



POST-MOU MONITORING REPORT

BACKGROUND

This monitoring report represents the third in a series of updates on the issues raised in the GOJ/PSOJ consultations which are reflected in the Memorandum of Understanding between the Government of Jamaica (GOJ) and the Private Sector Organization of Jamaica (PSOJ) which was signed on 10th February, 2000 and incorporates Appendix A of the MOU - the “timeframes” document - **GOJ/PSOJ Consultations on Obstacles to Doing Business.**



The report is prepared by the Ministry of Industry, Commerce and Technology in accordance with the expectation of adherence to the timeframes indicated for the issues to be addressed.

APRIL 2000



ISSUE – STATUS AND TIMEFRAME FOR REVIEW/UPDATE	
1	<p><u>The Customs Department:</u> <u>Customs Clearance</u></p> <p>This issue will be reviewed in July 2000. Please see Issue 14 for other customs-related matters.</p> <p><u>Bonded Warehouses</u></p> <p>This issue will be reviewed in June 2000.</p> <p><u>Joint Forum</u></p> <p>This issue will be reviewed in June 2000.</p>
2	<p><u>Urban Renewal Legislation</u></p> <p>The Urban Development Corporation (UDC) has advised that the time period for the processing of applications is six (6) weeks. In some instances this target has not been achieved, but the UDC is working with the relevant Agencies with a view to maintaining this timeframe.</p> <p>This issue will be revisited in June 2000.</p>

ISSUE – STATUS AND TIMEFRAME FOR REVIEW/UPDATE	
3	<p><u>New Product Registration</u></p> <p>The Standards and Regulation Branch of the Ministry of Health has advised that the lead times for the registration of pharmaceuticals are as follows:</p> <ul style="list-style-type: none">120 days – New products where there are no serious efficacy, safety or quality concerns.90 days – Generic drugs and herbal products.60 days – Fast track for drugs used for life-threatening conditions, eg. cancer, HIV/AIDS etc. <p>The registration lead time of 120 days was reduced from 180 days in September 1998 and is in keeping with international standards which range from 90 days in the European Union to approximately 1.5 years in the USA.</p> <p>This issue will be reviewed in August 2000.</p>
4	<p><u>Free Zones</u></p> <p>In collaboration with the Free Zone Council, the Ministry of Industry, Commerce and Technology has confirmed that applications for Free Zone approvals (applications accompanied by the requisite submissions) are processed within a period of five (5) weeks. In circumstances warranting earlier approval, the Free Zone Council accommodates by utilizing a round robin approach for speedy resolution. The proposed Regulations to the Free Zone Export Act are being drafted with a view to providing the appropriate legal and administrative framework relating to the work of the Free Zone Council. The legislative process will involve <i>inter alia</i> provisions for applications to be processed within a shorter period of time to move more in line with the situation of our main competitors for free zone facilities, namely in the Dominican Republic, Mexico and Malaysia. The target is for the processing of applications within a maximum of thirty (30) calendar days. Work on the Regulations is scheduled for completion by July 2000.</p> <p>This issue will be reviewed in July 2000.</p>

ISSUE – STATUS AND TIMEFRAME FOR REVIEW/UPDATE	
5	<p><u>Productivity Incentive Schemes</u></p> <p>At a meeting held at the Ministry of Industry, Commerce and Technology on 21st March 2000, JAMPRO advised that the Agency has taken on additional staff in an effort to strengthen the organization's evaluation team. JAMPRO is still awaiting a response from the Chairman of the Productivity Incentive Task Force and the Agency is hopeful that a response will be received shortly regarding the expansion of productivity incentive schemes.</p> <p>This issue will be reviewed in July 2000.</p>
6	<p><u>The Life Insurance Industry</u></p> <p>The Office of the Superintendent of Insurance (OSI) has confirmed that the public awareness campaign has begun. This involves effective notification to the public of the drawbacks in purchasing insurance policies from "suitcase salesmen". A press release on the matter was issued on 1st February 2000, excerpts of which were published in the Gleaner of 5th February 2000. The Acting Superintendent of Insurance also did an interview with the Jamaica Information Service on the subject, which was aired on the programme "Update" on the night of Wednesday, 16th February 2000.</p> <p>The Office of the Superintendent of Insurance (OSI) reports further that the office has been provided with the name of one of the overseas companies involved in the illegal sale of insurance in Jamaica and the OSI is in the process of writing to that company and the Commissioner of Insurance of the state in which the company is registered to bring the matter to the attention of the relevant authorities with a request that they ensure that these activities are terminated.</p> <p>Efforts will continue to collaborate with the industry in this regard bearing in mind the public interest, and the OSI will continue to devise other means of giving publicity to this matter.</p> <p>This issue will be reviewed again in June 2000.</p>

ISSUE – STATUS AND TIMEFRAME FOR REVIEW/UPDATE													
7	<p><u>The General Consumption Tax: GCT on Capital Goods</u></p> <p>The General Consumption Tax Department reports that a high level Committee has been established to review Regulation 10 and other matters of the GCT Regulations, with a view to incorporating into the review process the concerns expressed by the PSOJ. The Committee formulated comprises the following persons:</p> <table><tr><td>Mr. Clive Nicholas</td><td>-</td><td>Director General</td></tr><tr><td>Mrs. Vinette Keene</td><td>-</td><td>Commissioner of GCT (Acting)</td></tr><tr><td>Mr. Dalton James</td><td>-</td><td>Senior Appeals Officer</td></tr><tr><td>Mr. Winston Lawson</td><td>-</td><td>Tax Administration Technical Specialist</td></tr></table> <p>Mr. Matt Bourgeois, a consultant, will be assisting with this process. The General Consumption Tax Department has advised that an update on the Committee's deliberations will be provided in due course.</p> <p>This issue will be reviewed at the end of August 2000.</p> <p><u>GCT on Coverings and Containers</u></p> <p>This issue will be reviewed in June 2000.</p>	Mr. Clive Nicholas	-	Director General	Mrs. Vinette Keene	-	Commissioner of GCT (Acting)	Mr. Dalton James	-	Senior Appeals Officer	Mr. Winston Lawson	-	Tax Administration Technical Specialist
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8	<p><u>Trade Policy: Cheap Imports</u></p> <p>The Anti-Dumping and Subsidies Commission reports that the Customs Duties (Dumping and Subsidies) Act 1999 is currently undergoing a series of amendments aimed at making it more World Trade Organization (WTO) compliant. The proposed amendments have been drafted by the Commission and the draft amendments were submitted to the Commissioners for review. It is expected that once the review is completed that the proposed amendments will be brought to the attention of the Minister of Industry, Commerce and Technology in due course for consideration.</p> <p>This issue will be reviewed in June 2000.</p>												

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9	<p><u>Expired Products</u></p> <p>The report submitted by the Bureau of Standards was forwarded to the PSOJ. A response is awaited from the PSOJ.</p>
10	<p><u>Procurement Policies</u></p> <p>Registration of prospective public sector contractors is slated to commence shortly at the Office of the Contractor-General and at Public Works offices island-wide. This registration exercise is part of the new programme that is being put in place by the National Contracts Commission (NCC) for the award of contracts. The aim is to achieve transparency, equity and accountability at all stages of the contract process.</p> <p>Progress with regard to this issue will be reviewed at the end of June 2000.</p>
11	<p><u>Data Availability</u></p> <p>This issue will be reviewed in July 2000.</p>
12	<p><u>Restriction of Meat Imports</u></p> <p>This issue will be kept in view.</p>
13	<p><u>Electricity Supply</u></p> <p>The report on damage to equipment as a result of interruption in the power supply submitted by the JPSCo was forwarded to the PSOJ. A response is awaited from the PSOJ.</p> <p>Progress will be reviewed at the end of May 2000.</p>

	ISSUE – STATUS AND TIMEFRAME FOR REVIEW/UPDATE
14	<p><u>The Customs Department: Legislative Reform</u></p> <p>The Director General (Tax ARP) led a team from the Inland Revenue Department in a public forum on taxation policy organized by the Institute of Chartered Accountants at the Hilton Kingston Hotel on 10th May 2000. Among the issues explored were the treatment of GCT input tax for expenditure on uniforms, tax relief on dividends, amendments to the tax-free productivity incentive scheme for hotels and the recently announced withholding tax provision for financial instruments.</p> <p>The status of legislative reform will be reviewed in July 2000.</p> <p><u>Operations</u></p> <p>Implementation of the Customs Modernization Project: This process come on stream with the advertising of the position of Chief Executive Officer, who will also the Commissioner of Customs. The award of the contract will be initially for a period of three (3) years. Job performance will be a major factor in determining the renewal of this contract.</p> <p>A Customs Advisory Board will also be established. This Board will comprise representatives from the Customs Department and private sector interest groups. This will provide a mechanism for complaints handling, public information and consumer education on their rights and responsibilities.</p> <p>A comprehensive report on the Customs Modernization project will be provided at the end of June 2000.</p>
	<p><u>Export Rebate Scheme</u></p> <p>This issue will be reviewed in June 2000.</p>

	ISSUE – STATUS AND TIMEFRAME FOR REVIEW/UPDATE
	<p><u>Fast Track Customs Clearance for Certified Manufacturers and Exporters</u></p> <p>See Customs Operations for related matters.</p> <p><u>Customs Overtime</u></p> <p>See Customs Operations for related matters.</p>
15	<p><u>Planning Approval</u></p> <p>Information Tracking System: The Ministry of Land and Environment has indicated that the report on the operation of the system scheduled for publication at the end of March is still being finalized.</p> <p>This issue will be reviewed at the end of May 2000.</p> <p>Business Roadmap Study: The Ministry of Industry, Commerce and Technology reports that USAID is in the process of giving approval for the award of the contract for the study. It is anticipated that the USAID will engage the consultant(s) in June.</p> <p>This issue will be reviewed at the end of June 2000.</p>

ISSUE – STATUS AND TIMEFRAME FOR REVIEW/UPDATE	
16	<p><u>Acceleration of the Land Administration and Management Programme (LAMP) and Other Land Registration Activities</u></p> <p>The Ministry of Land and Environment provided a report entitled Titling of Government Land Settlements and Housing Schemes. The report was forwarded to the PSOJ for consideration. Based on the activities reported that are currently underway, it is expected that the programme should be fully on stream shortly. The signing of a Government of Jamaica/International Development Bank (IDB) loan agreement on 5th April 2000 formalized funding for the Government's Land Administration and Management Programme (LAMP). This programme involves four components: public land management, land information management, land use and development, as well as cadastral mapping and land registration. The total cost of implementing the programme is US\$12 million, and the Government of Jamaica will provide 30% of this cost.</p> <p>This issue will be updated in September 2000.</p>
17	<p><u>Electricity Supply</u></p> <p>The report on a reduction in rates to the productive sector submitted by the JPSCo was forwarded to the PSOJ. A response is awaited from the PSOJ. See related issue at Item 13.</p> <p>This issue will be reviewed in June 2000.</p>
18	<p><u>The General Consumption Tax</u></p> <p>See Item 7 for GCT-related matters.</p>

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19	<p><u>Security and Justice:</u> <u>Security of Goods and Personnel</u></p> <p>The Ministry of National Security and Justice is to respond to these issues. A report has been requested and is still awaited.</p> <p>Installation of Surveillance Cameras at Ports: The Port Authority has advised that additional cameras have been installed, but there has been a delay in the implementation process.</p> <p>There are other major projects underway at the port, namely drainage, paving and the laying of electrical and fibre optic cables which have caused a congestion in the system. The Security Consultants have been requested to accommodate these works. The completion date has now been revised.</p> <p>This issue will be reviewed at the end of May 2000.</p>

	ISSUE – STATUS AND TIMEFRAME FOR REVIEW/UPDATE
	<p>Procurement of Additional X-ray Equipment: The Revenue Protection Department (RPD) informs that on 10th February 2000 a presentation was made to the Prime Minister and the Security Council which included the Deputy Prime Minister and the Minister of National Security and Justice. Following this presentation, the National Security Minister approached the Ministry of Finance and Planning for technical assistance in respect of pricing and negotiation.</p> <p>The proposals made regarding the x-ray equipment were very comprehensive and will require a change in the current system of importing and exporting. For this reason, the Minister of National Security and Justice, who is heading this project is taking appropriate measures to ensure that the proposals will indeed meet the needs of the country and can in fact achieve the objectives set. Once this further step has been taken, then a decision will be made on the basis of affordability and the technical advice received.</p> <p>The RPD reports that negotiations have commenced. Prior to procurement, however, it has been agreed that two (2) site visits should be undertaken in May regarding locations where the equipment can be observed in operation and to ensure that it meets the objectives and requirements of the Jamaican situation. Implementation of the appropriate changes can commence within three (3) months of the signing of any contract. The whole project, it is believed, will take at least eighteen (18) months to be fully implemented.</p> <p>This issue will be reviewed again in June 2000.</p> <p><u>Security Issues Affecting the Tourism Industry</u></p> <p>The requisite report from the Directorate of Port and Tourism Security of the Ministry of National Security and Justice is still awaited.</p> <p>This issue will be reviewed at the end of May 2000.</p> <p><u>The Judicial System</u></p> <p>This issue will be reviewed in May 2000.</p>

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20	<p><u>The Shipping Industry:</u> <u>Registry of Ships</u></p> <p>Maritime Services IAC: The Maritime Services Industry Advisory Council (IAC) made contact with the PSOJ regarding the participation of a representative from that Organization in the work of the Council. Mrs. Karen Adair, as well as a representative from the following organizations were invited to participate: Freight Forwarders Association, the Bustamante Industrial Trade Union, the Trade Union Congress and the Customs Brokers Association of Jamaica.</p> <p>International Register of Ships: This issue will be reviewed at the end of June 2000.</p> <p><u>Tax Incentives for the Ownership of Ships</u></p> <p>This issue will be reviewed in June 2000.</p>
21	<p><u>Road Conditions (Newport West Area)</u></p> <p>Newport Boulevard: The Ministry of Transport and Works reports that the worst section of the roadway was reconstructed. Patching of this road was completed in March 2000.</p> <p>First Street: Rehabilitation work commenced in March 2000 and is still in progress. Surfacing is expected to be completed in May 2000. The work will also include areas in the vicinity of the Shipping Association. It should also be noted that work on the section of road between Eighth Avenue and Ninth Avenue on First Street was completed by March 31, 2000.</p> <p>Third Street: Rehabilitation work did not commence in April as scheduled due to cash flow constraints. However, the planned patching is likely to start in the latter part of May 2000.</p> <p>Comprehensive Project for the Newport West Area: The project is still at the pre-design stage. The survey is, however, almost completed now. The Ministry of Transport and Works anticipates that the design should be undertaken during the latter part of the 2000/2001 financial year. Developments regarding road conditions in the Newport West area will be reviewed at the end of June 2000.</p>

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22	<p><u>Role of the Bureau of Standards</u></p> <p>This issue will be reviewed in June 2000.</p> <p><u>Role of the Scientific Research Council</u></p> <p>The Scientific Research Council (SRC) has confirmed their interest in fostering closer collaboration with the manufacturing sector in response to the issue raised in the GOJ/PSOJ Consultations. Accordingly, the Ministry of Industry, Commerce and Technology recalling the Memorandum of Understanding signed by the former Ministry of Industry and Investment with the Jamaica Manufacturers' Association and JAMPRO in April 1999 proposed to expand participation in the monthly meetings between the Jamaica Manufacturers' Association (JMA) and JAMPRO's Productivity Centre to include the Scientific Research Council. Under this new arrangement, both the SRC and the Productivity Centre will be in one forum to address the needs identified by the JMA.</p> <p>Progress will be reviewed at the end of July 2000.</p>
23	<p><u>Divestment</u></p> <p>This issue will be reviewed in June 2000.</p>
24	<p><u>Labour Market Reform: Individual Retirement Savings Schemes</u></p> <p>This issue will be reviewed in July 2000.</p>
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25	<p><u>Sector Management – Tourism:</u> <u>Growth in Tourism</u></p> <p>The Ministry of Tourism and Sport reports that government funded initiatives are in place for the European and US markets.</p> <p>A comprehensive report will be provided by the end of May 2000.</p> <p><u>Incentives for Hotel Expansion</u></p> <p>This issue will be reviewed in June 2000.</p> <p><u>Cruise Shipping</u></p> <p>This issue will be reviewed in June 2000.</p>
26	<p><u>Updating of Pound Laws</u></p> <p>The Ministry of Local Government, Youth and Community Development reports that consultations with stakeholders such as the Local Authorities, the Ministry of Agriculture, the National Road Safety Council, the PSOJ and the Jamaica Automobile Association will commence shortly, after which Cabinet approval will be sought for drafting instructions to be issued to the Chief Parliamentary Counsel. In addition to the updating of the Pound Act, the Ministry has identified that the Keeping of Animals Act which deals with related matters is also in need of revision. It is anticipated that the legislative process should be completed by July of this year.</p> <p>This issue will be reviewed in August 2000.</p>

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27	<p><u>Building Approvals (Building Code)</u></p> <p>The Ministry of Local Government, Youth and Community Development has confirmed that the Building Code is among legislation identified for review under the Local Government Review Programme. The records show that the former Ministry of Local Government and Works requested the Bureau of Standards to develop aspects of the Building Code, as the Bureau was considered to be the competent body for carrying out such a task. At that time, it was expected that the updated Building Code would in turn be incorporated into an Amalgamated Kingston and St. Andrew Parish Councils Building Act. The Ministry proposes to take steps to ascertain from the Bureau of Standards what progress has been made with regard to the Code. There is as yet no specific timetable for implementation.</p> <p>Progress will be reviewed at the end of July 2000.</p>
28	<p><u>Trade Policy: International Negotiations</u></p> <p>This issue will be reviewed in June 2000.</p>
29	<p><u>Double Taxation</u></p> <p>In his budget presentation on 7th April, 2000, the Minister of Finance and Planning announced the Government's plans for the removal of personal income tax on dividends. With effect from June 1, 2000 income tax on dividends will be reduced from 25% to 20%. The reduction will take place gradually over a two-year period. From 1st April 2001 the tax will move from 20% to 10% and from April 1, 2002 it will be zero-rated.</p> <p>This issue will be reviewed after six Months of operation (at the end of December 2000).</p>

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30	<p><u>Basic Industries</u></p> <p>It is expected that the Ministry of Finance and Planning will report on this issue by the end of May 2000.</p>
31	<p><u>Motor Vehicle Licensing and Examination</u></p> <p>The Ministry of Transport and Works reports that negotiations for the privatization of the Motor Vehicle Inspection Services are still taking place. This issue will be updated at the end of May 2000.</p>
32	<p><u>Accelerated Depreciation</u></p> <p>A response is awaited from the Ministry of Finance and Planning.</p>

Ministry of Industry, Commerce and Technology
May 11, 2000