

MINISTRY PAPER _____

PERFORMANCE OF THE TRADE BOARD LIMITED FOR FINANCIAL YEAR 2005/2006 AND FOCUS FOR FINANCIAL YEAR 2006/2007

1.0 Purpose of Ministry Paper

This Ministry Paper is to inform Parliament and the public about the performance of the Trade Board Limited during the 2005/2006 Financial Year and its focus for the 2006/2007 Financial Year.

2.0 Mission Statement

To stimulate a modern commercial environment by:

- Managing relevant government regulations
- Providing facilitatory services for commercial activity
- Providing effective interface between clients and the Government
- Supporting an E-commerce environment

3.0 Role and Function

The Trade Board Limited is a portfolio agency of the Ministry of Industry, Technology, Energy and Commerce (MITEC) and has responsibility for:

- Establishing and operating a central clearing house for Public Key Infrastructure (PKI) and a registration and certification authority for public keys used in electronic transactions; this is dependent on the passage of the E-Transactions bill.
- Interfacing with the commercial sector to facilitate commerce;
- Issuing import and export licenses for specific items that impact negatively on the environmental, social and economic conditions of the country; guided by the WTO ruling on import licensing.
- Issuing certificates of origin for Jamaican products exported under various preferential trade agreements; guided by the WTO ruling on rules of origin.
- Registering and maintaining a list of importers/manufacturers that use milk powder and refined sugar as raw materials for the production of specified products in accordance with regulations governing pre and post entry verification.
- Exploring and implementing business development programmes

4.0 Highlights of Performance/Achievements – Financial Year 2005/2006

4.1 E-Commerce

The Public Key Infrastructure (PKI) was not implemented as planned. This was due to the lack of passage of the E-transaction bill. That Bill has now been submitted to the Legislation Committee for review.

4.2 Computerization - Trade Board Information System (TBIS) under IDB/ICT Project

- The Import Licensing module of the Trade Board Information System (TBIS) has been implemented.
- Clients can now submit, pay for and check the status of their import licenses online.
- The export module of this system is currently in the testing stage. This module will be implemented within the first quarter of the 2006/2007 financial year.

4.3 Trade Facilitation

With an aim to becoming the main interface between Government and the business sector the Trade Board provides support to the various parish chambers, trade organizations and the business sector in general. In that regard, the organization participated in:

- The annual Customs Fair the Trade Board was represented where information was disseminated on the roles and functions of the Board and demonstrations were conducted on the Trade Board Information System.
- Seminar organized by the Mandeville Chamber of Commerce. A presentation was made on the Caribbean Single Market.
- Eight (8) visits were made to the various parish chambers highlighting ways in which the Trade Board can facilitate commerce.
- The quarterly meeting of the Jamaica Chamber of Commerce and parish chamber of commerce and industry. At this meeting a presentation was made on ways in which the needs of the parish chambers can be met by the Trade Board and other Government agencies.

During November 2005 the portfolio Ministry established a shortfall in the domestic supply of cement. Following a commitment by the local cement plant to import cement to fill the shortfall and restock its inventory, the Ministry requested that the Trade Board monitor production, inventory and imports to ensure that the domestic producer met its commitments. The Trade Board implemented the system in January 2006 and based on its analysis of the first report, the Trade Board recommended in February 2006 that

the Ministry consider a lowering of the tariff to allow other imports. This was effected early March 2006. The Trade Board was then assigned to review applications from cement importers and to make recommendations for tariff reductions to the Ministry of Finance and Planning (MFP). Cabinet also mandated that the Trade Board establish a review committee to monitor developments in the cement market and this was effected. Up to March 31st, 2006 the Trade Board received applications totaling 345,006 tonnes of cement and the Finance Ministry approved waivers for 45,779 tonnes, based on the presentation of proforma invoices by the importers.

4.4 Collaboration with Stakeholders

The agency participated in numerous meetings and initiatives . A summary follows:

- Meetings with stakeholders to ensure conformity to Motor Vehicle Import Policy.
- Meeting with the Jamaica Business Development Centre to discuss collaboration on the island wide implementation of their Business Information Centres.
- Milk Powder and Sugar Advisory Committee meetings ensuring effective management of those regimes.
- Representation made on Jamaica's Delegation to the Ad Hoc meeting with representatives of the European Commission Anti Fraud Office in Brussels.
- Meetings to discuss the Trade Board Information System (TBIS) interface with other agencies.
- Participation in national consultations on rules of origin in preparation for the CARICOM/Venezuela and CARICOM/Dominican Republic negotiations.
- Participation in regional consultations on the European Partnership Agreement rules of origin in Guyana.
- Workshop in collaboration with the Montego Bay Chamber of Commerce.
- Meetings of the Cement Review Committee.

4.5 Exporter Certification

Over the review period, the Board facilitated the certification of export products valued at US\$156.06 M under the various trade agreements as indicated in Table 1.

Table 1: Exports under Various Trade Agreements (preliminary)

Trade Agreement Schemes	2005/2006 US\$	2004/2005 US\$	% Change Export Value
GSP	4,800,656	3,923,339	22%
CBI	34,266,407	16,423,306	109%
CARIBCAN	11,512,077	11,225,482	3%
CARICOM	48,025,028	43,335,962	11%
CARICOM/DOM-REP	214,459	159,379	35%
CARICOM/VEN.	0	0	0%
CARICOM/COLOMBIA	0	128,691	-100%
TEXTILES	57,245,835	202,372,706	-72%
TOTAL	156,064,462	277,568,865	-44%

The reduction in the export value of textiles as presented in Table 1 is as a result of the closure of the Antonio Group of Companies, Concept Creations, the phase-out of the Multi Fibre Agreement and the overall downturn in the sector.

4.6 Major Activities

**Table 2: Major Activities – Trade Board Certification Unit
Financial Years 2005/2006 & 2004/2005 (Preliminary)**

Particulars	2005/2006	2004/2005	% Change
Certificates of Origin issued	6,825	8,429	-19%
Working process verified/analyzed	49	9	444%
Company visits conducted	35	61	-43%
Letters of origin issued	76	28	171%
User fees earned (\$)	4,096,785	3,714,990	10%

It should be noted that despite the decrease in certificates of origin issued, there was a marginal increase in income generated; this is due to an increase in certification fees effected in September, 2005

Four (4) measurable targets were set to enable performance under the trade schemes indicated in Table 1.

**Table 3: Comparison of Performance and Targets for 2005/2006 financial year
PERFORMANCE AGAINST TARGET**

PARTICULARS	TARGET	PERFORMANCE	% OF TARGET
ISSUE CERTIFICATES OF ORIGIN	7150	6,825	95%
CONDUCT & VERIFY ANALYSES OF WORKING PROCESSES	40	49	123%
CONDUCT COMPANY VISITS	80	35	44%
GENERATE REVENUE	2,700,000	4,096,785	152%

4.7 Regime for Imported Sugar and Milk Powder

The pre-verification process of this regime was established for the following purposes:

- Registration of all importers and manufacturers that use these products as a production input.
- Verification of the production process to determine qualification for classification as a bona fide manufacturer.

- Examination of production records, accounting records, import entries and invoices to verify production and import statistics.
- Verification of product analyses to establish standards for the production of each commodity.

Activity in this area is captured in the Table 4. The increase in the quantity of refined sugar applied for is a result of higher production due to expansion in product lines and access to new markets.

Table 4: Registration and Licensing of Refined Sugar

Particulars	2005/2006	2004/2005
# of companies registered	133	121
# of licenses issued	468	485
Tonnage	114,820.46	71,073

Table 5: Registration and Licensing of Milk Powder Regime

Particulars	2005/2006	2004/2005
# of companies registered	25	22
# of license issued	78	63
Tonnage	5,617.11	6,254.60

4.9 Import Licensing

Table 6 details activity in import licensing. The significant reduction in motor vehicle applications receipted is due primarily to the review of the motor vehicle policy in the previous year. This review prohibited motor vehicle dealers from importing damaged, flooded or salvaged vehicles

**Table 6 (Preliminary)
Comparison of applications receipted – 2005/2006 vs 2004/2005**

Particulars	2005/2006	2004/2005	% change
Applications receipted	14,859	19,734	-25%
M/V applications receipted	12,235	17,453	-30%
Number of Units	16,950	24,727	-31%

5.0 Budget/Revenue

Table 7 : Details of Expenditure 2004/05 and 2005/06

Particulars	2006/2007 (\$M)	2005/2006 (\$M)	2004/2005 (\$M)
Approved Budget	53.07	46.3	34.0
Certification fees appropriation in aid		2.7	3.6
Subvention received		38.8	39.6
Total expenditure		58.0	46.8

Table 8: Revenue Collections for Financial Year 2005/2006

Particulars	Projection \$M	Actual \$M	Excess (Shortfall) \$M
Licensing	31.0	51.7	20.7
Certification	2.7	4.1	1.4
Application Forms	-	0.3	n/a
Total	33.7	56.1	22.4

Note: The excess is as a result of increase in fees, implemented in September 2005

6.0 Strategic Focus

The Trade Board is accelerating plans in its restructuring process which includes a greater facilitatory role in commerce issues. In accordance with its three-year Strategic Plan (2004-2007), the key areas reflecting the Board's transformation will involve:

- Designing a structure to reflect the new and emerging role and function of the organization
- Developing a sustainable positive image for the organization
- Computerizing operations fully
- Attaining self-financing through increasing services offered and service charges
- Strengthening human resource capacity; and
- Improving effectiveness in existing core functions

7.0 Projections for Financial Year 2006/2007

7.1 E-Commerce

Financial Year 2006/2007 will see a continuation of the transformation of the role and functions of the Trade Board from a predominantly regulatory agency, to one of playing an integral and facilitator role in addressing commerce issues, specifically as this relates to the Government's ICT policy direction with respect to e-transactions.

The Trade Board has been appointed the custodian for Government's Public Key Infrastructure (PKI) to enable secure electronic business transactions and to engender trust and confidence by the consumer and companies, in conducting business electronically. Thus the agency, through its PKI Policy Committee, will work toward completion of the certificate policy document.

Following the passage of the E-transaction Bill, the Government's PKI will be implemented in five (5) phases, outlined as follows:

Phase 1 will provide for the domain of Government, strong authentication, digital signatures, data confidentiality and data integrity services

Phase 2: PKI-based Virtual Private Network (VPN) for Government

Phase 3: PKI services to the Jamaican business community

Phases 4 and 5: PKI services to the general public

The Board will also be meeting with stakeholders as part of the public education and marketing campaign to ensure that there is a greater awareness on issues of Internet Security, PKI, and Electronic Commerce.

7.2 Trade Board Information System (TBIS)

The Trade Board Information System (TBIS) is aimed at developing an Import/Export License, Export Certification and Cashiering System, with interfaces to JAMPRO, Jamaica Customs and the Taxpayer Registration Number (TRN) systems, as well as other Government ministries/agencies. The import module of the TBIS has been implemented and is currently being utilized, the export module is in the testing stage and implementation is expected in the first quarter of the 2006/2007 Financial Year

7.3 Facilitating Commerce

The Trade Board is also slated to be the focal point of the Government's thrust to stimulate commerce. As such, the agency will be responsible for co-ordinating and strengthening Jamaica's commercial infrastructure. Some of the main activities include:

- Providing a Government hub for all commerce-related activity
- Providing secretariat-type support to the regional chambers
- Acting as a liaison between government agencies, ministries, trading organisations and chambers
- Exploring business development models for the Trade Board
- Coordinating the Trade Board's public and customer relations activities

7.4 Certification

In the area of certification, for Financial Year 2006/2007 the Trade Board will focus on:

- Ensuring that products comply with the rules of origin governing the various trade schemes and identify products that are eligible for preferential treatment;
- Providing technical and advisory services to the Ministry of Foreign Affairs and Foreign Trade and any other Government ministries, on issues related to the rules of origin, to support negotiating positions of the following trade agreements.
 - CARICOM/Dominican Republic Free Trade Agreement
 - CARICOM/Costa Rica Free Trade Agreement
 - CARICOM/Venezuela Free Trade Agreement
 - Market Access in the FTAA
- Conducting workshops and seminars on how to access trade arrangements, as well as any new bilateral agreements between CARICOM and other countries;
- Providing information on the export documentary requirements under the various preferential schemes;
- Maintaining secretariat services of the Advisory Committee for Milk Powder, Refined Sugar and Cement Regimes.

7.5 Trade Policy

Under trade policy, the agency will undertake to do the following:

- Develop a virtual trade information and resource centre
- Research and disseminate trade information and data both locally and internationally;
- Liaise with the relevant ministries in respect of trade policy issues;
- Continue survey of importers/exporters to determine information needs;
- Continue work on a mechanism to address the Access to Information Act.

7.6 Computerization

Full computerization will be undertaken. This entails inter alia:

- Real-time access to database information for all departments.
- Employment of a webmaster to maximize the usefulness of the website.
- Co-ordination with Inter-American Development Bank (IDB) and other agencies regarding e-commerce modernization programmes and initiatives.

Phillip Paulwell
Minister
Ministry of Industry, Technology, Energy and Commerce
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