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DC 6/97

MEETING OF THE DEVELOPMENT COUNCIL
BANQUET HALL, JAMAICA HOUSE
Wednesday, November 12, 1997, Commencing at 10:00am

AGENDA

1.	Call to Order/Opening Remarks - Hon. Prime Minister - Chairman	[5 minutes]
2.	Apologies for Absence	[1 minute]
3.	Confirming of Minutes of September 12 & 13, 1997	[1 minute]
4.	MATTERS ARISING:	[20 minutes]
	4.1 Productivity - (see pp. 9-11 of Minutes DC 5/97)	
	4.2 Report on Tourism Sector - Update on Hotel Projects - (see pp. 33-40 of Minutes DC 5/97)	
	4.3 Report on Manufacture & Service Sector	
	4.4 Status of the Agriculture Sector - (see pp. 42-45 of Minutes DC 5/97)	
	4.5 Status of the Telecommunication Sector	
	4.6 Status of the Informatics Sector	
5.	National Industrial Policy Implementation Update	[10 minutes]
6.	NIBJ Investment Projects & Debt Financing - (DC 56 /OPM(NIBJ) 23/97)	[5 minutes]
7.	Jamaica Railway Corporation	[5 minutes]
8.	Report on Port Royal - Mr. Robert Stephens	[20 minutes]
9.	Any Other Business	
10.	Date of Next Meeting	
11.	Adjournment	

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5. National Industrial Policy Implementation Update [10 minutes]
6. NIBJ Investment Projects & Debt Financing - (DC 56 /OPM(NIBJ) 23/97) [5 minutes]
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CABINET OFFICE
OFFICE OF THE PRIME MINISTER
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FACSIMILE TRANSMISSION COVER PAGE

TO : Mrs. M. Tate

FROM : Mrs Michele Alexander

FAX# : 929005

DATE : November 10, 1997

BRIEF MESSAGE:

Please find attached, a copy of the Agenda for the Development Council Meeting for the HPM.

No. of pages (including Cover page): 2

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MEETING OF THE
DEVELOPMENT COUNCIL
WEDNESDAY, NOVEMBER 12, 1997
10.20 A.M.

PRESENT:

Rt. Hon. P. J. Patterson, Q.C., Prime Minister
Hon. Horace Clarke, Minister of Agriculture and Mining
Hon. Robert Pickersgill, Minister of Public Utilities and Transport
Dr. the Hon. Paul Robertson, Minister of Industry, Investment and Commerce
Hon. Miss Shirley Tyndall, O.J., C.D., Financial Secretary
Mr. Ransford Smith, Permanent Secretary, MIIC
Mr. Derek Latibeaudierre, Governor, Bank of Jamaica
Dr. Wesley Hughes, Director General, PIOJ
Hon. David Coore, O.J., Q.C., Chairman, NIBJ
Mr. Kingsley Thomas, Agricultural Credit Bank
Mr. Nathan Richards, National Development Bank
Mrs. Pat Francis, President, JAMPRO
Professor Don Harris, Office of the Prime Minister
Mrs. Maureen Stephenson-Vernon, Office of the Prime Minister

IN ATTENDANCE:

Mrs. Veniece Pottinger, JAMPRO
Mr. Brian Wynter, Bank of Jamaica
Ms Ute Schumacher, Technical Secretariat, Development Council
Ms. Michele Alexander, Cabinet Office

APOLOGIES FOR ABSENCE

Apologies were tendered for the absence of -

Hon. Dr. Carlton Davis, O.J., C.D., Cabinet Secretary/ Permanent Secretary, OPM
Dr. the Hon. Omar Davies, Minister of Finance and Planning
Hon. Francis Tulloch, Minister of Tourism
Mrs. Charmaine Constantine, C.D., Permanent Secretary, OPM

CONFIRMATION OF MINUTES

Minutes No. DC5/97 were confirmed.

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MATTERS ARISING FROM MINUTES

(i) Productivity

Mrs. Pottinger reported that a framework document had been developed, within which a productivity study was to be done.
Thereafter, a full paper would be presented.

Concerning the request for the involvement of the Technical Secretariat, Mrs. Pottinger said preliminary discussions had been held on which there would be further development.

(ii) Report on Tourism Sector - Update on Hotel Projects

The Prime Minister referred to a letter he had received from Drax Hall Holdings Limited (Peter Buckley), which in essence stated that their application to the NIBJ, in connection with the Marriott Hotel project, which was expected to have been finally approved by the Board, had been delayed, on the ground that "all hotel projects have been put on hold awaiting a master-plan from the Minister of Tourism for financial support to tourism developments."

This, the Prime Minister said he found extremely strange, as he did not recall any such decision being taken by the Development Council.
He made reference to what was in fact mentioned -

(a) It was considered important to make sure that there was a proper balance between what was being done in respect of other sectors and what was applied to tourism;

(b) insofar as new projects for tourism were concerned, it would be necessary to look at their viability in terms of occupancy levels and the kind of clientele being attracted.

It was, however, never contemplated to defer projects in the pipeline.

Mr. Coore explained that Marriott had indicated a financing gap of US$15M; requested an additional US$10M from NIBJ; and advised that the remaining US$5M would be underwritten by BNS. Subsequently, Mr. Coore said, Marriott advised that BNS would only be able to underwrite US$2.5M and had requested that the remaining US$2.5M be covered by the NIBJ.

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Mr. Coore said that the NIBJ was quite prepared to consider the US$10M, but was concerned about the additional US$2.5M.

The Prime Minister mentioned that Minister Tulloch had also written expressing surprise over Mr. Buckley's comments that the NIBJ had indicated that there was a hold on Tourism Projects pending the presentation of a Tourism Plan. He indicated further that the Minister had given his full support to the NIBJ's view on the matter.

(iii) Status of the Agricultural Sector

Minister Horace Clarke referred to the decline in agricultural production during 1997. He said that in some areas an enormous amount of resources was required, some of which had been identified. The problem was that there were calls from all sub-sectors, and failure to address all simultaneously had led to criticisms of neglect.

Minister Clarke said that with the improvement in the weather conditions, serious efforts had to be made between January and March next year to regain lost ground.

(iv) Status of the Telecommunication Sector

Minister Pickersgill said that the Committee had some misgivings in terms of the draft Telecommunications Policy.
The Minister said that a Note had been prepared for submission to Cabinet to give an update on the recommendations. The main problem, he said, was the question of inter-connectivity.

Minister Pickersgill said that a further meeting was set for the following week.

(v) Status of the Informatics Sector

The report tabled was taken as read.

(vi Report on Manufacture and Service Sector

Minister Robertson said that 1996 saw a contraction in the manufacturing sector and it seemed that 1997 was witnessing a similar trend.

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He said exports for the first eight months fell by about 12%.
Over that period there was an overall increase of 3.5% in the apparel sub-sector, and although exports to the United States had fallen by 2.5%, they were up to other markets.

The Agro-Processing sector was affected by the severe drought. He indicated his intention to hold discussions with the Minister of Agriculture and Mining on the matter.

The Minister mentioned that because of the decrease in output of spices, certain operations had become uncompetitive and arrangements had to be made with the Minister of Agriculture and Mining for the short-term importation of some of the required ingredients used by those operations.
It was expected, that there would be an improvement in the situation, as the weather improved.

Minister Robertson also indicated that the increase in the benchmark price of sugar had created a problem in the manufacturing sector. He said there was ongoing dialogue with the Minister of Agriculture and Mining, and an agreement had been reached to place sugar used in manufacturing on the list of raw materials, in order to get the benefit of the waiver on stamp duty.

On the legislative side, **Minister Robertson** reported that the Anti-Dumping Legislation would be ready in November. He said that draftsmen had complained of being under severe pressure.

The Minister said that overall, the manufacturing sector continued to be affected by the imminent Election. He said there was currency speculation taking place and as a result, there was a gradual increase in interest rates again.

He indicated, however, that there were signs that after the Elections there could be significant movement in the manufacturing sector. There were a number of groups ready to invest, he said, for example, United Brands from Trinidad were poised to sign.

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NATIONAL INDUSTRIAL POLICY - IMPLEMENTATION UPDATE

Mrs. Francis reported that since the last meeting of the Development Council -

(1) Six Industry Advisory Councils had been formed, with Agriculture, Information Technology and Telecommunications being the latest additions. Invitations had been issued to the Shipping and Berthing Council and initial work was being carried out in connection with the Entertainment Council.

- The Industry Advisory Council targetting Agro-Processing, Fresh Produce, Natural Fibres, Horticulture and Marine Products had its first formal meeting on August 7. Mrs. Beverley Morgan, Chairman of the Jamaica Agricultural Development Foundation, was elected as Chairman of that Council.

- There was also a meeting of the Advisory Council for Cluster 5 which covers Minerals and Chemicals, held on August 15.

- The Industry Advisory Council for Cluster 4 - Furniture Industry, Appliances, Toiletries and Cosmetics - met on August 21. The various sub-sectors had been submitting recommendations for expansion of the sub-sector.

- The Industry Advisory Council for the Apparel sector had had a number of meetings. Recommendations from the Kurt Salmon Study were considered at the last meeting. An Action Plan was put in place with respect to the public relations programme, export security and Phase II of the Government Special Assistance Programme.

- The Industry Advisory Council for Cluster 2 - Information Technology and Telecommunications - had its preliminary meeting on October 15.

- A meeting of the Chairmen of the Industry Advisory Councils was held on September 15. The meeting was addressed by Minister of State, Honourable Anthony Hylton, who commended the group on the role the IACs were playing and indicated that the group could play an integral part in the discussions on the Regional Negotiating Machinery.

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- With effect from October 7, a small support team, headed by Mr. Anthony Gomes of the Jamaica Chamber of Commerce had been established to ensure that all Councils carried out the mandate set by the Development Council.

  The team is funded by JAMPRO and the Secretariat had accommodation at Metropolitan Management Transport Holdings (MMTH), PCJ Building.
  Permanent arrangements will be formalised shortly and the Inter-American Development Bank had been approached for assistance with funding.

  The meeting did not however, bear fruit, because there was no interest in funding something which could not be self-sustaining. The submission to the IADB, therefore had to be looked at.

(2) **The Public Awareness Programme** has now been taken to all parishes. On resumption, there would be a shift in emphasis and presentations would be done in conjunction with other government agencies upon request.

- Public Awareness Programmes were held in various parishes with the final one held on September 4, at which the Hon. Roger Clarke was the main presenter.

- The Launch of Phase II of the National Industrial Policy was held on October 9, at which the Honourable Prime Minister made a presentation.

(3) **Industrial Policy Unit** -

JAMPRO's team addressed the Permanent Secretaries' Board at the Crown Plaza Hotel on October 10 on the Implementation of the National Industrial Policy and the link with the Budget process.

(4) A meeting of the **Productivity Council**, organized by JAMPRO and chaired by the Cabinet Secretary took place on July 18. Issues on productivity as they relate to the use and cost of energy were among the issues considered. Resulting from this meeting JAMPRO's Productivity Centre had launched an Energy Management programme in collaboration with the Jamaica Public Service Company, the University of Technology (UTECH) and the Ministry of Public Utilities and Transport.
On December 3, JAMPRO in collaboration with UTECH, would be hosting a seminar on Energy Management.

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(5) With respect to **G.D.P. Communications Jamaica Limited**, Ministry of the Public Utilities and Transport had advised of their inability to take a decision on this project before February 1998, when it was expected that the new Public Utilities Policy would be tabled and a determination made as to whether or not spectrum could be allocated.
A meeting to consider the earlier allocation of spectrum had been arranged for November 11.

Minister Pickersgill said he too was concerned about the February date for conclusion. He said the recommendations would be submitted to Cabinet in two weeks.

The Prime Minister said that it was an absolute disgrace that after 3½ years no decision had been taken on this matter. He said the situation was exacerbated by the fact that even after a call in September for urgency on the matter, a decision had been put off until next year. He felt strongly that the matter was not being taken seriously and until someone suffered harsh consequences there would be no improvement.
It should be realised, he said, that remuneration depended on the generation of income within the economy.

The Prime Minister directed that the meeting which did not take place on November 11, be reconvenend on Tuesday, November 18 to enable Cabinet to be advised by the Ministers of Public Utilities and Transport and Industry Investment and Commerce, jointly, by MONDAY, NOVEMBER 24 of the recommendations from that meeting.

The Prime Minister enquired about the role of the Secretariat headed by Mr. Anthony Gomes, and its relationship to the Development Council Secretariat.

Mrs. Francis mentioned that Mr. Gomes was very supportive and had been motivating the Private Sector to become involved in the implementation of the National Industrial Policy.
She said that because all the Councils were not completely established, Mr. Gomes had been brought on board to coordinate the Councils. He was paid by Neal & Massey, and for continuity, JAMPRO had undertaken to pay him for the next three months until all Councils were up and running. The funds sought from the IADB was for the support of the Advisory Councils, she said.

NIBJ INVESTMENT PROJECTS AND DEBT FINANCING

The paper DC56/OPM(NIBJ) 23/97 - was approved, in principle.

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JAMAICA RAILWAY CORPORATION

Minister Pickersgill reported that the NIBJ had recommended reviving the role of the Corporation and entering in contract with the RITES Group for the rehabilitation of the rail.
He said a Cabinet Submission had been prepared and would be submitted shortly.

Dr. Hughes mentioned that he met with the RITES Group on November 11. He said a very expensive Feasibility Study was being done, which he thought should have been completed before a recommendation was submitted to Cabinet.

The Minister indicated that the rail was being addressed in two phases. The Feasibility Study for the First Phase - Kingston to Williamsfield, Kingston/Bogwalk was completed and work was now proceeding on the Second Phase - Kingston to Montego Bay.

The Prime Minister directed that the draft Submission should be sent to the Planning Institute for its comments before submission to the Cabinet.

REPORT ON PORT ROYAL DEVELOPMENT PROJECT

(Mr. Robert Stephens and Mr. Maurice Facey were admitted to the meeting.)

Minister Robertson said that the Port Royal Development Company Limited (PRDCL) and the Government of Jamaica (GOJ) had hoped that signing on the Project would have taken place, as early as March of 1997, and that aspects of the construction would have started in October.

The Minister said there had been a number of difficulties in finalising the Definitive Agreement. It was now critical that the Agreement be finalised so that final arrangements for the project could be put in place.
He said that work had been proceeding with the various ministries and agencies and felt there was basic agreement in the critical areas.

The Minister invited Mr. Robert Stephens to make a presentation on the project.

Mr. Stephens with the aid of graphic illustrations reported as follows:

- It was the intention to turn the Port Royal Heritage Tourism Project into an Eco-Tourism Project and destination and a Cruise Shipping Port.

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- The project commenced under the PRAGMA Development Co. Ltd in October 1996, when a Memorandum of Understanding was signed with the Government. Since then, there had been a conversion to Port Royal Development Co. Ltd with 46 shareholders and a solid team.

- The Company wished to create a model that would preserve the rich history and environment of a unique community.
  It was therefore proposed to provide a cultural attraction through restoration, conservation and reconstruction, training of Guides and presentation of the archaeological antiquity of the site.

- Full community involvement and improvement in living conditions were proposed.

- A gateway in the historical triangle of Kingston, Port Royal and Spanish Town would be established, with access through Port Royal.

- The arrival of two Cruise Ships per day was expected and between 10,000 and 15,000 visitors weekly.

- The NRCA would be requested to declare the area "a protected area" as it was proposed to protect the natural environment and buildings.
  The Community-based Port Royal Environmental Trust was therefore represented on the Port Royal Development Co. Ltd.

- Infrastructural work expected to be carried out by the Government was 90% completed. Other social services, e.g. establishment of a Health Centre, were being requested.

- The restoration of the historic area was planned and some modern buildings would be converted to fit in with the period.

- The GOJ, Private Sector, International Agencies and the Port Royal community would be pulled together by a Management Team established in the Port Royal Development Co. Ltd.

- In addition to the existing Morgan's Harbour Hotel and the Old Naval Dockyard, it was proposed to improve the existing infrastructure throughout Port Royal so that there would be mainly pedestrian traffic.
  A Cruise Ship Pier would be put in, with a berth on the end, so that whenever cruise ships were not there it could be utilised.

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- A great deal of research had been done on houses constructed in the 1690's, as it was proposed to recreate the architecture of the period, with special decor for the shops.

- Response had been received from the NRCA and there would be environmental planning for the entire peninsula.

- The project would include focus on Fort Charles, the Naval Hospital, Archaeological Museum, with downstairs reserved for shows, St. Peters to be used for Recitals and Sing-alongs to be developed.

- Costumes of particular historic periods and the image of workers had been looked at to facilitate a re-creation.

- Work would be provided for people in the inner-city, to replicate models of historical ships.
  Community involvement would be ensured and training had already started.

- Emergency response capabilities would be set up to make the area more secure.

- Persons desirous of setting up shops would be required to procure licences through the Tourist Board.

- An electronic communication system would be set up.

- Security and a Tour Guide Team would be put in place in association with the JCF and the JDF.

- In the area of community development, a house to house survey was completed in July and a full programme had been developed.

- Of a population of 1,156, about 79% was without academic qualification and the level of understanding was about 60% not literate.
  Unemployment was 24%; 97% knew about the project and 76% was in agreement with it.

- A plan for putting in a Sports Complex had just been completed.

  There would be health promotion and beautification of the community.

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- The total cost of the project was US$58.63M

  Amount already spent by PRDCL US$ 6.25M
  PRDCL to invest a further 48.40M
  (CDB equity $0.5M;
  loan $6.0M;
  IDB loan 13.0M;
  NIBJ 4.6M)

  Amount expected from GOJ)
  for infrastructure)
  and social amenities) 2.57M
  Amount sought for community
  development 1.42M

  A share issue of US$28.5M was expected to be put out in March next year.

- The expected return on equity was 19% and IRR return 19%. Banking institutions had accepted the proposals.

- The project would include an Underwater Museum in Phase II, with a 12ft diameter pipeline with portholes. A set of divers would converse with viewers, giving the full story of the archaeology. The Company to undertake this aspect worked in the North Sea area. The approximate cost was US$10M.

Generalising, **Mr. Stephens** stated that the project was being put on the market in an Election period, but he felt that once the Election was over, local and international funding would be forthcoming. What he considered worrying was the performance of the Stock Market.

He mentioned that although Port Royal was located on an area prone to earthquakes, the expectancy of earthquakes was every 300 years. He said that everything would be insured and the Insurance Brokers would be giving the cost of the coverage, bearing in mind that the area was sitting on a fault.

Mr. Stephens said there were over 40 studies about the restoration of Port Royal and the Company tried to utilise the best of them. Those studies had anticipated that Government would have funded all restoration works, but there was no focus on sustainability.

What this project was now trying to achieve was a balance between restoration and making money to support the restoration.

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Mr. Stephens said that the Princess Cruise Line had plans to come to Port Royal in March 1998. That deadline could not now be met, and the Cruise Line was now awaiting word giving a September 1998 deadline.

In response to a question, he said the four major Cruise Lines had indicated an interest in coming to Port Royal. Traditionally, Mr. Stephens said, the Lines had not invested in destinations, as they preferred to stick with the business of shipping.

The Prime Minister asked for the following time schedules -

a) Signing of an Agreement

b) Obtaining the requisite loan and equity financing

c) Completing the studies, the engineering plans and designs

d) Date of commencement of work in terms of physical construction

e) Envisaged completed date for arrival of tourists.

Mr. Stephens in responding said that -

based on the work of the Enterprise Team a definitive Agreement would be signed by the end of November;

the CDB had indicated that on receipt of a signed Agreement, they would activate the process by giving an undertaking;

within a four-month period, overseas financing would be "tied up" and during that period Environmental Studies would commence. These should be completed by June of next year. That schedule would give a three months lead time to the start of construction, which would be by September 1998, for completion by September 1999.

The project, he said, was being labelled as the first major project for the new millennium.

Mr. Thomas said that timing expectations for overseas financing was overly optimistic, especially from the IDB.
He asked whether there was anything, in addition to what had already been done, which the Government could do to facilitate the project.
He felt, too, that the terms would be less onerous, utilising private capital.

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Mr. Stephens agreed with Mr. Thomas' view, but mentioned that he was informed that the project had been in the IDB's pipeline for two years, and draw-down was not expected until late 1998 or early 1999.

What was needed, he said, was an early commitment. Such commitment it was expected would have certain conditions and no institution would lend until all assessments were done.

Mr. Stephens considered that the Government could assist by disseminating information that the project was a joint venture which the Government was anxious to see materialise.
He was aware, he said, that the NIBJ had recently issued a statement regarding the provision of Guarantees and Underwriting, and discussions were ongoing in this regard to ensure realisation.

Citibank, Mr. Stephens said, had indicated, in writing, their desire to be the lead bank for the project.

Dr. Hughes also expressed concern about the financing for the project. He said he was quite surprised to learn that the project was in the IDB pipeline, and yet was not in the Institute's programme with the IDB.

Mr. Stephens considered that further Government assistance could be in this area, as the IDB had indicated that they were trying to get the Due Diligence done in three to four months.
He said that Citibank felt that they could raise the necessary financing from the private sector and that it may not be necessary to secure financing from the IFC or the IDB.

In this connection, Mr. Stephens said that Citibank had submitted a proposal for discussion at a meeting scheduled for Monday, November 17.

Mr. Stephens said he wished the project to be regarded as one to be undertaken as a partnership with the Government, the private sector and the community.

Working together, he said he believed the project could be achieved by the year 2000, but it would require some flexibility on all sides. PRDCL, he said, was willing to be flexible.

The Prime Minister expressed his appreciation to the project sponsors and said he looked forward to doing what fell to the Government, for a timely and successful conclusion of what was regarded as a major project for tourism.

The Meeting was adjourned at 11.35 a.m. until January 1998.

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Definitive Agreement

& Lease Letter signed March 21, 97.

= Cruise Ships -

7000 visitors per day

Project cost Ms $45 f. 63 m.

end Nov Definitive Agreement

March 98 Obtaining the Approvals & Financing

Completing the Studies, Engineering

June 98 Plans, & Designs

Sept 98 Commencement of Work.

Sept 99 Completion for Arrival

of 1st Cruise

Ship

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MEETING OF THE
DEVELOPMENT COUNCIL
FRIDAY, SEPTEMBER 12, 1997
CIBONEY OCHO RIOS
10.20 A.M.

PRESENT:

Rt Hon. P. J. Patterson, Q.C., Prime Minister
Dr. the Hon. Omar Davies, Minister of Finance and Planning
Hon Horace Clarke, Minister of Agriculture and Mining
Hon. Robert Pickersgill, Minister of Public Utilities and Transport
Dr. the Hon. Paul Robertson, Minister of Industry, Investment and Commerce
Hon. Francis Tulloch, Minister of Tourism
Sen. the Hon. Phillip Paulwell, Minister of State, MIIC
Hon. Dr. Carlton Davis, O.J., C.D., Cabinet Secretary/ Permanent Secretary, OPM
Hon. Miss Shirley Tyndall, O.J., C.D. Financial Secretary
Mrs. Charmaine Constantine, C.D., Permanent Secretary, OPM
Mr. Ransford Smith, Permanent Secretary, MIIC
Dr. Wesley Hughes, Director General, PIOJ
Dr. Vincent Lawrence, Urban Development Corporation
Hon. David Coore, O.J., Q.C., Chairman, NIBJ
Mr. Nathan Richards, National Develoment Bank
Mrs. Pat Francis, President, JAMPRO
Professor Don Harris, Office of the Prime Minister
Mrs. Maureen Stephenson-Vernon, Office of the Prime Minister

IN ATTENDANCE

Mr. Calvin Gray, Permanent Secretary, MPUT
Mr. Ralston Smith, Communications Consultant/Adviser, OPM
Miss Rose Henry, Ministry of Finance and Planning
Mr. Brian Wynter, Bank of Jamaica
Miss Kirby Clarke, Cabinet Office

The Prime Minister said that for the past two years there had been an extended meeting of what was now the Development Council, at this time of year, because it was mid-way in the Financial Year and it was necessary to look at what had happened in the preceding six months and what was to be expected and how it would influence the remainder of the period.

He said the meeting was preceded by a meeting of the Economic Management Committee in which the indices of macro-economic performance were examined and there was a shared analysis of economic trends which would, of course, influence the decisions taken by the Committee on the Economy.

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The Prime Minister said that the Development Council would be looking at progress made on the National Industrial Policy (NIP) and some specific areas that had been identified for emphasis. It would also look in some depth at the sectors which had to contribute to economic growth and development and flowing from those deliberations, it was hoped to take a number of decisions which would guide all the ministries and agencies that were responsible for development initiatives.

He said there was a very full agenda, a plethora of papers, much of which had been just received and therefore many persons had not had the opportunity to read or digest.

He would therefore proceed straight to the Agenda and invite Professor Harris to introduce **The Review and Assessment of the NIP.**

Professor Harris said that the major document was the Booklet tabled - **National Industrial Policy - Review and Assessment of Performance in the First Year.**

He said the other document tabled - **DC34/OPM(DC TS)17/97** was a brief outline of what was being proposed as the next phase ofthe Policy.

In addition, he said there was the document - **"Policy for enhancing Productivity in the Jamaican Economy" (DC37/OPM(DC TS)19/97** - for discussion at the afternoon session of the meeting.

Professor Harris said he wished to sketch briefly the role, achievements and accomplishments to date in the context of the implementation of the NIP, to indicate where it was proposed to go from here, and what were the essential ingredients which had to be put together for the next phase of the policy.

In order to anticipate the conclusion, he said he would indicate, presently, that the programme was being done at a critical moment inthe transition towards implementation of the NIP. He said it was thought that one of the primary factors at work was inertia attributable to the necessary climate in the economy. Therefore, he said, the next phase, had to be approached, prepared to go forward with programmes and an Action Plan, as soon as uncertainty was removed before the next budget package.

Professor Harris said that the specific areas in considering the policy had to do with the contribution that it had made to raising the level of national debate.

He said it had had the effect of **reducing combativeness within certain sections of the economy.** That advance, he said, came from the focus of the discussions in the private sector.

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The major contribution, he said, was to bring about convergence in respect of a fundamental issue, **the need for competitiveness in the economy.**

He said this had raised its head in certain sections, like agriculture. Competitiveness, he said, was a key element of the NIP.

He said major accomplishments were seen that **the policy had created a new basis for private and public sector co-operation**, from the groundwork done to bring key players together.

He said the newly formed Industrial Advisory Councils had started putting together ideas and strategies for implementation of the next phase, which added up to a major accomplishment and set the stage for the next phase. In terms of the specifics, he said, he had an assessment as laid out in great detail in the booklet.

Professor Harris said that to indicate particularly the thrust of the review, the view was taken that the NIP was a comprehensive policy of programmes and Action Plans; a view he wished to emphasise.

He said efforts were made to assess the actual performance in terms of a range of issues identified in the review. Achievements, he said, were considered in terms of the Social Partnership, the macro-economic stabilisation, stimulating investment and growth and real accomplishments.

He said that a lot of work had been done, spearheaded by JAMPRO and other agencies, which should be recognised.
He mentioned that the incentive regime had also been reviewed, as well as the whole thrust in infrastructural and human resource development, which was the lynch-pin of the strategy being pursued.

Finally, he said , on the whole question of institutional framework, a detailed look at what had been done was taken - Institutional Reform, e.g. the establishment of the Office of Utilities Regulation (OUR).
The outcome of that review would be a set of proposals and priorities for the next phase of the policy; the priorities were, in fact, in broad terms, but there could be a back-up with specific proposals as regards specific sectors, poised to go, from which it would be expected to get significant response, if and when the total package was introduced to jump start the economy.

A regular framework of the economic role of the Trade Policy was proposed, and the necessity of focussing on what was described as the export expansion programme, which was viewed as a key component of the package to stimulate growth.

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It was necessary, he said, to put together kinds of stimuli to create convergence on the expansion programme.
In that respect the formation of Industry Advisory Councils was considered key to the strategy.

Efforts were being made to encourage people to come forward with specific proposals, credible and meaningful, in terms of implementation. When all that was added together, it constituted an indication that the economy was moving, Professor Harris said.

The time-frame set was to have a fine-tuned set of proposals by December. The next phase would proceed over the period December to June, to go forward by March/April with a focussed formulation of an Action Plan for the next phase of the NIP.

It was felt, Professor Harris said, that some attention should be given by the Political Directorate for the issue of co-ordination of the Policy. There was a certain amount of tightening that had to occur, which it was anticipated would be to get the economy moving. It would be an approach geared towards a five-year programme to begin next year.

He said the institutional arrangements and specific Action Plan should be in place now. That would allow the jump start immediately after the uncertain period.

Professor Harris said that integration of investment, production and trade was sought and he would choose the foreign model, which was seen as a key decision-making process, and then the local.
He said that there was a most relevant model when the Ministry of Development, Planning and Production was in operation. It would not be necessary, therefore to go far afield to find the right model. He said that the Prime Minister would understand clearly the dynamics of the approach which he commended for consideration.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE NATIONAL INDUSTRIAL POLICY - Paper: DC45/MIIC(JAMPRO)16/97

Mrs. Pat Francis said that as Professor Harris had indicated, the role of JAMPRO had been to continue to network with the public sector to monitor progress in particular types of programmes, which fitted in the NIP.
The Technical Secretariat, she had, had been provided with ongoing information, and work throughout the various sectors was being done to organise to implement trade and promising activities.
In addition, the Public Awareness Programme, as set up with the thirteen Parish Programmes, had almost been discharged, with only one remaining, Kingston and St. Andrew. In this regard, arrangements were being made for the Prime Minister to do the launch, at which time she suggested that the document presented by Professor Harris could be launched, so that the public could be made aware.

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The Prime Minister said he thought that the document would be tabled in Parliament, synchronising the tabling with the proposed presentations, e.g. table on a Tuesday, with presentations on Wednesday and Thursday.

Mrs. Francis said there was a need to examine the mechanism through which the Industry Advisory Councils should report.
What was suggested in the NIP, spoke to the Chairman being a part of the National Planning Council, which would report to the Development Council.

Outlining a former procedure, the Prime Minister said that the Ministerial Advisory Councils in the respective areas had as the presiding person the relevant Minister.
He said his understanding was that those Advisory Councils were now chaired by members of the private sector. He enquired about the experience in terms of the reporting relationships between the Advisory Councils, since in the absence of the involvement of the Ministers, there could be problems.

Minister Robertson said the model was for Ministers to be a part of the Council. This maintained in the case of Agriculture, where the Minister said there was not only collaboration but guidance; Minister Paulwell participated in other Councils; and in the Tourism area the Council had not yet been formalised.

The Prime Minister said that

> **each sector Minister should himself participate in all meetings of the Advisory Council within each person's area of responsibility. In the event that the meeting takes place at a time when he was unable to attend, that Minister must ensure that the Minister of State and Permanent Secretary attend;**
>
> **there should be a meeting at intervals, once every two months, between all chair persons of the Councils, at which the Minister of Industry, Investment and Commerce should preside and make a report to the Development Council for discussion.**

Professor Harris asked whether the chair persons of the respective Councils would have the opportunity to make presentations to the Development Council itself.
He said there was a certain amount of momentum and build-up of the IACs and he thought that at some point there may be a desire to meet with the Development Council.

The Prime Minister said he wanted to ensure that the IACs were locked very closely into what was happpening in their respective Ministries; that there was some co-ordination between what each was proposing; and that the Development Council got the benefit of those considerations.

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He did not, however, intend to expand the Development Council to permit their attendance and participation as of right.

The National Planning Council, he said, should be kept informed, but only matters requiring decisions should be submitted to the Development Council.

Mrs. Francis asked whether there could be an IAC that represented the financial sector.
She said that work was being done to reactivate off-shore type matters; financial services that came under the U.S. Tax Laws, and the necessary policies that would flow from that. There was need for mechanisms for incorporation into the process, she said.

It was decided that Minister Davies would look into the matter.

The Prime Minister said that a great deal of time had been spent preparing the NIP; it was the subject of the most intensive discussion at all stages; and even before there was opportunity to concentrate on the implementation of that policy, there were persons who thought that their primary obligation was to come up with a new Policy rather than how to make the original Policy work.

He expressed surprise that JAMPRO which had been so closely involved and was so integral to the creation and implementation of the NIP had found it necessary to engage a group of Consultants to come up with a document that was not only at variance with aspects of the NIP, but replete with a number of proposals that were wide of the mark.
He expected that JAMPRO would have been looking at the various clusters to identify and see what was going to be done to get them operational.
He said the document, **"Going for Growth, Recommendations" DC55/MIIC(JAMPRO) 19/97** - contained things which he found astonishing and unacceptable, because they were at variance to things already accepted.

The Prime Minister said that alongside that document there was a paper from the Jamaica Agricultural Society et al, and what he found upsetting was that they all called for more incentives, collection of less taxes, more funds for the productive sector, but none had anything to say about what the productive sector planned to do.

He questioned whether there was the capability to do those things which persons, speaking on behalf of the private sector, said were the sine qua non for production, and if not, what was the alternative to get the needed production. The document expected the Government to do everything, he said.

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The Prime Minister said that was the function of the Technical Secretariat and JAMPRO. If there was no proper institutional relationship between the Secretariat and JAMPRO, why should they feel justified to commission a study?

Minister Robertson said that the document was well minded and presented as a further refinement in terms of the implementation of the NIP.
Whilst documents like that may be naive, he thought there was the beginning of a process of dialogue that could be healthy. He was sure that after going through the document, there would be a greater understanding.

The Minister felt that the Prime Minister was right in pointing to incentives which had not been implemented. He said they were now seeking to implement them, but implementation of some of them had been very uneven, as frequently there were reports of different points of view on the incentives.

The Prime Minister said that previously there was the process by which Ministries approved incentives within their respective competence, but where something concerned several Ministries, a Ministerial grouping had to decide.
Any dispute, he said, e.g. Chemical Lime, would be referred to the Development Council, formerly Economic Council.
He said his understanding was that the Committee over which Minister Robertson presided had responsibility for clearing such matters.

Minister Robertson said there wasthe Investment Facilitation Board, which comprised NRCA, Town Planning, Local Government Authorities, and various other regulatory agencies, with each having the ability to delay matters for long periods. There was a practical problem, he said.

The Prime Minister said that what was needed was a determination to implement decisions taken, not a study.
He said that when the Investment Facilitation Board, chaired by Minister Robertson, was set up, he had asked that representation on that Committee should be at the appropriate level of decision-making competence, with authority to give the necessary clearances and expedite action through their respective agencies.
When, despite that, there were still conflicts, he expected a submission by the Minister to the Development Council, or directly to Cabinet.
He did not favour the setting up of another body, charged with that responsibility, but it was important to ensure that the bodies in place worked effectively.
It was necessary to get the requisite level of participation from the agencies.

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Minister Robertson said that while there was growing economic stability, interest rates were not at a level to give a major push in investment; and there were no prospects for a major lowering of interest rates.

He said there were foreign investment proposals in the pipeline which could go forward, but for some niggling matters. The thrust for the immediate period, he said was to get over those things.

Reform of the approval process had to be dealt with expeditiously. In the meantime, preparation for the next fiscal period, as outlined by Professor Harris should proceed.

Dr. Hughes was of the view that it would be helpful if the Technical Secretariat identified critical aspects of documents put before the Council; discussions should be held with consultants before the meeting.

Professor Harris agreed that there needed to be sifting and analysis which was done in the Secretariat, and had no apoloogy for the documents as presented.

Regarding the private sector, he thought that there was change taking place and there needed to be a differentiation within the sector. For example, he said, the Jamaica Chamber of Commerce had been quite constructive in dealing with the NIP; they had done a careful. strategic analysis and committed themselves to support the central thrust, including running the IAC.

Mrs. Francis thought it was important that there should be some forum at which the Prime Minister could speak to the people involved in the bureaucracy. A programme designed to provide the necessary explanation was needed.

The Prime Minister said that the money spent on the study would have been better spent to effect attitudinal change, an area in which he had expended much effort. He said that most persons made no linkage between production and their jobs. He was of the view that the focus should not be so much on new initiatives, but on trying to make the decisions taken work.

Minister Paulwell said that the experience in terms of the Public Education Programme had not been very successful. He felt that some guidance was needed from the Development Council, relative to the next stage of the education programme.

He doubted that the policy was being linked with those sectors crying out for help. There was need also for frequent mention about the programme in speeches by Ministers to get the message to the productive sector and the entire country.

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Minister Horace Clarke said that, in many instances, the source of the problems could be identified.

The Cabinet Secretary said that a programme was sometimes best sold by outlining its successes, as there had been a number of things done since the policy was approved; one of the papers tabled, outlined the many things started and ongoing.

Minister Davies said that one missing element in the discussion was that throughout the productive sector, there was a lack of recognition of inefficiency; unit costs needed to be reduced before any consideration of tax breaks.

The Cabinet Secretary recalled that it was agreed that a Committee should consider productivity, perhaps the bane of productive activity in the country.
He said that the meeting was held and it was decided to divide the group in a number of areas.

Energy - He said that since the 1970s energy had been a major factor in Jamaica's trade balance.
Not much had been done in terms of conservation policy. Very few, if any, in the manufacturing sector had introduced energy conservation, and this was considered an area that could be looked at. Professor Shirley was leading that group and the objectives would include using less oil to produce energy.

Aspects affecting productivity - the way business was organised.
Mrs. Vernon would be looking at those sort of factors.
It was imperative to modernise, in order to increase productivity with present capacity.

Professor Harris said that once stabilisation was achieved, the next step was productivity. **(DC37/OPM(DC TS)19/97 - Policy for enhancing Productivity in the Jamaican Economy).**
He had provided some relevant data on which analysis was based which indicated that -

there had been real stagnation in the Jamaican economy for some years now. He said it was an uneven trend because some sectors had done well.

One set of adjustments in the first phase, was to promote the reduction of waste, which had considerable scope; there was the under-utilisation of land, equipment, building space, which if corrected would provide significant sources of gains in productivity.

a long term programme - a pronged effort to improve technology and innovation and upgrade the labour force.

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An impressive aspect was the fact that these moves had been occurring in the economy. There were 10 or 15 cases in the report, e.g. - the bauxite industry, Jamaica Broilers Ltd, Tourism Sector, SNAP programme in agriculture dealing with soil nutrients. He said it was felt that there were clear efforts on the ground which should be held up.

It was not just a matter of technology, which was but one component, but of organisation, of getting a proper mix of extension services, of educational input, but most important, the efforts on the part of the agencies themselves. The proof was in the case of the bauxite industry and Jamaica Broilers - that if leadership took seriously the necessity to improve productivity to survive in the competitive field, that would make a difference, and it was that which must make the difference.

Specifically, in relation to the way forward, Professor Harris said that the approach was outlined in the Document. No specific policy initiative was being proposed, but it reported the different elements to get the productivity drive going; it outlined the thrust - Fair Trading Commission, Public Sector Reform, etc.
The productivity drive was to be seen as a focussed effort to get the firms themselves to appreciate that there were certain things they must do to operate and improve their capabilities.
The range of supportive measures that the Government would provide was listed in the paper.

The Cabinet Secretary suggested that the same group should meet to reflect on precisely how to proceed.

Dr. Hughes said that a more productive economy would not be achieved without new plant and machinery, labour legislation, reform of labour market, investment in training, all those things, he said, would eventually enhance productivity, but not in the short run. That was what the NIP was about, he said.

On the matter of the construction industry, Professor Harris said he did not think that the information on output was correct. His suspicion was that construction was the most backward in terms of technology, because of labour intensiveness. In other countries, there were fast operations to complete houses.

Minister Davies said there key sectors where there was need to focus on unit cost.
Mr. Richards suggested the establishment of some kind of performance quota.

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The Cabinet Secretary mentioned that if JAMPRO could do a rigorous survey of as many manufacturing plants as possible which used significant quantities of electricity, with a view to introducing operation in off-peak hours, that would result in significant cut in electricity costs to these operations.
Mrs. Francis said JAMPRO was working with the JPSCo on such matters, but other factors, such as security and transportation also had to be taken into consideration.
In the garment industry, she said that consideration was being given to 7.00 a.m. - 5.00 p.m. and 7.00 p.m. to 6.00 a.m. work-shifts to avoid workers commuting in security-sensitive hours. She also referrred to the need for re-tooling to take place.

Professor Harris said he wanted the Council to recognise the importance of agriculture. He thought that it was quite a perverse view that agriculture should be written off.
He said that it was proposed, with the right initiative to get the greatest short-term effect out of that sector. The short-term policy effectiveness of providing water tanks and of revamping the extension services to provide technical information to farmers were mentioned.
It was his view, he said, that a phenomenal two-year growth could result.

Dr. Lawrence said that everything mentioned needed to be put in place, but the process had taken place before and they had disappeared. It was necessary therefore to learn from the mistakes of the past, and to determine the reasons for the failure.

Minister Horace Clarke said there were certain inputs that were important, e.g. the tank-building programme, which worked, but he could not get it into any programme.
As a result of the drought, he said, prices of agricultural produce had "rocketed" to levels never seen before.
He pointed out that even when the drought was broken, if there were no inputs in terms of fertiliser, etc, to assist the farmer, the adverse effects would be greater next year.

As was pointed out, he said, it was not the labour from the farmer, but the implements and equipment which could enhance his programme. But, again, the equipment was unaffordable.

The Minister said that a significant amount of labour had to be absorbed to realise a satisfactory output level, but warned that any vacuum created would be targetted by the U.S. Help was needed to reduce and discourage the amount of vegetables entering the country. He said, however, that it was more the psychology rather than the volume, which created the problem; the efficiency of the customs officers with respect to exports had to match that of officers who dealt with imports, he observed.

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INFRASTRUCTURE

JAMAICA RAILWAY CORPORATION - Paper: **DC33/OPM(NIBJ)16/97**

Dr. Lawrence gave the following summary of the Paper.

The Jamaica Railway Corporation was one of the facilities listed for privatisation. Due to massive losses it was closed several years ago.
In the meantime, attempts were made to attract interest in the Railway. So far, with much encouragement, there were two groups expressing interest.
The last one spent two years discussing issues but did not come up with the funding, so the proposals fell apart.
It was therefore necessary, in the interim, to decide whether or not the assets should be allowed to fall into total disrepair; the situation was close to that mark now, he said.

What was clear, Dr. Lawrence said, was that some revitalisation of the Railway could make a significant contribution to transportation and the conveyance of cargo.
As a result, the NIBJ, as part of the process to speed up the exercise, invited Rail India Technical and Economic Services Ltd (RITES), to have a look at the system and advise.

RITES had a preliminary look and made recommendations, as it related to re-opening the Kingston to Spanish Town line to link back in the "bauxite corridors" and to allow, eventually, Kingston to Williamsfield and Kingston to Linstead to reopen. It would also be useful to passengers on the Linstead/Kingston and May Pen/Kingston routes.

It was also necessary to link into Montego Bay with cargo; this required more study which the NIBJ had commissioned from RITES.
Before that study was commissioned there was communication with a cargo interest in Jamaica, but that group did not go far; problems developed with the discussion.
Another group had also expressed interest, but there was no technical data, so out of the RITES study, that information would be shared with the interested party.

An additional aspect was that the Jamaica Railway Corporation had a contract to offer service to ALCAN to maintain the lines, but because of the deterioration which had taken place between Kingston and Spanish Town, the service between these two places could no longer be provided. Efforts were being made to protect what remained and the Jamaica Railway Corporation, through the Ministry of Public Utilities and Transport, had made a submission for budget support, which the Ministry of Finance were unwilling to provide.

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It was necessary, he said, for decision to be made, whether to write off or put to use the basic infrastructure and capital involved.

The revitalisation of the railway was considered critical from the point of view of easing the transportation of goods in over-laden trucks by road. Significant savings could be achieved, he said.

Allocation of funds and approval for repairing the Kingston to Spanish line was therefore requested which would allow not only for a profitable operation in that respect, but would allow the opening of the passenger service.

In the meantime, it was expected to have completed the study involving the opening of the entire system, with the **task force resuming talks with the cargo group**, who have confirmed their interest, and expressed a desire to have it reopened.

What was before the Development Council was a recommendation for the revitalisation of the railway passenger service as outlined in the RITES proposal at a cost of $85M approximately, which the NIBJ would find a way to finance.

The Prime Minister asked whether the exercise would be a charge on the current year's budget.
Dr. Lawrence suggested that it could be on some deferred paypment basis.

Minister Pickersgill said that his Ministry had been kept abreast of what was proposed and would welcome it.
The Minister recalled the agonising over the closing down of the railway, as information sought revealed that such an exercise was always regretted.
He said, therefore, that there was always the feeling that the organisation should be resuscitated; the advanatages were quite clear.
He said that separate and apart from the help it would provide in terms of commuter traffic, the last statistics available to him showed that if 40% of cargo now transported by road were transferred to rail the venture would be viable. The basic infrastructure was already in place, he said, and he considered it a good opportunity for the Government.

The Prime Minister mentioned that there would be need for significant refurbishing of tracks, stations, control stations, coaches, etc. He noted that it was envisaged to commence the passenger service within four months of signing.

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Minister Davies said that whilst it had come as a discrete project, the freight would "not just happen", there had to be complementarity by forcing people to abide by the programme via legislation which should be adhered to.
In addition, he said, it was not clear from the document what RITES would be doing - who were they working for; and was there any activity taking place at the Jamaica Railway Corporation?

Dr. Lawrence stated that the Jamaica Railway Corporation and the existing management would be happy to take on the administration, but that was not recommended.

He said that RITES were "hired hands", although they had indicated that they had interest in participating by makinig a token investment to get involved in the operational situation and of managing.

RITES had indicated their interest in operating and although they were involved in successfully operating the railway system in India, there was no certainty that the system here would be as up-to-date as desired.
There was doubt that RITES were considered "tops" in rehabilitation but their operation capability had not been proven.

Minister Davies said that he was worried that Dr. Lawrence was involved by default and was now the most knowledgeable on all the discussions and arrangements. He was aware of his capabilities, but did not feel that he should be the one to be called on by the Ministry.

Minister Pickersgill informed the Development Council of what had transpired earlier.
He said interest was generated by a team led by Hon. Pat Rousseau and a negotiating team headed by Mr. Dunbar McFarlane was set up. Mr. Rousseau, however, came to to the table on the basis of a cargo operation alone.
In his view, the Minister said the team was disappointing in the handling of the negotiations.

Dr. Lawrence mentioned that **ALCAN** had been at the negotiating table with RITES, and have offered to have some of their railway personnel involved in the process; they could not, however, allow the absence of railway service to interfere with their works, so that was the reason for their involvement in the railway business.

Mrs. Francis mentioned that JAMPRO had had discussion with a French financial group, which indicated an interest, to look at the project from an investment and financing point of view, for the second phase. They had successfully entered into a joint venture with the Congo.

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With regard to the squatting on railway property, **Mr. Richards** mentioned that the respective Members of Parliament had been written to.

The Prime Minister said that since the Government was not in a position to do the divestment now, the facility would be put in a condition where it could be operational and be ready in time for the divestment process at a later stage.
A process similar to that which applied to the JPSCo would be adopted.

The Prime Minister said it seemed that the Development Council was prepared to approve the approach, in principle, and to direct the NIBJ to proceed to prepare a submission to Cabinet for final approval, incorporating all the questions raised.
The Prime Minister asked that until finally approved by Cabinet no public announcement should be made by anybody about revitalising the Jamaica Railway Corporation, which would raise the level of expentancy.

The Prime Minister said that the responsibility for the Jamaica Railway Corporation rested with the Ministry of Public Utilities and Transport, and there was no intention to remove that responsibility from that Ministry to the NIBJ or the Office of the Prime Minister. He therefore wished to have a person in the Ministry named, who would be responsible for the conduct of the exercise to sucessful completion.

Minister Pickersgill was of the view that once the entity was up for privatisation, the responsibility rested with the NIBJ, with the Negotiating Team reporting to the Cabinet Sub-Committee on Privatisation and the subject Ministry.

The Prime Minister made reference to the privatisation of the JPSCo, which was the responsibility of the NIBJ, and done with full involvement of the JPSCo, which had to be run remain operational. They remained under the JPSCo Chairman, and the Ministry of Public Utilities and Transport. The same applied to the PETROJAM case.

He said a decision was being taken now not to privatise the JRC. Any decision to privatise was an exercise in which the NIBJ would give some help, but the responsibility for the operations of the JRC could only remain in the Ministry charged with the portfolio responsibility for it.

The Prime Minister stated finally that the Jamaica Railway Corporation was to be re-opened under the Ministry of the Public Utilities and Transport.
It would be put in a position to undertake additional activities in accordance with the lines it had.

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NIBJ would assist with the exercise - responsibility rested with the Ministry of Public Utilities and Transport.
He said he wished to make it clear that the operation could only take place if the Ministry of Public Utilities and Transport understood that it was their responsibility, with support from NIBJ and not the other way round.

Mr. Calvin Gray, Permanent Secretary, Ministry of Public Utilities and Transport, said he would assume full responsibility and understood that the exercise had to be led and anchored by the Ministry with full NIBJ support and involvement.

The following persons were admitted to the meeting.

Mr. Prakash Vaswani	-	Chairman, NWC
Mr. Robert Cranston	-	President, NWC
Mr. E. G. Hunter	-	President, CECL
Mr. Clement Watson	-	NWC

WATER
Papers: **DC49/MPUT2/97 - Status of Water Projects** and
DC52/MPUT4/97 - Systems Rehabilitation Programme.

Mr. Vaswani was asked to report on the Sewerage Projects for Ocho Rios and Negril.
He said the Ocho Rios Project was scheduled for completion in December; Negril in November; and Montego Bay in April 1998.
There were some excess funds on the US$40M Grant from the EU, which would allow connectivity for Negril and Ocho Rios.
There was an over-run and some delay because of the "rock problem", but a liquidated time factor had been instituted; to date $91M had been recovered for liquidated damages.
No money problem was therefore foreseen for the completion of the sewerage scheme in Negril by November.

The Prime Minister mentioned that he had heard that funding for the scheme had been put in place, but that funding for connectivity was not in place.

The Chairman said that the Ocho Rios commissioning was for delivery in January. He said that last year, he was advised about a problem with contractors; Cubiertas of Spain were contacted and there was insistence that quality work had to be done as per contract. Remedial work was 30% completed, with a promise that the remainder would be done by November.

It was stated that the Negril West Water Project would be finished in November; commissioned in January/February, inclusive of modifications.

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The roadways would be finished by September 1997.

Dr. Lawrence said that the testing was far behind - there was a 57% testing on 92% completion of work.
He felt that work should not be certified until after the testing was done.
He thought that a lot of shoddy work had been done from the design stage through to construction.
He felt strongly that Quantity Surveyors (QSs), were cost experts and therefore ignorant about designs, and should not be certifying work for payment; this was the concern of the Jamaican Institution of Engineers. This practice, he said, existed only in England and Jamaica.

The Prime Minister said that he was amazed about the apparent weakness in the certification process, which was surfacing for the first time.
He said that the time to effect changes was now that the process for the award of contracts was being examined.

He directed the Cabinet Secretary to take into consideration the certification processs in the fashioning of the new system for the award of contracts.

Minister Tulloch said there was a problem of loss of business. He said the Negril area had a very difficult time last year, mainly because of the sewerage lines. There was fear that there would be a recurrence of the problem because of work now instituted by TOJ.

Mr. Cranston said that since December 15, 1996, when work was completed by NWC, only remedial work was being done in the West End by them
Mr. Hunter said there was no excavation being done in the West End region for water supply works.
He suspected that it was the laterals which were being damaged by Telecommunications of Jamaica.

The Prime Minister said that the utilities operating in Negril, which all fell within the purview of the Ministry of Public Utilities and Transport, had left that town in chaos and unmitigated turmoil; the roads were constantly being dug up, he said.
He wished to know when could completion of each of the various works be expected; and how could it be ensured that the people who reside in and visit Negril could proceed around Negril without the levels of chaos and dislocation which had been there for much too long and which seemed to be destined into the unforeseeable future.

Minister Pickersgill undertook to consult with Telecommunications of Jamaica on the matter.

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Dr. Lawrence stressed the delay that could occur because of corrrective work on leaks.
Mr. Hunter advised that some of the pipes were big enough to accommodate repair fron inside.

The Prime Minister accepted that the West Water Sewerage Project would be completed in November and commissioned in January.

The Prime Minister said that in April he had asked for something that set out clearly why it was that the proposal to take water from Great River to Lucea was not feasible and why the water for Lucea was to originate from Logwood.
He said he had not yet had a response, but intended to insist, as in the absence of professional advice, he could not answer queries raised as to why the original proposal was abandoned.

Minister Pickersgill said the consultants were paid for opinions and they advised to proceed, but when approached again, there was no response forthcoming.

Oracabessa/Port Maria Project

The contract for taking water to Spring Valley had been signed and work was expected to be completed in 10 weeks.
He said there was a preliminary solution to the Port Maria link; there was a line at Rio Nuevo, from which source, efforts were being made to boost supplies to Oracabessa and Port Maria for the next five years.

The Prime Minister said the proposal should be "packaged".

Port Royal

A meeting had been held with the Minister of Public Utilities and Transport. The time-table was for completion in 18 months, after receipt of $35M, which was the cost of the project.

Mr. Vaswani said that the whole question of the provision of water would have to be resolved. The total revenue of the NWC was less than the profit of the TOJ. There was a cost associated with the provision of water, which had to be done in an efficient manner.

The Chairman said electricity and wages accounted for 90% of collections and consumers of the commodity, except those in areas where social water was provided, should be asked pay for the service.

Dr. Lawrence said it was fundamental for the work to be done in a structured framework.

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Minister Robertson expressed concern over the outcome of the project. He said there was need for proper provision and a commitment to the project.
The provision of water, he said, was an important component of the project which could not spin at all without it.

The Minister of Finance said that the requests could not be piecemeal for these projects, which were part of a comprehensive budget.

Mrs. Francis recalled that at a previous meeting, on the matter of the problems in Duncans, there was discussion on user fees providing an adequate rate of return on investments. She thought that, in this case, that principle might have to be applied, if funds were not forthcoming from the central budget.

Dr. Lawrence said that in the case of Duncans/Braco something considered feasible had been worked out with National Water Commission and the consultants, but the hotel operators said they had minimal funding in the project for water. This was not, however, true, he said.
They were insisting on the cogeneration and desalination plants and for that reason no conclusion on the project had been reached.
The Plant was being run with excess capacity, but the cost exceeded the cost of electricity from the JPSCo.

Dr. Lawrence said he had already discussed the matter with the JPSCo.

Permanent Secretary Constantine raised the question of coastal water quality.

Minister Davies said he was informed that a whole part of the Portmore sewage was untreated.
He said that a comprehensive report on the treatment of sewage was needed.

Mr. Hunter mentioned that the sewerage systems in Negril, Montego Bay and Ocho Rios were put in. He said improvement would not be seen until those sewerage systems were put in use and that would have an effect on the coastal water quality.

It was brought out that the NRCA was responsible for the monitoring of sewerage systems, island-wide.

Mr. Vaswani reported that the Water Commission had about 55 sewerage systems, 51 of which were not working when he took over as Chairman. Some arrangement for a two-year rehabilation scheme was worked out with the NRCA; they were ahead of that programme.

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He mentioned that the World Bank had stated that local sewerage charges were one-sixth of what maintained generally; it was impossible to operate on that level of collection.
It was a fact he said that raw sewage was running in the gullies of Kingston.

Mr. Hunter mentioned that one of the major problems was the choice of systems used.
He said that there had been a move away from mechanical systems to ponding systems, which could be operated by anyone.
He did not expect to see any change in the overall situation, unless there was speedy action.

It was brought out that no one had responsibility for most of the existing systems, once the developers had handed over schemes.

The Prime Minister said that there had to be a central responsibiity for sewage disposal, and the rates had to be commensurate to enable the systems to be adequately maintained.

Summary - Mr. Vaswani said that

65 projects went before Cabinet;
16 had been completed;
25 further projects would be completed by December;
15 were for completion by March; and
9 for completion after March.

This meant that about 41 of the 65 projects that went to Cabinet would be completed by December.

The session adjourned at 2.45 p.m. to resume at 4.00 p.m. with "Funding for the Development Process" as the first item.

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AFTERNOON SESSION

FRIDAY, SEPTEMBER 12, 1997

4.10 P.M.

The following additional persons attended this session:

Mrs. Claudette Chin, JAMPRO
Mrs. Pamella McLean, EXIMBANK

FUNDING THE DEVELOPMENT PROCESS

Submission DC38 MFP 4/97 was tabled.

The Financial Secretary said seven agencies had been looked at - NIBJ, NDB, ACB, JMB, MIDA, EXIMBANK and Self Start Fund, with respect to meeting the demand for loan financing and a demand found for J$3,477M (US$105), made up as follows:-

	US$	J$M
NIBJ	69.6M	347
NDB	27.9M	406
ACB	7.5M	300
EXIMBANK		1950
MIDA		104
JMB		350
Self Start Fund		20

Financing from sources identified came up to J$4.0B (US$54M).

It was found, she said, that although there were adequate sources to deliver that total financing, there were certain institutions without financing, and some with more than enough. She said that given the condition of the market, it was necessary to see how best a re-allocation between the institutions could be made to satisfy the demand of each institution.

Minister Davies said there had been requests for tourism projects, some of which had been around for 18-24 months.
One of the problems faced, he said, was that in the past funds had been raised and remained unused.
He said he had requested a small group of persons from BOJ and the Ministry of Finance, who were appropriately placed on Boards of the relevant institutions to note when there was need for disbursement.

The situation, he said, was not dissimilar to sector Ministers seeking to get their budget in place at the beginning of the year.

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Mr. Richards said there should be a distinction between committed funds and funds required for disbursement. The institution, he said, could not make commitments without knowing the source of the funds.
He said there was a decision that there should be an arrangement between Finance and the Development Banks whereby funds would become available on a call basis, but that arrangement had not been put in place.

In the case of the Bank of Nova Scotia $US25M Bond, those funds were indeed committed, but not drawn down, because conditions precedent to disbursement did not occur; the equity to trigger disbursement was not mobilised.

Minister Davies said that his experience was that funds were being required to be committed at the stage of the project idea. There were instances, he said, in the case of NDB, where MFP had made specific commitments and awaiting resources, which had not materialised on a timely basis.

The Minister said the Ministry would provide funds for projects ready to go. It was expensive, he said, to secure funds that would remain idle.

Mr. Richards said that the NDB was a medium and long-term lending institution. Therefore, on the understanding that the tenure of the Bond was two years, this could not be factored in, unless it was assumed that it would be rolled over, or that Government would take it over.

Mr. Richards said that perhaps what was needed was a refinement of the mechanism for the release of funds on a call basis. He said $100M was from the NIBJ; whatever was disbursed had been drawn down; and the second tranche was being solicited.

The Prime Minister drew attention to Appendix I to the Paper -

(a) Demand for resources;

(b) Disbursement Schedule for 1997/98.

He assumed that the Ministry of Finance was undertaking to provide the sums set out in the disbursement schedule under (b).

He referred to the sum mentioned for MIDA and said that the Development Council would wish that disbursement carried through.

The Prime Minister said he had raised the case of MIDA because it represented a commitment that had been given.
In the meantime, he said he understood that MIDA had no money and the programme had come to a halt.

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DC5/97

Minister Davies mentioned that the Self Start Fund had requested an additional $5M to bring the total to $20M.
The Minister said they had loans with delayed payments and it was intended to help them.

The Prime Minister said he wished to take the Resolution in Parliament on Tuesday, September 23.

The Prime Minister said he wished to concentrate more where problems had been experienced and where policy decisions were required.

He referred to Paper: **DC35/OPM(NIBJ)18/97** - Page 4 - where a number of difficulties were identified.

Mr. Coore said it was worthwhile noting from Attachment 5 to the NIBJ Paper that of the amounts committed for the current period, 87.25% was for 4 hotel projects and 3.29% for small hotels which together represented 90% of commitment.
He said, while not criticising the allocation, it was highly skewed.
There was heavy dependence on recommendations from JAMPRO, but there was need to make the exercise more balanced.

The Prime Minister recalled previous mention of that point, when the consensus was that agriculture should be an area for priority treatment. He said that agriculture should be looked at with some enthusiasm and sympathy, as tourism was looked at in the past.

Mr. Coore said that one of the constraints to be faced was the way in which NIBJ had put in capital, that is, equity by means of preference shares with 12% guaranteed annual return and 7-year redemption.

The Prime Minister said that practice was not as a result of any policy edict, but had been employed by the NIBJ; there was nothing to subject the NIBJ to apply that same formula.

Mr. Coore said that some capital should be put in projects to be encouraged by means of ordinary shares. Of course, he said, there was a risk, worthwhile taking, but by and large, the amounts involved in the manufacturing projects were relatively small.

Projects for consideration should be carefully examined, he said, as loan funds were involved and directors should take their responsibilities more seriously in cases of capital injection.

It was mentioned that persons with the time needed to adddress the matters adequately, were just not available.

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The Prime Minister mentioned that Mr. Richards had raised the question of broadening the net from which Directors were chosen. The Prime Minister gave his approval.

He said that persons were needed with the influence, time and understanding of the particular project, and who had no conflict of interest, and who would protect the NIBJ's interest.
There was also the need for some reporting link, so that even if they were not members of the Board, there would be some way in which their concerns were conveyed to the NIBJ and NIBJ's concerns conveyed to them.
Instead of using staff members to serve on those Boards, consideration could be given to using them to form a unit which would interface between the institution and the Directors of the different Boards.

Minister of Finance said there just were not sufficient persons without conflict of interest.

The Prime Minister said that there might be a large cadre with competence and without conflict of interest, but there was a large reservoir of younger people who remained untapped.

Mr Coore suggested the setting up of a small sub-committee of the Board to monitor, as the full Board could not be expected to meet all the while.

Mr. Coore raised two other matters related to the debt restructuring programme -

- the $20M ceiling needed to be increased;
- the limitation to only four of the seven categories in the NIP needed to be removed.

The Prime Minister said when the scheme was sanctioned, the Cabinet had approved the recommendations made by the technical people, who were asked to work out the criteria. If, therefore, in the light of experience some modification was found necessary, no amendment of legislation or passage through Parliament would be required; a further submission to Cabinet would suffice.
He directed that the same group which met and made the recommendations should reconvene to recommend changes to achieve the objectives.

Mrs. Francis said that the business of project packaging was becoming increasingly important and the means by which capital was mobilised would be very important.

The paper, she said, spoke to some matters that needed to be addressed. JAMPRO considered that the assistance of some international investment banking agent was going to be important to

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help to mobilise and package in a manner acceptable to the international market place; and some mechanism was needed to attract the capital, she said.

Minister Davies said that some comparison with other countries would be useful. He felt that in many instances, international financing could not be attracted as promoters were putting forward less than 5% equity.

The Prime Minister said he was not disputing the non-viability of the projects, but stressed that the equity should not be from the Government.

The tourism sector, he said, should have no hesitancy in operating in foreign currency; but they still did not want to borrow abroad. The private sector, he said, had great expectations, but very meagre resources.
What then was needed to facilitate them in finding alternative funding?

Minister Davies said that too high a percentage of projects were dependent on other people's money. Government's finances were conjured up by people who remained as minority shareholders.
The whole process of these investments was a misnomer, as no cash was brought in.

Mrs. Francis said the ability to put things in a bankable form was needed. This service would have to come from abroad, as she had not yet indentified it in Jamaica.

The Prime Minister enquired about the extent of the responsibility of the public sector to provide that package for the private sector - JAMPRO, he said, could probably undertake some of that work.

Mr. Francis mentioned that for music, information technology, submarine or water falls projects, no one wanted to invest in them.

The Prime Minister said he felt sure that the NIBJ would consider the music sector favourably; but it was necessary to distinguish between music and entertainment, because what was really being done was the refinancing of expensive real estate.

Minister Tulloch said that it must be realised that Jamaica had become an all-inclusive destination. If some way was not found to market the non-all-inclusive properties, sooner or later, the Government would be the holder of all those small hotels.

Mrs. Chin felt that a developer who held suitable land should be assisted to construct hotel rooms.

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The Prime Minister said that in every case,the Government had contributed more than what was requested, and gaps still remained in the financing.
In the case of Hedonism, the input had moved from 25% to 75% approximately.
He referred also to Braco where a number of Government entities had made an input.
The Prime Minister said that it was not the intention to abandon the hotel sector. Commitments had been made to achieve 2,000 rooms. There was also, he said, the need to go into other areas for diversification, but the provision of equity at the 75% level could not continue.

There was need, he said, for a proper proposal, but regardless of the packaging, the proposal had to put forward more than just ideas.
The support for new projects was not being reduced, but ways had to be found to encourage equity.
JAMPRO therefore had to come up with the means of packaging to attract that equity.

Mrs. McLean of the EXIMBANK said that a paper **(DC47/MFP5/97)** had been prepared and circulated to give the Council an indication of what was proposed, certainly in the short term, for programmes to be brought on stream, touching also on the resource base.
It was proposed, she said, to introduce some new programmes, with focus on development of non-traditional exports.
The Bank's efforts in this regard, although unheralded, were considered successful to date, she said.

To achieve all the things targeted, external Lines of Credit had to be targeted. Negotiations with Cuba had advanced, and they had been invited to finalise an agreement by the end of September.
There was strong expression of credit to Cuba and Haiti.
The initial offers were quite small; there was a limitation of resources; but serious attention should be paid to making larger offerings on those Lines of Credit.

Haiti proposed to use the entire Line ($3M) for cement, although a spread would have been preferred.

The offers made to both Haiti and Cuba were acceptable.
In the case of Cuba, Can$5.0M was offered and it was recognised up front that there would be delays. The matter would be discussed with the Financial Secretary.

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Mrs. McLean said that the initiatives to Cuba and Haiti were good and were being pursued. It involved lending to the Central Banks themselves and the arrangement was considered fairly comfortable. The transactions with Cuba and Haiti was lending for 180 days, which Cuba had already indicated inability to meet; they were asking for 360 days.

Mention was made of the need for a retooling fund for the export sector. The JAMPRO facility - The Modernisation of Industry Scheme - could be further facilitated because beneficiaries were facing difficulty, but the companies had to find funding for the equipment.
The EXIMBANK's Board took the decision to synchronise efforts with JAMPRO, in terms of accelerated refund.
A pool of J$200M had been earmarked and only recently approved, so there had been no public announcement as yet.

Mrs. Vernon said she had queried the retooling and JAMPRO's modernisation programme. There had been talk about competitiveness and therefore she thought that new and state-of-the-art equipment should be introduced. There were cases of upgrading instead of modernisation, she said.

Permanent Secretary Constantine wished to ensure that the retooling programme for exporters was consistent with the WTO.

Mrs. McLean said that there would be no stipulation for 100% export of production. The bottom line, she said wasthat if all the things lined up were to be done with expedition, additional funds would certainly be needed; the paper did not however quantify financing.

She said that one of the constraints mentioned in the paper was the constant criticism that because the institution was not a risk-taking one, it could be more helpful.

PAPER - DC 51/MFP(NDB)6/97

Mr. Richards raised two matters -

- the increasing calls on the NDB for refinancing in the form of loan capital rather than equity-tied funds;

- the withdrawal of commercial banks from assistance to many of the companies.

Minister Davies said he would not want to take a decision on these matters, as it required additional resources. He said he did not think that there had been focus on the small business sector.

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DC5/97

BAUXITE - FINANCING FOR CLARENDON ALUMINA PRODUCTION LTD (CAP)
DC36/MFP3/97

The proposals, as submitted, were agreed and sanctioned.

PROMOTING INVESTMENTS -

DC 43/MIIC(JAMPRO)14/97 and **DC 46/MIIC(JAMPRO)17/97** were tabled.

JAMPRO Investment and Promotion Strategies

Mrs. Francis said the submissions were for information and to note what JAMPRO was doing in a number of areas.
She said she wished to address areas which were new, and to draw attention to initiatives being put in place.

With respect to the overall investment strategy, the whole question of the image of Jamaica, outside the territory was being examined.

This was called Jamaica Inc, a strategy to utilise activities carried out in the international market place, and which encompassed a wide range of activities. The image, she said, would be one to diversify the economy which had much to offer.
In the business community, the impression that Jamaica was nothing but a beach, was the kinds of matters being addressed.
It was proposed to embrace the opportunity of the Winter Olympics, where the bobsled team would be in Japan, to mount an Exhibition to incorporate agriculture and Tourism, as well as the investment activity.

The paper, she said, a master print of the strategy, gave details of how it would be developed.

The other kinds of strategy being looked at were the use of the development of parks. An example of that was the Informatic Park which would become a feeder point to Jamaica for development of telecommunications and information technology industry.
The Port Authority and Kingston Free Zone had put together funding of $278M to put this park together.
This, she said, was considered a very important project which needed to be properly packaged, in order to attract the right kind of investor.
There were a number of other parks being worked on, called Tarentum Industrial Park, the ZIA Metallurgical and the Chemical Lime project.

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In respect of ZIA Metallurgical, there was an agreement with JBI and the industry for the availing of red mud. The only problem was the dispute with NIBJ over the price for the parcel of land through which the conveyor had to pass. Negotiations were ongoing.

Work was also proceeding on a number of economic issues - Ferry Industrial Park and Caymanas Industrial Park.

In addition, a number of other initiatives considered important were being pursued -

- The downturn inthe financial sector was being looked at with a suggestion for focus on other types of financial services.

- The Foreign Sales Act needed amendment to make it competitive, as it was enacted in 1983; and there were proposals for the amendment.

- There were a number of other financial services, and a study was now being undertaken of the whole financial services sector.
  Looking at Ireland and Bermuda, those services were becoming quite expensive and information was that Jamaica could be competitive given the number of professionals available.

Mrs. Francis said there could be investment by having companies come to Jamaica to set up their headquarters.
In addition, she said that there was the whole business of looking at the capitalisation of some of the non-traditional sectors, where a number of things needed to be "fast-forwarded" - e.g.

The Motion Picture Encouragement Act,which was expected to go through as soon as possible;

The Industrial Mineral Sector - The amendment had been approved, but the actual physical work tht needed to be done to implement the law had not yet taken place;

A great deal therefore was needed to be managed on a regulatory basis to create more transparency; there was difficulty in administering all the processes, she said.

The incentives for tourism attractions were on paper but not implemented.

The Prime Minister said its operation for the time being would be under the exercise of discretionary powers, pending the time when it was statutory.

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Minister Tulloch said he did not know of any develoment project for attractions which was being held up because the law had not been passed.

Mrs. Francis said the approval process continued to be a rather laborious exercise.
The position had been taken that the proposals put forward with respect to the Coopers & Lybrand project should move expeditiously, because the procedures had become complex.

With respect to Tropical Fish Farms, she said great difficulty had been experienced with the Lands Department in trying to get land for the roject.
The project sponsors, she said, had money in place, and it was proposed to submit to the divestment committee, which had not been meeting recently, but it was assumed that meetings would resume soon.

Jamaica Communications Limited

A lease had been secured from the National Water Commission to set up the Antenna; and an application had therefore been made.

It was considered very important to carry out the work on a timely basis. The coordination of the efforts of GIS and the OPM Land Policy Unit was also important.
It would represent a useful data-base to facilitate investors who needed land for investment, rather than their being faced with the complex situation of having to identify land.

Mr. Francis said that part ofthe technical assistance being mobilised and coordinated had been the number of programmes through default agencies and the whole question of modernising companies and helping with their exports.

One such project was the ITC UNCTAD Project - US$4.8M.
It was considered that this project could support the work being done by NDB and NIBJ to ensure that the assistance for companies would be there.

The future of Goodyear Tyre Factory - the one industrial entity that existed in St. Thomas, was raised.

Goodyear had said that the company was not interested in selling the property to any entity that would be a competitor to them.

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The Member of Parliament had been putting on pressure for some mechanism for the purchase of the factory, after which negotiations could proceed for a prospective buyer to take over.
Alterntively, the conversion to a Small Business Complex should be examined.
The asking price was $250M. No negotiations had to date taken place.

What therefore was the alternative activity of the parish if in fact it were feasible to convert the property to a Small Business Complex?
The Member of Parliament had said that the land was unique, because it was flat and accessible to other areas.

The last consideration was the **Fully Integrated Information Centre** within JAMPRO.
Named a global trade-point network, it would bring to Jamaica real-time data and would be able to offer through Internet, strategy, products in the international marketplace.
A number of countries were tied to the network and it allowed for customs regulations to be monitored.
It could become a major income earner for JAMPRO for trade data and transactions through this trade point.

Efforts were being made to ensure its compatibility with systems set up by customs.

Mrs. Francis said that there had been discussion with Fiscal Services to avoid duplication.

Mrs. Francis drew the attention of the meeting to a display of colour combinations prepared to encourage exporters to use national printing.

Minister Davies added that Jamaica had an audience that was receptive to Jamaican products, that needed to be tapped.

Mrs. Francis said that on the action side of the Summary Document -

- Jamaica Inc wanted to develop a Jamaican strategy;

- With regard to the Motion Picture Encouragement Act, a Government Legal Draftsman had been employed; there was need to move through the process to amend the Actwhich it was felt would mobilise this particular type of investment faster.

- The EIS was considered a "phenomenal" tool, once access to it was achieved.

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MORNING SESSION

SATURDAY, SEPTEMBER 13, 1997

9.40 A.M.

Mr. Kingsley Thomas was also present for this session of the proceedings.

SECTORAL REVIEW

TOURISM - Paper: **DC48/OPM(NIBJ)21/97**

Dr. Lawrence said that projects had not moved in the manner expected. Promoters were always returning to the table with unsettled aspects in financing, e.g. the inability to raise funds, etc. Nevertheless, he gave the following report -

Hedonism II Runaway Bay

The drafts of Management and Shareholders Agreements were approved and signed in the past week.
Ground-breaking was scheduled for September 27.
The CDB funding in the project was part ofthe reason for the delay.
The project was now "on track".

Swept Away, Trelawny

The financing plan had not been finalized, as the promoters had requested that US$9.4M of the US$14.4M approved by NIBJ be converted into Preference Shares, but NIBJ could not accede to the request.
There were problems with the provision of water. The promoters and power suppliers still wanted to stay with the desalination and power plants.
It was not considered that the Government should exist in this particular type of project, at this time.

In view of this, there should be no haste to proceed with the project, which was not expected to get started in this year, as previously advised.
A new deadline of October 14 had been issued for the resolution of matters.

The Prime Minsiter said he was concerned about the water issue, as the whole of that area had a potential for development, which could not be realised in the absence of adequate water.
He said the responsibility for the provision of water could not be shirked.

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The NWC had pointed out that it was uneconomical to provide water for the limited clientele. He said that if some other way were not found to provide water, that area would be condemned to not being developed.

The Prime Minister said that what was proposed to and accepted by Council was that the area would be regarded as a development area for which the requisite infrastructure would be provided from public resources.
With those instructions, Messrs. Richards, Thomas and Dr. Lawrence were asked to look into the matter.
It now appeared, he said, that the matter was being approached on a different basis.
Dr. Lawrence said that the NWC had a project to cost $10M. Agreement was reached with their consultants that a project in the region of $5M to $6M would be acceptable, as they wre oversizing pipes.
The promoters changed position indicating that not much money was included in the project for water and electricity, because that would form a separate contract. They were insisting on their own power plant.

The Prime Minister said the promoters were seeking Government funds which they would not get on those terms.

Ritz Carlton, Montego Bay

Dr. Lawrence said preliminary funding approval from OPIC for $60M was received with final approval expected on September 16.
The $110M project was on track for commencement in January 1998.
There were plans to start preliminary site works; and the resource gap had been closed.

The promoters were Rollins of Rose Hall.

Minister Tulloch mentioned that Marriott was somewhat unhappy, because of the proposed sale of Jamaica Grande.
In discussions, they had intimated to him that they might have been interested in purchasing the shares.
However, the Minister said he believed that Allegro had made a good offer which the Ministry of Finance was seriously interested in.
Because of Marriott's unhappiness, coupled with the recent strike at the hotel, he felt there was the possibility that the situation could have "an effect" on the Ritz Carlton and Marriott projects.

Dr. Lawrence said he was convinced that it was in Marriott's interest to lever its position, and they should not be allowed to intimidate the Government.

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The Prime Minister said that it should be made clear that the Government's role in the Jamaica Grande was as a temporary manager, and there were certain fiduciary responsibilities.
Whether or not a lower price than the one offered was taken, the reason had to be given.

Minister Davies said he did not think that Marriott was serious.
He said the Grande was bought in a three-part deal.
Renaissance got 22%, Allegro 29% and the Government assumed 49%.
The management contract was "over favourable" to the managers, Renaissance.
He said that Mr. Downer saw the management contract as "bleeding" the Government, and initiated a revision of the contract.
Allegro put up a serious offer.
Dr. Lawrence said they had been formally served notice as per the contract terms.

Minister Davies said the point of contact with Marriott should be one individual.
They could not have the status quo and the management contract.
The Marriott Group needed to agree or match the offer.
Mrs. Francis, thought that there needed to be some direct contact with Marriott.
Minister Davies said he had spoken with the Marriott interest in Washington and they would like a meeting before the next Jamaica Grande Board Meeting.

The Prime Minister directed that Minister Davies should handle the matter, keeping in touch with Minister Tulloch.

Beaches, White House

Dr. Lawrence said the developers proposed to commence the project in November 1997.
The main issue for the Development Council, he said, was that there was, indeed, a US$3M gap, because the proposed funding involved NDB and the funds were not available.
There was a proposal from the developers that consideration be given to UDC carrying out the development of the infrastructure, and they would then wish to lease as a developed site.
At the prevailing price five years ago, in the back land, the UDC carried out infrastructure, drainage, development of water, sewerage system and certain flood control works valued at $3M, which was the gap in the system.

Dr. Lawrence said there was a difficulty reaching a decision as he needed to make sure that the lease rate was inclusive.
He said it was indicated that consideration would be given to the proposal on the basis of taking equity, but the preferred route was not to have the Government as a common equity holder.

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In summary, the Government should develop the site and lease to the developers. This would close the financing gap and allow the project to proceed as planned.
If the money could not be raised, they would have to accept the Government as equity holder.

Dr. Lawrence said he would recommend that the property be leased and the lease price would reflect the development.

Minister Tulloch said GORSTEW had invested $27M and would give back say $2M for the land not J$6M.
He said his concern was that the two major all-inclusive Operators - Super Clubs and Sandals were not developers any more. They were just entering into management contracts; the profits they made in Jamaica were being used to buy properties overseas.
He said he would like this matter seriously considered.

Dr. Lawrence in answer to a query by Mr. Brian Wynter, said that the proposed infrastructure had benefits for the whole area. The water development went far beyond the hotel; the flood works and drainage were mainly for the hotel site; sewerage systems could go beyond the hotel sites; and the drainage works linked into other works, he said.

It was agreed to proceed on the basis outlined.

Braco Village

Dr. Lawrence said this project presented the greatest difficulties.
A technical team had been working with the main sponsors and there were some specific developments, but the pace was too slow.
They had agreed to contract Super Clubs to take over the management of the hotel, with effect from November, although they were already in place.
He said that Mr. Lyon "rushed" into signing a terrible agreement with Super Clubs, who drafted it, and without their lawyers looking at it.
They now want to get everybody back to the table to get a proper agreement.
The information was withheld.
He said all the problems were recognised, and efforts had to be made to recover public funds invested.
A new Board was not yet in place, but already there was resistance.

The Prime Minster was of the view that, in the circumstance, the loans should be called.

Dr. Lawrence said no Government support was recommended.

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The Cabinet Secretary said that given the experience at this hotel and given that we had representatives on the Board, what confidence can we have in the protection of our investments in the future?

Dr. Lawrence said that the shareholders had accepted that they had a bankrupt company,and therefore the value had to be maintained. It was hoped that by the end of October all problems would have been solved, he said.

Ciboney

Dr. Lawrence said there was a problem with Ciboney. They were unable to proceed because they were in trouble. They had reached agreement with the Karl Hendrickson Group to take over the Ciboney Subsidiary, Flexnon Ltd, in respect of Seawinds Hotel.
What was reflected,he said, was an agreement between Hendrickson and Ciboney for the former to take control.
There was an attempt to close the transaction by the end of September, if not, the arrangement would have to be terminated, and invitations reopened.
It was considered important to get the rooms back in service in the Montego Bay area, so it was important to see if the Hendrickson Group could get in.

Minister Tulloch mentioned that there was an offer from Allegro to purchase the Seawind Hotel.

Dr. Lawrence said he did not think that any help could be offered for them to purchase the 121 units, as they would have to deal with the owners themselves.

Minister Tulloch said most developers were staying away from Seawinds because of those 121 units, and if any developer could be assisted to acquire, it would help.

Dr. Lawrence did not support the purchase of the units.
He said everybody involved tried to facilitate.
Government owned 18% of Montego Freeport and he was very cautious about it, as any slip could cause a lawsuit.

Minister Davies made the following comments, which were not directly related to any of the individual issues:

1. In respect of the management of the whole set of hotel properties, there were certain obligations and he was willing to put these under central management approach, but he did not have the expertise; the skill needed to be purchased.

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2. The whole issue of the involvement of the Government - A hard line should be drawn in terms of that sort of involvement, because resources were borrowed and Government was entering without sure knowledge of economic viability.

   Any new proposal whereby any of these places needed to be involved should be submittted to the Council in a coordinated package.
   He said he did not know if the structures of investment were standardised.

3. 50% of state funds was being committed to make investments. If there should be investment in the tourism sector, the state should seek its own "mate" and not be "dragged" into ventures at the end.
   It was necessary to go forward in a structured way.

Dr. Lawrence was in agreement with examining the situation, and agreed that any new proposal must come in a coordinated package. He endorsed totally that the state needed to help to decide; there was no diference of opinion in that regard, he said.

Minister Tulloch said that no foreign investment would be attracted until the image had improved, until such time, the state would have to continue to fund projects.

Minister Tulloch said that any allocation to the Jamaica Tourist Board should be made for **product improvement and advertising, separately.**

The Prime Minister said there were two separate entities in one Ministry -

Jamaica Tourist Board and
Jamaica Tourist Product Development Company.

Budget proposals were made by the Tourism Ministry with separate requests under separate heads.
He said he had "waged relentlessly and unsuccessfully" in budget discussions for tourism for greater provisions on the **product** side rather than **advertising**.
Whatever was allocated to a particular section, remained its sole responsibility to administer.
There would, however, be no resistance from the Cabinet or the Minstry of Finance against any request for increased allocation for product development rather than advertising.

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The Prime Minister said that the allocation between **product** and **advertising** was dependent on the Minister, the Ministry of Finance and Planning and Cabinet.
The Minister of Tourism said that he had got the agreement of the JTB to shift some money from **advertising** to **product**.

The Prime Minister said that the Development Council had accepted that much more than was anticipated had to be re-engaged in the tourism sector.
Two main institutions were involved -

NIBJ with the equity and loan portfolio; and

UDC, in terms of property acquisition and related experience.

The NDB was a direct lender.

Formerly, he said, there was National Hotels and Properties (NHP), which was a UDC subsidiary, and which was much more involved in the management aspect of the operations than presently envisaged.

He did not think that the NHP with that same focus was needed, but somewhere there should be one unit that had responsibility for dealing with all the investment interests in tourism.
How this unit had to be constituted and where, had to be decided.

Dr. Lawrence said that the NHP was not wound up. The NHP had been used to monitor Grand Lido and the Pegasus.
He said he honestly believed that there was nowhere that the knowledge resided, other than in the small unit in NHP now monitoring hotel properties. This unit, he said should be used to do the monitoring.

Mrs. Francis welcomed the idea of trying to have some Government focus on some of those hotel ownerships.
She said that JAMPRO had been making entrees to hotel ownership bringing them to Jamaica and working with UDC recently to see if there was a possibility of purchasing hotels; work had been done with Allegro and there were a number of others. There was the local entity creeping in constantly, before the foreign buyer was even entertained. There was big potential in that direction, she said.

It was also considered that the benchmark performance in the hotel industry was critical. A proposal from a firm in the business of monitoring hotels all over the world, had been introduced to a number of people. It was felt that a complementary role could be played by looking at Jamaican performance, vis-a-vis the rest of the world.

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The Prime Minster said that his own view was that, while in the very short-run the best advice might be to utilise whatever capacity existed with the UDC overseeing the Government's interest, the more logical place in the long-run was in the NIBJ.
Insofar as the UDC as an investor was concerned, it had to look after itself.

The Cabinet Secretary mentioned that, in the circumstance, it would be necessasry to strengthen the institutional capacity of the NIBJ.

Minister Tulloch addressed the importance of making a proper mix between all-inclusive and non-all-inclusive.
He said that when the UDC made an arrangement, it did not incorporate the vision that the Tourist Board had. The exercise involved deciding whether a number of properties should continue in tourism or become apartment buildings.

He said that in most instances, tourism learned about the planning, when the project was nearly completed.
Tensions were building up against the all-inclusive hotels and it was important to take a serious look at hotels that needed financial assistance to get on the market.
There was a vision, he said, and work had to proceed hand-in-hand with the developers to ensure that that vision was realised.

Dr. Lawrence said there was a committee that dealt with all those projects, before the projects were put forward to the NIBJ.
If it were still felt that the treatment was skewed to all-inclusive, the matter could be put in the system for consideration.
He was, however, of the view that all the considerations had been taken into account, looking at the spread that had been dealt with.

Permanent Secretary Constantine mentioned the introduction of an Emergency Management Unit in the Ministry of Health. One of the requirements was that information should be provided as to where all food was prepared. It was found that most of the food for all-inclusives were prepared outside the hotel.

Mrs. Francis said there had to be diversification, because the markets being explored were not interested in all-inclusives.
Leverage and expansion could not be achieved out of North America; sights had to be set on Europe and South America.

The Prime Minster enquired when could the Development Council expect to have the benefit of the vision of the tourism industry, in terms of the configuration of the market product.

Minister Tulloch said that funding had just been received from the Commonwealth Secretariat to assist with the planning. The local component was being sought.

DC5/97

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Report on Port Royal

Paper **DC42/MIIC(JAMPRO)13/97** was tabled.

Minister Robertson said, essentially, the project was at a stage where response from the Ministry of the Finance was awaited to the various requests made with regard to incentives.

He said there were commitments, in regards to the various infrastructural undertakings which needed to be cleared, e.g. Police Station.
The matter of the water, he said, was discussed the day before.
The incentives that were being sought were listed on page 4 sec.5 of the paper.

In response to a query concerning private sector investment, **Minister Robertson** said that part of the problem was that an agreement could not yet be signed. It was an agreement betweeen the Government of Jamaica and the development company, which had to be put off for successive months.

Minister Paulwell said that there was substantial infrastructural work for which the Port Royal Development Company (PRDC) would be responsible.
Sewerage and other internal works would be done by the company.
The Cabinet Secretary said that the only financial interest was coming from the IFC and IDB.

Mrs. Francis mentioned that the local private sector said that since there was no agreement with Government, they could not consider investing.

The Cabinet Secretary felt that a "chicken and egg" situation existed. He said that financing the infrastructure was necessary to interest investors. On the other hand, Government could not just invest without some indication that the project would be implemented.

Dr. Lawrence said that everything should be priced into the project, in that way if the project did not go forrward, no money would have been spent.

Minister Paulwell said that there needed to be a signing off of the project, which if considered viable, needed a show of commitment.

The Prime Minister made reference to the statement at page 2, paragraph 2.5 of the paper, which he said was not true.
He said that too frequently, the impression was being given that things were ready to move and the Goverment was not ready.

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He said that he had no problem in saying that the Government was willing to sign. However, if the project were to take place, it would certainly be necessary for certain things to be done. But the Government should not be asked to undertake them first and when the project fell through, money would have been spent unecessarily. The project must set out what was required at each stage.

The Apparel Sector Paper: **DC41/MIIC(JAMPRO)12/97**

The paper was noted.

Permanent Secretary Constantine said that the figures for export of garments should be looked at.

Agriculture

Minister Clarke said that the agricultural sector was "under siege" from the drought, but moreso, was the sort of turn that had been taking place in terms of our commodities.

Bananas

He said that changes had to take place as regards export, e.g. in bananas. The WTO decision had presented a new problem that was going to call for a change in what was being done.

Sugar

In respect to sugar, there were also serious problems in terms of investment in the industry for refinancing; and as of then discussions were taking place with the Minister of Finance, regarding support for factories and farmers; there were problems to be ironed out.

Domestic Crops

The Minister said that one of the areas which needed "definitive attention" was domestic crops, which affected everyone, and would affect both the economics and politics of the situation.

From the economic side, for the year 1997 and 1998, there would be a decline in agricultural production, which would be reflected in the overall growth in the economy and if something substantial was not done for the rest of the year, negative growth would be reflected in the whole economy.

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He said that efforts had been made in terms of trying to get higher production, but because of the geography and the ability to mechanise, the yield could not go forward.

The efforts would continue to explore the areas where there was the potential for creating the improvement and shift from those areas which were very difficult to maintain or could not be completed, and in which there was competition. For example, in addressing the Livestock Association recently, he had asked them to consider moving away, in many instances, from production of beef and to accept a proposal in which more goats would be introduced, with an expansion of the Nubian herd, to increase the supply of goat flesh on the market.

The Minister said efforts were being made to get the breed spread throughout Jamaica. It was desired to introduce the new blood-line, because they converted feed into meat easily and produced four times greater carcasses. The effort would also reflect in meat supply to the population, and over time it was hoped to bring down the price of goat meat from over $100 per lb to a lower level.

He said that other commodities experiencing problems were

citrus - a virus (Tristeza) was being experienced whch was going to affect the whole of the industry in Jamaica unless significant replanting took place.
Replanting was to ensure that proper stocks were obtained which were free and and were resistant to the virus.
For replanting, application had been made to the FAO for assistance in the determination of the virus.
Although affected areas had been identified, the problem could only be resolved by total replanting.

One of the areas with serious problems was research and development. In some of the research areas, money was inadequate; Bodles had the capacity to do what was necessary in terms of development of those constraints in the fauna and flora.

The Minister said that in order to have better production a serious approach to irrigation had to be planned. This, he said, had to be done over a 3-year period.

In the meantime, the Minister said, a very successful project which had not been funded was the **tank building** programme. Every institution, he said, seemed not to include them in any of the investment packages; not even the Jamaica Social Investment Fund. There could not be production without water, which became scarcer and scarcer, he said.

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Family-oriented programmes

An area being concentrated on was the development of those programmes which were family oriented, e.g. dairy farming. When these programmes were done by family members, because of the labour-intensive nature, it gave more production yields than when done on a larger scale.

The Minister mentioned another programme which lent itself to family orientation, as coffee.
He mentioned, that Mr. Thomas and himself had just returned from Japan following discussions there to address the very serious problems in the industry. He said there was the feeling that things were "back on track".
The Minister pointed out that over many years, investment in the coffee industry was by the Japanese who made pre-harvest financing. They were still interested in Jamaica, because they themselves made "healthy profits" on marketing Jamaican coffee.

The Minister said that the whole restructuring being done required that a proper Board and an efficient organisation be put in place to prevent those things that had caused the difficulties from recurring.

The Minister said that everything had to be done to ensure that Jamaica took over the marketing of its coffee, which it had not been doing. Jamaica had been doing the planting with Japanese funds and the Japanese took the coffee and did the value-added and got all the benefits.

With the increased volume being handled there were difficulties. Different aspects were being worked on to end that disposal.

The Minister said that the "bottom line" was that to show growth this year, the farmers had to be helped. The export sectors were going to have difficulties, because they could not compete.
The Minister added that unless yields were at the optimum to pay for the input Jamaica could not compete with farmers overseas.

The Minister said that the little research that had been done had helped but things were still behind. He said that some strategic decisions as to where that industry would go had to be taken. There were some opportunities, for example in the tourist area, to take agricultural products,and efforts were being made to identify the types of products, expend some more and get to the tourist.

The Cabinet Secretary said that when the investments on infrastructure in the rural economies were looked at, it could not be as bad as it was. He could understand the raw materials problem.

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Minister Clarke said that the fact was no one person was responsible - the person responsible for roads was not the person responsible for agriculture, or farm roads and land settlement roads,which were always in a bad condition.

Mr. Thomas mentioned that on a tour of West Rural St. Andrew, the roads seen were once very good, but were not maintained. He said that the condition of the roads were having a retarding effect on farmers. The areas high in agriculture usually had heavy rainfall which affected the roads.
In the short-term, he said, the difficulty being faced in getting in fertiliser and getting our produce needed to be alleviated.

The more immediate ones had to be done; it was a grave problem.

Minister Davies said that expenditure on roads had been significant. He said he did not know where the notion came from that the Ministry of Local Government and Works was not responsible for farm roads.

The Prime Minister said that all consultations had taken place but it was in the end a question of resources. Wherever special programmes were used, significant results were seen.
The roads in question were supposed to be funded under the European Union, and for three years no funds had been drawn, because their procedures took a long time before draw-down could take place.

If it were accepted that the European Union would take a long time, other sources had to be found.

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Telecommunications - Submission **DC50/MPUT3/97**

Minister Pickersgill said that for a variety of reasons a broad-based committee was set up to look at the document, comprising Post & Telegraphs Department and several private sector interests.

The Office of Utilities Regulation (OUR) had some consultants look at the document and they reported back to the Ministry.
They had not looked at spectrum and spectrum management because they would interfere in the telecommunications business. They recently reported.

The applications submitted, as shown on page 2 of the submission had to do with spectrum and the advice from the Office of the Utilities Regulation was what the consultants recommended.

The matter could not proceed further, having had the benefit of consultants' advice as seen in Appendix I of the update.
A meeting of the Joint Select Committee would be convened to have a final look before going to Parliament.

He said he was told that the spectrum was a finite asset but in recent developments in industry things could be done to make it not as finite.

Mr. Gray said that of the 900 megahertz, 800 - 870 had been allocated to TOJ.
The value of the asset was not realised.

Everything was "back on the table" and TOJ knew that.

Minister Pickersgill said the present law did not refer to wireless. Government was not at this time competent to give advice relating to wireless.
In the meantime, however, cellular service was available.
It was Post and Telegraphs that dealt with spectrum.

He said that when the power was vested in the Minister the licences would be dealt with.

It was pointed out that the view of another applicant revealed the problem of interconnectivity, because TOJ had a licence that did not allow it.

He said the Council should know that the Act of 1893 did not speak to wireless; it spoke to wires and there was a vacuum there.

Similar arrangements were there in the licences and the Minister had put them on notice that the matter had to be looked at.

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The Minister of Finance asked what would be the Ministry's and GOJ's position at the Joint Select Committee.

The Prime Minister said he did not think that it should proceed ahead of the House.
He said the Cabinet had approved the drafting instructions which were reflected in the Bill now before the House. Also approved was the establishment of the Joint Select Committee which had been sitting for so long that it no longer related to the situation which obtained when the Bill was first presented.

He said that consideration was given that would entail some fundamental changes.

Before that went back to the Joint Select Committee, he expected the Ministry to place before the Cabinet for its consideration the new aspects that would have to be entertained in the Bill, at which time, the matter would be discussed.

He said that the reason for asking for it to be put to the Development Council was entirely different.
It had to do with the fact that efforts were being made to develop an information sector, and that a number of people who wanted to move on that sector had applied for licences and they could not move.
Nobody could tell them anything.
Inter-departmental meetings had been held involving information, utilities and those on the applicant's side.
As Prime Minister, and because he carried the portfolio for Information, he had received many of those letters and found it "humiliating", referring the matter week after week to to the various committees, and still a position had not been reached to give a response.
Some of the applicants were looking at other countries.

The Prime Minister wished to know in respect of applications that were submitted, if those licences were to be granted by the Post Office using the spectrum, and in respect of cellular licences what would be said to the applicants.

Mr. Coore said that nothing could be done until the legislation was passed.
The granting of licences was useless unless they could connect.
The legislation was to enable the Minister to grant or deny licences for whatever he pleased.

It was necessary, he said to get the law passed in its present form, to enable the Minister to look at licences. The Law could be changed later if the technology required.

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The Prime Minister said his remarks included cellular licences and much of what Mr. Coore said applied to that.
There were other applications which did not envisage any connectivity. It was particularly in respect of those proposals that there was the impossible situation existed.

As of now, the competence of LMDS and the LMWS resided in the Ministry of Public Utilities and Transport, and everyday he was being asked for answers, the Prime Minister said.

The Prime Minister said he was being told that the OUR had now said that "no licence can be granted unless this valuable asset has been assessed and people are allowed to tender for it."

He said he could understand the force of the argument, but what about the applications.
He said, within the Post and Telegraphs Act, something could be done.

Minister Davies suggested guidance from a small group; a route the Prime Minister said had been taken four years ago.

Permanent Secretary Constantine asked if Government was aware of how much spectrum had been assigned; this had not been ascertained from the Ministry of Public Utilities and Transport for two years and users of Spectrum might have to be asked to provide it.

Minister Pickersgill said that the licence gave TOJ monopoly status in terms of inter-connectivity. He mentioned that their chairman had said that he was not changing his stand.

The Minister said that OUR was there in Law to advise him in terms of granting of licences.
He said he intended to go to Cabinet, in another two weeks in terms of Spectrum Management.

Informatics

Minister Robertson said that discussion took place under the Advisory Council system and a meeting with all spectrum interests would be convened by Monday September 15.

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DC5/97

THE WAY FORWARD

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PPublic Relations

Mr. Smith said that the importance of marketing the NIP was agreed. The time now might not be opportune for the public part.
He said the pre and post efforts on the NIP were not as successful, although there was favourable reception to the idea of the NIP.

With the Plan having achieved the first year objective of economic stability and balance as stated in Professor Harris' report, it was necessary to revisit what did not happen the first time around.
He did not think that the political directorate had put enough in marketing the programme and talking about it. It therefore did not get national recognition. That, he said, should be reflected in what was done to media and the public on it.
He said the opportunity was missed for putting out in book form and doing a poppular conversion of it, which could be widely distributed.

He thought this exercise should be done the next time around.

The information in the first year report was the kind of information that should have been coming out during the year when the things were being done, as the basis of informing the public how the plan was evolving.

A process of marketing, at this stage, was for the Political Directorate to be fully tuned and take on board the NIP in a serious way, and inject that feeling among Civil Servants at all levels, so they understand what it was about.

Mr. Smith said he believed that because the plan concerned and involved so many Ministries, the publicity about it might be getting "second cousin" treatment, as other Agencies had their own Public Relations.

The magnitude of the job required a full-time Communications person, he said.
It was suggested that Mr. Bowen of JAMPRO could be assigned to this exercise.

Mr. Smith said it would of necessity have to be his primary asasignment, or else, it would not work. He said that if it were agreed not to do the public part now, the concentration of those energies in the Public Service should spend time preparing for the public aspect.
Mr. Smith said he could meet with the Secretariat and JAMPRO to set the time-table.

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Minister Paulwell said that the marketing was timely.
He said that of a group of 150 persons he recently met with, only three had read the docuoment. The specialists in this area needed to get it out.

Mrs. Francis said people should go into the Ministries and tell them that the publicity was not taking place. Other ways of getting it out had to be considered, he said.

The Cabinet Secretary said that what was going to be at issue over the next few months was the Government's performance. He said rather than trying to promote the policy in a book, the focus should be on what had been accomplished.

The Prime Minister said there was agreement to lay the document and then a seminar should be arranged.

He said Mr. Smith's report had a different aspect, and that was how to galvanise the nation, particularly the productive sector, about achieving the objectives.
He said that from the special fora arranged, the results were no better than in the non-literary group. He wondered what could be done to galvanise the effort. The election season should be borne in mind, but the matter should not be allowed to die; next April would be too late to start the exercise.

Mrs. Francis said she did not want the energy in the Industry Advisory Councils "to die". They had to be utilised and encouraged; the enthusiasm there was being felt now, she said.

Permanent Secretary Constantine suggested that the obligation of every Public Servant to the NIP should be put in their performance assessment.

Mrs. Francis suggested that each Budget exercise should demonstrate what was hoped to achieve on the NIP for the next year.

The Cabinet Secreary said that it was a technical group with a technical function that was needed. He mentioned that every time something new had to be done in the public sector, new staff were being proposed.
He felt that JAMPRO had the resources, and if Mr. Bowen was at JAMPRO, he had the capability to understand the issues and to transform them into something.
He said JAMPRO must work closely with the Technical Secretariat.

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The Prime Minister said that both Dr. Hughes and Professor Harris had presented drafts which basically reflected what had been discussed and the decisions arrived at.

He said the Minister of Finance had some comments to make. He therefore asked the group to meet with him after lunch, to facilitate the finalisation of the paper before departure, so that he would have the document in hand for circulation to Cabinet for information.
Mr. Smith would prepare in an appropriate form for the Post Cabinet Press Conference.

The next meeting of the Development Council was scheduled for Wednesday, October 15 at 10.00 a.m., at Jamaica House.

The meeting adjourned at 12.53 p.m.

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OFFICE OF THE PRIME MINISTER
1 DEVON ROAD, P.O. BOX 272, KINGSTON 6, JAMAICA

1997 November 11

Hon. David Coore
Chairman
National Investment Bank of Jamaica
11 Oxford Road
Kingston

Dear Hon. Coore,

Re: **Drax Hall Estate**

Please see attached letter addressed to the Honourable Prime Minister from Peter Buckley regarding the above project.

The Honourable Prime Minister has indicated that it is his understanding that the decision of the Development Council regarding further funding of tourism projects, pending the development of a Master Plan for the sector, does not apply to projects already in the pipeline such as Drax Hall and the Ritz Carlton.

He is therefore intending to raise the matter at tomorrow's meeting of the Development Council.

Yours truly,

Maureen Vernon (Mrs.)
Development Division

cc. Dr. Vincent Lawrence, Batco

Post-it® Fax Note 7671	Date 11/11/97	# of pages ▶ 5
To Hon. D. Coore	From M. Vernon	
Co./Dept.	Co. O.P.M.	
Phone #	Phone #	
Fax # 922 4811	Fax # 960-3368	

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BRIEF ON

DRAX HALL MARRIOTT PROJECT

Background

In March 1996 the Board of Directors of NIBJ approved an investment of US$6M in 10% Participating, Preference Shares for the development of the Drax Hall Marriott Hotel Project.

This resort community development involves the construction of a five-star golf and beach resort located on 27.4 acres of beachfront property. Marriott International Hotel Inc., an upscale brand-name hotel chain with an established reputation, which will also invest equity into the hotel, will operate it. The property is located in the parish of St. Ann, 10 miles from the major resort town of Ocho Rios. The hotel will be a low rise (not more than 3 storeys) with lush landscaping and buildings inspired by the plantation history of the estate.

The Promoters, Drax Hall Holdings Limited, have not been able to close the financing gap due to several reasons, among which the bearish nature of the equity market. Marriott International however is anxious to break ground and will be visiting the island the first of second week of November to discuss the completion of the financing gap.

Financing Plan

The Promoters have made several initiatives in an attempt to close the financing gap. The total project cost which was initially estimated to be US$61.00 million, including the Golf & Country Club, has been reduced to US$55.3 million by the removal of the financing requirements of the Golf & Country Club. The Golf component of the project is to be undertaken by separate company financed by Drax Hall Holdings, Marriott Hotel Company and Hilton Hotel Company, TDB and other sources to be identified.

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The following financing plan demonstrates how the project-financing gap can be closed:

- The Promoters are seeking US$10 million in equity financing from the Government of Jamaica; this is in addition to NIBJ's Preference Share investment of US$6 million. The promoters anticipate that they will be able to raise US$10 million during the construction period (18 months) and replace the Governments additional contribution.

- The firm that has been selected to undertake the construction of the hotel, Kier International/ Caribbean Construction Company (CCC), have made commitments to capitalise US$2 million of the construction cost as their equity in the Drax Hall Marriott. In addition, the Promoters and other project professionals have committed to investing US$0.8 million of the costs associated with the preparation of project pre-construction costs.

- These equity participants together with US$1 million from Marriott International reduce the financing gap to US$5 million. BNS have indicated that they will consider underwriting a portion (or all) of this gap on provision that the GOJ makes the additional US$10 million of Preference Shares available.

- On the debt side BNS Grand Cayman, has increased its debt position from US$20.5 million to US$26 million on the basis of Marriott's 3-year debt service interest guarantee.

Source of Financing	Amount (US$ millions)	Status
Promoters	US$ 4.50	Confirmed
Kier International/Caribbean Construction Company	US$ 2.00	Confirmed
Project Professionals	US$ 0.80	Confirmed
Marriott International (in addition to the debt service guarantee)	US$ 1.00	Confirmed
Other Ordinary Shareholders	US$ 5.00	Discussions being held with BNS regarding the underwriting of this amount.
NIBJ - 10% Dividend Participating Preference Shares	US$ 6.00	Confirmed
NIBJ/NDB - 12.5% Preference Shares	US$10.00	To be sourced in Private Placement, underwritten by GoJ.
Equity, representing 53%:	**US$29.30**	
BNS Cayman	US$26.00	US$20.5 M approved, balance under consideration
Debt, representing 47%:	**US$26.00**	
TOTAL Financing	**US$55.3**	

Bank of Nova Scotia Grand Cayman has completed its due diligence and indicated its interest in providing US$20.5M in debt financing and has issued a draft term sheet. The loan will be at a

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rate of libor plus 2.5% per annum for 10 years, including a 2-year moratorium on interest, and a 3.5-year moratorium on the principal. Discussions are being held to increase the debt available from BNS Grand Cayman. BNS has indicated its willingness to increase the debt position to US$26 million, providing Marriott International give a three (3) year debt service interest guarantee. .

Project Status

Construction:

The infrastructural work for phase I was completed in 1994, these include the following:

* Roadworks
* Stormwater collection and distribution
* Water distribution system
* Electrical installation

The Promoters have projected start-up of construction is the last quarter of 1997, which is not feasible given the level of financing commitments at this time.

Statutory Approvals:

* The outline building approvals, including approval from the NRCA, are in place;
* The architectural design details are currently being finalised;
* The interior design is also being finalised and was presented to Marriott's Board of Directors for approval;
* Upon completion of the final design drawings the Planning application has been submitted to the Town Planning Authority. It is projected that the Building Approvals will be granted in November 1997.

Management & Marketing

The management agreements have been executed between Marriott International Hotel Inc. and Drax Hall Hotel Limited. Marriott has approximately 4,600 operating units in 50 American States and 32 countries and territories; they manage and franchise nearly 222,000 rooms under six major hotel brands.

Conclusions

The Promoters had initially approached NIBJ with a request to increase its equity investment in an attempt to close the total financing gap of US$15 million. It was requested at the time that the Government of Jamaica consider an additional investment of US$10 million, that would trigger the underwriting of (an amount up to) US$5 million by BNS. NIBJ's current investment of US$6 million represents 20% of the total shareholders equity, and any additional financing up to US$10 million would increase NIBJ's ownership to 54.6%, putting NIBJ into a majority ownership position.

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Mr. P. Buckley more recently advised that he is confident of a US$2.5 million commitment from BNS. In this scenario NIBJ is being requested to provide US$2.5 million in addition to the US$10 million that was initially requested. This incremental request of US$12.5 million plus the amount of US$6 million approved by the Board will increase NIBJ's ownership to 63.1%.

The promoters equity is comprised of the value of the land to be capitalised (US$3 million) as well as Developers Fee of US$1.5 million. This is the extent of the contribution of the project Developers, Drax Hall Holdings Limited. Therefore if NIBJ considers an investment representing 63.1% of shareholders equity then it will be the majority shareholder.

Finance & Investment
11 November, 1997

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OFFICE OF THE PRIME MINISTER

–TOURISM–

64 KNUTSFORD BOULEVARD, KINGSTON 5, JAMAICA, WEST INDIES
TEL: (876) 920-4926/30, 920-4956 • FAX: (876) 920-4944

IN CASE OF REPLY PLEASE QUOTE THE DATE OF THIS LETTER AND THE FOLLOWING

NO.

1997 November 11

The Rt. Hon. P. J. Patterson, PC, QC, MP
Prime Minister
Office of the Prime Minister
Jamaica House
KINGSTON.

My dear Prime Minister:

Enclosed are the following:

1. a copy of a letter dated November 11, 1997, addressed to me by Drax Hall Holdings Limited; and

2. a brief on Drax Hall Marriott Hotel as prepared by **NIBJ.**

I have also received a copy of the letter written to you by Mr. Peter Buckley, stating that the **NIBJ** Board was awaiting a master-plan from me for financial support to tourism developments, and that all hotel projects have been put on hold. Really, I am at a loss at Mr. Buckley's remarks, and have sought clarification.

As a result of our telephone conversation, I contacted the **NIBJ** and asked for a report on the project. I am in full support of any assistance that the **NIBJ** or the Government of Jamaica can give to Drax Hall Holdings Limited, especially in light of the fact that an EP chain and a name brand hotel are involved.

If you need me for any further comments, I will let Mrs. Mason know my whereabouts at all times.

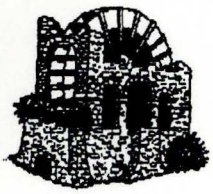
Yours sincerely,

for Mymason

FRANCIS A. TULLOCH
MINISTER OF TOURISM

Encls.

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Drax Hall Estate

St. Ann, Jamaica

November 11, 1997

Honourable Francis Tulloch
Minister of Tourism
Office of the Prime Minister
1 Devon Road
Kingston 6

Dear Minister Tulloch,

Further to our telephone conversation yesterday and your request, enclosed is the Financial Project Status of the Drax Hall Marriott Hotel and our request to the Government of Jamaica.

Thank you for your continued support.

Yours sincerely
DRAX HALL HOLDINGS LIMITED

Peter Buckley
Managing Director

PB/svm

Enc.

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Drax Hall Estate
St. Ann, Jamaica

MARRIOTT HOTEL - PROJECT STATUS

FINANCING STRUCTURE

	US$M
Shareholders Equity	
Promoters	4.5
Marriott	1.0
Contractors/Professionals/Promoters	2.8
Others (*Gap*)	5.0
	13.3
Preference Shares	
NIBJ (10%)	6.0
NIBJ/NDB (12.5%)	10.0
	16.0
Debt (LIBOR + 2.5%)	
The Bank of Nova Scotia (Cayman)	**26.0**
TOTAL	**55.3**

(i) Amount required to close equity gap - **US$5 million.**

(ii) Scotiabank Jamaica, through its subsidiary West India Company, is proposing to underwrite US$2.5 million of the US$5 million equity required.

(iii) **Request to Government of Jamaica**

1. ***Confirm US$10 million Preference Shares at 12.5%***
2. ***National Investment Bank of Jamaica close gap by underwriting outstanding equity of US$2.5 million so that construction can start. This sum will not be required until 9 months after construction has commenced, allowing time to raise the equity as the project would have commenced, thereby creating INVESTOR CONFIDENCE.***

GOLF COURSE - PROJECT STATUS

This project is being financed separately from but simultaneously with the hotel and will be enhanced by the fact that the hotel is fully financed and under construction.

Discussions are in progress for the debt financing with French government development agency PROPARCO, who has commenced their due diligence and visited Jamaica and Drax Hall Estate last month.

The equity is already in place for this project and the debt financing required is US$10.4 million, of which Trafalgar Development Bank is now considering financing US$2.2 million, while PROPARCO is considering acting as the lead lender in providing a portion of the debt and securing additional funding to complete the debt placement of US$8.8 million.

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BRIEF ON

DRAX HALL MARRIOTT PROJECT

Background

In March 1996 the Board of Directors of NIBJ approved an investment of US$6M in 10% Participating, Preference Shares for the development of the Drax Hall Marriott Hotel Project.

This resort community development involves the construction of a five-star golf and beach resort located on 27.4 acres of beachfront property. Marriott International Hotel Inc., an upscale brand-name hotel chain with an established reputation, which will also invest equity into the hotel, will operate it. The property is located in the parish of St. Ann, 10 miles from the major resort town of Ocho Rios. The hotel will be a low rise (not more than 3 storeys) with lush landscaping and buildings inspired by the plantation history of the estate.

The Promoters, Drax Hall Holdings Limited, have not been able to close the financing gap due to several reasons, among which the bearish nature of the equity market. Marriott International however is anxious to break ground and will be visiting the island the first of second week of November to discuss the completion of the financing gap.

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Financing Plan

The Promoters have made several initiatives in an attempt to close the financing gap. The total project cost which was initially estimated to be US$61.00 million, including the Golf & Country Club, has been reduced to US$55.3 million by the removal of the financing requirements of the Golf & Country Club. The Golf component of the project is to be undertaken by separate company financed by Drax Hall Holdings, Marriott Hotel Company and Hilton Hotel Company, TDB and other sources to be identified.

The following financing plan demonstrates how the project-financing gap can be closed:

- The Promoters are seeking US$10 million in equity financing from the Government of Jamaica; this is in addition to NIBJ's Preference Share investment of US$6 million. The promoters anticipate that they will be able to raise US$10 million during the construction period (18 months) and replace the Governments additional contribution.

- The firm that has been selected to undertake the construction of the hotel, Kier International/ Caribbean Construction Company (CCC), have made commitments to capitalise US$2 million of the construction cost as their equity in the Drax Hall Marriott. In addition, the Promoters and other project professionals have committed to investing US$0.8 million of the costs associated with the preparation of project pre-construction costs.

- These equity participants together with US$1 million from Marriott International reduce the financing gap to US$5 million. BNS have indicated that they will consider underwriting a portion (or all) of this gap on provision that the GOJ makes the additional US$10 million of Preference Shares available.

- On the debt side BNS Grand Cayman, has increased its debt position from US$20.5 million to US$26 million on the basis of Marriott's 3-year debt service interest guarantee.

Source of Financing	Amount (US$ millions)	Status
Promoters	US$ 4.50	Confirmed
Kier International/Caribbean Construction Company	US$ 2.00	Confirmed
Project Professionals	US$ 0.80	Confirmed
Marriott International (in addition to the debt service guarantee)	US$ 1.00	Confirmed
Other Ordinary Shareholders	US$ 5.00	Discussions being held with BNS regarding the underwriting of this amount.
NIBJ - 10% Dividend Participating Preference Shares	US$ 6.00	Confirmed
NIBJ/NDB - 12.5% Preference Shares	US$10.00	To be sourced in Private Placement, underwritten by GoJ.
Equity, representing 53%:	**US$29.30**	
BNS Cayman	US$26.00	US$20.5 M approved, balance under consideration
Debt, representing 47%:	**US$26.00**	
TOTAL Financing	**US$55.3**	

Bank of Nova Scotia Grand Cayman has completed its due diligence and indicated its interest in providing US$20.5M in debt financing and has issued a draft term sheet. The loan will be at a

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rate of libor plus 2.5% per annum for 10 years, including a 2-year moratorium on interest, and a 3.5-year moratorium on the principal. Discussions are being held to increase the debt available from BNS Grand Cayman. BNS has indicated its willingness to increase the debt position to US$26 million, providing Marriott International give a three (3) year debt service interest guarantee. .

Project Status

Construction:

The infrastructural work for phase I was completed in 1994, these include the following:

* Roadworks
* Stormwater collection and distribution
* Water distribution system
* Electrical installation

The Promoters have projected start-up of construction is the last quarter of 1997, which is not feasible given the level of financing commitments at this time.

Statutory Approvals:

* The outline building approvals, including approval from the NRCA, are in place;
* The architectural design details are currently being finalised;
* The interior design is also being finalised and was presented to Marriott's Board of Directors for approval;
* Upon completion of the final design drawings the Planning application has been submitted to the Town Planning Authority. It is projected that the Building Approvals will be granted in November 1997.

Management & Marketing

The management agreements have been executed between Marriott International Hotel Inc. and Drax Hall Hotel Limited. Marriott has approximately 4,600 operating units in 50 American States and 32 countries and territories; they manage and franchise nearly 222,000 rooms under six major hotel brands.

Conclusions

The Promoters had initially approached NIBJ with a request to increase its equity investment in an attempt to close the total financing gap of US$15 million. It was requested at the time that the Government of Jamaica consider an additional investment of US$10 million, that would trigger the underwriting of (an amount up to) US$5 million by BNS. NIBJ's current investment of US$6 million represents 20% of the total shareholders equity, and any additional financing up to US$10 million would increase NIBJ's ownership to 54.6%, putting NIBJ into a majority ownership position.

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Mr. P. Buckley more recently advised that he is confident of a US$2.5 million commitment from BNS. In this scenario NIBJ is being requested to provide US$2.5 million in addition to the US$10 million that was initially requested. This incremental request of US$12.5 million plus the amount of US$6 million approved by the Board will increase NIBJ's ownership to 63.1%.

The promoters equity is comprised of the value of the land to be capitalised (US$3 million) as well as Developers Fee of US$1.5 million. This is the extent of the contribution of the project Developers, Drax Hall Holdings Limited. Therefore if NIBJ considers an investment representing 63.1% of shareholders equity then it will be the majority shareholder.

Finance & Investment
11 November, 1997

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DC58/MIIC(JAMPRO) 21/97

Item 4.6

1

DEVELOPMENT COUNCIL MEETING

STATUS OF INFORMATICS SECTOR

FOR : NOVEMBER 12, 1997

The Information Technology sector comprises 96 companies and affiliated institutions, divided into the following segments:

- Software Distributors and Dealers

- Professional Services - system consultants, technical support and software development

- Computer Training companies

- Internet Services providers/Web content

- Export Service Providers of

    - Data Entry

    - Telemarketing

    - Geographic Information Systems

    - Customized Software Services

    - CAD/CAM

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The Client Listing attached provides an analysis of the various segments. However, closer inspection reveals the following distribution pattern, where approximately 33.3% can be classified as export service providers.

-	Customized Software Services	13 companies
-	Data Entry	12 companies
-	Telemarketing	3 companies
-	Multimedia	1 company
-	GIS/CAD-CAM	1 company
-	Consultants/network	3 companies
	TOTAL	**33 companies**

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PROJECTS IN THE PIPELINE

There are currently Nine (9) projects in the Pipeline, with projected capital investment of J$4106 billion.

Telemarketing	-	2
Software	-	2
Telecoms	-	3
Training	-	2

See table below:

PIPELINE PROJECT STATUS I.T. DIVISION

Project Status	# of Projects	C.I.(J$m)	Employment
Pipeline	9	4106.51	412
To be Implemented By Mar. 1998	6	729.00	400
Bal. of Projects to be Implemented	3	3377.51	12

Major Pipeline Projects

1). GPD Communications (Ja.) Ltd

C.I. : US$17.8m over 2 years
Projected C.I:.US$4000m

GPD has been advised by the Ministry of Public Utilities (Calvin Grey, Acting Permanent Secretary) that the Government is now examining how best to allocate Spectrum. Hence their application for a licence has been put on hold, pending the draft legislation on the Telecommunications Policy, which is now before Parliament. No decision may be possible before February 1998.

Bottleneck: Pending Telecommunications Policy to inform the allocation of electromagnetic spectrum.

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2). Antilles Software Limited

Projected CI: J$36.0m
Employment : 100 persons
Projected implementation date is set for December 1, 1997. The project is classified as Year 2000, which is a legacy system conversion activity and will employ graduates from the UWI, UTECH and EXED to address date changes in COBOL and other legacy languages for major companies like General Electric and Westinghouse.

Bottleneck: An AS400 Computer is required for training of staff. Company lost Single Entity status due to change of location and the results of the new application is now pending.

3). Jamaica Communications Limited

Projected C.I. J$19.6m
Employment 12 persons

The company has been the recipient of a 12 - year renewable International Licence to provide Telecoms and Audiotext services to customers outside Jamaica. Implementation to follow acquisition of Single Entity Free Zone status (now being processed) and permission by the NWC to use property in Beverley Hills to house "Earth Station". JAMPRO is involved in discussions with Messrs. Cranston & Vaswani of the NWC Board to get conditional approval.

Bottleneck: Single Entity Free Zone status pending. Company awaiting approval from NWC for use of premises to site Earth Station.

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Major leads from Direct Marketing Association (DMA) 80th Conference & Exhibition in Chicago, Illinois.

APPLE VACATIONS

A major Reservations & Tour company, is coming to Jamaica following high level meetings with officials of JAMPRO, MBFZ, and the JDI. Letters of employment were issued to 48 persons on Nov. 7, 1997; training will commence Nov. 10, 1997 and actual operations are scheduled to begin Dec. 1, 1997 in the Quickstart program of the Montego Bay Free Zone.

UNITED AIRLINES.

Following discussions with senior managers, serious considerarion is being given to relocating the company's telemarketing operations to Jamaica. A Comparative Analysis between Jamaica & Barbados requested by the company, has been completed satisfactorily. The company has indicated a 2- 3 month period for decision-making, after which operations are likely to commence next March 1998.

Approximately 500 enquiries were received at the Exhibition covering Data Entry and Telemarketing. Follow-up letters have been mailed to these prospective clients.

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ISSUES

1. UNAVAILABILITY of OFFICE SPACE

Arising from the these and other developments in the sector, the following represents a demand schedule for additional space in the Montego Bay Free Zone over the next 1 - 6 months.

Projected Demand for Office Space (MBFZ)

Co. Name	Type of Business	Current Demand (sq.ft)	Proj. Demand (sq.ft)
Apple Vacation	Telemkt	5000	8000
United Airlines	Telemkt	10000	27000
ECC. Mgmt.	Telemkt	5000	10000
F.I.T.	Net. Maint.	2000	5000
TOTAL		**22000**	**50000**

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2. INSUFFICIENT GRADUATES

Only 150 persons graduate from the UWI in Computer Science annually with limited Software Engineering skills, necessitating additional training.

3. TRAINING INCENTIVES

A re-imbursible training incentive is needed to offset the high cost of training being incurred in the Industry.

4. TELECOMMUNICATIONS POLICY

The issue of connectivity between TOJ/JDI is critical. In addition, the TOJ monopoly on voice telephony is being questioned and the implications for Value-added-Services.

5. FREE ZONE RENTAL RATES

There's a growing perception that the rental rates in the Free Zone are too high (currently US6.50/sq.ft) and this affects their competitiveness. Consider the Southern Ontario Industrial Belt which costs US$1.40/sq.ft.

6. CUSTOMS PRACTICES

There is growing discontent among IT companies with regard to the inconsistency of application of customs regulations in relation to various storage media.

7. ACCESS TO VENTURE CAPITAL

A special window is needed in the financial sector (specific to the IT sector), which will facilitate and encourage software development, re-tooling and training.

OPPORTUNITIES

- **HI - TECH PARK**

The Portmore Informatics Park is seen as a "hub" for the development of high - level information processing, especially in

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teleservices. Linkages can be readily created with the wider economy, eg: Health, Education, Tourism and Financial Services.

- **MULTIMEDIA/MULTI - LINGUAL SERVICES**

Opportunities exist for the creation and packaging of culture as content. Linkages are readily afforded with the Tourism, Design and Entertainment sectors as well as Distance Teaching and Video-conferencing facilities.

- **GEOGRAPHIC INFORMATION SYSTEMS**

An area of emerging opportunities, especially in light of government's Land Titling Project.

- **CALL CENTRE'S**

Jamaica has proven that it has the skill-set to compete for this kind of business. Attracting a major 'Brand Name' company would help to pull others to our shores.

Prepared By
Information Technology Dept.
November 11, 1997

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INFORMATION TECHNOLOGY DEPT.

LIST OF COMPANY CLOSURES (1995-97)

COMPANY NAME	DESCRIPTION	CAP. INV.	EMPLOYMENT	REASON
V.P.G. International Ltd.	Telemarketing	0.288	5	High operational costs
JAMERICAN	Data Conversion	9.417	200	Problem with Jamaica Public Service Company
Tultex Data	Data Entry	6.4	14	Not Known
DRM Limited	Telemarketing	9.9	42	Changes in Canadian Laws re on-line gaming.
CSC Technologies	GIS Conversion	93.284	9	Internal re-organization. Offshore company re-absorbed.
CFL	Data Entry	Not available	Not available	Industrial unrest. Re-location to Mexico. Operations absorbed by MRS.
Transportation Data Ltd.	Data Entry	13.680	21	Low productivity of workforce.
National Transcription Technology	Medical Transcription	0.200	32	Not Known
Linetel Communication Corp.	Telemarketing	0.444	20	Low productivity of workforce.
Datamation	Data Entry	0.790	50	Not Known
MC Data Ltd.	Data Entry	0.350	60	Insufficient business.
ENITO Marketing	Telemarketing	1.40	15	Problems with free zone, banks and overseas clients.
Hi-Tech Ltd.	Software	6.0	30	
	TOTAL	142.15	4988	

Information Technology Dept.
November 11, 1997

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DC56/DPM(NIBJ) 23/97

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

Funding Source	Total Commitment (1) (J$ millions)	Total Received (2) (J$ millions)	Total Disbursed (3) (J$ millions)	Total Undisbursed Balance (2) - (3)	Resource Requirement (2) - (1) (J$ millions)
J$1.0B bond	$313.72	$330.50	$285.82	$44.68	$16.78
US$50.0M bond	$2,741.38	$735.00	$541.31	$193.69	($2,006.38)
CDF	$306.20	$500.00	$123.96	$376.04	$193.80
Total	**$3,361.30**	**$1,565.50**	**$951.09**	**$614.41**	**($1,795.80)**

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Prepared by: National Investment Bank of Jamaica
Finance and Investment Division
08/10/1997

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

Received (1) (J$ millions)		Commitments	Amount Committed (2) (J$ millions)	Amount Disbursed (3) (J$ millions)	Undisbursed Commitment (2) - (3) (J$ millions)	Resource Requirement (1) - (2) (J$ millions)
Total Received	430.50	NDB - Loan	$200.00	$200.00		
less prepayment	(100.00)	Port Royal Tourism Project	$4.60	$4.60		
		Fellowship Aquaculture	$2.80	$2.80		
		Mt. Pleasant Estates	$20.00	$15.95	$4.05	
		International Magnetic Prod.	$8.80	$8.80		
		Western Cement Company	$11.21	$11.21		
		Grizzly's Entertainment	$13.00	$13.00		
		Canco Limited	$6.80	$6.80		
		Jamaica Livestock Assn.	$4.41	$4.41		
		Ja. Edible Fats & Oils	$18.00	$18.00		
		Clarendon Lime	$11.25		$11.25	
		Kokoya Group	$5.00		$5.00	
		Coffee Industries	$4.85		$4.85	
		NCST-Sidgrain Ja. Ltd.	$3.00	$0.25	$2.75	
$330.50			**$313.72**	**$285.82**	**27.90**	**$16.78**

Pipeline: 9 projects totaling $90.42M

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

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NATIONAL INVESTMENT BANK OF JAMAICA
US$ Funding
Status as at 30 September 1997

Received (1) (US$ millions)		Commitments	Amount Committed (2) (US$ millions)	Amount Disbursed (3) (US$ millions)	Undisbursed Commitment (2) - (3) (US$ millions)	Resource Requirement (1) - (2) (US$ millions)
Drawdown from BNS	21.00	NDB	$5.00	$5.00		
		Braco Pebbles	$3.00	$3.00		
		Int. Mag. Prod.	$0.20	$0.20		
		Jamaica Standard Products	$0.33		$0.33	
		Port Royal Heritage Project	$0.40	$0.40		
		CDC/FMO re Jablum	$6.00	$6.00		
		Hedonism Runaway Bay	$13.00		$13.00	
		Drax Hall Marriott	$6.00		$6.00	
		Seawind - La Meridien	$10.00		$10.00	
		Couples Negril	$4.00	$0.87	$3.13	
		Swept Away - Trelawny	$14.40		$14.40	
		Ritz-Carlton at Rose Hall	$6.00		$6.00	
		Beaches Whitehouse	$10.00		$10.00	
Total	**21.00**		**$78.33**	**$15.47**	**$62.86**	**($57.33)**
J$ equivalent	**735.00**		**$2,741.38**	**$541.31**	**$2,200.07**	**($2,006.38)**

Pipeline:	
Grand Bay Resorts - Seawind Towers	$2.00
Mammee Bay Hotel	$5.00
Port Royal Heritage Project	$4.60
Sea Splash Plantation	$3.00
Breezes Bloody Bay	$3.00
Newport Mills - Rio Bueno	$1.00
Hampden Estates Ltd	$3.00
Ocean Point Hotel (Trelawny)	$4.00
	$25.60

1 An exchange rate of J$35 to US$1 is used
2 These Commitments were made in anticipation of receipt of inflows arising from understandings reached between ourselves, MOF and BOJ.
3 The possiblity exists of an additional US$10M G.O.J. commitment to Drax Hall, negotiations ungoing.

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

A General Program

Received (1) (J$ millions)		Commitments	Amount Committed (2) (J$ millions)	Amount Disbursed (3) (J$ millions)	Undisbursed Commitments (2)-(3) (J$ millions)	Resource Requirement (1)-(2) (J$ millions)
From the C.D.F.	400.00	Century Corporation Ltd.	$20.00	$20.00		
		B & D Trawling	$20.00	$20.00		
		Barrett Furniture Limited	$10.00	$10.00		
		Taylor Made Apparel	$8.00		$8.00	
		Fort Stewart Farms Limited	$5.00		$5.00	
		Wilpak Corporation	$20.00	$20.00		
		Faurens Limited	$6.00	$4.40	$1.60	
		Day-O Plantation and Rest.	$13.50	$12.66	$0.84	
		Pulse Entertainment Group Ltd.	$20.50		$20.50	
		SBAJ Fellowship Hall Dev*	$35.00		$35.00	
		Apparel Sector Programme**	$80.00		$80.00	
Total	**400.00**		**$238.00**	**$87.06**	**$150.94**	**$162.00**

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

**Reserved for this programme as approved by NIBJ's Board and announced by the Minister of Industry, Investment and Commerce

Pipeline: 17 projects totaling $216.44M

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B Small Hotel Subsector

Received (1) (J$ millions)		Commitments	Amount Committed (2) (J$ millions)	Amount Disbursed (3) (J$ millions)	Undisbursed Commitments (2) - (3) (J$ millions)	Resource Requirement (1) - (2) (J$ millions)
From the C.D.F.	100.00	Royal Court Hotel	$7.00	$7.00		
		Tigress Cottages	$4.00	$4.00		
		Blue Harbour Hotel	$3.50	$3.50		
		Club Inferno Hotel	$20.00	$16.70	$3.30	
		La Mirage Hotel	$8.00		$8.00	
		Caribic Vacations	$5.70	$5.70		
		Little Bay Ltd./Little Pub Hotel	$20.00		$20.00	
Total	**100.00**		**$68.20**	**$36.90**	**$31.30**	**$31.80**

Pipeline: 7 projects totaling $21.7M

TOTAL A + B = **$193.80**

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NATIONAL INVESTMENT BANK OF JAMAICA
PROJECTED CASH FLOW STATEMENT - US$

Disbursements Re: Projects requiring US$ Funding
For the Period March 1997 - March 1999

	PROJECTS	Quarter ending:	Prior to Sep-97	Dec-97	Mar-98	Jun-98	Sep-98	Dec-98	Mar-99	TOTAL
Approved Projects:										
1	NDB		5.000							5.000
2	Braco Pebbles		3.000							3.000
3	Port Royal Tourism Project		0.400							0.400
4	Hedonism Runaway Bay		3.000	3.000	4.000	2.000	1.000			13.000
5	Drax Hall (Marriott)				2.000	2.000	2.000			6.000
6	Seawind Le Meridien				3.000	3.000	2.000	2.000		10.000
7	Couples Negril		0.866	1.500	1.634					4.000
8	Swept Away Trelawny				2.000	3.500	3.500	3.400	2.000	14.400
9	Ritz-Carlton at Rose Hall				2.000	2.000	1.000	1.000		6.000
10	Beaches Whitehouse				3.000	2.000	3.000	2.000		10.000
11	Jamaica Standard Products Limited			0.325						0.325
12	International Magnetic Products		0.200							0.200
	Sub-Total:		12.466	4.825	17.634	14.500	12.500	8.400	2.000	72.325
Projects in Pipeline										
11	Port Royal Tourism Project			0.600	2.000	2.000				4.600
12	Mammee Bay Hotel				1.000	2.000	1.000	1.000		5.000
13	Sea Splash Plantation Hotel			0.500	1.000	1.000	0.500			3.000
14	Negril Harbour Hotel Ltd/Breezes Bloody Bay				1.500	1.500				3.000
15	Grand Bay Resorts Ltd t/asSeawind Towers			1.000	1.000					2.000
16	Ocean Point Hotel (Trelawny)					1.500	1.500	1.000		4.000
17	Newport Mills- Rio Bueno			1.000						1.000
18	Hampden Estates Ltd.				1.000	2.000				3.000
19	Other Unidentified				0.325	0.850	0.500	1.000	0.000	2.675
	Sub-Total:		0.000	3.100	7.825	10.850	3.500	3.000	0.000	28.275
	Grand Total:		12.466	7.925	25.459	25.350	16.000	11.400	2.000	100.600

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Notes:

1 All projects are shown as assumptions made that the BNS US$25M bridging loan is being fully repaid on due date of October 31, 1997.
2 In addition to total above, NDB will require funds in support of some of the above projects, and to this end are in discussions with the Ministry of Finance.
3 **The possibility exists for an additional US$10M GOJ assistance to Drax Hall Marriott, discussions are continuing with the promoters.**
4 Jablum's disbursement has not been included as funds are to be repaid from a facility being negotiated with BNS.

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

	Project Name	Industry/ Sector	Amount Committed	%	Amount Disbursed
1	Fellowship Aquaculture Ltd.	Agriculture	2,800,000.00		2,800,000.00
2	Mount Pleasant Estates	Agriculture	20,000,000.00		15,950,000.00
3	Westban	Agriculture	12,000,000.00		12,000,000.00
4	Coffee Industries Ltd.	Agriculture	4,845,000.00		0.00
5	NCST - Sidgrain Ltd.	Agriculture	3,000,000.00		247,000.00
6	B & D Trawling Limited	Agriculture*	20,000,000.00		20,000,000.00
7	Fort Stewart Farms Limited	Agriculture*	5,000,000.00		0.00
8	Jamaica Livestock Association	Agriculture	4,406,836.50		4,406,836.50
	Subtotal for	**Agriculture**	**72,051,836.50**	**2.54%**	**55,403,836.50**
9	Grizzly's Entertainment Ltd.	Entertainment	13,000,000.00		13,000,000.00
10	Pulse Entertainment Group Limited	Entertainment*	20,500,000.00		0.00
	Subtotal for	**Entertainment**	**33,500,000.00**	**1.18%**	**13,000,000.00**
11	InfoChannel	Information Technology	7,139,123.00		7,139,123.00
	Subtotal for	**Information Technology**	**7,139,123.00**	**0.25%**	**7,139,123.00**
12	Kokoya Group	Manufacturing	5,000,000.00		0.00
13	Fellowship Hall Development Complex	Manufacturing	20,000,000.00		20,000,000.00
14	Canco Ltd.	Manufacturing	6,800,000.00		6,800,000.00
15	Jamaica Edible Oils and Fats Co. Ltd.	Manufacturing	18,000,000.00		18,000,000.00
16	International Magnetic Products	Manufacturing	8,770,000.00		8,770,000.00
17	International Magnetic Products II	Manufacturing	7,000,000.00		7,000,000.00
18	Taylor Made Apparel Ltd.	Manufacturing*	8,000,000.00		0.00
19	Century Corporation Ltd.	Manufacturing*	20,000,000.00		20,000,000.00
20	Barret Furniture Company Limited	Manufacturing*	10,000,000.00		10,000,000.00
21	Wilpak Corporation	Manufacturing*	20,000,000.00		20,000,000.00
22	Jamaica Standard Product	Manufacturing	11,375,000.00		0.00
	Subtotal for	**Manufacturing**	**123,570,000.00**	**4.35%**	**110,570,000.00**
22	Clarendon Lime Co. Ltd. Phase 2	Mining	11,249,455.00		0.00
23	Clarendon Lime Co. Ltd. Phase 1	Mining	10,550,000.00		10,550,000.00
24	North Coast Bauxite Exploration Project	Mining	30,000,000.00		27,500,000.00
25	Western Cement Company	Mining	11,212,800.00		11,212,800.00
26	Faurens Limited	Mining*	6,000,000.00		4,400,415.00
	Subtotal for	**Mining**	**69,012,255.00**	**2.43%**	**53,663,215.00**
27	La Mirage Hotel	Tourism - Small Hotel*	8,000,000.00		0.00
28	Tigress Cottages	Tourism - Small Hotel*	4,000,000.00		4,000,000.00
29	Blue Harbour Hotel	Tourism - Small Hotel*	3,500,000.00		3,500,000.00
30	Royal Court Hotel & Health Resort	Tourism - Small Hotel*	7,000,000.00		7,000,000.00
31	Club Inferno Resort Hotel & Restaurant	Tourism - Small Hotel*	20,000,000.00		16,693,491.10
32	Carabic Vacations	Tourism - Small Hotel*	5,700,000.00		5,700,000.00
33	Little Bay ltd./Little Pub	Tourism - Small Hotel*	20,000,000.00		0.00
	Subtotal for	**Tourism - Small Hotel**	**68,200,000.00**	**2.40%**	**36,893,491.10**
34	Braco Pebbles	Tourism	105,000,000.00		105,000,000.00
35	Drax Hall Hotel and Golf Club (Marriott)	Tourism	210,000,000.00		0.00
36	Hedonism Runaway Bay	Tourism	455,000,000.00		0.00
37	Couples, Negril	Tourism	140,000,000.00		30,322,505.50
38	Seawind Resort	Tourism	350,000,000.00		0.00
39	Braco Village	Tourism	27,600,000.00		27,600,000.00
40	Real Resort (Beaches Negril)	Tourism	72,743,190.00		72,743,190.00
41	Port Royal Development Feasibility Study	Tourism	4,600,000.00		4,600,000.00
42	Port Royal Development Co. Advance	Tourism	14,000,000.00		14,000,000.00
43	Swept Away - Trelawny	Tourism	504,000,000.00		0.00
44	Ritz-Carlton at Rose Hall	Tourism	210,000,000.00		0.00
45	Beaches Whitehouse	Tourism	350,000,000.00		0.00
46	Day-O Plantation and Restaurant	Tourism*	13,500,000.00		12,655,250.00
	Subtotal for	**Tourism**	**2,456,443,190.00**	**86.46%**	**266,920,945.50**
		Grand Total	**2,841,291,404.50**	**100.00%**	**543,590,611.10**

Add other non-project investments:		
SBAJ Fellowship Hall Dev. (onlending)	35,000,000.00	0.00
NDB - US$5M	175,000,000.00	175,000,000.00
CDC/FMO re Jablum	210,000,000.00	210,000,000.00
NDB -J$ Loan	200,000,000.00	200,000,000.00
Apparel Sector Programme	80,000,000.00	0.00
	700,000,000.00	585,000,000.00
Less projects approved prior to Investment Policy:		
Fellowship Hall Development Complex	20,000,000.00	20,000,000.00
Westban	12,000,000.00	12,000,000.00
North Coast Bauxite Exploration Project	30,000,000.00	27,500,000.00
Infochannel	7,139,123.00	7,139,123.00
Clarendon Lime Phase 1	10,550,000.00	10,550,000.00
Real Resort	72,743,190.00	72,743,190.00
Braco Village	27,600,000.00	27,600,000.00
	180,032,313.00	177,532,313.00
BALANCE	**3,361,259,091.50**	**951,058,298.10**

* Projects approved under the Debt Restructuring Programme (DRP)

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Item 8

PORT ROYAL DEVELOPMENT
STATUS REPORT

The Definitive Agreement between the Port Royal Development Company Limited (PRDCL) and GOJ should have been signed by March 31, 1997 and construction commence in October 1997.

The completion and signing of this Agreement is now critical in order to avoid further overall project delays and cost increases.

The delay was caused by an apparent misunderstanding on the part of PRDCL regarding the format for the Development Plan which would form the basis for the Agreement.

This matter was clarified at a meeting of both parties in October.

PRDCL has since submitted a Development Plan for Port Royal. The Cash Flow Statement and Gantt Chart was not included.

PRDCL was asked to make these document available to all members of the Enterprise Team. The Chairman, in the interest of time requested all members to send in written comments by Nobember 14, 1997.

In anticipation of a signed Agreement, Jampro was asked to write to all Ministries affected by the Definitive Agreement to include in their budget for 1997/98 the cost for government works.

The issue of Incentives is yet to be discussed and a meeting is to be scheduled with the Minister of Finance, the Financial Secretary, the Minister of Industry & Commerce and PRDCL to clarify same.

The incentives being requested by Port Royal Development Company are as follows:

- GCT exemption on all imports

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- Reimbursement on all GCT paid to date
- Tax free status for 15 years
- Tax credit under the Urban Renewal Act of 1995
- Zero percent (0%) head tax for ships making Port Royal the second port of call
- Fifty percent (50%) of existing highest head tax on new ships coming to Jamaica up to the year 2005. (In Ocho Rios currently US$15.00)
- Requesting that all building materials and other goods be specified under the second schedule of the Hotel Incentive Act (Under the Act goods are exempt from duty)
- Exemption of duty on motor buses to be used to transport tourist
- Exemption of duty on:
  a. movie projectors
  b. audio visuals
  c. medical supplies - for health centre
  d. computers
  e. hand held radios
  f. security and screening equipment
  g. three Jitneys to be used to shuttle tourist within the immediate environs
- Duty exemption for motor vehicle for use in construction
- Duty exemption for Pajero for Managing Director
- Duty exemption for Vitara for Project Director

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October 31, 1997

Ref. No. 601/078

Chairman
Enterprise Committee
Port Royal Heritage Tourism Project

Dear Sir:

Reference is made to the Memorandum Of Understanding dated October 28, 1996 and subsequent Draft Definitive Agreement for the Port Royal Heritage Tourism Project.

This Ministry wishes to advise that the proposal for tax concessions cannot be supported as requested, since there is no provision in the relevant tax laws for a management company to benefit directly.

Each law has specific requirements which persons/entities involved in related activities must meet.

The relevant tax laws are:

- the Hotel (Incentives) Act
- the Urban Renewal (Relief) Act
- the Income Tax Act
- the Customs Act
- the GCT Act

It is therefore the companies/properties which will be carrying out the required activities in Port Royal which would be eligible for the concessions under the Act. Government cannot guarantee these benefits.

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With respect to Government of Jamaica works (Clause 4), all relevant Ministries should be asked to include the costs in their respective budgets.

Shirley Tyndall (Miss)
Financial Secretary

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BACKGROUND INFORMATION

NATIONAL INDUSTRIAL POLICY IMPLEMENTATION UPDATE - November 1997

OVERVIEW

Since the last meeting of the Development Council JAMPRO has been targeting the implementation of the National Industrial Policy through its involvement with the private sector in the formation of Industry Advisory Councils, as well as working very closely with those in existence.

The role of the Industry Advisory Councils continues to be of increasing benefit to both the private sector and JAMPRO. The consequence has been the forging of a more open and frank relationship with the private sector, with key players in industry represented on the councils. There are signs that the distrust of Government which previously existed is breaking down, and this augurs well for the development of the country.

1.0 INDUSTRY ADVISORY COUNCILS

Six Councils have been formed, with Agriculture and Information Technology & Telecommunication being the latest additions. Invitations are being dispatched for the Shipping and Berthing Council and a preliminary list of representatives is being prepared for the Entertainment Council. In the meantime, intensive work is continuing on those Councils already existing.

1.1 The Industry Advisory Council for Cluster #3 of the National Industrial Policy, targeting Agro-Processing, Fresh Produce, Natural Fibres, Horticulture and Marine Products had its first formal meeting on 1997 August 7 at the Ministry of Agriculture and Mining. Mrs. Beverley Morgan, Chairman of the Jamaica Agricultural Development Foundation was elected Chairman of the Council. The Terms of Reference were refined and a *modus operandi* agreed.

The Council held another meeting on October 28, at which a refinement of the various sub-sectors as well as the division of labour were determined. Two research officers have been assigned to the team to conduct detailed updated studies on the sub-sectors.

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1.2 The Industry Advisory Council for Cluster #5 at its meeting on August 15 reviewed presentations from private sector representatives highlighting the challenges, similarities and differences of each of the following sub-sectors: Marble, Gypsum, Chemicals, Lime/Limestone, Alumina/Bauxite and Ceramics.

The series of meetings with the sub-sectors were finalized and work has begun to formulate the final report for presentation to the Development Council.

1.3 The Industry Advisory Council for Cluster #4 met on August 21when studies on the Furniture Industry, Appliances, Toiletries and Cosmetics sub-sectors were presented. Coordinators of each sub-sector, in conjunction with private sector interests, have been making presentations, outlining constraints and recommendations for expansion of the sub-sector's development.

1.4 The Industry Advisory Council for the Apparel sector has held several meetings, including one in Montego Bay during October and the most recent being on November 5 in Kingston. Issues considered were the Kurt Salmon Study on the industry, a public relations programme, export security and Phase II of the Government Special Assistance Programme, as well as the Rules of Origin.

1.5 The Industry Advisory Council for Cluster #2 (Information Technology and Telecommunication) held a preliminary meeting of the private sector representatives on October 15, where it was decided to have its first formal meeting on November 11. At this meeting, representatives of the public sector will also be in attendance.

1.6 A meeting of Chairmen of all the Industry Advisory Councils was held on September 15 where the highlight of the meeting was a presentation by the Minister of State in the Ministry of Foreign Affairs and Foreign Trade Anthony Hylton. The Minister commended the group for the role the IACs were playing and indicated that they could play an integral part in the discussions on the Regional Negotiating Machinery.

1.7 Effective October 7, a small support team headed by Mr. Anthony Gomes of the Jamaica Chamber of Commerce was established. The objective of this team is the establishment of all the Industry Advisory Councils and to ensure that the Councils carry out the mandate as set out by the Development Council. Funded

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by JAMPRO, the Secretariat is housed at the offices of Metropolitan Management Transport Holdings at the PCJ Building.

It is envisaged that a permanent arrangement will be finalized shortly and in this regard, JAMPRO has approached the Inter-American Development Bank to assist with funding.

2.0 PUBLIC AWARENESS PROGRAMME

The Public Awareness Programme has been held in all parishes and will see a shift in emphasis when it resumes in January 1998. The impending elections as well as the Christmas season dictate that no further presentations be done for this year.

When it resumes, presentations will be done in conjunction with other government agencies and upon request. The target group for the remainder of the financial year will be the Ministries of Government.

2.2 The Launch of Phase II of the National Industrial Policy was held on Thursday, 1997 October 9 at the Jamaica Conference Center. Dr. the Honourable Paul Robertson, Minister of Industry, Investment & Commerce was the Chairman of the proceedings.

The main address was presented by the Rt. Hon. P.J. Patterson Q.C., P.C., M.P., Prime Minister of Jamaica who spoke on the theme "**The National Industrial Policy, One Year Later.**" He highlighted the fact that since the adoption of the National Industrial Policy, the objective of macro-economic stability has largely been achieved with the lowering of inflation, a decline in the nominal interest rates and a fairly stable exchange rate.

The Prime Minister explained that the second phase of the National Industrial Policy will see the undertaking of a systematic overhaul of the entire incentive system to establish a more flexible programme which is more in keeping with the Government's policy thrust and the evolving international rules.

During the question and answer period, the Prime Minister and the Minister of Industry, Investment & Commerce responded to several questions raised on the

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development of the financial sector, adoption of a Jamaican Inc. Campaign and on the Services industries.

2.3 The Public Awareness Programme for the parish of St. James was held 1997 July 8 with members of the Montego Bay Chamber of Commerce and Industry, as well as members of the public in attendance. The main presentation was done by Senator Phillip Paulwell, Minister of State in the Ministry of industry, Investment and Commerce under the theme, "**Establishing a Framework for National Development in St. James**". JAMPRO elaborated on the implementation of the national Industrial Policy. During the question and answer session the main concerns were:

- the Industry Advisory Councils are based in Kingston;
- the Agricultural sector needs to be more equitable in certain areas, for example land tax should be based on location rather than on land use.
- incentives for tourism attractions - definition of attractions is a cause for concern.

2.4 The final Public Awareness Programme for the rural parishes was held in Falmouth, Trelawny on September 4 with members of the Trelawny Chamber of Commerce and other members of the business community. The Honourable Roger Clarke, Minister of Local Government and Works was the main presenter, speaking on the theme, **"The National Industrial Policy - Infrastructure for Development"**. JAMPRO presented an overview of the National Industrial Policy. Approximately fifty (50) persons were in attendance. The question and answer session pointed to the following concerns:

- an ongoing system of maintenance is needed for the newly constructed roads;
- the establishment of by-passes would affect towns in a negative way in terms of a downturn in business;
- new roads being constructed would impact on the environment, for example, natural habitats.

It is to be noted that JAMPRO is disappointed at the level of media coverage of both the Launch of Phase II by the Prime Minister or any of the more recent Public Awareness Programmes. It continues to be a cause for concern that issues of national development are constantly given either little or no coverage

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or are subsumed in the most indiscrete sections of the print and electronic media.

Despite this however, comments received by JAMPRO's offices suggest that the launch was well received. However there is a general increase in the number of requests received for the National Industrial Policy document both at the Jamaica Information Service and JAMPRO.

3.0 OTHER ACTIVITIES

JAMPRO made a presentation to the Permanent Secretaries' Board Retreat at the Crowne Plaza Hotel on October 10. Under the theme, "**Implementation of the National Industrial Policy and the Link with the Corporate Plan and Budget**". Presentations were made by the President and Vice President and sought to explain the role of JAMPRO in the preparation of Work Plans and the types of analyses to be done.

4.0 OTHER MATTERS

4.1 A meeting of the Productivity Council, organized by JAMPRO and chaired by the Cabinet Secretary was held on July 18 where issues on productivity as it related to the use and cost of energy were considered. Arising from this, the Productivity Centre at JAMPRO has launched an Energy Management programme in collaboration with the Jamaica Public Service Company, the University of Technology (UTECH) and the Ministry of Public Utilities and Transport (MPUT). UTECH and MPUT have agreed to be the focal point for industry in training in the management of energy.

On December 3, JAMPRO in collaboration with UTECH will be hosting a seminar on Energy Management, where a Memorandum of Understanding will be signed. Energy companies from the United States will participate in the programme and will also display products and install energy saving devices at JAMPRO as a pilot project.

4.2 G.P.D. Communications Jamaica Limited

The matter of the application for two licences by G.P.D. Communications Limited is still outstanding. The Minister of Industry, Investment and

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Commerce, by letter dated 1997 June 27 to the Minister of Public Utilities and Transport, indicated his concern about the delay in processing the Company's application and the need to arrive at a decision on the matter.

JAMPRO has been advised by Ministry of Public Utilities and Transport that a decision cannot be made on the spectrum before February 1998 since a policy on the allocation of the spectrum needs to be determined.

A tentative meeting has been set for Tuesday November 11 at the Ministry of Public Utilities and Transport to include all relevant parties with a view to bringing forward the date for the spectrum allocation.

The intervention of the Development Council is being sought to review this issue which has been outstanding for three and half years.

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NATIONAL INVESTMENT BANK OF JAMAICA
APPROVED PROJECTS
AS AT 30 SEPTEMBER 1997

Print Date 08-Oct-97

	Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
1	Fort Stewart Farms Ltd.	Agriculture	St. Mary based farm that produces papaya for export seeks to refinance high interest debt.	$18,000,000.00	$5,000,000.00	27-Feb-97	$0.00	CDF	Awaiting the finalization of i) debenture instrument from Citizens Bank and ii) legal documentation by client's attorneys.
2	B&D Trawling Limited	Agriculture	Refinancing of the debt of a company involved in the catching, processing and exporting of conch and lobster primarily to the US.	$35,000,000.00	$20,000,000.00	27-Feb-97	$20,000,000.00	CDF	Conch production at a stand still as plant is being refurbished to meet E.U. standards. Comletion set for 97/10/31. Lobster being exported on a weekly basis. Currently 13 persons are employed at the plant.
3	Westban	Agriculture	The project involves revitalizing the banana industry in Western Jamaica thru :- establisment of 1200 hectares of export quality banana, provision of extension service and co-ordination of the sales of export fruits.	$42,500,000.00	$12,000,000.00	01-Mar-93	$12,000,000.00	CDF	Funds fully disbursed. Project at a stand still and unable to achieve its targeted objectives. ACB has agreed to take full responsibility for the operation of the entity.
4	Pulse Entertainment Group Ltd.	Entertainment	The proposal is a plan aimed at consolidating the activities of Pulse, Villa Ronai and Caribbean Imaging Ltd. into a formal compay, Pulse Entertainment Group Ltd. Funds are required for capital investment, working capital and to reschedule debt.	$45,000,000.00	$20,500,000.00	25-Sep-97	$0.00	CDF	NIBJ's approval conditional on NDB's approval of a loan to refurbish the facility and Cabinet's approval of the entertainment sector under the Debt Restructuring Programme. The Banks have agreed to write off $19.13M in interest and to convert $20.6M from debt to equity.
5	Wilpac Limited	Manufacturing	Refinancing of high interest debt of a plastic packaging company.	$70,000,000.00	$20,000,000.00	27-Feb-97	$20,000,000.00	CDF	Production at a minimum as factory is undergoing modernization. Retooling expected to be completed by November 1997. New staff presently being trained to replace the technical staff lost during the refurbishing exercise.
6	Fellowship Hall Development Complex	Manufacturing	The construction of factory and commercial space and housing complex on a phased basis at Fellowship Hall, St. Catherine.	$96,100,000.00	$20,000,000.00	23-Jul-95	$20,000,000.00	CDF	Project has encountered minor setbacks and Phases I and II are now scheduled to be completed by October 1997.

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	Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
7	Taylor Made Apparel Ltd.	Manufacturing	Refinancing of high interest debt of a contract apparel manufacturing plant in Montego Bay.	$29,000,000.00	$8,000,000.00	07-Jan-97	$0.00	CDF	Conditions not yet satisfied. NIBJ has indicated the possibility of de-obligating funds unless outstanding issues are speedily resolved.
8	Century Corporation Ltd.	Manufacturing	Maufacturers of whole milk for the local market - refinancing of existing debt required.	$75,000,000.00	$20,000,000.00	26-Sep-96	$20,000,000.00	CDF	Factory fully operational with 60 employees. Net profit of $1.6M recorded for May 1997. Sales for July 1997 was $17.6M. Company has applied to NDB for funds to expand operations.
9	Barrett Furniture Co. Ltd.	Manufacturing	Refinancing of high interest debt of a furniture manufacturing establishment to restore viability.	$17,000,000.00	$10,000,000.00	27-Feb-97	$10,000,000.00	CDF	Debt restructured and company filling orders from large furniture distributors. Thitry-six (36) persons are on the company's payroll.
10	Clarendon Lime Co. Ltd. Phase 1	Mining	Phase 1 of an integrated limestone complex which involves the construction of limestone crushing plant and quarring facilities at Woodside, Clarendon.	$59,500,000.00	$10,550,000.00	23-Jul-95	$10,550,000.00	CDF	Fully disbursed. Crushing plant became operational in March 1996 but is now at a stand still. Original project proposal reviewed and recommendation being made to allow continuation of project.
11	Faurens Limited	Mining	The project involves the extraction of marble blocks as well as aggregates and sand for building and road construction. The operation which is located in Colbeck, St. Catherine requires funding to refinance debt.	$16,000,000.00	$6,000,000.00	27-Feb-97	$4,400,415.00	CDF	Debt restructured and the mining operations mobilised.
12	North Coast Bauxite Exploration Project	Mining	Feasibility study to establish a one million tonne/annum alumina plant in Jamaica. Funding is being sought for the local component of the study ie. bauxite reserve evaluation and laboratory work.	$30,000,000.00	$30,000,000.00	26-Sep-94	$27,500,000.00	CDF	Feasibility study almost complete. Progress satisfactory to date.
13	Tigress Cottages	Small Hotel	Refinancing of a 45-room hotel in Negril.	$6,000,000.00	$4,000,000.00	01-Oct-96	$4,000,000.00	CDF	The hotel is experiencing very little business as work continues on the the Negril sewage system. 5 major travel agents have pulled out as a result of continued water shortage and bad road conditions. Promoter predicts a bleak winter season.

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	Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
14	Blue Harbour Hotel	Small Hotel	Debt restructuring of a 22-room hotel in Montego Bay.	$7,000,000.00	$3,500,000.00	07-Jan-97	$3,500,000.00	CDF	Debt restructured, promoters to source NDB facility for refurbishing.
15	Royal Court Hotel & Health Resort	Small Hotel	Restructuring of high interest debt of a 25-room hotel located in Montego Bay.	$12,000,000.00	$7,000,000.00	26-Sep-96	$7,000,000.00	CDF	Conditions satisfied, debt restructured. Hotel experiencing low occupancy, professional marketing expertise being sought.
16	Little Bay Ltd./Little Pub Complex	Small Hotel	Refinancing of existing debt of the 22-room hotel and restaurant in Ocho Rios.	$44,251,360.00	$20,000,000.00	07-Aug-97	$0.00	CDF	NIBJ's precconditions to be satisfied.
17	Club Inferno Resort Hotel & Restaurant	Small Hotel	Refinancing of the debt of a hotel and restaurant situated at the Holiday Village in Montego Bay.	$20,000,000.00	$20,000,000.00	07-Jan-97	$16,693,491.10	CDF	All conditions met. Refurbishing incomplete. The operators to submit revised budget and additional information prior to any further disbursements. Functions are being held on the property.
18	Caribic Vacations Ltd.	Small Hotel	Refinancing of a tour and destinations management company catering to the European and S. American markets, and a 18-room hotel in Montego Bay.	$10,700,000.00	$5,700,000.00	24-Apr-97	$5,700,000.00	CDF	Conditions precedent to disbursement satisfied, funds disbursed. The company employs approximately 130 persons.
19	La Mirage Hotel	Small Hotel	Refinancing of a small hotel in Montego Bay with a room capacity of 22, restaurant and convention facilities.	$16,000,000.00	$8,000,000.00	26-Sep-96	$0.00	CDF	Former owners, who currently operate the hotel, have submitted a new proposal to the owners (Citizens). Tax to transfer the property back to the former owners waived by MOF. NIBJ's offer has expired however the operators have requested additional time.
20	Real Resort (Beaches Negril)	Tourism	Construction of a 225-room "all-inclusive" resort complex in Long Bay, Negril catering to singles, couples and families.	$1,280,000,000.00	$72,743,190.00	01-Apr-95	$72,743,190.00	CDF	Fully disbursed. Resort became fully operational in February 1997 and doing well. The hotel recorded an average occupancy of 79.7% for 7 months period ended August 1997 and a profit for the 3 months to 31 August 1997.

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	Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
21	Day-O-Plantation Restaurant and Lounge	Tourism	Refinancing of debt of a restaurant that caters mainly to the tourism industry. Funds are also required to upgrade the facility to a tourist attraction.	$30,600,000.00	$13,500,000.00	27-May-97	$12,655,250.00	CDF	Funds disbursed to participating banks and the refurbishing of facility underway. The implementation of the marketing strategy has commenced.
22	Braco Village	Tourism	First phase of Braco Development,Trelawny involving the construction of a 180-room resort targeting adult couples and singles.	$90,000,000.00	$27,600,000.00	26-Sep-94	$27,600,000.00	CDF	Fully operational. The Village has been experiencing cash flow constraints. Approval granted by NIBJ to capitalize the interest up to Feb. 1997 of $7.6M. The hotel is to be operated by Super Clubs replacing FDR and a major refinancing/reorganization plan is underway.
				JA $2,049,651,360.00	**JA $364,093,190.00**		**JA $294,342,346.10**		

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	Project Title	Industry/Sector	Description	Total Project Cost	Amount Approved	Date Approved	Amount Disbursed	Source	Status/Progress
23	Jamaica Livestock Association	Agriculture	NIBJ's commitment to co-underwrite the rights issue in the event of it being under subscribed.	$60,000,000.00	$4,406,836.50	24-Oct-96	$4,406,836.50	J$ 1 billion bond	A total of $6 247 567.50 to co-underwrite the share issue was disbursed on 24 December 1996, however additional shares were subsequently taken up and NIBJ refunded $1 840 731.00. Regular dividend payment received.
24	NCST - Sidgrain Jamaica Limited	Agriculture	The establishment of a pilot project to produce sorghum for animal feed on 40 hectares of land, using waste water from the Greater Portmore Housing Scheme.	$8,259,430.00	$3,000,000.00	24-Oct-96	$247,000.00	J$ 1 billion bond	Irrigation Consultant has redesigned the project resulting in a reduction of the overall project cost. Ground breaking is scheduled for 28 October 1997. The balance of the funds is to be disbursed in October 1997.
25	Fellowship Aquaculture Ltd.	Agriculture	Refinancing of 87 acre fish farm in St. Catherine in order to recommence the production of fingerlings.	$5,500,000.00	$2,800,000.00	25-Apr-96	$2,800,000.00	J$ 1 billion bond	Interest payment on NIBJ's debenture recheduled to June 1998. Additional investors have confirmed equity involvement to enable a switch from the production of fingerlings to food fish. Currently six persons are employed full time on the farm.
26	Coffee Industries Ltd.	Agriculture	Expasion of existing processing facilities by the purchase of equipment and working capital.	$80,000,000.00	$4,845,000.00	24-Oct-96	$0.00	J$ 1 billion bond	Legal documentation and the satisfaction of NIBJ's conditions near completion. NDB through NCB has made deposit on the machinery and delivery is expected in October 1997. NIBJ will provide working capital for the retooling exercise.
27	Mount Pleasant Estates	Agriculture	Located on 145 acres in Balcarres, Portland the project will involve 1) vertically integrated coffee production and 2) development of a cultural/ ecotourism product as well as repayment of high interest debt.	$153,395,200.00	$20,000,000.00	01-May-96	$15,950,000.00	J$ 1 billion bond	Financing finalized with Horizon. Coffee farm rehabilitated and acrage increased. Some debt has been repaid. Project ongoing.
28	Grizzly's Entertainment Ltd.	Entertainment	The development of 2 integrated Entertainment park complexes in Negril, Westmoreland and Priory, St. Ann. Facilities will include auditorium, disco, cinema, studio music theme park museum and merchandising facilities.	$149,728,350.00	$13,000,000.00	26-Sep-96	$13,000,000.00	J$ 1 billion bond	Refurbishing of balcony,stage, bars and kitchen completed. Technical equipment to generate cash flow, is expected in the island by 97/10/15. 2 shows are scheduled for Central Park in December.
29	Kokoya Group	Manufacturing	The manufacturing of garments for the professional woman in the European marketplace, utilizing state of the art production facilities in the Kingston Freezone.	$43,950,000.00	$5,000,000.00	01-May-96	$0.00	J$ 1 billion bond	Financing agreement not in place. Promoters actively trying to close financing gap. NIBJ approached for additional US$70 000.00 in equity funding - request under review.

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30	Canco Ltd.	Manufacturing	Food processing facility in Seaforth, St. Thomas, primarily involved in canning of pineapple, papaya and ackee as well as dried fruits. Project involves the expansion of existing warehouse space.	$18,450,000.00	$6,800,000.00	25-Jul-96	$6,800,000.00	J$ 1 billion bond	Expansion completed. Factory operational and supplying products to local and Canadian markets.
31	Jamaica Edible Oils and Fats Co. Ltd.	Manufacturing	Establishment of an oil refinery utilising crude palm oil from Latin America.	$152,000,000.00	$18,000,000.00	25-Jul-96	$18,000,000.00	J$ 1 billion bond	Conditions met and funds disbursed. Construction and the intallation of machinery and equipment underway. NDB approved US$1.3M on 97/09/30 for bottling and filling machines as well as working capital support. Operations are expected to commence in November 1997.
32	International Magnetic Products	Manufacturing	Financing of the expansion of an existing conpany to purchase equipment and working capital. The company assembles transformers, inductors and coils for Far Eastern and US suppliers.	$18,375,000.00	$8,770,000.00	26-Sep-96	$8,770,000.00	J$ 1 billion bond	Fully disbursed. Approximately 58 persons employed.
33	Clarendon Lime Co. Ltd. Phase 2	Mining	The installation and commissioning of a Lime plant.	$200,000,000.00	$11,249,455.00	01-Feb-96	$0.00	J$ 1 billion bond	Financing not yet finalized. No work has started on the project. Project being reviewed to determine size of plant. Invitation for equity participation submitted to Rugby Cement Company and Glencore.
34	Western Cement Company	Mining	The construction of a lime manufacturing facility on the former Revere Bauxite site in Maggotty, St. Elizabeth. Products will be for the local and export markets.	$392,000,000.00	$11,212,800.00	28-Oct-96	$11,212,800.00	J$ 1 billion bond	The kiln was re-fired on 97-08-08 and 100 tonnes per day are currently being delivered to JAMALCO. Anticipated deliveries for October and November are 1500 tonnes and 2000 tonnes respectively. Thereafter the plant is expeced to operate at 85% of the rated capacity (2500 tonnes).
35	Port Royal Development Co.	Tourism	Feasiblity study for the development of Port Royal.	$15,000,000.00	$4,600,000.00	01-Feb-96	$4,600,000.00	J$ 1 billion bond	Fully disbursed. Feasibility study completed and Memorandum of Understanding signed with G.O.J.
				JA $1,296,657,980.00	**JA $113,684,091.50**		**JA $85,786,636.50**		
36	InfoChannel	Information Tech	The project involves the services to support and faciliate the development and distribution of telecommunication and information technology.	$35,750,013.00	$7,139,123.00	24-Oct-96	$7,139,123.00	NIBJ's Funds	Fully disbursed. The project is fully operational. Subscription for service continue to increase above expectations.
				JA $35,750,013.00	**JA $7,139,123.00**		**JA $7,139,123.00**		

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37	International Magnetic Products II	Manufacturing	Additional funds approved to cover shortfall in working capital. Project cost same as under J$ Bond.	$0.00	$200,000.00	28-Nov-96	$200,000.00	US$ 50 million bond	All conditions satisfied. Fully disbursed. Plant operational.
38	Jamaica Standard Products Co. Ltd.	Manufacturing	A vertically integrated coffee establishment located in Williamsfield, Manchester requires financing to complete the retooling of the coffee factory and the acquisition of motor vehicles. Funding is also required to refinance high interest debt.	$325,000.00	$325,000.00	25-Sep-97	$0.00	US$ 50 million bond	NIBJ's preconditions to be met.
39	Braco Pebbles	Tourism	Second phase of Braco Village, involving the development of a 280-suite all-inclusive family resort.156 of which will be sold and leased back. US$3M approved March '96.	$11,800,000.00	$3,000,000.00	01-Mar-96	$3,000,000.00	US$ 50 million bond	This poject involves four phases. NIBJ has invested in Phase 1 which is the construction of 52 units. Construction near completion and to be incorporated with new operating agreement signed with Super Clubs. Additional funding being sought from G.O.J.
40	Drax Hall Hotel and Golf Club (Marriott)	Tourism	The development of 180 villa lots, villas, 15 condo sites, a 27-hole golf course, a 100 slip marina and village and a 280-room beachfront hotel on 800 acres of land in St. Ann.	$64,700,000.00	$6,000,000.00	01-Mar-96	$0.00	US$ 50 million bond	Financing not yet finalized. G.O.J. has been approached for additional assistance by way of guarantee or the provision of additional equity (US$10M). Under review.
41	Hedonism III Runaway Bay	Tourism	An all-inclusive hotel with 225 rooms. It will be marketed as a "fun" resort catering to middle and upper end couples and singles.	$31,000,000.00	$13,000,000.00	01-Feb-96	$0.00	US$ 50 million bond	G.O.J. has been approched for additional financing. NIBJ has approved an additional US$7M on 97/05/29 for a total of US$14M. NDB to provide additional US$1M in debt thus reducing NIBJ's participation to US$13M. Ground broken on 97/09/27. US$3M to be disbursed in October 1997.
42	Couples, Negril	Tourism	Development of a 250-room all-inclusive resort targeting the 25-35 age group, located in Bloody Bay, Negril on 15 acres of land with 100 feet of beach frontage.	$22,000,000.00	$4,000,000.00	24-Apr-96	$866,357.30	US$ 50 million bond	Construction financed by other equity partners commenced in January 1997 and progressing. All NIBJ's conditions satisfied. Draw down of NIBJ's funds began in August 1997 and to accelerate in coming months.
43	Seawind Le Meridien	Tourism	UDC and private investors for the expansion of property by the addition of 146 rooms and central facilities including a convention hall, to realise a 250 room all-inclusive resort.	$18,750,000.00	$10,000,000.00	25-Apr-96	$0.00	US$ 50 million bond	Financing arrangements to be finalized. Sponsors in process of finalizing all agreements, contracts etc.

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44	Swept Away - Trelawny	Tourism	The construction of a 227-room all-inclusive hotel on 37 acres of land in Duncans Bay, Trelawny.	$45,000,000.00	$14,400,000.00	28-Nov-96	$0.00	US$ 50 million bond	Financing not yet finalised. G.O.J. has been approached to close the gap. NIBJ approved an additional US$9.4M on 97/06/26 for a total of US$14.4M. Construction to commence January 1998.
45	Ritz-Carlton at Rose Hall	Tourism	The Ritz-Carltn at Rose Hall, Monteg Bay will consist of 388 deluxe guest rooms and 42 suites facing the sea and incorporating the architectural style of the Great House on the property. The hotel will also off a spa and golf facilities.	$117,241,932.00	$6,000,000.00	30-Apr-97	$0.00	US$ 50 million bond	Conditions to be met and legal documentation to be finalized. NDB to provide US$5.7M in debt financing. Construction expected to commence in February 1998.
46	Port Royal Dev. Co. Ltd. II (Advance)	Tourism	The total project is expected to cost US$52.0M however project document has not been finalized. NIBJ has advanced on US$2.0M private placement.	$52,000,000.00	$400,000.00	27-Feb-97	$400,000.00	US$ 50 million bond	Project document finalized and private placement on the market. Awaiting signing of definitive agreement with GOJ before going to the market for full funding.
47	Beaches Whitehouse	Tourism	The development of a 273-room all-inclusive hotel in Whitehouse, Westmoreland.	$52,000,000.00	$10,000,000.00	26-Jun-97	$0.00	US$ 50 million bond	NIBJ's conditions to be met. NDB originally to provide US$10M in debt financing, however sponsors are looking elsewhere. Ground is scheduled to be broken in November/December 1997 and construction is expected to commence in January 1998.
				US $414,816,932.00	**US $67,325,000.00**		**US $4,466,357.30**		
			J$ Equivalent at J$35:US$1	**J$14 518 592 620.00**	**J$2 356 375 000.00**		**J$156 322 505.50**		
			GRAND TOTAL IN J$	**J$17 908 545 771.00**	**J$2 841 291 404.50**		**J$543 590 611.10**		

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