acres (ginger, turmeric) in 1996; 5 acres in ground for 1997; Capital investment: J\$3.5M; 21 jobs
Organization	<i>Initiatives:</i> * strengthen alliance with JOGA (Jamaica Organic Growers' Association, RADA, JEA, SRC, Bureau of Standards, international entities (International Federation of Organic Agricultural Movements, Organic Crop Improvement Assoc'n) * request for Japanese funding assistance for sector development

AGRO-PROCESSING

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i>	* increase foreign exchange earnings by 25 % * increase presence in mainstream markets
	<i>Initiatives:</i>	* promotional activities: participation in trade shows (5), in-store promotions (3), `advertisement in relevant publications * workshop: "Selling in the Marketplace"
Diversification	<i>Products:</i>	* private label production to increase capacity utilization * dairy: yogurt, flavoured cheeses
Product Design/ Quality	<i>Initiatives:</i>	* general quality standards seminars (4)
		* HACCP workshops (4) * Better process control school (1)
Productivity	<i>Initiatives:</i>	* see Product Quality/Design
Organization	<i>Initiatives:</i>	* strategic alliance: Agro-Processors Resource Network launched (APRN; comprised of JAMPRO, SRC, UWI, Bureau of Standards, Ministry of Health, RADA, NDB)
Investment	<i>Target:</i>	* 4 new investment projects with US\$ 10M total capital investment
	<i>Initiatives:</i>	* project development support for potential investors * investment seminar in Toronto
	<i>Achievements:</i>	* carbonated beverages: J\$105M; 45 jobs * cigar manufacturing (3): J\$143.5M; 305 jobs
Intersectoral Linkages	<i>Target:</i>	* availability of suitable, competitively priced packaging * more efficient farmer/processor linkages
	<i>Initiative:</i>	* feasibility study on flexible bottling plant more suitable to smaller size packaging
	<i>Achievements:</i>	* PET bottling plant installed

AQUACULTURE -- TILAPIA

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i>	* increase volume of export to major markets in North America & Europe by 550 tons (120%)
		* increase market share in these markets
	<i>Initiatives:</i>	* market research (via Target Europe) * promotional activities: trade shows, point-of-sale promotion (eg recipe cards) (via Target Europe)
	<i>Achievements:</i>	* export target negatively affected by diseases outbreak in US
Diversification	<i>Markets:</i>	* Germany, Spain, France identified as major growth markets
Product Design/ Quality	<i>Initiatives:</i>	* quality control programme (via Jampro Productivity Unit & Target Europe)
Productivity	<i>Initiatives:</i>	* collection & dissemination of technical information via Jamaica Aquaculture Association
Organization	<i>Initiatives:</i>	* strategic alliance between Jampro & UWI (Marine Science/ Biology), Jamaica Aquaculture Association, Fisheries Division
Investment	<i>Target:</i>	* increase capital investment by J\$39M
	<i>Initiatives:</i>	* promotional activities
	<i>Achievements:</i>	* capital investment: J\$28.8M; 21 jobs (job potential: 38)
Intersectoral Linkages	<i>Initiatives:</i>	none specified

AQUACULTURE -- ORNAMENTAL FISH

Tropical Ornamental Fish farming is an emerging industry in Jamaica. With currently merely six commercial producers engaging in exports, mainly to the US market, and reports of unsatisfied demand in the US, the industry is poised for further development.

The focus of JAMPRO's promotional plans for the industry is to create awareness of investment and export opportunities in ornamental fish farming.

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES
Export Volume/ Diversification/ Investment	<i>Target:</i> * increase awareness of investment opportunities in commercial ornamental fish farming, in particular for export * promote Jamaica as supplier of wide range of tropical ornamental fish throughout the year * project implementation: 6 projects, J\$50M capital investment, job potential: 80 <i>Initiatives:</i> * market research, feasibility study regarding industry expansion * participation in one local trade show (11/96) <i>Achievements:</i> * capital investment: J\$10M; 5 jobs (job potential: 15)
Organization	<i>Initiatives:</i> * strengthen alliance with Ornamental Fish Growers Association, Ministry of Agriculture, Ja. Agricultural Development Foundation; ongoing close cooperation with Jampro

ORNAMENTAL HORTICULTURE

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i>	* increase export volume by 57% * regain market share in US market * increase presence in Canadian market, espec. Vancouver
	<i>Initiatives:</i>	none
Diversification	<i>Products:</i>	* expand product range to include min. 2 new crops * increase exports of bouquets
	<i>Markets:</i>	* Europe
	<i>Initiatives:</i>	* continued support of evaluation trial for new crops (calla lily & sandersonia) * alliance with COLEACP, Target Europe Programme
Product Design/ Quality	<i>Initiatives:</i>	* none specified
Productivity	<i>Initiatives:</i>	* support funding for feasibility study & recommendations for Integrated Pest Management programme; study to be redefined * ongoing support evaluation of packaging for anthuriums through trial shipments * 1 company participated in training course funded by Dutch CBI and COLEACP
Organization	<i>Initiatives:</i>	* strategic alliance between Jampro & local & overseas agencies & sector representatives (RADA, Dutch CBI, COLEACP, Caribbean Export Dev. Agency) * formation of Ornamental Horticulture Association; core group active; formalization pending * Anthurium Growers Association
Investment	<i>Target:</i>	* implement min. 4 new projects, J\$24M, 40 permanent jobs
	<i>Initiatives:</i>	* investment seminar; small farmers to be targeted * promotional activities, including radio & TV programmes
	<i>Achievements:</i>	* capital investment: J\$3.5M; 23 jobs
Intersectoral Linkages	<i>Initiatives:</i>	* none specified

TEXTILES & SEWN PRODUCTS

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i> * increase total value of exports to all markets by 15 % * increase presence in new & established markets * expansion of local market <i>Initiatives:</i> * market research & comparative study on competitors * PR campaign to improve industry image, espec. among workers * seminar on pricing strategy * promotional activities: participation in trade shows, targeted outward missions, advertisement * import restrictions <i>Achievements:</i> * as at 2/97: 2 contracts awarded, valued at J\$2M, as result of trade show participation * as at 2/97: JAMPRO records implementation of 12 contracts valued at J\$212.1 million, facilitating retention of 865 jobs
Diversification	<i>Products:</i> * new products to be targeted by 807/CMT sector (sleepwear, children's wear, dresses, woven shirts, blouses, skirts, trousers) * full package/designers products (ladies' separates/coordinates, lingerie, swimwear, gymwear, trousers) * "private label" and novelty/souvenir items (in conjunction with entertainment industry, using Rasta/Reggae image) <i>Markets:</i> * Europe: UK, Germany, Greece, Spain * Latin America: Colombia, Venezuela, Mexico & CARICOM; Japan * local market <i>Initiatives:</i> * primarily promotional activities * product development & planning (see below)
Product Design/ Quality	<i>Target:</i> * improve product development & planning <i>Initiatives:</i> * facilitate access to raw material inputs through development of backward linkages (develop data base on input suppliers; investment in trims, accessories, textile, finishing industries) * special training programmes in preparation * improve quality of packaging material & labelling * R&D to update/upgrade products

TEXTILES & SEWN PRODUCTS (continued)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES
Productivity	<i>Initiatives:</i> * training programme re: physical distribution function * security audits * subscription to trade magazines to gain information on new & improved manufacturing systems and technology * special training programmes (in preparation, to be presented to the sector) * programme of energy audits in preparation by JAMPRO & JPSCo
Organization	<i>Initiatives:</i> * re-establish Designer Association * JAMPRO to serve as information clearinghouse * introduction of Client Services Management Programme to plan and implement sector strategies, foster cooperation between JAMPRO & sector * formation of Industry Advisory Council
Investment	<i>Target:</i> * implement min. 10 new projects * increase value of investments by 25% to J\$200M <i>Initiatives:</i> * establishment of overseas investment offices * promotional activities, sales visits <i>Achievements:</i> * 4/96 - 3/97: 8 projects implemented at J\$210M, 907 jobs * as at 2/97: 8 investment projects at J\$259.5, 728 jobs, in pipeline * as at 2/97: 1 joint venture implemented at J\$2.5M
Intersectoral Linkages	<i>Target:</i> * backward linkages with fabric, trims, accessories suppliers * exploit linkages to entertainment sector for promotion of souvenir products <i>Initiatives:</i> * develop database on input suppliers * investment incentives for manufacturing of trims, accessories * use overseas sales promotion events (eg Japansplash) for promotion of garment products * "Sugar Loaf Presentation" at Round Hill Hotel (3/18/97) to foster linkages between tourism sector and design-led products (arts & crafts, fashion, music, home furnishings gourmet foods); * "Jamaica Jamboree", New York (10/96) promoting design-led products

MINERALS, CHEMICALS & ALTERNATIVE ENERGY

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i> * aggregate: increase exports by minimum of 500,000 tons * ground calcium carbonate: increase exports by 90,000 tons * lime: import substitution by Bauxite companies: 100,000 tons - export of extra capacity: 72,000 tons * import substitution in commercial marble (on hold) <i>Initiatives:</i> * market research; JAMPRO to develop data base * promotional activities: greater participation in trade shows; newsletters, newspapers, INTERNET * MAM: limestone quarry zoning & related activities
Diversification	<i>Products:</i> * bottled mineral water (price-competitiveness requires PET bottle production) * mineral spa facilities * marble tiles for flooring, walls, furniture * precious & base metals (gold, silver, nickel, copper) * semi-precious stones * alternate energy products (solar, wind) <i>Markets:</i> * development of new markets listed as objective * focus on North America, South American & Caribbean * local market (& tourists for mineral spas) <i>Initiatives:</i> * promotional activities * MAM to evaluate & promote Jamaica's non-bauxite metallic minerals potential <i>Achievements:</i> * four new companies in Marble; one new company with Marble Furniture Project
Product Design/ Quality	<i>Initiatives:</i> * develop labels and packaging for marble, limestone, whiting
Productivity	<i>Initiatives:</i> * R&D support/technical assistance to be sought from UWI, GSD, MAM, Industrial Minerals Institute, Jampro Productivity Center, NRCA etc.
Organization	<i>Initiatives:</i> * maintain/develop information base on sector * coordinate outside R&D support/technical assistance

MINERALS, CHEMICALS & ALTERNATIVE ENERGY (continued)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES
Investment	<i>Target:</i> * 4-6 projects <i>Initiatives:</i> * promotional activities re: investment potential * MAM to expand/upgrade geological maps, geochemical & geophysical data * MAM to provide technical & analytical support <i>Achievements:</i> * completion of Tarentum Industrial Park * three new investors in limestone (whiting) * new crushed stone/sand/gravel investment project in St. Ann currently seeking development loan to open quarry * 2 lime investment projects implemented: J\$566M; 57 jobs * 11 pipeline projects: J\$4.8B; 445 jobs
Intersectoral Linkages	<i>Target:</i> * sourcing of PET bottles abroad = major constraint for mineral water product * need for caustic soda plant as product currently imported by Bauxite industry * linkage potential: mineral spas & tourism sector * linkage potential: marble & construction, furniture sectors * 2 new linkage projects <i>Initiatives:</i> * project development (min. 3; eg. caustic soda, steel, lime, calcium carbide) * targeted promotional activities * submission of Policy Document on Incentives (min. 2 projects, eg PET bottle production, Spa facilities etc)
Environment	<i>Target:</i> * stem illegal removal of sand <i>Initiatives:</i> * regulation & enforcement (police/military); monitoring committees * development of limestone substitute for river sand for use in construction * MAM to liaise with environmental agencies, eg NRCA

SMALL BUSINESS

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i> * introduce entrepreneurs to international market place * establish trading links between local entrepreneurs & Jamaican residents abroad <i>Initiatives:</i> * alliance with export & trade promotion entities (JETCO) * target enterprises with export potential & encourage participation in Expos/trade fairs
Diversification	<i>Initiatives:</i> none specified
Product Design/ Quality	<i>Initiatives:</i> none specified; spill-overs from productivity-enhancing measures
Productivity	<i>Target:</i> * business upgrading, espec. in apparel, furniture, agro-processing, community groups (craft, paper) * appropriate technology & methodology * production lay-out * record-keeping/accounting systems <i>Initiatives:</i> * business management workshops * market research to gather information on new technologies * skills/technology upgrading workshops (in collaboration with SRC, HEART/NTA)
Organization	<i>Initiatives:</i> * strategic alliance with other (Small) Business Development Agencies (SRC, RADA, UTECH, SBAJ) * alliance with trade & export promotion entities * JAMPRO to serve as broker for accessing financing, marketing etc services * Entrepreneurship Club (monthly meetings) * SBAJ Fellowship Hall Development Complex: provision of factory space & centralized support system; located on 70 acres; financed through J\$20M NIBJ equity participation; J\$35M, 8% NDB loan

SMALL BUSINESS (continued)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES
Investment	<i>Target:</i> * establishment/expansion of 84 projects * increase value of investments by 20% (J\$21M) <i>Initiatives:</i> * provide business counseling & business plan preparation services * serve as broker for financing, marketing etc services * promotional activities: presentations, workshops, media * Youth Camp participation, presentations at PTA * investment seminars * participation in SBAJ expo
Intersectoral Linkages	<i>Initiatives:</i> none specified
Credit Initiatives	* J\$11.5M Japanese Grant (administered by World Bank) to assess current credit delivery system to micro/small business sector; tenders currently under review; preparatory work to take 6 months * GOJ/GON Micro Enterprise Project: provision of J\$234M in credit to the sector & technical assistance to financial institutions; since inception of 2nd phase: J\$206 (plus J\$35 from credit institutions) disbursed to finance 801 micro-businesses * GOJ/EU Small & Micro Enterprise Credit Scheme: J\$256M to be retailed to borrowers through Eagle Merchant Bank over 2-year period. 4-12/95: J\$52.4M disbursed to finance 164 businesses, creating 201 new jobs. Further disbursement suspended; programme under review; recommencement targeted for 7/97 * MIDA to seek approval for measures to reduce funding constraint.

Figure 1
STRATEGIC PLAN
Policy Matrix

Objectives	Policies	Interventions/ Implementation
Stability, Predictability, Credibility	Macroeconomic Policy	* Fiscal Controls * Monetary Controls * BOJ Autonomy * Social Partnership
Growth and Diversification through building International Competitiveness	INDUSTRIAL STRATEGY Investment Promotion * Incentive System * Financing Mechanisms * Investment Packaging Infrastructure * Physical Infrastructure * Human Resource Development * Science & Technology Support Framework * Trade Policy * Labour Market Policy * Competition Policy * Small Business Development * Public Sector Reform	* Time-phased Sequence of Strategies * Targeting Strategic Sectors * Continuous Consultation between Government, Business, Labour, and NGOs
Equity	Social Policy * Poverty Alleviation * Gender Perspective	* Social Agenda
Conservation of the Environment	Environmental Policy	* Incentives * Regulation/Enforcement * Public Education

Figure 2
POLICY INTEGRATION AND COORDINATION

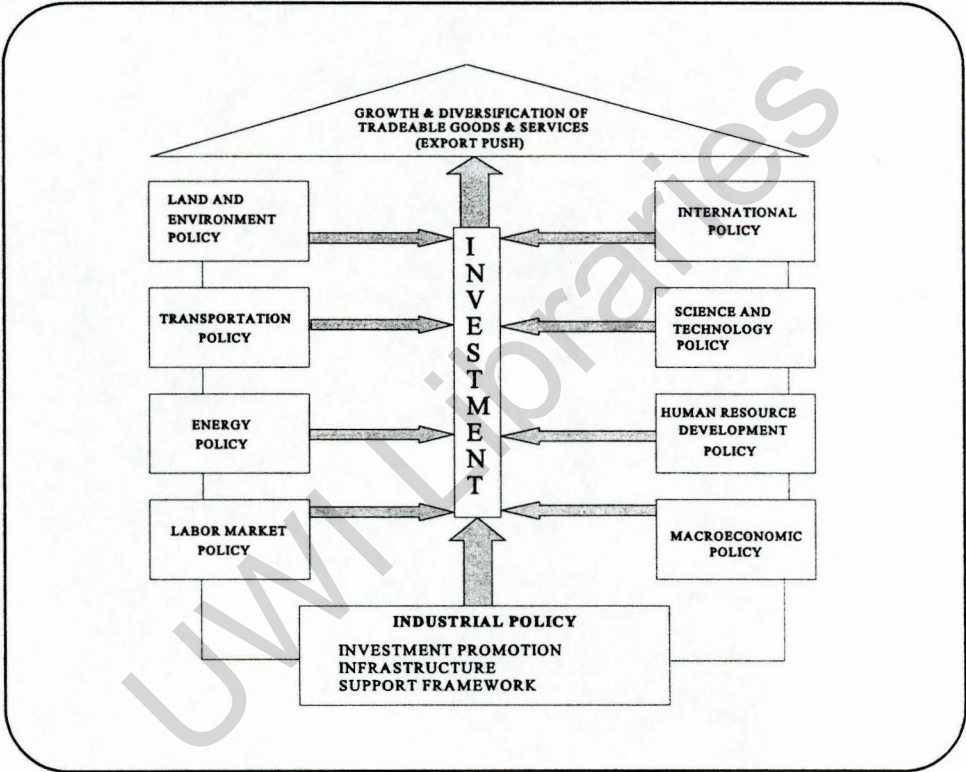


Figure 3
TIME-PHASED SEQUENCE OF IMPLEMENTATION STRATEGIES

1996	1997-1998	1999-2010
Phase 1 Short-term Strategy: establish Social Partnership		
Phase 2 Medium-term Strategy:	growth with stability	
Phase 3	Long-term Strategy:	export push and efficient import substitution

Figure 4
STRATEGIC INDUSTRY CLUSTERS

