



CABINET OFFICES

MEMORANDUM

TO : Honourable Prime Minister

FROM : *for* Permanent Secretary/Cabinet Secretary *All.*

DATE : January 27, 1997

SUBJECT : Development Council Business

Enclosed please see your copy of the minutes of the meeting held January 8 1997, and a summary of follow-up activities which has been supplied to all members. An agenda will follow shortly.

Enclosures

Economy Meetings

✓ E 1/96

Jan 5, 1996 ✓ (2 copies)

✓ E 2/96

Feb 22, 1996 ✓

✓ E 3/96

May 29, 1996 ✓

✓ E 4/96

June 18, 1996 ✓

✓ E 5/96

July 17, 1996 ✓

✓ E 6/96

Sept. 12, 1996 - Bruce ✓

✓ E 7/96

Oct. 9, 1996 ✓

✓ E 1/97

May 27, 1997 ✓

✓ E 2/97

{ June 10, 1997 ✓
June 12, 1997 ✓

✓ E 3/97

September 11, 1997 - Ciboney ✓
(2 copies)

✓ E 1/98

January 21, 1998 ✓

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CABINET OFFICES

MEMORANDUM

TO : Members of the Development Council

FROM :  Permanent Secretary/Cabinet Secretary

DATE : January 24, 1997

SUBJECT : Development Council Business

Enclosed please see your copy of the minutes of the meeting held January 8 1997, and a summary of follow-up activities which has been provided for your convenience. The number, in ink, which appears at the top of the page one, will identify all documents sent to you for subsequent meetings.

Please be reminded that all papers to be circulated should be submitted at least one week in advance of the next meeting. An agenda will follow.

Enclosures

cc. Hon. Prime Minister

Distribution:

Dr. the Hon. Omar Davies,
Minister of Finance and Planning

The Hon. Horace Clarke,
Minister of Agriculture and Mining

The Hon. Robert Pickersgill,
Minister of Public Utilities and Transport

Dr. the Hon. Paul Robertson,
Minister of Industry, Investment and Commerce

The Hon. John Junor,
Minister of Tourism

The Hon. Shirley Tyndall, O.J., C.D.,
Financial Secretary

Mrs. Charmaine Constantine, C.D.,
Permanent Secretary, Office of the Prime Minister

Mr. Ransford Smith
Permanent Secretary, Ministry of Industry, Investment and Commerce

Mr. Derrick Lattibeaudiere,
Governor, Bank of Jamaica

Dr. Wesley Hughes,
Director General, Planning Institute of Jamaica

Dr. Vincent Lawrence,
Chairman, Urban Development Corporation

Mr. Nathan Richards,
Chairman, National Investment Bank of Jamaica

Mr. Kingsley Thomas,
Managing Director, Agricultural Credit Bank

Mrs. Pat Francis,
President, JAMPRO

Mrs. Maureen Stephenson Vernon,
Director, Office of the Prime Minister



CABINET OFFICES

MEMORANDUM

TO : Honourable Prime Minister
FROM : *for* *U.K.* Permanent Secretary/Cabinet Secretary
DATE : March 25, 1997
SUBJECT : Papers for the Development Council Meeting

Enclosed please see three additional papers for the meeting of the Development Council re-scheduled to be held in the Banquet Hall at Jamaica House on Wednesday March 26, 1997, at 10:00 a.m.

10. DC14 MIIC6/97 - Trade and Standards:
Analysis and Recommendations
(Agenda 5.iv)
11. DC15 MIIC7/97 - Update on Chemical Lime Company -
March 27, 1997
(Agenda 4.ii)
12. DC16 MIIC8/97 - Update on GPD Project
(Agenda 4.vii)

Encls.



CABINET OFFICES

MEMORANDUM

TO : Honourable Prime Minister
FROM : *for* *all* Permanent Secretary/Cabinet Secretary
DATE : March 24, 1997
SUBJECT : Papers for the Development Council Meeting

Enclosed please see the relevant documents - list attached - for the meeting of the Development Council re-scheduled to be held in the Banquet Hall at Jamaica House on Wednesday March 26, 1997, at 10:00 a.m.

Encls.



CABINET OFFICES

1 DEVON ROAD,

P.O. BOX 272,

KINGSTON 6, JAMAICA

No. _____

May 9, 1997

Hon. Prime Minister

Development Council Meeting:

Enclosed, please see the relevant documents and agenda for the meeting scheduled to be held in the Banquet Hall at Jamaica House on Wednesday, May 14, 1997 at 10:00 a.m.

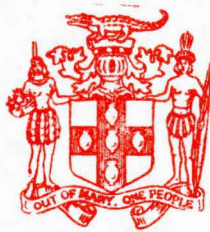
Yours sincerely,

For

Waill

Permanent Secretary /
Cabinet Secretary

Encls.



CABINET OFFICES

D R A F T

MEMORANDUM

TO : Hon. Prime Minister
FROM : Cabinet Secretary
DATE : February 10, 1997
SUBJECT : Meeting of team on the economy

A team comprising: Dr. Wesley Hughes, Messrs. Nathan Richards, Kingsley Thomas, Dennis Morrison, Professor Don Harris and myself, met on the issues you raised.

I am submitting a draft report on the meeting. The others will forward any comments they may have. The overall context was that of achieving appreciable growth in a stable macro-economic environment - low inflation, stable and competitive exchange rates, for example.

Apart from your specific request of a 'critique' of current policies, Don Harris raised three specific questions: Is the current policy mix appropriate? Is it the cause of some of the problems we are having? If the answers are "no" and "yes", respectively, what are some alternatives?

The responses by the participants in the meeting and the views in the three papers you gave me implied a need to make some changes to the elements of the policy. In addition a number of proposals specifically to achieve savings and improved efficiency in the economy.

These are listed as follows:

1. The cash reserves ratio should be lowered.
2. The build-up of the NIR should be reduced.
3. Short-term domestic borrowings should be erased.
4. The resources of the development banks should be increased.
5. There needs to be an institutional structure for Treasury management.
6. There should be a policy of differential interest rates for producers vis-a-vis consumers.
7. There is a need to centralize resource mobilization for development.
8. There is a need to reduce or eliminate tax on dividends to stimulate more equity financing.
9. There is a need to 'level the playing field' between all financial institutions in respect of withholding tax on interest earned.
10. There is a need to increase the level of pension contributions not taxed.
11. Productivity in industry should be given priority attention to stimulate growth.
12. The paying of taxes should be made more customer-friendly, at any rate in some areas even before the TAXARP is completed.

1. Cash Reserves Ratio

In regard to the cash reserves ratio it was learnt that there was a programme to reduce it gradually from the current 25% to 17 1/2%. A caution, however, is that factors such as domestic price increases in areas like: (a) transportation (induced by policy to make the operations viable, or increased gasoline prices caused by oil price increases); and (b) and

electricity (also caused by increased oil prices) could make a nonsense of our inflation targets, if the cash reserves ratio falls and these things happen.

So in sum, yes to a gradual easing of the ratio, but it is necessary to keep an eye on other internal and external events which could increase the rate of inflation.

2. NIR

In respecting of reducing the build-up of the NIR, it was pointed out that inflation rather than the NIR per se was the issue. In other words, the policy of the monetary tightening is to reduce inflation and in turn this attracts capital from abroad.

3. The easing of short-term borrowing

Wesley Hughes, in particular made the point that the mock-up of the budget was indicating a 'huge deficit' and could only be dealt with by dealing with one or more of the three components: (a) greater revenues; (b) budget cuts; and (c) borrowing.

It was recognized that there were quite limited options available to Government; for example, better revenue collections (outside of increased taxes) could be worked at, but this was not expected to significantly affect the situation being looked at; while the Recurrent and Capital A budgets provided little room for cutting at this time.

Also, as variously discussed, a large scale debt swapping (local for foreign) would result in a large inflow of forex and the attendant problems of the exchange rate especially.

Focus was then given to a sort of via media. This comprises doing a mix of: (a) debt swapping; and (b) using some of the borrowed funds for investments in infrastructure and production projects.

Wesley Hughes made the point that there was some work being done on the issue. On the financing of capital 'A', through foreign borrowings, he indicated that the amount was just \$9 billion.

4. Development Banks

The question of the development banks came up again. Both representatives from the banks on the group, agreed that more funding was required for them. However, one of them (KT) was firmly of the view that equity funding should not be the concern.

While one (NR) wished they were allowed to do direct lending, the other (KT) was vigorously in opposition.

5. Treasury Management

On the matter of Treasury management, the group was unanimous in its view that priority should be given to institutionalizing this element under the aegis of the Ministry of Finance and Planning. It recalled, that the matter came up at the retreat last year (See p. 5 of the attached Decisions of the last meeting).

6. Differential Interest Rate

The issue of differential interest rates was not discussed in any detail. It was discussed last year but the scope contemplated here is a much larger one.

7. Centralization of Resource Mobilization

It was the unanimous view, that the mobilization of resources for development should be centralized but this should not be in the Bank of Jamaica.

8. Tax on Dividends

The question of tax on dividends came up again. It was brought up last year and the decision (as indicated on page 2 of last year's list of decisions) was that nothing should be done about it. The consideration of bringing it back is to induce an ethic of business putting appropriate levels of equity rather than depending so utterly on debt financing as many do. It was represented that the tax collected was less than 1% of revenue.

To ease the burden on the revenue, it may be an appropriate policy to gradually reduce and then eliminate tax eventually.

9. **Levelling the playing field between all financial operations**

The matter of 'levelling the playing field' between different 'players' in the financial field is being recommended. Specifically, it was put one us (CED) by a leading member of the insurance industry that much money had moved from the insurance industry and banks to the money markets because there was no withholding tax on interest earned in the last named. Were all the taxpayers filing income tax returns, this might not necessitate any further action, but this is still some way off.

10. **Pension Contribution**

As a means to induce savings, it was also recommended that the level of pension contributions for which no tax applies should be increased from the current 5% for individuals to a higher level of (say) 10%. It will be observed (p. 2 of the decisions of the last retreat) that the matter came up last year.

11. **Productivity**

The matter of productivity was considered by one of us (CED), in particular, as a means of stimulating growth without necessarily increasing a lot of capital. One can fairly assume that our industries are all operating at lower productive levels that could be achieved. These are reflected in, among other things, the under-utilization of machinery and equipment, inefficient use of energy and poor use of manpower. Whilst attempts have been made through a Productivity Centre, or a tax rebate (which was promptly abused by some) these have been relatively mild treatments for a very serious malaise we face.

In the circumstance, one of the mandates of the NIP technical secretariat should be the setting up of a strong and representative productivity unit serviced by an expert recruited from overseas, to target industries, starting perhaps with the manufacturing sector.

12. **Making Taxpaying more customer-friendly**

On the revenue side, it was felt that tax-paying could be made much more 'taxpayer-friendly'. Consideration could be given for example, to reducing the 'peak loads' when payments are made near the end of March by providing discounts for earlier payments.

Conclusion

It hoped that these views, or at any rate some of them, if adopted, will enable the twin achievement of a stable macro-economic environment (including low inflation) and growth.

CED:em

Encl.

UWI Libraries

NOTES ON THE STATUS OF THE PRIVATIZATION
OF THE PETROJAM ENTITIES

It will be recalled that Agreements were signed in October 1996 with Petroleum Developments Limited (PDL) for the acquisition of majority shareholding in the Petrojam Refinery and Petrojam Ethanol; Purchase fully Petrojam Shipping assets and Petrojam Belizean Assets (Sugar Factory and Santa Cruz Lodge); and a minority shareholding in PETCOM, completion was due mid-November 1996. Shortly after the execution of the Agreement PDL indicated that their Financiers (Lenders), a consortium let by Austin Blades, were not satisfied with some of the terms and conditions of the Agreement and hence they were having difficulty accessing the funds to complete in time. Several meetings have been held with PDL, their Lawyers and via conference calls with the Attorneys for the lenders. It has been a long slow and tedious process with new issues being constantly raised by both PDL and their lenders in an attempt to fundamentally change some of the terms of the agreements. In the meantime several revised dates and deadlines for completion (the last being March 18, 1997) have passed with very little sense of urgency and respect for these completion dates being shown by PDL.

The Current situation is that there are two main issues which PDL and their lenders are seeking to change and to which the Negotiating Team cannot agree. These are:

1. PDL and the lenders are attempting to create unnecessary confusion about the applicability of the GOJ/PCJ option and the right of first refusal to which PDL had agreed. They are attempting to ensure that in the event of a PDL default to their lenders then the GOJ/PCJ option to acquire the shares would be based on repayment of the loan. This is in effect a Government Guarantee for repayment of the loan and removes any risk from the lenders associated with convertability and marketability of the collateral.
2. PDL and the lenders are hesitant to accept that PDL cannot sell its shares in Petrojam to go below 51% level without first having the plans for implementation of the expansion and upgrading being approved and irrevocable commitments in place to finance the project. These are in keeping with the cash flows and financial projections in the Business Plan attached to the Shareholders' Agreement.

In the meantime, the management and operations of the Petrojam entities has been less than satisfactory. It was also felt not prudent for the Management Group to be totally responsible for managing the handing over operation to themselves in this prolonged interim period. Accordingly the Managing Director since January has been granted leave and mandated to spend the time working with the proposed PDL lenders in an effort to arrive at an early conclusion. This has to date not helped.

The whole situation is now at a critical stage and some definitive decisions need to be immediately taken.

1. Do we now take action on this issue of PDL's failure to complete as required? (It is now damaging both the Company and the Government.)
2. If the agreements are cancelled would it be prudent to keep the current senior management in place?
3. What of the Belize Operations? We continue to suffer significant losses on these operations and a decision is required immediately on whether to provide financing of J\$135 million to reap the sugar crop and lose a further approximately J\$23 million in addition to existing outstanding commitments in excess of J\$20 million.

Vincent M. Lawrence
1997 March 26

AGENDA

MEETING OF THE DEVELOPMENT COUNCIL
BANQUET HALL, JAMAICA HOUSE
WEDNESDAY MARCH 26, 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 January 8, 1997 *DC 1/97*
4. Matters Arising:
 - i. ☒ Institutional Arrangements for the Development Council (DC1/97 pp 2 - 3)
☒ Professor Harris *DC8 OPM4/97 ... DC11 OPM7/97*
 - ii. ☒ Chemical Lime Project *DC 15 miic 7* (DC1/97 pp 3 - 7)
 MIIC
 - iii. ☒ Implementation of National Industrial Policy (DC1/97 pp 8 - 9)
 MIIC / JAMPRO *DC12 MIIC4/97*
 - iv. ☒ Report on Tourism Sector (DC1/97 pp 9 - 13)
 Minister of Tourism - OPM, et al
 - v. ☒ Report on Development Financing for Industry and Status of Refinancing Programme / Equity Investments (DC1/97 pp 14 - 15)
 NIBJ / MFP / BOJ - *DC6 OPM2/97*
 - vi. ☒ Progress Report - NIBJ Institutional Strengthening (DC1/97 p 15)
 NIBJ
 - vii. ☒ Project GTP Communications Ltd. (DC1/97 p 16)
 OPM / JAMPRO *DC 16 miic 8/97*
5. Post Retreat Matters - (CR1/97 pp 41 - 63)
 - i. ☒ Apparel Sector - Review of the Curt Salmon Report
 Hon. Ministers MIIC / MPUT *DC13 MIIC5/97*
 - ii. ☒ Agricultural Sector - Variation in Interest *DC 19 / OPM 10/97*
 - (a) rate of inflation for the duration of the loan - no cap; or
 - (b) fixed rate throughout the life of the loan
 - (c) line of credit to farmers' group
 Hon. Minister MAM / Mr. K. Thomas
 - ☒ (d) Water- tank project
 Hon. Minister MAM / PIOJ
 - iii. ☒ Government's:-
 - ☒ (a) Refinancing Programme
 - ☒ (b) Review of involvement (current and hoped for) in tourism sector
 Mr. Richards / Dr. Lawrence / Mr. Thomas
 - (c) Position Paper on our investments - How to protect ? How to exist
 Professor Harris *DC 9 OPM 5/97*
 - (d) Direct lending by NDB - NDB / NIBJ / BOJ / MFP *DC 20 OPM 11*
 - iv. ☒ Import Policy Issues - MFP / MIIC *DC 14 miic 6/97*
6. Capital Development Fund Matters - *DC7 OPM3/97*
7. Any Other Business
8. Adjournment

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MEETING OF THE
DEVELOPMENT COUNCIL
WEDNESDAY, JANUARY 8, 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
Hon. Horace Clarke, Minister of Agriculture & Mining
Dr. the Hon. Paul Robertson, Minister of Industry, Investment
and Commerce
Honourable John Junor, Minister for Tourism
Hon. Dr. Carlton Davis, O.J., C.D., Cabinet Secretary/
Permanent Secretary
Mrs. Charmaine Constantine, C.D., Permanent Secretary, O.P.M.
Hon. Miss Shirley Tyndall, O.J., C.D., Financial Secretary
Mr. Derek Latibeaudierre, Governor, Bank of Jamaica
Dr. Wesley Hughes, 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, Director, O.P.M.

IN ATTENDANCE

Mr. Ransford Smith, Permanent Secretary, MIIC
Mrs. Veniece Pottinger, JAMPRO
Mr. Paul Dixon, Special Executive Assistant to HPM

MINUTES

The Minutes No. DC2/96 were confirmed.

Mrs. Vernon intimated that an apology from Dr. Lawrence had been conveyed through her for his absence from the first session of that meeting.

CONFIDENTIAL**MATTERS ARISING****(i) Institutional Arrangements for the Development Council**

Dr. Hughes reported that one person from the PIOJ had been identified - Mrs. Nelson - who was "on board", but Terms of Reference had to be settled and details of the structure remained to be worked out.

Funding from financial agencies had been explored for key personnel. External sources had suggested proposing diversion of resources from existing projects for capital costs which would involve international tendering, given the level of the request being made. However, concern was expressed about providing funds to meet recurrent expenditure, as consideration was usually given requests for funding for specific projects rather than to cover personnel expenses.

No funds were available from local sources.

The Prime Minister pointed out that there were two levels for consideration -

- The level of the leader of the implementation process for the National Industrial Policy for which someone had been identified, subject only to the conclusion of remuneration, in respect of which he had given certain instructions to the Cabinet Secretary which were being pursued.
- The other level was institutional requirements of the Secretariat, which Dr. Hughes and Mr. Thomas had agreed to try and settle.

If some of those persons had been identified, the Prime Minister wondered what could be causing the delay in settling Terms of Reference, fixing their point of location and getting them operational.

The Prime Minister was concerned that the end of the first year of the National Industrial Policy was approaching and the basic mechanisms were still not in place.

The Cabinet Secretary pointed to Dr. Hughes' information concerning funding, which seemed to be in some doubt.

DC1/97

The Prime Minister recalled that consensus had been reached on the source for the funding.

The Cabinet Secretary said there was some misunderstanding as to who should undertake the exercise, but he would now proceed to have it done.

Mr. Thomas said that an outline of the structure would be available in a week's time. Preliminary steps had been taken to identify office space and the end of January was targetted to have the core of the staff in place. There was, however, some confusion concerning roles.

The Prime Minister said he expected to receive the relevant documents on Thursday, January 16.

The Prime Minister, in order to release staff which was on stand-by, decided to take ITEMS 5(a) and (b) at this point.

(Messrs. Perkins and Roache were admitted to the meeting)

ITEM 5(a) - CHEMICAL LIME PROJECT - Submission 580/MIIC 38/96

Minister Robertson said that extensive discussions had been held on the matter, including the deliberations of a special committee chaired by the Cabinet Secretary which was convened the day before.

The Cabinet Secretary reported that, as scheduled, a meeting had been held with Chemical Lime, involving a wide cross-section of representation - Director-General Godfrey Perkins, Commissioner of Mines Coy Roache from the Mining sector, Mrs Claudette Chin, Mrs. Ruth Crooks, JAMPRO and Ag. Permanent Secretary, Ransford Smith, MIIC.

The Cabinet Secretary said that it was first sought to establish what plans Chemical Lime had.

Their overall plan spanned 10 years. Year 1 would involve a 360,000 tonnes/yr capacity kiln involving infrastructure of US\$50 million.

Three basic principles which would guide the Government's approach to the Year 1 investment plan were indicated to them

- the incentives regime would apply to the industrial minerals sector;

CONFIDENTIAL

- The incentives regime must not stray too far from that applicable to the bauxite sector for new or expanded capacity;
- The regime must be consistent with treaty obligations, e.g. WTO, CARICOM , and benefits enjoyed as double taxation.

Chemical Lime requirements were as follows -

- Tax holiday for each unit constructed over a period of 10 years - three different tax holidays for three kilns.
- Allowable depreciation for each unit constructed to commence at Year 6 or Year 11 in each case.
(They were not happy with depreciation starting in Year one, as they claimed they would get no benefit from the tax holiday.)
- No customs duty on machinery and equipment;
- No GCT on goods and services connected with the project;
(The Bauxite Companies have these arrangements and presumably it could be applicable to Chemical Lime)
- Finally, no withholding tax on interest and dividends.

The Cabinet Secretary said that the tax experts had profound difficulty with the requirements concerning depreciation and withholding tax.

He cited the 1988 agreements between Government and the bauxite companies which stated - **"no withholding tax of any nature will be required on dividends or other branch profit remittances to a parent company or head office to the extent such dividends or remittances are not taxable in their home country."**

The principle, Dr. Davis said, was that if there was liability for a tax on income in Jamaica and that tax was payable in the home country, that tax should be paid here.

The Prime Minister was in agreement with the principle as we should not forego taxes here that others could collect.

DC1/97

Minister Clarke pointed out that if the benefit were applied to interest, there would be much more borrowings.

Minister Robertson said that as part of the Industrial Policy the position had been taken to accommodate special negotiations with individual companies, if some benefit were foreseen. He considered Chemical Lime investment to be one such case.

There was competition with different destinations for investment and this proposal might be a necessary ingredient for Jamaica, the Minister said.

Dr. Lawrence said he would like to see a financial analysis showing the benefits that would accrue to the country. He argued that the investment being made in the mineral mining industry would see the bauxite companies claiming similar incentives and his guess was that the returns to Jamaica, other than recording an investment taking place, would be nil.

Minister Robertson argued that there was an employment quotient of 100-120 persons and infrastructural development involving port facility growth.

(With regard to the growth in the port facility, Dr. Lawrence intimated that he was aware that Chemical Lime was in negotiation concerning the shifting of port facilities.)

Continuing, the **Minister** said an important factor was the psychology of a relatively large investment taking place in 1997 - a signal to those who claim there could be no foreign investment here.

Further, the Minister said that the bauxite industry had a totally different cost structure from the lime industry.

Permanent Secretary Constantine queried the cost of equipment for write-off, after 15 years of tax holiday. Mrs. Francis' response was that depreciation would start after six years.

The Prime Minister said he was mindful of the freedom to negotiate for special cases. He was also mindful of the reality that claims from others with comparable situations (in this case an investment in the mineral sector, injection of US\$50M and employment of 100-120 persons) would be forthcoming and could not be denied.

Regarding the bauxite companies he said that it could be potentially argued that they had a moral entitlement.

Minister Clarke pointed out that he had been trying to get Chemical Lime into Jamaica. The idea of the one-off

DC1/97

application of an incentive mentioned by Minister Robertson, however, reminded him of the Gypsum Company which was originally given an incentive in perpetuity; a situation which was only changed when the Company came into public ownership.

Concerning competition for destination, the Minister mentioned that Chemical Lime had been operating a quarry in Costa Rica from the 1980's, but considered that a good deal could be obtained in Jamaica, which they were seeking.

They had been offering predatory prices to the bauxite industry. He said he was not against determining a basis for the investment, but pointed to the fact that such operations had the capability of rapidly relocating equipment, and the current environmental problem in the United States which demanded quick action could be a related factor in their consideration.

The Minister was against the granting of incentives on a one-off basis for which there would be no returns.

Dr. Hughes was of the view that incentive target should be limited. He was not against the granting of comprehensive incentives, but there must be some value-added of note, elements of which should be encouraged.

Permanent Secretary Ransford Smith referred to the submission which recommended a mid-term review to ensure that the Company performed in terms of structural work.

It was important, he said, to ensure that the local supply to the bauxite industry was not the only thing; the output of 350,000 to 400,000 short tonnes of lime from a single kiln, with two or three kilns added subsequently would definitely mean going beyond the local industry.

Minister Davies referred to the matter as an administrative nightmare if viewed as a one-off case. Immediate claims would be forthcoming and it would mean introducing a policy.

The Prime Minister said his understanding was that no commitments would be given for incentives across-the-board, but for special arrangements with potential investors.

It should however be understood that anybody who presented a similar proposal subsequently would of necessity have to be granted the same facility. Failing this, there would not only be cries of discrimination but accusations of corruption.

A special deal was being made in accordance with the National Industrial Policy, but once granted for Chemical Lime, there could be no pretence that similar proposals could be denied.

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In summary, the Prime Minister said -

The tax holiday was supported;

No customs duty on machinery and equipment - supported;

No GCT on goods and services connected with the project - supported;

No withholding tax on interest and dividends - supported as expanded by the Cabinet Secretary, that is, provided tax is not payable elsewhere.

Depreciation was not supported.

Dr. Lawrence pointed to the 98% debt component and 2% equity which he said raised his doubts about the proposal.

Mr. Richards sought a cost benefit analysis to facilitate a proper judgement.

The Prime Minister was adamant that the whole process could not be reverted to the point of inviting comments. He was weary of the practice of requesting reconsideration of matters. What was now up for discussion was in relation to incentives. All other matters had already been discussed ad nauseam.

The Cabinet Secretary was requested to resubmit the matter to Cabinet on Monday, January 13, 1997.

ITEM 5(b) - WESTERN CEMENT PROJECT - Submission 501/MIIC 24/96

The project was supported for tax benefits similar to those approved for the Chemical Lime Project.

The Prime Minister directed JAMPRO to ensure that in preparation for the announcement of the projects a proper analysis of all the benefits be made for the presentation.

(Messrs Perkins and Roache left the meeting.)

CONFIDENTIAL**MATTERS ARISING (CONT'D)****3(ii) Status Report - Implementation of National Industrial Policy - Submission DC4 MIIC 3/97.**

Mrs. Francis said requests had been made of the various Ministries for details on plans for the Financial Year 1997/98 to be sent to JAMPRO by December 3. To date, responses were outstanding from the Ministries of Finance and Planning, Labour, Social Security and the Office of the Prime Minister, to all of which reminders had been issued.

Permanent Secretary Constantine said letters were sent out to all agencies falling under the Office of the Prime Minister directing that the information requested be fed directly into JAMPRO by December 3, 1996. Information from JAMPRO concerning non-compliance was received only the day before (January 7, 1997).

She undertook to ensure that responses from all agencies under the Office of Prime Minister were forwarded to JAMPRO.

Mrs Francis pointed to certain problems which were delaying the process: information was not being prepared in the format requested, necessitating dialogue concerning re-arrangement; seminars with various Ministries, involving the Permanent Secretaries and staff responsible for the collection of the relevant data, were also considered necessary, to try to initiate some methodology for approach; and it appeared that the programme, in accordance with the National Industrial Policy, was not understood by some.

The Prime Minister felt that it was necessary, at this stage, to have a sequel to the broad meeting held at the Conference Centre. It was important, he said, to bring everybody together to explain what really needs to be done.

The Prime Minister directed the President of JAMPRO to consult with her Chairman, in order to set an appropriate date for that Meeting.

DC1/97

Continuing, **Mrs. Francis** mentioned that the Public Awareness Programme was scheduled to be re-started in St. Ann on January 16, after suspension for the holiday season.

She said that the Ministry of Foreign Affairs had identified reasons for their involvement and were advised to discuss the matter with JAMPRO and the Ministry of Industry, Investment and Commerce.

She said that there was increased private sector interest and activity, with voluntary offers to put together groups for implementation in certain sectors. Papers had been submitted with suggestions of programmes for certain industries, e.g. Mr. McIntosh of Sealy and others had put forward their thoughts on how they saw the National Industrial Policy; and there was also a group on Sports and Entertainment, and another group on capital formation.

She said that, in addition, parish programmes were coming on stream; the Portland Group already had one meeting and were coming up with their own plan as to how the NIP could impact on that parish; and consideration was being given to merging the St. Mary and Portland Groups.

She said that the Bankers' Association had invited JAMPRO to make a presentation to its membership and small groups were being approached with a view to making presentations to them on a one-off basis.

3(iii) **Report on Tourism Sector, in particular, Development Plans for Drax Hall, Runaway Bay, Oracabessa and Culloden.**

Drax Hall - Minister Junor reported that discussions were held with the Drax Hall Development Company regarding the financing aspect.

He said that the preference shares aspect had advanced and the Memorandum would be completed soon, to raise US\$15M; and Drax Hall was required to give comfort to preference shareholders to meet the shortfall.

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The Prime Minister recalled that at the last meeting Dr. Lawrence and Messrs. Thomas and Richards were directed to meet with the principals, during the week beginning Monday, December 2, and to inform him how it was proposed to proceed with the project.

Mr. Thomas reported that there were ongoing discussions with the principals. He said that information received indicated that there was uncertainty as to their plan to get the remainder of the financing. He said, however, that they proposed to raise a certain sum in foreign currency on the local market, with comfort to the potential preference shareholders and this would mean asking the Government to guarantee to meet the shortfall on the coupon rate to the preference shareholders; a contingent liability of some US\$8 million. He said that any decision would have to await the outcome of the issue. He added that the value of the total investment envisaged was US\$64.7M - with provisions from BNS (Cayman) of \$20.4M; Marriott \$2M; Promoters \$5.25M; NIBJ \$6M; TDB \$600,000 (agreed in principle); BNS intended to raise \$15M - an additional US\$15M approx. was therefore needed.

Mr. Thomas said his information was that finalisation of the package was a long way off.

Hedonism - Minister Junor - reported as follows - The total cost of the project was US\$28.7 million. In terms of debt, \$6M from CDB; \$5.5 from NDB; \$1.4M from TDB; additional debt required was \$2.2M and NDB was to be approached.

The equity - Developers \$5M; NIBJ \$7M; Superclubs 1M; TDB \$600,000.

Minister Davies pointed to the split in the Government's contribution and wondered if each entity acted individually in the application of terms and conditions.

The Prime Minister voiced his concern about "promoters" as distinct from "developers" who identified and acquired land with part payment, and subsequently inflated the value to impute equity contribution, thereby gaining a commanding position in decision-making, but a mendicant position in

CONFIDENTIAL

relation to financing, resulting in favourable responses from the NIBJ et al, and to requests for Government guarantees on funding from commercial sources. He said that in such circumstances, it would suit the Government to undertake the Project on its own.

Dr. Lawrence expressed concern about entities which committed financing and started disbursement of funds without proper shareholders' agreements which dealt with the rules governing management.

Mr. Richards stated that the NIBJ was in the process of setting up a monitoring system.

The Prime Minister's attention was drawn to the discussion at the last meeting concerning the institutional structure for the management of investments, when NIBJ was directed to submit the matter to Cabinet in two weeks from November 29 for a final decision regarding the structure.

Dr. Lawrence mentioned that he had information which could be used in the formulation of the guidelines for the management of such investments.

The Prime Minister expressed displeasure with the lack of action on decisions taken.

Minister Davies said that it was time for the Government to determine the direction of such projects, as timing was important.

Mrs. Francis supported this view, a position, she said, she had held from last year. She said that projects would not develop exactly as envisaged and for them to materialise they would have to be viewed critically, control taken by Government and deals made. She thought that what exactly existed on the ground was often different from original proposals.

Governor Latibeaudierre said that with strategic planning, the Government should be in a position to determine facilities needed in a particular time-frame and be the driving force behind the provision of such facilities. He said that there should be a "co-ordinated approach" in seeking financing, recognising the constraints.

DC1/97

Culloden - Minister Junor said that the project was not on for this year.

He mentioned that the Montego Bay Seawind was brought back into operation in November, but at a cost considered significant, due to the costings having been done in Jamaican Dollars.

Oracabessa -

Before receiving the report on Oracabessa, **The Prime Minister** referred to discussions at the previous meeting, in relation to

- the management on behalf of Government of entities, once privatised;
- the Government's involvement in new projects and the extent of its exposure without commensurate command of the decision-making process.

He said that based on reports, it had been repeatedly stated that there was need to recognise as a fact that most of those projects, while conceived by private promoters really depended on public sector financing and support, and therefore the Government should assume a more commanding position in the decision-making from conceptualisation to completion.

He affirmed that Government would not itself manage the projects but should be free to determine the best managers and to settle with them the terms of their contract.

He said that at the last meeting, the NIBJ was deputed to undertake that work, and three members of the Development Council had been requested to undertake certain aspects of that exercise. He said it was important for Dr. Lawrence to be involved, as much of the land was previously owned by the UDC, which was also hitherto involved with some of the companies.

He said that the group would involve MoF, BOJ, PIOJ, JAMPRO and appropriate Ministry representatives, depending on the subject - Tourism, Agriculture, Industry, etc.

DC1/97

The Prime Minister directed that the work be completed with despatch and certainly before the Cabinet Retreat of Thursday, February 13, when it was proposed to examine Budgetary matters. Mr. Thomas was designated to ensure that the document was presented to him in time.

Dr. Lawrence mentioned that he had drafted some outlines considered appropriate for Sugar and PETROJAM and Dr. Rattray was involved with formulating something for Air Jamaica. He suggested that those could form a basis for the Shareholders' Agreements, after examination of the salient points. He thought that there should be no difficulty in meeting the deadline.

Reverting to Oracabessa, Minister Junor said that water was still the major aspect of the project.

Minister Pickersgill reported that the Chairman of the Water Commission had written to him and the communication was copied to Dr. Davis.

He said that:

- (a) it was proposed to extend the 16" pipeline from Balmoral to Spring Valley;
- (b) contractors had been identified and NWC funds would be used for this work;
- (c) the award of contract was scheduled to be made at the end of January 1997; and completion of pipe-laying should be by mid-May.

He said that the pipeline would take the pipes to within six miles of Oracabessa and then \$90M would be needed to take water to the town.

The Prime Minister directed Minister Pickersgill to write the Developers, with a copy to him, informing them of the proposed time-frame.

DC1/97

ITEM 4 - REPORT ON DEVELOPMENT FINANCING FOR INDUSTRY
Submission DC3 MFP 1/97 and
ITEM 3(iv) - Status of Refinancing Programme/Equity
Investments

The report stated that as regards the US\$50M Bond float, \$25M was subscribed through BNS; \$15M had been drawn-down of which \$8M had been disbursed; and a review of the projects to which commitment had been given indicated that the additional amount would not be utilised.

Mr. Richards said commitments totalling \$32M had been made against projects.

Minister Davies contended that those commitments were for projects which were still "about to be" and said there was no point in borrowing and holding funds to await disbursement.

Governor Latibeaudierre pointed out, too, that the rate on deposit was less than the borrowing rate.

The Prime Minister said he wished to ensure that more was not being paid out on the money borrowed than was received from onlending.

He also wished to be informed if it would be necessary to draw down the additional \$25M, as a decision not to do so would constitute a change of factors in the original plan. This, he said, would necessitate an announcement to that effect, as failure to do so would be inimical to his image.

(It was mentioned that funds not drawn from BNS would not attract interest, but possibly a small commitment fee.)

Mr. Richards stated that the remaining US\$25M would not be pursued. He said there would be resources in the system to enable retirement of the existing obligation with BNS.

Minister Davies felt that the real demand was over-estimated. The relationship between the different Government institutions needed to be tightened up, he said, and now that there was a better feel of what to expect, the Development Banks should never be out of funds while holding viable projects.

Mr. Latibeaudierre said there was need to know not only amounts required, but the timing. There should be recognition that there had been a change; the six months' lead time formerly needed to garner funds was no longer necessary.

The Prime Minister wished at some convenient time, perhaps in the presentation of the Supplementary Estimates, but very soon, to announce the changes in the US\$50M Bond float.

DC1/97

PETROJAM PROCEEDS

It was recommended that 50% of the divestment proceeds from PETROJAM be earmarked for development financing.

Concerning the other 50%, **the Prime Minister** said he had no objection to the amount going through the Budget, except that it should be ensured that there was no stalling in capital projects. The amount, he said, should not be lost in the "vortex" of other funds.

Dr. Lawrence said there was confirmation with the Ministry of Finance that the figure was US\$68M.

He said that he had written a final letter giving a deadline of January 15, 1997 for pay-over. He added that verbal, not written, confirmation on the agreement had been received the day before, (January 7), but no remittance had been received beyond the initial deposit, which was very small.

Dr. Lawrence said that auditors had been put in place, and possession had not been handed over.

If payment were not made, top management would have to be put in place overnight, he said.

(The Minister of Finance left the meeting.)

The Prime Minister said that, proceeding on the basis that the money would be received, it was agreed that half of it would be available for development financing.

Based on the preceding discussions, the Local Bond Issue, capital cash required and the US\$50M Bond issue all had to be taken into consideration, he added

The Prime Minister wished to have at least J\$100 million made available for MIDA, as they were urgently in need of funds. He said that an advance made to them by UDC was being shown on their books as a loan.

Concerning the portion which would be going to the Central Budget, **he wished the Financial Secretary to indicate how the capital programmes would be protected, both in terms of quantum and cash flow.** He said that he was anxious that there was no cessation.

MATTERS ARISING (CONT'D)

3 (v) **NIBJ Institutional Strengthening**

Mr. Richards noted that it had been accepted that what was asked of the NIBJ had to be met.

DC1/97

The Prime Minister intimated that a Cabinet Retreat was scheduled for February 13 and 14.

Mrs. Pat Francis tabled information on Project GTP Communications Ltd., a proposal to construct and maintain full service, wireless telecommunication system.

The Prime Minister recalled that he had suggested the need for a multi-disciplinary group to discuss the matter, as it impacted on the Ministry of Public Utilities and Transport, the Broadcasting Commission, and also had a developmental element.

Mrs. Vernon was therefore directed to liaise with Dr. Wallace and Mrs. Francis on the matter.

The next meeting of the Development Council was scheduled for Wednesday, March 12, 1997, at 10.00 a.m.

MEETING OF THE DEVELOPMENT COUNCIL
HELD WEDNESDAY, JANUARY 8, 1997

ACTION SCHEDULE

No.	Page	Activity	Responsibility	Time Frame
1.	2	Institutional Arrangements for the Development Council		
a.		Settle Terms of Reference, work out details of the structure and submit the relevant documents to the Prime Minister.	Dr. Hughes / Mr. Thomas	By Thursday 16/1/97
b.		Have core staff in place and settle their roles.	Mr. Thomas	By 31/1/97
c.		Conclude the matter of funding and also the level of remuneration for the leader of the National Industrial Policy's implementation process.	Cabinet Secretary	Immediate
2.	3	Chemical Lime Project: Resubmit the matter regarding incentives to Cabinet.	Cabinet Secretary	Monday 13/1/97
3.	7	Western Cement Project: Ensure that in preparation for the announcement of the projects, a proper analysis of all the benefits is made for the presentation.	JAMPRO	
4.	8	Status Report - Implementation of National Industrial Policy:	Ministries: Finance and Planning, Labour Social Security and Sport and the Office of the Prime Minister	Immediate
a.		Send to JAMPRO, details on plans for the F/Y 1997/98, now outstanding.		

MEETING OF THE DEVELOPMENT COUNCIL
HELD WEDNESDAY, JANUARY 8, 1997

ACTION SCHEDULE

No	Page	Activity	Responsibility	Time Frame
4.	8	Status Report - Implementation of National Industrial Policy:	Permanent Secretary, Office of the Prime Minister	Immediate
b.		Ensure that all responses to a. for all agencies under the Office of the Prime Minister are forwarded to JAMPRO.		
c.		Hold a sequel to the meeting which was held at the Conference Centre to provide more explanation on implementation; and	President of JAMPRO	
d.		Consult with the Chairman of JAMPRO regarding an appropriate date for the meeting.		
e.		Restart the Public Awareness Programme in St. Ann.		January 16 1997
5.	9	Report on Tourism Sector - Development Plans...	NIBJ, MFP, Dr Lawrence, BOJ, PIOJ, JAMPRO and the appropriate Ministry	Before the Cabinet Retreat of 13/2/97
a.		Complete, with dispatch, work on the institutional structure for the management of investments.		
b.		Ensure that the document (at 5 a.) is presented to the Prime Minister on time	Mr. Thomas	
c.		Write the Developers of the Oracabessa project, copied to the Prime Minister, to inform them of the proposed time frame for the water component of the project.	Minister Pickersgill	Immediate

MEETING OF THE DEVELOPMENT COUNCIL
HELD WEDNESDAY, JANUARY 8, 1997

ACTION SCHEDULE

No	Page	Activity	Responsibility	Time Frame
6.	14	Report on Development Financing for Industry and Status of Refinancing Programme / Equity Investments: Inform the Prime Minister whether it would be necessary to draw down the additional \$25 M in order to facilitate his announcement of the changes in the US\$50 million Bond float.	NIBJ /MFP	Immediate
7.	15	PETROJAM Proceeds: Regarding the portion for the Central Budget, indicate how the capital programmes would be protected, both in terms of quantum and cash flow.	Financial Secretary	Immediate
8.	15	NIBJ Institutional Strengthening: Liaise with Dr. Wallace and Mrs. Francis on the matter of the impact of Project GTP Communications Ltd. on the Ministry of Public Utilities and Transport, Broadcasting Commission.	Mrs Vernon	Immediate



PRIME MINISTER

MAR 21/1997

CABINET OFFICES

MEMORANDUM

TO : Honourable Prime Minister

FROM : Cabinet Secretary

DATE : March 20 1997

RE : Technical Secretariat of the Development Council

Professor Don Harris and Mrs Maureen Stephenson-Vernon came to see me a few days ago in connection with the matter of the selection of two staff members to the posts of Policy Analyst- Investment, Finance and Trade and a Research Assistant.

A Mrs Schumacher-Hutchinson is slated for the first position and a recent MSc from Purdue University is slated for the latter.

The matter would have come up last Wednesday but as circumstances were, this meeting was not possible.

In the event, both cases are urgent: Dr Hughes needs Mrs Schumacher's position vacant so that he can appoint someone else who is on 'stand by'; while the other person Professor Harris feels, needs to be appointed before he is 'snapped up' by someone else. In any case, Harris leaves next Thursday for three months and he wants to keep things rolling.

The problem is that his budget came in too late for the 1997/98 budget, which means that the only option is to secure some bridging finance until the Supplementary budget.

*In consequence, he is unable to make any offers to the persons unless: (a) money were made available from a government entity **NOW**; or (b) made available by such entity **after** the meeting of the Development Council.*

2.

I prefer dealing with this matter after I have had a chance to speak with both Dr Hughes and Professor Harris, to resolve what I see as certain 'tensions' in respect of the role of the PIOJ vis à vis the Technical Secretariat of the Development Council. Harris feels that there is a need to resolve matters with the BOJ as well, but I can't for the life of me see any reason why this should arise.

You may wish to: (a) request the NIBJ to advance the money to enable the employment of the two persons before the meeting; or (b) after the meeting; or (c) deal with the matter in some other way.

CED/sem

DC 8 OPM 4/97

Technical Secretariat
Development Council

MEMORANDUM 97.005
March 21, 1997

SECTORAL TARGETS and PROPOSED INITIATIVES 1996/97

1. The National Industrial Policy provides a strategic framework for the promotion of investment, productivity and growth in the productive sectors of the Jamaican economy. To achieve these end-objectives, the Policy advocates a strategy of export push coupled with exploiting possibilities for efficient import substitution.

2. The successful application of this strategy requires Jamaican firms to be innovative and to create a niche for themselves by exploiting the specific advantages that give the country an edge in the international marketplace. To be globally competitive, firms must then build and sustain their ability to compete across many different product dimensions, including product price, quality, design, packaging, delivery time, range and variety of products. A key feature of this effort is investment in productive capacity, in upgrading production methods and work practices, and in training and education of the labour force.

3. In the National Industrial Policy, the Government of Jamaica has pledged to serve as a catalyst for the modernization and progress of the Jamaican economy and to provide a clear, coherent, and consistent set of policies that will support the private sector in its efforts to build competitive advantage in the global marketplace. The NIP calls for a comprehensive and integrated approach that takes into account the linkages and interdependencies between the critical elements of the process along the continuum: R&D/design -- production -- distribution -- marketing.

4. The accompanying tables give an overview of achievements and initiatives at the sectoral/product line level to date. These sector profiles focus on targets and proposed initiatives and will be supplemented with additional information on achievements/implementations as it becomes available.

5. For the purpose of this overview, the targets and initiatives have been grouped according to seven (7) objectives that serve to operationalize the broad goals of the NIP:

- **export volume / import substitution / market penetration**
- **diversification** -- in terms of both the range/variety of products offered as well as the markets that are targeted for penetration
- **product design / quality**
- **productivity** -- production efficiency through the use of appropriate/state-of-the-art technology, skilled/adequately 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 etc

- **investment** -- in new projects as well as in expanding/replacing/upgrading existing production facilities
- **intersectoral linkages** -- spillovers across product lines and sectors provide scope for establishing a dynamic synergy that can serve to reinforce growth within each sector and throughout the economy as a whole.

6. In interpreting the overview in its present form, the following is to be kept in mind:

6.1 the main source of information are the *JAMPRO Marketing Plans 1996/97*. Since the primary focus of these *Plans* is on highlighting and promoting investment opportunities in the respective sectors and on designing appropriate marketing strategies for successful market penetration, the proposed initiatives are likely to be skewed in favour of promotional activities;

6.2 a careful distinction needs to be drawn between *proposed initiatives* versus *actions*; and

6.3 there is necessarily some overlap in that a certain initiative may serve multiple objectives, for instance export diversification as well as market penetration; product quality as well as productivity (production efficiency).

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

7.1 In the majority of sectors/product lines, **proposed initiatives are directed primarily at:**

- **market penetration** (export volume & import substitution)
- **export diversification**

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

7.2 In most cases, **relatively little attention is paid to:**

- **product design & quality**
- **productivity** (production efficiency)
- **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.

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

8. While the bias of proposed initiatives in favour of the Market Penetration and Export Diversification objectives may simply be a reflection of the nature of the available data set, policy-makers and implementing agencies must ensure that these efforts are integrated and complemented with initiatives in support of the entire spectrum 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.

9. The current document provides a useful, initial profile of the steps that are currently being taken or proposed towards implementing the National Industrial Policy in the various sectors. The overview 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. In its present form, the document provides a useful framework that implementing agencies are encouraged to apply in structuring and focussing their initiatives.

SECTORS / PRODUCT LINES REVIEWED

■ Cluster # 1

- Tourism*
- Music & Entertainment

■ Cluster # 2

- Information Technology
 - Information Processing
 - Telemarketing Services

■ Cluster # 3

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

■ Cluster # 4

- Textiles & Sewn Products**

■ Cluster # 5

- Minerals, Chemicals & Alternative Energy

■ Small Business***

Source: *JAMPRO Marketing Plans 1996/97*

* supplemented with additional information on achievements as at 3/97
(Source: Tourism Unit, OPM)

** supplemented with updated information on activities as at 2/97 (Source: JAMPRO)

*** supplemented with additional information on credit initiatives (Source: MIDA)

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)
	<i>Achievements:</i>	* significant increase in arrivals from Western Canada * JAMVAC instrumental in developing Fort L. gateway
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>Target:</i>	* reduce harassment & crime directed at tourists * improve quality & competitiveness of tourism product * erase foreign investors' (espec. Europeans') negative perception of Jamaica as unsafe, high-risk investment location
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 * seminars/workshops on International Quality Standards * promotional activities
	<i>Achievements:</i>	* reported harassment/crime incidents down 17% since 1995 (down over 50% since 1993)

TOURISM ctd.

NIP OBJECTIVE	SPECIFIC TARGET & PROPOSED INITIATIVES	
Productivity	<i>Initiatives:</i>	* seminars/workshops on physical plant management, information technology
Organization	<i>Initiatives:</i>	* 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 * two attractions projects at US\$506M and job potential of 91
	<i>Initiatives:</i>	* Port Royal project * 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
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 etc)

MUSIC & ENTERTAINMENT

The marketing thrust focusses 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 TARGET & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration/	<i>Target:</i>	* increase visibility in international markets * penetrate traditional & non-traditional markets, in particular: US, Japan, Brazil, UK, Jamaica
	<i>Initiatives:</i>	* 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	<i>Products:</i>	* foreign language recordings * re-mixes, strategic covers of popular songs
	<i>Markets:</i>	* Africa * France
	<i>Initiatives:</i>	* promotional activities, including: targeting public radio stations, "Diplomatic Goodwill Tour", Jamaican exporters to sponsor overseas engagements
Product Design/ Quality	<i>Target:</i>	* creative packaging & presentation (red/green/gold motif for cultural/national identification; inclusion of historically & culturally relevant information) * state-of-the art studio facilities
Productivity	<i>Target:</i>	* improved distribution * technology transfer; state-of-the-art studio facilities
	<i>Initiatives:</i>	* amend Motion Picture Industry Encouragement Act to encourage/facilitate technology transfer

MUSIC & ENTERTAINMENT ctd.

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 etc) * Jamaica Jamboree, New York (10/96), promoting design-led products

INFORMATION TECHNOLOGY -- INFORMATION PROCESSING (in particular Data Entry)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i> <i>Initiatives:</i>	* none quantified * promotional activities: participation in trade shows, advertisement in trade publications * exposition in conjunction with JDI, TOJ
Diversification	<i>Product:</i> <i>Market:</i> <i>Initiatives:</i>	* multi-lingual, multi-media package * personal banking applications * high-end data entry services (GIS, CAD/CAM, Imaging) * large consumers of software support such as healthcare, financial, environmental, publishing bodies, car rental agencies * Europe * work with JAMPRO Target Europe Secretariat * promotional activities
Product Design/ Quality	<i>Initiatives:</i>	* liaise with UWI, UTECH, HEART wrt manpower development
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"
Investment	<i>Target:</i> <i>Initiatives:</i>	* no specific target quantified * 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
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
Product Design/ Quality	<i>Initiatives:</i>	* liaise with UWI, UTECH, HEART wrt 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
Intersectoral Linkages	<i>Target:</i>	* facilitate co-operative marketing with complementary sectors, eg. tourism

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>	* market research * seminars on exporting procedures & pricing * promotional activities: trade show participation, publications in trade magazines
Diversification	<i>Markets:</i>	* general population (as opposed to ethnic/immigrants) * mainstream small chain stores
	<i>Initiatives:</i>	* market research re: consumer trends * promotional activities; point-of-sale promotion (recipe cards)
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 * strategic alliance with other agencies servicing the sector (JEA, IICA, RADA etc)
Investment	<i>Target:</i>	* project implementation: papaya: J\$46M, 400 jobs * project implementation: pepper/other: J\$3.5M, 100 jobs
	<i>Initiatives:</i>	* farmers' fora, promotional activities
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>	* market research * seminars on exporting procedures & pricing * promotional activities: trade show participation, publications in trade magazines
Diversification	<i>Markets:</i>	* general population (as opposed to ethnic/immigrants) * specialty stores, mainstream super- and hyper-markets * Europe
	<i>Initiatives:</i>	* market research re: consumer trends * promotional activities, point of sale information (recipe cards, taste testing) * Target Europe Programme
Product Quality/ Design	<i>Initiatives:</i>	none specified
Productivity	<i>Initiatives:</i>	* collection & dissemination of technical information (IICA, RADA)
Organization	<i>Initiatives:</i>	* formation/strengthening of Mango Growers Association, Jamaica Papaya Growers Association, Fresh Produce Assoc'n * strategic alliance with JEA, IICA, RADA etc
Investment	<i>Target:</i>	* investment in growing of papaya, espec. in view of overseas demand exceeding supply
	<i>Initiatives:</i>	* investment seminars * 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>	* Productivity Unit to implement accreditation programme * seminars/workshops, jointly hosted with JOGA * market research
Organization	<i>Initiatives:</i>	* strengthen alliance with JOGA (Jamaica Organic Growers' Assoc'n, RADA, JEA, SRC, Bureau of Standards, international entities (International Federation of Organic Agricultural Movements, Organic Crop Improvement Assoc'n)

PROCESSED FOODS

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, in-store promotions, newsletter, advertisement in relevant publications * workshop: "Selling in the Marketplace"
Diversification	<i>Products:</i>	* private label production to increase capacity utilization
Product Design/ Quality	<i>Initiatives:</i>	* workshop re: quality standards
Productivity	<i>Initiatives:</i>	* training workshops
Organization	<i>Initiatives:</i>	* strategic alliance: Agro-Processors Resource Network (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
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

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 * seminars on exporting procedures & pricing strategy * promotional activities: trade shows, newsletter, point-of-sale promotion (eg recipe cards)
Diversification	<i>Markets:</i>	* Germany, Spain, France identified as major growth markets
Product Design/ Quality	<i>Initiatives:</i>	* quality control programme
Productivity	<i>Initiatives:</i>	* collection & dissemination of technical information (IICA, CARDI, Ministry of Agriculture)
Organization	<i>Initiatives:</i>	* strategic alliance with JEA, UWI (Marine Science/Biology), IICA, CARDI, RADA, Jamaica Aquaculture Association
Investment	<i>Target:</i>	* increase capital investment by J\$39M
	<i>Initiatives:</i>	* promotional activities, presentations, seminars
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 * investment seminar * participation in one seminar/trade fair in the US
Organization	<i>Initiatives:</i>	* strengthen alliance with Ornamental Fish Growers Association, Ministry of Agriculture, J. Agricultural Development Foundation

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>	* promotional activities: trade shows, personal selling techniques
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) * promotion through Brussels Office, alliance with COLEACP, Target Europe Programme * competition for florists (to use J. flowers & foliage)
Product Design/ Quality	<i>Initiatives:</i>	* none specified
Productivity	<i>Initiatives:</i>	* support funding for feasibility study & recommendations for Integrated Pest Management programme * support evaluation of packaging for anthuriums through trial shipments * 2 companies to participate in training course funded by Dutch CBI and COLEACP
Organization	<i>Initiatives:</i>	* strategic alliance with local & overseas agencies & sector representatives (RADA, Dutch CBI, COLEACP, Caribbean Export Dev. Agency) * formation of Ornamental Horticulture Association * 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
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 in trade magazines * 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, exploitation of 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 * also 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 (development of data base on input suppliers; investment in trims, accessories, textile, finishing industries) * special training programmes (as at 2/97: under preparation, to be presented to the sector) * improve quality of packaging material & labelling * R&D to update/upgrade products

TEXTILES & SEWN PRODUCTS ctd.

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 (as at 2/97: under preparation, to be presented to the sector) * as at 2/97: programme of energy audits under preparation by JAMPRO & JPS
Organization	<i>Initiatives:</i> * re-establish Designer Association * JAMPRO to serve as information clearinghouse * 4/96: introduction of Client Services Management Programme to better plan and implement collegial 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> * 1/96 - 2/97: 8 projects implemented at J\$128.3M, 868 jobs * as at 2/97: 8 investment projects at J\$259.5, 78 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 etc); * "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 wrt commercial marble <i>Initiatives:</i> * market research; JAMPRO to develop data base * promotional activities: greater participation in trade shows; advertising campaign in magazines, newspapers, INTERNET
Diversification	<i>Products:</i> * bottled mineral water (price-competitiveness requires PET bottle production) * mineral spa facilities * marble tiles for flooring, walls, furniture <i>Markets:</i> * development of new markets listed as objective * focus on North America, South American & Caribbean * local market (& tourists wrt mineral spas) <i>Initiatives:</i> * promotional activities * marketing training especially for niche markets (eg marble)
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, Industrial Minerals Institute, Productivity Center etc.
Organization	<i>Initiatives:</i> * maintain/develop information base on sector * coordinate outside R&D support/technical assistance
Investment	<i>Target:</i> * 4-6 projects <i>Initiatives:</i> * promotional activities re: investment potential * 2 projects implemented in 1996; capital investm't J\$566M; 57 jobs

MINERALS, CHEMICALS & ALTERNATIVE ENERGY ctd.**NIP OBJECTIVE****SPECIFIC TARGET & PROPOSED INITIATIVES****Intersectoral
Linkages***Target:*

- * 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

Initiatives:

- * project development (min. 3; eg. caustic soda, steel, lime, calcium carbide)
- * prepare marketing profile, eg marble furniture
- * targeted promotional activities
- * submission of Policy Document on Incentives (min. 2 projects, eg PET bottle production, Spa facilities etc)

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; not the focus of efforts directed at the Small Business Sector
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 ctd.**NIP OBJECTIVE****SPECIFIC TARGET & PROPOSED INITIATIVES****Investment**

- Target:*
- * establishment/expansion of 84 projects
 - * increase value of investments by 20% (J\$21M)
- Initiatives:*
- * provide business counselling & 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

- Initiatives:* 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

*Odd Pages
only*

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

8. While the bias of proposed initiatives in favour of the Market Penetration and Export Diversification objectives may simply be a reflection of the nature of the available data set, policy-makers and implementing agencies must ensure that these efforts are integrated and complemented with initiatives in support of the entire spectrum 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.

9. The current document provides a useful, initial profile of the steps that are currently being taken or proposed towards implementing the National Industrial Policy in the various sectors. The overview 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. In its present form, the document provides a useful framework that implementing agencies are encouraged to apply in structuring and focussing their initiatives.

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)
	<i>Achievements:</i>	* significant increase in arrivals from Western Canada * JAMVAC instrumental in developing Fort L. gateway
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>Target:</i>	* reduce harassment & crime directed at tourists * improve quality & competitiveness of tourism product * erase foreign investors' (espec. Europeans') negative perception of Jamaica as unsafe, high-risk investment location
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 * seminars/workshops on International Quality Standards * promotional activities
	<i>Achievements:</i>	* reported harassment/crime incidents down 17% since 1995 (down over 50% since 1993)

MUSIC & ENTERTAINMENT

The marketing thrust focusses 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 TARGET & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration/	<i>Target:</i>	* increase visibility in international markets * penetrate traditional & non-traditional markets, in particular: US, Japan, Brazil, UK, Jamaica
	<i>Initiatives:</i>	* 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	<i>Products:</i>	* foreign language recordings * re-mixes, strategic covers of popular songs
	<i>Markets:</i>	* Africa * France
	<i>Initiatives:</i>	* promotional activities, including: targeting public radio stations, "Diplomatic Goodwill Tour", Jamaican exporters to sponsor overseas engagements
Product Design/ Quality	<i>Target:</i>	* creative packaging & presentation (red/green/gold motif for cultural/national identification; inclusion of historically & culturally relevant information) * state-of-the art studio facilities
	<i>Target:</i>	* improved distribution * technology transfer; state-of-the-art studio facilities
Productivity	<i>Initiatives:</i>	* amend Motion Picture Industry Encouragement Act to encourage/facilitate technology transfer

INFORMATION TECHNOLOGY -- INFORMATION PROCESSING (in particular 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, publishing bodies, 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 wrt manpower development
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"
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
Intersectoral Linkages	<i>Target:</i>	* facilitate co-operative marketing with complementary sectors, eg. tourism

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>	* market research * seminars on exporting procedures & pricing * promotional activities: trade show participation, publications in trade magazines
Diversification	<i>Markets:</i>	* general population (as opposed to ethnic/immigrants) * mainstream small chain stores
	<i>Initiatives:</i>	* market research re: consumer trends * promotional activities; point-of-sale promotion (recipe cards)
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 * strategic alliance with other agencies servicing the sector (JEA, IICA, RADA etc)
Investment	<i>Target:</i>	* project implementation: papaya: J\$46M, 400 jobs * project implementation: pepper/other: J\$3.5M, 100 jobs
	<i>Initiatives:</i>	* farmers' fora, promotional activities
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***Target:*

- * 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

Initiatives:

- * Productivity Unit to implement accreditation programme
- * seminars/workshops, jointly hosted with JOGA
- * market research

Organization*Initiatives:*

- * strengthen alliance with JOGA (Jamaica Organic Growers' Assoc'n, RADA, JEA, SRC, Bureau of Standards, international entities (International Federation of Organic Agricultural Movements, Organic Crop Improvement Assoc'n)

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 * seminars on exporting procedures & pricing strategy * promotional activities: trade shows, newsletter, point-of-sale promotion (eg recipe cards)
Diversification	<i>Markets:</i>	* Germany, Spain, France identified as major growth markets
Product Design/ Quality	<i>Initiatives:</i>	* quality control programme
Productivity	<i>Initiatives:</i>	* collection & dissemination of technical information (IICA, CARDI, Ministry of Agriculture)
Organization	<i>Initiatives:</i>	* strategic alliance with JEA, UWI (Marine Science/Biology), IICA, CARDI, RADA, Jamaica Aquaculture Association
Investment	<i>Target:</i>	* increase capital investment by J\$39M
	<i>Initiatives:</i>	* promotional activities, presentations, seminars
Intersectoral Linkages	<i>Initiatives:</i>	none specified

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>	* promotional activities: trade shows, personal selling techniques
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) * promotion through Brussels Office, alliance with COLEACP, Target Europe Programme * competition for florists (to use J. flowers & foliage)
Product Design/ Quality	<i>Initiatives:</i>	* none specified
Productivity	<i>Initiatives:</i>	* support funding for feasibility study & recommendations for Integrated Pest Management programme
		* support evaluation of packaging for anthuriums through trial shipments * 2 companies to participate in training course funded by Dutch CBI and COLEACP
Organization	<i>Initiatives:</i>	* strategic alliance with local & overseas agencies & sector representatives (RADA, Dutch CBI, COLEACP, Caribbean Export Dev. Agency)
		* formation of Ornamental Horticulture Association
		* Anthurium Growers Association
Investment	<i>Target:</i>	* implement min. 4 new projects, JS\$24M, 40 permanent jobs
	<i>Initiatives:</i>	* investment seminar; small farmers to be targeted * promotional activities, including radio & TV programmes
Intersectoral Linkages	<i>Initiatives:</i>	* none specified

TEXTILES & SEWN PRODUCTS ctd.

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 (as at 2/97: under preparation, to be presented to the sector) * as at 2/97: programme of energy audits under preparation by JAMPRO & JPS
Organization	<i>Initiatives:</i> * re-establish Designer Association * JAMPRO to serve as information clearinghouse * 4/96: introduction of Client Services Management Programme to better plan and implement collegial 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> * 1/96 - 2/97: 8 projects implemented at J\$128.3M, 868 jobs * as at 2/97: 8 investment projects at J\$259.5, 78 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 etc); * "Jamaica Jamboree", New York (10/96) promoting design-led products

MINERALS, CHEMICALS & ALTERNATIVE ENERGY ctd.**NIP OBJECTIVE****SPECIFIC TARGET & PROPOSED INITIATIVES****Intersectoral
Linkages**

- Target:*
- * 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
- Initiatives:*
- * project development (min. 3; eg. caustic soda, steel, lime, calcium carbide)
 - * prepare marketing profile, eg marble furniture
 - * targeted promotional activities
 - * submission of Policy Document on Incentives (min. 2 projects, eg PET bottle production, Spa facilities etc)

SMALL BUSINESS ctd.

NIP OBJECTIVE	SPECIFIC TARGET & PROPOSED INITIATIVES
Investment	<i>Target:</i> * establishment/expansion of 84 projects * increase value of investments by 20% (J\$21M) <i>Initiatives:</i> * provide business counselling & 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

DC 9 OPM 5/97

Technical Secretariat
Development Council

MEMORANDUM 97.004
March 7, 1997

ANALYSIS OF INVESTMENT PROJECTS IN THE PIPELINE (February 1997)

1. 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. No information is readily available in this form on ACB funding.
2. Caution: (a) Because some projects are not exclusively handled by any single one of these agencies, there is 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 potential in the economy as a whole.
3. Analysis of the profile of projects reveals the following pattern:
 - 3.1 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.
 - 3.2 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).
 - 3.3 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.
 - 3.4 Agro-industry projects have a sizeable share of total commitments. Agriculture is relatively under-represented in these agencies, but ranks high in projects for restructuring at NIBJ.
 - 3.5 The services sector is well represented, with entertainment and information processing and film emerging as significant new areas for funding.
 - 3.6 Disbursement of funds relative to commitment/approval is running at a rate of 42% at NDB and much lower, 19%, at NIBJ.
 - 3.7 Applications in process relative to existing commitments (measured by total of local and foreign funds) is 81% at NDB and 140% at NIBJ.
 - 3.8 Bottleneck factors center on: financing, land acquisition, and government approval.

Note on the Data-base

From the standpoint of the National Industrial Policy, investment is one of the key strategic variables in analyzing the operation of the economy and in assessing economic performance. It is therefore of great importance to have ready access to accurate and up-to-date information on this variable.

As regards public-sector assisted projects, there is a need for further work on streamlining and strengthening the data base on investment activity so as to provide consistency and comparability across different agencies. In particular, the following matters require attention:

- * uniform criteria for identifying when projects enter the pipeline and when they exit;
- * mechanisms for tracking activity in the pipeline;
- * documenting the share of financing and types of financing provided by different agencies;
- * pooling of information across agencies.

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

Note: * inclusive of commitments made in 1995.

Source: Projects Department, NDB.

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

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

Source: Projects Department, NDB.

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 <i>Small Hotels</i> <i>Large Hotels</i> <i>Other</i>	20 7 10 3	1,577.443 55.700 1,445.743 76.000	87.2 3.1 79.9 4.2	231.171 26.428 200.743 4.000	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
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

Notes: Assumed exchange rate: J\$35 per US\$1
Source: National Investment Bank of Jamaica

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

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

Source: National Investment Bank of Jamaica

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	3	15.729
<i>Apparel</i>	1	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

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

** Estimated to add 1540+ rooms/suites

Source: National Investment Bank of Jamaica

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		4,043.560		49.750			1,512.555	5,615.865
F/JV	400.000	122.500		385.000	42.900	0.689	76.400	7,587.834	8,615.323
F/JV/AGA								4,564.300	4,564.300
INC					500.000				500.000
JV/AGA								1,200.000	1,200.000
LA	20.000		19.600		76.000		60.980	259.179	435.759
LA/INC					1,400.000				1,400.000
LA/INC/AGA					2,400.000				2,400.000
NONE	29.220	4,964.550	9.000	189.808	343.340	19.841	122.100	21.120	5,698.979
TOTAL	459.220	5,087.050	4,072.160	574.808	4,811.990	20.530	259.480	15,144.988	30,430.226

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

Source: JAMPRO

NATIONAL INDUSTRIAL POLICY
Economic Strategy for 1997-98

1. Reaffirming the Development Thrust in Government Policy

- 1.1 Given the demonstrable and real achievements on the macroeconomic front, and the necessary restructuring that is taking place in the financial system, **it is now more important than ever to renew emphasis and sharpen focus on the National Industrial Policy.**
- 1.2 As a matter of general strategy, it is necessary:
 - (a) to re-emphasize the broad goals of the Policy, the specific directions of the development path that it identifies, and the measures for achieving them;
 - (b) to use this frame of reference as the necessary basis and guide for designing practical solutions to the pressing problems that occupy attention in the course of this year.
- 1.3 The timing is right for this approach. The current situation creates the opportunity and the need for the Government to demonstrate that:
 - (a) it is in total command of the situation in terms of its overall policy framework and conception of the problems, issues, and priorities to be addressed;
 - (b) it is able to provide a comprehensive, consistent, and integrated package of programs to deal with the situation both in the short- and medium-term, instead of retreating to a mode of short-term "crisis management" and ad hoc solutions;
 - (c) there are indeed practical, workable, and effective solutions which follow from its policies.

- 1.4 The specific strategic focus of the policy recommended for the coming year is on three key elements:

- * **Education and training** (human resource development)
- * **Infrastructure**
- * **Financing for investment in production**

- 1.5 All three elements are to be coordinated and programmed so as to **orient them to address constraints and bottlenecks faced in targeted dynamic sectors already identified in the NIP**. Some of these sectors and subsectors (see below) are ripe for expansion and capable of yielding quick returns in terms of employment, production, and foreign exchange earnings/savings. They should receive priority in budget allocations and in action at the level of relevant Ministries and Agencies.

- 1.6 The rationale of this particular strategy is that it is the most effective way of meeting the urgent needs of a broad cross section of the Jamaican people, while at the same time creating a sustainable basis for growth of jobs and income of the people.

2. Finance, Investment, and Growth

- 2.1 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, as called for in the National Industrial Policy.
- 2.2 This result represents a substantial achievement in meeting the crucial first-year objectives of the NIP. It is now necessary to follow through by focusing sharply on **establishing the financial requirements for shifting from investment in short-term instruments to long term investment in the productive sectors**.
- 2.3 If loan rates are induced to follow suit with a significant downward adjustment, this should help to steer investor expectations toward longer-term investment and thereby provide a stimulus for a return to growth.

-
- 2.4 But that by itself will not be enough. It will be necessary to strengthen this stimulus by **moving to reduce cash reserve ratios** so as to increase the availability of funds for investment.
- 2.5 A crucial concern for policy is that an increase in liquidity not serve to fuel consumption and a boom in imports of consumer goods. There may be a lag in this effect, due to existence of accumulated inventories of imported consumer durables (e.g. motor cars). Still, it may require adopting measures to limit this effect. A number of such measures have been proposed and can be usefully adopted.
- 2.6 Nevertheless, **substantial growth is not likely to be realized in the coming year**, not up to the level of 3.5 percent projected in the NIP.
- 2.7 One strong inhibiting factor is due to **the restructuring taking place in the financial sector**. This will serve to restrict lending as AFIs pull back to core business. To remedy this deficiency, it is necessary to address directly methods and techniques for
- (a) increasing the **supply of funds** available through public-sector lending institutions;
 - (b) improving **conditions of access** for borrowers (e.g. small and medium sized firms) with viable projects that generate employment and export earnings.
- 2.8 A second factor is that **many firms still suffer from the handicap of a heavy debt overhang**. 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, financial policy can play a facilitating role through channeling funds to allow restructuring of viable enterprises.
- 2.9 A third factor relates to **the level of the exchange rate**. This is a problematical feature of the current policy mix. The current level of the nominal exchange rate is said to be an equilibrium level (presumably referring only to short-run equilibrium). But there are other levels that would be equally consistent with equilibrium, at corresponding levels of other macro-variables (interest rate, inflation rate, fiscal surplus). There is an obvious trade-off here. A policy choice must be made with the clear and explicit objective to maintain competitiveness of Jamaica's exports, allow for expansion of exports and, thereby, reduce the reliance on short-term capital inflows and remittances to meet the

persistent and growing current-account deficit in the balance of payments. **Some would argue that the current level of the exchange rate is not competitive with Jamaica's trading partners and that it is having a significant negative impact on Jamaica's exports.** This matter requires early review in order to arrive at a smooth transition out of the present situation.

- 2.10 Apart from the exchange rate, **the other side of the coin of competitiveness is productivity and efficiency of firms.** This aspect of the matter requires close attention. It is evident from analysis done by the Technical Secretariat that the overall efficiency and productivity of investment in the Jamaican economy has been quite low in recent years.
- 2.11 In the short term, it is possible to achieve some gains in productivity and growth of output from changes in the composition of investment and from taking up the slack of existing underutilised capacity. Targeted programs of education, training, technical support, R&D activities, and infrastructure development will aid in getting such gains. Firms themselves can do much to contribute by changes in internal organization and management practices. In the longer term, further gains will come from investment in retooling of plant and equipment and technological upgrading. This should be a key goal of current programs to provide financial support to firms.

3. Placing Priority on Infrastructure Investment and Human Resource Development

- 3.1 A key component of the NIP is the strong emphasis placed on these twin elements. They are considered basic to the overall development thrust of the Policy and essential requirements for facilitating investment and growth.
- 3.2 Within infrastructure investment, priorities for budget allocation and action in the coming year should be based on the criterion of maximum immediate impact on employment creation, production, and growth, taking into account the potential and needs of different production sectors and subsectors as indicated below (section 4).
- 3.3 Using this criterion, the following areas of infrastructure emerge as clear and compelling priorities:

*** Water supply, Irrigation Systems**

- * **Roads**, especially the rural road system
- * **Transportation Systems**
 - urban, inter-urban, and rural passenger transport
 - the railway system
- * **Security systems**
 - prevention of crime, praedial larceny, harassment in resort areas

3.4 **A special area of concern is that of telecommunications.** This is identified in the NIP to play a critical role in the process of technological modernization and productivity improvement across all sectors of the economy, both public and private. The underlying technology of telecommunications in the global arena is changing rapidly, producing corresponding changes in organization of service delivery, structure of ownership and control of basic facilities, and new patterns of product innovation. Closer attention must be given to the local requirements for adapting to these changes and to developing a structured policy and an appropriate action plan.

3.4 The needs for **education and training** are equally urgent. This has been a deficient area in the past. A recent policy statement by the Prime Minister ("Placing a High Premium on Education," December 5, 1996) signals a significant change in this pattern: "The combined resources of the nation will have to be galvanised around a programme which ensures that our educational and training goals are met." This new emphasis is a welcome development.

3.5 From the standpoint of the NIP, the immediate priorities in this area center on the following:

- * Use of **information technology** at all levels of the education system.
- * **Skills training**, adapted to new work-practices and emerging demand patterns in dynamic sectors of the economy.
- * **Research and development**, oriented to emerging market opportunities for new products in dynamic sectors and meeting urgent needs for pest control, quality control, environmental standards, energy efficiency.

4. The Sectoral Strategy

- 4.1 The sectoral strategy seeks to achieve a quick acceleration of growth by focusing on sectors of proven competitive advantage that are poised for growth and capable of responding readily to initiatives aimed at removing constraints and bottlenecks at both micro- and macro-levels.
- 4.2 To assess the existing investment potential in different sectors, an effort has been made by the Technical Secretariat to examine the investment projects in the pipeline listed by public-sector agencies: JAMPRO, NDB, NIBJ, ACB, EX-IM Bank. The resulting information is presented and analysed in Technical Secretariat Memorandum 97.004 ("Analysis of Investment Projects in the Pipeline"). These agencies are strategically placed to monitor and assist the process of moving investment projects from drawing board to actual implementation (start-up) and ongoing operation.
- 4.3 Initiatives are being taken at the sectoral and micro- levels to move forward the process of economic development in accordance with the specific objectives and strategies identified in the NIP. The ongoing activities in this regard are analysed in Technical Secretariat Memorandum 97.005 ("Sectoral Targets and Proposed Initiatives"). A continuing effort is to be made to structure these initiatives in a tight framework consistent with the NIP.
- 4.4 All relevant public-sector agencies are being required to develop action plans to ensure implementation of the Policy within their own area of specialization and to coordinate action among agencies where necessary to ensure consistency.
- 4.5 Initiatives are being taken to create the appropriate organizational basis for effective cooperation with and direct involvement of the private sector. A key element in this effort is the formation of Industry Advisory Councils within each of the targeted clusters identified by the NIP. The National Planning Council will continue to play a crucial role as a forum through which strategic planning and coordinated action can take place as between the public sector, private sector, and NGOs.

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**UPDATE ON THE TEXTILE AND APPAREL INDUSTRY
EXECUTIVE SUMMARY**

- The textile & apparel (garment) sector has been identified in the National Industrial Policy as one of the leading **growth poles** in the economy. In this regard, indications of a recent **decline** in the industry are a matter of special concern.
- In an attempt to reverse this decline, Cabinet has authorized a **Special Assistance Programme**, designed to meet a maximum of 5% of the estimated overall operational cost of the industry. Given the perceived urgency of the situation, Phase I of the Programme (an emergency component in effect until end-FY 1996/97) was designed to stabilize the industry and to gather the information necessary to properly structure Phase II based on a **comprehensive assessment of the industry** and its long-term development potential.
- However, to date **many firms are hesitant and/or unable to take advantage of the assistance programme and to provide the pertinent financial data**. The following issues are likely to contribute to this reluctance:
 - **firms are reluctant to open their books because of their lack of tax compliance;**
 - **in particular small- and medium-size firms are unfamiliar with proper record-keeping procedures;**
 - **there is a perceived lack of confidentiality in that firms are under the (mistaken) impression that a representative from the garment industry (i.e. a rival firm) sits on the Review Committee;**
 - **firms are not fully aware of, or do not understand, the Special Assistance Programme and its requirements.**

In order to address these issues and with a view towards tailoring Government assistance so as to maximize the sector's long-term potential, the following **RECOMMENDATIONS** are made:

- A creative way must be found to **encourage firms to submit financial information despite their lack of tax compliance** without necessarily resorting to tax amnesty. One option would be to assign this task to an independent private agency.
- Consideration should be given to providing **technical assistance** to firms with respect to business practices and accounting procedures, possibly through NIBJ/NDB.
- **Industry representation on the Review Committee should be avoided.** The industry should, however, be brought into the discussion at the stage of designing Phase II of the Assistance Programme.
- The **coordinated gathering and dissemination of information on the industry** needs improvement.
- Consideration should be given to **extending the emergency component (Phase I)** of the Special Assistance Programme beyond end-FY 1996/97 to **end-June 1997** so as to give firms more time to get their books in order.
- **Financial assistance in Phase II** should be based on an **assessment** of (a) whether the "crisis" is industry-wide or firm-specific and (b) the primary reason for the industry's downturn, and should be made **contingent on some performance criterion**.

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The Special Assistance Programme consists of two phases, the first one being an emergency component of an estimated J\$40 million for the last quarter of the current fiscal year, which is designed to stabilize the industry. The second phase is to be implemented over the fiscal year 1997/98, and the exact level of assistance to be provided, both at the firm and industry level, is to be determined on the basis of additional data to be gathered from the industry. Preliminary estimates based on the cost data provided by a small (and likely unrepresentative) sample of 11 firms put this figure at J\$160 million.

The administration of the programme requires the initial submission of company profiles to JAMPRO and the monthly submission of receipts for rental, security, and financing charges. Companies seeking assistance are also required to be current on their statutory deductions and other payments and to submit, prior to the commencement of the second phase, a complete statement of manufacturing costs and an audited financial statement.

2.2 Implementation issues: As at February 27, 1997 approximately J\$3 million have been approved for disbursement to eligible companies. When seen in relation to the J\$40 million in emergency funds that Government had committed to stabilize the industry for the January - March 1997 period, this level of disbursement strongly suggests that companies are experiencing difficulties and hesitation in taking full advantage of the assistance programme.

The committee in charge of reviewing and approving applications has identified a number of issues hindering implementation of the Special Assistance Programme. Below is an outline of some of these issues:

1. The Review Committee has determined that many firms are reluctant to open their books because of their lack of compliance with statutory deductions. Representatives of the garment industry have confirmed this conclusion and are suggesting that Government explore the granting of some kind of "general tax amnesty". This would allow firms to start with a "clean slate", thereby improving their ability to meet the programme requirements and in turn enabling Government to gather the information necessary to make a proper assessment of the current state of the industry and of how best to support its restructuring and revitalization.

Comment: A tax amnesty would be a radical step and would set a bad and costly precedent, especially given the many other industries experiencing hardship in the economy. Government should also be troubled by the prospect of granting tax amnesty plus special assistance funds to firms that are admitting to not having complied with their tax obligations. Hence, at best -- and if at all -- tax amnesty should be regarded as a solution of last resort.

However, a creative way must be found for Government to do a comprehensive assessment of the industry. Government could, for example, assign an independent private agency the task of marshalling the necessary information in a way that preserves the firms' confidentiality. This would amount to a de facto tax amnesty but may serve to avoid the precedent-setting implications. (The

Kurt Salmon Associates study of the garment industry could be extended in this regard.)

If it is Government's intention to grant tax amnesty, then to ensure the future full compliance of these firms, it should require beneficiary firms to grant full access to their financial information to Government designated officers. (Officers from NIBJ or NDB would probably be appropriate for this purpose.)

2. Many firms -- especially small- and medium-size domestic firms -- are unfamiliar with proper record keeping procedures and thus unable to comply with the programme requirement for receipts and the submission of detailed cost information and an audited financial statement.

Comment: This problem holds the danger of biasing the distribution of benefits under the Special Assistance Programme in favour of larger domestic and foreign-owned firms. Consideration should, therefore, be given to providing technical assistance with respect to business practices and accounting procedures. This would not only enhance firms' chances of taking advantage of the Special Assistance Programme but, more importantly, would contribute to their overall operational efficiency as well as to their capacity for tax compliance. Government development financing institutions (NIBJ and NDB) have indicated an interest in providing such assistance.

3. Firms have indicated their reluctance to submit sensitive financial information to the Review Committee because of a perceived lack of confidentiality in the operation of the Committee. This issue is in large part due to the mistaken impression by firms, especially those in Western Jamaica, that a representative from the garment industry, who would be associated with a rival firm, is a member of the Review Committee. The industry representatives were assured that this is not the case.

Comment: In light of the legitimate fear on the part of firms that competitors may gain access to sensitive financial information, *any* industry representation on the committee charged with reviewing company files and approving disbursement of assistance -- even if a "member from the Jamaica Garment Confederation who is not directly involved in manufacturing" as recommended by MIIC -- is strongly advised against. This is not to suggest that the industry should not be brought into the discussion at the stage of designing the second phase of the Special Assistance Programme.

4. Firms are not yet fully aware of, or do not understand the Special Assistance Programme and its eligibility requirements. JAMPRO has indicated that it will take the necessary steps to address this issue.

Comment: This matter points to a larger issue, namely the need for a clearinghouse for information on the sector so as to improve and coordinate the gathering and dissemination of information on the industry.

The Review Committee will recommend that the emergency component of the Special Assistance Programme be extended to end-June 1997 so as to give firms more time to get their books in order and meet the eligibility criteria for the second phase. This extension would involve a reassignment of J\$40 million from the restructuring programme (Phase II) to the emergency fund (Phase I).

2.3 Additional Concerns: The emergency component of the Special Assistance Programme has as its primary objective the short-term stabilization of the garment industry so as to prevent further factory closures and job losses. Given the urgency of the situation, the plan was designed on the basis of highly imperfect information with the understanding that a complete assessment of the industry, based on data gathered during the first phase of the Programme, would inform the formulation of the second phase.

In particular, answers to the following questions need to be sought:

- is the "crisis" industry-wide or firm-specific? and
- what is the primary reason for the industry's downturn: is it the particular macro-economic environment that firms are operating under? Are the costs of doing business in Jamaica unusually high and rising? Are external factors such as demand conditions in the US market or the improved preferential access to the US market granted to regional competitors primarily to blame for the downturn in the Jamaican garment sector?
- in light of the answers to the above questions, what is the long-term development potential of the industry and how can we best design an assistance plan that maximizes this potential?

An important feature of such a plan would be to make assistance contingent on some performance criterion, a feature that is completely lacking in the current emergency component.

Given the problems encountered with the implementation of Phase I of the Special Assistance Programme, the danger exists that the entire allotment of assistance funds (J\$200m) could be disbursed without any ties to firm performance and efficiency, and without a view towards the long-term restructuring, development and competitiveness of the industry. In view of the industry's importance -- in terms of export earnings and the number of people that benefit from the employment it creates -- coupled with the impending political developments, Government may find itself hard-pressed to terminate the Special Assistance Programme at the end of Phase I even if the majority of the firms fail to comply with its conditionalities. This would leave Government with insufficient information to properly structure the second phase of the programme. If this were the outcome, the assistance programme would have missed its opportunity to have a beneficial effect on the long-term development of the industry and would have set a bad precedent and a moral hazard problem.

The design of an appropriate action plan for the long-term development of the garment industry (as well as that of any other sector) will depend critically on a close cooperation between Government and the private sector. The Industry Advisory Councils (IAC) to be established for each of the strategic clusters identified in the National Industrial Policy will constitute an important and useful vehicle for such cooperation. In this regard it is noteworthy and commendable that significant advances have already been made in setting up the IAC for Cluster #4 which includes the apparel industry.

**UPDATE ON THE TEXTILE AND APPAREL INDUSTRY
EXECUTIVE SUMMARY**

- The textile & apparel (garment) sector has been identified in the National Industrial Policy as one of the leading **growth poles** in the economy. In this regard, indications of a recent **decline** in the industry are a matter of special concern.
- In an attempt to reverse this decline, Cabinet has authorized a **Special Assistance Programme**, designed to meet a maximum of 5% of the estimated overall operational cost of the industry. Given the perceived urgency of the situation, Phase I of the Programme (an emergency component in effect until end-FY 1996/97) was designed to stabilize the industry and to gather the information necessary to properly structure Phase II based on a **comprehensive assessment of the industry** and its long-term development potential.
- However, to date **many firms are hesitant and/or unable to take advantage of the assistance programme and to provide the pertinent financial data**. The following issues are likely to contribute to this reluctance:
 - **firms are reluctant to open their books because of their lack of tax compliance;**
 - **in particular small- and medium-size firms are unfamiliar with proper record-keeping procedures;**
 - **there is a perceived lack of confidentiality in that firms are under the (mistaken) impression that a representative from the garment industry (i.e. a rival firm) sits on the Review Committee;**
 - **firms are not fully aware of, or do not understand, the Special Assistance Programme and its requirements.**

In order to address these issues and with a view towards tailoring Government assistance so as to maximize the sector's long-term potential, the following **RECOMMENDATIONS** are made:

- A creative way must be found to **encourage firms to submit financial information despite their lack of tax compliance** without necessarily resorting to tax amnesty. One option would be to assign this task to an independent private agency.
- Consideration should be given to providing **technical assistance** to firms with respect to business practices and accounting procedures, possibly through NIBJ/NDB.
- **Industry representation on the Review Committee should be avoided.** The industry should, however, be brought into the discussion at the stage of designing Phase II of the Assistance Programme.
- The **coordinated gathering and dissemination of information on the industry** needs improvement.
- Consideration should be given to **extending the emergency component (Phase I)** of the Special Assistance Programme beyond end-FY 1996/97 to **end-June 1997** so as to give firms more time to get their books in order.
- **Financial assistance in Phase II** should be based on an **assessment** of (a) whether the "crisis" is industry-wide or firm-specific and (b) the primary reason for the industry's downturn, and should be made **contingent on some performance criterion**.

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UPDATE ON CHEMICAL LIME COMPANY
MARCH 27, 1997



CHEMICAL LIME COMPANY

ENVIRONMENTAL APPROVAL

Introduction

Chemical Lime Company has already invested a minimum of approximately US\$1M in Jamaica. About two weeks ago the owners of the U.S. Chemical Lime Company and the Belgian Group, L'hoist, visited the island. In addition, some eleven (11) engineers visited last week and commenced the advancement of the engineering plans for the project.

The potential capital investment of the project is US\$60 - US\$100M with employment of 100 persons, initially. The project also has the potential to earn foreign exchange and promises a number of critically important downstream industries.

This project and associated industries are all in line with the successful implementation of the Government's National Industrial Policy.

Based on preliminary meetings between Dr. C. Douglas, Environmental Consultant for project JAMPRO, Mr. F. McDonald, NRCA and representatives of Chemical Lime Co.; some of the following conditions were outlined in an environmental permit letter, dated 31st January, 1997.

- * Mining & Rehabilitation Plan to be submitted prior to start of Mining.
- * Mining be confined to a designated area E. (see map - to be revised)
- * Final Plant Layout be approved by NRCA.
- * Stack Emission Testing during the commissioning of the kilns.
- * Establishment of a Rehabilitation Bond with the NRCA.

Some of the conditions outlined, demonstrate a lack of appreciation for the nature and magnitude of the investment, including the mode of implementation.

Conditions, such as,

- * **Final Plant layout approval by the NRCA, appears to be unnecessary if Town Planning Department is the responsible agency for such approval.**
 - * Also, the establishment of a rehabilitation bond with the NRCA is a condition which is the responsibility of Mines & Geology Dept. A rehabilitation bond by NRCA would be a duplication of the one which is requested by Mines & Geology.
- ✓

The smooth flow of construction, with various sequential permits and approvals from the NRCA which are now being proposed, could mean possibly halting work temporarily during construction of the plant. These include approvals for Stack Emission Testing, Discharge Licences, environmental management monitoring of non-mined areas etc. This delay will result in substantial loss of time and will also escalate project cost.

Imposition of conditions, such as:

- (a) Restricting the use of Bunker C oil as a fuel, in the area designated E, seems highly impractical. The use of fuel oil is a prerequisite for the operation and maintenance of mining equipment in the designated area.
- (b) The request that the company conducts Stack Emission Testing and monitoring of gases during the commissioning of the kilns, (which will not be representative of the quality of stack emissions) will incur unnecessary costs to the company. These tests are all to be conducted by certified experts and in satisfaction to the NRCA.

INCENTIVE PACKAGE

Cabinet approved an incentive package, on Monday 6th January, 1997 for Chemical Lime Company and Western Cement Company for :

- * 10 year tax holiday,
- * no GCT on goods and services connected with the project;
- * no custom duties on non-CARICOM goods for machinery and equipment;
- * no withholding tax of any nature on dividends, interest or other branch profit remittance to the extent such dividends, interest or remittance are exempt in the country of domicile.

The communication between the relevant Government Departments is being done by the Ministry of Industry, Investment & Commerce.

TOWN PLANNING APPROVAL

Application for building approval was submitted by Chemical Lime Company in October 1996, but the company is to submit more detailed plans and drawings, including the prescribed fees as soon as these are available.

SURFACE LEASE

The surface lease for lands in the Braziletto Mountains, between FCJ/NIBJ and Chemical Lime Company has concluded and is now ready for signing.

MINING LEASE

An application for mining lease is currently being prepared for approval and discussions are on going between representatives of Chemical Lime Company, Commissioner of Mines & Geology, and Myers, Fletcher & Gordon.

- ** The legal rights issued under the Prospecting Licences and the Mining Leases are now in direct contradiction to the Environmental Approval. The area over which the Mining Lease has been granted, now includes a proposed protected or environmentally pristine area. (see Map).

LAND LEASE - TARENTUM

The lease/ option to purchase agreement has been finalised and is now ready for signing.

The sublease for part of the warehouse is still outstanding, as negotiations are still ongoing between Zia Metallurgical Processes and FCJ. Zia is also interested in lease/ purchase option for the warehouse.

WATER REQUIREMENTS

The Industrial and Potable water needs of the Industrial Park, are estimated at about 490 gallons per minute (GMP) over the next five (5) years. (Industrial - 470; Potable - 20) .

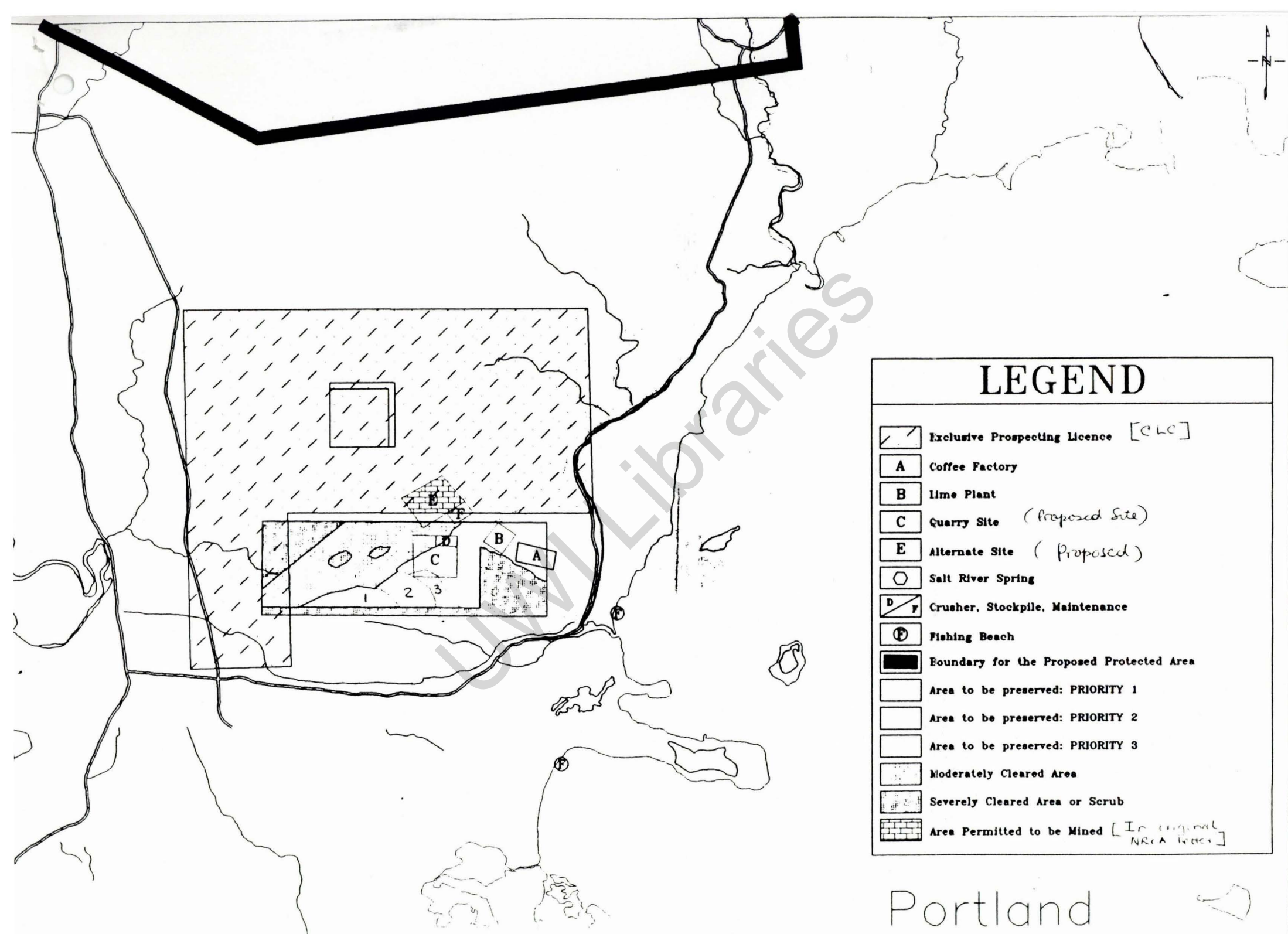
Consideration will have to be made for the distribution of potable water for the communities immediately and adjacent to the Park.

The cost of providing the above is estimated at J\$55M.

An economic feasibility assessment is awaiting a decision regarding the agency responsible for water management within the park and residential communities immediately outside. This agency will assume responsibility for application for loans to capitalize the project and for servicing the debt as well as collecting fees for water used.

JAMPRO

March 24 1997

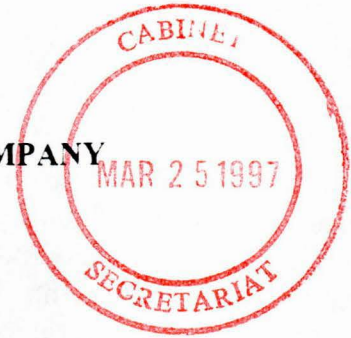


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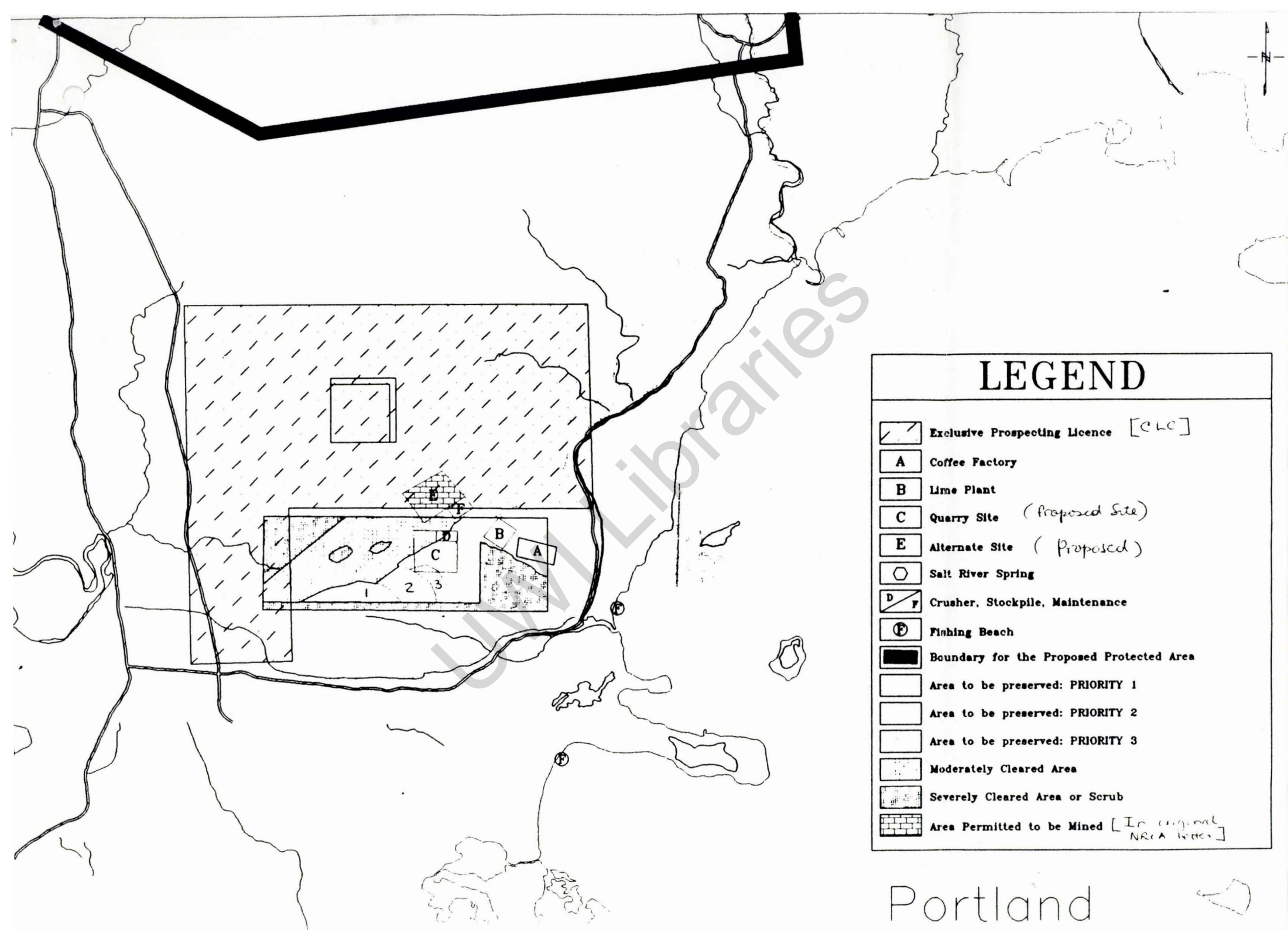
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JAMPRO
March 24 1997



LEGEND

	Exclusive Prospecting Licence [C.L.C.]
	Coffee Factory
	Lime Plant
	Quarry Site (Proposed Site)
	Alternate Site (Proposed)
	Salt River Spring
	Crusher, Stockpile, Maintenance
	Fishing Beach
	Boundary for the Proposed Protected Area
	Area to be preserved: PRIORITY 1
	Area to be preserved: PRIORITY 2
	Area to be preserved: PRIORITY 3
	Moderately Cleared Area
	Severely Cleared Area or Scrub
	Area Permitted to be Mined [In original NRCA letter]

Portland

NATIONAL INDUSTRIAL POLICY IMPLEMENTATION UPDATE**-March 1997****1.0 PUBLIC AWARENESS PROGRAMME**

1.1 JAMPRO continued with the Public Awareness Programme, aimed at informing the residents of respective parishes of the contents of the National Industrial Policy. Two such presentations were held during the period under review, bringing the total presentations to eight (Manchester, St. Catherine, St. Thomas, Hanover, Westmoreland, Portland, St. Ann and St. Mary).

- A presentation was made in the parish of St. Ann on 1997 February 19, at Ciboney Resorts by the Honourable Portia Simpson, Minister of Labour, Social Security and Sports. She made the presentation to the Jamaica Hotel and Tourist Association's Ocho Rios/Runaway Bay Area Chapter on the theme, **"The National Industrial Policy - Industrial Peace and Productivity"**. Approximately thirty-five (35) persons were in attendance.

Minister Simpson emphasized that in order for Jamaica to move forward, education, re-training and skilled workers must play an integral role in our development. She stressed that our attitude towards work must change and that research must be focused on the problems we face as a nation.

- A presentation was also made to the residents of St. Mary on Thursday, 1997 March 6, at the St. Mary Parish Library, Port Maria. The main presentation was done by Honourable Terrence Gillete, Minister of State, Ministry of Agriculture & Mining, based on the theme, **"The National Industrial Policy - Agriculture"**. Approximately seventy (70) persons were in attendance.

1.2 The residents of Clarendon have indicated an interest in having their presentation made on social issues (violence against women, health and education) and in this regard JAMPRO is proposing that this be done instead of the topic, "Mining" which was previously scheduled.

- 1.3 The remaining parishes to host presentations are Clarendon, Trelawny, St. James, St. Elizabeth and Kingston & St. Andrew.

2.0 **PUBLIC EDUCATION PROGRAMME**

- 2.1 JAMPRO held formal discussions with the Jamaica Information Service as to the collaboration of efforts in the education of the general public and specific groups. During the discussions the following were identified as essential tools in the education of the public:

- the production of a black and white question and answer pamphlet (similar to the one done for the Green Paper);
- the production of pamphlets for the five Strategic Clusters;
- the production of a synopsis of the National Industrial Policy;
- how to effectively employ the print and electronic media in this process;
- the necessity for a budget for the National Industrial Policy.

The production of pamphlets for the five Strategic Clusters and a synopsis of the National Industrial Policy is estimated by the Jamaica Information Service to cost \$888,000. The total cost for a comprehensive publicity programme is estimated at \$18.7 million (see attachments).

- 2.2 JAMPRO would like to record the invaluable assistance of the Jamaica Information Service in providing logistical support for the Programme as well as the Public Awareness Programme.

3.0 **PRIVATE SECTOR ACTIVITIES**

- 3.1 A presentation was made to the Jamaica Bankers' Association by the President of JAMPRO. Conducted on 1997 February 26, the presentation explored the role of the financial sector in the Policy, while providing an update on its implementation.
- 3.2 A presentation was made to the Jamaica Advocate (a group of young business persons in Montego Bay) by Senator Phillilp Paulwell on 1997 March 5, at the Native Restaurant in Montego Bay. Senator Janet Madden was also in attendance at this presentation on the National Industrial Policy.

4.0 WORKPLANS

- 4.1 Since the last meeting, the Office of the Prime Minister and Ministry of Finance and Planning have submitted their reports. The Ministry of Labour, Social Security and Sports is still outstanding.
- 4.2 At the last Development Council meeting, it was reported that certain weaknesses had been identified in the Workplans submitted to JAMPRO. These concerns will be addressed at the next meeting of the Permanent Secretaries' Board meeting.
- 4.3 As part of its implementation, JAMPRO is converting the information received from Ministries, Agencies and Departments into a more flexible database which will enable the provision of more details to the Development Council. Expected date for completion 1997 March 31.

5.0 INDUSTRY ADVISORY COUNCIL

- 5.1 A preliminary meeting to establish the Industry Advisory Council for the Information Technology sector was held at the Ministry of Industry, Investment and Commerce on 1997 February 19. At that meeting it was agreed that the Council would have no more than twelve (12) persons, the Ministry and JAMPRO would provide Secretariat functions and meetings would be held once every quarter. It was also agreed that collaboration would take place with the Information Technology Committee of the National Commission on Science and Technology to ensure that there is no duplication in the Terms of Reference.
- 5.2 A meeting of the private sector group to examine Cluster #4, Apparel and Light Manufacturing, was held on 1997 February 20. A suggestion was made that Apparel and Light Manufacturing should be separated because of their size as well as for strategic importance. The Terms of Reference of the Garment Council is being examined to ensure that as presently structured, it would meet the requirements of the National Industrial Policy.

COST ESTIMATES FOR PRODUCING BOOKLETS BY SECTOR FROM THE NATIONAL INDUSTRIAL POLICY

MANUFACTURING			
5,000 copies	12 pages	2 colours	\$110,000.00
AGRICULTURE			
5,000 copies	12 pages	2 colours	\$110,000.00
TOURISM			
5,000	8 pages	2 colours	\$ 90,000.00
MINING & CHEMICAL			
5,000	8 pages	2 colours	\$ 90,000.00
INFORMATION TECHNOLOGY			
	8 pages	2 colours	\$ 90,000.00
ENTERTAINMENT			
	8 pages	2 colours	\$ 90,000.00
WRITING/EDITING (for all the above)			\$200,000.00

Information brochure: **What is the NIP?** A Synopsis

8 pages with photos; 3 colours \$108,000.00

Costs based on first per 5,000 print run

SOURCE: Jamaica Information Service

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APPENDIX II

BUDGET 1997/98 NATIONAL INDUSTRIAL POLICY

1)	COLLATERAL MATERIAL FOR NATIONAL INDUSTRIAL POLICY	
	i) Reprint of books (5,000 copies @ \$500 each)	2,500,000
	ii) Press Conferences, Presentations	300,000
	iii) Simplified Version	<u>2,000,000</u>
	SUBTOTAL	4,800,000
2)	PUBLIC FORA ISLANDWIDE (14 LOCATIONS)	
	i) Rental of venue for Fora	160,000
	ii) Printed materials, recording, transcription and production services	300,000
	iii) Transportation, accommodation and subsistence	250,000
	iv) Coverage of events (to include press advisories, captioned photographs and press releases)	60,000
	v) Media advertisements (print and electronic)	1,000,000
	vi) Caterers	<u>100,000</u>
	SUBTOTAL	1,870,000
3)	PUBLIC EDUCATION PROGRAMME	
	i) Production of articles to be serialized in the press as highlights of an appropriate Industrial Policy	1,000,000
	ii) Production and transmission of 5 minute radio feature (update on the search for an appropriate Industrial Policy)	1,000,000
	iii) Media Relations - press luncheons, news briefings, press kits and related services	1,500,000
	iv) Sectoral private and public sector collaboration	500,000
	v) Collating and production of briefs and drafts of issue emerging from discussions	300,000

vi) PR firm for three months, including costs of TV, radio and press advertisements and articles	7,580,000
vii) Miscellaneous expenses (telephone contacts, logistical support and contingencies)	<u>150,000</u>
SUBTOTAL	<u>12,030,000</u>
GRAND TOTAL	<u><u>18,700,000</u></u>

- * This budget incorporates making the National Industrial Policy document available to a wider cross section of the public, as well as all Ministries, Agencies and Departments, and expansion of the Public Awareness Programme and Public Education Programme.

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MEMORANDUM



TO : Rt. Hon. P. J. Patterson
Prime Minister

FROM : Vincent M. Lawrence

DATE : 1997 March 11

SUBJECT : ASSESSMENT OF VARIOUS HOTEL PROJECTS SEEKING
GOVERNMENT OF JAMAICA FINANCING

As instructed at the Board Retreat, the Sub-Committee of Kingsley Thomas, Nathan Richards, and I met and reviewed the various projects as requested. Initial data collection meetings were held thereafter, the information available was discussed with the Promoters of the Drax Hall - Marriot, Swept Away - Trelawny and Hedonism II - Runaway Bay Hotel Projects. Additional information such as Legal Documents, Contracts, Technical Drawings and Specifications, Bill of Quantities, Five-year operating Projections were requested and reviewed. The findings and recommendations of these reviews are attached but can be summarized as follows:

1. Swept Away - Trelawny

It is recommended that GOJ provides the additional funding of \$9.05M requested to a total of US\$20.05M of GOJ funding to the project provided it assumes an active role in the actual implementation of the project and upon completion, the monitoring of its operations.

Issues to be resolved include:

- (a) The land space to be utilized in the project.
- (b) Land values to be used as equity contribution.
- (c) The Fees payable to the Sponsors.
- (d) Terms of a New Shareholders Agreement.
- (e) Final detailed design to ensure "Four Star" rating for the Hotel.

✓

2. Hedonism II - Runaway Bay

It is recommended that GOJ provides the additional funding of US\$7M requested to give a total of US\$17M of GOJ funding to this project provided it assumes an active role in the actual implementation of the project and upon completion, the monitoring of its operations.

Issues to be resolved include:

- (a) The land value and expenditure to date.
- (b) Terms of a Shareholders Agreement
- (c) Completion of construction Drawings
- (d) Terms of a Management Agreement with Super Clubs.

3. ✓ Drax Hall - Marriott

It is not recommended that additional funding be provided at this time. During the next six months certain issues (see attached report) should be clarified and the detailed designs undertaken. Based on the resolution of these issues and the finalization of the Project Costs, a decision can be taken on GOJ's ultimate role in this project. Major significant policy issues are the operation of the Casino, and the relationships between the various companies currently involved in the transaction.

4. Braco Village and Braco Pebbles

Braco Village has been implemented as Phase I of this project. It has been funded 60% from GOJ funding. The hotel operations has been losing money and they have not been able to meet their commitment to GOJ. Based on the GOJ exposure and the demands of NHT to be repaid it is thought that GOJ should immediately seek to exercise some control over the operations including possibly the installation of new Hotel Operators and managers. The operating financial projections provided lack credibility and the assumptions are unrealistic. They show increased occupancy and at the same time fixed operating expenditure for 5 years. Despite the losses and low occupancy Phase II, Braco Pebbles, has now proceeded to construction with 42% funding by GOJ. A separate detailed report on GOJ's exposure and recommended course of action will be tabled by March 26, 1997.

5. Beaches - Whitehouse (Stewart)

✓ It should be noted that information on Beaches - Whitehouse is still not available. However the promoters have undertaken to supply information shortly.

6. Ritz Carlton - Montego Bay (Rollins)

A new request has been received by NIBJ for funding from the Rollins Group for a Ritz Carlton Hotel in Montego Bay. The Committee does not consider it appropriate to provide funding to this project at this time as the undertaking from Mr. Rollins was to raise these funds independent of GOJ. In the meantime an evaluation of the project, the equity inputs by the Rollins and the land values utilized in the project (as against those under the sale agreement and the likely capital gains) will be assessed in order to provide further information.

I trust the above is clear and we await your further instructions.



Vincent M. Lawrence

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SWEPT AWAY TRELAWNY

1.0 INTRODUCTION

The proposed development by Quality Resorts Limited will be sited on 38 acres of land in Duncans Trelawny. Phase I of the development will be constructed on approximately 16 of the 38 acres and will consist of 232-rooms, 2 restaurants, staff accommodation and a comprehensive sports and recreational centre. The total project cost is estimated at US\$45.05M and is broken down as follows:

	US\$
Land	7,000,000
Professional fees	2,450,000
Construction & FF&E	32,100,000
Interest & Working Cap	<u>3,500,000</u>
TOTAL	<u>45,050,000</u>

2.0 FINANCING

It is being proposed that the project be funded with debt of US\$23.05M and equity of US\$14.0M. The amount of funding that has been confirmed is US\$36M and is made up as follows:

Debt -	NDB	US\$6.0M
	CITIBANK	US\$5.0M
	Small Investors	<u>US\$3.0M</u>
	TOTAL	<u>US\$14.0M</u>
Equity-	NIBJ	US\$ 5.0M (Preference Shares)
	*Issa/Gore/ Walker	US\$16.0M
	TDB	<u>US\$ 1.0M</u> (Preference Shares)
	TOTAL	<u>US\$22.0M</u>

*Equity Phillip Gore/Lee Issa/ Tony Walker consists of:

Land (38 acres)	US\$7.0M (Purchased in 1993 for US\$0.755M)
Fees	US\$2.0M
Cash	US\$7.0M

Confirmation from "Small Investors" for US\$3.0M to be obtained.

The promoters are seeking funding from NIBJ to bridge the shortfall of US\$9.05M. If approval is granted total GOJ funding to this project would be US\$20.05M, approximately 44.5% of the total project cost and the single largest investor. Of note is the fact that only 42% of the land valued at US\$7.0M will be used in Phase I of the project.

3.0 REVIEW OF TECHNICAL PROPOSALS

The drawings submitted are detailed and can be used as Construction drawings. However the land size is far in excess of the need. A 248-Room Hotel along with the proposed staff accommodation is at a density of only 7.4 habitable rooms per acre.

There is thus too generous use of land space and the site will require some replanning. Of relevance to the generous land use is that the existing shareholders agreement of Quality Resorts Limited allocates lots (in an assumed sub-division) to the three (3) sponsors, one party for free, the other two at cost (presumably development cost).

It should be noted that the rooms as presently designed are not comparable to Swept Away Negril and thus would be considered to be a "Three-Star Hotel".

4.0 AGREEMENTS/CONTRACTS

The Articles and Memorandum of Association of Quality Resorts Limited were submitted and reviewed. Other documents reviewed were:

1. Shareholders Agreement

Phillip Gore	-	40%
Lee Issa	-	40%
Tony Walker	-	20%

2. Management Contract (15 years) signed with Swept Away Resorts (Lee Issa).
3. Construction Contract (incomplete) with Gore Development Limited (Phillip Gore).
4. Proposals for Quality Dealers (Tony Walker) Limited to be the main construction materials suppliers for the project.

5.0 FINANCIAL ANALYSIS

The financial projections assumes an occupancy of 51.66% in the first year with a 5% increase in each succeeding year and an average room rate (all inclusive) of US\$314.58 in the first year with a projected increase of 2% per annum. This room rate is achievable for a "Four-Star Hotel" but not a "Three-Star Hotel". The projections also assume debt financing of US\$14M at an interest rate of 12% to be repaid over 10 years, with a two-year moratorium. All other assumptions seems reasonable. The company expects to make a profit of US\$102,570 in the first year of operations with increased profit in each consecutive year.

6.0 CONCLUSIONS AND RECOMMENDATIONS

Once there is some improvement in the rooms design in order to ensure a "Four-Star" rating the project should be viable and should be given the required support. However in providing this additional funding an active role will have to taken in the actual implementation of the project and upon completion, the monitoring of its operations.

It is recommended that:

1. Only 16-18 acres of the 38 acres be included in this project and land costs adjusted appropriately.
2. This massive appreciation in the land value based on an improved hotel development value be shared with the Government of Jamaica (GOJ) (i.e. the original investors in 1993 invested US\$0.75M and in 1997 seek a value of US\$7.0M).
3. GOJ Renegotiate Fees portion of equity (US\$2.0M) as Development Cost to date is only approximately US\$1.0M.

4. The investors prepare a new Shareholders Agreement to initially protect the various interests including Government and to outline an exit strategy for GOJ.
5. The other existing agreements/contracts be fully reviewed to ensure equity and transparency in the transactions.
6. Urban Development Corporation (UDC)/National Hotels and Properties (NHP) should assume an oversight role if GOJ provides further funding.

HEDONISM RUNAWAY BAY

1.0 INTRODUCTION

The proposed development will be sited on 10.1 acres of land formerly known as Silver Spray Resort in Runaway Bay. The development consists of 225 guest rooms, central facilities, sports and entertainment areas. The total project cost is estimated at US\$35.8M and is broken down as follows:

	US\$
Land	4,000,000
Professional fees	3,776,000
Construction & FF&E	22,184,000
Pre-Opening expense	900,000
	<u>30,860,000</u>
CDB contingencies	<u>4,940,000</u>
TOTAL	<u>35,800,000</u>

2.0 FINANCING

It is being proposed that the project be funded with debt of US\$17.6M and equity of US\$18.2M. The amount of funding that has been committed is **US\$26.125M** and is made up as follows:

Debt -	CDB	US\$ 6.0M
	Trafalgar Dev. Bank	US\$ 1.4M
	NDB	<u>US\$ 3.0M</u>
	TOTAL	<u>US\$10.4M</u>
Equity-	NIBJ	US\$ 7.0M (Preference Shares)
	*Runaway Dev. Ltd.	US\$ 5.0M
	TDB	US\$ 0.6M (Preference Shares)
	Super Clubs Group	US\$ 2.5M
	Caribbean Dev. Bank	<u>US\$ 0.625M</u>
	TOTAL	<u>US\$15,725M</u>

*Equity Runaway Bay Development consists of:

Land	US\$4.0M
Cash	US\$1.0M

Currently there is a shortfall of US\$ 9.675M. The promoters are hoping to secure an additional US\$2.675M from sources with whom they are currently in discussion and are requesting that NIBJ provide them with an additional US\$7M. If approval is granted, total GOJ funding to this project would be US\$17M, approximately 47.4% of the total project cost and the single largest investor.

3.0 REVIEW OF TECHNICAL PROPOSALS

The drawings submitted are adequate for tender purposes only and considerable more work to produce detailed drawings for construction is required. A 240-Room Hotel is proposed on 9.3 acres (i.e. 25 habitable rooms per acre). One serious matter that will require review is that the Hotel Rooms do not seem to have any balconies. In addition to the clear preference of guests for balconies, in a 3-storey building lack of balconies will lead to high maintenance costs. The drawings did not show the linkage of infrastructure to the site and the Beach is still to be examined. The project will have its own sewage treatment facilities. There is no staff accommodation on site.

4.0 AGREEMENTS/CONTRACTS

Only two draft documents were submitted. These were the Draft NIBJ Share Subscription Agreement (which was to be further amended) and a Draft Management Agreement with Super Clubs (which will need to be reviewed and a new draft prepared).

5.0 FINANCIAL ANALYSIS

On completion the hotel will be managed by Village Resorts Limited under a ten-year contract, with a five-year renewable option and will be marketed as a Super Clubs Resort.

The financial projections assumes an occupancy of 65% in the first year with 10 percentage point increase in the second year, and leveling off at 85% annually. Projected average room rate (all inclusive) of US\$394 in the first year with a projected annual increase of US\$12.

Under normal conditions an occupancy level of 65% in the first year of operation could be considered optimistic, however, if the hotel is marketed in the manner in which it is proposed, it is likely that the occupancy level being projected can be achieved.

All other assumptions seems reasonable. The company expects to make a profit of US\$3.2M in the first year, with increased profit in each consecutive year. Positive Cash Flows are also being projected in each year of operation.

6.0 CONCLUSION AND RECOMMENDATIONS

Altogether, the project seems viable and should be given the required support. However, if the additional funding is provided by GOJ, the Government should take an active role in seeing to the implementation of the project and upon completion, the monitoring of its operations.

It is recommended that:

1. The land value and expenditure to date be further evaluated to ensure/confirm to ensure that GOJ as an investor is treated equitably.
2. A Shareholders' Agreement be prepared to initially protect the various interests and to outline an exit strategy for GOJ. This agreement will ensure equity and transparency in the transactions.
3. The terms of a Management Agreement with Super Clubs for the operation of the Hotel be negotiated and agreed.
4. Urban Development Corporation (UDC)/National Hotels and Properties (NHP) should assume an oversight role if GOJ provides further funding.

DRAX HALL - MARRIOTT

1.0 INTRODUCTION

The proposed development will be sited on 18 acres of land at Drax Hall. The development consists of 307 Rooms (281 Key Rooms including Suites) central facilities and entertainment areas. The entertainment area includes a large 200 machine games room which some documents refer to as a Casino. It is proposed to have access to a Golf Course, a Marina and the Beach through Leases and Licenses. The total project cost is estimated at **US\$64.7M** and is broken down as follows:

	US\$
Land	3.75M
Construction	37.70M
Professional Fees	3.26M
FF & E	7.04M
Developers Fees	1.50M
Reimburseable Developers Expense	0.75M
Pre-Opening Expenses	5.80M
Working Capital	1.20M
Other (Escalation, etc.)	<u>3.70M</u>
TOTAL	64.70M

2.0 FINANCING

It is being proposed that the project be funded with debt of US\$20.5M and equity of US\$44.2M. The amount of funding that has been committed is US\$12.5M and discussions are being held with BNS Cayman for the provision of the US\$20.5M in debt financing.

Equity- Drax Hall Ltd.*	US\$ 2.25M
Pimento Holdings Ltd*	US\$ 2.25M
Marriott Investments	US\$ 2.00M
NIBJ	<u>US\$ 6.00M</u>
TOTAL	<u>US\$12.50M</u>

*The form of the equity input of Drax Hall Limited (Mr. Samms) and Pimento Holdings Limited (Mr. Buckley) is uncertain.

Currently, there is a shortfall of US\$31.7M in the equity financing and the promoters are hoping to obtain these funds from the local and international markets. A private placement offer has been made but to date there is no indication as to its success. The promoters have requested that NIBJ provide/underwrite the additional financing to bridge the gap. If approval is granted, total GOJ funding/exposure to this project would be US\$37.7M which would be 85.3% of the equity and 58.3% of the total project cost. It would thus be a GOJ project.

3.0 REVIEW OF TECHNICAL PROPOSALS

The outline drawings submitted indicates that this would definitely be a "Four-Star Hotel". The drawings show a good proposal but the project requires substantial further preparation being only on the threshold of detailed design. This 307 Rooms hotel is on 18 acres (i.e. 17 Habitable Rooms per acre). The project allows for a Phase II-70 Room expansion. No staff accommodation is on site. This project is still somewhat away from the construction stage. Some of the key linkages such as the Sewage Plant, sections of the Hotel Access Roads and infrastructure are off-site (these are in addition to the Golf Course and Marina).

4.0 AGREEMENTS/CONTRACTS

The Articles and Memorandum of Association for Drax Hall Hotel Limited were submitted. However these do not reflect any shareholding or any ownership. There was no indication as to who owns the land. Detail information is needed on the shareholdings of the following companies.

- Drax Hall Development Limited
- Drax Hall Holdings Limited (Jamaican Company)
- Drax Hall Hotel Limited (Jamaican Company)
- Drax Hall Limited (Bahamian Company)
- Pimento Holdings Limited

These various companies all seem to be involved in different ways as Landlord, Trustee, Tenants and shareholders. There does not seem to be any contractual relation with Marriott only a letter confirming their anxiety for an early start and confirming the input of their feasibility, design and operations teams.

5.0 FINANCIAL ANALYSIS

On completion it is proposed that the Hotel be managed by Marriott Hotels Limited but the contractual terms are not yet agreed. However Marriott's proposed equity investment of US\$2.0M is considered substantially risk free investment since within short order this will be recovered from management fees. Further the approach to the JTB by Marriott for approximately US\$0.75M. for cooperative marketing support serves to reduce its exposure even further.

The terms of the BNS loan in effect shuts out other debt possibilities.

The financial projection assumes an occupancy of 55% in the first year, 65% year two, 70% year three and leveling off at 75% annually as of year four. Projected average room rate (EP) is US\$175 in the first year with a projected annual increase of 5%. It is not sure that this room rate can be achieved when compared with Half Moon Hotel. However this will depend on the facilities at the completed Hotel. The occupancy levels under normal conditions should be achievable.

All operating cost assumptions seems reasonable. The company expects to make a profit of US\$6.4M in the first year, with increased profit in each consecutive year. Positive Cash Flows are also being projected in each year of operation. It should however be noted that income from gaming in year one is projected at US\$1.4M which is 6% of total revenue and after costs of US\$0.511M contributes 14% of the year one profit.

6.0 CONCLUSION AND RECOMMENDATIONS

The project has the potential to be viable but there are some issues of concern which require clarification before a decision can be taken for GOJ to provide the requested additional funding. These issues are:

1. The ownership of the lands and the legal arrangements with the various companies need to be clearly understood and agreed.
2. The land values and expenditures to date need to be further evaluated.
3. The Detailed Design of the Project need to be undertaken so that the appropriate project costs can be determined and agreed.

4. The Government position on what is clearly a Casino by initial definition and more recently called a Games Room and which is expected to initially contribute 15% of the Hotel's profitability.
5. A realistic implementation schedule is agreed as based on the current Technical and Legal/Contractual Status of arrangements, it is unlikely that the project could commence before October 1997 and more likely January 1998.

If the above issues are satisfactorily clarified and the additional funding is being provided by GOJ then it is recommended that:

1. GOJ as the majority shareholders take control of the project through UDC/NHP but agree to negotiate suitable arrangements to utilize the current project team.
2. A Shareholders' Agreement be prepared to protect the various interests and to outline an exit strategy for GOJ. The agreement will ensure equity and transparency in the various transactions.

National Investment Bank of Jamaica
Investment Projects

ATTACHMENT 1

March 5, 1997 1

DC6 OPM2/97

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	2 000 000.00	2 000 000.00
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 Bauxite Community Projects	Agriculture	30 000 000.00	15 000 000.00
8 B & D Trawling Limited	Agriculture*	20 000 000.00	0.00
9 Fort Stewart Farms Limited	Agriculture*	5 000 000.00	0.00
Subtotal for Agriculture		100 085 000.00	44 950 000.00
10 Grizzly's Entertainment Ltd.	Entertainment	13 000 000.00	7 467 083.50
Subtotal for Entertainment		13 000 000.00	7 467 083.50
11 InfoChannel	Information Technology	7 139 123.00	7 139 123.00
Subtotal for Information Technology		7 139 123.00	7 139 123.00
12 Kokoya Group	Manufacturing	5 000 000.00	0.00
13 Fellowship Hall Development Complex	Manufacturing	20 000 000.00	10 000 000.00
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	0.00
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	0.00
20 Barret Furniture Company Limited	Manufacturing*	10 000 000.00	0.00
21 Wilpak Corporation	Manufacturing*	20 000 000.00	0.00
Subtotal for Manufacturing		123 570 000.00	32 570 000.00
22 Clarendon Lime Co. Ltd. Phase 2	Mining	22 400 000.00	0.00
23 Clarendon Lime Co. Ltd. Phase 1	Mining	10 200 000.00	10 200 000.00
24 North Coast Bauxite Exploration Project	Mining	30 000 000.00	20 000 000.00
25 Western Cement Company	Mining	11 200 000.00	11 200 000.00
26 Faurens Limited	Mining*	6 000 000.00	0.00
Subtotal for Mining		79 800 000.00	41 400 000.00
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	2 904 212.72
31 Flamingo Development Company Ltd.@	Tourism - Small Hotel*	3 000 000.00	0.00
32 Royal Court Hotel & Health Resort	Tourism - Small Hotel*	7 000 000.00	7 000 000.00
33 Club Inferno Resort Hotel & Restaurant	Tourism - Small Hotel*	20 000 000.00	15 428 388.28
Subtotal for Tourism - Small Hotel		55 700 000.00	29 332 601.00
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	245 000 000.00	0.00
37 Couples, Negril	Tourism	140 000 000.00	0.00
38 Mahoe Beach Village Resort	Tourism	56 000 000.00	927 500.00
39 Seawind Resort	Tourism	350 000 000.00	0.00
40 Kingston Crowne Plaza #	Tourism	100 000 000.00	0.00
41 Braco Village	Tourism	27 600 000.00	23 000 000.00
42 Nautilus Submersibles Ltd.	Tourism	37 000 000.00	0.00
43 Real Resort (Beaches Negril)	Tourism	72 743 190.00	72 743 190.00
44 Pragma (Port Royal)	Tourism	18 000 000.00	4 000 000.00
45 Swept Away - Trelawny	Tourism	175 000 000.00	0.00
46 Braco Pebbles II	Tourism	25 000 000.00	0.00
Subtotal for Tourism		1 561 343 190.00	205 670 690.00
Grand Total		1 940 637 313.00	368 529 497.50

* Projects approved under the Debt restructuring Programme (DRP)

Grand Total Under DRP 144 700 000.00 29 332 601.00

@ NIBJ's commitment has since been declined by the company

#The commitment made to this project is to be withdrawn

NATIONAL INVESTMENT BANK OF JAMAICA

JS1.0B Development Bond

Equity Investments

Status as at 05 March 1997

(JSM)

- | | | |
|----|---|----------|
| 1. | Subscribed to date | \$430.5M |
| 2. | Received to date | \$430.5M |
| 3. | Allocated to the Debt Restructuring Programme | \$137.0M |

- | | | | | |
|----|-------------------------|-------------|--|----------|
| 4. | Disbursed to date: | | | |
| | NDB | \$100.0M | | |
| | Pragma | 4.0M | | |
| | Fellowship Aquaculture | 2.0M | | |
| | Mt. Pleasant Estates | 16.0M | | |
| | Int'l Magnetic Products | 8.8M | | |
| | Western Cement | 11.2M | | |
| | Grizzly's Enter. | 7.5M | | |
| | Canco | <u>6.8M</u> | | \$156.3M |

5. Committed to projects: (Not yet disbursed)

Project	Amount	
a) Clarendon Lime	22.4	
b) Surrey Hatcheries	3.2	
c) Kgn. Crowne Plaza	100.0	
d) Mt. Pleasant Estate (Bal.)	4.0	
e) Kokoya Group	5.0	
f) Nautilus Submersibles	16.0	
g) Ja. Edible Oils & Fats	18.0	
h) Grizzly's (Bal)	5.5	
i) Coffee Industries	4.9	
j) NCST-Waste Water	3.0	
k)Braco Pebbles 11	<u>25.0</u>	\$207.0M

- | | |
|----------------------|------------------|
| 6. Balance (2-3-4-5) | (\$69.8M) |
|----------------------|------------------|

NATIONAL INVESTMENT BANK OF JAMAICA

Debt Restructuring Programme

Equity Investments

Status as at 5 March 1997

(J\$M)

A. General Program

1. Financing Objective:

From \$1.0B Bond	\$500.0	
From the Capital Development Fund	<u>\$400.0</u>	\$900.0

2. Received to date:

From \$1.0B Bond	\$137.0	
From the Capital Development Fund	<u>\$400.0</u>	\$537.0

3. Disbursed to date:

\$00.0

4. Committed to projects:

a) Century Corporation Ltd.	\$20.0	
b) Taylor Made Apparel	\$ 8.0	
c) B & D Trawling	\$20.0	
d) Fort Stewart Farms Ltd.	\$ 5.0	
e) Barrett Furniture Ltd.	\$10.0	
f) Wilpak Corporation	\$20.0	
g) Faurens Ltd.	<u>\$ 6.0</u>	\$89.0

5. Pipeline: 24 projects totalling \$289.1M

6. Balance (2-3-4) \$448.0

B. Small Hotel Subsector

1. Financing Objective:

From the Capital Development Fund	\$100.0
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2. Received to date:

From the Capital Development Fund	\$100.0
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3. Disbursed to date:

a) Royal Court Hotel	\$ 7.0	
b) Tigress Cottages	\$ 4.0	
c) Blue Harbour Hotel	\$ 2.9	
d) Club Inferno Resorts	<u>\$15.4</u>	\$29.3

4. Committed to projects:

a) La Mirage Hotel	\$ 8.0	
b) Casa de Paradise	\$10.2	
c) Blue Harbour Hotel(Balance)	\$ 0.6	
d) Club Inferno (Balance)	<u>\$ 4.6</u>	\$23.4

5. Pipeline: 8 projects totalling \$45.3M

6. Balance (2-3-4) \$47.3

TOTAL AVAILABLE BALANCE:

A.	GENERAL	\$448.0
B.	SMALL HOTEL SUBSECTOR	<u>\$ 47.3</u>
		\$ 495.3

UWI Libraries

NATIONAL INVESTMENT BANK OF JAMAICA
PROJECTS ALREADY APPROVED
Funding - Capital Development Fund (CDF)

Prepared: 97/03/05

Company Name	Industry/ Sector	Description	Funding Approved	Date Approved	Amount Disbursed	Status/ Progress
1. Westban	Agriculture	The establishment of 1200 hectares of export quality bananas, provision of extension services and co-ordination of the sale of export fruit	12 000 000	Mar-93	12 000 000	Fully disbursed. Project currently at a stand still and unable to achieve its targeted objectives. NIBJ has been approached to provide additional funding. This proposal is being reviewed.
2. Braco Village	Tourism	Phase 1 of the Braco Development in Trelawny which involves the construction of a 180-room resort targeting adult couples and singles	27 600 000	Apr - 94	27 600 000	Fully operational. The Village has been experiencing cash flow constraints. Approval granted by NIBJ to capitalized the interest due Feb. 1997 (i.e. \$4.6M).
3. North Coast Bauxite/Alumna	Mining	Feasibility study to establish a 1 million tonne/annum Alumna plant in Jamaica. Funding is for the local component of the study i.e. bauxite reserves evaluation and environmental studies	30 000 000	Jul - 94	20 000 000	Completion of feasibility study expected Dec. 1996. Costs to date are below expectations. No further disbursements expected at this time.
4. Fellowship Hall Dev. Complex	Manufac.	The construction of a factory and commercial space and a housing complex at Corletts Road in St. Catherine	20 000 000	Jul - 95	10 000 000	Disb. not yet fully utilized. Awaiting confirmation of loan funding.
5. Real Resorts (Beaches Negril)	Tourism	Construction of a 225-room all inclusive resort complex in Long Bay catering to singles, couples and families	72 743 190	Apr - 95	72 743 190	Fully disbursed. On schedule for completion Dec 1996. Project cost increase attributed mainly to revaluation of J\$
6. Clarendon Lime Company Ltd.- Phase 1	Non-Metallic Minerals	The installation and commissioning of a Lime Crushing plant and quarrying facility at Woodside in Clarendon	10 550 000	Jul-95	10 550 000	Fully disbursed. Crushing plant became operational Mar. 1996. Operations scaled down Sept to Nov 1996 to minimize cash flow.

Company name	Industry/ Sector	Description	Funding Approved	Date Approved	Amount Disbursed	Status/Progress
7. Bauxite Community Projects	Agriculture	The re-development of communities around bauxite mining and alumina producing areas through special investment and income earning ventures	30 000 000	Oct-96	15 000 000	Advance of \$15M given pending request for additional funds
TOTAL J\$			<u>202 893 190</u>		<u>167 893 190</u>	

NATIONAL INVESTMENT BANK OF JAMAICA
PROJECTS ALREADY APPROVED
 funding- **National Investment Bank of Jamaica funds**

Prepared: 97/03/04
 Company Name

Industry/
 Sector

Description

Funding
 Approved

Date
 Approved

Amount
 Disbursed

Status

✓ 1. Infochanel	Information Technology	The project involves the services to support and facilitate the development and distribution of telecommunication and information technology	7 139 123	Oct-95	7 139 123	Fully disbursed. The project is fully operational. Subscriptions continue to increase above expectations. Revenues exceed projections for the period.
TOTAL JS			<u>7 139 123</u>		<u>7 139 123</u>	

NATIONAL INVESTMENT BANK OF JAMAICA
PROJECTS ALREADY APPROVED
Funding - J\$1.0B Bond Issue

Prepared: 97/03/05

Company Name	Industry/ Sector	Description	Funding Approved	Date Approved	Amount Disbursed	Status/Progress
1. Pragma(Port Royal)	Tourism	Feasibility study for the development of Port Royal	18 000 000	Feb-96	4 000 000	Fully disbursed. Feasibility study completed and Memo. of Understanding signed. NIBJ currently reviewing Project Documents. Additional \$14M advanced
2. Clarendon Lime Co. Ltd Phase 11	Non-Metallic Minerals	Installation and commissioning of a Lime plant	22 400 000	Feb-96	--	Financing not yet finalized. No work has started on the project
3. Surrey Hatcheries & Farms Ltd.	Agri- Bus.	Conversion of an existing fish farm in Portland into an exotic fish farm for export to the USA	3 240 000	Apr-96	--	NIBJ's preconditions not yet met. Having an EIA done is an important condition that must be met for this project
4. Fellowship Aquaculture	Agriculture	Refinancing a 87 acre fish farm in St. Catherine so that production of fingerlings and food fish can recommence.	2 000 000	Apr-96	2 000 000	Fully disbursed. The farm has been rehabilitated and is now fully operational
5. Mount Pleasant Estates	Agro-Tourism	The project has two components; 1) a vertically integrated coffee prod and 2) the dev. of a cultural/ecotourism prod. on 143 acres of land in Balcarres, Portland. The funds will be used to expand and diversify the farm and to refinance high interest debt.	20 000 000	May-96	15 950 000	Advanced. Financing not yet in place. Project has not yet commenced
6. Kokoya Group	Manufac.	Manufacturing of garments for the professional woman in the European marketplace utilizing state of the art production facilities in the Kingston Freezone	5 000 000	May-96	--	Financing arrangement not in place Promoters to submit revised plan for analysis.

Company	Industry/ Sector	Description	Funding Approved	Date Approved	Amount Disbursed	Status/Progress
7. Kingston Crowne Plaza	Tourism	Construction of a 138 room/ 9 floor hotel complex by the Crown Eagle Life Ins. Co. The hotel which is in the Constant Spring area is 75% complete	100 000 000	May-96	--	Legal docs to be executed. Construction near completion. Hotel officially opened December 1996.
8. Jamaica Edible Oils & Fats	Manuf.	Establishment of an oil refinery utilizing crude palm oil from Latin America	18 000 000	Jul-96	--	Finan. arrangements being finalized. Factory space and equipment in place. Promoters have injected capital to get the project going
9. Nautilus & Submersibles Ltd.	Tourism	Development of an underwater tour using a 46 seater submarine in the Ocho Rios marine park	37 000 000	Jul-96	--	Financing arrangements not yet finalised. Project has not yet started. Additional \$21M approved to fill financing gap
10. Canco Ltd.	Manuf.	The expansion of warehousing space for a food processing facility in Seaforth, St. Thomas primarily involved in the canning of ackee, fresh and dried fruit	6 800 000	Jul-96	6 800 000	Warehousing in place. Factory operational and supplying produce to local and overseas markets. Fully disbursed
11. Grizzley's Entertainment Ltd.	Entertain.	Development of 2 integrated Entertainment Park complexes in Negril & Priory, St. Ann. Facilities include an auditorium, cinema, studio music theme park museum and shops	13 000 000	Sept-96	7 467 080	No preconditions met. Work has not yet begun but shows will be held at the existing facilities the Christmas season to raise additional funds.
12. International Magnetic Prods.	Manufac.	Expansion of an existing company to purchase equipment and working capital. The company assembles transformers, inductors & coils for Far East & US suppliers	8 770 000	Sept-96	8 770 000	Fully disbursed. Expansion under way.
13. Coffee Industries Ltd.	Agri-Bus	Expansion of existing processing facilities by the purchase of equip. and working cap.	4 845 000	Oct-96	--	No preconditions met. This project has not started.
14. Braco Pebbles 11	Tourism	Purchase of units at Braco Pebbles	25 000 000	Nov-96	--	Specific units yet to be identified and agreed on.

Company	Industry/ Sector	Description	Funding Approved	Date Approved	Amount Disbursed	Status/Progress
15. NCST- Waste Water Management Project	Agriculture	The establishment of pilot project to produce sorghum for animal feed on 40 hectares of land, using waste water from the Greater Portmore Housing Scheme.	3 000 000	Nov-96	--	Payment schedule to be submitted
16. Western Cement Company	Mining	The construction of a lime manufac. facility on the former Revere Bauxite site in Maggoty, St. Elizabeth. Products will be for the local and export market.	11 200 000	Nov-96	11 200 000	Legal documents currently being prepared. Production expected to commence February 1997.
Sub-Total JS			<u>298 255 000</u>		<u>56 187 080</u>	

NATIONAL INVESTMENT BANK OF JAMAICA
PROJECTS ALREADY APPROVED
Funding- J\$1.0B Bond Issue
DEBT RESTRUCTURING PROGRAMME

Prepared: 97/03/05

Company Name	Industry/ sector	Description	Funding Approved	Date Approved	Amount Disbursed	Status/Progress
1. Century Corporation	Manufac.	Manufacturers of whole milk for local market. Refinancing of existing debt required.	20 000 000	Sept-96	--	This company is fully operational. Legal documentation to be finalized. before disbursement can be made.
2. La Mirage Hotel	Small Hotel	Refinancing a small hotel in Montego Bay with a room capacity of 22 with restaurant and convention facilities	8 000 000	Sept-96	--	Financing arrangements not finalized
3. Casa de Paradise	Small Hotel	Refinancing a 24 room hotel in Montego Bay. Additional financing also required to complete the hotel	10 200 000	Sept-96	--	Commitment letter sent. Issues relating to new company to be resolved before disbursement
4. Royal Court Hotel & Health Resort	Small Hotel	Refinancing of high interest debt of a 25 room hotel in Montego Bay	7 000 000	Sept-96	7 000 000	Conditions satisfied. Fully disbursed.
5. Tigress Cottages	Small Hotel	Refinancing of a 45 room hotel in Negril	4 000 000	Oct-96	4 000 000	Conditions satisfied. Legal documentation finalized. Fully disbursed
6. Blue Harbour Hotel	Small Hotel	Refinancing of a 22 room hotel in Montego bay	3 500 000	Jan-97	2 904 212	Conditions not yet satisfied
7. Club Inferno Resort Hotel & Restaurant	Small Hotel	Refinancing of the debt of this Resort located in Montego Bay	20 000 000	Jan-97	15 428 388	Conditions satisfied. Disbursement being made as needed
8. Taylor Made Apparel Ltd.	Manufact.	Refinancing of debt of a contract apparel manufacturing plant in Montego Bay	8 000 000	Jan-97	--	Conditions not yet satisfied

Company Name	Industry/ Sector	Description	Funding Approved	Date Approved	Amount Disbursed	Status/Progress
9. Fort Stewart Farms Ltd.	Agriculture	A 103 acre farm in St. Mary that produces and exports papayas seeks to refinance high interest debt	5 000 000	Feb-97	--	Conditions not yet satisfied
10. B&D Trawling Ltd.	Agriculture	Refinancing of a company involved in catching, processing and exporting conch and lobster primarily to the United	20 000 000	Feb-97	--	Conditions not yet satisfied
11. Wilpac Ltd.	Manufacturing	A company involved in the manufacture of plastic packaging for commercial and industrial users seeking financing for high interest to restore viability.	20 000 000	Feb-97	--	Conditions not yet satisfied
12. Barrett Furniture Company	Manufacturing	A furniture manufacturer seeking refinancing for high interest debt	10 000 000	Feb-97	--	Conditions not yet satisfied
13. Faurens Ltd.	Mining	The project involves the extraction of marble blocks and aggregates and sand for building and road construction.	6 000 000	Feb-97	--	Conditions not yet satisfied
Debt restructuring Sub-Total			<u>141 700 000</u>		<u>29 332 600</u>	
GRAND TOTAL JS1.0 B BOND			<u>JS439 955 000</u>		<u>85 519 680</u>	

DC 16 MIIC 8/97

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UPDATE ON GPD PROJECT

Subsequent to the presentation of the project to the Development Council meeting in January, and on the instructions of the Prime Minister, the OPM convened a meeting which was chaired by Dr. Elaine Wallace. Included were representatives from the MIIC, MPU&T, the Broadcasting Commission and the Attorney General. (refer : Dr. Wallace's report to the P.M.)

Executives of the GPD company also visited Jamaica and gave an overview of the technology to a number of private and public sector participants. Attending the presentation at JAMPRO were members of three media houses, CVM Television, RJR and JBC Television. The Jamaica Computer Society, Grace Kennedy and the MIIC were also represented.

Some of the key points raised by GPD in this presentation were:-

- the need for countries like Jamaica to act speedily to approve licencing because of heightening competition from countries who were in the process of upgrading their telecom infrastructure to include LMDS technology . These countries include Mexico and the Phillipines, two of our major competitors.
- the flexibility of the hybrid system which can accommodate both fibre (wired) and wireless telecoms.
- the increasing demand for components as a result of larger countries issuing licences e.g Canada, Mexico, India and Japan

In response to questions about competitive companies offering the same technology, GPD offered that there were approximately four other companies that were offering the same product but their interest was primarily in markets that were larger than Jamaica.

An excellent suggestion that was raised by GPD's consultant Elombe Mottley, was that utilizing LMDS as a central distribution system could reduce unnecessary duplication of capital investment and infrastructure for cable providers.

An article from the Wall Street journal of March 3, 1997 which was faxed to JAMPRO by the company reported on the barring of Baby Bells and cable TV operators from obtaining licences by the FCC in the United States. The reason for this is a fear that they could buy licences for huge chunks of electromagnetic spectrum and therefore stifle competition. The article also stated that the auctioning for spectrum allocation would take place in another two weeks (from the date of the article.)

GPD has written to JAMPRO again requesting that a decision be taken in 30 days in view of the pressing demand for components.

Information Technology Unit
March 1997

V

GPD COMMUNICATIONS JAMAICA LIMITED

COMPANY OVERVIEW

GPD Communications Jamaica Limited is a subsidiary of the GPD Group of Companies of Cape Coral Florida U.S.A. The GPD Companies design, engineer, construct and maintain full service wireless telecommunications systems utilizing full service Local Multipoint Distribution System (LMDS) and Licensed Millimeter Wave Service (LMWS) - the third generation state-of-the-art technology used in Operation Desert Storm. The Group currently has agreements in place with a number of large organizations to ensure timely contract completion. These include TRW, Thompson Consumer Electronics, Star Tech Corporation and RCA Direct Broadcast Satellite (DBS) Services.

GPD has a joint venture partner in GHz Equipment Company(GEC) of Phoenix Arizona, the developer and manufacturer of the transmit, repeat and receive equipment.

THE PRODUCT

LMDS is a wireless telecommunications system, similar to microwave, which functions in the higher millimeter wave frequencies of 27.5 to 29.5 GHz.

LMWS is similar to LMDS but operates in the millimeter wave frequencies of 38.6 to 42.5 GHz.

The technology integrates audio, video and data services into one single interfacing package. LMDS because of its unique technical abilities, can introduce new products and services that the present technology cannot accommodate. LMDS is fully interactive and will allow today's full service telecommunications networks to be totally wireless, or if needed, a "Hybrid" mix of existing and new technologies.

THE PROJECT

Objective: To construct and deploy a wireless telecommunications platform for the purpose of providing wholesale and/or retail audio, video and data services in Jamaica.

To display the Jamaica LMDS System as a "Showpiece for the world" bringing in leaders of Government and Captains of Industry & Finance.

To establish Research and Development as well as manufacturing facilities locally.

Capital

Investment: US\$17.8million (over 2 years)

Project

Financing: GPD is prepared to raise 100% financing from overseas sources or invite local equity participation of up to 90% progressively.

BENEFITS:

Facilitate economic development, the expansion of commerce, trade and exports and provide a higher level of knowledge workers through training, technology transfer and R&D.

Selected benefits include:-

- Distance Learning** - Educational services for local schools/ colleges /universities linked regionally and internationally.
- Medical Support Services** - Telemedicine, allowing two-way, high resolution local and international transmission/reception of X-rays, radiology and interactive audio/video communication between doctors and all health care personnel and facilities.

**Water/Electricity Metering &
Power Load Control**

Shipping and Air Traffic Control

**Emergency/Disaster/Police Support
Services**

**Secure, High Speed Electronic Data Interchange for Government , Commercial and
Financial Services Sector et al.**

APPROVALS REQUIRED FROM GOVERNMENT

- 1) **A Broadcast/Spectrum License** to provide Studio Quality TV of up to 100 or more channels including enhanced local programming (submitted to Broadcast Commission 5/96).
- 2) **A Telecommunications License** to provide a full range of allowable commercial value-added data / audio services (submitted to Min. Public Utilities & Transport 11/96).

ISSUES

Protracted delay in obtaining required licences. Discussions commenced June 1995 with a number of local agencies and potential joint venture partners including TOJ, JBC, RJR, CVM TV et al. This was highlighted by a demonstration of an LMDS mini prototype to representatives of public and private sector interests coordinated with the assistance of JAMPRO (December 1995).

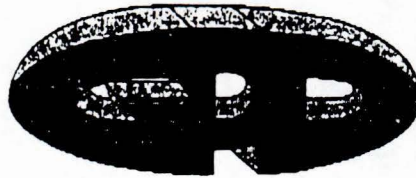
Existing monopoly interests vs potential for greater private investment.

Imperative of swift local action to retain Jamaica's competitive edge in view of rapid growth in international demand for LMDS technology .

PROPOSED ACTION

Inter-Ministerial intervention (MIIC/MPU&T) to expedite licensing process.

UWI Libraries



**GPD
COMMUNICATIONS
INC.**

March 4, 1997

Ashley;

The licensing process in the Caribbean has now stretched out to the point that obviously we can no longer maintain the projected deployment schedules because of a lack of LMDS product availability. The industry is just now starting to ramp up and it will be at least a year before there are meaningful amounts of equipment being produced. The waiting list is already being formed.

Canada is well along with their engineering plans and construction will be starting shortly.

The initial order for equipment for the Philippines has been placed, and we have agreed this week to build their LMDS system for them. We will be constructing systems in their 21 largest population centers to serve a potential market of 60,000,000 inhabitants. Perry Haddon is in Manila this week, and preliminary engineering to this point indicates the need for over Two Hundred Transmitters and High-power Repeaters! In addition, if the system only enjoys a Ten Per Cent market penetration, equipment for One Million Five Hundred Thousand customers will be needed!

Mexico, China and India loom on the near horizon (licenses have been issued) and now it looks like 483 areas of the US will be made available in the next few weeks.

If we do not get a commitment from the Caribbean in the next 30 days so that we can negotiate at least some equipment, we are being told it will most likely be two to three years before the large markets have sufficient product that equipment can be released for other markets!!!

Please advise.

Best regards

Walter E. Goodwin, Sr.
Chief Executive Officer
GPD Communications, Inc.

FCC to Unveil Long-Awaited Plans For Two Auctions of Airwave Licenses

By BRYAN GRULEY
And JOHN J. KELLER

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON — Federal regulators are expected this week to set plans for two long-awaited auctions of valuable airwaves, including one for an emerging wireless technology that could bring new competition to the local-telephone and cable-television businesses.

Wireless operators, long-distance phone companies, electric utilities and telecommunications entrepreneurs are expected to bid for licenses to use huge chunks of the electromagnetic spectrum to transmit voices, pictures and data. But the Federal Communications Commission is expected to bar the Baby Bells and cable-TV operators from bidding on licenses in their home territories, out of concern they could buy enough licenses to stifle competition in markets they already dominate.

Government and industry officials said minor details have yet to be worked out, but the auction of parts of the electromagnetic spectrum for what are called local-multipoint-distribution services, or LMDS, could be held in the next several weeks.

Wireless Auction

- **Up for grabs:** Licenses to use 1,000 to 1,300 megahertz of electromagnetic spectrum in each of nearly 500 markets nationwide.
- **Uses:** Transmitting voices, pictures and data via small, flat antennas that can rest on a windowsill.
- **Expected bidders:** All sorts of telecommunications companies—but Baby Bells and cable operators will be barred from bidding on licenses in their home territories.

Source: Government and industry officials

NOTE TO DEVELOPMENT COUNCIL

REPORT ON GPD COMMUNICATIONS JAMAICA LIMITED

GPD Communications Jamaica Limited, a subsidiary of the GPD Group of Companies of Cape Coral Florida, USA, has applied for a License and Frequency Allocation to construct and deploy an LMDS/LMWS Platform (wireless telecommunications) to provide wholesale and/or retail audio, video and data services.

The project was tabled by the President of JAMPRO at the last meeting of the Development Council but was not discussed. The Honourable Prime Minister instructed that the Office of the Prime Minister (OPM) convene meetings with the relevant parties to discuss the project and report to the Council on its findings.

Local Multipoint Distribution Service (LMDS) is a highly sophisticated wireless telecommunication platform which integrates audio (voice, music) video (tv, movies) and data into one single integrated package. It is similar to microwave but functions in the higher millimeter wave. LMWS is similar to LMDS except that it operates in a higher millimeter wave.

This technology (LMDS/LMWS) is presently available and is expected to replace hard-wire over time. It is not expected, however, that the hard-wire infrastructure currently in use will be replaced immediately, but rather as it becomes too expensive to repair or too obsolete to function.

It should be noted that LMDS is fully interactive, allowing today's full service telecommunications network to be totally wireless, or if needed, it can accommodate a hybrid mix of existing and new technologies.

~~The LMDS system delivers signals of superior quality (to Fiber Optics) at savings of approximately 30-40% as well as significant reductions in ongoing maintenance costs.~~

LMDS, with its unique technical capabilities, is able to deliver a wide array of ancillary services, many of which cannot be accommodated by the present hard-wire technology.

In so doing, it is able to facilitate economic development by expanding commerce, trade and exports and providing a higher level of knowledge workers through training, technology transfer and research and development.

The Project

GPD Communications Limited has submitted an application to the Broadcasting Commission for a Broadcast/Spectrum License to provide Studio Quality TV of up to 100 or more channels including enhanced local programming.

The Company has also applied for a Telecommunications License to provide a full range of allowable commercial value-added data/audio services.

Deliberations

The meeting focused on the technology aspects of the project rather than the project itself. It was viewed as an investment opportunity, exemplifying the developmental possibilities which are offered by the application of information and telecommunications technology in the social and productive sectors.

The discussions also focused on the implications of such a project, given the stated telecommunications policy as contained in the Telecommunications Act which is now before Parliament as a Bill.

The main conclusions from the meeting were that the construction and deployment of a wireless LMDS telecommunications system capable of providing audio, video and data services ought to be an element in the

short/medium term development plans for the Telecommunications industry.

It was recognized that a project such as that proposed by GPD can, and will be competitive to the TOJ, while at the same time having the capability to support the expansion of TOJ services.

It was agreed that any decision regarding the project would have to be guided by the Telecommunications Policy, as spelt out in the Telecommunications Act which is currently before Parliament.

Follow up Action

- The MPUT was requested to indicate the time frame for the passage of the Bill on the Telecommunications Act and the completion of the Telecommunications Policy.
- The MPUT was requested to provide a list of value- added services to facilitate a determination from the Accountant General's Office as to whether these could be offered by other companies, in view of the licences held by Telecommunications of Jamaica.

Status of Project

1. Broadcast Spectrum License to provide wireless Subscriber Television Services

The Broadcasting Commission has not recommended the issuance of a license. The reasons given are as follows:

- a. The company did not identify the local partners who will be majority shareholders in the LMDS Joint Venture Operating Company in which GPD Communications - Jamaica Limited will hold minority shares;

b. The company did not provide information vital to the evaluation of its application on:-

- provision of local technical personnel
- zone layout
- schematic block and signal level diagram
- schematic layout of head-end site
- location of proposed masts, and
- programming

2. Telecommunications License

The Post and Telecommunications Department is still evaluating the proposal.

Recommendations

It is being proposed that the project should be considered within the broader framework of Government's policy on the use and management of the electromagnetic spectrum. In this regard, the MPUT should be requested to put forward a proposal on the allocation of high frequency bands with pre-determined policy objectives in a system of competitive bidding.

This approach, recognises the value of and the revenue that can be derived from use of the electromagnetic spectrum, which is considered a natural resource, and would represent the direction that the country's spectrum management should be taking as of now. The process that is being proposed recognises the advantages of LMDS technology for the provision of telecommunication services in the future and would also open up access to these frequencies to competition based on criteria that would be set by the Ministry of Public Utilities.

It would also remove any likelihood of the emergence of a monopoly in LMDS services with the attendant difficulties as has been the experience with Telecommunications of Jamaica.

Should this recommendation be accepted, then a proper evaluation of the GPD proposal cannot be undertaken until the policy issues in regard to the following areas are resolved.

- a. the use and allocation of the electro magnetic spectrum and;
- b. the value added services which can be provided by other companies within the constraint of the current telecommunications policy.

OPM
25/03/97

REPORT ON SPECIAL ASSISTANCE PROGRAMME**Background**

The Special Assistance Programme is a part of Government's initiative aimed at providing assistance to the apparel industry. A sum of J\$40M has been allocated for the period January to March 1997 and an additional J\$160M for the period April 1997 to March 1998.

The assistance is intended to reduce by a maximum of five per cent (5%) the overall operational costs faced by the industry in the areas of rental and security for both locally and foreign-owned apparel producing companies and also financing for locally owned companies. The main objective of the programme is to allow the industry to implement the necessary structural changes and operational efficiencies in order to achieve viability and continued growth in the industry.

Promotion of the Programme

JAMPRO arranged three (3) meetings in January and invited some eighty (80) apparel manufacturers to these meetings to inform them about the programme. In addition, JAMPRO's Marketing Executives visited companies to inform them of the programme and encourage their participation.

Qualification

All apparel producing companies which employ more than ten (10) persons qualify to participate in the Programme. Companies are required to submit completed Company Profiles together with a current Tax Compliance Certificate and receipts/proof of payment for the item(s) for which they are seeking reimbursement.

Level of Assistance

The total allocation per company has been based on the number of employees and companies have been categorised as follows:

# of EMPLOYEES	GROUP	J\$ PER MONTH
10 - 50	Small I	10,000
51 - 100	Small II	24,000
101 - 300	Medium	62,000
301 - 500	Large I	190,000
501 & over	Large II	328,000

Special Assistance Programme Review Committee

The applications are screened by JAMPRO's Textile & Sewn Products Division and then submitted for approval to the Special Assistance Programme Review Committee which consists of the following persons:

Dr. Gladstone Hutchinson	-	Min. of Finance
Mr. Charles Jones]	-	Min. of Industry,
Mr. Reginald Budhan]		Investment & Commerce
Mrs. Kathleen Beckford]		"
Dr. Ute Schumacher	-	Planning Institute of Ja.
Ms. Cheralee Morgan	-	JAMPRO
Mr. Emerson Young	-	JAMPRO
Mrs. Dahlia Reckord	-	JAMPRO

Number of Applications Received

A total of forty-eight (48) applications from thirty-three (33) companies have been received. Documentation is outstanding from six (6) companies and one company has not qualified because it employs less than ten (10) persons.

Disbursements made to Date

Twenty-two (22) payments totalling J\$3,336,548.10 have been made to sixteen (16) companies. The first payments were made on February 20, 1997.

Applications Approved for Payment

Sixteen (16) applications totalling J\$2,116,552.25 have been approved for payment and cheques are being prepared by the Ministry of Industry, Investment & Commerce.

TEXTILE & SEWN PRODUCTS DIVISION
JAMPRO
MARCH 19, 1996

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DC 19 OPM 10/97

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Received
26/3/97

Technical Secretariat
Development Council

MEMORANDUM 97.007
March 26, 1997

A PROGRAMME FOR RESTRUCTURING THE TEXTILE & APPAREL SECTOR

1. Background/Rationale

1.1 The Textile & Apparel sector has experienced a significant contraction in the growth of the export-oriented 807/CMT segment over the past two years. This sector has been identified by the National Industrial Policy as having the potential to be one of the leading growth poles in the economy. Cabinet has therefore viewed the decline with special concern and has authorized a Special Assistance Programme for the industry. The specifics of this programme and the issues that have arisen during its implementation to date are detailed in Technical Secretariat Memorandum 97.006.

1.2 There are significant concerns about the Programme in its present form. These center on:

(i) Firms in the sector are experiencing difficulties and hesitation in taking full advantage of Government's assistance programme. As of March 19, 1997 only approximately J\$5.5 million have been disbursed or approved for disbursement out of the J\$40 million in emergency funds that had been committed to stabilize the industry for the January to March 1997 period. This low level of disbursement, plus the fact that over the same period an additional two textile & apparel companies with some 600 employees have closed, underscore the programme's lack of effectiveness in its present form.

Firms' reluctance to participate in the programme appears to be related to the requirement to submit tax compliance certificates and other documentation on their operations. The intent was to use this information to design the longer-term restructuring assistance package (\$160 million for FY97/98) to the sector.

(ii) There is a lack of any productivity or efficiency criterion as a conditionality for accessing assistance under the current programme. This may have in part arisen from the need to act quickly to stem the tide of firm closures while a proper assessment of the industry could be made.

(iii) There is a danger that the low participation rate of firms in the programme will prevent the proper assessment of the industry and pressure will emerge for continuation of the present ad hoc "non-performance based" assistance programme.

- 1.3 The Technical Secretariat sees an urgent need to formulate a workable alternative to the current programme which ensures that public funds are used so as to address both the Textile & Apparel sector's immediate problems as well as the requirements for its long-term development -- in a manner consistent with the goals and strategies of the NIP. An outline of such an alternative is put forward in this Memorandum.

2. Strategic Focus of the Alternative Programme

The alternative programme is predicated on recognition of the following basic considerations:

- the diverse nature of firms in the Textile & Apparel sector;
- macro-environmental factors that put textile & apparel firms operating in Jamaica at a competitive disadvantage vis-a-vis their counterparts in other countries;
- a legitimate role for Government in enhancing efficiency in areas to which the private sector, because of its inability to capture all the benefits of its investments, allocates a level of resources insufficient for the attainment of competitive efficiency;
- a positive role for Government in fostering the development of new growth poles within industries, in particular through provision of financing support.

3. Situational Analysis

3.1 Industry diversity

Firms in this sector differ in particular according to (a) their needs and (b) their potential to contribute to the long-term goals of the NIP (employment, net export earnings, value-added, linkages). These differences arise from firm characteristics such as size, ownership (local v foreign), and type of product (807, CMT, full package, fashion). Recognising these distinctions among firms and how they relate to the firms' needs and growth potential is critical in designing an appropriate assistance package.

3.1.1 Three major segments can be distinguished within the Jamaican Textile & Apparel sector:

- large foreign-owned 807/CMT companies, most of which are located in Free Zones;
- large Jamaican-owned 807/CMT companies most of which are located in customs territory and are operating under special incentives;
- small & medium size design-led full-package companies.

3.2 Large 807/CMT firms -- local & foreign

The large textile & apparel firms, both local and foreign-owned, are engaged primarily in the assembly of pre-cut cloth (807) or "cut-make-trim" (CMT) operations. They contribute to the Jamaican economy by employing large numbers of relatively unskilled workers and by allowing for the development of basic skills (work ethic and discipline, dexterity) that are transferable to broader assembly-type operations (leather products, footwear, electronic components). In addition, there are significant benefits arising from spillovers to shipping, haulage, ground transportation and utilities.

3.2.1 Firms in both the local and foreign 807/CMT segment have raised legitimate concerns over the adverse impact on their profitability of (a) the revaluation of the domestic currency and (b) the critical local-cost components discussed below (see 3.4). Reducing the high cost associated with these factors will bring about a significant improvement in profitability, efficiency, and productivity.

3.2.2 In addition, local firms are severely handicapped in their international competitiveness by deficiencies in the areas of production technology, organizational and managerial processes, product development and marketing, and by a lack of skilled personnel, especially at the middle-management level. These firms would stand to benefit greatly from technical assistance and financing support for upgrading their capabilities in these areas.

3.3 Micro and small businesses

The micro and small-size entities engaged in production (as opposed to strictly trading) stand out as a particularly creative and dynamic segment within the Textile & Apparel sector. This segment merits special attention and support because it offers an opportunity for moving beyond assembly-type production to niche markets for distinctive, high-quality, high value-added, globally competitive activities with strong linkages into the rest of the economy.

3.3.1 In addition, the growth of the small-business segment would foster the emergence of a new class of entrepreneurs -- owners of micro and small enterprises with a higher concentration of women-owners and with a greater product diversity and flexibility. The development of this segment would broaden the country's productive base, enhance its flexibility in adjusting to new market trends, and foster economic growth, social equity, and human development.

3.3.2 Because the micro and small-business segment in the Textile & Apparel sector faces unique problems arising from small scale, limited capital and skills, and other constraints, the assistance package must include mechanisms, orthodox and unorthodox, to address the special needs of this important segment.

3.4 Cost constraints

3.4.1 Transportation

The lack of a reliable public transportation system significantly reduces productivity and efficiency of firms not just in the Textile & Apparel sector but throughout the economy, by raising the rate of labour turnover and absenteeism, and by reducing workers' ability and willingness to work overtime or on night shifts.

3.4.2 Security

The incidence of narcotics finds in apparel shipments forces companies operating in Jamaica to take costly measures to ensure the integrity of their shipments, thereby raising operating cost and reducing profitability. (MIIC estimates that 20% of the shipping cost is security related.)

3.4.3 Certification Fees

The current requirement for payment of certification fees and the differential structure of fees applied to firms operating in the customs territory versus those in the free zones is perceived as a major disincentive by the firms.

3.4.4 Worker Training

Companies report between three to six months (even 12 months for more complex garments) training periods for sewing machine operators because of low existing skills and lack of discipline and punctuality of new entrants to the work force. During the training period, workers must be paid the legal minimum wage even though their productivity is close to zero. The inability of firms to keep workers after training them constitutes a disincentive to investing in their comprehensive training. This in part affects the labour productivity and hence the cost competitiveness of firms.

Government, through HEART/NTA, should recognize an important role in training workers in the basic skills relevant to the industry. Similarly, firms should recognize and assume responsibility for training workers in the skills that are specific to the operation of their firm.

4. Government's role

Government rationalizes its support to the Textile & Apparel sector by recognizing its positive role on two fronts:

- *There are scale and efficiency-enhancing benefits* associated with mobilizing Government resources (a) to improve the identified high-cost *infrastructure* aspects (transportation, security, basic training) and (b) to coordinate the provision of technical assistance.
- *There are economy-wide benefits associated with investment facilitation and packaging* to mobilise and focus investment activity in areas of the sector that have been identified as critical for its sustained development.

5. Specific Components of the Alternative Programme

5.1 Based on the above considerations, the Technical Secretariat recommends a three-pronged approach to effectuate the short-term revitalization and medium-term development of the Textile & Apparel sector:

- (a) transforming the current grant programme into production- and performance-oriented support, by dedicating the use of the currently committed funds to that purpose;
- (b) targeting assistance to relax some of the cost constraints that negatively impact upon the sector's profitability, efficiency and competitiveness;
- (c) coordinating and providing financing support and technical assistance to upgrade local operations.

5.2 Reducing the cost constraints

Government support is to be geared towards reducing firms' operating cost in the three areas that have been identified as critical:

- **Transportation**
- **Security**
- **Worker Training**

It is recommended that Government work in close cooperation with the industry (Industry Advisory Council) to develop specific proposals for the timely and effective implementation of assistance in these areas.

5.2.1 Transportation

Government has committed to dedicate 37 buses to the industry through franchise holders. In addition it would be possible to develop a matching-grant programme to encourage individual firm initiatives or cooperative efforts to acquire, lease or contract transportation facilities. In the specific context of Montego Bay, there is an additional need to provide adequate parking depots at strategic locations for workers.

5.2.2 Security

It is proposed that Government provide matching grants for cost-effective improvements in firms' security systems. Firms are to enlist the services of a dedicated security specialist, under contract to Government, in designing and evaluating plans for state-of-the-art security systems and overseeing their implementation. Reliance is to be placed on available information obtained from earlier security audits of particular firms.

5.2.3 Certification Fees

It is recommended that the present fee structure be changed so as to move to a standardized fee at a uniform rate for all companies, set at the level of the current rate for firms operating in the customs territory. This change would result in a significant loss in revenue accruing to JAMPRO and would require compensation out of the existing pool of funds committed to the sector.

5.2.4 Worker Training

It is recommended that an in-plant training programme, tailored and structured to meet specific needs of each firm, be developed and that HEART/NTA work with the firms to adapt and revamp their existing training programmes to this end.

5.3 Technical Assistance

- 5.3.1 JAMPRO currently provides technical assistance to the Textile & Apparel sector through its Productivity Centre which operates Resource Centres (in part in collaboration with HEART/NTA) and the Technical Centre at Garmex. To further strengthen JAMPRO's capabilities in this regard, it is recommended that a team of technical experts be identified and assigned to the Productivity Centre which would facilitate access to, and monitor the provision of, technical assistance services to firms. The use of such technical expertise should be integrated with the design and implementation of the financial assistance programme so as to facilitate appropriate evaluation, rating and qualification of firms.
- 5.3.2 Companies would be required to contribute to the cost of technical assistance on a matching-grant basis.

5.4 Financing support

- 5.4.1 Access to creative modes and sources of financing is a prerequisite for moving the industry forward towards more complex products and processes (full package and design-led products). Government coverage of some of the investment risk through establishing a pool of guaranteed funds (revolving loans) would encourage the Government development banks and private-sector entities to mobilize a significant multiple of funds for meeting the financing needs of the sector.
- 5.4.2 The Technical Secretariat recommends that Government's development financing arm (EX-IM Bank, NDB, NIBJ) coordinate their efforts and design new and creative funding packages that will contribute on a continuing basis to the restructuring of the Textile & Apparel sector by facilitating:
- purchase of raw materials
 - retooling plant and equipment
 - upgrading organizational and production methods to take advantage of state-of-the-art technology (CAD, pattern making technology)
 - undertaking new marketing initiatives.
- 5.4.3 The imposition of appropriate conditionalities will ensure the orientation towards production and performance.

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- 5.4.4 A large part of the financing component could be afforded by using the restructuring funds (J\$160 million) that have already been committed to the sector under the current Special Assistance Programme.
- 5.4.5 A proposal by EX-IM Bank would make available a revolving pool of loan funds to garment manufacturers engaged in export at EX-IM Bank's normal lending rates for purchase of raw materials and spare parts to be used in the production process. All disbursements under the programme would be guaranteed by Government. Participants would be required to present a confirmed export order and to assign the total export proceeds to the Bank (net proceeds in the case of 807/CMT) as collateral.

6. Merits of the Alternative Programme

Structuring its assistance to the Textile & Apparel sector along the lines suggested above affords Government an opportunity to:

- (a) support the sector in its efforts to restructure to achieve greater competitiveness, diversity, and value added while enhancing social equity, human development and output growth;
- (b) provide a holistic assistance package that is consistent with the thrust of the National Industrial Policy, by guiding a sector that has been identified as a growth pole to build on its existing strengths and move in new directions, instead of applying the type of short-term solutions that the current Special Assistance Programme exemplifies.

SUBMISSION ON DIRECT LENDING BY DEVELOPMENT BANKS

1. Purpose

1.1 This submission requests Cabinet to authorize the National Development Bank of Jamaica Limited (NDB) to begin the process of direct lending to investment projects, consistent with the exercise of proper due diligence and prudential requirements and with the goal of national development.

2. Rationale

2.1 Government has declared, in the National Industrial Policy, a commitment to foster economic development through promoting investment in the productive sectors of the economy.

2.2 The channelling of investment funds through the public-sector financial institutions is identified as a crucial instrument in this effort.

2.3 However, it is recognised that, despite the wide range of institutions available for providing funding to investment projects, the ability of these institutions to provide capital to such projects has been constrained by a number of factors.

2.4 One such factor is the requirement, existing since 1981, that the public-sector development banks engage in indirect lending of funds through approved financial institutions (AFIs) rather than directly to business entities.

2.5 The present system of exclusive indirect lending has left a significant financing gap in the market for development-oriented lending. There is no historical evidence that this gap can be closed without resorting to selective direct lending.

2.6 In comparison with prevailing global practices, the hybrid arrangement for development lending which now exists in Jamaica is unique. Development banks worldwide operate on the principle of direct lending. For example, policy-based or direct lending is the principal modality used for channelling development capital in 95 percent of the 82 Development Finance Institutions representing 33 member countries of the Association of Development Financial Institutions in Asia and the Pacific (ADFIAP). Of these DFIs, 63 are either wholly-owned Government enterprises or have average holdings of about 40% by the public sector, several of which are listed on the local stock exchange in the respective countries. Within the Caribbean region, there is no evidence of this hybrid arrangement existing in any other country of the region.

3. Deficiencies of the Present System

3.1 It is now well accepted that the commercial banking sector is ill equipped to do

development lending, owing to the mismatch of their short-term deposit funds with the medium and long-term financing needs of development projects. Moreover, the sector lacks technical and management expertise in analysing and monitoring of development projects.

3.2 In the current climate of adjustments taking place in the financial sector, AFI^{in line to}s are pulling back to core business and moving away from various forms of long-term financing that they provided (in the past). This situation does not augur well for development lending. *under the existing risk country arrangements.* 406

3.3 The NDB has, since its inception in 1981, operated a system of indirect or wholesale lending through the AFIs. This method of lending has largely shielded the NDB from substantial primary risks, though not entirely so, as proven by the currently prevailing environment in the financial sector *as evidenced by the level of exposure in the case of CMB.*

3.4 Experience with the present system has shown that complete reliance on the AFIs to forward projects to the NDB is fraught with a number of disadvantages, that impose constraints on the process of financing development projects, resulting in significantly higher costs for the investor or simply the elimination of some viable and worthwhile projects. In this regard, the following factors are important.

i. In periods of high liquidity, the AFIs tend to use their own funds at relatively higher interest rates to provide interim ("bridging") finance, on a short-term basis or by overdraft, to applicants for development (bank) financing. In many instances, the differential between the NDB's interest rate and AFI bridging-finance rate is as much as 52% on an add-on basis.

ii. The average margin of 6% (3% in the case of foreign exchange loans) charged by AFIs on NDB funds is excessive in view of the fact that they bear virtually no risk, given the high level of collateralisation required. At present the spread added by AFIs ranges between 3% and 7% and, in principle, could be even larger based on existing official agreements.

iii. Frequently, proposals submitted to the AFIs are not remitted to the NDB until considerable time has elapsed, ranging from 3 months to 2 years.

iv. Even where projects have been approved by the NDB the average time to disbursement has been made protracted (6 - 7 months) by the AFIs tardiness in submitting relevant documentation to trigger disbursement/reimbursement requests.

v. New or "greenfield" investment projects are not likely to be supported by the AFIs as they would not have proven track records against which future profitability can be measured. Only in exceptional cases, where the collateral values are [more than adequate], will the AFIs venture into sponsorship. 24259

vi. Excessive collateral requirements have tended to eliminate new projects. Many projects are required to have collateral in liquid assets of 2-3 times the loan value.

vii. The small business sector is especially likely to experience significant problems in accessing funds. These problems are compounded by the collateral requirements.

3.5 In 1991, the Development Banks proposed a risk sharing system in which the AFI's exposure would be minimised through adoption of a "risk sharing matrix" for ranking the degree of exposure as a trigger point for involving the Development Banks. This proposal has yet to find favour with the AFIs.

3.6 Another proposal put forward was that the Development Banks' portfolio buildup could be configured on a 60/40 co-financing basis, in which 40% of their financing (in number and/or value) would go directly to final beneficiaries. This has also met with no response.

3.7 The NDB has also taken several non-credit steps to enhance investment in the productive sectors, with little or no resulting investment due to the commercial banking hurdle in the way of investors.

4. Advantages of Direct Lending

4.1 Response time for loan applications could be significantly reduced by direct lending. Data covering some 154 projects randomly selected from NDB's portfolio of over 500 entities were examined. Analysis of the data showed that the average turnaround time on NDB-funded projects is 1.36 months (5.4 weeks), measured from the date formal request was received from the AFIs to the date of final Board approval. In cases where the AFIs submit adequate information, the average response time is reduced to 3 weeks and could be reduced further depending on the size of the loan request and complexity of the project. For small-scale projects (requiring less than J\$3.2 million) the turnaround time is 2 weeks.

4.2 More affordable credit could be delivered to investors. The interest-rate differential between NDB funds and AFI funds would be significantly reduced, if not eliminated, by direct lending based on NDB's cost of funds. Moreover, since the existing delay in the approval process forces the projects to incur cost escalation even greater than the interest-rate differential, this additional cost would be eliminated.

4.3 The time lag between project approval, disbursement and implementation would be reduced.

4.4 In carrying out the mandate of the Government to foster development, the NDB at present can only react to input from the AFIs. However, with a direct lending capability, the bank can proceed to become more proactive in generating viable and sustainable projects.

(rather than on the current T+4 linked formulation.

4.5 Less stringent collateral requirements could be adopted, without compromising other risk-control and security safeguards. This approach would benefit especially the small and medium firms and start-up enterprises.

4.6 The NDB could further secure its exposure by being able to accept a charge on the assets of projects in lieu of holding promissory notes from the AFIs which are of little significance (as it turned out in the recent case of Century National Bank Limited).

4.7 Longer term funding would be provided, consistent with the [long] term structure of investment projects that involve refurbishing existing facilities, upgrading production methods, retooling plant and equipment, research and development activities, product engineering. Such funding is necessary in order to facilitate effective financial programming and greater cost effectiveness. Based on the current NDB pipeline of projects, it is estimated that investments of J\$1 billion are being frustrated due to the non-availability of affordable long term funding.

4.8 With the mandate of direct lending, the NDB would be positioned to package viable projects for funding through closer relationships and joint efforts with the commercial banking sector.

5. Due Diligence, Prudential Safeguards, and Monitoring

5.1 With direct lending, the final responsibility for loan recovery would reside with the Development Bank which would be deemed to have directly advanced funds as part of its portfolio buildup.

5.2 One of the principal deficiencies of direct lending relates to the inability of Development Banks, unlike commercial banks, to effectively monitor movements in the financial position of clients in order to anticipate difficulties before they actually occur. This deficiency could be overcome either (a) by commissioning the AFIs to administer clients' accounts for a fee on behalf of the Development Banks, or (b) by the Development Banks themselves establishing their own commercial banking affiliate within the context of the Fair Trading Commission Act.

5.3 It will be necessary to strengthen the development banking institutions to administer the new programme of activities involved in direct lending. This includes building up internal staff with financial, accounting, and management skills, so as to deal with new requirements in project analysis, monitoring of project operations to ensure performance, and providing technical support services where needed (either in-house or through outside contracting).

5.4 It will be necessary also to address specific policy issues arising from the transition to a new system of lending, in particular as regards determining the structure of lending rates in relation to cost of funds and the handling of the existing portfolio of loans.

6. Support for Direct Lending

6.1 The NDB has received many requests and expressions of support from many different quarters, both individuals and organisations, to establish a direct lending facility.

6.2 Among organisations, the Jamaica Manufacturers' Association, the Jamaica Exporters' Association, the Small Business Association of Jamaica, the Jamaica Bankers' Association, have all expressed support.

6.3 Among individuals, Peter Moses of Citibank and president of the JBA, Dunbar McFarlane, head of the NCB group, Elon Beckford of Horizon Group of Companies, and Hon. David Coore, former Minister of Finance, have gone on record requesting the NDB to get into direct lending.

DC 14 MHC 6/97

**TRADE AND STANDARDS:
ANALYSIS AND RECOMMENDATIONS**



1.0 INTRODUCTION

- 1.1 There has been growing concern that Jamaica is being flooded with "sub-standard" and "dumped" goods. In both the agricultural and manufacturing sectors, increasingly there have been calls for the Government to take action to protect these sectors from "unfair competition".
- 1.2 In assessing and responding to this concern, there are at least four (4) issues to be examined, namely:
- a. Trade data on import levels and on products of particular concern;
 - b. Existing levels of tariff and non-tariff protection and permissible action under regional and international trade obligations;
 - c. Role and use of standards, e.g., implementation of an effective import/export monitoring programme;
 - d. Implementation of trade remedy legislation, i.e., anti-dumping and countervailing measures.

2.0 TRADE DATA ON IMPORT LEVELS

- 2.1 Merchandise imports for the five (5) years, 1992-1996, are set out in Table 1.

Table 1

Year	US\$M Total Imports	Change
1992	1,775	-
1993	2,189	23.3%
1994	2,177	-0.5%
1995	2,832	30.1%
1996	2,906*	2.6%

*STATIN preliminary

- 2.2 The average annual increase in overall merchandise imports over the five-year period is 14%. If certain categories of imports which tend not to compete with local production are excluded, i.e., fuels, raw materials, capital goods

and durables (under which motor vehicles fall), two (2) important categories remain, i.e., food and non-durables. The five-year import figures for food and non-durables, and for consumer goods (including motor vehicles) are set out in Table 2.

Table 2

Year	(1) US\$M Food & Non-Durables	(2) US\$M Total Imports Consumer Goods	Change in (1)	Change in (2)
1992	212.9	293.3	-	-
1993	283.4	476.9	33.1%	62.6%
1994	270.5	451.8	-4.6%	-5.3%
1995	410.1	697.6	51.6%	54.4%
1996	456.2	745.3	11.2%	6.8%

2.3 The average annual five-year increase for food and non-durable imports (which compete most directly against local production) is 25.1% while the average annual five-year increase for consumer goods as a whole is 32%. The three (3) sets of import figures in Table 1 and Table 2, all indicate **significant** import growth over the five (5) years and, particularly, **significant** movement in import levels between 1994 and 1996, namely:

- Total imports - 34.7%
- Consumer goods - 64.9%
- Food and non-durables - 68.6%

2.4 It is instructive to note that while consumer goods as a percentage share of imports has increased significantly between 1992 and 1996 from 16.6% to 25.6% of all imports, food and non-durables, as a percentage share of imports, has shown much less relative growth over the five-year period, only moving from 12% to 15.7% of all imports. It might also be noted that for the ten-year period, 1981-1990, food and non-durables accounted for 17% share of all imports - indicating that no major change and indeed a small reduction has taken place in the past fifteen (15) years or so in the proportion of overall imports represented by food and non-durable items. Food and non-durables are the categories of imports likely to compete most directly with local production.

2.5 The data show a significantly different situation in the case of consumer durables as opposed to food and non-durables. In regard to consumer durables, those in 1981 accounted for 23.8% of all consumer goods and 3% of all imports. By 1995, consumer durables were 41.2% of imported consumer goods and 10% of all imports - with motor vehicles being more than

half of all imports of consumer durables. It might be concluded from the above that with the exception of the level of motor vehicle imports, there has been no major change in the relative structure of Jamaica's imports in the past decade and a half, and that in the very important categories, food and non-durable goods, where many products competing against local production would be expected to be found, the relative proportion of these categories in imports has actually fallen slightly since the 1980s.

- 2.6 It must be emphasized that consumer imports (including motor vehicles) as a percentage share of all imports have been increasing. They were 13% on average in the ten-year period between 1981 and 1990, and in 1996, 25.7%. This analysis suggests, however, that the problem appears to be in the high level and rapid growth in the importation of goods that generally do not compete directly with local production, i.e., motor vehicles and other consumer durables.

3.0 AGRICULTURAL IMPORTS INCLUDING LEVELS OF PROTECTION

- 3.1 Trade policy and available remedies must address and respond not only to overall trends, but to the situation of sub-sectors and even to specific products. In this context, the relevant trade data pertaining to some agricultural imports which compete against local production are set out in Table 3 showing quantities imported over the most recent four-year period, 1993-1996.

Table 3

Selected Agri-Items	1993 Vol. (kg)	1994 Vol. (kg)	Change 1994/93	1995 Vol. (kg)	Change 1995/94	1996 Vol. (kg)	Change 1996/95
Chicken legs etc.	10,238,251	12,364,628	21%	11,231,028	-9%	8,553,117	-24%
Pig trotters	700,700	1,124,285	60%	925,164	-18%	958,462	4%
Onions	668,626	1,923,235	188%	3,125,248	62%	5,474,053	75%
Potatoes exc. seed	82,047	1,251,737	1,425%	2,301,558	84%	4,356,659	89%
Red kidney beans	856,609	1,129,205	32%	1,225,535	9%	783,616	-36%
Carrots	6,534	447,087	6,742%	841,185	88%	1,307,421	55%
Cabbages	8,285	30,641	270%	94,140	207%	211,875	125%
Lettuce	14,620	73,785	405%	91,497	24%	186,309	104%
Sweet Peppers	2,295	7,005	205%	32,089	358%	53,573	67%
Tomatoes	2,869	10,794	276%	19,846	84%	32,696	65%
Peanuts	1,993	156,625	7,759%	85,600	-45%	314,673	268%

- 3.2 From the foregoing Table 3, it can be seen that with the exception of chicken legs etc., pig trotters and red kidney beans, this group of selected products shows significant increases in import volumes over the four-year period. Appendix 1 shows a wider range of agricultural items by tariff code, import quantity, US\$ value, unit price, Customs Duty, Additional Stamp Duty and General Consumption Tax (GCT). The items in Table 3 above are those which showed significant change in volume and value over the four-year period.
- 3.3 **Permissible Levels of Protection:** It is noted that aggregate protection to agriculture remains high, in general, the 40% Common External Tariff (CET) of CARICOM plus Additional Stamp Duty. Aggregate protective levels are in the 70-80% range. Within the framework of the World Trade Organization (WTO) exchange of concessions, Jamaica has bound agricultural items at a ceiling level of 100% and in addition under the WTO can apply stamp duties of up to 80% on many such items. A ceiling binding of 100% provides the flexibility to apply any tariff rate up to that level.
- 3.4 However, it is noted that Jamaica would be prevented from applying a tariff of 100% permissible under the WTO by the constraint of the CARICOM CET which is at 40%. It is also understood that Jamaica undertook to phase out agricultural stamp duties under the terms of an agreement with the World Bank. In the circumstances, Jamaica may wish to pursue **targeted and time bound** legal protection for **selected and specific** agricultural items by:
- a. seeking a waiver of the **40% CET** from the CARICOM Council;
 - b. raising tariff levels to the ceiling allowable under the WTO;
 - c. continuing to apply, in addition, stamp duties where this is permissible under the WTO and relevant World Bank Agreements.
- 3.5 Two important considerations in selecting agricultural items for this protection would be the cost of living implication and domestic capacity to meet demand.
- 3.6 In addition to the foregoing protection which could be legally provided with the **appropriate** CARICOM waiver, it is necessary that an effective import and export monitoring programme be put in place.

4.0 **IMPORT/EXPORT MONITORING AND STANDARDS**

- 4.1 The purpose of this monitoring is and should continue to be to enforce sanitary, phyto-sanitary and technical standards so as to safeguard the health and safety of consumers and the environment. Efforts to have Jamaica's regulatory and standards organizations pursue a "hidden agenda" of erecting

illicit non-tariff barriers (NTBs) to trade will eventually:

- undermine the credibility of those very organizations;
- reduce the willingness of foreign counterpart organizations and trading partners to accept their findings in regard to both imports and exports;
- engender uncertainty, lack of transparency and unpredictability in the trading environment; and
- encourage the corruption that often results when the rules are not known, or when known rules can be varied arbitrarily or subjectively by implementing entities.

4.2. The "agenda" of our regulatory and standards organizations should be a transparent one, based upon internationally agreed or accepted standards, or upon regional or national norms and standards that can stand scrutiny. This is not mere reflexive adherence to the rules. As a small developing country reliant on trade, and seeking to pursue an export-led growth strategy, encouraging this approach nationally and internationally serves our interests.

4.3 It should be understood that agreements to which Jamaica is a signatory, such as the WTO Agreements on Sanitary and Phyto-sanitary Measures and on Technical Barriers to Trade, recognize that each country has the right to establish standards it considers appropriate for the protection of human, animal or plant life and health, or of the environment, and is free to take measures to ensure these standards are met. At the same time, it is a requirement that the standards countries set and the measures and procedures used to implement them do not create unnecessary obstacles to trade. It is a further requirement that such measures do not arbitrarily discriminate between trading partners or between domestic and imported products, and, in the case of the standards themselves, have some scientific and verifiable basis. As a result, and so as to reduce arbitrariness, international harmonization of standards is actively promoted and countries are encouraged to adhere to commonly agreed international or regional standards and guidelines, where these exist.

4.4 It is evident that standards can and are misused by some countries as non-tariff barriers (NTBs) to shield domestic producers from competition. However, it is less evident that Jamaica's interests will be served by encouraging internationally deviant behaviour in regard to standards and by inviting retaliatory measures against the country's exports from major trading partners which would almost certainly be the case should Jamaica begin to apply standards that differ significantly from international and/or regional

norms.

- 4.5 Having stated this, there is scope for a strengthened and more effective role for Jamaica's standards and regulatory organizations. Discussions suggest that this will require increased resources and strengthened legislation. A brief review of the roles and functions, and as appropriate, needs of the major regulatory and standards organizations, follows:

4.6 **Trade Board Ltd.**

- 4.6.1 The Trade Board is an agency of the Ministry of Industry, Investment and Commerce. It was incorporated in 1982 and operates under the legal authority of the Trade Act, 1955. Under section 12 of the Act, the Minister has delegated the functions of issuing import and export licences to the Trade Administrator. Thirty-nine (39) items currently are subjected to import licences and seventeen (17) to export licences (see Appendix 2). The Trade Board reviews on an ongoing basis the list of items which require licences. It now provides a one-day turnaround for both export and import licences and also provides a same-day service for emergency cases.
- 4.6.2 The relative importance of the Trade Board has naturally diminished with liberalization and the removal of hundreds of items from licensing and quantitative restrictions (QRs). Its primary activity relates now to the issuing of import licences for motor vehicles - an average of 93 per day in 1996.
- 4.6.3 The Trade board has a current staff of thirty-five (35) and a 1996/97 budget of J\$17 million. The Board appears to have a sufficient level of staff and resources to carry out its mandate. It could seek to reduce further turnaround time, and to increase efficiency through computerized links with other entities, primarily the Customs Department and the Revenue Board. However, the costs and benefits need to be carefully examined. The list of items requiring import/export licences must be kept under constant review with a view to further reduction. The phasing out of the Trade Board itself, or its incorporation into another organization must now be seriously considered.

4.7 **Jamaica Bureau of Standards (JBS)**

- 4.7.1 The JBS monitors imported and locally manufactured products. The legal framework for the JBS's operations is embodied in four (4) Acts, namely;
- *The Standards Act* to monitor the quality of goods subject to compulsory Jamaican standards;

- *The Processed Food Act* to ensure that a range of "prescribed foods" under this Act are produced in accordance with set conditions and stipulated grades and standards;
- *The Weights and Measures Act* to check and calibrate the accuracy of weighing and measuring devices for use in trade, and also to check weighing and measuring of retail packages offered for sale to the public;
- *The Petroleum (Quality Control) Act* to conduct sample testing in accordance with the Act in order to detect contamination at outlets retailing leaded and unleaded gasoline, diesel fuel and kerosene.

4.7.2 The JBS also carries out:

- a. The registration of factories and certification of export furniture;
- b. Provision of information on standards in a country to which a company wishes to export;
- c. Auditing to verify conformance with quality system standards, e.g. ISO 9000 as required by overseas customers;
- d. Provision of technical assistance to companies to meet the requirements of the standards of the importing country and tests and audits to verify conformance to product and quality system standards.

4.7.3 The JBS is the contact point for Codex Alimentarius Commission - the international standards setting body for foods, and has available for the use of manufacturers/exporters all Codex drafts and standards. In addition, the JBS is the Technical Barriers to Trade enquiry point for the WTO and accesses information from other WTO signatories regarding standards and legislation in the respective countries. As a member of International Standards Organization (ISO), the JBS also has access to standards from ISO and to standards information from other member bodies.

4.7.4 The JBS has a staff complement of two hundred and sixty-five (265), including many specialized scientists. Its 1996/97 recurrent budget is J\$129.15 million and its capital budget J\$14.3 million. During the current financial year, the JBS is expected to generate J\$25 million from testing and other services sold to the trade.

4.7.5 The JBS has built a significant reputation as a developing country standards organization of competence. As recently as last year, the JBS was called upon to resolve a dispute between Belize and Trinidad concerning whether

match splints exported to Belize from Trinidad met Trinidadian standards.

- 4.7.6 A primary challenge facing the JBS is implementation of an effective import monitoring programme. Such a programme already has been approved by Cabinet. The Standards Compliance Programme (SCP) requires that the JBS monitors imports to ensure they meet **compulsory standards**, that is, those standards which relate to *health, safety, the environment and labelling*. Compulsory standards must be met by all products, **both locally produced and imported**. Voluntary standards are those which do not impact on *health, safety, the environment and labelling*, and are optional standards.
- 4.7.7 It is important to emphasize this last point since in the absence of even estimated data on what proportion of Jamaica's US\$2.9 billion imports violate, or are even governed by compulsory standards, there may be unwarranted optimism regarding the extent to which a rigorous import monitoring programme will relieve the competition faced by local producers.
- 4.7.8 It is also important to recognize the distinction between products that are merely cheap, that is, that are low priced and of poor quality (sometimes colloquially referred to as "sub-standard") and products that do violate compulsory standards pertaining to *health, safety, the environment and labelling*. This important distinction aside, it should be noted that the JBS has found **violations** of compulsory standards by a number of products in recent years, e.g. metre sockets, crayons, electric fans, gas stoves.
- 4.7.9 **Status of Standards Compliance Programme:** It is clearly necessary to continue and intensify the import monitoring programme. For this, the JBS will require increased financial resources. As approved by Cabinet, and as agreed in consultations with the private sector, the cost of an effective import monitoring programme would be funded by a levy of 1/10 of 1% by the JBS on imports, but with raw materials and capital goods being excluded from the levy. The JBS has estimated that for it to implement an effective import monitoring programme would cost J\$75.7 million in 1997/98. On the other hand, the revenues it expects to receive from the 1/10 of 1% level, given the exceptions, would only be J\$14.1 million.
- 4.7.10 As a consequence, the JBS wishes to have re-examined the matter of the exempting of raw materials and capital goods from the levy. The private sector, after having initially agreed to the levy with the stated exceptions, appears now to be opposed to this manner of funding the import monitoring programme, although at a recent meeting with Minister Robertson, the President of the Jamaica Manufacturers' Association (JMA) undertook to take to his Board for consideration the question of the implementation of a programme which does not exempt raw materials and capital goods from the

levy provided that the JBS delivers guarantees of performance.

4.7.11 Several relevant issues might be noted here:

- Firstly, a levy of 1/10 of 1% on **all** imports will yield J\$102 million.
- Secondly, with the possible exception of labelling, no **compulsory** standards exist for most of the products imported into Jamaica and which will be subjected to the levy.
- Thirdly, an import monitoring programme that focusses on the ports of entry will miss illicit imports which may be even more likely to violate *health, safety and labelling* standards, and which will turn up in the trade. With revenues linked to monitoring at the ports, attention would need to be paid to ensuring that violations of compulsory standards by domestic producers and by illicit imports are subjected to **equal** level of scrutiny.
- Fourthly, the open-ended nature of the levy needs to be considered carefully since the cost will be passed through the distribution and production stages to the consumer. A 1/10 of 1% charge will grow in absolute terms **as the import bill grows**, and this increase in revenues collected would have no necessary relationship to the cost of providing the service.

4.7.12 These appear to be the source of the private sector concern that it is being asked to fund the JBS. An incidental point is that a fundamental principle applicable to charges at the border (other than tariff) is that, if WTO consistency is to be assured, such charges must reflect the actual cost of the services rendered. This is to ensure that protective tariffs disguised as user fees are not applied.

4.7.13 Alternatively, a levy, the size of which should be determined, could be imposed on **all imports to which compulsory standards apply**.

4.7.14 **Legislative Constraints:** The Standards Act does not now provide the JBS with the power to seize and destroy goods that violate compulsory standards. This is **essential** to ensure compliance. A Bill conferring this power on the JBS is now with the Chief Parliamentary Counsel.

4.7.15 **Human Resource Constraints:** The JBS has continuously suffered from a high level of staff turnover because of the technical and scientific qualifications of its staff and their attractiveness to private sector employers. The JBS is committed to and is willing to sell a range of services to the private sector so as to enhance revenue generation. It is important that the

reward/remuneration of technical and scientific personnel in the regulatory and standards development and monitoring field be given special attention. This may be addressed in the context of the Public Sector Modernization Programme, under which the JBS is slated to become an executive agency.

4.7.17 Privatization of Services: While the increased sale of services to the private sector by the JBS is to be encouraged, it is imperative that in this - as in other areas - the divestment/privatization of some of these services is simultaneously pursued. In the case of the JBS, the accreditation of private laboratories to carry out testing and certification should be done as expeditiously as possible in accordance with often stated Government policy.

4.7.18 The country and the JBS will benefit by a transition away from the JBS as a monopoly provider of testing and certification services, towards a situation where a range of standards services are competitively priced and more widely available in the market place. The JBS will among other functions monitor quality and enforce standards.

4.8 Food Storage and Prevention of Infestation Division (FSPID)

4.8.1 This Division falls under the Ministry of Industry, Investment and Commerce, and has the responsibility to ensure the safety and wholesomeness of all foods whether for the local market or destined for export markets. It does so in accordance with *The Food Storage and Prevention of Infestation Act, 1958*. The FSPID provides testing and certification services in respect of durable and perishable agricultural products as well as services to ensure the safe and effective use of chemicals.

4.8.2 The FSPID carries out island-wide inspection and monitors all facilities that produce, manufacture or store food or animal feed. It condemns and seizes commodities which do not meet required standards. It does not currently have the manpower to monitor all exports; and so the onus is on the exporters to inform the FSPID whenever they want a shipment inspected, disinfested and certified. Presently, the FSPID has a certification programme with several exporters, in which each shipment is inspected, sampled, fumigated and certified.

4.8.3 In the case of imports, the FSPID inspects all ships and containers, fumigating and carrying out other disinfestation practices, where necessary. It carries out physical inspection and laboratory analysis of imported food consignments. An increasingly important part of the FSPID's work is residual analysis. With the increasing use of pesticides and other chemicals in food production, the need for this type of analysis has grown significantly. The FSPID has a modern laboratory which is dedicated solely to the testing of food and feed

for residues of pesticides. It is the Division's intention to eventually test all food and feed commodities, domestic or imported, for pesticide residues.

4.8.4 The FSPID's goal is to be in position to test all perishables, whether imported or to be exported. The laboratory presently has a capacity of sixty (60) samples per month. The demand for testing far exceeds this. It is not expected to exceed three thousand (3,000) samples per year.

4.8.5 **Legislative Constraints:** *The Food Storage and Prevention of Infestation Act, 1958* needs to be amended to reflect increased fines and charges for services.

4.8.6 **Human Resource Constraints:** The Division has only fourteen (14) inspectors to cover the entire country. This is inadequate. A minimum of twenty (21) inspectors is considered necessary.

4.8.7 **Equipment Constraints:** Residue testing capacity can easily be increased by the purchase of a faster computer and related equipment. It will be recalled that last year some shipments of callaloo, papayas and hot peppers were rejected by the U.S.A. and some European countries because of the presence of pesticide residues. There is a great need to enhance import and export pesticide residue testing capacity. The estimated cost of the needed equipment is J\$1.27 million. This would raise testing capacity to about one thousand (1,000) samples per year. In the longer term however, additional resources and equipment would be needed to raise testing capacity to meet an estimated demand level of three thousand (3,000) samples per year.

4.9 **Pesticides Control Authority (PCA)**

4.9.1 The PCA, an agency of the Ministry of Health, administers the Pesticides Act, 1975 and the Pesticides Regulations, 1995. Under the Act, the Authority is required to make provisions for regulating the importation, manufacture, sale and use of pesticides, for the licensing of pest control operators and for matters connected therewith or incidental thereto. The PCA's role includes the registration of pesticides and, after due diligence regarding safety and conditions of use, the issuing of pesticide import licences.

4.9.2 A clear functional relationship would seem to exist between the Food Storage and Prevention of Infestation Division and the PCA. The PCA registers pesticides, and licenses operators. The FSPID will increasingly be engaged in pesticide residue testing, and is to begin in 1997 mid-July a programme for training and certifying pest control operators. This programme should be a vehicle for closer co-operation and collaboration between the FSPID, the PCA and the Ministry of Agriculture and Mining which certifies users of pesticides in the agricultural sector.

4.10. Veterinary Services Division (VSD)

4.10.1 This Division of the Ministry of Agriculture and Mining carries out veterinary quarantine inspection and certification of live animals, poultry, sea food and carcasses being imported into or being exported from Jamaica. The VSD acts in accordance with, inter alia, the Animal (Disease and Importation) Law (1948), its regulations and subsequent amendments.

4.10.2 The VSD has one of the two dedicated laboratories for residue testing in the country - the other being located, as indicated earlier, at the FSPID. It has a J\$10 million modern laboratory to test animals and animal products, sea food, poultry, milk and the like for residues, hormones, aflotoxins and for various animal diseases. In the case of Jamaica's exports, the importing country provides a profile of what the Division should test for before it certifies the product for export. In the case of Jamaica's imports of the above-mentioned products, the Division decides what tests to undertake pursuant to the need to safeguard the health and safety of consumers and of Jamaica's livestock population.

4.11 Plant Quarantine/Produce Inspection Division

4.11.1 This Division of the Ministry of Agriculture and Mining implements the provisions of the Plants (Quarantine) Act, 1993. It carries out examination of "all species and types of plants, either living or dead" for the purpose of import and export certification.

4.11.2 Each shipment of agricultural produce leaving the island must be inspected and certified by the Plant Quarantine/Produce inspectors. This is to ensure that only good quality, properly packaged and pest-free produce is exported. On the import side, an import permit is required for the importation of all agricultural products, plants or plant parts. The Plant Quarantine/Produce Inspection Division will normally issue a permit which stipulates the phyto-sanitary conditions that must be met before the plant or plant product will be allowed entry. This permit is sent to the counterpart Government agency in the supplier country, which in turn issues a phyto-sanitary certificate indicating compliance with the stipulated requirements. When the shipment arrives in Jamaica, it is inspected by the Division to ensure compliance and released, if indeed the stipulated requirements have been met. Should the requirement be not met, the Division may mandate (i) treatment; (ii) destruction; (iii) return of product to country of origin.

4.11.3 The process is clearly a complex one with potential for bottlenecks, inconvenience and unanticipated cost to both importers and exporters. It is a system which is likely to function **effectively** only if the resources are in

place - a shortage of inspectors, for example, will delay inspection - and when procedures and standards are known.

4.12 Pharmaceutical Services Division (PSD)

4.12.1 This Division of the Ministry of Health regulates the trade in manufacture of pharmaceutical, chemicals, cosmetics and related products in accordance with the Food and Drugs Act, 1964. It monitors and controls the trade in and manufacture of psychotropic substances and narcotics. It has emerged as a leader in regulatory affairs in the English-speaking Caribbean region. The examination and assessment of the safety and efficacy of imported pharmaceutical are carried out by the Division's drug inspectors, who are qualified pharmacists.

4.12.2 The PSD provides a "fast track" same-day service and also handles the issuing of permits for "life-saving substances" on an immediate basis. It has a particularly critical role to play in protecting the safety of consumers in this very sensitive area, and in containing the illicit production and trade in narcotics and psychotropic substances.

5.0 ROLE OF TRADE REMEDY LEGISLATION

5.1 To support the more vigorous legitimate use of standards, the importance of trade remedy legislation should be emphasized. Anti-Dumping legislation should be in place shortly, being ready now for the Legislation Committee. As in the case of standards, even informed comment often gives a colloquial interpretation to dumping as being "cheap imports". However, it must be emphasized that anti-dumping legislation will not protect against "cheap imports" per se, but only against imports sold in the export market at a price below that which obtains for the product in the home market, or alternatively, below the product's cost of production. Furthermore, rigorous procedures for establishing that the product is being dumped apply, and that, if so, an industry in the importing country is, in fact, being injured.

5.2 An important point to note is that the Ant-Dumping Agreement was strengthened in the Uruguay Round to make it **more difficult** for countries to take unwarranted action against imports, and thus use anti-dumping legislation as a **disguised barrier to trade**. Countries across the globe are now putting in place or amending anti-dumping legislation in keeping with the WTO's Anti-Dumping Agreement.

6.0 SUMMARY AND RECOMMENDATIONS

- 6.1 This paper has sought to examine recent trade data on imports and to do so in the context of the widespread view that Jamaica is being flooded with imported and often sub-standard goods that compete against local producers. It does not find that the data supports this view, but does consider that **time-bound** and **targeted** relief should be provided for **selected** agricultural items. It cautions, however, that very high levels of protection already exist on most agricultural products, and that still higher protective levels will have significant price implications for consumers.
- 6.2 The paper rejects the misuse of standards as non-tariff barriers. It contends that this will:
- undermine the credibility of Jamaica's standards setting and monitoring organizations;
 - invite retaliation from trading partners,
 - create excessive degrees of freedom for technocrats and officials in determining what comes into the country and what does not;
 - encourage the circumvention of unreasonable or unpredictable measures by importers; and
 - generally contribute to uncertainty facing commercial operators.
- 6.3 The paper suggests, however, that the legitimate application of standards must be promoted and the resources, both human and financial, should be provided to state entities in this area. However, it finds no basis for believing that the level of imports into the country - US\$2.9 billion in 1996/97 - will be **significantly** altered by the more rigorous enforcement of standards.
- 6.4 In the first place, only compulsory standards are relevant in this context. Secondly, the overwhelming majority of Jamaica's imports come from countries where product standards are equal to or more rigorous than those applicable in Jamaica. Since these products are rarely produced for export alone, the standards applicable in the domestic market of the exporting country must be met. Even in the case of Asian imports, these same products are usually exported to Europe and North America as well, and are monitored in those markets also for standards contravention.

- 6.5 It must be emphasized that the foregoing does not suggest that products which violate standards do not enter the Jamaican market. It suggests that a more conservative perception of the volume and frequency of such violations might be a more realistic one, and significant competitive relief might not come through legitimate application of standards.
- 6.6 Jamaica should, in keeping with the National Industrial Policy, focus on export competitiveness in both goods and services, and not the containment of imports through illicit or non-transparent measures, which will impose hidden costs on the economy and ultimately detract from efficiency and the building of competitiveness. An important part of the strategy should be engendering of a culture of efficiency, transparency and facilitation in regard to trade. The rationalization and modernization of the delivery of services relating to trade is a critical intervention point for creating such a change.
- 6.7 The Food Storage and Prevention of Infestation Division of the Ministry of Industry, Investment and Commerce, the Pesticides Control Authority of the Ministry of Health and the Veterinary Services Division and Plant Quarantine/Produce Inspection Division of the Ministry of Agriculture and Mining, while specialized and differentiated in some respects, seem to have enough of a commonality of functions relating to inspection, testing, certification and/or permit issuance for imports and exports, to suggest strongly that their rationalization, including as appropriate, a common location, infrastructure etc. could be considered.
- 6.8 It is an initial view of the Ministry that these entities could be part of a dynamic Import/Export Authority, (IMPEX), that would be provided with the resources, and staff to effect a qualitative change in the delivery of services in these areas and to help lead the modernization of Jamaica's border and related services. Consideration might also be given to including the Trade Board in such a modern and multi-functional authority. It is strongly recommended that this proposal be considered, possibly by engaging an extra-systemic individual or entity to examine and assess its merit and viability.
- 6.9 **Included in this consideration should be the possibility of accrediting private laboratories for residue testing and other related services to the trade.**

APPENDIX I

		I M P O R T S			O F			S E L E C T E D			A G R I - B A S E D			I T E M S		
		<----- 1993 -----><-----			1994 -----><-----			1995 -----><-----			1996 ----->					
HS Code	Product Description	Qty. (kg)	US\$ Value	Unit Price	Qty. (kg)	US\$ Value	Unit Price	Qty. (kg)	US\$ Value	Unit Price	Qty. (kg)	US\$ Value	Unit Price	C. Duty	AS Duty	GCT
0201.1000.00	Carcasses & half-carcasses of bovine animals, fres	0	0	0.0000	190	591	3.1105	0	0	0.0000	0	0	0.0000	40%	32.8571%	
0201.2090.00	Meat of bovine animals, cuts with bone in (other t	0	0	0.0000	1,708	8,388	4.9110	0	0	0.0000	0	0	0.0000	40%	32.8571%	
0201.3010.00	Tenderloin, of bovine animals, fresh or chilled	0	0	0.0000	1,777	11,438	6.4367	377	6,840	18.1432	0	0	0.0000	40%	32.8571%	
0201.3020.00	Sirloin, of bovine animals, fresh or chilled	0	0	0.0000	3,626	19,285	5.3185	0	0	0.0000	0	0	0.0000	40%	32.8571%	
0201.3030.00	Minced (ground) of bovine animals, fresh or chille	0	0	0.0000	14	63	4.5000	184	726	3.9457	90	304	3.3778	40%		
0201.3090.00	Other	2,166	12,008	5.5439	1,135	6,863	6.0467	0	0	0.0000	1,662	13,745	8.2702	40%		
0201.3090.10	Boneless beef trimmings, fresh or chilled	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	202	1,672	8.2772	19,073	38,566	2.0220	40%		
0201.3090.90	Meat of bovine animals, nesoi, fresh or chilled	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	181	1,496	8.2652	98	379	3.8673	40%	32.8571%	
0202.2010.00	Brisket of bovine animals, frozen	0	0	0.0000	503	1,893	3.7634	1,404	5,580	3.9744	163	901	5.5276	40%	32.8571%	
0202.2090.00	Meat of bovine animals, cuts with bone in (other t	7,562	37,566	4.9677	21,268	69,371	3.2618	17,068	86,875	5.0899	1,662	13,745	8.2702	40%	32.8571%	
0202.3010.00	Tenderloin, of bovine animals, frozen	18,445	195,885	10.6200	21,184	216,998	10.2435	24,094	248,055	10.2953	31,091	270,591	8.7032	40%	32.8571%	
0202.3020.00	Sirloin, of bovine animals, frozen	120	416	3.4667	5,154	21,556	4.1824	237	2,234	9.4262	929	1,572	1.6921	40%	32.8571%	
0202.3030.00	Minced (ground) of bovine animals, frozen	66,792	315,855	4.7289	1,381	4,963	3.5938	10,756	26,234	2.4390	57,533	139,360	2.4223	40%		
0202.3090.00	Meat of bovine animals, nesoi, frozen	85,552	444,647	5.1974	85,552	444,647	5.1974	n.a.	n.a.	n.a.	45,987	171,611	3.7317	40%		
0202.3090.10	Boneless beef trimmings, frozen	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	23,075	111,517	4.8328	136	6341	46.6250	40%		
0202.3090.90	Cuts of meat of bovine animals, frozen, nesoi	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	77,279	404,149	5.2297	80,480	353,581	4.3934	40%	32.8571%	
0203.2200.00	Hams, shoulders & thereof of swine, with bone in,	0	0	0.0000	33,495	60,670	1.8113	52,539	85,061	1.6190	26,096	58,018	2.2233	40%	32.8571%	
0203.2900.00	Meat of swine, nesoi, frozen	27	66	2.4444	9,699	20,285	2.0915	10,183	17,641	1.7324	24,653	63,399	2.5717	40%	32.8571%	
0206.4910.00	Pig trotters, frozen	700,700	375,973	0.5366	1,124,285	619,809	0.5513	925,164	482,633	0.5217	958,462	514,050	0.5363	5%		
0207.1000.00	Meat of poultry of heading 01.05, not cut in piece	0	0	0.0000	1,159	4,347	3.7506	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	40%	32.8571%	
0207.2100.00	Meat of Fowls of the species Gallus domesticus, fr	65	770	11.8462	306	2,552	8.3399	1,142	4,696	4.1121	0	0	0.0000	40%	32.8571%	
0207.3900.00	Other poultry	0	0	0.0000	21	267	12.7143	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	40%	32.8571%	
0207.3900.30	Chicken wings, turkey wings, fresh or chilled	0	0	0.0000	n.a.	n.a.	n.a.	543	1,792	3.3002	2,449	3,123	1.2752	40%		
0207.4120.00	Chicken wings, frozen	0	0	0.0000	0	0	0.0000	14,936	14,485	0.9698	0	0	0.0000	0%	80.0000%	
0207.4190.00	Other	10,238,251	7,244,749	0.7076	12,364,628	8,840,351	0.7150	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	40%	32.8571%	
0207.4190.20	Chicken legs, thighs, leg quarters, drumsticks, fr	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11,231,028	10,194,931	0.9077	8,553,117	8,422,382	0.9847	40%	32.8571%	
0701.1000.00	Potatoes, seed, fresh or chilled	866,197	516,995	0.5969	1,212,163	838,418	0.6917	1,212,163	928,205	0.7657	841,527	532,630	0.6329	0%		
0701.9000.00	Potatoes, except seed, fresh or chilled, nesoi	82,047	39,234	0.4782	2,301,558	399,137	0.1734	2,301,558	633,826	0.2754	4,356,659	1,115,473	0.2560	40%		
0702.0000.00	Tomatoes, fresh or chilled	2,869	4,539	1.5821	19,846	15,126	0.7622	19,846	28,396	1.4308	32,696	43,977	1.3450	40%	35.7143%	
0703.1010.00	Onions, fresh or chilled	668,626	232,538	0.3478	3,125,248	620,757	0.1986	3,125,248	900,294	0.2881	5,474,053	1,354,471	0.2474	40%	35.7143%	
0704.0010.00	Cabbages, fresh or chilled	8,285	5,924	0.7150	94,140	14,103	0.1498	94,140	39,925	0.4241	211,875	65,600	0.3096	40%	35.7143%	
0705.1000.00	Lettuce, fresh or chilled	14,620	27,940	1.9111	91,497	71,093	0.7770	91,497	88,427	0.9664	186,309	175,425	0.9416	40%	32.8571%	
0706.0010.00	Carrots, fresh or chilled	6,534	2,815	0.4308	841,185	137,489	0.1634	841,185	258,333	0.3071	1,307,421	362,441	0.2772	40%	35.7143%	
0707.0010.00	Cucumbers	226	146	0.6460	830	105	0.1265	830	416	0.5012	607	362	0.5964	40%		
0709.0060.00	Sweet peppers	2,295	8,985	3.9150	32,089	18,233	0.5682	32,089	38,419	1.1973	53,573	55,051	1.0276	40%	35.7143%	
0713.0010.00	Red kidney beans dried, shelled	856,609	934,996	1.0915	1,225,535	1,164,197	0.9500	1,225,535	1,117,828	0.9121	783,616	660,014	0.8423	40%	35.7143%	
1202.1000.00	Ground nuts, not roasted or otherwise cooked, in s	0	0	0.0000	48	153	3.1875	0	0	0.0000	0	0	0.0000	40%	35.7143%	15%
1202.2010.00	Ground nuts for sowing	0	0	0.0000	0	0	0.0000	0	0	0.0000	0	0	0.0000	0%		
1202.2090.00	Ground nuts, not roasted or otherwise cooked, shel	1,993	2,221	1.1144	156,625	212,485	1.3566	85,600	109,307	1.2770	314,673	887,789	2.8213	40%	35.7143%	15%
		13,629,981	10,404,268		22,777,849	13,845,633		21,420,083	15,839,993		23,366,690	15,324,901				

Legend: C. Duty = Customs Duty; AS Duty = Additional Stamp Duty; GCT = General Consumption Tax

Source: STATIN & Customs Dept.

Prepared by JAMPRO

1997 March 18 (revised)



TRADE BOARD LIMITED

ANY REPLY OR SUBSEQUENT REFERENCE
TO THIS COMMUNICATION SHOULD BE
ADDRESSED TO THE TRADE ADMINISTRATOR
AND NOT TO ANY OFFICER BY NAME
AND THE FOLLOWING REFERENCE
QUOTED:-

Winchester Road, P.O. Box 310, Kingston 14 W.I.
Telephone 926-3130/9

MAY 05, 1995

NO _____

ITEMS SUBJECT TO EXPORT LICENSING

ITEMS

1. AMMUNITION (explosive and firearms)
2. CROCODILES
3. CROCODILE EGGS
4. EGGS (N.O.P.)
5. ANTIQUE FURNITURE
6. GOLD BULLION AND FULLY OR SEMI-MANUFACTURED GOLD (including Jewellery)
7. ORES - MINERALS AND METAL INCLUDING BAUXITE, ALUMINA, GYPSUM
8. PAINTINGS - ANTIQUE
9. PIMENTO
10. PLASMA - IN ANY FORM
11. SUGAR - AS SUGAR
12. WOOD - LIGNUM VITAE AND LOG WOOD ONLY
13. PETROLEUM PRODUCTS
14. MOTOR VEHICLES
15. ANIMALS - LIVE *Subject to convention of International Trade for endangered species administered by NRCA. Other animal exports must continue to comply with guidelines of permits issued by the MOA Veterinary Division, where applicable.
16. JEWELLERY *Excluding those from earth metals
17. SHELLS *Subject to convention of International Trade for endangered species administered by NRCA.



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** TOTAL NO. OF ITEMS - 17 **

LIST OF ITEMS THAT NOW REQUIRE AN IMPORT LICENCE

PAGE 1

<u>Hdg. No.</u>	<u>DESCRIPTION</u>
<u>CHAPTER 4</u>	MILK AND CREAM, CONCENTRATED OR CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER (<u>Only those Hdg. Nos. listed below</u>)
040210	IN POWDER, GRANULES OR OTHER SOLID FORMS, OF A FAT CONTENT (not exceeding 1.5%)
040220	IN POWDER, GRANULES OR OTHER SOLID FORMS, OF A FAT CONTENT (exceeding 1.5%)
<u>CHAPTER 12</u>	
12.11	PLANTS AND PARTS OF PLANTS (INCL. SEEDS & FRUITS), OF A KIND USED ONLY IN PERFUMERY, IN PHARMACY OR FOR INSECTICIDAL, FUNGICIDAL OR SIMILAR PURPOSES, FRESH OR DRIED, WHETHER OR NOT CUT, CRUSHED OR POWDERED. (<u>Only those Hdg. Nos. listed below</u>).
1211009	OTHER PLANT PART FOR PERFUME & PHARMACEUTICAL PURPOSES E.G. CANNABIS AND COCOA LEAF
<u>CHAPTER 13.</u>	
13.01	LAC; NATURAL GUMS, RESINS, GUM-RESINS AND BALSAM (<u>Only those Hdg. Nos. listed below</u>)
1301001	CANNABIS RESIN
13.02	VEGETABLE SAPS AND EXTRACTS; PECTIC SUBSTANCES, PECTINATES AND PECTATES; AGAR-AGAR AND OTHER

<u>Hdg. No.</u>	<u>DESCRIPTION</u>
	MUCILAGES AND THICKENERS, WHETHER OR NOT MODIFIED, DERIVED FROM VEGETABLE PRODUCTS (<u>Only the Hdg. No. listed below</u>)
130210	VEGETABLE SAPS & EXTRACTS E.G. AGAR-AGAR, CONCENTRATE OF POPPY STRAW, EXTRACTS & TINCTURES OF CANNABIS & OPIUM
<u>CHAPTER 28.</u>	
28.04	HYDROGEN, RARE GASES AND OTHER NON-METALS (<u>Only those Hdg. Nos. listed below</u>)
280410	HYDROGEN
280420	RARE GASES
28.07	SULPHURIC ACID; OLEUM (<u>Only those Hdg. Nos. listed below</u>)
2807001	SULPHURIC ACID, FOR CHEMICAL ANALYSIS
2807002	SULPHURIC ACID, OTHER
2807003	OLEUM
<u>CHAPTER 36.</u>	
360100	PROPELLANT POWDERS
360200	PREPARED EXPLOSIVES OTHER THAN PROPELLANT POWDERS
360300	SAFETY FUSES; DETONATING FUSES; PERCUSSION OR DETONATING CAPS; IGNITERS; ELECTRIC DETONATORS.
3604	FIREWORKS, SIGNALLING FLARES, RAIN ROCKETS, FOG SIGNALS AND OTHER PYROTECHNIC ARTICLES. (<u>Only those Hdg. Nos. listed below</u>)
360410	FIREWORKS

3604909 OTHER

CHAPTER 87.

87.02 PUBLIC-TRANSPORT TYPE PASSENGER MOTOR VEHICLES
(All Hdg. Nos)

87.03 MOTOR CARS AND OTHER MOTOR VEHICLES INCL. STATION
WAGON AND RACING CARS. (All Hdg. Nos)

87.04 MOTOR VEHICLES FOR THE TRANSPORT OF GOODS.
(Excl. Pick-Ups & Trucks over 3 Tons; All Hdg.
Nos)

870600 CHASSIS FIITED WITH ENGINES (For Motor Vehicles of
Hdg. Nos. 87.02 to 87.05

8706009 OTHER CHASSIS FIITED WITH ENGINES

8707 BODIES (Incl. Cabs) FOR THE MOTOR VEHICLES OF HDG.
NOS. 87.02 - 87.04 (Excl. Cabs for P/Ups)

8707001 BUS BODIES

8707009 OTHER BODIES

871000 TANK & OTHER ARMoured FIGHTING VEHICLES

8711 MOTORCYCLES (INCLUDING MOPEDS) AND CYCLES FITTED
WITH AN AUXILIARY MOTOR, WITH OR WITHOUT SIDE-
CARS; SIDE-CARS (Only those Hdg. Nos. listed
below)

871140 600 c.c - 800 c.c

871150 OVER 800 c.c

871190 OTHER MOTOR/AUTO CYCLES & SIDE CAR (600 c.c and
OVER

87.14 PARTS AND ACCESSORIES OF VEHICLES OF HDG. NOS.

87.11

871410 PARTS & ACCESSORIES (For Hdg. No. 8711)

CHAPTER 89

8906 OTHER VESSELS, INCL. WARSHIPS AND LIFEBOATS
OTHER THAN ROWING BOATS (Only those Hdg. Nos.
listed below)

8906001 VESSELS EXCEEDING 708 CUBIC METRES (Warship Only)

8906009 OTHER

CHAPTER 93

930100 MILITARY WEAPONS, OTHER THAN REVOLVERS, PISTOLS AND
THE ARMS OF HDG. NO. 93.07.00

930200 REVOLVERS AND PISTOLS OTHER THAN THOSE OF HDG. NOS.
93.03 OR 93.04.00.

9303 OTHER FIREARMS AND SIMILAR DEVICES WHICH OPERATES
BY THE FIRING OF AN EXPLOSIVE CHARGE (Only those
Hdg. Nos. listed below)

9303001 LIGHT PISTOLS AND OTHER DEVICES e.g. FLARES, ETC.

9303009 OTHER

930400 OTHER ARMS (RIFLE, AIR/SPRING GUNS, PISTOL, ETC.
INCL. THOSE OF HDG. NO. 93.07.00)

930500 PARTS AND ACCESORIES OF ARTICLES IN 93.01 - 93.04

93.06 BOMBS, GRENADES, TORPEDOES, MINES, MISSILES, AND
SIMILAR MUNITIONS OF WAR AND PARTS THEREOF;
CARTRIDGES AND OTHER AMMUNITION AND PROJECTILES AND
PARTS THEREOF, INCL. SHOT AND CARTRIDGE WADS. (Only

LIST OF ITEMS THAT NOW REQUIRE AN IMPORT LICENCE

PAGE 5

those Hdg. Nos. listed below)

9306002

AMMO/PARTS TARGET SHOOTING

9306009

AMMUNITION OF WAR & PARTS THEREOF 93.07

9306010

ARMS, INCLUDING DAGGERS, DAGGERS, LANCES AND SIMILAR
ARMS AND PARTS THEREOF AND SCABBARDS AND SHEATHS
THEREFOR

CHAPTER 95

95.03

OTHER TOYS; REDUCED-SIZE ("SCALE") MODELS AND
SIMILAR RECREATIONAL MODELS, WORKING OR NOT;
PUZZLES OF ALL KINDS (Only the Hdg. No. listed
below)

950390

OTHER (TOY GUNS FOR RECREATION INCL WATER PISTOLS)

95.04

ARTICLES FOR FUNFAIR, TABLE OR PARLOUR GAMES, INCL.
PINTABLES, BILLIARDS, SPECIAL TABLES FOR CASINO
GAMES AND AUTOMATIC BOWLING ALLEY EQUIPMENT. (Only
those Hdg. Nos. listed below)

950410

VIDEO GAMES OF A KIND USED WITH TELEVISION RECEIVER

950430

OTHER GAMES, COIN OR DISC-OPERATED AMUSEMENT
MACHINE, OTHER THAN BOWLING ALLEY EQUIPMENT

DC 7 OPM3/97

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(Pursuant to Sec. 12 of Act of 1974)

P.O. Box 899, Kingston Jamaica, Telephone 9609690-9 Telex: 920-0379

BAUXITE PRODUCTION LEVY

CAPITAL DEVELOPMENT FUND	J\$M	J\$M
Net Bauxite Levy received to March 31, 1996		12 921.41
ADD: Levy received to February 1997		<u>2 243.34</u>
		15 164.75
ADD: Retained Earnings		<u>1 851.87</u>
		17 016.62
LESS: Transfers to Consolidated Fund		
1974/75	85.00	
1975/76	125.00	
1976/77	80.00	
1977/78	110.00	
1978/79	268.00	
1979/80	232.50	
1980/81	230.00	
1981/82	300.00	
1982/83	182.00	
1983/84	140.00	
1984/85	397.00	
1985/86	204.00	
1986/87	414.00	
1987/88	269.00	
1988/89	315.00	
1989/90	265.00	
1990/91	555.40	
1991/92	1 050.00	
1992/93	-	
1993/94	2 000.00	
1994/95	1 500.00	
1995/96	4 256.00	
1996/97	1 500.00	
		<u>14 477.90</u>
		2 538.72
LESS: Grants		<u>170.58</u>
		<u>2 368.14</u>
Investment by National Investment Bank of Jamaica Limited		706.43
Cash Balances, Money Employed		<u>1 661.71</u>
		<u>2 368.14</u>

B. INVESTMENT BY NATIONAL INVESTMENT BANK OF JAMAICA LIMITED

	J\$M	J\$M
Port Authority of Jamaica	2.54	
Government of Jamaica - Debentures	<u>2.52</u>	
		5.06
Caribbean Cement Co. Ltd.	13.93	
Ja. Producers Aqualapia Ltd.	<u>23.00</u>	
		36.93
Braco Resorts Ltd.	20.00	
Western Banana Developments Ltd.	12.00	
Trelawny Bauxite Alumina Project	30.00	
Fellowship Hall Industrial Complex	16.00	
Real Resorts	75.94	
Clarendon Lime Project	<u>10.50</u>	
		164.44
Shares		<u>500.00</u>
		<u>706.43</u>

C. NET BAUXITE LEVY RECEIVED 1996/97

Cash & Other Balances at B.O.J. - 1/4/96

Cash	666.41	
LRS	<u>413.17</u>	
		1 079.58

BAUXITE PRODUCTION LEVY

RECEIPTS:	April	241.71	
	May	214.79	
	June	263.02	
	July	93.99	
	August	204.71	
	September	181.76	
	October	278.22	
	November	186.05	
	December	162.73	
	January	220.67	
	February	195.69	
			<u>2 243.34</u>
			3 322.92

LESS: Transfer to NIBJ re investment	10.5	
Transfer to NIBJ re shares	125.0	
Grants to JBI	10.0	
Transfer to NIBJ re shares	250.0	
Grants to JBI	10.0	
Grants for bauxite com. project	30.0	
Transfer to consolidated Fund	1 500.0	
Transfer to NIBJ re shares	125.0	
		<u>2 060.50</u>
		1 262.42

ADD: Other Receipts (Interest Earned)

		399.29
		<u>1 661.71</u>
Cash at B.O.J.	1 211.11	
L.R.S.	386.85	
Treasury Bills	<u>63.75</u>	
	<u>1 661.71</u>	